



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

Minutes of a remote meeting of the Finance & Assets Committee held at 4.30pm on Thursday, 4 March 2021.

PRESENT

Councillor David Brown (Chairman)
Councillor Anna Bailey (substitute for Councillor David Ambrose-Smith)
Councillor Ian Bovingdon (Vice Chairman)
Councillor Charlotte Cane
Councillor Simon Harries
Councillor Bill Hunt
Councillor Alan Sharp
Councillor John Trapp
Councillor Alison Whelan

OFFICERS

Emma Grima – Director Commercial
Jo Brooks – Director Operations
Ian Smith – Finance Manager
Sally Bonnett – Infrastructure & Strategy Manager
Maggie Camp – Legal Services Manager and Monitoring Officer
Spencer Clark – Facilities and Open Spaces Manager
Tracy Couper – Democratic Services Manager

IN ATTENDANCE

Karen Wright – ICT Manager
Russell Wignall – Legal Assistant
Paul Remington – Chairman, East Cambs Trading Company
John Hill – Managing Director, East Cambs Trading Company
Phil Rose – Head of Development, East Cambs Trading Company
Nigel Ankers – Finance Manager, East Cambs Trading Company

117. PUBLIC QUESTION TIME

No questions were submitted by members of the public.

118. APOLOGIES AND SUBSTITUTIONS

Apologies for absence had been submitted by Councillor David Ambrose-Smith and Councillor Anna Bailey was substituting on his behalf.

119. DECLARATIONS OF INTEREST

Councillor Bailey declared a Personal Interest in respect of Agenda Item 10 – East Cambs Community Land Trust, and stated that she had taken advice on the matter and would remain for this item and speak, if she wished to.

Councillor Alison Whelan declared an interest in respect of Exempt Agenda Item 16 – Asset Management Matter – Parish of Ely, as she was a City of Ely

Councillor, and stated that she would leave the meeting for this item and not return, as it was the last item on the Agenda.

120. **MINUTES**

The Committee received the Minutes of the meeting held on 25th January 2021.

In connection with Minute 102, a Member referred to subsequent information provided to Members of the Committee that the Paradise Pool site had been put on the market for an options appraisal and asked that this be included in the Minute for the sake of clarity. However, another Member highlighted the fact that the Minutes were a record of what had actually happened at the meeting, not 'matters arising' or information received subsequently, and therefore it would be inappropriate to amend the Minutes in this manner.

A Member challenged the accuracy of Minute 104, On-Street Parking Enforcement, and in particular in relation to the summary of the proceedings detailed in page 6 of the Minutes regarding:

- the advice provided by the Democratic Services Manager on the treatment of motions and amendments after a vote had commenced;
- whether the original Motion was withdrawn and a new Motion submitted by the proposer and seconder, or the original Motion was amended with the consent of the proposer and seconder;
- the wording of the recommendation to Operational Services Committee.

The Democratic Services Manager explained that the Minutes were not intended to be a verbatim record, but a summary of the key aspects of the proceedings at a meeting. Nevertheless, it was a matter for this Committee to determine whether they were a correct record of proceedings and confirm them as such.

The Chairman highlighted the fact that the challenge to the Minutes would be recorded in the Minutes of this meeting and on that basis proposed their confirmation, which was seconded by the Vice-Chairman based on the same premise. A Councillor stated that they would not take part in the vote, as they had not been present at the meeting. Upon being put to the vote, the Motion to confirm the Minutes was declared to be carried by 4 votes in favour, 3 against, 1 abstention and 1 Member not voting.

It was resolved:

That the Minutes of the meeting of the Committee held on 25th January 2021 be confirmed as a correct record and be signed by the Chairman.

121. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman made the following announcements:

'To aid discussions, I have invited Paul Remington, Chairman, John Hill, Managing Director, Phil Rose, Head of Development, and Nigel Ankers, Finance Manager, at East Cambs Trading Company to this meeting and to contribute to relevant items.

