

STRATEGY AND RESOURCES COMMITTEE: MINUTES

Date: 30 September 2022

Time: 2.00p.m. to 6.05p.m.

Venue: Red Kite Room, New Shire Hall, Alconbury Weald

Present: Councillors Ambrose-Smith (substituting for Councillor Count), Boden, Corney, Costello (substituting for Councillor Criswell), Dupré, Goldsack, Gough, Howitt, Hoy, Meschini (Vice-Chair), Murphy, Nethsingha (Chair), Sanderson, Sharp and Wilson

87. Apologies for Absence and Declarations of Interest

Apologies were received from Councillors Count and Criswell.

Councillor Gough declared a non-statutory disclosable interest under the Code of Conduct in Minute No.96, as the Council's representative on the This Land Board of Directors.

88. Minutes – 27th June 2022 and Action Log

The minutes of the meeting held on 27th June 2022 were agreed as a correct record and signed by the Chair; a completed action log was also noted.

89. Petitions and Public Questions

No petitions or public questions were received.

90. Integrated Finance Monitoring Report for the Period Ending 31 July 2022

The committee was informed that the in-year position was a forecast overspend of 0.5%. Attention was drawn to the detail behind the recommendations. It was noted that the recent mini budget would have a significant impact on Treasury Management in relation to borrowing costs in future years, if the upwards movements in gilts or government bond yields was sustained. There had been announcement about additional social care funding relating to winter pressures and further detail was awaited. There was likely to be a saving for employers in relation to the announcement on national insurance. Inflation was a significant issue, and the council was waiting to see if any adjustments would be made to government spending. Members would receive a detailed report on business planning at their next meeting.

The Adults and Health Committee Chair expressed support for recommendation a), and highlighted the criticism expressed at a regional meeting of authorities regarding the lack of funding nationally for Adult Social Care reform.

The Chief Executive informed members of a recommendation from Grant Thornton who had undertaken national research on councils which had received public interest reports. It stated that councils needed to ensure they were mindful of reserve levels at

all times and had a clear strategy for maintaining adequate reserves, which needed to be at least 5% of net general fund expenditure flexed upwards to consider the macro economics and local risks councils faced.

One member queried the impact of inflation on the council's overspend. It was noted that inflationary pressures had been factored in for the current year. However, the situation was very fluid and there were some part-year effects. The recent announcement on the energy cap could provide an upside for council relative to the current forecast. It was noted that the service committees would receive an update on inflation at their October meetings, which would show a significant budget pressure for 2023-24. The council had started the year with an £18m budget gap but this had now doubled due to inflation. It was noted that the council's cash flow position was healthy so there was no immediate need to borrow in the current volatile market. However, it would need to refinance a large amount of debt in the next 15 to 18 months, which could result in a significant adjustment cost. A more detailed estimate would be presented to the committee in October and December.

Councillor Boden proposed the following amendment, seconded by Councillor Goldsack:

- d) Help prevent the impact of current proposed bus service reductions announced by Stagecoach as follows:
 - (i) agree to allocate £1.7m from the post pandemic recovery and budgeting account to combine with the Cambridgeshire and Peterborough Combined Authority contribution of £1.7m towards a bus subsidy pot.
 - (ii) asks the Greater Cambridge Partnership to match fund with a contribution of £1.7m to this pot, to enable a pot of £5.1m to be created, which should guarantee no current loss of those services for the next year.
 - (iii) ask the Chief Executive to write individually to the board members of the GCP to urgently consider this funding request, and for their response to be reported back at the next meeting of the Strategy and Resources Committee.
 - (iv) Note these requests are wholly in line with the aspirations of cooperation, community and compassion, protect the vulnerable and isolated and are beneficial to the environment.

He reported that the Cambridgeshire and Peterborough Combined Authority (CPCA) had been the only authority to receive no government grant towards local bus schemes because its application had been considered insufficiently ambitious so problems had been expected in March/April 2023. In the meantime, Stagecoach had taken the decision to cut 18 routes and reduce services on another 13 routes across the county even though it had accepted the Bus Service Operators' Grant to continue running those services which were unprofitable and could lead to cancellation. Its rationale for this decision was that it was maintaining the level of bus service provided in the county as a whole by increasing bus provision in Cambridge City and some surrounding areas.

