



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

SHAREHOLDER COMMITTEE

Minutes of the meeting of the Shareholder Committee held in the Council Chamber, The Grange, Nutholt Lane, Ely on 11th February 2019 commencing at 4:00pm.

PRESENT

Councillor Mike Bradley (Chairman)
Councillor David Chaplin
Councillor Steve Cheetham
Councillor Lorna Dupré
Councillor Richard Hobbs
Councillor Alan Sharp

ALSO PRESENT

Nigel Ankers	- Finance Manager, Palace Green Homes
Jo Brooks	- Director Operations ECDC, Director & Board Member, East Cambs Street Scene
Maggie Camp	- Legal Services Manager and Monitoring Officer
John Hill	- Managing Director, ECSS & ECTC
Paul Remington	- Chairman, ECSS & ECTC
Phil Rose	- Head of Property & Development, East Cambs Trading Company
Adrian Scaites-Stokes	- Democratic Services Officer
Ian Smith	- Finance Manager

29. **PUBLIC QUESTION TIME**

There were no public questions.

30. **APOLOGIES AND SUBSTITUTIONS**

Apologies were received from Councillor David Brown and Emma Grima, Director Commercial.

31. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

32. **MINUTES**

It was resolved:

That the minutes of the Shareholder Committee meeting held on 3rd December 2018 be confirmed as a correct record and be signed by the Chairman.

33. **CHAIRMAN'S ANNOUNCEMENTS**

There were no announcements.

34. **EAST CAMBS TRADING COMPANY ANNUAL BUSINESS PLAN**

The Committee considered a report, reference T201, previously circulated, that detailed the East Cambs Trading Company (ECTC) Annual Business Plan.

The Managing Director advised the Committee that as the Director Commercial was absent any questions relating to the Business Plan and Commercial Services Plan that could not be answered in the meeting would be responded to later.

The Head of Property & Development then presented the Property and Community Housing Business Plan for 2019/20. It had taken some time to draft the Plan due to the need to combine all the different aspects of work involved. The highlights were outlined within the Executive Summary, which set out what the Company aimed to do in terms of moving forward to develop and deliver more homes. The two sides of the business were shown on page 5 of the Plan and their previous successes were included.

More details on the previous year's work had been set out. This included the Soham and Barton Road projects, with the majority of homes already sold. New funding arrangements had been agreed with the Cambridgeshire and Peterborough Combined Authority. Additional income had been generated through consultancy fees when working with Community Land Trusts (CLTs). The financial benefits generated for the Council were highlighted with a projection of future benefits shown. Though the figures did not include direct dividends.

Future growth was planned with a target of 250 homes being built per year within 5 years and this had required gaining more staff. Looking forward, the Company set out where it wanted to go next year, the challenges and risks that it could face and how those risks would be managed. There would be some significant opportunities to deliver more homes. Some future projects were highlighted and an up-to-date report on current CLTs was included. A projected timetable for the work was shown and the Company's strengths, weaknesses, opportunities and threats were outlined.

Councillor Alan Sharp noted that the balance sheet and cash flow figures were missing from the report. These were needed so that the situation over the repayment of the Council's loan could be known. From the figures shown it appeared that the Company were getting profit from sales but there were no figures for work in progress. A balance sheet would show those figures.

Councillor Lorna Dupré asked for an update relating to the commuted sum from the Barton Road development for the affordable home. The forecast showed that the Company aimed to achieve affordable housing provision at less than 30%, which would not meet the Council's target.

The Head of Property & Development explained that the affordable home payment had been allocated to a project. The reason the affordable housing percentage was lower than the overall target was related to the former Ministry of Defence site in Ely, as there were already 88 private dwellings for refurbishment with 15 being converted to affordable housing. There was no policy stating the Company had to provide that type of housing but it had taken the decision to do so.

Councillor Mike Bradley noted that the overall figure was distorted by the MoD site, but the Company was aiming for 30%. That site was not speculative but aimed to get houses back into use. So it should be shown separately as it was for a different purpose.

Councillor Lorna Dupré, in referring to the overall report, wondered why there was a 50% increase in premises costs and why there was a reduction in turnover. The report stated that the Company would seek to operate within Council premises but was not doing so. Would the office requirements review seek a return to Council premises? How long was the lease for the Fordham offices? There was also concern about conflicts of interest, as the same person was involved with the Company and the Council and was a key conduit between the two. With reference to the Combined Authority Mayor's proposed local government review, the likelihood rated as a 2, was the risk about doing the review or the affect it might have on the Company? Did the risk rating for the lack of the Council's 5-year land supply relate to the impact on community land trusts or about the supply itself? What would a negative impact be ?

