

COMMERCIAL AND INVESTMENT COMMITTEE: MINUTES

Date: 19 February 2021

Time: 10:00am – 12:00 noon

Venue: Virtual Meeting

Present: Councillors M Goldsack (Chairman), C Boden (Vice-Chairman), I Bates, J Gowing, D Jenkins, L Jones, P McDonald, T Rogers and M Smith (substituting for Cllr Wotherspoon)

395. Apologies for absence and Declarations of interest

Apologies were presented on behalf of Councillor Wotherspoon (Councillor Smith substituting).

396. Minutes of the meeting held on 18 December 2020 and Action Log

The minutes of the meeting held on 18 December 2020 were agreed as a correct record.

397. Action Log

The Action Log was noted.

398. Petitions or Public Questions

There were no petitions or public questions.

399. Refurbishment of March Community Centre

The Committee considered a report on the refurbishment of March Community Centre.

Members noted the financing arrangements for the refurbishment works, including Growth Fund Capital grant from the Combined Authority, and that individual components of the works had been approved through the appropriate governance arrangements, including the Communities & Partnership Committee. However, the project in aggregate had not been considered by the Commercial & Investment Committee. The benefits of the refurbishment in terms of enhanced facilities for both education and community purposes of this popular centre were noted.

Comments from one of the Local Members, Councillor Count, were noted, and are appended to these minutes.

Arising from the report:

- A Member indicated strong support for the project, but expressed concerns that the support of Commercial & Investment Committee was being sought retrospectively. He stressed the Committee's useful role in evaluating such proposals at an early stage;
- Welcomed the proposals and highlighted the wide range of services provided at the Centre;
- Noted that prior to the pandemic, the Centre earned approximately £120K per annum for room hire, although there would be reduced income over the pandemic and initial recovery periods, with £150K income forecast for 2021/22;
- Noted that the land was owned by the County Council;
- Noted that the facilities at the Centre could be used by students from across the county, but there were other centres that may be more convenient for students from the south and west of the county.

The Chairman thanked officers for their presentation and Members for their comments. He acknowledged Member concerns about the report being considered retrospectively, and said he would be working with officers to ensure that would not be repeated.

It was resolved unanimously to:

- (i) Receive and record the report;
- (ii) Endorse the capital refurbishment spend of the monies awarded by grant at no cost to the Council's core budget (Strand 1);
- (iii) Endorse the secondary capital investment to upgrade the net carbon zero heating system and roof repairs agreed through delegated governance (Strand 2);
- (iv) Notes the procurement processes that have commenced across the totality of works (£735k) towards the appointment of contractors.

400. A first stage report - Care Suites, East Cambridgeshire – Property Implications

Members considered a report on work taking place that may lead to the opportunity to acquire land and build services at the Princess of Wales hospital site in Ely, to address the challenges of the county's growing care needs, along with the opportunity to generate income through leasing space to the NHS.

A Member thanked officers for bringing this report at the evaluation stage, so that the Committee could play a role in reviewing the financial criteria. The Member welcomed the project, but asked that officers update the Committee if there were any significant

changes to the project viability. Speaking as the Committee's representative on the Care Suites Member group, Councillor Jones endorsed these comments, especially the importance of reporting back any changes to the business model going forward. It was noted that this would be the first Care Suites initiative by the County Council, so it was vital that the Committee monitored its progress.

Another Member expressed strong support for the report and the work that had been undertaken. He suggested that future iterations of the timetable should include key decision points in the democratic process. He also stressed the importance of being clear if projects had been given unqualified support by other Committees, that this was made clear when they were presented to Commercial & Investment Committee. From a broader perspective, there was an East Cambridgeshire District Council (ECDC) planning issue, relating to affordable housing percentages and green space: the Member pointed out that it was not Commercial & Investment Committee's job to second guess the ECDC planning decision. He suggested that this issue be explored in the next report on this matter.

A Member expressed strong support for the scheme and asked if the project proposers could consider affordability and running costs, in addition to construction costs, when proposing their project.

A Member asked if the intention was to work with a RSL (Registered Social Landlord) in terms of letting out the sixteen flats.

It was resolved unanimously to:

- (i) to note the opportunity for CCC to support an integrated health and care community at the Princess of Wales Hospital site in Ely with its Care Suite programme;
- (ii) to note the preparations made by the Council in anticipation of returning to Committee in 2021 for investment decisions.