Members can raise items for future meetings at Agenda Item 12 – Forward Agenda Plan.’

122. ECTC BUSINESS PLAN 2021/22

The Committee received a report (reference V143, previously circulated) which detailed the East Cambs Trading Company (ECTC) Business Plan for 2021/22.

The Chairman reminded Members that they would have to go into closed session if they wished to discuss Exempt Appendix 1A.

Paul Remington, Chairman of ECTC, and John Hill, Managing Director, thanked the Committee for the opportunity to attend and answer questions on the Business Plan. The Director Commercial advised Members that during consideration of this item she would speak in her capacity as a Director of the Trading Company.

The Director Commercial, Head of Development and Finance Manager of ECTC summarised the key aspects of the Business Plan.

In particular, Nigel Ankers, as ECTC Finance Manager, summarised the financial position of the Trading Company as follows:

‘Turning to the table at 5.1 on page 6, Members can see that revenues for commercial are expected to increase by £98k. £60k of this will be from Markets, which is more of a reflection of revenues returning to normal levels compared with the current year which has been disrupted by Covid and the restrictions imposed on retail. The Grounds Maintenance division has planned an increase of £38k.

Property revenues are planned to jump to £14.3m as the number of property sales goes from 16 in 20/21 to 42 in 21/22.

Costs are reasonably stable, with the exception of property costs which increase in line with the property sales.

Turning to the detailed breakdown of Markets at 7.6.2 on page 21, the increase in premises costs is I had allowed a full rates bill for 2021/22 of £17k, whereas there was a rates ‘holiday’ in the current year. Following the Chancellor’s budget statement yesterday, we now know that this charge will be for three quarters of the year only so will be circa £13k. The balance is for potential enhancements to the Market Square. There is also a budget in 21/22 for promotional activity of which there was none in 20/21 which explains the variance in the supplies & services line.

Markets will see a return to profitability in 21/22 at £14k.

For Grounds Maintenance at 7.7.5 on page 22, the increase in salaries is the impact of a full year of a full complement of staff (whereas there were vacancies for part of the year in 20/21.) Premises has an increase in materials costs due to the increased revenues predicted. Supplies and services shows a decrease only because there were some costs that were incurred in 20/21 that were re-charged back to ECDC in relation work carried out for ECDC.

Grounds Maintenance will therefore see a similar profit to that projected for the current year.

Back to the company budget at 5.1, although a pre-interest profit of £62k is planned, after interest charge allocations, this will be a loss of £455k. However, the indicative plans for 22/23 show that with the number of house sales rises to 128, the business shows large profits.

Looking at the table at 5.2 on page 7, I'd like to point out that the first row is a note of the profits/losses ECTC but this does not actually flow back to or from ECDC in any way. The following three lines (property development activities, charges, such as interest and management support fees) do represent flows of money from ECTC to ECDC and total £3.2m at the end of 2020/21. When I initially presented this table, I was aiming to show that although ECTC is loss-making in its earlier years, there was still a financial benefit to the business. I am discussing how best to present this in the future.'

Speaking in support of the Business Plan, the Leader of the Council stated that the table on page 7 of the Business Plan demonstrated the reason for the setting up of the Trading Company, which was to generate a financial benefit for the Council. Similarly, the Trading Company absorbed any loss and this did not flow through as a negative to the Council. The forecast cumulative figure for 2021/22 was over £2M, which was a 'good news story' and met the two aims of the company to act more commercially but also for community benefit. In that respect, ECTC had delivered all that was asked of it. Despite a difficult year, the markets had continued, remained popular and still were not posting a loss. Parks and Open Spaces was providing excellent services, kept operating during the pandemic and was generating a profit. The Property arm also had continued to deliver high quality housing and support CLT development on sites at Haddenham and the former MOD site in Ely.