Members were informed that he had written to MPs for those areas most affected asking them to take this issue up with the Department for Transport.

The impact of these changes from 1 November would be particularly severe in the rural areas of East Cambridgeshire, Fenland and Huntingdonshire preventing students accessing schools and colleges, people travelling to work or attending medical appointments, and visiting shops. It was felt that the £1.7m of funding announced by the CPCA mayor was not sufficient to prevent all the service cuts proposed. Whilst it was not the council's responsibility to manage bus services, the lives of many of its residents would be detrimentally affected by these cuts. The council therefore had a moral obligation to use the resources available to it from the post pandemic recovery and budgeting account to assist. It was proposed that the council should match the mayor's funding announcement, with potentially matched funding from the Greater Cambridge Partnership, to maintain current services until the end of March and provide time to put a sustainable solution in place.

The Chief Executive reported that he had spoken to the CPCA to obtain the most up to date timelines. On 20 September 2022, Stagecoach announced the withdrawal of 18 services, the following day the mayor authorised a decision notice relating to the retendering of these services, which would run until 6 October, the response so far had been positive. The CPCA had identified £1.7m in funding, and a report would be presented to its meeting on 19 October as to which routes could be supported and maintained until the end of the financial year. At the same time, the CPCA was refreshing its Bus Strategy, which would feed into a refreshed bus service improvement plan to government by the end of the year. The CPCA was also lobbying hard to government to secure additional funding.

The Chief Executive reported that he had met with the Managing Director and senior staff of Stagecoach. He had told them that the approach being taken by the company versus its overall group position was at best hypocritical and would widen the inequality gap. The company had stated that it was in a good financial position, recovering well and wished to continue to espouse good value public transport so its actions were somewhat contradictory. The council did not currently know what the CPCA retendering exercise would deliver or what the cost of proposals would contain.

Members expressed concerns and frustration with the reprehensible action taken by Stagecoach, and shared the deep concerns expressed by their residents. The impact on residents in particular areas was highlighted by local members. However, several members felt that it was not the right time to make a decision to allocate additional funding whilst the CPCA was conducting its retendering process. It was important to wait until it met on 19 October to see how much funding would be needed to plug the gap. It was felt that this amendment was a confusing and unhelpful signal to private sector providers who wished to be involved in this bidding process. It was noted that the committee was scheduled to meet on 20 October when the financial ask would be known, which would be the point to make a financial decision if required. **Action Required.** In the meantime, it was important to identify other funding available including funding from the second tranche of money to be handed to bus companies in December. The importance of bus services and the need for a long term reliable public transport system for the county was acknowledged.

Individual Members then raised the following issues in relation to the amendment:

- expressed concern about the shift of public sector funds to the private sector in a non-partnership way.
- highlighted the impact of a government system of privatised bus provision on bus services.
- expressed concern that the government had given Stagecoach a grant without any caveats attached.
- suggested that by not funding the CPCA appropriately the council was being asked to double fund provision.
- expressed concern regarding the impact of the cuts on the council's ambitions in relation to climate change and carbon emissions.
- highlighted the need for long-term reliable investment in public transport such as light rail and tram systems.
- highlighted the need for the government in the medium term to review public transport structures and give the public sector the power and resources to run the network.
- highlighted the need for collaboration across the many tiers of local government in Cambridgeshire. There needed to be a version of the GCP City Access proposals which was capable of providing a better co-ordinated network and service as well as the resources to increase franchising.
- highlighted the need to consider new models of public transport provision such as community transport, as well as new routes.
- highlighted the fact that the GCP had indicated that it had £50m for future bus provision.
- stressed that it would be too late to wait until the CPCA meeting on 19 October, which was less than two weeks before the cuts came into force. There was concern that the tender process would not succeed as £1.7m was not sufficient.
- requested greater clarity on proposals set out in the amendment.
- confirmed that £7b of government funding for the Bus Service Improvement Plan (BSIP) had been made available to England outside Greater London in March and April. The CPCA had been the only mayoral authority to not receive any of this funding. Tees Valley and South Yorkshire had received £310m plus £3.77m of revenue and £570m plus £5.375m of revenue respectively. The Chair reported that there had been considerable anger from many authorities regarding the way the BSIP process had been managed by government. A more coherent approach was needed from government to public transport particularly bus strategy and public transport subsidy.

