

AGENDA ITEM NO. 4

Minutes of a meeting of the Asset Development (Shareholder) Committee
held in the Council Chamber, The Grange, Nutholt Lane, Ely
on 10th October 2016 at 4:00pm

PRESENT

Councillor Bill Hunt (Chairman)
Councillor David Chaplin
Councillor Steve Cheetham
Councillor Coralie Green
Councillor Mathew Shuter
Councillor Lisa Stubbs

OTHERS

Councillor Mike Bradley
Councillor Lis Every
Jo Brooks – Director, Operations
Maggie Camp – Legal Services Manager
Adrian Scaites-Stokes – Democratic Services Officer
Emma Grima – Director, East Cambs. Trading Company
John Hill – Managing Director, East Cambs. Trading Company
Andy Radford – Company Secretary, East Cambs. Trading Company
Paul Remington – Chairman, East Cambs. Trading Company
Phil Rose – Director, Property Services, East Cambs. Trading Company

8. PUBLIC QUESTION TIME

There were no public questions.

9. APOLOGIES AND SUBSTITUTIONS

Apologies were received from Councillor Lorna Dupré.

10. DECLARATIONS OF INTEREST

There were no declarations of interest.

11. MINUTES

It was resolved:

That the minutes of the meeting held on 12th July 2016 be agreed as a correct record and be signed by the Chairman.

12. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman reminded the Committee that every Member was entitled to attend any meeting of the Council and could ask questions and speak. Any Member would be welcomed to the meetings of this Committee and they would be allowed to ask questions.

Councillor Lisa Stubbs joined the meeting at this point, 4:05pm.

13. **SIX MONTHLY EXECUTIVE SUMMARY (EAST CAMBRIDGESHIRE TRADING COMPANY)**

The Committee received a report (previously circulated) which was a copy of the half yearly report presented to the Board of the Trading Company on 22nd September 2016.

The Managing Director advised the Committee that the six-monthly report of the Company was being provided and comments on its format, for the presentation of information, would be welcomed.

The Commercial Director advised the Committee that the Company's governance arrangements were detailed on page 3 of the report. This covered how the Company was financed, VAT registration, insurance and the responsibilities of the Company's Board.

Page 4 outlined the relationship between the Company and the Council, setting out roles and responsibilities. The Risk Management Plan had been updated to account for the potential implications following the European Referendum, which could not yet be quantified, and the Council's decision not to pursue development of a site in the Vineyards, Ely. This meant that other possible development sites would have to be considered to fill the work programme.

The Company's teckal compliance was being monitored and was currently at 93%. As the Company moved forward this would become increasingly more difficult, so ways to maintain that compliance would be deliberated.

The Company Secretary explained the budget template, as set out in the report, which was presented to every Board meeting. More profiling of the budget would be done in the future. The Corporate section of the budget set out the costs of the business, whilst the Markets section showed figures slightly better than anticipated. Palace Green Homes had been allocated a separate budget for each of its projects and this was constantly monitored. So far, £400K had been loaned, with a forecast year end total of £978K.

The Commercial Director then continued and stated that the Company was currently running two key services, Ely markets and ground maintenance. Ely Markets had launched successfully and had already increased its profits. The relationship with traders had been strengthened and an Action Plan to grow the markets had been developed. A consultant had been engaged to deliver niche markets and to focus on suitable advertising, including promotion through social media.

Grounds maintenance had been successful in winning some small contracts and was producing a steady income. The contract for Sanctuary Housing properties had not yet transferred over from the Council.

The Director, Property Services informed the Committee that Palace Green Homes was involved in three key activities. The first was the provision of consultancy to the Council on the acquisition of land suitable for development, such as the land acquired at Angel Drove for a car park. The second was to act as a developer, particularly with regards aiding Community Land Trusts (CLTs) and substantial progress had been made with this. The third related to developing CLTs with early stage support.

During the last six months the new brand of Palace Green Homes had been trademarked and was becoming known within the industry. It had a unique identity, as it aimed to bring communities on board and was involved in strengthening CLT work. It now employed five members of staff and, because of its uniqueness, the intention was to develop staff to manage this unique model.

