

COMMERCIAL AND INVESTMENT COMMITTEE: MINUTES

Date: Friday 30th June 2017

Venue: Room 128, Shire Hall, Cambridge

Time: 10.00am – 11.20am

Present: Councillors I Bates, A Hay (Vice Chairwoman), D Jenkins, L Jones, L Nethsingha, P Raynes, T Rogers, J Schumann (Chairman) M Shellens and T Wotherspoon

12. DECLARATIONS OF INTEREST

There were no declarations of interest.

13. MINUTES AND ACTION LOG OF THE ASSETS AND INVESTMENT COMMITTEE HELD 26TH MAY 2017

The Committee resolved to approve the minutes of the Committee meeting held on 26th May 2017, and note the Action Log.

Members discussed the following items on the Action Log:

Item 86: Finance & Performance report – the Deputy Chief Executive advised that officers would be working with Members to try and develop the information they need to support their decision making.

Item 56: the first meeting of the County Farms Estate Strategic Review Working Group had met recently – the Group's members were Councillors Hay, Rogers and Schumann. Councillor Nethsingha agreed to join this Group. **ACTION: John Macmillan to send relevant papers/invitations to Cllr Nethsingha.**

14. OUTLINE DISPOSAL PROCESS FOR PROPERTY ASSETS

A report was presented highlighting some of the key issues surrounding the proposed disposal methods of property assets to CHIC.

Local authorities have power under the Local Government Act 1972 to dispose of land, but any disposal must be at "best consideration", which was usually the best price following open market or a formal 'Red Book' valuation

(valuation by a Chartered Surveyor). All transactions must be carried out in an accountable and transparent way. There were exceptions to the best consideration rule, and authorities could sell for 'less than best consideration' e.g. to a community group, if it can be demonstrated that the disposals meet certain economic, social or environmental objectives, up to the value of £2M.

The County's policy had been that all sites would be offered at market value to District and Parish Councils, in advance of marketing for a disposal, except where General Purposes Committee makes alternative provisions when granting an authority to dispose. The intention was to offer sites to CHIC prior to offering them to District and Parish Councils, and then on the open market. There were three methods of sale available, and private treaty sale with outline or full planning permission was the preferred option – valuation was more straightforward if planning permission was already factored in. It was confirmed that a large number of sales were in the pipeline at the moment.

Committee approval would be required for sites over £500K. Disposals of less than £500K were delegated to the Director of Finance.

It was confirmed that disposals on the open market would follow the normal process, and the Chairman requested that officers bring back a draft policy for Member discussion at either a Committee meeting or workshop. Other Members commented that the position would depend very much on the site, and an agreed policy position would not be very helpful – there needed to be flexibility.

A Member observed that there was currently no policy position on whether disposals should seek capital or revenue returns. In terms of the impact on the impact of the Council's total financial position, on whether disposals should be regarded as a capital receipt or revenue gain, officers responded that revenue was more important to the Council, although capital receipts could be used to reduce debt. By way of example, it was noted that Castle Court was being rented for around £1M revenue per year, which was valuable income for the Council.

It was confirmed that the County Council policy was that all surplus property should be disposed of: this was defined as properties not required for operational purposes. To date, the disposal policy had basically been reactive, the intention was to make it more proactive. Officers advised that they were compiling a comprehensive schedule of all assets held, including electoral Division. Whilst this information was already available, the schedule would include the more detailed information, such as the reasons for holding the assets. This would be shared with all Members, so all were aware what was in their division. The intention was to refresh the Asset Strategy, with

Members considering the principles of that Strategy in a workshop. Officers were being proactive in looking for development opportunities, e.g. through scanning local plans, e.g. Huntingdonshire had a call for sites at the moment.

It was confirmed that the intention was that “best consideration” as referenced in the report recommendations would take into consideration the wider needs of the Council e.g. supporting services and delivering goals.

In response to a Member question, it was confirmed that the basis on which CHIC was engaged would be the same as any other private developer i.e. a commercial discussion. The Member commented that it was important that this arm’s length company should be treated in the same way as any other company, and not given any preferential treatment. Officers stressed that this was being driven from a commercial perspective.

A Member observed that section 4 of the report (Significant Implications) indicated that some teams had not cleared the report. Officers commented that most had subsequently, but this was an overarching policy so it was difficult to identify specific impacts – this would become more relevant when the Committee considered individual cases.

It was noted that all freehold disposals had to take account of the Community Right to Bid process (last sentence of 2.1.3).

It was confirmed that best consideration was the best price, but with discretion for Members to exercise discretion to make exceptions in individual cases.

Councillor Jenkins proposed an amendment to recommendation (a) (additional text italicised):

- (a) Agree to declare surplus land and property on a case by case basis to achieve best consideration *with due regard being given to the County Council’s corporate priorities*

This amendment was seconded by Cllr Nethsingha.

On being put to the vote, the amendment was lost.

In terms of the District and Parish Councils hearing about development sites which the Committee was considering, it was noted that the relevant Local Member would be notified prior to the Committee meeting.

Councillor Jenkins proposed that recommendation (b) be withdrawn, and this was seconded by Councillor Nethsingha. On being put to the vote, the amendment was lost.

It was resolved, by a majority, to:

- a) Agree to declare surplus land and property on a case by case basis to achieve best consideration;
- b) Not to offer land and property to District and Parish Councils in advance of offering to CHIC.

15. AMENDMENTS TO TERMS OF REFERENCE

The Committee received a report on the Terms of Reference for the Committee.