- highlighted the fact that the authority was not keeping its General Reserve at the recommended level. There was also the impact of the government mini budget to consider.

On being put to a recorded vote, the amendment was lost. [Councillors Ambrose-Smith Boden, Corney, Costello, Goldsack, Hoy, and Sharp in favour, and Councillors Dupré, Gough, Howitt, Meschini, Murphy, Nethsingha, Sanderson, and Wilson against]

It was resolved unanimously to:

- a) Authorise up to £790k to be drawn down from the Adults Risk Reserve, with the agreement of the Chief Finance Officer and in consultation with the Chair & Vice Chair of this committee, to fund the first stage of implementation of adult social care reform, as set out in section 3.2;
- b) Approve additional prudential borrowing requests totalling £3.765m and a virement of £0.4m as per table 4.5.2; and
- c) Note the Corporate Services Finance Monitoring Report in Appendix B.

91. Highways Asset Management System Replacement

The committee considered a report detailing a tender for a new Highways Asset Management System, which would replace the out-dated Insight system. Attention was drawn to the recommended approach set out in Section 3 of the report, which had included a member workshop for Highways and Transport Committee (H&TC). Members were advised that a revised Appendix 1 had been circulated before the meeting and published on the website to take account of comments raised by members of H&TC. An indicative cost for the new system was set out in Section 4.5.

Members thanked officers for the work carried out in particular for arranging the workshop. The principle outcomes were for staff to have a modern system which enabled them to undertake their services effectively and efficiently, including allowing teams to enter data on the move, and give the public and councillors access to accurate meaningful information through self-serve and service reports.

Attention was drawn to Section 1.2 and timely responses to town and parish council and member enquiries, it was queried whether the IT system would generate the response. The Director of Highways and Transport reported that the new system would enable the service to collect live information in a number of service areas, which would then be available to members, town and parish councils and the public on a self-serve basis. Officers in the service and the customer access service would also be able to respond to queries quicker.

One member reminded the committee that it was important to adopt and not adapt a product, it was therefore essential governance was in place around the implementation of the system so change requests could be minimised. It was noted that there would be the opportunity within the scope of the product to put a Cambridgeshire emphasis on the adopted system. Another member highlighted the importance of not disenfranchising those members of the public who were not able to use technology. It was noted that accessibility would still be available via the customer access service.

It was resolved unanimously to:

- a) Approve going out to tender for the new Highways Asset Management system, the cost of which was going to exceed £500,000 over the lifetime of the contract.
- b) Agree to delegate the decision to award these contract(s) to the Director of Highways and Transport and the Section 151 Officer in consultation with the Chair & Vice Chair of the Highways and Transport Committee.

92. Asset Management Decisions and Updates

The committee considered a report detailing proactive estate management decisions that would bring forward regeneration and redevelopment of community facilities in East Barnwell, confirm the venue for full council meetings and improve ventilation across 64 buildings.

Members were informed of positive progress following discussions and collaboration with Cambridge City Council, which had resulted in a better scheme in East Barnwell. The advantages and disadvantages of this approach were set out in Sections 1.11 and 1.12 of the report. Attention was also drawn to the community engagement on these detailed proposals.

Speaking as a local member, Councillor Bulat expressed her support for this project in its new format, which had the support of all Abbey councillors. She thanked officers of both authorities for the significant work which had gone into the collaboration, and consultation with local residents. She was delighted that the project had been approved by the City Council on 22 September. In conclusion, she thanked her residents who had endured such a long process to see improvements in their area. It was therefore important that there were no more delays.

One member reminded the committee that this move had been a political choice, and that the funding for this project was the same amount of funding needed to support the provision of bus services being axed by Stagecoach. The Chair reported that she was delighted the project was going in this direction as it was the right approach for the wider area in one of the most deprived divisions in the county.

