

COMMERCIAL AND INVESTMENT COMMITTEE: MINUTES

Date: 14 September 2018

Time: 10.00am-1.00pm

Venue: Room 128, Shire Hall, Cambridge

Present: Councillors J Schumann (Chairman), A Hay (Vice Chairman), I Bates, C Boden, L Dupre, L Jones, L Nethsingha, M Shellens (until 12.40pm), T Wotherspoon

Apologies: Councillors J Gowing (substituted by C Boden) and D Jenkins (substituted by M Shellens)

Also present: Councillor P Topping (Items 1-16) and Councillors L Every and P Hudson (Item 5)

CONSTITUTIONAL MATTERS

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were noted as recorded above. There were no declarations of interest.

2. MINUTES OF THE MEETING ON 20 JULY 2018 AND ACTION LOG

The minutes of the meeting on 20 July 2018 were approved as a correct record, subject to noting that the delegation to delegate the conclusion of any finer details of the contract to the Deputy Section 151 officer was in consultation with the Working Group as well as the Chairman.

Action Log Updates:

- i. Minute 137: Potential Acquisition: Officers stated that the Working Group had approved the strategy as agreed at the meeting. A full report on governance and strategy would be submitted to the next Committee meeting.
- ii. Minute 131: Details would be circulated to the Committee.
- iii. Minute 132: Details had been circulated to the Committee by email.

3. PETITIONS AND PUBLIC QUESTIONS

There were no petitions or public questions.

DECISIONS

4. OUTLINE BUSINESS CASES FOR CLEAN ENERGY PROJECTS AT WOODSTON AND STANGROUND CLOSED LANDFILL SITES

The Chairman noted that since the last meeting the Innovate UK funding bid had been successful in the first round of bidding. He offered congratulations to the team involved.

The Special Projects Manager requested a development budget of £300k to advance two sites be allocated for the first stage of work and would form part of delivering the larger vision of the corporate energy strategy. There were five closed landfill sites across Cambridgeshire and Peterborough. At this stage the Stanground site appeared to offer the most attractive option. The majority of revenue would be generated by providing capacity to supply and support the grid. The four key risks and mitigations were set out at paragraph 2.15 of the report. There would be four investment grade proposals stages, and approval was being sought for the preliminary stage only.

Arising from the report,

- The Chairman sought confirmation of whether the £300k would be drawn down at different stages. Officers confirmed that this would be the case;
- A Member commented that they were content with the recommendations, but asked that officers should bottom out the issues relating to state aid implications in the next report brought to the Committee;
- Officers confirmed that the time taken for redundant waste sites to experience ground settling had been taken into account in their planning and that the project was expected to begin generating income in two years;
- A Member questioned if the full £300k of initial funding was at risk if it was decided not to proceed to stage two of the project. Officers stated that £300k was the absolute maximum risk. In practice, initial costs for the first stage would be around £30k for each site, c£7k to apply for grid connection plus staff and legal costs;
- A Member asked why an NPV rate of 4.4% had been used. Officers stated that whilst it was not a standard figure, the methodology by which it had been reached was standard and had been agreed by a previous Committee.

Summing up, the Chairman stated that an indication of whether the project would progress could be expected quite early on.

It was resolved to:

- a) agree the outline business cases; and
- b) support the development budget of £150,000 for each site (totalling £300,000) to fund the development costs to the first stage of an Investment Grade Proposal.

5. THE FUTURE DIRECTION OF AND DEVELOPMENT STRATEGY FOR CAMBRIDGESHIRE MUSIC AND THE CREATE PROJECT

The Chairman welcomed Councillor Every and Councillor Hudson to the meeting in their and invited them to outline the Member Reference Panel's findings to date. He reminded Members that all political groups were represented on the Member Reference Panel.

