

COMMERCIAL AND INVESTMENT COMMITTEE: MINUTES

Date: 21 February 2020

Time: 10:00am – 12.30pm

Venue: The Council Chamber, Shire Hall, Cambridge

Present: Councillors J Schumann (Chairman), I Bates, L Dupré, A Hay (Vice Chairwoman), D Jenkins, J Gowing, L Jones, T Rogers, M Shellens and T Wotherspoon

In attendance: Councillors S Bywater and P Hudson

Apologies: None

319. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

There were no apologies or declarations of interest.

320. MINUTES OF THE MEETING HELD ON 17 JANUARY 2020 AND ACTION LOG

The minutes of the meeting held on 17 January 2020 were agreed as a correct record.

The Action Log was noted and the following items were discussed:

Item 278 North Angle Farm – this report would be considered at the March Committee meeting.

Item 292 MLEI – this action related to a request that the most current and accurate information be presented to both the Committee and the Working Group. This was being actioned and more up to date information should be available for the next Quarterly Monitoring report.

Item 293 Mapping My Public Realm – officers agreed to circulate an update on this action.

Item 304 (2) KPIs – Committee Members had participated in a performance reporting session on 17/01/20 and a new set of KPIs would be available shortly.

321. PETITIONS AND PUBLIC QUESTIONS

There were no petitions or public questions.

322. CONSTRUCTION OF THE NORTHSTOWE HERITAGE FACILITY

The Committee considered a report on the construction of a heritage facility at Northstowe, in partnership with Homes England and Highways England.

Members noted how the Historic Environment Team had been successful in securing funding from the A14 Legacy Fund and Highways England Designated Funds for a 'heritage centre' at Northstowe. These grants totalled £680,000. The project was a partnership initiative between the Council, Highways England and Homes England, plus the local Longstanton & District Heritage Society (LDHS). Homes England had Section 106 commitments relating to the LDHS for storage and display of their collections.

The site would be co-located with Homes England offices, and would reflect the construction of those offices. It was noted that Homes England had applied for a temporary planning permission for their office, which was on an area identified as residential in the Northstowe Masterplan. Those offices used modular construction, so theoretically their building could be relocated. This requirement would also apply to the heritage facility, i.e. it would be 'dismantleable' and subject to a temporary planning permission. There was a very good chance that the current planning consent would be extended.

At the invitation of the Chairman, Councillor Hudson spoke as Local Member. He advised that he was very excited by the project, which he fully supported, and paid tribute to officers working on this project, particularly Quinton Carroll, for the massive amount of work they had undertaken with the local community, and for keeping him informed as Local Member throughout the whole process. He raised the following points:

- Construction of the Heritage Centre should not relieve Homes England of their S106 duty to fund on planning to supply and build a storage and display centre for LDHS;
- The temporary nature of the Planning Permission;
- That Northstowe was effectively being built on top of, rather than adjacent to, Longstanton. He expressed strong concerns on the progress of the Northstowe development, in terms of changes to the original plans e.g. promises about the Green Spaces, and the lack of governance since the Northstowe Joint Development Control Committee (JDCC) had been disbanded. He commented that relationships between residents of the two communities had not been helped by Homes England or the developers. He felt strongly that the heritage centre should reference the name of Longstanton as well as Northstowe. Officers agreed to progress this point.

Action required.

Arising from the report, Committee Members:

- noted corrections to paragraph references in the recommendations;
- queried the purpose of the report, specifically whether it was seeking approval for contingency funding for the project. It was also noted that the report recommendation sought Committee support for the long term strategy, although there was no long term strategy set out in the report;

A Member commented that there were a number of implicit risks in the project, and whilst it was good that the capital costs of the building were being paid for, the operating/ongoing revenue costs needed to be picked up, and it was not clear where this responsibility lay, but it was likely that the Council would assume all those risks. Another Member supported these points and commented that the cost implications for the Council were unclear in the report, e.g. it was unclear who paid for the lease of the site going forward. She also queried who had responsibility for the *“additional staff for the facility”*.

