

COMMERCIAL AND INVESTMENT COMMITTEE: MINUTES

Date: 23 November 2018

Time: 10.00am-11.35am

Venue: Room 128, Shire Hall, Cambridge

Present: Councillors J Schumann (Chairman), A Hay (Vice Chairman), I Bates, L Dupré, J Gowing, D Jenkins, L Jones, L Nethsingha and T Rogers

Apologies: Councillor T Wotherspoon

167. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were presented on behalf of Councillor Wotherspoon. There were no declarations of interest.

168. MINUTES OF THE MEETINGS HELD ON 10 AND 19 OCTOBER 2018 AND ACTION LOG

The minutes of the meetings held on 10th and 19th October 2018 were approved as a correct record.

The following Action Log items were discussed:

Action 145 – NPV calculation. It was confirmed that this related to a request for the Deputy Chief Executive to brief Councillor Boden, and no other Members had indicated that they wanted this information. It was suggested that a short report could be circulated to Committee on how NPV was calculated.

Action 157 – This Land revised Articles of Association – it was confirmed that these would be presented to the December Committee meeting.

Action 161 – Commercial Investment Business Case – it was clarified that this was an ongoing action relating to the Acquisitions Strategy.

Action 163 – Loans to Not for Profit organisations – it was confirmed that this would be presented to the January meeting of the General Purposes Committee as part of the Treasury Management Policy.

It was resolved to note the Action Log.

169. PETITIONS AND PUBLIC QUESTIONS

There were no petitions or public questions.

170. A DEMONSTRATOR PROJECT FOR LOW CARBON COMMUNITY HEAT IN

SWAFFHAM PRIOR

The Committee considered a report on a proposed partnership project with Swaffham Prior Community Land Trust to develop a detailed business case for a community low carbon heat scheme, using the Council's land to help facilitate the delivery of the Scheme.

The background and main issues relating to the Demonstrator Project were outlined. The proposal was to submit an application to BEIS for £290K, to take the project to next level. However, the grant needed to matchfunded, and the Committee was asked to agree a Council development budget of £95,700.

Arising from the report:

- a number of Members spoke enthusiastically about the project, and indicated their strong support;
- in response to a Member question on sign up to the proposed energy scheme, officers explained that they could not ask residents to sign up to scheme until the financial modelling work was available, i.e. there was further work and clarity on how much it would cost, which the proposed project should clarify. Significant engagement work had been undertaken with residents and considerable interest had been expressed at that stage. There would be incentives for residents to sign up early once the costs were known;
- if the BEIS grant was received, work would need to be phased e.g. the drilling of the borehole would be planned and delivered, to see if the minimum flow rate required was available. If it was not, ground source heat would need to be explored;
- Members noted that a major challenge was that whilst groundsource heat pumps were being included in some new communities, officers were unaware of any retrofit projects of this scale in the UK, although there were schemes of this type abroad;
- a Member queried the intellectual property aspect of the project: i.e. given that it was grant-funded, was there an expectation that information would be shared, or whether the Council would own it and be able to use it commercially. Officers agreed to check this and report back to Committee Members. **Action required;**
- whilst applauding the project, and noting the financial modelling, a Member was disappointed that there was no economic analysis in the report, to enable Members to fully understand the risks involved. It was confirmed that developing an understanding of the economic viability of such schemes was part of the next stage;
- a Member noted that the letter from BEIS did not mention State Aid, and it would be helpful if BEIS could specify whether or not the grant would constitute State Aid. Officers explained that BEIS looked at State Aid somewhat differently to other government departments;
- a Member noted that the estimated cost of the full project, if it went ahead, would be £5.5M for 300 homes, representing a cost of approximately £18,333 per household. However, he expressed concern that £95,700 was being requested with no financial costings being provided. It was confirmed that it would be premature to provide any estimates at this stage, and developing those financial costings was part of this next

stage, and officers would be asked to report back to Committee with a financial report.

It was resolved unanimously to:

- a) support the submission of an application to Government requesting a total project development grant of £290,000 to bring forward a detailed business case and implementation plan for a low carbon community heat scheme for Swaffham Prior;
- b) agree a Council development budget of £95,700, which constitutes a match funding contribution of 33% to the project to draw down the £194,300 government grant;
- c) consider the use of the County Farm Estate land at Swaffham Prior, currently identified in the local plan for commercial development, to host an energy centre for the benefit of the community and the Council;
- d) encourage detailed discussions between the Council, the Swaffham Prior Community Land Trust, Cambridgeshire and Peterborough Combined Authority, the Government's Heat Network Delivery Unit and others to identify delivery models for the community heat scheme;
- e) approve the use of materials produced and lessons learned from this Project to encourage other communities to move from oil based heating systems, to more sustainable, low carbon options.

171. THE USE OF THE SITE AT BURWELL FOR THE PROCUREMENT OF THE CARE HOME DEVELOPMENT PROJECT

The Committee considered a report on the use of a site in Burwell for the next stage of the procurement process, with the intention of procuring a strategic partner to design, build and run a number of care homes on Council owned land under a lease arrangement in return for high quality, affordable provision.

