

## STRATEGY AND RESOURCES COMMITTEE: MINUTES

Date: 26 January 2023

Time: 10.00a.m. to 1.22p.m.

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

Present: Councillors Ambrose Smith (substituting for Councillor Hoy), Boden, Corney, Count, Criswell, Dupré, Goldsack, Gough, Howitt, Hoy, Meschini (Vice-Chair), Murphy, Nethsingha (Chair), Sanderson, Sharp and Slatter (substituting for Councillor Wilson)

### 121. Apologies for Absence and Declarations of Interest

Apologies were received from Councillors Hoy and Wilson. No declarations of interest were made.

The Chair, other members, and the Chief Executive thanked the Executive Director of People Services, Charlotte Black, who was leaving the council for her professional, dedicated and long service.

### 122. Minutes – 16th December 2022 and Action Log

The minutes of the meeting held on 16th December 2022 were agreed as a correct record and signed by the Chair. In noting the action log, the following issues were raised:

Minute 116 Integrated Finance Monitoring Report for the Period Ending 31 October 2022

- reported that Group Leaders had not received an initial briefing at the same time on the old Shire Hall site. Unlike the Chair, the opposition Group Leader had only been briefed after the meeting on 16 December 2022 when an overspend had been discussed. The Chair acknowledged the need to consider the initial wording. Action Required.

Business Planning Proposals for 2023-38 – Current Position

- noted that a draft letter to government detailing the impact of the delay to the Fair Funding Review had been circulated to Group Leaders week beginning 23 January 2023.
- highlighted the email on Cambridgeshire Music's plans to extend its outreach work to include Fenland. It was noted that music in education was widely acknowledged to improve overall education outcomes. It was therefore important in Fenland to consider how to improve participation. Although there were suggestions in the e-mail, there were currently no mechanisms in place to monitor progress. In response, the Chair reported that she took the reduction in music provision in Fenland over the last ten years very seriously. She was also keen to investigate what was happening in the rest of the county. It was therefore proposed that Children and Young People

Committee should review music provision across the whole county. Action Required.

### 123. Children's Services IT System Procurement

The committee considered a report detailing the procurement of the IT solution supporting Children's Social Care Services. Attention was drawn to the background to LiquidLogic which went live in October 2018. It was a stable solution, which had received significant investment, so it was proposed to procure the same system for five plus two years. The Chair and Vice-Chair of Children and Young People Committee had been consulted.

One member expressed concern regarding the governance and the fact that Children and Young People Committee had not been involved. The Service Director: Finance and Procurement explained that approval rested with Strategy and Resources Committee as it was responsible for the IT budget.

Another member queried whether there was any obligation on the contractor to seek innovation, integration and harmonisation during the contract period, and to co-operate fully in any transition out of the contract. It was noted that as part of the implementation of IT solutions, the IT service worked to ensure the council's current requirements and other solutions such as new technologies were included in the future where appropriate.

It was queried whether the large programme of change in Children's Services was included on the council's risk register. The Chief Executive explained that in terms of procurement and implementation it would be included on the Children and Young People risk register which fed into the Corporate Risk Register and was reviewed by the Corporate Leadership Team on a quarterly basis.

It was resolved unanimously to agree:

- a) the procurement of the IT solution supporting Children's Services.
- b) to delegate the decision to award the contract to the Executive Director of Children's Services and the Section 151 Officer in consultation with the Chair and Vice Chair of the Children and Young People Committee.
- c) to delegate to the Executive Director of Children's Services and the Section 151 Officer in consultation with the Chair and Vice Chair of the Children and Young People Committee to approve all necessary legal documentation relating to the contract award, any transactions, associated arrangements and their formal executions.