401. Alconbury Weald Civic Hub

The Committee considered an update on the Civic Hub construction programme.

The design specification of the building had been reviewed in the light of the pandemic, especially in terms of increasing the volume of fresh air intake into the building. Since the initial impact of the pandemic had caused delays early in 2020, including the manufacture of key components such as glass panels, good progress had been made. The original timings and costs of the project would have been met if it had not been for the pandemic, but the Cambs 2020 team was doing what it could do to claw back lost time. There were around 50 labourers currently on site, and social distancing was being very closely managed. There would be a period of six weeks for the handover, with the plan to formally occupy in September.

The pandemic had also led to major changes in the way staff worked, and working at home had become an effective and productive way to carry out many, but not all, activities. Engagement with staff had shown that space to collaborate with colleagues and for teams to come together was now a key requirement. The Council therefore needed to find the right balance between using its buildings for activities where staff need to come together with colleagues, partners and citizens, alongside the productivity of working from home and utilising virtual tools.

The Joint Strategic Recovery Board had identified four Early Adopter sites, incorporating design changes to continue to enable the new ways of working that the organisation has embraced since the first Lockdown, and one of those sites was the Alconbury Weald Civic Hub. Teams based in the building would work on an average 3:10 desk ratio, a slight change from the previous 5:10 ratio, but would have access to these different types of spaces to enable better collaboration and meeting environments. Furniture had been chosen in consultation with both Members and officers.

The Social Value of the site was very good, with 96% of the subcontract packages having been procured, 71.4% of those being placed with local subcontract companies, which equated to £8.1M of the £11.3M allocated being local spend.

The existing Shire Hall site was being decommissioned, and was currently vacant except for a small number of officers working in the Octagon. The staff currently in the Octagon would be able to work elsewhere.

The Chairman advised that he had visited the Alconbury Weald site earlier in the week, and as soon as Covid restriction allowed, would be arranging for a visit by the Committee to the site.

Arising from the report:

- A Member queried the Risk Register, specifically how some risks appeared to have changed: she referenced item no.2, contaminated land, which was still appearing as a risk despite the majority of works relating to the building and the car park being completed. Officers advised that the car park was still under construction, with respect to drainage and landscaping, so even though it had reduced slightly, contaminated land remained a fundamental risk. There were other risks e.g. utilities, where mitigating measures had been put in place but the underlying risks remained;
- A Member queried the removal of the central internal staircase. It was confirmed that this had to be removed, but there was still a choice between staircase or lift;
- Members noted that although the final sale of the Shire Hall site would not be completed until after May, there was still a significant period of decommissioning required. At this stage, the move to the new building was likely to take place in August, so that officers could be working there in September. There would be a three month period where there was no formal headquarters building;

- A Member observed that this project had been very seriously impacted by the pandemic, and that the pandemic had also fundamentally influenced the design of the building and how it would be used in future. He commented that one of the bugbears of efficient construction cost mitigation was changing specifications. Whilst there were very good reasons in this instance, overall he felt that this was something that required careful review. Contingency figures had increased but there was still £565K of the contingency budget left, and it would be interesting to see how much of that would be utilised. He commented that there was a real danger that contingency was regarded as acceptable cost overrun. He suggested that six months after handover, there should be a full financial review of the project and its financing;
- A Member applauded the project, commenting that it was one of a handful of substantial Council projects in recent years that was coming in more or less on budget and on time, and expressed his thanks to Andy Preston and the Cambs 2020 team. Another Member commented that there were other major project successes such as Kings Dyke;
- Noting the rebalancing in favour of meeting space rather than office space, a Member commented that due to the change in working behaviours, the building may not be required at all. In particular, officers and Members may not need to travel significant distances for meetings. He also queried access to the site, noting that whilst there would be a bus from Cambridge, the timetable would be geared to the working day, not staff or Members attending occasional meetings. Officers agreed that there had been a significant change in working behaviours brought about by the pandemic, but observed that whilst there had been real benefits to many members of the staff and the Council, there were welfare and wellbeing issues experienced by some staff from constantly working at home. The way services would be delivered in future would continue to evolve, but to not have a headquarters building at this stage would be premature. In terms of needing to attend the site for a meeting, it was likely that officers and Members would plan their diaries around meetings and being on site for part or the whole day on days that they had on site meetings. With regard to transport options from Cambridge, it was observed that of the 600+ staff to be relocated to Alconbury Weald, there were only around 100 who lived in Cambridge – the majority of the workforce did not live in Cambridge;
- In response to a Member question, it was agreed that a list of the four Early Adopter sites would be circulated to Members **Action required**;

There was a discussion on the proposed new name, “New Shire Hall”. One Member asked if alternative options be considered, such as paying tribute Captain Sir Tom Moore. Other Members suggested that the building name should reflect its function, so it was obvious to the wider public what its purpose was. It was confirmed that the signage would carry the appropriate County Council branding.

