

COMMERCIAL AND INVESTMENT COMMITTEE: MINUTES

Date: 22 November 2019

Time: 10:00am – 11:40am

Venue: Kreis Viersen Room, Shire Hall, Cambridge

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

Apologies: Councillor T Wotherspoon

288. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies were presented on behalf of Councillor Wotherspoon (Substituted by Councillor Mark Goldsack).

There were no declarations of interest.

289. MINUTES OF THE MEETING HELD ON 18 OCTOBER 2019 AND ACTION LOG

The minutes of the meeting held on 18 October 2019 were agreed as a correct record.

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

- Minute 183 – A Member requested a time frame for this work. The Chief Finance Officer stated he would take this away to check and circulate to Members. **Action required.**
- Minute 274 (2) – The Chairman confirmed that he had sought legal advice from the Council's Monitoring Officer, once he had received a response he would circulate to Members. **Action required.**
- Minute 278 (1) – The Democratic Services Officer confirmed that this information would be circulated to Members shortly.
- Minute 281 (1) – The Senior Transformation Advisor informed the Committee that the Business Cases would be brought to the January 2020 Committee meeting. A Member queried what Officers would do to resolve the issue regarding not being able to input financial information into Verto. The Senior Transformation Advisor explained that they would have to put the data into the covering report instead.

- Minute 282 –it was confirmed that the Investment Strategy would be updated as part of the Business Plan scheduled for the General Purposes Committee (GPC) in January 2020.

290. PETITIONS AND PUBLIC QUESTIONS

There were no petitions or public questions.

291. BABRAHAM SMART ENERGY GRID – OPTIONS APPRAISAL

The Committee received a report that considered the technical options appraisal conducted for the Babraham park and Ride Smart Energy Grid project. The Project Manager, Energy Investment Unit, drew the Committees attention to contents of the report and outlined the details of the preferred options (A1+B2).

Individuals Members raised the following issues in relation to the report:

- sought clarification regarding whether the price per unit difference between the potential Power Purchase Agreement (PPA) and selling electricity through an electric vehicle charging was comparable. The Project Manager, Energy Investment Unit, confirmed that the tariff per unit of electricity was higher selling through an electric vehicle charger, but this could fluctuate depending on customer demand. The PPA customer would purchase all the electricity the site was producing and thus provide a more consistent stream of revenue. A Member advised that this topic had been analysed at the Energy Investment Group. She was supportive of the quick rollout of electric vehicle charges (Option B1) but suggested that they had to be more cautious. (as shown in Option B2)
- Asked, with regard to option B2, whether the rolling out of 20 electric vehicle chargers a year was negotiable. The Project Manager, Energy, confirmed that it was. The Chair suggested that the future rollout of electric vehicle charges could be reported to the Working Group if necessary, so that Members could review the number being installed.
- expressed concerns regarding the fact that one of the routes for the buried electrical connection cabling linking the Babraham Park & Ride site to the PPA customer traversed a wildlife corridor. The Project Manager, Energy informed the Member that this wire would connect the site to the grid, if the Committee approved option A1+B2, then this connection would not have to be installed. She clarified that if they needed to install this wire, it would be located 1.2metres below the surface and therefore unlikely for animals to dig down and cause themselves any damage.
- requested more information regarding the Community Engagement Officer post. The Project Manager, Energy confirmed that the position would not be

permanent. The Request for Quotation had specified that the position would end on April 30th 2020 and would cover Babraham, Stanground and North Angle. She stated that the post would assist Officers with communicating the projects to the public ahead of submitting the planning applications. The post would also provide the Council with a stronger presence in the community as they would be able to communicate the scheme to residents more effectively.

It was resolved unanimously to:

approve the preferred option (Option A1 + B2) for the smart energy grid project at Babraham Park and Ride as set out in Table 1 to be developed further through the Investment Grade Proposal process.

