

Assets and Procurement Committee: Minutes

Date: 15 October 2024

Time: 10.00a.m. – 12.29p.m.

Venue: Red Kite Room, New Shire Hall, Alconbury Weald

Present: Councillors Ambrose Smith, Boden, Bywater, Connor, Count, Dupré, Ferguson, Goldsack, Gough, Hathorn (Chair), M King, Meschini, Nethsingha and Rae (Vice-Chair)

64. Apologies for Absence and Declarations of Interest

Apologies were received from Councillor McDonald (substituted by Cllr M King), as well as Councillors Dupré, Beckett, and Connor.

Councillor Boden declared a non-statutory disclosable interest in relation to Item 5: Accommodation Improvement Programme: Tranche 1 Update specifically regarding Hereward Hall and chose not to partake in voting.

Councillor Count advised that Hereward Hall fell within his division. Furthermore, Fenland District Council had expressed an interest to purchase Hereward Hall. However, it was confirmed that as the decision was to progress the sale rather than a decision about agreeing a sale, this would not exclude the Councillor from partaking in discussion and voting.

65. Minutes of the meeting held 17 September 2024 and Action Log

The minutes of the meeting held 17 September were agreed as a correct record and signed by the Chair.

An update was provided on the Old Shire Hall site. The exclusivity period to conclude sale on the preferred bidder ended on 9 October 2024. The next steps would be considered with previously shortlisted bidders in the aim of finding a resolution. It was agreed to bring the matter back to Committee in the coming months.

An updated Action Log was circulated to the Committee and updates were noted at the meeting.

66. Petitions and Public Questions

The Committee was informed that three public questions had been accepted in relation to Agenda Item 4: Disposal of Mill Road Library.

67. Disposal of Mill Road Library

The Committee received a report on the bids received for the disposal of the former Mill Road Library in Cambridge, a Grade II listed building designated as an asset of community value. Members were informed of its history having been built in 1892, started on a 25-year

lease in 1999 to a community group, then repossessed in 2020 due to its deteriorated state, after which £500k was invested to bring the building back into good condition. The building was declared surplus and marketed for sale in August 2022. A preferred bidder was approved at the Strategy and Resources Committee in March 2023 however was unable to complete and withdrew their offer in November 2023, following which the Council commenced remarketing in February 2024.

The marketing period coincided with the administration of the Asset of Community Value (ACV) process which lasted six months, ending on 12 August 2024. During this time, it was marketed as suitable for a variety of community uses with scope for conversion subject to planning permissions. It was marketed to nearly 1,000 different parties including local and national agents, educational groups, and community bidders, as well as informing the City Council of the intention to sell.

The Council had followed the requirements of property disposal to meet the best consideration requirements under Section 123 of the Local Government Act 1972. Seven bids were received including a mix of freehold and leasehold, as well as commercial and private bidders. Each was measured on a scoring matrix with a weighted evaluation criterion: deliverability (50%), financial offer (20%), economic impact (10%), social impact (10%), and environmental impact (10%). Bidder 1 scored highest in all categories, provided evidence of available funding as an unconditional freehold bid, expressed motivation to preserve the architectural features, evidenced a successful track record of operating similar community-based models elsewhere, had ties to the local community, and indicated a desire to work with and listen to the local community and react to its needs. It was thus deemed the preferred bidder. It was agreed to include a deed covenant within the Heads of Terms to restrict the future use of the building for residential purposes, and for this to be legally binding as part of the contractual negotiations.

It was clarified that the Local Member had not commented on the specificities of the report, however he had made active representations regarding the sale prior to and following publication of the report.

The Chair invited three members of the public to address the Committee.

As a resident of Mill Road and a fine artist, Ms de Blois emphasised the importance of preserving the architectural integrity of the building, both inside and outside. She wanted the library to be used for arts events to reflect the cultural experience of the local residents and boost hospitality. She queried whether officers had worked with the community in their decision-making, and how many officers had viewed the property in person.

