

COMMERCIAL AND INVESTMENT COMMITTEE: MINUTES

Date: 10 July 2020

Time: 10:00am – 11.55am

Venue: *Meeting held remotely in accordance with The Local Authorities (Coronavirus) (Flexibility of Local Authority Meetings) (England) Regulations 2020*

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

Apologies: None

359. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

No apologies for absence were received.

Councillor T Wotherspoon declared a non-pecuniary interest regarding minute 362, Cambridge South-West Travel Hub Greater Cambridge Partnership and Land Proposals

Councillor M Shellens declared a non-pecuniary interest in minute 366, Update on Options for Hinchbrook Parke as he lived adjacent to the park.

360. MINUTES OF THE MEETING HELD ON 19 JUNE 2020 AND ACTION LOG

The minutes of the meeting held on 19 June 2020 were agreed as a correct record.

The Action Log was noted

361. PETITIONS AND PUBLIC QUESTIONS

A Question had been received from Mr Michael Sadler. As Mr Sadler had not joined the meeting, the question was read out by an officer:

The County Council had discussed Climate Change and Environment Strategy on 19th May. At a previous meeting it was mentioned that within - 'Energy efficient, low carbon buildings' priority, the Council would show leadership by getting our own house in order and replacing oil and gas with renewable heating in our own buildings'.

Was being considered for every acquisition and new building, alongside the Council's commitment to promote walking, cycling and public transport for staff to access buildings? Was this a firm commitment or just an aspiration within other contexts?

Responding, the Chairman advised that in the Council's approved Climate Change and Environment Strategy, 'Energy Efficient, Low Carbon Buildings' was one of the Council's Priority Areas.

In the Action Plan (that was also approved by Council in May 2020), had been supported by committing to "Implement a plan of property retrofitting to all buildings owned and occupied by the Council - aiming to be fossil fuel free (using renewable heating sources instead of gas or oil) by 2025".

The Council's Property and Energy teams had already started work on the plan, with the first renewable heating projects expected to be completed within the current financial year.

All buildings that the Council both owned and occupied (including new acquisitions), which were currently heated by oil or gas, would be put forward for the programme of works. Business cases would be developed for each building, and the final decision for each individual building would be made taking into account all the financial and environmental costs and benefits of each option.

The Chairman advised that Mr Sadler would receive a written response within ten working days.

362. CAMBRIDGE SOUTH WEST TRAVEL HUB, GREATER CAMBRIDGE PARTNERSHIP AND LAND PROPOSALS

The Committee received a report that considered proposals by the Greater Cambridge Partnership (GCP) to procure the land needed for the Cambridge South West Travel Hub scheme.

The presenting officer informed Members that Cambridgeshire County Council was the Accountable Body for the GCP, and the GCP as a non-executive body could not purchase or own land in its own right. It was therefore a requirement of the Council to purchase the land on behalf of the GCP using funds provided by the GCP.

During discussion Members:

- Sought assurance in the event that land parcel 4, currently owned by Highways England was not able to be purchased. Officers explained that the process for land exchange was well established and had to be undertaken in order to achieve approval. If it was not possible to secure land parcel 4, then an alternative route to the highway would have to be considered.
- Queried the cost of maintenance and operation of the site. Officers explained that income would be received by the GCP. If the GCP ceased to exist then the Council would take over the asset. Officers undertook to supply anticipated

operating and maintenance costs contained within the outline and full business cases. **Action required.**

- Highlighted the reasons as to why the land purchase was being requested. Park and Ride sites had been very successful and had significantly reduced the numbers of cars travelling to the city centre. It would therefore be unlikely that Highways England would not agree to the acquisition as it would reduce congestion and traffic entering the city. The GCP had been subject to a gateway review which had secured its future for another 5 years, at which a further gateway review could provide a further 5 years. Therefore it could be up to 10 years before any liability for maintenance fell to the Council.
- Commented that the Council and the GCP were trying their utmost to deter traffic from entering Cambridge. The site was long-awaited and essential. The worst-case scenario would be that the Council acquired an asset that it could choose to sell at a later date. The advantages to the environment and active travel were considerable and it was vital the scheme progressed.
- Expressed concern that there was a liability that had been identified that was not contained within the report.

It was resolved **[7 in favour: 0 against: 3 abstentions]** to:

agree that Cambridgeshire County Council should acquire the land parcels needed for the Cambridge South West Travel Hub scheme (a scheme being funded and project managed by Greater Cambridge Partnership)

363. CAMBRIDGESHIRE COUNTY COUNCIL'S RESPONSE TO COVID 19

A report was presented on the Covid-19 response to date for those services within the remit of the Commercial & Investment Committee.

