

## **COMMERCIAL AND INVESTMENT COMMITTEE: MINUTES**

**Date:** 22 March 2019

**Time:** 10:00-12.50

**Venue:** Kreis Viersen Room, Shire Hall, Cambridge

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

**In attendance:** Councillors S Bywater and P Hudson

**Apologies:** Councillor Nethsingha (Cllr Shellens substituting)

### **205. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were presented on behalf of Councillor Nethsingha (Councillor Shellens substituting).

Councillor Schumann declared an interest in item 209 as a Member of the East Cambridgeshire District Council Planning Committee: he advised that he would similarly be making a declaration on that body and not participating in any discussion or decision at the Planning Committee relating to those applications.

### **206. MINUTES OF THE MEETINGS HELD ON 22 FEBRUARY 2019 AND ACTION LOG**

The minutes of the meeting held on 22<sup>nd</sup> February 2019 were approved as a correct record.

It was noted that the Action Log had been revised following Member comments at the last meeting, to give greater details including completion dates.

A Member observed that in relation to action 162, no further meetings had been scheduled: officers agreed to follow this up. **Action required.**

It was resolved to note the Action Log.

### **207. PETITIONS AND PUBLIC QUESTIONS**

There were no petitions or public questions.

### **208. COMMERCIAL STRATEGY**

The Committee considered a report which gave an overview of the proposed Commercial Strategy for 2019-21. It was noted that Members' comments from the Workshop in December, which had focused on KPIs and targets, had been incorporated in to the Strategy.

A key consideration in developing the Strategy was how Social Value was incorporated, and this issue would be explored further at the training session for all Members on Commercialisation scheduled for 26/04/19. Realising commercial values was critical to revenue generation but needed to be balanced against Social Value considerations.

A Member noted that the Introduction to the Strategy stated that it was “driven by necessity” i.e. against the funding changes faced by the Authority, and asked how this balanced against the section on Statutory Guidance, which cautioned against authorities becoming dependent on commercial income. She asked how Members could ensure that the Council was not being forced down a route of commercial dependency, and how could that be measured or monitored? Another Member noted that the Five Case Model i.e. measuring against Strategic, Economic, Commercial Financial and Management Cases, and asked why Social Value was not included in those headings. She expressed concern that in practice this would become compressed into a simplified way of working i.e. without taking into consideration Social Value. She suggested that dependency on commercial income could be a KPI e.g. the proportion of services funded through commercial income. Officers responded that if the Council reached a situation where it could not deliver statutory front line services without commercial services, the issues around dependency would need to be reviewed. Social value was implicit throughout the Strategy, and including it as a separate sub-heading could compartmentalise and underplay it.

Other points raised by Members in the discussion included:

- the suggestion that Social Value should be clearly defined within the document, Action required;
- it was noted that some of the KPIs and targets were set against the Council’s Business Plan, and some were aspirational;
- a Member commented that there was something of a mixture in terms of the themes and objectives included in the Strategy, and it would be helpful to recognise the differences involved, separate them out and manage them accordingly. It was suggested that the targets could be attributed to the sub-headings. Officers reassured Members that there would be further development on different action plans, and that each stream needed an entirely different approach, which would be separated out against the three workstreams;
- a Member commented that there was a tension between “Contract Management, Market Shaping and Procurement” (one of the Commercial Themes) and partnerships and communities (listed under Commercial Assets): partners and communities could be undertaking these contracts, but if the Council opted for large scale joint commissioning, there was a risk that smaller, local organisations would get squeezed out, as the Social Value of their input could not be monetised. Officers acknowledged that Social Value was a complex issue, and it was important that Members had a shared understanding of what it meant, and this would be explored further at the Members’ Commercialisation training session. Officers were working with procurement colleagues to ensure that Social Value was factored in to procurement processes;
- a Member commented that the objectives, KPIs and targets all needed to have timescales set against them, and monetary values where appropriate. It was confirmed that the figures were included in the Business Plan: £200K had been built

in against contract reviews globally, and around £11M against all of the workstreams for 2019/20. A large proportion of the £11M related to This Land, and was predicated on the Council providing loans of £120M: these currently totalled around £70M;

- Members noted the relationship between the Commercial Strategy and other strategies and plans;
- It was noted that the axes should be labelled on the “Opportunity Appraisal Framework” graph.

A number of Members were reluctant to endorse the Commercial Strategy without it being revised to take into account comments made, e.g. being more explicit on Social Value, and reviewing the “Commercial Objectives” page. As some of the changes were quite significant, it was agreed that the Strategy would be revised in light of Members’ comments and brought back to the April Committee meeting.