The Managing Director stated that the premises costs included the electrical improvement works at Ely Market Place. The Asset Development Committee had agreed to Palace Green Homes relocating to Fordham, as it was evident that this agreement had been required. This would be re-assessed in the future with a view to relocate back to Council premises. The Head of Property and Development revealed that there was a 6 year lease on the Fordham offices, with a 3-year break clause. The situation would be reviewed in 2020.

The Managing Director confirmed that the Combined Authority mayor had instructed that an in depth review of local government, but the Council would have to wait and see what came out of this review.

The Head of Property and Development thought that the fact that the Council did not have a 5-year land supply would encourage landowners to bring forward their sites for development and could give community land trusts chances to negotiate to use such land. A negative impact could be that landowners might decide to hold onto land rather than releasing it.

Councillor Richard Hobbs queried the Market Place costs being borne entirely by the Company, as he thought the work was a joint development. The Finance Manager explained that the Council had paid for the work but the Company would repay the cost back over a number of years.

In response to questions from Councillors Mike Bradley and Alan Sharp, the Finance Manager stated that the Company Secretary would check the markets were making a profit and the costs were a revenue expense.

Councillor Lorna Dupré noted that the Company's indebtedness had consent delegated to the Council but what about loans from the Combined Authority? It appeared the Company could take these on without reference to the Council. On page 17, the word 'adequacy' should be replaced with the word 'inadequacy' when referring to resources. The Managing Director stated that the Shareholder Agreement allowed the Company to enter into contracts but only via the Combined Authority.

Councillor Lorna Dupré then asked questions relating to the Commercial Services Business Plan and queried why 2 out of 5 posts in the Market Team were vacant. Why were the Grounds Maintenance premises costs substantially down and what did "in year needs" mean? Why were there also increases in transport costs?

The Managing Director disclosed that the 2 vacancies were out to advert but would seek clarification of the situation. The Finance Manager revealed that the 2018/19 costs for Grounds Maintenance had been overstated and, upon review, costs had been adjusted. Transport costs had increased due to the company being new and therefore insurance costs were higher and repairs.

Councillor Steve Cheetham noted that the overall figures were worse by £100K over the 3 years, as salaries would increase but turnover would remain static. So if any jobs became vacant they should not be filled. The Finance Manager said that this issue had been brought up and indicated the situation would not be sustainable in the long term. Councillor David Chaplin warned that the vacancy level might be sustainable but if maintained then the business itself would be unsustainable. The Company had to do its business better.

The Managing Director could not comment but would get a response and distribute it. There was a need to justify all posts to deliver for the Council and with due regard for contractual obligations. This could be re-visited if needed. If the business was maintained this could need a better explanation of the situation.

Councillor Mike Bradley asked if the Company was still Teckal compliant. If not, could the Company be separated so Teckal compliance was maintained? The Head of Property and Development stated it was not compliant, as the balance of work had shifted. A notice had been published on the OJEU website to that effect. The Managing Director could take the suggestion back for consideration and reminded the Committee that was why East Cambs Street Scene Ltd had been created.

Councillor Mike Bradley had serious concerns about the Business Plan as there was no information about cash flow, dividends, repayments or a balance sheet. The Shareholder Committee had to make sure that the loan from the Council would be repaid and some dividends gained. There were lots of 'grey' areas in the Plan that needed work.

Councillor David Chaplin thought the financial numbers did not give a proper view of the debt and stopped short of giving a complete picture. This left the Committee uninformed, so it could not come to any conclusions.

Councillor Richard Hobbs did not think the Committee could therefore give a recommendation to Council without all the necessary information.

It was resolved:

That the ECTC Annual Business Plan 2019/20 be deferred to the March Committee meeting to allow further information to be provided.

35. **EAST CAMBS STREET SCENE ANNUAL BUSINESS PLAN**

The Committee considered a report, reference T202, previously circulated, that detailed the East Cambs Street Scene (ECSS) Annual Business Plan.

