



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

AGENDA ITEM NO. x

SHAREHOLDER COMMITTEE

Minutes of the meeting of the Shareholder Committee held in the Council Chamber, The Grange, Nutholt Lane, Ely on Thursday 8th February 2018 commencing at 4:00pm.

P R E S E N T

Councillor Mike Bradley (Chairman)
Councillor David Brown
Councillor Steve Cheetham
Councillor Lorna Dupré
Councillor Alan Sharp

OTHERS

Councillor Peter Cresswell
Maggie Camp – Legal Services Manager and Monitoring Officer
Adrian Scaites-Stokes – Democratic Services Officer
Ian Smith – Finance Manager
Paul Remington – Chairman, East Cambs Trading Company
John Hill – Managing Director, East Cambs Trading Company
Jo Brooks – Director Operations, East Cambs Street Scene Limited
Emma Grima – Commercial Director, East Cambs Trading Company
Phil Rose – Director, Property Services, East Cambs Trading Company

26. ELECTION OF CHAIRMAN

Councillor Mike Bradley was proposed by Councillor Alan Sharp, seconded by Councillor Steve Cheetham, to be elected as Chairman of the Shareholder Committee for the remainder of the municipal year. There being no other nominations:

It was resolved that:

Councillor Mike Bradley be elected as Chairman of the Shareholder Committee for the remainder of the municipal year.

As there was now a vacancy for the position of Vice Chairman, Councillor David Chaplin was proposed by Councillor Mike Bradley, seconded by Councillor Steve Cheetham, to be appointed as Vice Chairman of the Shareholder Committee for the remainder of the municipal year. There being no other nominations:

It was resolved that:

Councillor David Chaplin be appointed as Vice Chairman of the Shareholder Committee for the remainder of the municipal year.

27. PUBLIC QUESTION TIME

There were no public questions.

28. APOLOGIES AND SUBSTITUTIONS

Apologies were received from Councillors David Chaplin and Richard Hobbs.

29. DECLARATIONS OF INTEREST

There were no declarations of interest.

30. MINUTES

It was resolved:

That the minutes of the Shareholder Committee meeting held on 11th December 2017 be confirmed as a correct record and be signed by the Chairman.

31. CHAIRMAN'S ANNOUNCEMENTS

The Chairman revealed that discussions had been ongoing relating to an accounting package for the Trading Companies and relevant policies connected to resourcing and work in progress. Such policies needed to be right.

The Finance Manager, at the request of the Chairman, explained that a version of the Council's finance software package was being used by East Cambs Trading Company, but its use had proven to be onerous. East Cambs Street Scene would be buying in a different accounts package for use during 2018/19. Depending how successful this was would determine whether that package would then be used by East Cambs Trading Company in 1919/20.

32. EAST CAMBS TRADING COMPANY ANNUAL BUSINESS PLAN

The Committee considered a report, reference S240, previously circulated, that detailed the East Cambs Trading Company Annual Business Plan for 2018/19.

The Director Commercial advised the Committee that overall the Business Plan had been approved by the Board with no changes to report. It set out a summary of expenditure, governance and management structure, which would not change for 2018/19, and the risk register. No new additional risks had been identified.

The Commercial Services Business Plan outlined the successful achievements of the Ely markets over the last twelve months, which had included world markets, late evening markets, mini markets and the Christmas market which had all been well received and had provided additional income. Over the next twelve months it was intended to introduce mini markets in Ely on Tuesdays, Wednesday and Fridays, to complement the existing provision. Additional infrastructure would be installed on Ely Market Place with support from an administration officer.

The Grounds Maintenance service had secured new schools and parish council contracts. The service also understood Sustainable Drainage Systems, which would be a key focus area to generate additional work. The Company were becoming a trusted company by Cambridgeshire County Council.

Councillor Steve Cheetham queried the figures shown for salaries. It appeared that salaries overall increase by £36K in 2018/19 but income would only increase by £10K, which did not make sense. Similarly it appeared to be the case with Grounds Maintenance. The Director Commercial explained that initially the services had been under-resourced. As the Company intended to work on developing its markets it would need additional resources. It was anticipated that this would lead to an increase in turnover.

