

COMMERCIAL AND INVESTMENT COMMITTEE: MINUTES

Date: 16 December 2019

Time: 10:00am – 12:10pm

Venue: The Hall, The Club, Alconbury Weald

Present: Councillors J Schumann (Chairman), H Batchelor (substituting for Cllr Dupré), I Bates, P Downes (substituting for Cllr Jenkins), J Gowing, L Jones, T Rogers, M Shellens and M Smith (substituting for Cllr Hay)

Apologies: Councillors Bates, Dupré, Hay and Jenkins

300. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies were presented on behalf of Councillors Dupré, Hay and Jenkins (Councillors Batchelor, Smith and Downes substituting respectively) and Councillor Bates.

Cllr Smith declared an interest in item 206 as Local Member for Papworth & Swavesey, and advised that her partner was a farmer who owned land in that Division, all of which was included in the Members' Register of Interests.

301. MINUTES OF THE MEETING HELD ON 22 NOVEMBER 2019 AND ACTION LOG

The minutes of the meeting held on 22 November 2019 were agreed as a correct record.

The Action Log was noted and the following items were discussed:

Item no. 183/Ransom strip at St Ives – it was confirmed that the valuation was currently being prepared and should be available by January, and a report would be presented to Committee in March.

Item no. 274/legal advice – it was confirmed that this had not yet been received.

302. PETITIONS AND PUBLIC QUESTIONS

There were no petitions or public questions.

303. COMMERCIAL AND INVESTMENT COMMITTEE REVIEW OF DRAFT REVENUE AND CAPITAL BUSINESS PLANNING PROPOSALS FOR 2020-21 TO 2024-25

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 18th October 2019. The report provided a summary of the various material (£100K+) changes since that meeting. These included the anticipated increased return from additional property investments in 2020-21, the increased level of ESPO dividend, and the higher than expected income from the Soham Solar Farm. In addition, the business cases for the Energy Investment projects at Babraham Park & Ride and Stanground Closed Landfill site had been updated to reflect the preferred build options in light of current market conditions, i.e. those energy schemes currently under construction or yet to commence.

Appended to the report were two business cases, one for County Farms commercial uses, and one for the CCLA pooled property fund. With regard to the latter, Members were reminded that the Committee took the decision in February 2019 to invest up to £16.5M in the CCLA Fund. £11m had been invested to date, which gave a return of £330K per annum. The intention was to invest an additional £3M in that Fund, which would achieve a return of £90K per annum. It was confirmed that this would be covered by the original decision, i.e. it did not require further approval by the Committee. With regard to County Farms commercial uses, sites were being reviewed, and a consultant had been appointed to undertake a desktop analysis. It was anticipated that this project would return £500K over three years, including £75K in the first year.

In terms of the Capital programme, there had been three key changes since the draft Business Plan had been considered in October, relating to additional Commercial Investments, Energy schemes and Housing scheme loans.

Arising from the report:

- A Member asked how confident officers were in the anticipated returns from both the CCLA Pooled Property Fund investment, and the County Farms commercial uses, noting that in the past, some income streams had taken longer to be realised than originally anticipated. She highlighted the reference in the County Farms Business Case relating to the risk of planning constraints. Whilst such estimates were always subject to change, officers indicated that they were reasonably confident in the County Farms Business Case, and even more confident with the CCLA Pooled Property Fund, as this did not carry the risks of individual property acquisitions. The Member was also reassured that income from this County Farms income streams were not double-counted. In terms of deliverability, this additional challenge needed to be considered in the context of revenue streams for County Farms, and did not represent a significant stretch target;
- A Member commented that on previous occasions, the Committee had indicated that it was keen to see that any Council owned agricultural land that was sold or redeployed be replaced in the Council's property portfolio. He asked if this was happening and whether it was possible to have a list. The Chairman suggested

that it was best to identify this through the County Farms Working Group.

Action required.