Mrs Preston was a resident of the Mill Road area. She highlighted a petition for the building to be saved for the wider community which had gathered over 2,000 signatures. The community bid sought to work cooperatively with the adjacent community centre rather than compete with it. The preferred bidder, referenced as Bidder 1, was not a community bidder. Ms Preston felt that Bidder 1 was seeking a quick sale with the desire to profit from the local community. She emphasised that the community bid was grounded in, and had the support of the local community, and that it was fully aware of the buildings constraints with plans to address them.

Ms Collins introduced herself as the former Chair of the Mill Road Winter Fair, lead of the Mill Road Fringe, co-founder of Love Mill Road charity, and a Mill Road resident. She described that Cambridge was proud of and benefitted from the Mill Road community which had demonstrated a strong work ethic, having annually organised one of the biggest

volunteer-led street fairs in the county. She queried why the County Council therefore did not trust the community to deliver on its bid. Ms Collins drew attention to the recently completed Mill Road community centre which sat adjacent to the library and offered community spaces for hire. She described that the proposal by the community bid would complement the community centre with a café and auditorium-style venue, whereas the proposal from Bidder 1 would compete in the same market. She questioned whether an impact report on the potential harm to the community centre had been undertaken. This sentiment was echoed by a quote she read out from the Petersfield Area Community Trust who had enabled the community centre, referencing the missed opportunity to enable a community hub between the community centre and historic library should the community bid not be chosen. It suggested that the alternative of Bidder 1 was to offer a library building that was restored but essentially closed to the public.

An officer responded by clarifying that Bidder 1 intended to provide a building for the creative arts and emphasised that it was in Bidder 1's interest to listen to the needs of the local community to make a sustainable outcome. It was clarified that though it was a commercial sale, all interested parties had been encouraged to come forward, including community bids.

The Chair invited the Local Member for Petersfield, Councillor Howitt to address the Committee, who identified five reasons for which he asked the Committee not to sell off the building. These included that the library was of great architectural and historical significance, the social value offered a long-term return to the Council, it had been used by local people for generations who wanted it to continue to serve them, it was originally bequeathed to the Council to stay in the public realm thus the Committee should view it as morally and ethically wrong to sell, and that a petition with over 2,000 signatures asked the Council not to sell the building.

The Councillor felt that community involvement ought to have been encouraged, however there had been no attempt at local consultation. The Council ought to have considered a leasehold or other partner relationship to pursue community use with the County Council retaining some influence. Should the sale proceed, he requested to input the strictest terms in the deed to allow the Council to retain power to enforce assurances regarding the building's future use.

The Local Member queried why the Council officers had visited the preferred bidder as part of its due diligence however did not meet with the second, credible bidder who requested a meeting to update officers on its fundraising progress, including a confirmed grant of £500k from the Archaeological Heritage Trust. He queried why the preferred bidder appeared to have been scored higher on lack of internal works needed when the property was a shell and required substantial works regardless of its use. He also requested that, if selected, Bidder 1 be invited to undertake public consultation so that local people could be involved in the process.

Arising from the report:

- Officers clarified that the existing ACV, administered by the City Council, would last five years from the time of implementation (25 January 2024), after which it could be renominated. This would not require the Local Authority to sell to the community bidder, rather would give the community the opportunity to raise funds to purchase the property.

