

COMMERCIAL AND INVESTMENT COMMITTEE: MINUTES

Date: 14 December 2018

Time: 10.00am-10.55am

Venue: Room 128, Shire Hall, Cambridge

Present: Councillors J Schumann (Chairman), A Hay (Vice Chairman), I Bates, L Dupré, J Gowing, L Jones, T Rogers, M Shellens (Councillor Shellens substituting) and T Wotherspoon

Apologies: Councillors Jenkins and Nethsingha (Cllr Shellens substituting)

179. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were presented on behalf of Councillors Nethsingha (Councillor Shellens substituting) and Jenkins. There were no declarations of interest.

180. MINUTES OF THE MEETINGS HELD ON 23 NOVEMBER 2018 AND ACTION LOG

The minutes of the meeting held on 23rd November 2018 were approved as a correct record.

The following Action Log items were discussed:

Action 131 – identify whether This Land would pay for the construction of the access road: officers agreed to circulate an update.

Action 147 – update on Building Inspection – officers confirmed that a number of meetings had taken place between Legal, Education & Property, and agreed to report back in January.

Action 161 – it was confirmed that a meeting of the C&I Investment Sub-Group had been scheduled for 08/01/19 (5pm). Councillor Shellens confirmed that he was happy to continue as a member of that Sub-Group.

It was resolved to note the Action Log.

181. PETITIONS AND PUBLIC QUESTIONS

There were no petitions or public questions.

182. COMMERCIAL AND INVESTMENT COMMITTEE REVIEW OF DRAFT REVENUE AND CAPITAL BUSINESS PLANNING PROPOSALS FOR 2019-20 TO 2023-24

The Committee considered a report on the draft Business Plan revenue and capital items that were within the remit of the Commercial and Investment Committee.

Members were reminded that many of the detailed proposals were covered at the Committee meeting held on 19th October 2018. The report provided a summary of the various material (£100K+) changes since that meeting. The level of unidentified savings had reduced by £2.2M to £19.3M. Work to identify and work up further ideas to fill the gap was ongoing and the pressures emerging were still under review as trends were monitored and mitigating strategies developed.

Members noted the funding options available to the Council to contribute towards closing the gap for 2019/20 and beyond. Some of these options would be explored further at the Investment Sub-Group on 08/01/19.

Arising from the report:

- A Member advised that at the most recent Health Committee meetings, contract savings had already been factored in to the Health Committee's budget, and she reiterated her previous concerns that savings could be double counted by Committees. Officers reassured Members that good contract management was included in many Committees' business planning proposals. However, great care had been taken to ensure the savings identified by each Committee were not replicated by another Committee;
- Noting that the commercial investment target for 2018/19 would not be met, a Member expressed concern that this increased the pressure for commercial investments to be made in 2019/20, and as a result of that pressure, these may not be the most advantageous or best value investments. It needed to be acknowledged that the availability of suitable investment opportunities was outside the Council's control. The Chairman commented that this was one of the reasons for having the investment Sub-Group meeting in January – it may be that the Committee's investment strategy was too stringent, but the Committee's ambitious targets needed to be balanced against risk;
- It was confirmed that the level of Revenue Support Grant (RSG) had been confirmed on 13/12/18, and government had also confirmed that there would be no income from a Business Rates pilot in this;
- A Member queried the reasons behind the increase in Home to School Transport costs. It was suggested that this issue needed to be followed up by the Member with their representatives on the Children & Young People's Committee;
- A Member asked why the timescales for four major energy projects (Babraham Smart Energy Grid, Trumpington Smart Energy Grid, Stanground Closed Landfill Energy Project and Woodston Closed Landfill Energy Project) had all been revised. Officers advised that the figures were changing all the time as more information became available. The MLEI team was trying to assess what they could deliver as a team, and that assessment had now been completed. The Member expressed concern that the team may be taking on too many projects to the detriment of the whole workstream. Officers advised that the revised phasing reflected their assessment. It was agreed that Sheryl French would be asked to provide an update to the Committee on current progress with all major projects.