- A Member raised a query relating to the Education Health and Care Plans, referenced in the Overview section of the report. As this was outside the Committee's remit, it was agreed that officers would deal with this query outside the meeting. **Action required (officers to contact Cllr Shellens).**
- A Member observed that negative RSG had been a concern in previous years' Business Plans. Officers advised that the risk of negative RSG had effectively been removed in the November 2019 Comprehensive Spending Review, for the 2020/21 financial year, but future years remained uncertain.
- One Member commented that it was an extremely brave assumption that local authorities would be permitted to increase Council Tax by 2%, given that central government was facing declining revenue from taxation.
- A Member queried the level of operating costs for the Commercial Team for 2022-23 to 2024-25. It was confirmed that the data was presented with only the marginal changes shown year on year therefore the team is expected to cost £258k each and every year.
- Noting the level of indebtedness, a Member queried the Council's exposure to risk in terms of sensitivity to interest rate changes. Officers advised that the debt referred to was historic debt, and this was at the higher end compared to peers, i.e. other County Councils. Because it was historic debt, it was built in to the base numbers, but it was confirmed that the Council was exposed to the variations in interest rates on future borrowing. Further increases in interest rates were predicted for 2020.

Officers advised that the detailed grant settlement from central government was usually received shortly before Christmas. However, with the General Election, this was now expected mid January.

It was resolved, by a majority, to:

- a) Note the overview and context provided for the 2020/21 to 2024/25 Business Plan revenue proposals for the Service, updated since the last report to Committee in October;
- b) Comment on the draft budget and savings proposals that are within the remit of the Commercial & Investment Committee for 2020/21 to 2024/25, and endorse them to the General Purposes Committee 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 & Investment Committee and endorse them to the General Purposes Committee as part of consideration for the Council's overall Business Plan.

304. PERFORMANCE REPORT – JULY TO SEPTEMBER 2019

The Committee received a report which provided Key Performance Indicators associated with the delivery of the Commercial Strategy 2019-2021. Officers drew Members' attention to a number of key issues in the report presented, which included:

- below target income for the Brunswick House acquisition, due to a new competitor's aggressive pricing strategy;
- the number of contract waivers – this related to occasions where the usual process for procurement was varied, usually due to time constraints. This had a potential impact on the Council's ability to negotiate more favourable terms for these contracts;
- the targeted launch of Commercial E-learning training and how the impact of this training would be assessed;
- income for Traded Services, specifically Cambridgeshire Music and Cambridgeshire Outdoors. A £229K overspend for the latter related to a one-off cost relating to backdated pay for staff at Grafham Water Centre.

Members commented favourably on the report, but suggested a number of changes were required, including presentational changes and reviewing some of the Indicators. Officers welcomed Members' feedback and stressed that the Performance reporting was still evolving. It was agreed that the provisional Committee training session on 24th January 2020 would be used to further explore Performance reporting. **Action required.**

Noting Members' comments that some indicators did not have targets, officers explained that including a target on some indicators could be inappropriate as they would drive the wrong behaviour.

In response to a Member question, it was confirmed that the Council could borrow at preferential rates and then lend monies to third parties for a higher rate. In cases such as Indicator 168, the focus of this activity was social benefit rather than commercial return. It was confirmed that such loans were secured against assets, but there was always a slight risk that the value of the asset would not cover the cost of the loan. All such loans were considered by Committee and the policy is set out in the Council's Treasury Management Strategy.

Noting the RAG ratings, a Member observed that there was a gap between Green (current performance on target or up to 4% over target) and Blue (current performance is over target by 5% or more). **Action required.**

A Member commented that the graph for Indicator 164 (Annual forecast of the amount of commercial property income as a percentage of initial investment) was confusing. It was noted that in the first Performance Report, presented in September 2019, this had been shown in two separate graphs, but had been changed following feedback.

It was resolved unanimously to:

Note and comment on performance information and take remedial action as necessary.

305. FINANCE MONITORING REPORT – OCTOBER 2019

The Committee considered a report on the financial information relating to the areas within the Commercial and Investment Committee's remit, for the period ending 31st October 2019.

An underachievement of income of £877K was forecast at the end of October 2019, which was an increase of £335K from the previous forecast. This was due to the Property Services' team forecast overspend of £322K (an increase of £98K from the previous forecast) mainly due to additional reactive maintenance required to corporate buildings, and an underachievement of Property Investment income of £180K, mainly due to Brunswick House and delays in completing on an acquisition in South Cambridgeshire. The Deputy Chief Executive Officer briefly outlined the issues relating to this property, and advised that he had committed to preparing a detailed briefing note on the Brunswick House issue, which he would circulate to Committee Members before Christmas, and this would include the percentage return on income for that acquisition. **Action required.**

In response to a question on Cambridgeshire Outdoors, it was noted that the overspend related to a one-off structural pressure, and not an underachievement of income. However, the overachievement of the ESPO dividend has been achieved each of the last few years, therefore this is why it is being brought into the base budget going forward as part of the Business Plan.