### 124. Electricity Procurement for 2024-28

The committee considered a report proposing a procurement strategy for an electricity supply period starting October 2024 to September 2028. It was noted that electricity supply was traded on the wholesale markets typically 12 to 18 months in advance. Uncertainties surrounding electricity usage and the volatility of the energy market made

it difficult to predict the contract value so a central estimate was included in the report. Attention was drawn to four options set out in section 2, including the recommended Option 1 to continue with the council's current supplier ESPO. A further consideration was for the council to net off its purchased electricity with the volumes generated and exported from its solar farms. Once North Angle solar farm became operational later in 2023, the council would be able to generate 2-3 times as much electricity as it used per year. Since the publication of the agenda, there had been further discussions with ESPO who had confirmed that the option to net off import and exports was available to the Council.

Before moving an amendment, it was queried whether similar discussions had taken place regarding netting off imports and exports with the Option 2 supplier Beond. It was noted that there had not been such a discussion but there was no indication that such services were offered. Councillor Count therefore proposed the following amendment, with additional wording in bold agreed by the Chair in response to the above question, to delete recommendation a) and add the following:

approve the termination of the electricity contract with Total Energies via the ESPO framework at the end of the current supply period (30 September 2024), then seek to enter into a contract with Beond to procure an electricity supply contract through their Dynamic Purchasing System for a 3-year supply period from 1 October 2024 **subject to discovering whether Beond offer a 'netting off' service.**

He clarified that if his amendment was agreed the council would revert to the original recommendation if Beond was unable to provide a netting off service.

In discussing the amendment, attention was drawn to Option 1 and the supplier Total Energies. Although Total Energies aimed to reduce its share of petroleum products and increase natural gas, as a transition fuel, and renewable energy, it currently had fossil fuel interests, whilst Beond offered a range of potential suppliers, some of which were 100% renewable energy companies. The volatility of the energy pricing market was currently significant, it was suggested that opting now for a contract to start in 18 months rather than one which would be delayed by six months would mean that the council might not be able to take advantage of the likelihood of a more stable energy market. The Carbon and Energy Manager explained that although the council needed to sign up to Option 1 18 months in advance, trading would actually be carried out at different times of the year based on the market. It was important to note that in relation to the Beond DPS framework, the council might or might not get a different supplier as Total Energies was on that framework.

The Chair of Environment and Green Investment Committee (E&GIC) reported that the council was not sure who would be the supplier for Option 2 as the market was limited in terms of suppliers. There was a possibility that greener suppliers would not have the capacity to deal with a customer the size and complexity of the council. It was also possible that Option 2 could result in the same supplier as Option 1 with less advantageous prices and without the benefit of an export contract. It was reported that the deadline for signing up to Option 1 had been extended to April so it was therefore queried whether the item could be deferred to the next meeting to achieve greater certainty and clarity in relation to Option 2. The Carbon and Energy Manager confirmed

that there would be certainty as to whether Beond offered an export contract option prior to the next meeting but although it was possible to identify the suppliers on the DPS framework, it would not be possible to identify which suppliers would be interested or capable of supplying the council.

One member expressed concern that Total Energies did not align with the Paris Agreement targets on climate change. It was therefore suggested that officers should consider this issue if the item was deferred.

Another member requested more time to consider the offsetting deal given the uncertainty regarding the council's requirements in relation to demand and supply. There was also an issue regarding how the suppliers would manage this uncertainty and the council's generation capabilities. The Carbon and Energy Manager reported that ESPO and Total Energies would take a very detailed look at the council's generation data down to a half hourly period. It would involve all the data from Triangle Solar Farm and the forecast data from North Angle Solar Farm to enable them to accurately predict what could be generated, which would be compared against usage. They would then charge a balancing and shaping fee which would result in the council still receiving its electricity bill but also being paid income for the exports. The exports would start sooner, as the council's current export contract expired in October 2023 but then could be aligned with Option 1 to start in October 2024.

In response to a query regarding this separate energy generation contract, members were informed that there was a power purchase agreement on Triangle Solar Farm until October 2023. The aim was to renew the agreement to get a new buyer for the Triangle Solar Farm contract. If the committee agreed Option 1 then this new agreement would not be necessary. One member expressed concern that the committee had not been informed of the power purchase agreement. It was noted that E&GIC had considered a report at its October meeting in relation to procurement for optimisation services, which would help the council secure a power purchase agreement if appropriate for Triangle Solar Farm.