- It was confirmed that the Council had followed its policy regarding disposal of assets. However, the Council had met with Bidder 1 to view his existing operation in London but had not met with other bidders. Members questioned whether this went against the established processes. Officers clarified that the purpose of the meeting was to assess the existing enterprise of Bidder 1. This meeting had been conducted after the bidders' scoring was carried out, therefore this meeting served the purpose of due diligence by the Council, allowable in accordance with the policy.
- A query was raised regarding the weighting criterion on this sale given past experiences. It was acknowledged that lessons had been learned from other sales, therefore the weighting for deliverability and finance had been swapped, with deliverability weighted highest at 50%, and financial offer lowered to 20%. The weighting was changed to reflect the aspirations of the sale, and the change was confirmed prior to bids being received. A Member, though supporting the adjusted weightings, identified that the Committee had not been involved in the decision to change them despite the existing policy on asset disposal.
- A Member queried the strength of covenants on a sale versus lease. Officers confirmed that the Council would work closely with solicitors to ensure the covenant would be as strong as possible but acknowledged that it could not be guaranteed in its entirety. However, it was highlighted that the preferred bidder was open to the proposals of the covenant.
- Officers expanded on the intentional use of the property by Bidder 1, explaining that he had existing enterprises elsewhere which he intended to replicate to some extent in Cambridge, the purpose of which was to champion creative arts such as dance, writing, and music. The bidder would work closely with the community to ascertain what elements in the arts would be of interest and in demand to be community-focused and thus create a viable enterprise.
- A Member addressed the significant challenge in making any decision about Council assets given the economic climate, emphasising that risk would have to be a crucial factor to consider, alongside the focus on community and social value. The Member acknowledged that due to the Council's financial circumstances, it could not afford to take any financial risks, and that should the Council take a foreseeable risk and then fail, it would not be in a position to help anyone, Mill Road included.
- A Member reminded the Committee that this building had been sitting empty and unkempt for many years. Whilst it would be ideal for communities, councils, and municipal authorities to have the amount of money required to refurbish and care for the building as it needed to retain it in community ownership, unfortunately the funds required to bring the building back into a state of good use could only be provided by private individuals. A Member noted that listed buildings required extensive and continuous maintenance, and that the £500k paid by the Council on the default of the lease would not be sufficient on its own to maintain the building. It was expressed that Bidder 1 provided the best possibility of returning the building to community use.

During the debate, the Chair adjourned the meeting for three minutes to receive advice on whether an issue included confidential information. It was confirmed it was not a confidential matter, and the meeting resumed.

- Members questioned whether the preferred bidder could be invited to support the reapplication of the ACV designation should this be raised when the existing ACV period would end in January 2029. Officers agreed to insert wording to this effect in the draft Head of Terms with Bidder 1. **Action Required**
- Members were disappointed that Cambridge City Council had not provided financial backing to the community bid, feeling this should have occurred considering the library sat firmly within the area governed by it.
- Members stressed the importance for Bidder 1, if selected, to work closely and engage actively with the community to ensure its enterprise was reflective of what the community wanted and needed.

It was resolved unanimously to:

- a) Receive the results of the marketing and invitation for bids and consider this fully, drawing on the assessment the Council has undertaken and officers' recommendation.
- b) Approve and accept the bid from bidder 1.
- c) Delegate authority to the Executive Director of Finance and Resources to agree terms, execute the documentation, and complete the disposal, in consultation with the Chair and Vice-Chair of Assets and Procurement Committee.

68. Accommodation Improvement Programme: Tranche 1 Update

Members were presented a report regarding Tranche 1 of the overall Accommodation Improvement Programme including asset rationalisation, adaptations, and employee moves. The proposal had been endorsed by the Accommodation Improvement Programme board, the Capital Programme board, and the Corporate Change board. The proposed revenue savings had been built into the Council's financial planning which was approved at Full Council in February 2024.

The underutilisation of Council buildings was addressed, with the highest recorded use at 25% capacity, which presented the opportunity to rationalise the Council's office portfolio, save on revenue running costs, deliver capital receipts on disposal, and invest in enhancing the retained buildings thus improving the Council's carbon net zero position. Included in the report was the capital funding request of approximately £1.85m to invest in retained buildings, included in the financial paper which would be presented for approval to Strategy, Resources and Performance Committee later in the month.

Tranche 1 focused on the Council's office portfolio, proposing a hub, spoke and satellite model which would enable flexible, cost efficient, and well utilised assets. The report proposed to dispose of five offices: Hereward Hall in March, Butts Grove in Huntingdon, Noble House in Ely, Speke House in St Ives, and Stanton House in Huntingdon.

The change would affect 791 full-time equivalent colleagues, and various methods of consultation and engagement had been conducted. These included service area mapping of teams, feedback requested from Executive Directors and Heads of Services, endorsement sought from the relevant boards as part of the Council's governance process, engagement with a public estate partner to consider impacts and opportunities,

engagement with trade unions, and a page on the Council's intranet site to welcome colleague queries and provide responses to frequently asked questions.