Officers advised that whilst the building was in theory dismantlable, in practice it would be difficult to move, and the likelihood that it would need to be moved was very low. However, this facility reflected the origins of the project and the Planning issues faced.

The budget for the project was fully costed but was very tight, so a contingency of £32,000 had been allocated. The project was currently £4,000 over budget but it was likely that this could be reduced. In terms of support for the operation of the heritage facility, this would be primarily through volunteer support, and ongoing funding would be through Section 106 monies. A Member commented that it was still unclear whether the Committee was being asked to recognise there was £32,000 in the contingency, or recognise that the shortfall may be greater than this, and that there may be some type of financial commitment longer term. The Chairman commented that the report set out the project risks very clearly, and if further funding was required at any point, a separate report would need to come back to Committee. As it stood, no funding was being requested.

A Member commented that there was no long term strategy within the report, and asked if this could be brought back to the Committee once it had been developed. In response, officers confirmed that long term the intention was that the operation of the heritage facility would not be the Council's responsibility. An independent Heritage Trust would be established which would also maintain open spaces and other heritage assets around Northstowe. Work was ongoing with partners to develop this longer term strategy.

One Member welcomed the partnership working and the development of the heritage facility, in particular the co-location with the Homes England offices, and supported the Local Member's request that Longstanton be included in the name.

Speaking as the former Chairman of the Northstowe JDCC, Councillor Wotherspoon acknowledged that following the cessation of that body, there had subsequently been issues with the District Council which had not been resolved to the satisfaction of all. Whilst recognising there were some risks with the project, it would be a great asset to the communities of Longstanton and Northstowe, and he paid tribute to the LDHS and officers in progressing this project.

It was resolved, by a majority, to:

- a) Support the construction of the facility and its short term strategy for its intended purpose;
- b) Recognise the possible need for contingency and revenue as set in paragraphs 2.6 and 2.7 of the report;
- c) Develop the long term strategy for the facility.

323. QUARTERLY MONITORING REPORT, MOBILISING LOCAL ENERGY INVESTMENT

The Committee considered a report on the energy investment programmes. When the last quarterly report had been presented, Members had expressed some concerns that the figures were out of date. This had been resolved and more up to date figures were included in the report.

Officers highlighted a number of key points:

- £583K had been spent to date of the £1M Schools Programme budget. This Programme was in its fifth year, so fewer schools were coming forward. The ones that were tended to be more complex e.g. Academy Trusts (where negotiations took longer), or smaller schools. It was noted that Maintained Schools were included in the County Council's carbon footprint;
- a procurement exercise was being progressed for a new contract for the Council's engineering service provider. This process would conclude in April. An existing pipeline of projects was already in place. A methodology was being developed on how to reduce the Service's carbon footprint;
- an Invitation to Tender had also been issued in January for water and sewerage services to Council buildings. No suppliers had come forward, so the clarification questions from prospective companies were being reviewed, to identify the reasons for the lack of interest: it was likely that some of the Terms and Conditions were seen as too stringent;
- the Renewable Heating Incentive in Swaffham Prior, looking to move the community from oil to renewable heating, was progressing. However, the Incentive (a

nationally funded scheme) finished in March 2021, and it was unclear how much needed to be in place by this date, as the RHI provided the majority of the financing for this scheme;

- OFGEM had been consulting on changes to its charging regime, which may have cost implications for new renewable schemes, such as solar. However, one benefit to the Smart Export Guarantee approach would be that homes and businesses would be guaranteed a fee from energy suppliers.

A Member asked about the Woodston scheme, where estimated costs for connection via UKPN had risen from £500K to £2M. Officers outlined the negotiations currently taking place nationally for energy suppliers to pay, and the need to increase energy capacity across the country

In response to Member questions, officers confirmed that one of the main issues was that most schools in the programme were quite small, and whilst these required similar costs and resources, in terms of outcomes, there was less carbon reduction. Officers agreed to provide the data on Maintained Schools, which were reflected in the Council's carbon footprint. **Action required.**

It was noted that one of the key benefits of the new energy arrangements was that electricity could be sold without using the distribution network. A more strategic approach to the Council's assets needed to be taken in terms of ensuring, where possible, that Council assets could be provided with renewable energy from the Council's own land.