Councillor Lorna Dupré did not get a sense that the Company had an appetite for risk, judging by its risk register. The Company needed to decide whether it would aim to grow big or whether to contain its activities. Either would require the Company to check the levels of risk involved. No large risks had been included in the register, as the Company was obviously not prepared to bear them. In relation to the Grounds Maintenance contracts, had they been won via a competitive tender situation? The Director Commercial confirmed that this had been the case.

Councillor David Brown asked whether the Sanctuary Grounds Maintenance contract and play ground checks were still current. Would this Committee be involved in delivering the Business Plan? It was hard to believe that introducing the mini markets would only result in a £500 increase in transport costs. Evidence should be provided to show that there was demand for these from stallholders and that it would not dilute the income of the normal markets. Had any work been done on consulting the city's shops and cafés for their views?

The Director Commercial responded by confirming that work was still going on regarding Sanctuary and the play grounds. Delivery of the Business Pan would come through this Committee before going on to full Council. Interest for the mini markets had been received and they would usually consist of six or seven stalls. They would not require as much resource as normal markets. Engagement work was still ongoing.

Councillor Mike Bradley hoped the mini markets would not include café stall and that they would not be regarded as permanent, as they would pay a fraction of the costs of normal businesses. It was noted that no Council Member had been consulted about plans for the mini markets. As the Company was separate from the Council, more consultation with Members should be done and how the Company did this should be reviewed.

The Managing Director acknowledged that Members need to be consulted but the Company also had to react quickly when opportunities arose. The mini markets would be an extension of what had already been done and provide some services Ely did not have. Research suggested that it could impact of the wider economy, so it had been decided not to increase market stalls down Ely High Street. The mini markets would operate on a trial basis, although the Company would look for long-term viability. The stallholders had a habit of

moving around the area and were developing different strands to their businesses. So the markets would be very different to the usual Thursday market, though this was changing. The vibrancy of all the markets was critical for the whole city centre. The point made about consulting the Shareholder Committee was acknowledged.

Councillor Alan Sharp recognised the importance of the work in progress but thought that the Property Division needed to identify 'peaks and troughs' in its workload. What premises did the Grounds Maintenance service use for storage? The Director Commercial confirm they used part of the Council depot.

Councillor Lorna Dupré questioned how the mini markets would be promoted and advertised, and whether they would be themed with lists of the stalls available. The Director Commercial stated the team were working on that and would take on board the comments made.

The Director, Property Services, advised the Committee that the Property and Community Housing Division Business Plan looked back so it could gauge how it had progressed against its commitments. The financial projections were listed on page 4 but excluded the potential Kennett project. The Plan also set out where the Company was at present and the need to decide how it would grow. Success stories were included, to demonstrate the progress made, with a list of future projects in the pipeline. It was revealed that planning permission for the Haddenham project had been achieved the previous day.

The Community Housing section had spent time working on community land trusts (CLTs), including working outside the district. Although this had provided additional turnover, it had been difficult to resource. So this service would be re-focussed more around this district and conversations had been held with the new Combined Authority about projects in this area. It would continue to support CLTs, offer community housing advice and develop skills and expertise in CLT management.

Councillor Lorna Dupré queried why the community housing section was branded as it was, particularly as it was difficult to resource work outside the district. Were there any discussions about risks? Was not it a bit early to designate Kennet as a success story? The Director, Property Services stated that the branding references the work being done, which was way ahead of other local authorities on CLT work. This opened up opportunities for community housing by using other methods or models in other parts of Cambridgeshire. The branding of the Company and its website was still being worked on, as it was seen as an advice hub nationally, so it could change into an advice service. Risks were high on the agenda of the Board and were being given due consideration. The success with the Kennett site related more to the acceptance of the local community, which now stood at 79% support which was much different to that twelve months ago. It was always expected that other developers might become interested and compete with CLTs, although it would be difficult for them, as the Company's success might encourage them to become involved.

There was no update on a potential doctor's surgery for Stretham. Councillor Mike Bradley thought this would be great for the community and that the Company ought to work with the National Health Service on it.

In reply to Councillor Steve Cheetham's question, it was revealed that any development partners for the Kennett site would share income, but the figures in the report assumed the Company would work alone.

Councillor David Brown proposed an additional amendment to the recommendations that would allow delegated authority in conjunction with the Chairman and Vice Chairman of this Committee to approve any minor amendments to the Business Plan prior to its submission to Council.