It was resolved unanimously to:

- a) Review, note and comment upon the report.

306. PROPOSED LAND SWAP AT SWAVESEY

The Committee considered a report proposing a land swap for agricultural land currently owned by the County Council in Swavesey, and a piece of land with development potential near the A14 junction in that village. It was confirmed that there had been individual valuations on both pieces of land. The Council's land would become available in 2020 when the current tenant retired. The main attraction of the proposed land swap for the Council was that it gave the Council access to Buckingham Business Park, which was an increasingly attractive site. Whilst it was unlikely that the Council's agricultural land would have any development opportunity in the short term, a 40% overage was proposed should that rural land be developed in future. In response

to a Member question, it was confirmed that Mr Shepperson, who owned the land near the junction, was looking to focus on farming rather than commercial interests.

In response to a Member question, it was confirmed that the main risks in the proposal related to Title risks, access rights, and planning issues. The completion of the A14 improvements made this location more important in terms of distribution and logistics uses. It was confirmed that the Land Title issue would be resolved before the proposed swap.

It was confirmed that whilst the Business Park was slowly expanding, approximately 10% of the units were currently vacant. However, there was a constant turnover, and the A14 works, which had recently completed, would not have helped that situation.

The Local Member confirmed that there was an operational diner adjacent to the site, and confirmed that there were no plans for residential development in the immediate vicinity.

A Member suggested that it would be helpful to seek a second valuation on both pieces of land, and it was agreed to incorporate this in the recommendations.

It was resolved, by a majority, to:

- 1) agree to the Land Swap, as per the Heads of Terms attached as a Confidential Appendix to the report;
- 2) request that a second valuation be undertaken of both pieces of land, and if this valuation proves that the difference in value is within 10% of the previous valuation, approve that the decision be delegated to Deputy Chief Executive Officer in consultation with the Chairman, and advise the Local Member.

Councillor Smith, as Local Member, abstained from the vote.

307. MILESTONE 4 AND 5 REPORT FOR THE ALCONBURY WEALD CIVIC HUB – CAMBS 2020 PROGRAMME

As this report had not been available at the time of the original agenda despatch, the Chairman had agreed to take it as a late item, using the powers afforded by Local Government Act 1972 discretionary powers:

Reasons for Lateness – the delay was due to the availability of final contract pricing information and programme.

Reasons for Urgency – to make Members aware of the revised programme and issues experienced with taking ownership of the site from Urban & Civic.

Members considered an update on the design development of the Council's proposed Civic Hub at Alconbury Weald, including an update on the latest estimated programme

for completion of the building. Officers outlined the timescales in terms of construction and the challenges faced, including a delay due to land contamination. It was stressed that there were no additional costs involved in this delay to the Council. It was now envisaged that the building would be complete in Spring 2021 completion.

A number of proposed changes to the design were noted. The original intention was that the building would maximise renewable energy and would not be connected to the gas mains, however, it now appeared that this would be a requirement for hot water for efficient heating of the showers. The energy generation features, travel planning and parking facilities on site were discussed.

Issues raised by Committee Members included:

- A Member noted the assertion that operating costs, in terms of facilities management for the new site, would be 60% less than for Shire Hall. However, this did not factor in increased use of other Council owned sites (i.e. Spokes) across the county. Officers advised that any increases in building operational costs for those other sites would be difficult to quantify accurately, but would be minimal;
- A Member queried how essential it was to have a mains gas connection for the showers, which he felt defeated the object of sustainable transport. Officers agreed to review this issue, and stressed that the intention was to utilise renewable energy sources wherever possible;
- Local Member Councillor Rogers expressed concern about the local road leading from Huntingdon through the Stukeleys to Alconbury Weald. The priorities for the road had recently been changed, so that vehicles coming from Huntingdon had to give way at several junctions, some on blind corners. This work had been carried out despite objections from the Parish Councils and Local Member. Officers confirmed that this work had been paid for by Section 106 monies from a nearby development. However, this road could be avoided altogether by vehicles travelling to Huntingdon and the communities to the north and east if drivers used the A1307 (detrunked A14) instead to the Spittals roundabout;
- Concerns were raised by a number of Members regarding the number of car spaces for staff use (230) compared to the number of staff that would be based at the Civic Hub (600), which suggested that a significant number of staff would use public transport or other means. Officers advised that there was a 2 to 1 desk ratio, so the expectation was that not everyone would be in at the same time, with 350 desks available. The Spokes model meant that staff would be based where the greatest business need was. In addition, an App was being developed to address car park management, car sharing and public transport options. Parking and transport were two of the main concerns expressed by staff. It was clear from the geographic spread of staff, that more staff lived in