The Committee was reminded that it had received a report on the Red Kite Room (RKR) at its meeting in March where it had agreed to report back on the following issues: security and safety of members and officers; limited space for members; limited space for media and public attendees; and accessibility (Part M of the Building Regulations) and Fire Safety (Evacuation). Attention was drawn to the updates on these issues set out in section 2 of the report. The Chief Executive reported that it was right and proper to revisit the equality impact assessment and it was equally important to keep this issue under continuous review. In the meantime, options for other sites would also need to be kept under review as well as changes to the configuration of the RKR. It was therefore likely that the committee might require a further report in due course on alternative venues or proposed changes to New Shire Hall. He was very mindful of the authority's duty under the Equality Act.

One member commented that it was not acceptable to spend public money adapting a new building or to have a room which was not accessible to the public. The current situation was therefore not a long-term solution. It was suggested that the council should consider holding full council meetings around the county. Another member commented that the last full council meeting had been cramped and uncomfortable particularly for people who were clinically vulnerable. There was concern that a large number of members of the public could impede the exit. It was felt that it was not a proper debating chamber and did not uphold the traditions and heritage of the council. In response, a member suggested that it would be in practice inefficient to move meetings around the county. It would also be a retrograde step to have meetings in Cambridge City due to congestion issues. There was concern that of the proposed venues suggested by one member, they did not include one in Fenland. The Chair acknowledged the need to keep this issue under review.

Following survey activity, the Council had identified opportunities to enhance ventilation and airflow at sixty-four buildings within its operational estate. The estimated cost of the works to be procured primarily for buildings hosting frontline services was £725k-£960k using some time-limited pandemic related grant funding. One member queried the council's responsibility for the non-academy estate. It was noted that the responsibility rested with these schools but the council supported its maintained schools and provided consultancy to some academy schools.

It was resolved unanimously to:

- a) Approve collaboration with Cambridge City Council and its joint venture for the promotion and negotiation of a combined scheme at East Barnwell including the re-provision of community space, library and early years provision, delegating authority to agree land transactions to this effect to the section 151 officer, as set out in section 1.
- b) Approve the continuing use of the Red Kite Room, New Shire Hall as the usual venue for convening the full County Council, subject to ongoing awareness of accessibility needs for specific meetings in future.
- c) Approve the ventilation improvements to Council buildings, delegating authority to the Section 151 officer to procure and award contract(s) as set out in section 3.

93. Corporate Business Planning Strategies – Strategic Framework

The committee was provided with an overview of the development of the council's Business Planning Strategies and Strategic Framework. The framework was being refreshed at a time of uncertainty with a more challenging financial outlook, and it was hoped that some clarity could be achieved over the coming weeks. The council would be building on the five key areas in the current Strategic Framework. A workshop was planned for November for committee members ahead of the December meeting. Attention was drawn to an update on decentralisation, which included making a difference to residents with the increase in the 'wrap around' support offer through the delivery of the Household Support Fund (HSF). The government had recently confirmed

that a more flexible approach would be adopted in the next phase of the HSF, which commenced on 1 October.

One member queried why the Corporate Risk Register was not included as one of the documents forming the Strategic Framework. The Executive Director for Strategy and Partnerships confirmed that once the Strategic Framework had been established, the Risk Register need to flow through the service plans into the council's assessment of its performance and the continued oversight of all risks. It was acknowledged that all those pieces of work were inter-related but this needed to be more apparent in the framework. Another member raised the need to focus on the Joint Administration agreement. It was also hoped that direct citizen participation would be demonstrated in the decentralisation pilots.

It was resolved unanimously to note the content of the report.

94. Corporate Risk Register

The committee considered a report detailing the main issues associated with the Council's Corporate Risk Register (CRR). The Corporate Leadership Team (CLT) had reviewed in detail, as part of its specific quarterly reviews, the corporate risks and had assessed that risk 3 relating to sufficient budget to deliver agreed short and medium-term corporate objectives was in excess of the council's risk appetite. It had also agreed a new corporate risk be drafted in relation to climate change, the splitting into two risks the arrangements for safeguarding vulnerable people (adults and children), and a new risk relating to cyber-crime. Whilst Public Health had its own risk register, it had been agreed to review it quarterly alongside the CRR. Attention was drawn to a detailed summary of each risk in line with feedback received from the committee. Finally, it was noted that the CRR had recently been reviewed by Audit and Accounts Committee.