It was acknowledged that the risks of asbestos contamination and removal was an issue that needed to be managed, and the team was currently working with Education Capital colleagues on this. A Member suggested that data from completed projects where there had been asbestos removal needed to be quantified so that those issues could be addressed in discussions with prospective schools. Officers agreed to include a summary in the next MLEI update on the asbestos removal investments made to date. **Action required.** A Member commented that the Council's statement of a Climate Emergency was something of a gamechanger, and the Council may be sending the wrong sort of messages if it was not decarbonising the schools within its control.

A Member commented that as other communities became aware of the Swaffham Prior Heat Scheme, they were interested in the potential for their Parish to run similar schemes. She asked what capacity the team had to deal with those type of enquiries. Officers confirmed that there was funding available for oil based communities to explore the potential for collective renewable schemes. A post was being included to specifically support such enquiries.

The Chairman outlined presentational changes to the appendices that would be helpful in future reports.

It was resolved unanimously to:

- a) Approve the quarterly report; and
- b) Note the key challenges, opportunities and risks delivering the investment programmes.

324. CAMBRIDGESHIRE OUTDOORS PROPERTY CAPITAL INVESTMENT

Members received a report outlining the capital investment required into property at the three Cambridgeshire Outdoor centres to fund essential repair, maintenance and reconstruction, facilitating the continued compliant operation of the centres.

Introducing the report, Councillor Bywater reminded Members that at their Committee meeting in July 2019, Members directed officers to continue the Outdoor Centres on a cost recovery basis. The Capital Programme Board had recently approved £99K for urgent investment for repairs and maintenance, to enable the Centres to continue to operate. A further £807,607 investment was required, funded through Capital borrowing. The reasons for this requirement, the justification and the risks were noted. In response to a Member question, it was confirmed that the Service could not continue without this investment.

Councillor Hudson, with the Chairman's agreement, spoken on this matter. He commended the tireless work undertaken by Councillor Bywater on this issue. However, he explained that on a personal basis, he did not feel it was justifiable to borrow nearly £1M to invest in the Outdoor Centres, effectively bailing out a service which was losing money. He noted that a large proportion of the children who attended the Centres were from outside Cambridgeshire. He compared this to the Outcome Focused Review for Music, where most children in the county could no longer access music tuition at school.

A Member welcomed the proposal, stressing the importance of outdoor activities for children's physical and mental wellbeing, irrespective of where they lived, noting that income from schools outside the county earned the Service money and helped to cover its costs.

A Member observed that the Committee had previously supported the continuing existence of this service, and that the question before Members related to the additional capital investment required. He noted that the original estimate had fell short of the true cost, and that the Committee would continue to challenge on delivery. Another Member supported these comments, noting that it was a small increase in the funding required. He also asked whether sponsorship opportunities were being explored, and also where the future governance of Cambs Outdoors rested. It was confirmed that ongoing governance would be the responsibility of the Children & Young People Committee, but this issue was for Commercial & Investment Committee's

consideration as it related to capital investment, and the Committee was responsible for the County Council's assets. It was agreed that officers would provide a briefing note on the respective Committees' responsibilities in terms of this service. **Action required.** In terms of sponsorship, officers confirmed that they would be working with Anglian Water regarding potential opportunities for collaboration, and also exploring other opportunities for sponsorship. Each of the three centres was developing its own commercial strategy, with a particular focus on attracting schools from within the county.

It was resolved unanimously to:

- a) Support the Capital Programme Bid proposal of £808,000 for works at the three outdoor centres set out in Appendix 1 to the report, comprising of the following:
 - £616,000 at Grafham Water;
 - £139,000 at Stibbington Centre; and
 - £52,000 at Burwell House.
- b) Support the submission of the Capital Programme Bid proposal to General Purposes Committee for decision.

