

# **Report to the Overview and Scrutiny Committee**



**Date of meeting:** 17 March 2020

**Subject:** Group Company Structure

**Responsible Officer:** Sacha Jevans (01992 564229)

**Democratic Services:** Gary Woodhall (01992 564470)

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## **Recommendations/Decisions Required:**

**(1) That the current progress with the establishment of the Qualis Group Company be noted.**

## **Report:**

1. Work on the Group Company set up is progressing well, and this report sets out the activity that has been undertaken since the last Overview and Scrutiny meeting in January:
  - (i) Cabinet Approval of the Shareholder Agreement;
  - (ii) Set up of the interim Group Qualis Board;
  - (iii) Progress on the Epping Sites;

### Cabinet Approval of the Shareholder Agreement

2. The report to the February Cabinet approved the Shareholder agreement and the 'Reserved Matters'. Prior to the cabinet a well-attended workshop was held led by the Councils legal advisors Penningtons Manches Cooper. The presentation covered the key aspects of the Shareholders Agreement including a detailed explanation of the Reserved Matters and the role of the Shareholder Representative the Section 151 Officer.

### Set Up of the Interim Qualis Group Board

3. The report to February Cabinet also approved the set up of the interim Qualis Group Board. All the interim members have now been registered with Companies House.
4. The Board has held two meetings and has appointed an interim Company Secretary to support the work of the board and to ensure effective governance. The Company Secretary has produced a programme of work which will be formalised into a detailed forward plan.
5. The first two Board meetings have focussed on the preparatory work being undertaken on the five Epping development sites. The March Cabinet will receive a paper to recommend the land ownership transfer of these key sites and will provide detailed financial and development appraisal information.

### Progress of the Epping Sites

6. Qualis Commercial Ltd is progressing the detailed work required to develop full business case appraisals for each of the Epping Sites. This work includes:

- Detailed appraisals and cash flows for all 5 sites in Epping.
- Sensitivity analysis testing profit and land value against changes in cost
- Budget cash flow for each site for fees to planning application
- Market report on commercial space - potential tenant demand and uses
- Market report on residential values and rental income potential

7. The hoarding for the St Johns site is now in place and further discussions are ongoing with the Town Council on their future location within the site.

8. A planning performance agreement has been agreed with EFDC planning. This agreement sets out the approach to consultation and describes the key planning milestones for the Epping Sites over the coming months.

9. This detailed work will be presented to the March Cabinet.

### Recruitment of Resources

10. An email to all EFDC staff has been circulated to invite expressions of interest for new roles in the company to help support the set up over the next twelve months. These roles cover the areas of IT, Finance, HR and business support. The roles can be undertaken on a secondment basis and provide a good opportunity for career progression for those within the Council.

### **Resource Implications:**

The work associated with Qualis is within the approved working capital loan and is set out in the 2020/21 budget and medium-term financial strategy.

### **Legal and Governance Implications:**

Any professional consultancy services will be procured in line with the Council procurement rules. The Civic Offices site has a draft allocation of housing within the Local Plan to be bought forward in the early years. There is a Governance Board in place and regular reports of progress back to Cabinet and Overview and Scrutiny.

### **Safer, Cleaner and Greener Implications:**

The developments and will be safer by design and energy efficient.

### **Consultation Undertaken:**

Full consultation will be undertaken on each site through the planning application process.

### **Background Papers:**

None

### **Risk Management:**

The risk map is reviewed by the Interim Qualis Group Board and is also monitored by the Council Corporate Risk Management Group.