It was resolved unanimously to:

- a) Note construction progress and development to date which remains within the approved budget;
- b) Consider and approve the proposed name for the building as 'New Shire Hall'.

402. Review of retirement age of farming tenants with farm business tenancies granted under the Agricultural Tenancies Act 1995

The Committee considered a report on a proposed amendment of a management policy for the Rural Estate. Members were reminded that the Committee had approved management policies for the Rural Estate at its meeting in February 2020.

Farm Business Tenancies (FBTs) comprise the majority of County Council farm tenancies. An FBT is a commercial agreement for the use of land and does not relate to employment. FBTs vary in length, but none currently extend beyond the tenants 65th birthday.

Government changes to retirement dates impact when older tenants were due to qualify to receive their state pension depending on their year of birth. It was considered prudent and equitable to review the policy so that all agricultural tenants nearing the end of their current tenancies and approaching State Pension Age were offered new tenancies in a consistent way. This would help ensure that all County Council Farm Tenants, whether on Agricultural Holdings Act 1986 (AHA) or FBT agreements were treated equitably as they approach State Pension Age. Having taken legal advice on the issues around retirement age, it had been concluded that the existing policy was not discriminatory.

Three options were set out in the report:

Option 1 – do nothing and maintain the status quo.

Option 2 – allow tenants to apply for new tenancies beyond 65 years of age for as long as they feel able to farm.

Option 3 – offer all tenants when they reach age 65 years the opportunity to apply for a new FBT that takes them to the year in which they reach state pension age (or thereabouts) with an end date of October to match the recognised end of the farming year.

One Member commended that he found the section on equality and diversity very useful. He asked whether there would be an absolutely firm policy that tenancies end at 68? He expressed concerns that if farmers wanted to continue past the statutory retirement age, and were capable of doing so, the Council may appear to be forcing them out. He also asked whether there had been any consultation with farm tenants on this matter. Officers advised that the legislation was unclear – a policy could be set, but this may be tested in its application in individual cases. The expectation to date was that farmers

would retire when they reached statutory retirement age, but there was potential for tenants to continue, on a case by case basis. The issue was a commercial one around ending tenancies, not forcing farmers into retirement. Tenants had not specifically been consulted, as the intention was to align the policy with legislation. It was observed that the Rural Assets team regularly interact with tenants so were aware of their views, and the proposed change was really about levelling up the existing policy.

It was resolved unanimously:

approve an amended policy so that agricultural tenants are given the opportunity to apply for a new FBT that takes them to the year in which they reach state pension age (or thereabouts) with an end date of October to match the recognised end of the farming year.

403. This Land Update

The Committee considered an update on This Land, the Council's wholly owned housing company.

It was noted that This Land (and its subsidiary companies) intended to revise its balance sheet date from 31 December to 31 March. This would align the companies' financial year with the Council's. The report also outlined a number of changes including a key change in leadership and a number of other matters, which could be discussed more fully at the quarterly shareholder meeting.

One Member commented that this appeared to be a selective update, especially as this was a a housing company but there was no update on the number of houses that had been built. Officers agreed to follow this up outside of the meeting **Action required**. It was also noted that This Land had recently issued a Press Release which had included that type of information .

A Member observed that This Land were in receipt of a huge amount of money from the Council (£112M), and as such, the Committee could reasonably expect more information, including clarification of the company's predicted "glidepath" in terms of the Council's return on this loan. It was acknowledged that in terms of borrowing and interest costs, This Land was returning what it should be to the Council. It was also noted that This Land held considerable assets, and the value of those assets had increased significantly through the work of the company and the Planning Permissions obtained.

Whilst acknowledging that This Land was a separate legal entity, one Member expressed concern around the lack of information provided to Members in advance of the change to the Chief Executive position. It was noted that the interim Chief Executive had been appointed from within the company, and whilst that may be a good thing, no information had been provided to Members on the change or the rationale.