The Chair confirmed that if Beond was able to provide a netting off service, she would want to bring the item back to the March meeting to discuss the detail. As there was some confusion regarding how this separate energy generation contract linked to Option 1, the Chair proposed with the agreement of the committee to defer the report to the next meeting. Another member commented that a meeting should be arranged in February if the delay caused ESPO significant problems. It was resolved unanimously to defer the report to the next meeting on 28 March 2023.

## 125. Proposed Business Plan for 2023-28

The committee was asked to review the full draft business plan ahead of consideration by Full Council on 7 February 2023. Attention was drawn to the background and context including the seven ambitions set out in the Strategic Framework, and the unquantifiable risks such as inflation and demand patterns. Members were advised of the updates since their last meeting in December and noted a table at section 2.7 detailing the impact of these changes on the budget gap for 2023-24 and beyond. Following the announcement of the provisional local government settlement, the council was able to propose a balanced position for 2023-24 through the flexibilities provided

by this settlement. However, this needed to be considered against an estimated £30m pressure reflecting total inflation and demand growth in social care services.

Members were informed of the significant progress made to close the remaining budget gap for 2023-24 and the medium-term. The table at section 3.7.2 set out the further items needed to produce a balanced budget for 2023-24 and the significant budget gaps for future years. A Council Tax increase of 4.99% was therefore necessary, using the flexibility provided by the government to upper-tier councils, to balance the budget. Financial discipline had been maintained in both revenue and capital where there was restricted headroom for further borrowing against the council's current limits for future years. Despite this, the council had directed its resources towards its ambitions focusing on the needs of Cambridgeshire residents. Attention was drawn to section 8 detailing the robustness of estimates and adequacy of reserves, which included the risks and uncertainties faced by the council.

Given the significant unpredictability in relation to the budget setting process, the Chair thanked all staff across the council for bringing the budget to this point in particular the Executive Director of Strategy and Partnerships and Head of Communications who had worked on the Strategic Framework. The Chief Executive thanked the Corporate Leadership Team, the Business Planning and the Communications Team and, in particular, the Service Director: Finance and Procurement and the Head of Finance.

Individual members then raised the following issues in relation to the report:

- highlighted the suggestion that the results of the budget consultation had been ignored in relation to the proposed increase in Council Tax with 92% of doorstep survey respondents not supporting an increase of 4.99%. The Chair reported that it was unsurprising that people were not keen to pay more during a cost of living crisis; the decision to increase Council Tax had therefore not been taken lightly. However, the council had a duty to look after the most vulnerable people in society and the government had assumed maximisation of Council Tax in order to increase spending power.
- highlighted the fact that the government had only announced the provisional local government settlement on 19 December 2022 making it clear that councils should increase Council Tax to the maximum, which then made it difficult in relation to the timing or point of the statutory budget consultation process.
- suggested that any increase in Council Tax was a decision for local government rather than an instruction from national government.
- expressed concern that the council was 'revenue poor' in a very growing area facing extraordinary economic circumstances, which had created extreme uncertainty. The Service Director: Finance and Procurement explained that it remained concerning for the council that the settlement was not based on the latest census estimates rather than data from 2013 and even 2001 for some factors. It was also concerning the way Council Tax potential was factored into the allocations for social care. Uncertainty remained regarding a fairer funding consultation which had emerged originally in 2016. The Chief Executive reported that government was encouraging councils to make use of their reserves. Whilst the council was committing reserves,

it was still holding a prudent level of unallocated general reserves. It was suggested that the use of one off reserves would not address the long standing funding issues. It was the fifth year the council had received a one year settlement, which made it impossible to plan for the long term.