Huntingdonshire than Cambridge, and there was a 12% per annum turnover of staff. A Member commented that travel planning needed to be reviewed constantly, and not just at the outset;

- Concern was also expressed regarding parking spaces for Members on days when Members' attendance was high e.g. full Council meetings. Officers advised that there was a management plan that took into account fluctuations of Members' attendance with a priority booking scheme in place. Public transport options would improve as the town became more established;
- A Member queried the reference to "*monitoring for unexploded devices during groundwork*". It was confirmed that half the site had been de-contaminated, but the other half had not been investigated. There would be no ongoing risk once the site was cleared;
- A Member commented it would be helpful for the Committee to receive an overall financial position listing all the costs of the move to the Hub and Spokes model. It was noted that some of this information was available in the report was considered by Committee in October 2019, but it was agreed that the totality of the Business Case, including some information that was commercially confidential, should be brought back to a future meeting, so that Members could establish the overall financial position. **Action required;**
- A Member asked what scope there was to adapt the design as it was built, especially as better and/or more sustainable technologies came forward. She also queried whether officers were reviewing whether anything could be done better e.g. in terms of double height spaces. Officers advised that it would be difficult to make any significant changes once the design had been agreed. However, the building was being built to BREEAM Excellent standards. With the exception of the reception and café, there would be no double height spaces;
- A Member asked about timescales for the railway station. It was noted that this required four-tracking of the main line which would be expensive, but this was a priority for the Cambridgeshire & Peterborough Combined Authority (CPCA);
- There was a discussion around the number of buses increasing, and also on the impact of the development on the local highway network, including the A141 and Harrison Way in St Ives. It was noted that CPCA would be funding a transport study of A141 and wider area to improve capacity to junctions in particular;
- It was noted that the report proposed enhanced internal fittings to the civic areas. The Chairman commented that from the outset, the aim had been for the Hub to be cost effective and on budget, and for those reasons he did not feel it was appropriate to support enhanced internal fittings at this stage.

It was resolved, by a majority, to:

- a) Note the detailed design development and latest cost estimate that remains within budget;
- b) Approved the revised estimated programme for completion of the building in Spring 2021.

308. COMMITTEE AGENDA PLAN, TRAINING PLAN AND APPOINTMENTS TO OUTSIDE BODIES

Members considered the Agenda Plan and the Training Plan.

The Cambs Music item for February 2020 had been removed – a report would be considered at Chairs and Lead Members' meeting in February, with the final report going to Committee in June 2020.

It was resolved to note the Agenda Plan and Training Plan

309. EXCLUSION OF PRESS AND PUBLIC

It was resolved unanimously:

That the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed – information relating to the financial or business affairs of any particular person (including the authority holding that information)

310. REVISED PROPOSED BUSINESS CASE TO FUND THE ROOF WORKS AT THE MARWICK CENTRE

The Committee considered a report on the strategy to fund the repair to the roof at the Marwick Centre in March. Members were reminded that the Committee had agreed to fund the roof works in October 2018. Members noted the comments of one of the Local Members, Councillor Count, supporting the proposal, and also from the Chief Executive Officer of the Fenland Area Community Trust (FACET), a Registered Charity and the tenant of the Marwick Centre.

Further to the approval of the works in October 2018, the costs had escalated. The tenant was unable to contribute further and matchfund these additional costs, but would still be able to matchfund 50% of their quote £126,599 over the remainder of their lease. The Assets team's advice received was that the additional expenditure, and replacing the whole roof, would better maintain the Council's asset, and ensure ongoing valuable services provided by FACET, who delivered training and day care for adults with learning disabilities in Fenland.

It was resolved unanimously to:

- a) endorse an increase in budget over the £113,350 already included in the capital programme for the roof repairs, with approval for the final amount delegated to the Chief Finance Officer once the final figure is confirmed. This will be funded through prudential borrowing;
- b) approve that in consideration for CCC paying for the roof works plus VAT (Final figure TBC), Fenland Area Community Trust (FACET) will pay a contribution to these costs amounting to £63,299.50 over 7 years (50% of the original quote) under a cost recovery arrangement, which includes interest payments.

Chairman