292. THIRD QUARTERLY MONITORING REPORT, MOBILISING LOCAL ENERGY INVESTMENT

The Committee considered the finance monitoring report up until the end of June 2019 on the energy investment programmes. The Project Director, Energy, drew the Committee's attention to the contents of the report, highlighting the 'Main Issues', 'Energy Efficient Fund' and 'Schools Programme' sections of the report.

Individual Members raised the following issues in relation to the report:

- expressed concerns regarding the possibility that future energy projects would not be able to cover the costs of asbestos removal during the retrofitting process in schools, therefore this cost would have to be picked up by the school. She suggested that this could cause less interest from schools in these types of projects.
- raised concerns regarding the suspension of the Trumpington Park and Ride project and the financial impacts this might have on the level of non-returnable income. The Project Director, Energy, explained that Officers had been waiting on a decision to be made on the Park and Ride Site before further progress was made. She stated that they were hoping to receive answers to these decisions by the summer of 2020. She confirmed that this suspension would not be indefinite.
- sought clarification regarding the reduction in CO₂ emission due to the Trumpington Park and Ride project and the Swaffham Prior Community Heat network. The Project Director, Energy, in relation to Swaffham confirmed that originally they had been looking to rely on oil boilers to support the new energy system, but this support was now going to originate from a number of different renewable technologies and therefore a reduction in CO₂ emissions. With regard to the Trumpington Park and Ride, she explained that the suspension would negatively impact the level of CO₂ reduction. The Chair with confirmation

from Officers stated that there would be a positive reduction in the production of CO₂.

- expressed concerns regarding the out of date figures found in the report. The Project Director, Energy, confirmed that the figures in the report were from June 2019. She explained that the next quarterly report brought to the Committee in January 2020 would use data from the end of September 2019. A Member stated that this data would still be four months out of date and queried whether anything could be done to enable more up to date data to be reported in these reports. The Project Director, Energy, suggested that this would be difficult as they would have to wait for the project expenditure to impact the accounts to identify how much had been spent before creating the report. The Chair with agreement from the Project Director, Energy, suggested that the Working Group could be presented with more up to date information. He agreed that due to nature of the report cycle, the Committee would always be presented with slightly out of date figures. **Action required.**
- raised concerns regarding the suspension of the Woodston Battery Storage project due to the unviable connection cost and queried the necessary steps needed to progress this project. The Project Director, Energy stated that she had discussed this with Ofgem recently to try and identify where the infrastructure deficits were located and areas where they needed additional support.
- queried whether they could support District Councils in Cambridgeshire to implement low carbon energy projects in their buildings. The Project Director, Energy, confirmed that the District Councils were currently part of the Councils procurement and could therefore access Bouygues. She explained that they were currently undergoing a re-procurement process which Officers had asked all District Councils to participate in.
- sought an update on the St Ives Smart Energy Grid project. The Project Director, Energy, stated that a letter had been received from the Ministry of Housing, Communities & Local Government (MHCLG) outlining tight deadlines for securing the Land Title. She noted that this had been an ongoing challenge for the past five years. She suggested that the Land Title should be obtained after the legal fees had been paid and the lawyers signed the engrossment transfer. The Lawyer confirmed that they had the engrossment transfer. The Service Director, Highways and Transport then had to approve the legal fees before payment was made.
- raised concerns regarding the impact if the MHCLG decided to withdraw the European Regional Development Funding (ERDF). The Project Director, Energy, suggested that they was an inequitable process regarding the treatment of similar projects across the country. She confirmed that Officers were lobbying on this issue with the MHCLG as other projects in a less developed situation

were being granted funded. The Member suggested that Officers needed an alternative plan if the funding was withdrawn. The Project Director, Energy, confirmed that they had been looking at a possible alternative plan.

It was resolved unanimously to:

- a) Approve the third quarterly report;
- b) Approve the development of a strategic approach on asbestos management as described in paragraph 2.5;
- c) Approve the suspension of work on the clean energy projects at Woodston Closed Landfill and Trumpington Park and Ride as described in paragraphs 2.6 and 2.7;and
- d) Note the key challenges, opportunities and risk delivering the investment programmes.