Action required.

It was resolved, by a majority, to:

- a) note the overview and context provided for the 2019/20 to 2023/24 Business Plan revenue proposals for the Service, updated since the last report to the Committee in October;
- b) comment on the draft revenue savings proposals that are within the remit of the Commercial and Investment Committee for 2019/20 to 2023/24, and endorse them to the General Purposes Committee (GPC) as part of consideration for the Council's overall Business Plan;
- c) comment on the changes to the capital programme that are within the remit of the Commercial and Investment Committee and endorse them to the General Purposes Committee (GPC) as part of consideration for the Council's overall Business Plan.

183. DISPOSAL OF RANSOM STRIP AT ST IVES

The Committee considered a report on a proposal to dispose of a County Council owned ransom strip in St Ives, and also the relaxation (i.e. withdrawal) of a restrictive covenant for a site sold by the County Council in 1961 to St Ives Football Club. The covenant currently restricted the use to sports use. The Football Club was seeking to relocate to a bigger complex in another part of town, and sell the land for a residential development of 30 homes.

The Chairman suggested that more information was required, so the report should be deferred until January, but that Committee Members should take the opportunity to ask questions and raise issues that they would like covered in the revised report.

The Clerk read out comments from the Local Member, Councillor Reynolds, who had particular concerns that other parties on the site, particularly St Ivo school, who could find themselves ransomed by the developer if the ransom strip was sold by the Council.

The values that could be realised from the sale of the ransom strip and relaxation of the restrictive covenant were noted. The Football Club needed a return of at least £2M to fund their move to the other site.

Discussing the report, the following points were raised:

- in response to a Member question on the Right of Way, it was confirmed that the School would have the Right of Way identified in its documentation, and that the onus would be on the School to make an application to the landowner;
- officers confirmed that negotiations would need to take place regarding an uplift to reflect the relaxation in the restrictive covenant;
- a Member urged officers to take into consideration the interests of other landowners/neighbours around the site, such as the East of England Army Cadets, particularly in terms of access. There was a discussion on the ownership of the car park, and it was agreed that the ownership of different parts of the site would be fully detailed in the revised report, so that these issues could be fully explored. **Action required;**

- a Member requested that the planning application for the residential development be included in the future report so that the Committee understood fully where the road and housing would be **Action required**;
- it was noted that if the school lease stated that if access was access, alternative access would need to be provided;
- it was noted that the proposal was for the Football Club's site and the ransom strip to be jointly marketed i.e. the land within the red line on the plan appended to the report;
- in terms of time constraints, there was an assumption that the capital receipt for this site, of around £1M, would be included as a capital receipt in the 2018/19 financial year. If this £1M capital receipt was not realised, it would be necessary to identify an alternative capital receipt or revenue source. Members and officers expressed concern that the timings were too tight for this to be achievable, especially if the decision was deferred, as proposed.

It was agreed that the report would be deferred and a fuller report received at the next Committee meeting. However, given the time constraints, permission would be given to jointly market the site.

It was resolved unanimously to:

- a) agree to jointly market the football ground together with the County Council's land;
- b) receive a more detailed report at the next Committee meeting.

184. AMENDMENTS TO THIS LAND ARTICLES OF ASSOCIATION

The Committee considered a report on proposed amendments to the This Land Articles of Association, which had been redrafted following the special Committee meeting held on 10th October 2018. It was noted that the written resolution had been circulated to the Committee previously.

It was resolved to:

- a) agree the proposed amendments to the Articles of Association of This Land as set out in Appendix A to the report;
- b) authorise Tom Kelly as Deputy Section 151 Officer to sign the written resolution on behalf of the Shareholder.

185. FEEDBACK ON THE MARKETING AND DISPOSAL OF SHIRE HALL

Members considered a report on the marketing of Shire Hall and interest received to date. The report was presented for information only.