It was resolved to defer the report.

*(The Deputy Chief Executive withdrew from the meeting)*

## **209. PROPERTY AT BURWELL AND SOHAM – TRANSFER TO THIS LAND AND FINANCING (PHASE 2)**

The Committee considered arrangements for the Phase 2 sale to This Land of property at Burwell and Soham, and related financing, following similar processes for Phase 1. The proposal to activate loans built upon a number of decisions made at previous meetings on sites and financing, the direction of travel agreed by the Committee, the financial assumptions within the Council’s Business Plan, and the This Land Operating Model. Interest would be receivable on the loans made to This Land, and the disposals would be made at Red Book “best consideration”. Mortgages on the sites gave the Council good security. This transaction would complete the first tranche of sales to This Land, with the exception of a few connected to a small number of lower value sites.

In response to Member questions, it was confirmed that:

- the site in Burwell had Outline Planning Permission for 350 homes;
- completion on all documents was scheduled shortly for both sites (week commencing 25/03/19);
- with regard to the “standardisation of routine monitoring” referred to in the report, it was noted that this referred to regular Member meetings with This Land, and it was agreed that these should be diarised quarterly, going forward. **Action required.** It was suggested that routine monitoring should embrace not just reports from This Land, but also regular reports from the County Council’s own officers, providing a view on the This Land monitoring reports and performance. **Action required;**
- the 70% discount was standard, based on the judgement made by the valuers on the risks of getting Planning Permission. The Burwell site was at a much more advanced stage, as the planning and S106 had already been agreed;

- if the Committee Chairman was absent or had an interest, the Council's Constitution specified that the delegation would be to the Deputy Section 151 Officer in consultation with the Vice-Chairman.

It was resolved unanimously to delegate to the Deputy Section 151 Officer, in consultation with the Chairman of the Committee, the authority to:

- a) agree disposal of the sites at Burwell and Soham to This Land, as described in the appendix to the report;
- b) agree to activate loan financing (secured by mortgage) to the value of £26.071M;
- c) agree to equity investment in this Land to the value of £1.3035M, as a result of these sales.

*(The Deputy Chief Executive rejoined the meeting)*

## **210. FIRST QUARTERLY MONITORING REPORT, MOBILISING LOCAL ENERGY INVESTMENT**

The Committee considered a report on progress delivering energy investments across four key investment programmes, including corporate buildings, schools, community and other assets, plus work in compliance and strategic business development. Members noted the financial benefits to the Council of £1.7M income annually, in addition to the reduction of carbon emissions and savings for individual schools.

An amendment to the report was noted: the investment in North Angle Farm was £22.8M, resulting in total investment (all schemes) of £69.4M.

Work on the Energy Investment Programme was very much in the development phase, and whilst there were risks to this work, there were benefits in the significant change it would lead to in the energy market. Battery storage was an important part of the shift to greater renewables on the network, but timing, in terms of bringing them online to maximise revenue capture, was crucial.

There were 25 communities currently in Cambridgeshire currently reliant on oil heating, and developing the energy infrastructure to support the transition away from oil in those communities was an important area of investment.

Arising from the report:

- a Member asked if there was a "No Deal" Brexit, whether this would impact on the State Aid challenge. It was noted that the government was committed to transpose the State Aid rules in to UK legislation;
- a Member asked officers how confident they were that the award of funding for the St Ives schemes would take place in May. Officers advised that they had submitted a revised application in January, and were expecting the application to be assessed positively by mid April, in time for grant agreement in May, and starting on site in the Autumn. It was noted that the outline Planning Permission for this scheme had been granted in July 2017, and work had to start on site within three years i.e. by July 2020;

- a Member commented positively on the progress made, and was particularly pleased to see more investment taking place on a purely commercial basis, indicating that they were fundamentally good projects.
- Members discussed expected carbon emission savings, noting how these varied depending on the project in question, and the balance between ambition and cost when setting target savings;
- It was noted that whilst it was assumed that most new schools would already have energy saving features, this was not always the case, so they were included in the pipeline for schools. It was confirmed that the Council secures revenue from School schemes, as do the schools, so it was a shared benefit;
- Members discussed capacity issues more broadly, in terms of the capacity of the National Grid, especially with regard to the introduction of more renewables and the importance of battery storage, and the challenge of how revenue streams support that;
- Members discussed the difficulties in setting a KPI for carbon reduction;
- noting *“A new model of investing upfront in energy measures on new schools and sharing the benefit of lower bills is being scoped”*, officers explained that the Council’s Schools Build Programme had met the BREEAM ‘Very Good’ standard, but this and the S106 funding often did not cover upfront investment in renewables. For new schools coming forward, the team was scoping the policy work, and it would probably be at least six months before a workable model could be reviewed.