Councillor Every stated that the Member Reference Panel accepted that the CREATE project would support and enhance the existing music education offer, but that the majority of the Panel felt that it could be more ambitious. The new music Hub would build on a very strong foundation set by Cambridgeshire Music and would provide a focus to draw in national sponsors, extend the offer and develop the local economy. Potential Hub sites had been reviewed and scored against agreed criteria. Following this work the Panel was recommending that work on the future direction of Cambridgeshire Music and CREATE should move to the next phase of the Outcome

Focused Review (OFR) process, but that the St Luke's Barn option should not be pursued further. Councillor Hudson stated that he was hugely excited about the CREATE project. In his judgement the Hub needed to be relatively near to Cambridge to facilitate top calibre musicians using the space and being broadcast around the county. He gave an assurance that the project would be delivered.

Arising from the report,

- The Chairman and members of the Committee thanked the Panel and officers for their time and work and welcomed their commitment to an ambitious vision for music education in Cambridgeshire;
- A Member commented that the original St Luke's Barn proposal had a clear timeline and funding. They were not clear about the timing, funding or status of the alternative sites now proposed. The Chairman disputed that this had been the case. Councillor Every stated that the details would be explored as part of the next phase of the OFR process, but that the CREATE project was a concept, not a particular building or location. Officers confirmed that the Council did not own buildings in the locations mentioned as possible sites for the Hub, but that it did own land in those areas. Had the St Luke's Barn option been progressed the existing building would have been demolished and replaced, so construction costs would be incurred at any of the proposed sites;
- Noted that previous reports had mentioned Wisbech as a possible location for the Hub, but that this was not included in the current report. Councillor Every noted this observation;
- Questioned whether the Council risked reputational damage in declining the Arts Council grant relating to St Luke's Barn. A Member suggested that the Committee should defer declining the Arts Council grant until Members were satisfied that a viable alternative existed. The Chairman reminded Members that to qualify for the Arts Council grant of £1m the Council had to commit the same sum, and the Member Reference Panel had concluded that St Luke's Barn did not meet the agreed project requirements. St Luke's Barn offered 1200 square metres of space compared to the minimum of 1300 square metres which Cambridgeshire Music had specified as necessary for the space to fulfil the Panel's ambitions. He judged that requiring musicians to 'make do' with a purpose-built sub-optimal space was not acceptable;
- A Member commented that it was clear that the Member Reference Panel had not been unanimous in its conclusions. They were disappointed that this was not reflected in the report before the Committee.

The following amendment was proposed by Councillor Nethsingha, seconded by Councillor Shellens, that:

- a) *the existing recommendations should be deleted in their entirety and replaced with the following resolutions:*
 - i. *that the Committee welcomes the input of the Member Reference Panel and notes that St Luke's Barn continues to score highly as a venue for delivering music education across Cambridgeshire;*
 - ii. *that given that the Arts Council funding is specific to the St Luke's Barn proposal the Committee support this as a good location, accept the Arts Council contribution and request that officers move forward with finding additional funding from other sources on the basis of St Luke's Barn for the project.*

On being put to the vote the amendment was lost.

The following amendment was proposed by Councillor Shellens, seconded by Councillor Dupre, that:

- a) recommendation (e) of the report should be deleted.*

On being put to the vote the amendment was lost.

Summing up, the Chairman welcomed the evident passion and commitment of the Member Reference Panel.

On the original resolutions being put to the vote, it was resolved by a majority to:

- a) note and comment on the outcome of Member Music Reference Panel review of the development strategy for Cambridgeshire Music and the CREATE project;
- b) approve the proposal that the future direction of, and development strategy for, Cambridgeshire Music and CREATE is determined as part of the Outcome Focused Review (OFR) process, taking account of the Member Reference Panel's ambitious vision for the development and delivery of music education and performing arts in Cambridgeshire. This will require a detailed business case to be developed, underpinned by a robust analysis and assessment of possible funding sources for delivering that vision;
- c) approve the proposal for continued Member engagement and involvement in the OFR process, and that the Committee receive a report on the outcome of this work;
- d) approve the proposal that the CYP Committee are provided with the opportunity to comment on and contribute to the development of the vision for the development and delivery of music education and the performing arts in Cambridgeshire;
- e) approve the proposal that the Chair of Committee write to inform the Arts Council that the Council will not be able to meet the conditions of their £1m capital grant towards the cost of the CREATE project, but remains committed to delivering high quality music education and the performing arts in Cambridgeshire.