The Chair of Audit and Accounts Committee explained that his committee had considered the knock-on effect the lack of resources would have in future on delivery, which had been considered by CLT. It had also raised the Safety Valve and the availability of staff particularly social workers to fill vacancies. The committee was delighted that CLT would be reviewing corporate risks at a specific meeting quarterly.

The Chair of Adults and Health Committee welcomed the proposal for CLT to review the Public Health register. He drew attention to Corporate Risk 1 and the need to identify any risk relating to the delay in adults contacting the council to accessing the service. Another member raised the need for a whistleblowing policy to be included in this risk relating to adults and not just the one relating to children.

One member highlighted the main purpose and value of a risk management system, which was to ensure that risk management was in place for senior officers to maintain a review of and sufficient management of risk in relation to scope, timeliness and the granularity of risk. The current approach to risk was therefore welcomed.

The Chief Executive reported that the comments raised at the meeting would be addressed by CLT. He stressed the importance of a dynamic system of risk management. The Chair acknowledged this comment and highlighted the importance of the climate change risk particularly given the events in the summer.

It was resolved unanimously to note and comment on the corporate risk register.

95. Strategy and Resources Committee Agenda Plan, Training Plan, Appointments to Outside Bodies and Internal Advisory Groups

The Committee was asked to review its agenda plan and training plan, appointments to outside bodies and internal advisory groups and panels

It was resolved unanimously to note the agenda and training plans.

96. This Land Annual Business Plan and progress monitoring

The Service Director: Finance & Procurement welcomed David Meek, Chair, and David Lewis, Chief Executive, of This Land to the meeting.

The Committee considered a report detailing the annual submission of This Land's business plan. Attention was drawn to recommendation c) which reflected the company's broader than commercial objectives and how that intersected with changes in the environment for the council particularly in relation to constraints around borrowing, lending and accounting for capital costs. Members were reminded of the importance of This Land's business success to the council; it currently had loans to This Land of £113m. The business plan set out a credible and ambitious pathway for the repayment of these loans and also interest across the coming decade. Attention was drawn to the various overview, scrutiny and monitoring of This Land's business plan and delivery. Members were advised of AY's findings following its previous work reported to committee. They noted further updates in relation to land development and the monitoring of progress. The company's annual external audit would be published in the early autumn.

The Chair of This Land reported that the company was very conscious of its obligation to pay back the principal debt and interest to the council and was engaged with the council and its communities. The Chief Executive of This Land explained that the last eighteen months had been very positive for the company as it had significantly increased its cash position and de-risked the business whilst focusing on more sustainable and wider objectives. He thanked members who had responded to the Environmental, Social and Governance (ESG) survey, which would inform its new ESG policy.

The company was building 930 new homes including 396 (or 42%) affordable over the next 10 years. Securing strong land sales meant it was able to deliver these homes and there were currently six active sites across the county. It was expected that 35 new homes would be completed by year end. It was therefore able to commit to the longer term beyond the repayment of loans in 2028/29. There were three large sites at Burwell, Soham and Worts Causeway, which were progressing well. The company had worked with council officers to identify 16 potential new sites with half purely for affordable homes without additional borrowing. The business plan was therefore a clear commitment to the county over the next ten years. Attention was drawn to the recent uncertainty in the market but Cambridgeshire was fortunate in having a strong market and it was noted that the company's sales office in Over was still taking reservations.

One member welcomed the fact that the council's relationship with This Land had changed. The Chair of This Land reported that the company had changed a lot of the key staff over the last four years. It was very aware of the need to engage with stakeholders and now provided updates four times a year.

It was suggested that This Land's positive forecast was based on the council providing more land but it was important that this was the best way forward for the authority to realise its assets. The Service Director: Finance & Procurement clarified that obtaining further land from the council was a major part of This Land's current business plan and had always been so. AY had commented in its previous report that particular areas of land did not match the council's expectations or had been realistic. It was therefore a welcome step forward to remove and improve those assumptions. The final decision would be for members regarding all individual sites. It was important to bear in mind that This Land's success was the County's success. There was also nothing to stop This Land considering alternative land provision.