The Director Operations reminded the Committee that ECSS had only been in operation for 10 months since last April. During its first year it had concentrated on improving performance with special emphasis on clearing fly tips and graffiti. There had been significant improvements made including clearing 40 tons of fly tips, customer service processes enhanced and a focus on 'first time fixes'. The Company had worked closely with Environmental Health to prosecute or fine offenders and a lot of publicity had been undertaken. Although the service was not at 100% yet, what had been achieved was very pleasing. All the work had been within set budgets and the conditions and training for the workers had improved. Street cleansing was being undertaken on a 6 week process throughout the District and it was hoped this could be reduced as things improved.

The Company was now looking at the future to consider what it should do next. This could include generating income, for example by commencing trade waste collections. Any future work would be risk assessed and a Red Amber Green risk rating would be applied as required.

Councillor Mike Bradley acknowledged the good job that had been done and how the waste team had responded. Bringing the waste service in-house had proved beneficial and had saved the Council money. It was now a good efficient service and had delivered more than had been expected. If more money was needed to further enhance the service then the Company should look to the Council to provide it.

Councillor Steve Cheetham was very pleased with the outcome from this massive project. He would have liked to see the previous year's figures to give a comparison of how things had been previously.

Councillor Richard Hobbs disclosed that the public now rated the service as good and the staff improvements were welcomed. Although the service in the towns were good, he thought that the waste in the villages between them needed to be looked at.

Councillor David Chaplin considered it a remarkable performance and would also like to have seen a comparison. He was delighted with the training and development programme for the staff. He queried the depot costs which were impacted by the refurbishment costs.

The Director Operations explained that the Company had wanted to share the risks with the Council, so the Council had responsibility for the vehicles and depot whilst the Company dealt with the staff. Money had been put aside for the depot, as it had not had any maintenance for many years. Another company was working to resolve the issues, including the outside area which was not compliant at the moment. The Council would be passing on the costs to the Company.

Councillor David Chaplin then asked to what extent a claim for dilapidations from the previous contractor could be made. This important work had to be completed for safety reasons.

Councillor Alan Sharp considered it a superb service, particularly its bulky waste collections. However, it would be a challenge to meet its budget and it was hoped that the collection round changes would help.

The Director Operations agreed that the collections rounds would be looked at. This had not been done initially as the first year was about stabilising the service. Consideration would be given to whether the number of rounds for green waste collections were needed during the winter months. The future service was about being more efficient, making savings and generating income. If extra funding would be needed to achieve this, then the Company would make a bid for more money. This might be required to meet the latest regulations issuing from the Government with regards recycling or for maintenance of the fleet.

Councillor Lorna Dupre asked whether the Company was thinking about reducing the use of single-use plastics. The risk register did not indicate that the Company was anticipating legislation or Government changes about plastics but would it be proactive in tackling that issue? How much recyclable plastic collected had actually been recycled?

Councillor Richard Hobbs left the meeting at this point.

The Director Operations had no exact figures for recycled plastics, but would obtain them from the Recycling in Cambridgeshire and Peterborough Partnership at the end of the year. The Company was very mindful of plastics and the black sacks used had less plastic in them. The new Government strategy was to get consistency when recycling plastics and money was attached to help improve recycling rates and this could be used to re-configure the collection vehicles. Provision of a third bin had been considered previously but the finances did not stack up. However a bid could be made for funding to provide these. The Company had encouraged more recycling through its markets initiative, to use no plastics, and the "Michael Recycle" programme. Although recycling rates were not much different to the previous year, the Council still had one of the highest recycling rates in the county.

It was resolved to RECOMMEND TO COUNCIL:

That the ECSS Annual Business Plan 2019/20 be approved.

36. **FORWARD AGENDA PLAN**

The Committee received its forward agenda plan.

The Managing Director would present the Business Plan at the next meeting, some of which might be exempt information.

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

It was resolved:

That the press and public be excluded during the consideration of items 10 and 11 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(s) there would be disclosure to them of exempt information of Categories 1, 2 and 3 of Part I Schedule 12A to the Local Government Act 1972 (as amended).

38. **EXEMPT MINUTES**

It was resolved:

That the exempt minutes of the Shareholder Committee meeting held on 3rd December 2018 be confirmed as a correct record and be signed by the Chairman.

39. **EXEMPT MINUTES**

The Committee received copies of the Exempt minutes of the East Cambridgeshire Trading Company Ltd Board meetings of 15th November 2018 and 13th December 2018 and the Exempt minutes of the East Cambs Street Scene Ltd Board meeting of 15th November 2018.

The meeting concluded at 5:10pm.