Given the rapidly changing situation and the need to provide the committee and the public with the most up to date information possible, the Chairman reported that he had accepted this as a late report on the following grounds:

1. Reason for lateness: To allow the report to contain the most up to date information possible.
2. Reason for urgency: To enable the committee to be briefed on the current situation in relation to the Council's response to Covid-19 for those services for which it was responsible.

The Director of Business Improvement & Development introduced the report which provided an overview of the Council's activity in response to the evolving emergency situation, and in line with emerging government guidance.

During discussion Members:

- Drew attention to the appendices containing data relating to Universal Credit claims and furlough figures that were out of date considering the report had been published late due to the need to provide the most up to date information. Officers explained that data relating to Universal Credit and the furlough scheme were reported by central government and there was a lag in reporting. Officers undertook to report the figures to the Committee upon their receipt and publication. **ACTION**
- Noted that in relation to paragraph 2.51 it was expected that recovery would not return to pre COVID-19 levels until 2031 and questioned whether the impact of Brexit had been included in the forecast. Officers confirmed that the impact of Brexit had not been modelled within that data, however, scenarios relating to Brexit had been requested to be included in future.
- Noted references to the Hatch Regeneris report commissioned by Cambridgeshire and Peterborough Combined Authority and Greater Cambridge Partnership that anticipated a 13% variable impact across Cambridgeshire and questioned what other sources of information were being analysed in case the view was too pessimistic. Officers confirmed that a wide range of evidence would be taken into consideration when forming a view. The Council's research team was working on the economic recovery and a number of number of data sets were being brought forward in order to provide a rounded view.

It was resolved to note the report.

364. MULTI-CLASS CREDIT FUND MANAGER SELECTION

The Committee considered a report that sought to appoint an ESG-focussed investment manager who was likely to generate strong long-term income and prospective capital growth through investments in Multi-Class Credit.

The report also sought to agree for the appointed fund manager, using the parameters set, to deploy the £20m investment noting that returns could be temporarily reduced if market conditions suggested a staggered investment strategy was necessary.

In presenting the report officers highlighted the recommended Fund 1, contained in Appendix A of the report. They were experienced fund managers with the highest levels of ESG of those Fund Managers shortlisted, whilst also matching our other investment objectives.

During the course of discussion Members:

- Welcomed the planned phased approach as timing was crucial given the current economic landscape. Noting that Fund 3 was domiciled in Ireland, questioned

whether domiciles would be a future consideration in light of Brexit. Officers explained that fund managers would be using various tools to identify when best to enter the market. It was also important to note that volatility brought opportunity also. It was intended to have invested the full £20m by the end of March 2021. With regard where funds were domiciled, Brexit was a concern, however, it did not impact on the recommendation.

- Commented that paragraph 5.1 referred to avoiding exposure to unforeseeable events which was not possible. Officers explained that the wording of the recommendation had been amended to reflect the intention to reduce and minimise the risk of exposure following feedback, however, the use of avoid in paragraph 5.1 had been missed.
- Drew attention to the short time scale of March 2021 for the planned investment which allowed little time for the implications of Brexit to emerge. Officers explained that the steer on the when to invest would come from the Fund Manager and the March 2021 investment date could be adjusted if the Fund Manager felt it prudent to delay investing all the money by this date. The fund allows for daily liquidity and if circumstances changed, a decision could be made to extract our investment if Brexit uncertainty was causing a concern.
- Expressed concern regarding the information available within the public report that related to the short-listing process and the rationale for the selections made. Officers explained that the level of ESG had been a key consideration throughout the process. Based on the ESG requirements and the exclusion of investment in fossil fuels, Fund 1 was recommended as it was the only fund from the shortlist that fully met our ESG requirements. Selecting Fund 3 would have required a loosening of the ESG requirements.

In response to Member concerns regarding recommendations a) and b) it was proposed, with the agreement of the Committee, to amend the recommendations. The recommendations would be adjusted to make it more explicit in recommendation (a) the reasoning for recommending Fund 1, and for recommendation (b) to address the difficulty of maximising opportunity and at the same time minimising risk.

Set out below are the amended recommendations with additional wording in bold.

It was resolved to:

- a) Committee are asked to agree to the appointment of Fund 1, **as it was the only fund that fully met our ESG requirements**, being short listed and recommended by C&I Investment Group and our Investment Advisors.

- b) Committee are asked to agree to use the expertise of the Fund Manager to inform the profile **and timing** of the investment into the fund to minimise our risk exposure.

365. ALCONBURY WEALD CIVIC HUB - COVID-19 UPDATE

The Committee received a report that sought to provide an understanding of the construction progress since the last report in December 2019 and the potential programme and cost implications caused by the COVID-19 pandemic.