6. ASBESTOS CONSULTANCY RE-TENDER

The Compliance Manager stated that that the current framework contract ended in August 2018. An exemption was being sought to extend the use of the current framework until December 2018. The delay to the re-procurement exercise was due to a change in asbestos regulation and guidance. Costs of £390k had been incurred during the last financial year, but it was difficult to predict costs for the next four years until the capital programme in schools was agreed. The Committee's approval to delegate authority to award the contract to the Compliance Manager was being sought due to the technical nature of the contract.

Arising from the report, Members:

- expressed reservations that the Committee was in effect being asked to sign a blank cheque as likely costs for the next four years were not yet known. Officers stated that costs were already budgeted and that the decision would be brought back to Committee if there was a significant variance;

- asked whether LGSS Procurement was being used and whether the proposed procurement process was both price sensitive and quality sensitive. Officers stated that due to the highly specialised and emotive nature of the work the procurement was based on 60% technical ability and 40% price. A Member commented that they were not happy with this, noting that there were five levels of sensitivity in LGSS Procurement. Officers undertook to provide a written response on this point after further meetings took place with LGSS the following week. **ACTION**
- noted that all except one academy schools in Cambridgeshire purchased their services from the Council.

It was resolved to:

- a) agree the re-tendering of the framework contract;
- b) delegate the authority to make the appointment to the Compliance Manager.

7. LOAN TO ESTOVER PLAYING FIELD COMMUNITY INTEREST COMPANY (CIC)

The Chief Finance Officer stated that Estover Playing Field Community Interest Company (CIC) was seeking a loan of approximately £350k, repayable over six years, to fund the provision of a pavilion on land leased from the County Council. Feedback on the draft report had highlighted concern about the narrative around the guarantee being offered from March Town Council. The letter at Appendix 1 of the report confirmed that March Town Council would act as full guarantor for any loan made to Estover Playing Field CIC by the County Council. Legal agreement would be established in relation to this guarantee.

Arising from the report,

- Paragraph 3.1: officers clarified that the 'small yield' described was anticipated to be around 1% and that net present value was negative. A Member commented that it would be helpful for officers to look at how net present value was calculated for the Authority **ACTION**
- A Member questioned why the loan was not being made to March Town Council. Officers stated that the project was being developed by Estover Playing Field CIC and that as a charity there were benefits to this;
- A Member asked whether there was a policy on making loans to charities, and whether any charity could apply. The Chief Finance Officer stated that it was proposed to include this in the Treasury Management Strategy for the coming budget round. Risk management would be key. The Chairman welcomed this proposal, commenting that there was nothing wrong in considering ad hoc requests, but that it would be good to formalise details such as expected security, rates of return and the basis on which such loans would be made. It would be useful to see this element worked up and submitted as a separate report to the Committee. **ACTION**

It was resolved to:

- a) approve, in principle, a loan of £350,000 to Estover Playing Field CIC, subject to satisfactory due diligence and appropriate security/collateral being obtained;
- b) delegate the negotiation of the terms of the loan and the execution of all necessary contractual arrangements to the Chief Finance Officer, in consultation with the Chairman of Commercial & Investment Committee

8. CAMBS 2020 PROGRAMME

The Chief Finance Officer stated that this report was focusing on the delivery of Council services rather than the relocation of some functions to Alconbury. A raft of activity was being carried out based around service delivery at local community level. Some aspects of current service delivery had not kept pace with changes in modern society and the Cambs 2020 project had provided a catalyst to reviewing both where and how services could best be delivered. Directorates did not hold much spare resource capacity so approval to seek additional Transformation Funding from the General Purposes Committee was being sought. Details of the Transformation funding being requested was contained at paragraph 3.19 of the report, although on reflection he asked that the final two elements (consultancy costs of £100k and a contingency fund of £100k) should be withdrawn from consideration, to be brought back separately at a later date.