Councillor Lorna Dupré pointed out that the delegated authority should go to a named post and their scope needed to be clear. This post should be the Legal Services Manager, who could make any necessary minor amendments in consultation with the Chairman and Vice Chairman.

Councillor David Brown then tabled two alternative recommendations in addition to his previous proposal and this was agreed by the Committee.

Councillor Mike Bradley asked that the amended document be circulated to everyone on the Committee with tracked changes, providing it was only a public document.

It was resolved to RECOMMEND TO FULL COUNCIL:

- (i) That the ECTC Annual Business Plan 2018/19 be approved;
- (ii) That the quorum requirements under the Articles of Association include the attendance of an Elected Member Board Director within the quorum for East Cambs Trading Company and East Cambs Street Scene Limited;
- (iii) ~~That the Legal Services Manager be authorised to approve any minor amendments to the Articles of Association, in consultation with the Chairman and Vice Chairman of the Shareholder Committee prior to their submission to full Council.~~ That the Legal Services Manager be authorised, in consultation with the Chairman and/or Vice Chairman of the Shareholder Committee, to make any minor amendments to reports presented to the Shareholder Committee, as necessary, prior to their submission to full Council.

33. EAST CAMBS TRADING COMPANY QUARTERLY UPDATE

The Committee considered a report, reference S241, previously circulated, that gave an update from East Cambs Trading Company for the quarter September 2017 to December 2017.

The Director Commercial advised the Committee that the highlights included the Grounds Maintenance team securing more contracts and the markets being very busy.

The Director, Property Services advised the Committee that the Property section had dealt with some CLTs and were providing ongoing support. Palace Green Homes had two sites under construction and had completed two car parks. It had also submitted a planning CLT application for Haddenham.

Councillor Mike Bradley queried the Quarter 4 Grounds Maintenance costs when compared with the turnover figure. Other figures did not make sense, so should be checked. Councillor David Brown thought the costs might be related to less work and income during that quarter. The Director Commercial agreed to check the figures.

Councillor Alan Sharp also queried the Grounds Maintenance figures shown, as there appeared to be a disproportionate cost in Quarter 4, compared to the first $\frac{3}{4}$ of the year. On the property side, it would have liked to see one figure relating to properties sold and another for work in progress. The Finance Manager thought the figures related to cash flow.

It was resolved:

That the update be noted.

34. **WASTE CONTRACT**

The Committee considered a report, reference S242, previously circulated, that detailed the latest actions of the Council and East Cambs Street Scene Limited relating to the Waste Services contract.

The Director Operations reminded the Committee that the 1st of April was fast approaching but the transfer of the service was still on-track. The new vehicles had been built and promotion for the second blue bin had started. The Regulatory Services Committee had approved the transfer of the Waste Service to East Cambs Street Scene Limited and the Memorandum of Agreement, as attached in the report papers, and had looked at the work in progress. That Committee had made its recommendations to full Council, as set out in paragraph 3.1 of the report. East Cambs Street Scene Limited's Board had considered the Memorandum of Agreement and had decided to accept the contract.

Councillor David Brown thought the recommendation relating to delegating powers should have a standard set of words for consistency.

Councillor Lorna Dupré suggested that the recommendation for delegating powers was unconstitutional. The Managing Director suggested that the wording of the recommendation be checked.

The meeting adjourned at this point, 5:15pm, and the Managing Director, Director Commercial, Director Operations and Legal Services Manager left the meeting.

The meeting reconvened at 5:23pm with the Managing Director, Director Commercial, Director Operations and Legal Services Manager all returning.

The Managing Director confirmed that the wording in the report was the actual wording used in the Committee's recommendation. This would have to be amended when presented to full Council for approval. In the meantime, no action would be taken on that recommendation.

Councillor Steve Cheetham questioned the £850K figure allocated to the Depot and asked whether this was additional to the original budget or whether it would be an additional cost. Would this money have been allocated to the Depot if the waste contract had not come back in-house? This figure should also be shown to depreciate.

The Finance Manager disclosed that in the original business case this sum had not been included for the Depot. The Director Operations thought it was difficult to answer whether the money would have been allocated to the Depot, but the original business case had not included for any improvements. Since the Company had taken over it had become obvious that significant improvements would be needed. The risks were split between the staff and the assets. The Council would retain the assets and any outlay for the Company would be repaid eventually.