293. UPDATE ON PROPERTY SERVICES

The Committee received a report providing an update on Property Services. Members were reminded that an audit report had been carried out in 2018/19 identifying a number of deficiencies in the Property Services team, and identifying mitigating actions.

Individual Members raised the following issues in relation to the report:

- queried whether the procurement process would identify whether Technology Forge was the appropriate software for the Council to be using. The Interim Head of Property confirmed that it would, the procurement process would be run through the G-Cloud system where the system would be marked against a set of success criteria.
- The Chairman and Vice-Chairman of the Audit and Accounts Committee thanked the Interim Head of Property for the significant amount of work performed by him and his team.
- The Vice-Chairman of the Audit and Accounts Committee stated that they had faced audit challenges due to errors found within the process of valuing the Council's assets. He commented that the new auditors, EY might pressure them to provide more accurate asset data. The Interim Head of Property explained that the year-end asset valuation program was sent to an external organisation, which took a large amount of time. The procurement exercise for next financial year had already commenced, so the timetable for completion this year was earlier than last year. He confirmed that due to having a complete asset list they could now be more certain that the data collected was accurate.

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- asked Officers whether they had undertaken a cost benefit analysis after the completion of the updated asset list. She commented that an updated list would lead to more effective intervention of assets and less hidden cost in the future. The Interim Head of Property commented that they needed to ensure that contractors were performing the work they were being paid to do, this would lead to less remedial actions being taken and less hidden expenditure as assets would be being maintained more effectively. He suggested that older assets posed more of a challenge as they needed more maintenance. This challenge also linked with the type of lease on the asset as sometimes the maintenance obligation was given to the tenants, who in some cases had not been maintaining the asset. He suggested that as the leases came up for renewal they would improve the robustness of the contract clauses.
- requested confirmation that the Council were ensuring maintenance requirements were met. The Interim Head of Finance confirmed that under the new contract the Council had with Team Q Maintenance, they had a schedule that outlined when assets should be inspected. He stated that under the clauses of the Councils leases, they had the right to enter a site and perform maintenance, previously this right had not been effectively exercised as it was resource intensive. He had tasked his team with a program to make sure that all 178 assets were inspected. Officers had prioritised inspection for assets that were leased to other organisation.
- sought clarification regarding whether there was any more significant work that had to be undertaken in order to resolve the issues raised at the Audit and Accounts Committee meeting. The Interim Head of Property clarified that two key pieces of work still had to be undertaken. The first was the implementation of the new software to make sure that all the asset data could be stored in one place. He noted that the software would take time to implement completely. The second was the finalisation of the new Property Services structure, and he confirmed that he had submitted a proposed structure to Human Resources (HR), the Chief Finance Officer and the Chairman for review. He commented that currently his team was heavily focused around administration rather than technical capacity. There had also been an advertisement published online regarding the employment of an Associate Director of Property, and he suggested that the successful candidate may have different views on these two key pieces of work.
- The Member followed on from this by asking the Chairman whether he was planning on receiving an update report outlining the work that had been completed and the work that was still outstanding. She commented that this would help track progress. The Chairman confirmed that he was, he stated that this report had effectively provided a foundation for future work. The Chief Finance Officer stated that he had been working with the Interim Head of Property to create a Service Improvement Plan that would assist with shaping

the Service going forward. He agreed to bring this Plan to the Committee meeting in February 2020. **Action required.**

- stated that Local Members would be interested in the information regarding the updated Urban Asset List found at Appendix 2 of the report. He commented that this could be circulated to County and District Councillors. The Interim Head of Property suggested that he could provide a description and a geographical breakdown of each assets owned by the Council. The Chairman suggested that this would be beneficial.
- queried whether all the assets were listed on mapping the public realm . The Chief Finance Officer confirmed that they were not, he stated that he would look into this. **Action required.**
- sought clarification regarding some acronyms found within the report. Officers confirmed that CTKR stood for Caretaker and MS/AS stood for Maintained Schools and Academy School respectively. Following on from this the Chairman sought more information regarding the Caretaker houses that were not marked as Academy or Maintained School. The Chief Finance Officer explained that if the caretaker's house was outside of the curtilage of the school then it would not show on either MS or AS and therefore was being maintained by the Council.