325. DEFINING CAMBRIDGESHIRE COUNTY COUNCIL APPROACH TO TRADED SERVICES

The Committee considered a report which proposed the re-definition and governance of the County Council's charged service models (traded services).

Officers explained that over the years, there had been different approaches to Traded Services: some services had been specifically named as such, and some of these recovered all costs and generated a small surplus, whilst others had a baseline budget but also generated some income. The Council's Corporate Strategy identified a number of key objectives that were directly linked to commercial activity, and it has become clear that a new approach for income generating 'trading' services, across the spectrum, was required. The proposed Charging Model categories were outlined, and it was noted that a number of services may fit under more than one category. The report also explored the governance and support these services required. It was suggested that all full commercial services should come under the remit of Commercial & Investment Committee.

Arising from the report:

- a Member suggested that in practice, the lines between the categories were indistinct, and many services were liable to move between categories, so there was an element of false science in this approach. This was acknowledged by officers e.g. Cambs Outdoors would need to move into full cost recovery before looking at generating surplus;

- there was a discussion on assessing related bodies such as ESPO using this methodology, and also how one service, e.g. the Library Service could comprise various elements, so some parts of the Service were looking to operate at full cost recovery, whilst others were not;
- a Member queried the terminology used, with referenced to the category 'Nominal' and the objective of "discouraging inappropriate usage" as both were very subjective. There was also a discussion on how the hierarchy of categories was set out, noting that the hierarchy related more to governance and presentation rather than implied hierarchy of the models. It was also noted that for some services, it would be undesirable to "move up" the hierarchy to a cost-covering or income generating model. Another Member suggested that in terms of presentation, the categories could be represented as a circle rather than a ladder. It was also suggested that the term "traded services" was misleading, especially in sectors such as social care, and should be removed.

It was resolved, by a majority, to:

- a) Approve the definition of charging models and categorisation of services outlined within the report;
- b) Support the identification of revised processes and policies to enable categorised services to maximise their commercial impact;
- c) Agree to close Phase 3 of the Cambridgeshire Music OFR (Outcome Focused Review) and return service overview to Children & Young People Committee.

326. RURAL ESTATE STRATEGIC REVIEW

Members received a report on the proposed management policies for the Rural Estate following the completion of the Strategic Review. The Rural Estate Working Group had developed a set of Estate objectives and policies which were presented for the Committee's consideration.

One of the key changes was the inclusion of a Target Revenue Return of 4% to the Council, which was a stretching target. The policy also included sections on increased diversification and commercialisation.

It was noted that new tenants were offered a minimum of a five years initial term, and that this was flexible and dependent on each applicant's circumstances e.g. where there was a familial relationship with the previous tenant.

In response to Member questions:

- it was noted that the response rate of 73 to the questionnaires was around 30% of all farm tenants;
- it was confirmed that the team were sympathetic to those suffering from issues outside their control e.g. flooding or financial issues. This was made clear in the regular newsletter, and the team enjoyed good communications with tenants.

There was a discussion on the target return of 4%, and why a target above that was not considered, and also the objective of achieving maximum social value. It was acknowledged that whilst there were tensions in the Estate objectives, judgements needed to be made on a case by case basis.

It was resolved, by a majority, to:

Approve the policies and objectives as set out in this paper as agreed by the Member Working Group.

327. OUTLINE BUSINESS CASE FOR A SOLAR CAR PORT AND ELECTRIC VEHICLE (EV) CHARGING AT THE CIVIC HUB

The Committee considered two outline business cases for a Solar Carport and electric vehicle (EV) charging infrastructure project to be located at the car park of the new Civic Hub in Alconbury.