Other Members referred to the fact that a successful market had been operating in Ely before the creation of the Trading Company and that dividends were not being drawn by the Council, as the Trading Company was making a loss. This made it a risk rather than a benefit for the Council. In that connection, Members raised a number of questions as follows¹ on the financial and risk position of the Trading Company detailed in the Business Plan, which were responded to by officers of the company:

- Page 1 – did 'driver' of 'Balance the Budget' relate to ECTC or ECDC?
- Risk Register page 13 second paragraph 1st column – what would be the interest rates if ECTC 'forced to borrow from the Market'?
- Risk Register page 14 – are risk ratings for changes in taxation and interest rates, etc, risk accurate?
- Page 20 paragraph 7.5 – further explanation required of cumulative budget table

Members also raised questions on the apparent low level of affordable housing provision generated by the property arm of the Trading Company and its role in relation to CLTs. A Member referred to the major challenge posed by Brexit and

¹ Additional detail added as agreed when the Minutes were submitted to the meeting on 7th June 2021.

stated that this needed to be closely monitored via the Risk Register. Some Members also expressed serious concerns regarding the loan by the Council to ECTC and queried the assertion that it did not constitute 'State Aid' as a market interest rate of 3.5% was charged, although other reports indicated that market rates were closer to 6%. In response to a request by the Chairman for clarification of this point, the Council's S151 Officer confirmed that a rate of 3.5% did not contravene State Aid rules.

In that connection, a revised recommendation was proposed and seconded, to defer a decision on the Business Plan to 25 March F&A Committee meeting in order that the S151 Officer could produce a Briefing Paper on whether the loan to the Trading Company represented State Aid.

Another Councillor highlighted the forecast financial benefit from the Company for 2020/21 of £511,201, which represented the equivalent of a 12% increase in Council Tax. A Member commended the 8 affordable housing units provided on the Haddenham site and the high-quality refurbishment of the houses on the MOD site. They also commented that Brexit had been taken account of in the Risk Registers of both this Council and the Trading Company. In response, another Member expressed the opinion that the risk rating for Brexit was too low in both Registers at present.

A Member commented that the concerns expressed regarding the current deficit of the Company did not recognise its significant asset base or the improving position as properties were sold and profits realised. They also highlighted the policy compliant and higher levels of affordable housing being delivered by the Trading Company which contrasted with private developers who used viability assessments to deliver below requirements. These Trading Company built properties also constituted truly affordable housing controlled locally via a CLT.

Upon being put to the vote and a recorded vote having been requested, the revised recommendation was declared to be lost, with voting as follows:

FOR (4): Councillors Cane, Harries, Trapp and Alison Whelan.

AGAINST (5): Councillors Bailey, Brown, Bovingdon, Hunt and Sharp.

The recommendation in the report to approve the Business Plan then was moved and seconded and declared to be carried by 5 votes in favour to 4 against.

It was resolved:

That the ECTC Business Plan 2021/22, as set out in Appendix 1 to the report, be approved.

123. **BUS, CYCLE, WALK WORKING PARTY**

The Committee considered a report (reference V144, previously circulated) to:

- (i) amend the Terms of Reference of the Working Party;
- (ii) receive the Notes of the Working Party meeting held on 28 January 2021.

The Infrastructure and Strategy Manager, Sally Bonnett, explained that the Working Party had requested that its objectives be expanded to include the following at 2.3: *“To oversee the Council’s response to County Council’s Cambridgeshire Local Cycling and Walking Infrastructure Plan (LCWIP) consultation”*.

The Chairman of the Working Party, Councillor Sharp, reported that the next Working Party meeting had been scheduled for 10 March 2021 and the LCWIP consultation now was due to commence from 17 May 2021. The Working Party also would consider how smaller local projects not likely to be successful as part of the LCWIP could be delivered.

It was resolved:

1. That the minutes of the East Cambridgeshire Bus, Cycle, Walk Working Party meeting held on 28 January 2021 attached at Appendix 2 of the report be noted.
2. That the amendment to the Terms of Reference for the East Cambridgeshire Bus, Cycle, Walk Working Party 2021 attached at Appendix 1 of the report be approved.