- highlighted the fact that HM Treasury had assessed that local government reserves were higher post covid. It was hoped therefore that HM Treasury would take note of the use of some of these reserves in 2023-4. However, it was acknowledged that it was not a sustainable way to budget.
- welcomed for the first time a sustainable procurement strategy and the triple bottom line approach to business planning decisions, to ensure that financial sustainability and affordability sat alongside social and environmental outcomes for communities. The Service Director: Finance and Procurement reported that the council was moving incrementally to progress this area with reporting and assessing the environmental and social impacts a major step forward. In relation to the business plan, biodiversity net gain and capital reprioritisation of the schools building programme were examples where the triple bottom line approach had made a difference. The Chief Executive reminded the committee that, as well as finances, it was considering the overall business plan including a revised Strategic Framework containing the council's vision and seven ambitions which involved allocating resources via the triple bottom line approach. This was a progressive approach for the council compared to previous business plans and other similar authorities.

It was resolved by a majority to:

1. Consider the draft Business Plan, including supporting budget, business cases, consultation responses and other material, in light of all the planning activities undertaken to date.
2. Agree the proposed approach to balancing the budget in 2023-24 set out in section 3.
3. Review and endorse the following recommendations to Council:
  - a) Approve the Service budget allocations as set out in each Service table in section 3 of the Business Plan.
  - b) Approve a total county budget requirement in respect of general expenses applicable to the whole County area of £998,433,000, including a levy of £9,878,676 payable to the Cambridgeshire and Peterborough Combined Authority for the delivery of Transport Services and a levy of £442,000 payable to the Environment Agency for flood and coastal services.
  - c) Approve a recommended County Precept for Council Tax from District Councils of £371,942,139.49 (to be received in equal instalments in accordance with the fall-back provisions of the Local Authorities (Funds) (England) (Amendment) Regulations 1995).

- d) Approve a Council Tax increase for each Band of property, based on the number of “Band D” equivalent properties notified to the County Council by the Districts (241,071.60), reflecting a 2% Adult Social Care precept increase and a 2.99% increase in Basic Council Tax Precept:

Band	Ratio	Amount
A	6/9	£1,028.58
B	7/9	£1,200.01
C	8/9	£1,371.44
D	9/9	£1,542.87
E	11/9	£1,885.73
F	13/9	£2,228.59
G	15/9	£2,571.45
H	18/9	£3,085.74

- e) Approve the Capital Strategy as set out in Section 6 of the Business Plan including:
- Commitments from schemes already approved;
  - Expenditure on new schemes in 2023-24.
- f) Approve the Treasury Management Strategy as set out in Section 7 of the Business Plan, including:
- i. The Council’s policy on the making of the Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (England) (Amendment) Regulations 2008.
  - ii. The Affordable Borrowing Limit for 2023-24 (as required by the Local Government Act 2003).
  - iii. The Investment Strategy for 2023-24 and the Prudential Indicators as set out in Appendix 3 of Section 7 of the Business Plan.
- g) Approve the establishment of an Executive Director for Children, Education and Families and an Executive Director for Adults, Health and Commissioning, revising Part 7 of the Constitution, utilising funding allocated through this Business Plan.

4. Authorise the Service Director: Finance and Procurement, as the Section 151 Officer, in consultation with the Leader and Deputy Leader of the Council, to make technical revisions to the Business Plan, including the foregoing recommendations to the County Council, so as to take into account any changes deemed appropriate. This may include updated information on District Council Tax Base and Collection Funds, Business Rates forecasts and Collection Funds,

capital receipts and prudential borrowing, and updated grant values from warding bodies.

## 126. Integrated Finance Monitoring Report for the Period Ending 30 November 2022

The committee was informed that the in-year position was a forecast revenue overspend of £2.7m, which was a slight reduction from the previous report. Attention was drawn to the pressures and some offsetting changes set out in section 1 of the report. An underspend £10.6m was being forecast in capital budgets partly due to slippage on some capital schemes.