In response to the report:

- It was confirmed that this proposal reported only on Tranche 1 of the hub, spokes and satellite model programme, and that further updates as part of the business planning process would be brought to later Committee meetings.
- A Member expressed concern that the originally intended purpose of spaces in existing buildings, such as libraries and hospitals, would be lost should they be seized for County Council use. Officers confirmed that the proposed modifications would not degrade the services provided in those buildings, and that modification proposals were made in consultation with the services within them. In Ely Library, for example, an existing space containing approximately 10 desks was underutilised, therefore the intention was to construct and expand on the existing space to accommodate 20 desks. The two wings at the Princess of Wales Hospital underutilised by the Council would be maximised to accommodate the additional function being proposed. The upstairs section of Whittlesey Library would be used as training facilities and touch-down provision for the Learning and Development Team.
- A Member identified that the closure of Butts Grove would bring Huntingdon from two contact centres down to one, the remaining being at Scott House, and queried the effects of this on the service and the children it served. It was acknowledged the buildings were different, however officers confirmed they had done due diligence with colleagues working at Butts Grove and would make minor modifications at Scott House to improve the service's deliverability for children and families.
- Concern was raised over the asbestos within the upstairs of Whittlesey Library. Officers acknowledged awareness and that this topic had been raised in negotiations. Furthermore, it was clarified that only cosmetic modifications were planned to make the building adequate for the intended short-term use. The Leader of the Council agreed to take an interest and follow up on the appropriateness of the matter. **Action Required**
- A Member sought confirmation that the investment into the annex of the March Community Centre would not result in a loss of community activities in the centre, to which officers agreed that the community would remain at the forefront of plans.
- As the proposal stated that 109 members of staff would move their base to Awdry House, a Member queried the limited parking available at the building. Officers stated that the car parking at the site would not change, however identified that building use was higher on Tuesdays, Wednesdays and Thursdays, and the Council would work with the teams based at Awdry House to spread office working days more evenly throughout the week. Members expressed concerns over the poor public transport options to Awdry House. The Council agreed to carry out travel plans to the site to consider alternative forms of travel. **Action Required**
- Officers confirmed that the two remaining buildings in Cambridge city that were not part of Tranche 1 would be covered in Tranche 2 which would consider the Cambridge area more closely.

- Members sought reassurance on the market value of assets, suggesting the value would be dependent on their saleability and time of sale, making the total savings forecast ambiguous. Officers stated the valuations were prepared by in-house registered valuers and agents were ready on some of the properties, which would ideally accelerate the process of sale.
- A Member addressed the loss of Noble House as one of few buildings in the East of Cambridgeshire, suggesting that it would create a loss of serviceable bases for Members in that area. It was clarified that Noble House was a leased property, nevertheless Ely Library remained available and accessible within the town centre.
- The Council's proposal to dispose of its oversupply of assets was commended by Members, however it was noted that these actions were taken at a slower pace following Covid in comparison with the private sector. A Member requested that Tranche 2 should follow closely given the commercial sense in taking these actions.

It was resolved to:

- a) Endorse the Tranche 1 proposal of the rationalisation of our office estate, including the closure or lease termination as applicable of Hereward Hall March, Buttsgrove Huntingdon, Noble House Ely, Speke House St Ives, and Stanton House Huntingdon, while retaining Marshland House, Victoria Road in Wisbech for Supervised Family Time and Scott House in Huntingdon.
- b) Endorse the level of expenditure as set out at Appendix 2 (£1.85million capital) required to deliver the proposal and investment in retained accommodation to facilitate moves.

69. Employee Benefits Contract

The Committee considered a report on the re-procurement of the Council's employee benefits contract with the intention to execute the contract from November 2025 for three years, with a clause to extend for a further two years. The existing contract was awarded in November 2019 for three years, then subsequently extended for two years. It was extended for a further year to November 2025 to provide sufficient time for Committee approval and the appropriate procurement activity to take place.