It was resolved to:

1. approve the first quarterly report as the baseline for future quarterly reporting on the Council’s energy investment programmes; and
2. note the key challenges delivering and influencing energy programmes.

## **211. MILESTONE 3 REPORT FOR THE ALCONBURY WEALD CIVIC HUB: CAMBS 2020 PROGRAMME**

The Committee considered the design developments of the Council’s proposed Civic Hub at Alconbury Weald, since the last report was presented to Committee in November 2018. Authority was sought to submit a planning application and complete the technical design and construction of the building.

Officers outlined key areas of the programme, including the engagement activities that had taken place, the project budget, and key aspects of the design, including multifunctional space for meeting rooms, public access space and car and cycle parking. The project would exceed minimum statutory requirements with respect to environmental standards, including photovoltaic panels on the roof, and would also be designed to incorporate future energy benefits e.g. ducting in the car park so that more electric charging points for vehicles could be installed with minimal impact in the

future. Opportunities would be maximised for sustainable transport options from the outset which would develop over time.

Arising from the report:

- it was noted that the sum for contingency was approximately £1.2M based on the risk assessment;
- a Member asked if there would be a bus service and Travel Plan in place by the time staff moved to the site. Officers advised that there was already a bus service, and the distance to the bus stop was a 3-4 minute walk from the site. The public transport service should increase as the settlement grew, unrelated to the Cambs 2020 project. There were also plans for a shuttle to run from Huntingdon train station. The Travel Planning team was working closely with Urban & Civic to influence the transportation offer on site. It was agreed that Urban & Civic's timescales for the town centre development at Alconbury Weald would be circulated to Committee Members. **Action required;**
- it was agreed that the project Risk Register would be shared as part of future reports. **Action required;**
- a Member asked if officers had any view on whether the correct decision had been made on the site, now that more information was available on funding, access and transport, and whether any formal review of that decision would be made. The Chairman commented that he could not see any benefit to reviewing the decision;
- a Member queried the cycling figures, which appeared ambitious, and asked where staff would be cycling from. Officers responded that cycle parking was judged to be at levels appropriate to encourage staff to cycle to the site. Whilst applauding this aspiration, the Member suggested that travel planning for the new site should reflect reality and the current Travel Plan. Officers pointed out that as the Council had a 11.8% staff turnover rate, nearly a quarter of the workforce would already have churned since the decision had been taken, and it was important to take into consideration the future workforce, as well as current staff;
- in response to a Member question, it was confirmed that the two staff to one desk ratio for the new site was identical to the current (Shire Hall) desk occupancy rates;
- a Member asked how the Committee would be kept apprised of progress with the programme. It was noted that the Milestones would be formally reported to Committee, as previously agreed by Members. The budget for the project was as set out in the report, and officers had no authority to spend more than the allotted budget. Members received regular updates on project expenditure. If any financial issues need to be addressed, these would be brought back to Committee;
- a Member asked how car parking would work on full Council days. It was noted that the profile of the workforce that would be based in the building had not been established yet, but there were a number of options under consideration. It was likely that it would be managed differently on days when events such as full Council meetings were being held. Officers were also looking to see how other Councils managed their parking in similar circumstances;

- in response to a question on the timescales, it was acknowledged that these were challenging, but they were felt to be achievable, and they did include contingencies;
- Members discussed electric bikes, charging points and provision of showers.

It was resolved, by a majority, to:

- a) approve the submission of a planning application, and completion of the technical design and construction of the building, based on the outcome of the developed design stage, approved budget and delivery programme outlined in the report;
- b) delegate authority to the Deputy Chief Executive and Chief Finance Officer to sign off the remaining milestone stages, in consultation with the Chair and Vice-Chair of the Committee.

## **212. 2019/20 INVESTMENT STRATEGY - UPDATE**

The Committee considered an update report on the 2019/20 Investment Strategy, as required by MHCLG and CIPFA guidance. The Strategy had previously been considered at the Commercial Investment Working Group. The Strategy would be reviewed regularly in line with guidance, as it was published.

In response to a Member question, it was confirmed that the Investment Strategy linked in with the Commercial Strategy.

It was resolved to:

Review, note and comment upon the Strategy

## **213. GREATER CAMBRIDGE LOCAL PLAN – STRATEGIC LAND AND ECONOMIC LAND AVAILABILITY ASSESSMENT**

Members considered a report on the sites which had been identified for promotion through the Greater Cambridge Local Plan.