Individual members then raised the following issues in relation to the report:

- queried whether a delay of three weeks had caused an in-year underspend of - £0.500m for Sir Harry Smith Community College. The Head of Finance agreed to provide a written response. **Action Required.**
- requested the monthly costs associated with the continued cost of running the old Shire Hall site. The Service Director: Finance and Procurement reported that the monthly cost was around £45k mainly to cover business rates and security.
- expressed concern regarding the delay to school projects and the £1.4m identified in the business plan for portacabins to manage this delay. Members were reminded that nationally and internationally there had been delays to capital projects particularly in relation to supply chains.
- expressed concern regarding the delays to St Ives Smart Energy Grid, North Angle Solar Farm, Swaffham Prior Community Heat Scheme and Babraham Smart Energy Grid, and Fordham Renewable Energy Network Demonstrator, which not only increased the cost of these schemes but also lost revenue from energy generation for the council. It was noted that negotiations had taken place with Addenbrooke's in relation to the Babraham Smart Energy Grid to rephase the works to enable greater use and availability of car parking space. Other schemes had involved negotiations with landowners and purchasers which all took time to get right.
- expressed disappointment that the B1050 Shelfords Road scheme had been 'cancelled' as the original budget was now inadequate to carry out the works required. Members were reminded that extreme weather conditions had impacted significantly on many roads across the county, which was also an issue for neighbouring authorities. Officers were working with these authorities to bring to the attention of the Department for Transport that such repairs were beyond the capacity of local authority maintenance budgets. A member had raised the issue personally with the Chair of the National Infrastructure Commission. It was no longer clear that the budget and works proposed for the B1050 would be sufficient to deal with the issues associated with that road or necessarily the right thing to do.
- highlighted the fact that highways maintenance expenditure in a number of areas was low at present partly due to a lack of staff. It was queried why the external



contractor, given the number of requests for pothole repairs, had closed down for two weeks over Christmas. The Chair acknowledged the poor state of the county's roads but whilst they needed to be a high priority, it was important to avoid spending money if a long-term solution could not be identified. As such a review had been commissioned to identify the best way to deal with the extraordinary deterioration in the county's road network.

It was resolved unanimously to note and comment on the report.

#### 127. Strategy and Resources Committee Agenda Plan, Training Plan, Appointments to Outside Bodies and Internal Advisory Groups

The committee was asked to review its agenda plan and training plan, appointments to outside bodies and internal advisory groups and panels. One member highlighted the need for an item on the County Farms Estate to be included on the agenda plan.  
**Action Required.**

It was resolved unanimously to note the agenda and training plans.

#### 128. Exclusion of Press and Public

Before taking the vote, Councillor Count read out a prepared statement as to his objection to the entirety of the report being held in confidential session, which he had checked with the Interim Monitoring Officer in advance of the meeting.

He was of the view that there was information in the report which could have been discussed in public and was in the public interest. He had therefore requested that sensitive information should have been included in a separate confidential appendix. As this had not been permitted, he could only refer to information already in the public domain. He drew attention to the Integrated Finance Monitoring Report discussed earlier, where it had been identified that an additional £400k had been overspent due to delays in vacating Shire Hall. He reminded the committee of the background to the move to a hub and spokes model, which had involved vacating Shire Hall. He also drew attention to the reports considered by the committee in relation to the suitability of the Red Kite Room. He reminded members that the original delegation to officers in consultation with the Chair and Vice-Chair to agree final terms in relation to Shire Hall had been in July 2021.

He therefore asked the Chair to commit to asking the Monitoring Officer to monitor this matter. When the Monitoring Officer was satisfied that there was no longer a need for this information to remain confidential, he asked the Chair to commit to publication of this report and prior relevant papers. The Chair reported that as she had received no advanced warning of this statement, she would not be making any commitments at the meeting.

It was resolved by a majority that the press and public be excluded from the meeting on the grounds that the agenda contained exempt information under Paragraphs 3 & 5 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, as it referred to

information relating to the financial or business affairs of any particular person (including the authority holding that information) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

129. Shire Hall, Cambridge – Commercial update and review

The committee considered a commercial update and review of Shire Hall, Cambridge.

It was resolved unanimously to agree the recommendations set out in the report.

130. Waste PFI Technical, Risk and Service Update

The Committee considered the Waste PFI technical, risk and service update.

It was resolved unanimously to agree the recommendations set out in the report.

Chair