

Ebbsfleet Development Corporation

Board Meeting Part	One
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Date of meeting :	19 November 2019	Paper Number:	EDC 019/088
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Title of paper	Finance and Operations Report – as at 31 October 2019
Presented by	Gerard Whiteman, Director of Finance
Sub-committee	Not applicable

Purpose of Paper and Executive Summary	
	<ul style="list-style-type: none"> • An update on EDC budgets, workforce and other operational issues. • Board approval for revised Procurement Policy and new Contract Management Policy.
EDC business plan and KPIs	Operational and capital activities to enable the EDC 19/20 Business Plan / KPIs to be achieved
Recommendation	<p>FOR INFORMATION: The Board is invited to NOTE the report, and:</p> <p>FOR APPROVAL:</p> <p>The Board is asked to APPROVE the following:</p> <ul style="list-style-type: none"> - The revised EDC Procurement Policy (Annex B) - The new EDC Contract Management Policy (Annex C)
Annexes	<p>Annex A - 2019/20 Operational Budget</p> <p>Annex B – EDC Procurement Policy</p> <p>Annex C – EDC Contract Management Policy</p>
Delegation	Not Applicable
Financial impact	As outlined in the report
Legal impact	None
Stakeholder impact	As outlined in the report
Sponsor impact	Budgets now formally confirmed by MHCLG

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Highlights

- CDEL programme expenditure in October - £36.253m including acquisition of the Central Area
- RDEL Admin & Programme Revenue expenditure in October - £258k
- Review of Procurement Policy and introduction of new Contract Management Policy - **FOR APPROVAL**
- New Board representative for Kent County Council

Introduction

1.1 This paper updates the Board on budgets, workforce and other operational issues for the month of October 2019 and the 2019/20 forecast outturn position.

2. 19/20 Operational Budget.

2.1 The detail of the budget is shown at **Annex A**. The indicative net operational revenue budget for 19/20, which has been formally confirmed by MHCLG, is £3,743,000 (compared to a net budget of £3,892,000 for 2018/19) with an additional £2m of revenue support specifically for programme expenditure.

As part of the net operational budget, the corporation generates planning fee income, which was originally budgeted at £75k for 19/20. As at the end of September, the actual receipts from Planning Fees (and Planning Officer contributions from developers) are £139k, with the forecast outturn now being revised to £340k. Subject to confirmation from MHCLG, and the resource requirements of the Planning Team in managing the planning applications, the Corporation intends to utilise any planning fee income in excess of budget to support programme revenue expenditure.

Rental income will be generated from the acquisition of the Central Area; approval to retain this to fund further EDC activities is being sought from MHCLG.

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2.2 The Pay budget covers the full budgeted staffing complement, together with Board member pay, and Agency/ Temporary staff. There is currently a number of planned vacancies in the organogram that result in ongoing savings against the Pay budget; in the Projects Team specifically the underspend accruing against vacant posts is mainly being utilised to fund external Project Management resources.

3. **19/20 Capital Budget**

3.1 The original forecast position for 19/20 was a capital spending requirement of up to £66m for the year. This is currently being reviewed with MHCLG as part of the Supplementary Budgeting process.

3.2 The EDC’s overall capital programme of investment is organised around five sub-programmes (pillars) that focus on specific projects that can be delivered at pace and that demonstrate value for money.

3.3 Infrastructure Delivery Plan – Programme Summary

Pillar	DESCRIPTION SUMMARY
Housing Programme	To complement the EDC’s activities in bringing forward developer activity that will deliver additional housing in the garden city at pace.
Commercial Programme	Working with landowners and investors to provide commercial space and employment opportunities fostering both local and inward investment whilst capitalising on the Enterprise Zone status and unlocking the development of Ebbsfleet Central.
Utilities Programme	To provide a co-ordinated strategic utility network across the Garden City. Establishing shared utility corridors and advancing the provision of strategic infrastructure.
Transport Programme	To enable safe and integrated highway systems, investment in strategic highways infrastructure and local road improvements including the Springhead Bridge and proposals to upgrade the Fastrack bus service.

