

Report to the Council

Committee: Council

Date: 29th July 2021

Subject: Qualis 4 Year Business Plan 2021/22 to 2024/25

Portfolio Holder: Finance, Qualis Client and Economic Development – Cllr J. Philip

Recommendations/Decisions Required:

That Council approves;

- (1) The Qualis 2021/22 to 2024/25 4 Year Business Plan.**
- (2) A variation to its approved Capital Programme so as to include £35 million for regeneration loan requested by Qualis in 2021/22.**
- (3) Request Audit and Governance Committee to review both the Operational Boundary and the Approved Limit contained within the Treasury Management and Investment Strategies and to give approval to these being increased by up to the requested £35 million if the Committee considers this necessary.**

1. Executive Summary

- 1.1. Cabinet considered the attached Qualis 2021/22 to 2024/25 4 Year Business Plan Report at its meeting on 12th July 2021 and has Recommended to Council that the Plan be approved, including all the specific permissions that are set out in the report.
- 1.2. The Governance framework for Qualis, as agreed by Cabinet in February 2020, set the requirement that Qualis should seek agreement from its sole Shareholder (Epping Forest District Council) for its proposed activities each year. The proposed activities are to be set out in the form of an annual Business Plan, which sets out the immediate priorities, and a 4-year rolling Plan, which sets out the Strategic direction Qualis intends to follow.
- 1.3. The Council was presented with the Qualis single year Business Plan at its meeting in December 2020. However, at that time, the newly appointed Board of Qualis needed time to consider its medium and longer term strategy and requested an extension of a few months to work-up their plans.
- 1.4. This report presents the 4 Year Qualis Business Plan and seeks the Council's permission to adopt this as its direction and focus.
- 1.5. The report presented to Cabinet, comprising the Business Plan and a cover report, including a commentary by the Council's S151, is attached as Appendix A and B.

- 1.6. If the Council is minded to approve the Business Plan, then the approval will also require Council to agree some specific actions relating to the borrowing request made by Qualis in order that it can deliver its Business Plan.
- 1.7. The Business Plan includes the request for a new regeneration loan of £35 million from the Council, potentially to be drawn down during the current financial year. In order to agree to this request, the Council will need to vary its existing Capital Programme, which it approved in February 2021, as any lending for a capital purposes constitutes capital expenditure.
- 1.8. In practice, the loan is likely to be drawn down in tranches and whilst this might commence from later this year, it is expected that the full drawdown would probably occur over a number of years. The Council will also need to amend elements of the Treasury Management and Investment strategies in order to accommodate the additional borrowing requirement associated with the request. Audit Governance Committee undertake a mid-year review of these strategies and should be asked to consider whether this additional expenditure requirement can be accommodated or whether the limits will need to be increased by an amount up to the value of the additional expenditure.
- 1.9. To ensure that the lending by the Council is at market rates, it will need to add a lenders margin. As a result, the repayments by Qualis will more than cover the Council's cost of borrowing and therefore the net impact on the Council's General Fund will be positive.
- 1.10. The cover report to Cabinet is attached as Appendix A and the detailed Qualis 4 Year Business Plan is attached as Appendix B.

2. Resource Implications

- 2.1. These are covered in this report and the two appendices.

3. Legal and Governance Implications

- 3.1. None contained within this report.

4. Safer, Cleaner and Greener Implications

- 4.1. None.

5. Consultation Undertaken

- 5.1. None

Background Papers

Group Company Governance Document – Cabinet 6 February 2020