124. **COVID-19 SERVICES UPDATE**

The Committee considered a report (reference V145, previously circulated) giving an update on services supporting businesses and communities during the COVID-19 pandemic.

The Infrastructure and Strategy Manager explained the different Central Government grant schemes, the levels of funding for each received by the Council and how this had been distributed to the different types of eligible local businesses. £19.4M now had been paid out in grants to local businesses by this Council and 172 applications had been made to date for the new round of grants.

The Director Operations summarised the community activities undertaken as follows:

‘The additional funding as outlined in this report has enabled the Council to offer a variety of different initiatives and practical support throughout the district.

These include local support grants to community groups, parish councils and mutual aid groups to enhance and add value to local COVID efforts. To date 18 £500 grants have been given, with more coming through daily.

We advise, assist and support our residents on a daily basis. Council officers have assisted in excess of 350 residents with their shopping, collection of medicines, walking their dog, befriending service, alongside assisting the food banks both with financial assistance & home deliveries of food parcels. We continually contact residents on the shielded list to check if there is anything they need and advise what support is available to them.

Other initiatives include providing a digital assisted service over the telephone to help residents who are struggling or unable to make an online claim for Universal Credit, Housing Benefit or financial assistance, providing individual grants to residents unable to pay their heating bills fund boiler repairs and approved 89 applications for the test and trace self-isolation support payment so far.

We continually review the Council's website ensuring our online services & digital forms are current, relevant & easily accessible to all. We have developed multi-agency communications, including a district-wide newsletter for residents and a newsletter for community groups. We continue to promote the Government's key messages, Lets Protect East Cambs and County wide messages.

We assisted in the setting up of the lateral flow testing site in Soham and we can provide transportation to those who are unable to get to the vaccination sites. We assist EH with track and trace door knocking.

We continue to monitor epidemiology trends, Government guidance, business, community and residents needs and react as required, whilst working with our statutory partners on a roadmap for the months ahead.'

Members congratulated all Officers on their outstanding work in response to the Covid-19 pandemic. They reported that very positive feedback had been received from local residents, community organisations, Parish Councils and the business community.

A Member requested that, whilst not required, it would be useful for an Equality Impact Assessment (EIA) to be completed for any future reports of this nature, to ensure that certain groups/individuals were not inadvertently treated less favourably than others.

The Chairman and Leader of the Council commended Officers and highlighted the additional funding secured to support community groups and local businesses, which had been swiftly and efficiently distributed to those organisations, communities and individuals. This had resulted in Officers acquiring new knowledge and skills and even more effective collaborative working with the County Council and Health Services. In addition, the Communications Teams of all of these bodies had ensured that consistent and targeted messages had been sent out. Whilst these had been challenging times, there had been many positive experiences and outcomes within the District.

It was resolved:

That the contents of the report be noted.

125. **CONTRACT PROCEDURES – PROGRESS UPDATE**

The Committee considered a report (reference V146, previously circulated) giving a progress report on matters relating to contract procedures.

The Director Commercial updated Members on the current position and remedial action taken to date with regard to the Internal Audit review.

A Member expressed concern that there were still no final conclusions or dates for the remedial actions identified in the report. They also referred to inconsistencies in subsequent information on contracts provided by Officers and to the fact that the Council's Contract Procedure Rules were 23 pages long and complex and suggested that the production of a flowchart may make them simpler for Officers to follow. The above points demonstrated that there were still issues that required a more comprehensive report to the next meeting of the Committee.

Therefore, a revised recommendation was moved and seconded requesting Members to note with concern the lack of progress on the actions identified in the report and to bring back a further report to the Committee at the earliest opportunity.

The Chairman referred to the fact that Internal Audit still were undertaking work on the review and this would not be concluded by the next meeting of the Committee on 25 March. However, a further report would be submitted to this Committee once it was completed.