The area of greatest need for care home provision within the county had been identified as East Cambridgeshire. Three potential bidders had been identified. The idea was to use some of the Council's land and lease this to the provider. No final decision on the site or bidder, or to proceed with any scheme, would be made at this stage. Members were reminded that using Council land to develop care homes had been an aspiration for many years.

Arising from the report:

- a Member queried the statement that each site "will be leased to the preferred bidder on an agreement to *lease and lease basis*". The Committee's Legal Advisor confirmed that this essentially entailed entering into an agreement with a third party to lease and build, and then leasing the site back to them;
- noting that one-third of places would be affordable, and two-thirds would be self funded, there was a discussion on how 'affordable' was defined. It was confirmed that this was the rate the County Council paid. A number of Members expressed concerns about the principle whereby "self funded" residents were effectively overcharged so that they could subsidise the "affordable" residents and the Council;

- noting that sites at both Brampton and Burwell had previously been put forward, it was confirmed that the Brampton site was still under consideration, but that site had been earmarked for sale to This Land;
- in terms of finances, it was noted that the occupancy and future business case would form part of a larger piece of work, and that all current work was predicated on current government policy and legislation. It was confirmed that this was a commercial venture and that the Council would make money by leasing the land, and the successful bidder would make money by running the care home. It was confirmed that the all dealings would be carried out under a competitive dialogue process, and that the land lease and bed rates would be for bidders to propose as part of their financial model.

It was resolved unanimously to:

- a) recommend that the site at Burwell can be used for the next stage of the procurement process and subsequent development of a business case.

172. MS2 REPORT FOR THE ALCONBURY WEALD HUB – CAMBS 2020

The Committee considered a report on Milestone Two (initial design phase), which included proposed additional funding requirements.

The Deputy Chief Executive commented that some of the recent press coverage had stated that the political group rooms had been ‘forgotten’, which was factually incorrect. The business case had been considered by both the Commercial and Investment Committee and full Council, and that business case was predicated on an open plan building, and a number of design principles had been created on that basis, the only separate rooms being meeting rooms. There had also been a Member and officer visit to an authority whose main headquarters used an open play layout. However, it had emerged during subsequent stakeholder discussions that all political parties wanted to retain both political group rooms and a Chairman’s Office, where confidential discussions could take place, so the design had to be revisited to factor in this new requirement.

Presenting the report, officers advised that in addition to the new requirement for the inclusion of political group rooms and a Chairman’s office, the other new requirement was that four acres were required for the total site, not two acres. This had increased the budget by £1.7M to £18.3M. However, this would be more than covered by the funds from the sale of Shire Hall, and there was significant interest showed in the Shire Hall sites.

The Chairman reiterated that the “additional group rooms” had the support of all political parties. Using modern technology and flexible working, usage of those spaces would be maximised, when not in use by the political groups.

Arising from the report:

- a Member asked why the construction budget had increased by £580,000, and not £500,000, on the basis of budget cost per square metre. It was noted that the difference was due to compensating adjustments within the overall cost;

- it was confirmed that contingency was a percentage of the overall cost. It was noted that there would be regular reports to the Committee on scheme progress, and the Committee Chairman would be kept regularly apprised of progress;
- a Member stressed that the additional two acres was not for the political group rooms. Officers confirmed that the increase in the footprint of the site was for a number of reasons: there had been errors in the original business case, and the assumption had been made by the contractors that the new site would essentially replicate Shire Hall in terms of height, when in fact the new site would only have two floors;
- one Member commented that she felt it was the wrong time to be developing a new headquarters, and for that reason she would not be voting on this item;
- a Member commented that this was just a small part of a wider issue of how the Council would work in future, locating staff closer to where residents and client groups were, which represented a complete shift in the way the Council worked;
- in response to a Member question, it was confirmed that there would be parking spaces for 170 cars. Information on the proportion of the land occupied by car parking would be circulated to Members. **Action required.** A few Members commented that it was regrettable that more sustainable transport methods were not being embraced in the planning of the new site. The Chairman responded that this would reflect the reality of current transport needs, and it was important to reflect the current situation: hopefully there would be less reliance on cars in future.

The Chairman commented that he fully supported the project, and reiterated other comments that it should be regarded as a bigger piece of work, generating income for front line services, and changing the way in which the Council supported its most vulnerable residents.

It was resolved by a majority to:

- a) approve the detail contained within the milestone two information and to progress to milestone three (scheme design level/planning application stage) which will begin on 26th November;
- b) request General Purposes Committee to approve the additional funding required from the Council's Capital funding budget;
- c) approve that delegated authority is given to Chris Malyon (Deputy Chief Executive and Chief Finance Officer) to sign off the milestone two report.

173. CAMBS 2020 GOVERNANCE

The Committee considered a report on the governance of the spokes element of the Cambs 2020 Programme and the continuation or not of the Member Working Group. It was stressed that the proposed change would not impact on the Commercial and Investment Committee's constitutional responsibilities.