The Deputy Chief Executive advised that following the Council decision to change the title of the Committee, it was also agreed that it was appropriate to review the Committee's Terms of Reference, as the name 'Commercial' gave the Committee a slightly different nuance, and the proposed changes were set out in the report. It was noted that most of the areas of activity were already included in the Committee's remit, but there were some slight changes in relation to commercial activities. The top six of the items in the "Delegated Authority" table were new, the rest were existing activities. The Council was currently embarking on a Council-wide review of how services were delivered, and this Committee was considered the most appropriate home for that work.

A Member commented that it was difficult to balance the increased commercialisation of the Council along with the Council's corporate priorities, and expressed about how commercialisation sat in relation to the objectives of different Service Committees. Using the example of CCS, which provided the catering and cleaning services for the County's schools, the Deputy Chief Executive advised that that traded service was operating at a loss i.e. effectively subsidising schools. That service clearly needed to be on a more commercial footing. It would then be a decision for the CYP Committee if it believed it was appropriate to subsidise that service in certain areas.

The Member commented that the Terms of Reference failed to acknowledge that conflict or tension inherent in the Committee's work, in the context of other Committees.

Councillor Jones proposed a change to the third item listed in the Delegated Authority timetable (*italicised text indicates suggested changes*): "To plan,

develop and implement a commercial strategy and other initiatives in order to maximise, *consistent with the Council's environmental and social objectives*, the potential of..." The Chairman commented that this would effectively be double accounting, as the Council's corporate priorities were always borne in mind in decision making priorities, and this addition would overcomplicate. It was noted that officers had already alluded to the flexibility the Committee had when making decisions.

Councillor Jones' amendment was seconded by Councillor Nethsingha, and on being to the vote, the amendment was lost.

It was resolved, by a majority, to:

- a) consider and agree the amended Terms of Reference;
- b) ask Council to agree the amended Terms of Reference.

16. FINANCE AND PERFORMANCE REPORT

The Committee considered a report on the financial and performance information relating to the areas within the Commercial & Investment Committee's remit. It was noted that there were no variations from budget at this early stage of the year. It was likely that a small underspend would be predicted, largely due to the revaluation of Shire Hall.

The Committee was asked to specifically approval the following Capital Funding carry forward from from 2016/17 into 2017/18 for the following schemes: County Farms viability (£121K), Soham Solar Farm (£775K), Office rationalisation (£200K) and other committee projects (£20K).

A Member queried the significant budget movement from £22K to £106K for property compliance in the Budgetary Control Report. The Deputy Chief Executive advised that this was probably likely to reallocation between cost headings, but agreed to check and report back to Committee. **Action required.**

The Deputy Chief Executive confirmed that the Apprenticeship Levy was now within his remit, and he agreed to discuss this further with Councillor Nethsingha outside the meeting.

It was resolved unanimously to:

- 1. review, note and comment upon the report;
- 2. agree the carry forward of capital funding as set out in the report.

17. COMMITTEE AGENDA PLAN

Members considered the forward agenda plan for Commercial & Investment Committee.

The following changes were noted:

- addition of a report on Wisbech Castle to the July agenda;
- addition of a report on the CREATE project to the July agenda;
- Smart Energy Grid Project, DCLG contract for ERDF funding was being moved to the September meeting;
- Report on the Establishment of an Antiquities Conservation Unit to support development in Cambridgeshire withdrawn (**ACTION: Sass Pledger to email Committee on why this was being withdrawn**)

The Committee agreed to move the item on Future options for Property & Estates Service to the September meeting, currently scheduled for August, and cancel the August meeting.

Councillor Jenkins commented that the Assets & Investment Committee Members had found it very useful to visit Wisbech Castle, and the Committee agreed to consider a visit, and indeed to consider more widely if visits would be helpful.

A Member commented about the blanket exclusion of the Press and Public from the Programme Highlight report, and suggested a different approach to confidentiality needed to be adopted going forward, as often many of the items under that report were *not* confidential, but the confidential status stopped Members sharing information e.g. with their Parish Councils. Officers acknowledged this point but commented that it was difficult to manage in practice. It was suggested that the best approach would be for the Deputy Chief Executive to discuss how this could be managed with Legal advisors, and possibly brought back to a workshop and a future meeting. The Deputy Chief Executive agreed to look at the exclusion information and how this would be presented in future. **Action required.** One suggestion was to add a field to the Highlight report, indicating whether or not a development was currently commercially sensitive.

Officers gave an update on the CREATE (St Luke's Barn, Cambridge) project. The business case for that scheme had been predicated on Arts Council funding being granted, along with Council sponsorship and private funding. Whilst the scheme was agreed in principle by the Assets & Investment Committee in March. However, there had subsequently been issues about that business case. Confirmation had been received on 23rd June that the

Arts Council had agreed to fund the scheme, and there were 30 days to accept the grant, but there were still a lot of issues to be sorted out. A report would be presented to the July meeting. An approach had been made by a local landowner, whose land abuts the site. Of particular concern were the highways issues in relation to this site, and it was hoped a rapid response could be secured from highways colleagues.

It was resolved unanimously to note the agenda plan.

18. EXCLUSION OF PRESS AND PUBLIC

It was resolved, by a majority, that the press and public be excluded from the meeting during the consideration of the following reports on the grounds that it is likely to involve the disclosure of exempt information under paragraph 3 of Schedule 12A of the Local Government Act 1972 as it refers 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.

19. PROGRAMME HIGHLIGHT REPORT

Members considered a schedule of the development programme, plus a report on income collection for the County Farms estate.

It was resolved to note the report.

Chairman