The Director Commercial agreed to consider the production of a flowchart and to provide further clarification on information relating to contracts.

Upon being put to the vote, the revised recommendation was declared to be lost by 4 votes in favour to 5 votes against.

The recommendations as detailed in the Officer report then were moved and seconded and, upon being put to the vote, were declared to be carried by 5 votes in favour with 4 abstentions.

It was resolved:

1. That the progress and actions identified in the report be noted.
2. That it be noted that further audit work is being undertaken, as referenced in 4.7 of the report, and will be reported to Finance & Assets Committee following the completion of this work.

126. **EAST CAMBS COMMUNITY LAND TRUST (ECCLT)**

In accordance with the request made at the meeting of the Committee held on 26 November 2020, the Committee considered a report (reference V147, previously circulated) detailing further information on East Cambridgeshire Community Land Trust (ECCLT).

Members raised a number of questions regarding the information in the report and expressed concern that it had taken so long for this report to be submitted to the Committee. They reiterated their previously expressed view that it was inappropriate for the Leader of the Council to be a Trustee of the CLT, as it should be an independent, citizen-led body. Concern also was expressed at the fact that the CLT had been established since 2017 but only now was advertising for members from the local community.

Other Members commended ECCLT as a body which gave smaller communities which did not have the resources or ability to establish a CLT, the opportunity to gain the same benefits.

It was resolved:

That the report be noted.

127. **ASSETS UPDATE**

The Committee received a report (reference V148, previously circulated) which provided an update on Council-owned assets.

The Director Commercial reported that, subsequent to the Agenda despatch, the successful applicant for the lease of 70 Market Street, Ely, had given notice that they were no longer in a position to proceed. Therefore, work was being progressed with Cambridgeshire County Council for use of the premises as a temporary site for Covid-19 Lateral Flow Testing. A Member also commended the use of the Hive Car Park for Covid-19 testing.

A Member commended the Facilities and Open Spaces Manager for their work with local residents and Burrough Green Parish Council on identification of a suitable location for an electrical substation on an area of public open space.

It was resolved:

That the update on Council owned assets be noted.

128. **FORWARD AGENDA PLAN**

The Committee received its Forward Agenda Plan. A Member raised two potential items on monitoring information relating to Planning appeals and the mechanism for the Council response on the National Planning Policy consultation.

It was resolved:

That the Forward Agenda Plan be noted, subject to the following:

- Director Commercial to confirm which Committee monitoring information on Planning appeals is reported to.
- Chairman and Director Commercial to discuss the mechanism for Council response on National Planning Policy consultation.

129. **EXCLUSION OF THE PUBLIC INCLUDING REPRESENTATIVES OF THE PRESS**

It was resolved:

That the press and public be excluded during the consideration of the remaining items because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public

were present during the item there would be disclosure to them of exempt information of Categories 1 & 3 of Part I Schedule 12A to the Local Government Act 1972 (as amended).

130. **ECTC BUSINESS PLAN 2021/22 – EXEMPT APPENDIX 1a**

The Exempt appendix to the report at Minute 122 was noted.

131. **ECTC MANAGEMENT ACCOUNTS**

The Committee received an Exempt report containing a summary view of the ECTC management accounts for the 9 month period to December 2020.

It was resolved (by 5 votes in favour to 4 against):

That the contents of the report be noted.

132. **WRITE OFF OF UNRECOVERABLE DEBT**

The Committee considered an Exempt report regarding the write-off an amount where there was considered no prospect of the debt being recovered.

It was resolved:

1. That further information be sought from ARP on the write-off referred to in the report.
2. That the write-off of two general debts under officer delegation powers, as referred to in the report, be noted.

Councillor Whelan left the meeting and did not return.

133. **ASSET MANAGEMENT MATTER, ELY**

The Committee considered an Exempt report detailing the proposed course of action relating to an asset in the parish of Ely.

It was resolved:

That the proposed course of action, as set out in the submitted report, be approved.

The meeting closed at 20.30pm.