Arising from the report,

- Officers confirmed that the calculations were predicated on the assumption of business as usual by 2020, which gave a 28 month basis;
- A Member suggested there appeared to be spare capacity in the baseline which raised the question of opportunity costs. Officers stated that additional pressures were absorbed;
- A Member commented that some officers appeared to be routinely working until 9.00pm at night and expressed concern about the pressure being placed on them. The Chief Finance Officer accepted this as a reasonable challenge. Huge pressures existed within the system and prioritising these was part of officers' everyday business. Inevitably this meant that some low priority tasks would fall by the wayside as the organisation did not have the capacity to do all that it might wish in an ideal world;
- A Member commented that they felt that changes arising from the Devolution Deal, the creation of the Cambridgeshire and Peterborough Combined Authority and wider local government issues meant this was the wrong time to build a new Hub. The Chairman stated that the Council's position was that it was absolutely the right time to make the move away from Shire Hall and that this had the potential to deliver significant income as well as improved service delivery;
- A Member highlighted the Digital Lead as a key issue as they judged the Council was behind comparable Authorities in this area. Officers accepted that the Council was not currently at the forefront of digitalisation and that Cambs 2020 presented the opportunity to address this;
- Emphasised the importance of the Human Resources Manager in implementing the required cultural and organisational change and engaging staff in the process;
- Paragraph 3.18 - Independent Chair: Officers clarified that the narrative was incorrect and that the £46k costs relating to the Independent Chair were unfunded, as correctly set out in the table at paragraph 3.9;
- Asked whether the Council had enough staff with the right skills to drive and deliver the programme. Officers confirmed that they would draw any capacity issues to the attention of the Committee.

It was resolved to:

- a) approve the resources to facilitate the delivery of the infrastructure required to support a community based service delivery model as set out in this report;
- b) request the General Purposes Committee to approve the funding of the resources not currently within the Council's base budget from the Council's Transformation Fund as summarised within the table at paragraph 3.19, with the exception of the final two items in the table which were removed.

9. UPDATE ON BUILDING INSPECTIONS

The Group Asset Manager provided an update to Members on the inspection approach relating to Listed Buildings and Leased Buildings. With the exception of Academy schools, it was proposed that Listed Buildings would be inspected by specialist surveyors every five years as part of the Council's rolling inspection programme. In-house staff would inspect Listed Buildings each year between specialist surveys. The ten buildings currently let on long leases where repairs were the responsibility of the tenant would be inspected by officers every five years to ensure that they were being properly maintained.

Arising from the report:

- A Member asked whether the inspection of long lease properties could instead be carried out every three years with the costs met by the tenant. Officers confirmed that this was possible, but there would be cost implications in managing this and so the risk needed to be balanced against the resource implications of more frequent inspections. Annual in-house inspections were conducted of some properties where this was deemed necessary. In response to a question from the Chairman, officers confirmed that additional ad hoc inspections of listed buildings could also be carried out;
- Officers were not aware if Academy school buildings were routinely inspected. Academy Trusts could apply to the Department for Education for condition grant funding if needed which the Council's Education team would support. The Chairman asked officers to explore whether it would be feasible to ask Academy schools to provide the Council with information on their building inspections. The Regional Schools Inspector might be informed that the Council was requesting this information and that their support in encouraging Academies to respond would be valued. **ACTION** Subject to legal advice, the Chairman asked that in future leases of property to Academy schools should require them to provide the Council with inspection reports on a specified basis **ACTION**
- Officers stated that a management plan for repairs to Wisbech Castle was required by the end of the year;
- Officers stated that specialist surveys would highlight issues to be monitored and the timescale for follow-up by both in-house and specialist surveys.

Summing up, the Chairman thanked officers for their report and asked that a note should be circulated responding to the points raised during the discussion. **ACTION**

It was resolved to:

- a) note the proposed actions.