Presenting the report, the Deputy Chief Executive stressed that it was important to recognise that the Cambs 2020 programme was not just about moving out of Shire Hall and into a new headquarters, but the real outcome were the wider issues about how the Council engages with communities, and the wide range of transformation projects connected to that. Whilst the Commercial and Investment Committee should continue to oversee the construction/assets aspects of Cambs 2020, the report proposed that other elements would be better monitored by the Communities & Partnership Committee.

Arising from the report:

- a Member queried why Communities & Partnership Committee was the best Committee, when the majority of the work to be carried out in the satellite offices related to adults and children;
- a Member queried the language being used to refer to the satellite offices, i.e. spokes, as she suggested it was an inaccurate and confusing term. Moreover, she expressed concerns about fragmenting the responsibility of the project, and causing more confusion by reports being considered by different Committees, and losing coordination and focus in the process, as there had already been miscommunications. The Chairman commented that it was the responsibility of political group representatives on the Working Group to ensure communications within their Groups;
- a Member broadly welcoming the proposal, on the understanding that any decisions regarding property or assets continued to be considered by the Commercial and Investment Committee. The Member also agreed that the Shire Hall Working Group should be discontinued. However, she did query whether the Communities and Partnership Committee was the right Committee to manage the issues in relation to the Spokes, and expressed concern that that Committee may not have the capacity or the appropriate expertise, and that the decision making and focus could become fragmented. Responding, the Chairman said that these comments were very helpful, but he believed that the Communities and Partnership Committee was the best body to deal with these issues, given its overarching Terms of Reference, enabling it to engage with different elements within the Council.

With regard to the Programme Board, it was suggested that rather than having one Member representative, there should be a number of Member representatives to ensure continuity. A Member asked for information about the Programme Board, i.e. proposed membership, frequency of meetings, etc. It was agreed that this would be circulated to all Groups. **Action required.**

It was confirmed that the Communities & Partnership Committee would keep the Commercial & Investment Committee updated. It was confirmed that there would be regular written updates through reports, etc.

It was resolved, by a majority, to:

- a) note the content of the report;
- b) support the transfer of responsibility for the 'spokes' element of the Cambs 2020 Programme to the Communities and Partnerships Committee;
- c) consider the comments and observations regarding the changing nature of the programme, and resolve to disband the Member Working Group in light of the evolution of the Programme;
- d) agree how the Programme Board and Communities and Partnerships Committee will update the Commercial & Investment Committee.

174. FINANCE AND PERFORMANCE REPORT – SEPTEMBER 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 September 2018.

Arising from the report, Members noted:

- the £6.177M overspend in commercial activity, a decrease of £87K from the previous from forecast, mainly due to underspends in County Offices and the underachievement of income in Traded Services to Schools and Parents being less than expected;
- the inclusion of an explanation under the Outturn Variance table in the Appendix;
- the variations in the Capital budget, including a forecast underspend of £1.8M on the East Barnwell Community Hub, and a £3.3M underspend on the St Ives Smart Energy grid;
- the recommendation to General Purposes Committee for £105K for the Closed Landfill Energy projects in Stanground and Woodston: it was clarified that this budget had already been agreed by Commercial & Investment Committee;
- that it had been envisaged that more than £38M would have been invested in commercial investments by this stage, and this resulted in less income, so the forecast had been revised down.

A Member asked about the issues around the Trumpington Smart Energy Grid, and it was agreed that Sheryl French would be asked to provide a briefing note on this issue.

Action required.

It was resolved unanimously to:

- a) review, note and comment upon the report;

- b) consider and recommend to GPC to approve £105K of capital funding for Closed Landfill Energy projects at Stanground and Woodston.

175. LAND PROMOTIONS AGREEMENTS

The Chairman advised that since the publication of the agenda, he had been made aware of a change of circumstances which impacted on one of the proposed Promotion Agreements. He would therefore be seeking to withdraw the report, pending clarification.

A number of Members observed that This Land were the promoter of one of the Promotion Agreements. Given that This Land had been established as a developer by the County Council, the Members asked for clarity on why they would be promoting a piece of land. It was agreed that further information should be included in the report on this point, and it was also essential that any request for a Promotions Agreement should be led by the promoter.

It was resolved unanimously to withdraw the report.

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

Members considered the Committee's Agenda Plan. It was noted that the revised This Land Articles of Association would be presented to the December Committee meeting.

With regard to the provisional January date on the Training Plan, officers were asked to come up with suggested areas. **Action required.**

It was resolved to:

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

177. EXCLUSION OF PRESS AND PUBLIC

It was resolved to:

exclude the press and public from the meeting on the grounds that the following report contained 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 any individual, and information relating to the financial business or affairs of any particular person (including the authority holding that information).

178. RURAL ASSET OUTCOME FOCUSED REVIEW (OFR)

The Committee considered a report on the outcome of the Rural Assets Outcome Focused Review (OFR), on the best way to maximise income from Rural Assets.

It was resolved unanimously to:

- a) recommend that the Rural Assets continue to be managed by the Strategic Assets team, and that the detailed estate objectives and policies are taken forward with the County Farms working group.