Comments from Councillor Scutt and the Local Member, Councillor Richards were noted. It was agreed that these would be shared with Kim Davies. A number of the issues raised were discussed:

- maintaining public access to the scheduled monument/heritage site (Castle Mound) – Councillor Jones advised that she had discussed this point with officers prior to the meeting and was reassured by the information given;
- retaining a County Council presence in Cambridge – all those involved in the project had indicated from the outset that a County Council presence would be retained in Cambridge;
- concerns raised regarding the pedestrian access to the rear of the Shire Hall site i.e. the cut through from Magrath Avenue. It was confirmed that Trinity College owned that land and managed the permissive path, and whilst it was gated, it appeared to be open continuously, although officers had advised that they had been informed that it was sometimes closed at Christmas. Trinity College were unlikely to change the current arrangements, as they benefitted their students.

It was resolved unanimously to:

- a) note the report.

186. FINANCE AND PERFORMANCE REPORT – OCTOBER 2018

The Committee considered a report on the financial and performance information relating to the areas within the Commercial and Investment Committee's remit, for October 2018.

With regard to the second report recommendation relating to energy projects, it was noted that the report on this item had been deferred until January, so the recommendation on that would be withdrawn for this meeting.

Members noted:

- an overspend of £6.4M was forecast due to revenue underachievement, representing an increase in underachievement of £261K from the previous forecast;
- additional overspends on commercial activity due to timing of loans and investment, off-set by favourable changes anticipated to the Revenue situation owing to a review of expenditure in the ICT service, funded by a replacement reserve to fund expenditure capital, and also a reduction in debt charges due to the delays to investment. With regard to the change from revenue to capital for ICT, it was confirmed that there was always some specific types of expenditure that could be reasonably treated as either capital or revenue;
- the additional £250K pressure to Traded Services budgets;

- the forecast underspend in the Capital budget.

With regard to the additional prudential borrowing for the County Farm project, it was noted that the County Farm budget for such projects was already fully allocated. County Farms had previously had a larger budget for capital investment, but this had been reduced in the last few years as a result of insufficient projects coming forward. When an additional allocation is required, this is brought to the Committee, and as with the initial allocation, does not usually specify the individual projects. The project in question was substantial and no other projects requiring additional allocation are planned at this time. The tenant's tenancy was for five years, and in order to protect the Council's interests, a tenancy extension of 14 years was proposed to cover the payback period of the investment, on which the tenant will be required to pay an additional rent of 7%, based on the cost. It was further noted that usually County Farm tenancies ended when the tenant reached 65, but the extension proposed in this instance would extend the tenancy until the tenant was 68. This was in line with anticipated changes in the upcoming strategy review which would consider linking tenancy length with the government's proposals to change the state pension age.

In response to a Member question, it was noted that the project was in line with the strategy to diversify the County Farms portfolio, improve the housing stock let to tenants and increase revenues.

In response to a Member question, it was confirmed that not all Outcome Focused Reviews were complete, including Outdoor Centres and Cambridgeshire Music. This was being reflected in the Business Plan for 2019/20, but for the purposes of financial monitoring, £500K had been identified as a pressure in the year 2018/19. It was also noted that the issue had been discussed as part of the Commercial Strategy, and it was acknowledged that by definition, Traded Services should at least be cost neutral.

It was resolved unanimously to:

- a) review, note and comment upon the report;
- b) consider and recommend to GPC to approve £183K of prudential borrowing for the Manor Farm, Girton – House Extension project, together with revised tenancy terms.

187. AGENDA PLAN, TRAINING PLAN AND APPOINTMENTS TO OUTSIDE BODIES

Members considered the Committee's Agenda Plan and Training Plan.

It was noted that there were two additions to the Agenda Plan:

- revised report on St Ives Football Club ransom strip (January 2019)
- Proposed joint venture between Cambridgeshire County Council and University of Cambridge for the commercial development of fibre assets (February 2019)

With regard to the Training Plan, officers agreed to circulate some ideas for the provisional training slot in January. **Action required.** A Member commented that it would be helpful to have more information on procurement.

It was resolved to:

- a) note the Agenda Plan;
- b) note the Training Plan.

Chairman