The Committee agreed to formally pass on their gratitude to the Interim Head of Property and his team for the work they had undertaken on this report.

It was unanimously resolved to:

Note the update.

294. FINANCE MONITORING REPORT – SEPTEMBER 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 30th September 2019.

The Strategic Finance Manager informed the Committee that Commercial and Investment services were forecasting an underachievement of income of £542k on the revenue budgets. This was mainly due to changes within Commercial Activity, Property Services and Traded Services. The Contract Efficiencies & Other Income budget was forecasted to underachieve by £350k due to the targets for savings and additional income not being expected to be met. The Facilities Management budget was forecasted an overspend of £241k due to additional works following service in operational buildings. Finally, the Outdoor Education budget was forecast an overspend of £229k, an increase of £127k due to a one-off cost relating to backdated pay for staff at Grafham Water Centre as a result of National Minimum Wage requirements.

The Capital budget was forecasting a £5m underspend. There was a forecasted underspend of £26m on the Housing Schemes budget due to a reprofiling of expected loans in relation to both overage and construction. This £26m had absorbed all of the variance budget and therefore a forecasted £5m underspend remained.

Individual Members raised the following issues in relation to the report:

- sought clarification regarding the change in forecasted underspend figure on the revenue budget. The Strategic Finance Manager drew the Member attention to Appendix 6 of the report, she stated that there were additional minor variances in some services areas that did not meet the financial threshold to be reported as a significant variance.
- welcomed the fact the proposed Cambridgeshire County Council (CCC) Lottery had been abandoned. The Chairman explained that the Lottery was assessed and it was identified that the impact and benefit to the Council would not have been significant enough.
- commented that they were not surprised that the Contract Efficiencies & Other Income had been difficult to manage. The Chair reminded the Committee that at the last meeting they had approved a new commercial team due to the Council's realisation that they could not deliver these sorts of projects without increased capacity and specialist expertise. Going forward they should be able to manage these contracts more effectively.
- sought more information regarding the change in receipts from This Land. The Chief Finance Officer informed the Committee that This Land had experienced a mixture of construction and planning delays, which had resulted in them reassessing their financial model and rebuilding their delivery program. The Chairman suggested that a report outlining these issues should be brought to the next shareholder meeting. **Action required.**
- Informed the Committee that last year the outturn for the Council had been affected by the outturn for this Committee and queried whether this was going to happen again this year. The Chairman stated that last year the outturn for the Committee had been significant due to assumptions made as to how quickly they could transfer land to This Land. He accepted that the figures in the report did show an increasing underachievement of income but not as significantly as last year. The Chief Finance Officer commented that this was due to the financing program, and that whilst this did have an impact on revenue, it was not to the same magnitude as last year. The Council had set some challenging targets which they had not been able to meet, but had now been achieved.

It was resolved unanimously to:

- a) Review, note and comment upon the report
- b) Recommend to General Purposed Committee to approve additional budget of £52m, funded by Prudential Borrowing, for Commercial Investments
- c) Recommend to General Purposes Committee to approve additional Prudential Borrowing of £21m for Commercial Investments, to replace Capital Receipts funding.

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

Members considered the Agenda Plan and the Training Plan.

The next Quarterly Monitoring Report, Mobilising Local Energy Investment had been put on the Agenda Plan for January 2020.

The Committee were informed that the next Committee meeting in December 2019 would be held at Alconbury Weald, Huntingdon.

Members were reminded that they had a provisional training slot on the 24th January 2020, and were invited to send any ideas for the content of this training to the Democratic Services Officer.

A Member requested that a further update report on Property Services be scheduled. The Chief Finance Officer stated that he would check with the Interim Head of Property to see if it was feasible to put this on the agenda for January 2020.

It was resolved to note the Agenda Plan and Training Plan

Chairman