Officers commented that there could be detailed discussions regarding the debt outstanding in the regular meetings that the Committee as shareholder has with This Land on a quarterly basis. The Interim Chief Executive had indicated that profit would be seen “in the near future”, although that was clearly dependent on a number of issues, and this could be explored in more detail at the shareholder meeting. There was no evidence that the company could not continue to make payments on their loans with the Council, and no evidence to suggest that they would not deliver against their business plan. It was also observed that the Interim Chief Executive, being an internal replacement, represented a net saving to the company.

A Member advised that he had asked for this item to be included on the Committee agenda, and he thanked the Chairman and officers for their report. However, he was disappointed that neither of the two County Council representatives on the This Land Board had been invited to attend. The Chairman acknowledged this point, and apologised for not inviting the Council’s representatives on the This Land Board to the meeting. He suggested that he could either invite them to a future meeting, or Members could take up the opportunity to observe a This Land Board meeting. The latter option had been taken up by a number of Committee Members to date.

One Member felt strongly that Members should not hear about changes to the senior structure of This Land indirectly. He had many questions about the departure of the previous Chief Executive, such as why he was not serving his notice, and the circumstances that had led to his departure. He observed that This Land almost certainly have a Communications function, and it was regrettable that they had not seen fit to communicate with the Committee, as shareholder, before issuing a Press Release. The Chairman and officers agreed to raise this matter with This Land.

It was noted that David Lewis was the Interim Chief Executive, not the substantive incumbent in that role, and a Member asked what the process was for confirmation in that position. The Member commented that the Committee had felt that the previous incumbent, David Gelling, was doing a good job, so it was unclear why he had left.

In relation to the change of the accounting period, it was confirmed that there were valid reasons for this change. Since the inception of the company, having separate accounting periods had become more and more complicated, and it was simpler to align the two. One Member commented that HMRC were often suspicious if organisations in the same group had different accounting periods, and indeed there was specific provision in the Companies Act to allow a second change of accounting period to align accounting dates within a group. In response to a question on whether the This Land subsidiaries were active, officers advised that most were dormant, but This Land Finance Ltd was active. Officers agreed to provide more information on this matter to the Committee.
Action required.

It was resolved unanimously to:

note the report and confirm the change in This Land’s accounting date.

404. Finance and Performance Report – December 2020

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 31st December 2020.

At the end of December, there was a forecast underachievement of income of £2,605K on revenue budgets. There was one significant forecast outturn variance change by value which related to the Shire hall Relocation revenue budget (£95K). There was a capital underspend of £14.7M . The budget for Ground Source Heat Pumps had been added.

A Member commented that in an ordinary year, the financial position would be considered dreadful, but in the context of the pandemic, it was fully understandable, and the shortfall was less than anticipated. However, he asked why Facilities Management were failing to anticipate business rates in relation to Cambridgeshire Archives and Kings Dyke. Officers advised that this related to the budgeting for those schemes. In relation to Archives, the incorrect figure had been used at the budgeting stage. Whilst this figure had not been provided by the Estates team, the Assistant Director Property agreed to investigate the process further to see if such instances could be avoided in future. It was further noted that in the estimation of the level of business rates, rateable values had been reassessed in the past at a number of sites, as there was a risk of underestimating.

It was resolved unanimously to:

Note the report.

405. Committee Agenda Plan and Appointments to outside bodies

The Committee considered the Agenda Plan, including changes made since publication.

On behalf of the Committee, the Chairman congratulated Tom Kelly, who had recently been appointed as Director of Resources and Section 151 Officer, and thanks to Chris Malyon, as outgoing Deputy Chief Executive/Section 151 Officer.

It was resolved to:

1. review the agenda plan.

Chairman

Comments from Councillor Steve Count, Local Member, in relation to item 399 (Refurbishment of March Community Centre)

The paper you are receiving today is for endorsing and noting the successful award of previous funding, so it may not be the subject of extensive debate. However, in case you are interested in the view of a local member, in this case a privilege I share with Councillor French, I wanted you to know how much we endorse and support this project.

The community centre is located in the very heart of March, with only the best interests of its residents and those of the wider area in mind. To be able to offer teaching, training and qualifications in an area of multiple deprivation, when a pandemic has stripped many of the normal opportunities in life, could quite literally be a life saver.

Not only will training be directly delivered here, but this location is envisaged to provide a vibrant administrative base from which the Service will be able to reach out to communities across the local towns and villages to provide them with place-based learning. Any support you can give to this project will be appreciated.