10. NEW LEASES AT LESS THEN BEST RENT – 17 UPHERDS LANE AND 1a UPHERDS LANE, ELY

The Group Asset Manager stated that the properties provided accommodation to nine occupants with learning difficulties. The occupants had been resident for some time. The buildings were in reasonable condition, but it was proposed that the Council would replace a lift, after which the Cambridge Housing Society Group would take on the maintenance costs. In supporting the proposals a Member noted that greater costs would be incurred if the occupants had to be rehomed.

It was resolved to:

- a) approve the lease of both properties at Upherd's Lane, Ely to Cambridge Housing Society at less than best market rents.

11. FINANCE AND PERFORMANCE REPORT – JULY 2018

The Group Accountant reported that as of the end of July 2018 there was a forecast overspend of £4,163k on revenue budgets within the Commercial and Investment Committee's remit. This represented an increase since the last report in June 2018. There were no variances to report on the capital budget which remained forecast to be in balance at year-end. The report contained additional information relating to the proposed virement of £711k from the Shire Hall building maintenance budget to the countywide maintenance budget which the Committee had requested in July 2018.

Arising from discussion of the report:

- Officers undertook to provide a note detailing the cost of installing new vending machines at Shire Hall; **ACTION**
- Appendix 2 Housing Investment (This Land Company): Officers confirmed that the forecast variance of £500k reflected a timing issue and that total income was still as predicted;
- Appendix 2 Cambridgeshire Catering and Cleaning Services: The Chief Finance Officer stated that the projected shortfall partly reflected some slippage on capital receipts which had led to a reduced ability to invest. It was also acknowledged that the Business Plan had been overly optimistic in relation to market opportunities. A further project was in the pipeline and the final outturn was expected to be closer to original projections;
- Officers stated that Council-wide, pressures related mainly to investments and Childrens' Services. Over the next 18 months the aim was for Children's Services expenditure to be brought more closely into line with statistical neighbours.

It was resolved to:

- a) review, note and comment upon the report;
- b) consider and approve the virement of £711k from Shire Hall Maintenance budget to the County wide Building Maintenance budget.

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

The Chairman reported that following Councillor Raynes' resignation a place had become available on the Shire Hall Working Group which he would be willing to fill.

In response to a Member's suggestion that the number of items on the agenda plan might be rationalised the Chairman noted that there had been a Reserve meeting date available in August 2018 which Members had chosen not to use.

Members noted that the Review of Commercial Acquisitions Strategy would move to October 2018 from December 2018. **ACTION** The training on finance and performance indicators planned for 13 September had not taken place and needed to be rescheduled. **ACTION**

It was resolved to:

- a) note the Agenda Plan, including the updates provided orally at the meeting;
- b) note the training Plan;
- c) appoint Councillor Schumann to the Shire Hall Working Group in place of Councillor Raynes.

13. PROPERTY SERVICES OUTCOME FOCUSED REVIEW – OPTIONS APPRAISAL

The Director for Business Improvement and Development stated that she was not certain that the report before the Committee fully represented the level of detail required. On that basis she requested that the report be deferred until November 2018. Officers acknowledged Members' request to provide advance notice in future if a report was to be deferred.

The Chairman reminded Members that they could send any questions about reports direct to him or to the Chief Finance Officer in advance of meetings if they wished officers to provide a detailed response in the meeting.

It was resolved to defer this item to a future meeting.

14. EXCLUSION OF PRESS AND PUBLIC

It was resolved to:

- a. Exclude the press and public from the meeting on the grounds that the following reports 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).

KEY DECISION

15. RURAL ESTATES OUTCOME FOCUSED REVIEW (KD2018/062)

The Committee considered a report on the Rural Estates Outcome Focused Review.

It was resolved to:

- a) consider the four options set below and resolve that all options should be explored and that a further report and recommendations should be submitted to the Committee:

- i. management by the strategic assets team
- ii. commissioned out management of the estate
- iii. joint working
- iv. sale of estate for investment in other opportunities

DECISION

16. LAND PROMOTION AGREEMENTS

The Committee considered a report on Land Promotion Agreements.

It was resolved to defer this decision to a future meeting.

Chairman
(date)