This council was moving hard to bring forward its net zero carbon commitment for the county so it was queried whether the housing being provided by This Land would be consistent with the council's target. The Chief Executive of This Land reported that compared to the wider market and smaller medium sized house builders, This Land was well ahead of the competition in relation to reducing carbon emissions. None of the houses had gas boilers as air sourced heat pumps were used instead. This Land was now looking at the next generation of technologies as well as different construction methodologies such as light weight steel. The journey therefore to net zero would come quicker than the rest of the competition. All this would be set out in the emerging ESG policy which would be adopted by the end of the year. It was noted that there was an ESG Committee, and This Land had engaged a third party to assist.

The council's representative on This Land's Board reported that the acquisition of new sites was a sign that the business was maturing as it was looking to sustain a pipeline of opportunity. It was noted that there was a good balance on the Board looking at the paramount importance of financial results but also recognising the additional scrutiny This Land was under in relation to what and how it carried out its business. Attention was drawn to the level of engagement with the community at Over which it was hoped could be replicated at other sites. He therefore thanked the Chief Executive and his Team for creating an organisation the council could be proud of.

Another Member drew attention to Section 3.3 of the report and queried whether assumptions for interest were in line with previous assumptions and if the council would receive any other cash benefits other than interest. It was noted that the interest repayment profile had not changed and was still approximately £8-9m per annum gross. In addition, the council did receive capital receipts for land and a relatively small amount of director fees.

It was acknowledged that the company was scheduled to be loan free by 2029, it was queried whether that was based on the current housing sites, as the company was always going to need money to finance the next deal. The Chief Executive of This Land reported that no additional finance was required but it did require land from the council under option. Sixteen sites had been identified but only a proportion were required for

the company to be successful during the business planning period. It was noted that land was purchased at market value, and taxation and regulation followed statutory requirements.

A member queried the impact on council aspirations relating to the disposal of land parcels next to areas which were already being developed. Attention was also drawn to the unnecessary repurchasing of land at Soham from This Land. The Service Director: Finance & Procurement reported that council had a buy back pre-emption on all land sold to This Land. It was acknowledged that the need to part repurchase in the case of the land at Soham could have been envisaged. He confirmed that the council would continue to look at adjacent sites with its Property Team and This Land working in close collaboration as part of the council's Asset Strategy.

The need to reflect on the meaning of affordable housing was proposed. The company's view on ethical sales policies and doubling nature and diversity at sites was also queried. In response, it was noted that the Board had discussed posting land and enhancing biodiversity to off set the building of houses. All sites met the new policy requirements of 10% and This Land was looking to increase this on some sites to 20%. Moving forward this requirement would be part of the company's ESG strategy, which also needed to be followed by organisations working with This Land. The company was very keen to have a conversation with the council about ethical sales.

The Chair thanked This Land officers for their excellent work and was delighted to see the progress being made in the last year particularly in relation to the new focus on affordable housing and the improved relationship with local councillors.

It was resolved to:

- a) Authorise that a written resolution be sent from the shareholder to This Land appointing the person named in the confidential appendix to the company's board of directors.
- b) Receive the latest business plan from This Land.
- c) Note This Land's objective of developing and delivering homes, the priority of increasing the proportion of affordable homes and commitment to environmental, social and corporate governance.
- d) Authorise variations to the company's shareholder agreement that enhance corporate governance, following the review described at section 5.5.
- e) Permit the land transactions proposed by This Land at Soham Northern, Malta Road and Fitzwilliam Road, as set out in section 5.6 and in accordance with the latest business plan, delegating authority to the section 151 officer to release the Council's pre-emptions, overage and legal charge.

[Councillor Gough did not vote on this item]

97. 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 contained exempt information under Paragraphs 3 & 5 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, as it referred to information relating to the financial or business affairs of any particular person (including the authority holding that information) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

98. Waste Management PFI Finance and Implications Update

The Committee considered an update on Waste Management PFI Finance and implications.

It was resolved unanimously to agree the recommendations set out in the report.

99. Safety Valve Proposal

The Committee considered an update on the Safety Valve proposal.

It was resolved unanimously to agree the recommendations set out in the report.

Chair