Key objectives related to how this part of the Company performed. It had already secured planning permission for the Barton Road development, which was a flagship project. As it was the first development undertaken it was intended to manage it as well as possible, including working with the local community. The Vineyards site had been withdrawn, so consideration had been given to a site in Soham, where planning permission would be sought.

Three new CLTs had sprung up over the last six months, with the possibility of more to come. There was a target of 50 new homes being built by the end of this year, with a potential 90 receiving planning permission. By the end of Year 5 the target was 200 new homes and the Company was close to obtaining land for a potential 125 already. Some of these developments would be for private housing.

Councillor Mathew Shuter was very pleased as very good progress had been made. A plea was made to ensure that the markets team maintained close liaison with the shop businesses. The diversity of the markets being provided should be promoted via the Visit Cambridge initiative, but the dates and times needed to be communicated.

Councillor David Chaplin thought an amazing job had been done so far. He was concerned about the risk to the teckal compliance and thought that this probably would not be achieved in the future, so wanted to know what could be achieved. There appeared to be some discrepancies in the figures, as some areas corresponded and some did not.

The Commercial Director informed that Committee that consideration was being given to a re-structure of the Company with a teckal compliant side and a non-teckal compliant one. Options for this would be brought to the Committee for consideration before taking to full Council for a decision.

Councillor David Chaplin noted three new CLTs had arrived but the potential Kennett development appeared to be based differently. This would be a huge development with significant costs, but the Council and Company were committed to it. Councillor Lisa Stubbs acknowledged that the Kennett development was new but wondered why the salaries were so high for the Palace Green Homes staff.

The Director, Property Services stated that the Kennett site was unlikely to be developed within the next three years. This was a potentially substantial project so expenditure would be staged. The expenditure associated with that site related to the project costs rather than the CLT, as it referred to technical and legal work. The £77K was primarily associated with legal costs, to secure the land and for engineering and environmental consultancy. This was to ensure due diligence before proceeding further.

Councillor Coralie Green welcomed the report format, which was much better than the previous one. The markets team had done fantastically well but there was concern over the impact on the city centre shops. Were efforts being made to consult them and mitigate any adverse impact?

The Commercial Director assured the Committee that the shops were being engaged over the events being held. This would include via the traders' meeting which the markets traders would be involved in. There were a number of small issues that would be ironed out.

Councillor Steve Cheetham asked what the maximum exposure risk would be. The Company Secretary declared that the Board would decide about the projects and allocate funding if appropriate. The Chief Executive explained that the issues the Company considered were about the potential risks as, with land developments, the Company was exposed until planning permission was obtained.

The Chairman pointed out that the Company's adopted approach was to see individual projects within the whole picture. Some would lead to significant exposure but would lead to significant rewards. Every step for each project was adjudicated appropriately.

Councillor Lis Every congratulated the Company on its progress so far, particularly relating to the markets which were helping make the city vibrant. It was, however, important to cultivate the relationship between the markets and the business rate payers (the shops). Re-assurance from the Company needed to be very firm and positive. The Company had to be involved in, and support, the relationship with the city.

Councillor Mike Bradley had concerns about the accounts, which were not clear, and queried where some revenue, relating to the teckal compliance, had come from. The Commercial Director advised that the teckal figures were projections whilst the accounts showed the actual figures.

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

It was resolved:

That the press and public be excluded during the consideration of item no. 8, 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, 2 and 3 of Part I Schedule 12A to the Local Government Act 1972 (as amended).

11. **EXEMPT MINUTES**

Councillor Lisa Stubbs had previously asked a question concerning the CLTs but had not had a reply. The new Local Plan was being created and it would be useful to understand the call for CLT sites within it, as this would help the parish councils. The Managing Director thought this was associated with the level of knowledge that the Members of the Council had and what could be done to address that. The Director, Property Services, would be happy to take Councillors round on visits to such sites.

It was resolved:

That the exempt minutes of the meeting held on 12th July be agreed as a correct record and be signed by the Chairman.

The meeting concluded at 4:51pm.