Councillor Lorna Dupré asked about the expectations for dog bins. The Director Operations reminded the Members that schedules 2, 3 and 9 were missing from the Memorandum of Agreement and included the specifications on what could be expected. These documents were very long and were still being finalised. All the papers would go to full Council.

Councillor David Brown reminded the Committee that different villages treated dog bins differently and he hoped the relevant document reflected that.

Councillor Alan Sharp questioned whether the vehicles costs would be costs depreciating within the Council. Were the stretch performance targets similar to that use for Veolia? The Finance Manager stated that the costs would be met by the Council with lease costs to the Company. The Director Operations declared that the stretch targets had aimed at an elite service and benchmarking had been done comparing the top performing local authorities.

It was resolved:

That the latest actions of the Council and East Cambs Street Scene Limited (as detailed in Appendix 1) be noted.

The Chairman of the Trading Company, the Managing Director and the Director Operations left the meeting at this point, 5:35pm.

35. EAST CAMBS STREET SCENE LIMITED – CHAIRMAN'S REMUNERATION

The Committee considered a report, reference S243, previously circulated, that considered the remuneration for the Chairman of East Cambs Street Scene Limited.

The Legal Services Manager reminded the Committee that this would be a recommendation to full Council and outlined that Paul Remington had been formally appointed as the Chairman by both the Board of Directors and Council. The matter for consideration by Members was his remuneration only. In making a decision, members may wish to consider the points set out in paragraph 4.1 of the report. Mr Remington was the Chairman of both the East Cambs Trading Company and East Cambs Street Scene Limited.

Councillor Steve Cheetham understood that each company had a separate Chairman post but as that was currently the same person then no remuneration should be given for the second post. Where the Chairmen were no the same person then the remuneration should stay as suggested.

Councillor Lorna Dupré thought that the principal should be that the posts should receive different remuneration. Overall the quantum of work remained the same before and after the second company was created. She did not believe that once the Trading Company had taken on the waste contract anything would change. But now the overall work would be split between the two companies. The Chairman of the Street Scene should receive £4K but this should be deducted from the remuneration given by the Trading Company.

Councillor Mike Bradley explained that it would not work, as the Chairman was under a current contract with the remuneration agreed. Although the original company had split, the role had not. The Director Commercial confirmed it was an employment contract. Councillor Bradley continued and stated that nothing should be given for the second post as it was the same person, but if this changed in the future then it could be re-visited.

It was therefore proposed that no remuneration be given to the Chairman of East Cambs Street Scene Limited and the Shareholder Committee be given authority to review the situation if it changed.

It was resolved to RECOMMEND TO FULL COUNCIL:

- (i) That no remuneration be given to the Chairman of East Cambs Street Scene Limited where the post holder is also the Chairman of the East Cambs Trading Company Limited; and
- (ii) That if circumstances changed, the Shareholder Committee be requested to review the situation and make a recommendation to Council as to the remuneration of the Chairman of East Cambs Street Scene Limited.

36. **FORWARD AGENDA PLAN**

The Chairman noted that future meetings would also receive Board minutes from East Cambs Street Scene Limited.

The Committee noted its forward agenda plan.

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 13 and 14 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. EAST CAMBRIDGESHIRE TRADING COMPANY BOARD MINUTES 1ST FEBRUARY 2018

The Committee considered an Exempt set of minutes, previously circulated, of the East Cambridgeshire Trading Company Board meeting held on 1st February 2018.

Councillor Alan Sharp asked for information about a fibre optic cable problem at the Barton Road Ely site. The Director, Property Services, explained that the Company had become aware of the cable running across the car park entrance. It had been laid at the incorrect level, so the decision had been made to lower it to the correct level, although this had incurred additional costs.

Councillor Lorna Dupré hoped that something more active would be done with regards risk management. How was it envisioned that Members would be instilled with a “sense of ownership” of the Property & Community Housing Division Business Plan?

The Director Commercial would consider how this could be promoted. The Director, Property Services noted that the publication was about community housing, with case studies and numerous references to East Cambridgeshire throughout.

The Committee noted the exempt minutes.

39. SHAREHOLDER COMMITTEE EXEMPT MINUTES 11TH DECEMBER 2017

It was resolved:

That the Exempt minutes of the Shareholder Committee meeting held on 11th December 2017 be confirmed as a correct record and be signed by the Chairman.

The meeting concluded at 5:51pm.