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Green Corridors Programme	Improving connectivity between the existing and new communities and creating “green corridor” routes for pedestrians and cyclists to minimise car travel within the garden city. To also include the provision of additional green public realm space.
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3.4 2019/20 programme capital expenditure as at 31st October:

Pillar	Full Year Budget £000	Year to Date Spend £000	Comments
Housing	3,524	977	Acquired sites
Commercial	39,683	36,041	Central Area
Utilities	4,219	2,569	Electricity
Transport	14,558	2,967	Springhead Bridge
Green Corridors and Signage	3,169	355	Green Corridors
Other Projects	847	0	
Total	66,000	42,909	

4. Staffing Structure and Recruitment

- 4.1 The EDC has delegated authority to manage its own headcount as long as the costs of doing so can be accommodated within the EDC’s total budget allocation for pay.
- 4.2 The Chief Executive has agreed a further 18 month secondment from Homes England.
- 4.3 Several external Project Managers have been recruited to lead work on Transport, Parks & Open Spaces, Green Corridors, Stewardship, Procurement & Utilities.
- 4.4 Three external staff are providing professional services to the Springhead Bridge project during the construction phase (Project Manager, Quantity Surveyor, and EDC Site Supervisor).
- 4.5 The EDC’s Project Manager for Utilities has resigned and will leave in mid-November with the post being covered temporarily by an interim consultant.

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- 4.6 The Assistant Project Manager vacancy is being covered by an interim external incumbent.
- 4.7 Two new Business Support Officers have taken up post – one in the Projects Team and the other to cover a forthcoming maternity leave.
- 4.8 With the appointments and interim arrangements as set out above the headcount as at the 31st October 2019 was 39.8 FTE.

5. Board and Recruitment

- 5.1 Following a reorganisation of portfolios at Kent County Council, with the appointment of a new Leader, Councillor Mark Dance has stepped down and Councillor Mike Whiting will now (subject to Ministerial agreement) become the KCC representative on the EDC Board. We would like to use this opportunity to thank Cllr Dance for his contribution to the EDC during his tenure.
- 5.2 We are still awaiting progress by MHCLG in the recruitment of two new Board members. The Chairman wrote recently to our SRO in the Ministry asking for it to be given some urgency, given the strain it is putting on other Board members.
- 5.3 Councillor John Burden has been nominated by Gravesham Borough Council as the council's representative on the EDC Board – the relevant paperwork is still awaiting approval by MHCLG.
- 5.4 Cllr. Dr. Lauren Sullivan is the nominated representative for Gravesham BC on the Planning Committee. This appointment is also awaiting official confirmation from MHCLG.

6. Governance documents and procurement process update

- 6.1 In March 2019, Board gave approval to the Chief Executive to make minor updates to the EDC's governance documents. Since then various documents have been reviewed and consequently some amendments, corrections and updates have been made.
- 6.2 The Gifts and Hospitality Policy, Transparency Policy and the Business Continuity Plan have all had some minor updates and corrections made to reflect the EDC's current position / procedures.

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- 6.3 The Procurement Policy was originally approved by Board in January 2016. This document has recently been updated and now reflects the procedures the EDC has subsequently implemented to ensure compliance and consistency across its procurement activities.
- 6.4 The procurement document also includes (as annexes) the approval forms that are required to be signed off at various stages during the procurement process. At present, the EDC procurement process relies on the use of email and paperwork. However, the EDC has just appointed the supplier “In-Tend” to install it’s e-procurement (software) solution. It is intended that this procurement portal will be up and running by the end of the calendar year. Various key staff within the Projects and Finance teams will be trained on how to use and administer the system.
- 6.5 The new In-Tend software is configurable and will be set up to mirror the procedures as set out in the revised Procurement Policy. This will enable system compliance with the procurement procedures.
- 6.6 Linked to the procurement activity, a new Contracts Management Policy document has been created. This is to ensure that staff are aware of contract management key activities and the roles and responsibilities.
- 6.7 Attached at **Annex B** and **C** are the revised Procurement Policy and the new Contract Management Policy seeking Board approval. Both documents were reviewed at the October 2019 meeting of EDC’s Audit and Risk Assurance Committee.
- 6.8 Board is requested to approve the revised Procurement Policy and the new Contract Management Policy.