The presenting officer informed Members that the enforced lockdown following the outbreak of COVID-19 had not required the closure of construction sites. However, there had been a considerable impact on the supply of labour and materials which were variable. Supply chain partners had closed down completely during the first 6 weeks of lockdown and in particular manufacturing of glazing had been severely affected. Members noted that the contractor anticipated there would be a seven week delay in construction resulting from the impact of the pandemic.

Councillor Terry Rogers left the meeting at 11.20am

During discussion Members:

- Confirmed that the proposed additional contingency was separate to the contingency fund established at the start of the project and was for the sole purpose of mitigating the risk posed by the pandemic.
- Noted that the operation of the building was being reviewed as a result of the pandemic and it was unlikely that a 2:1 desk ratio would be sustainable as a result.

It was resolved **[9 in favour: 0 against: 1 abstention]** to:

- a) Note construction progress and development to date which remains within the approved budget;
- b) Note the current additional cost (£125k) and delay [7 weeks] resulting from the Covid-19 pandemic and potential for further impacts, which were not allowed for when setting the current risk contingency budget; and
- c) Support the recommended provision of a separate specific £400k Covid-19 risk contingency budget to General Purposes Committee, funded by Prudential Borrowing.

366. UPDATE ON OPTIONS FOR HINCHINGBROOKE COUNTRY PARK

Members considered a report which proposed the granting a new lease for Hinchingsbrooke Country Park to Huntingdonshire District Council for a term of 99 years at a peppercorn rent.

Councillor Tom Sanderson, addressed the Committee as local Member. Councillor Sanderson informed the Committee that he was also a member of Huntingdonshire District Council (HDC). Commenting further Councillor Sanderson, highlighted the necessary improvements to the park that were urgently required, especially with regard to car parking which was often full and spilled into nearby residential areas. Councillor Sanderson emphasised the importance of the area as a green space for the community and expressed hope that the Committee would grant Hope we can grant HDC a long term lease to maximise the potential of the park.

At the invitation of the Chairman, Huntingdonshire District Councillor Beuttell, Portfolio Holder, was invited to speak. Councillor Beuttell drew attention to how the COVID-19 pandemic had illustrated the importance of parks and open spaces for communities. Hinchingsbrooke Park had won many awards over the years and HDC was committed to investing in its parks as part of the recovery from the pandemic. The park was vital to the people of Huntingdon as it represented 80% of the available green space in the town. Councillor Beuttell drew attention to the health benefits of parks and confirmed HDC's commitment to invest £1.5m over three years in the park and highlighted the role of Cambridgeshire County Council as a member of the liaison committee.

Councillor Peter Downes was invited by the Chairman to address the Committee as local Member. Councillor Downes commented that he had helped set up the park when it was first established. The park was an essential asset to the area. However, improvements were needed. Councillor Downes was reassured that the park could not be sold off without the expressed permission of Cambridgeshire County Council which was a concern for him. Councillor Downes also requested that consideration be given to the future and potential future governance structures in order that the park remain in public ownership.

In response to a Member question, Councillor Beuttell confirmed that at present HDC had no plans for the car park at Hinchingsbrooke Park.

In welcoming the report and the recommendations, members moved to the vote.

It was resolved unanimously to:

approve Option B: granting the lease to Huntingdonshire District Council, but requiring that all surpluses generated from the Park be retained for investment in country parks within the District.

367. FINANCE MONITORING REPORT - MAY 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 May 2020.

During discussion of the report Members:

- Questioned whether support received from central government relating to the impact of COVID-19 was being devolved to individual services. Officers explained that funding received had not been apportioned to specific areas unless the funding had been ring-fenced. A report was being prepared for General Purposes Committee that would report pressures in specific areas identifying where the additional funding could be deployed.
- Noted that rent revenue remained stable, however, they were being kept under review.
- Requested that with regard to the graph contained at paragraph 1.1 it would be helpful in future to have the previous 12 month figure provided.
- Highlighted buildings maintenance, the request for additional funding and questioned why no provisional budget had been implemented. Officers explained that it related to the timing of the condition survey. Schedules were being assessed in order to avoid a similar situation in the future.

It was resolved unanimously to:

- a) review, note and comment upon the report;
- b) recommend to General Purposes Committee to approve the roll forward and rephasing of capital budgets as set out in Appendix A, section 2.2;
- c) recommend to General Purposes Committee to approve additional Prudential Borrowing of £352k for the Building Maintenance scheme; and
- d) recommend to General Purposes Committee to approve additional Prudential Borrowing of £330k for the Mill Rd – Former Library scheme.

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

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

It was resolved to:

- a) review its agenda plan attached at Appendix 1 to the report.
- b) review its training plan attached at Appendix 2 to the report.