The existing contract with Terryberry was a cost-neutral arrangement, where they earned on commission through the providers with whom the Council signed: Tusker, Halfords and Salary Finance. It was a concession contract where the Council met the costs upfront which were later recouped through the salary sacrifice arrangement. This presented a low financial risk. As the initial expenditure would be over £500k, this would be a key decision, therefore Committee approval was required for the Council to seek the best value cost-neutral contract to deliver maximum benefit to the workforce and to support recruitment and retention.

Resulting from the presentation of the report:

- Officers clarified the process of going out to market to reprocure the contract, explaining that soft market testing had been conducted to ascertain what provision was available in the market, however there were no providers which could offer all the specifications being sought. As a result, the proposal to re-tender the contract as part of the ESPO

framework would provide clear specifications and score potential providers against the Council's needs. These would include a provider for lease cars, cycle to work scheme, salary finance arrangements for loans and savings, a managed service provider offering an online benefits portal, and more local offers so employees could access local benefits and discounts.

- It was confirmed that Tusker covered electric vehicles under their lease car scheme which provided individuals the option to purchase their car at the end of the lease term.
 - Officers clarified that none of the benefits provided under the contract would come from the County Council itself, rather everything would be covered under the contract.
 - A Member expressed concern that purchases which went against HMRC requirements could be made through Salary Finance for loans and savings, however it was clarified that Tusker and Halfords were under the salary sacrifice arrangement, but Salary Finance was not as it was done through net deductions from salary.
 - Officers confirmed that the existing supplier, Terryberry would be invited to re-supply the package.
 - A Member acknowledged that the existing package was cost-neutral but queried whether work had been conducted to find suppliers that offered packages which were cost-beneficial to the Council. Officers suggested there could be the potential of such an arrangement being reached with the cycle provider and agreed to look into it further.
- Action Required**

- Concerns were raised that initial costs to the Council would not be covered in the budget should there be a rush of loans or purchases which would then be recouped through the salary sacrifice scheme. Reassurance was provided in the context of Halfords bike purchases made in the financial year 2023/24 which totalled £44,000 (39 bikes), and a purchase order of £450,000 placed with Tusker at the beginning of the year, all of which was later reclaimed through the salary sacrifice arrangement.

It was resolved unanimously to:

- a) Approve the re-procurement of the Council's Employee Benefits Contract.
- b) Delegate authority for awarding and executing a contract for the provision of employee benefits starting 1 November 2025 for a period of 3 years, with a clause to extend for two further years, to the Executive Director of Strategy and Partnerships in consultation with the Chair and Vice Chair of this Committee.

70. Light Blue Fibre Annual Progress Report

The Committee was presented an annual update of Light Blue Fibre as joint shareholders together with the University of Cambridge. Light Blue Fibre's main purpose was to market the fibre ducting to providers of telecom connectivity. A key enabler in the digital connectivity strategy was the 'Dig Once' policy which would incorporate fibre ducting into new infrastructure project developments, thus improving connectivity, reducing disruption on highways, and creating significant benefits in carbon reductions. In its fourth year of trading, the company had made a modest return for the Council, presented a low risk to the Council with very low operating costs and cash requirements. It had delivered against its

objectives and was ahead of its business plan projections in 2023/24. The company was undertaking discussions to potentially appoint an additional partner to enhance its marketing. A formal annual meeting for the shareholder representatives from both the Council and University of Cambridge would be put in place to ensure the company would operate in line with expectations. At the meeting, two director vacancies from the University would be discussed. A director vacancy from the Council would be resolved by the end of the month.

In response to the report:

- Members expressed support for the report and the positive impact had on transport and congestion.
- A Member queried how many shares were owned by the Council and the joint venture partner, the University of Cambridge. Officers stated that in the first year when Light Blue Fibre was set up, there were 20,000 shares purchased by each, with an additional 20,000 shares purchased in the second year by each partner. Therefore, the Council and University each held 40,000 shares.

It was resolved unanimously to note the progress of the Light Blue Fibre over the last year.

71. Agenda Plan, Training Plan and Appointments to Outside Bodies and Internal Advisory Groups and Panels

It was noted that Councillor Rae had been appointed to the internal advisory group, County Farms Working Group.

It was resolved unanimously to note the Agenda Plan and appointment to the internal advisory group.

Chair