The addition of a carport would significantly increase the amount of energy generated on site. The report set out two high level indicative design options, but the final business case was likely to be a hybrid of options in terms of the panel coverage and volume of electricity generated. The key issue was the timing, as there was a very tight timescale within which to complete the design work, produce an Investment Grade Proposal, secure planning permission and complete all necessary preparations to start work as soon as possible, ideally in tandem with the timeline of the main Civic Hub project. Evening and weekend working may be required, subject to planning permission approval.

In response to a Member question, it was confirmed that the project was still at the design phase, and once a firm design had been agreed, an approach would be made to Planning. A meeting was scheduled with UKPN in March to ascertain the feasibility of connecting to the grid. However, the G99 application to UKPN had not yet been submitted so the capacity available on site was not yet known. Councillor Rogers, speaking as Local Member, commented that the broader issue of car parking was a concern at the Alconbury Weald site. The Chairman assured him that parking was a key issue for officers working on the Civic Hub arrangements.

A Member asked if it would be possible to work with neighbouring car parks to see if economies of scale could be achieved by rolling out a larger scheme. Officers

confirmed that they would raise the issue with Urban & Civic, but it was noted that the project was already complex and time constrained.

It was resolved unanimously:

- a) Note of the issues surrounding timing of decision making of construction works;
- b) Agree to progress a Solar Carport and Electric Vehicle project for the Civic Hub as described in paragraph 2.3 of the report, and prepare an Investment Grade Proposal; and
- c) Approve a development budget of £200,000 to further assess the two options set out in the paper and any other hybrid options that could come forward.

328. FINANCE MONITORING REPORT

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 2019.

Members noted the significant changes to the Revenue and Capital budgets. The increase in Property Investments budget underachievement was due to (i) the delay in completing on a South Cambridgeshire property, which would result in less rental income than originally forecast, and (ii) the forecast level of capital receipts available to fund property investment had reduced, increasing the borrowing requirement and therefore additional financing costs, reducing the level of return available.

A number of queries raised, including:

- A Member queried a vacant unit in Wisbech. It was confirmed that there was a 24 month rent guarantee on that unit, and that there had been discussions with the Managing Agents are marketing the unit and have had viewings. It was agreed to report back to the Investment Working Group on this issue as there were commercially confidential issues;
- In response to a Member question, it was confirmed that the This Land forecast outturn had worsened slightly, but officers were confident that the revised level would be achieved;
- It was noted that the variance in Education ICT may be an in-year pressure e.g. where equipment had been sold but the schools had not been billed;
- There was a query about the non-payment of the National Minimum Wage in Outdoor Education. It was confirmed that this was an oversight, not intentional, and it was agreed to circulate a briefing note. **Action required;**

- It was confirmed that the County Council Lottery scheme was no longer being explored, and had cost £2,300 in total.

A Member commented that every year there were issues with budget figures, primarily income, where actual performance fell – sometimes significantly – short of targets, and more realistic targets should be budgeted. The Chairman commented that by its nature, the Committee set ambitious but achievable targets.

The Contract Efficiencies & Other Income budget was forecast to underachieve by £350K in 2019/20, but work was underway to achieve this target in future years, and would be taken forward by the Commercial Team once the team was in place. There was a discussion on how contract efficiencies could be achieved, with one Member expressing concerns that overly ambitious targets could drive the wrong type of behaviour. She gave the example of larger contracts that resulted in smaller companies being unable to tender. Officers advised that the reverse was true in a number of instances, and gave an example of a recent contract where all bidders had been smaller companies. The focus on contract efficiencies was not just on procurement but also contract management. A Member commented that whilst achieving contract efficiencies was a laudable objective, there would eventually be an end point. Officers were asked to quantify an ambitious target for contract efficiencies and responded that £1m over a number of years solely from contract efficiencies would be a very ambitious target.

It was resolved unanimously to:

Note the report.

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

The Committee considered the Agenda Plan and the Training Plan.

A number of changes were noted to the Agenda Plan. It was confirmed that the provisional Committee training session following the April meeting would be on Investment training.

It was resolved to note the Agenda Plan and Training Plan.

Chairman