South Cambridgeshire District Council's (SCDC) Local Plan had been adopted in September 2018. The Call for Sites commenced 11/02/19. SCDC had indicated that the preparation of a joint Local Plan with Cambridge City Council (Cambridge City) was also a requirement under the Greater Cambridge City Deal. A proposed timetable for submission for examination for a new joint local plan by the summer of 2022 had now been set out by SCDC. The Strategic Assets team had previously actively promoted sites through the planning process, and had successfully secured allocations for higher value alternative uses across numerous small and large strategic sites.

The County Council had employed Carter Jonas to review its assets in Cambridge City/SCDC areas, and 64 had been identified as medium or high probability sites. However, these sites would be evaluated against a large number of other landowners' sites, as part of the Local Planning process, and it was highly likely that a large number of the Council's sites would not be successful.

Under the Strategic Assets protocol, officers were not obliged to engage with Members, but this was being done. All Local Members had been contacted and their comments were being collated.

Arising from the report:

- a number of Members indicated that the confidential appendix (assessment by Carter Jonas) had numerous typos, and other errors which reflected a lack of knowledge of the local area. It was suggested that the appropriate corrections be made prior to making this information more widely available. Another Member commented that Appendix 1 was too lengthy and could have been condensed in to a much more reader friendly format;
- it was clarified that Member engagement would follow on from the submission to the Call for Sites;
- it was confirmed that the Business Plan was predicated on existing sites, so none of the potential sites under consideration in Appendix 1 were included; Officers stated that any successfully allocated sites would contribute to the County's pipeline of future capital receipts.
- it was noted that there had been an initial sifting of County sites by the Assets team to exclude sites which had minimal chance of development e.g. due to remote location. There was a £85 charge for each submission form and £35 charge for each plan, if required, so submitting all high and medium probability sites would cost around £7,800;
- it was agreed that the list should be publicised after it was submitted. **Action required;**
- noting that some sites were on the Flood Plain, Members were advised that decisions on the suitability of those sites was a matter for the planning authority.

It was resolved, by a majority, to:

note the contents of the report and the proposal for engagement with County Council Local Members.

## 214. FINANCE AND PERFORMANCE REPORT – DECEMBER 2018

The Committee considered a report on the financial and performance information relating to the areas within the Commercial and Investment Committee's remit, for the period ending 31<sup>st</sup> January 2019.

At the end of the period, an overspend of £6,428K was forecast on revenue budgets. There is one new significant forecast outturn variance by value, which related to the estimated dividend from ESPO, giving an overachievement of income of £341K, an increase of £172K from the previous forecast. Traded Services were forecasting an underachievement of income of £1.9M, which was an improvement of £97k from the



previous forecast. This was mainly due to a reduction in the forecast overspend on Cambridgeshire Music, where mitigating actions had been taken.

The Capital budget was forecasting an underspend of -£17,651K. An in-year variance of £51.5M was predicted, exceeding the Capital Programme Variations budget of £33.8M. Therefore an underspend of £17.7M was forecast on the capital programme for 2018/19, an increase of £722K since the previous report.

Noting the comment in the Commentary Forecast Outturn Position that *“Planning permission has not yet been granted for any of these sites, therefore the revised assumption is that this loan will now not need to be made until 2019-20”* It was clarified that this related to the overage loan, not to the Cottenham site.

It was resolved to:

review, note and comment on the report.

## **215. AGENDA PLAN, TRAINING PLAN AND APPOINTMENTS TO OUTSIDE BODIES**

Members considered the Committee’s Agenda Plan and Training Plan.

The following items identified for the April Committee meeting:

Commercial Strategy

It was resolved to:

- a) note the Agenda Plan;
- b) note the Training Plan.

## **216. EXCLUSION OF PRESS AND PUBLIC**

It was resolved unanimously to:

exclude the press and public from the meeting on the grounds that the following report contained exempt information under Paragraph 3 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: information relating to any individual, and information relating to the financial business or affairs of any particular person (including the authority holding that information).

*(Councillor Dupré left the meeting)*

## **217. CAMBRIDGESHIRE OUTDOORS**

Members considered a report on the five options being developed by officers to determine the future delivery model for Cambridgeshire Outdoors in line with the project priorities. Councillor Bywater introduced the report.

It was resolved unanimously to:

Endorse the five options being developed by officers to determine the future delivery model for Cambridgeshire Outdoors to help inform a preferred options paper to be presented to Committee in June.

Chairman