



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

Minutes of the Special Meeting of East Cambridgeshire
District Council held in the Council Chamber,
The Grange, Nutholt Lane, Ely on Wednesday
28 June 2016 at 6.00pm

PRESENT

Councillor Allen Alderson	Councillor Elaine Griffin-Singh
Councillor Michael Allan (Chairman)	Councillor Richard Hobbs
Councillor Christine Ambrose-Smith	Councillor Julia Huffer
Councillor David Ambrose-Smith	Councillor Mark Hugo
Councillor Ian Bovingdon	Councillor James Palmer
Councillor David Chaplin	Councillor Charles Roberts
Councillor Steve Cheetham	Councillor Hamish Ross
Councillor Paul Cox	Councillor Mike Rouse
Councillor Peter Cresswell (Vice-Chairman)	Councillor Carol Sennitt
Councillor Lavinia Edwards	Councillor Alan Sharp
Councillor Lis Every	Councillor Lisa Stubbs
Councillor Coralie Green	Councillor Jo Webber

16. **ADJOURNMENT OF MEETING**

In view of a Special County Council meeting on Devolution taking place on the same afternoon which Members wanted to await the decision from, the Chairman proposed a motion for the adjournment of the meeting until 7.30pm, which was seconded by the Vice-Chairman and upon being put to the vote was declared to be carried. Therefore, the meeting was adjourned until 7.30pm.

On reconvening at 7.30pm, there were:

PRESENT

Councillor Allen Alderson	Councillor Lis Every
Councillor Michael Allan (Chairman)	Councillor Coralie Green
Councillor Christine Ambrose-Smith	Councillor Elaine Griffin-Singh
Councillor David Ambrose-Smith	Councillor Richard Hobbs
Councillor Sue Austen	Councillor Julia Huffer
Councillor Anna Bailey	Councillor Mark Hugo
Councillor Ian Bovingdon	Councillor Bill Hunt
Councillor David Brown	Councillor James Palmer
Councillor David Chaplin	Councillor Andy Pearson
Councillor Steve Cheetham	Councillor Charles Roberts
Councillor Paul Cox	Councillor Hamish Ross
Councillor Peter Cresswell (Vice-	Councillor Dan Schumann

Chairman)
Councillor Lorna Dupré
Councillor Lavinia Edwards

Councillor Carol Sennitt
Councillor Alan Sharp
Councillor Lisa Stubbs
Councillor Jo Webber

17. **PUBLIC QUESTION TIME**

No public questions were submitted.

18. **APOLOGIES FOR ABSENCE**

Apologies for absence was received from Councillors Beckett, Hitchin, Morris, Rouse, Shuter and Smith.

19. **DECLARATIONS OF INTEREST**

Cllr Ross declared an interest in respect of Agenda Item 6 on the Section 106 allocation.

20. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman made the following announcements:

Election as Chairman

The Chairman thanked Council for electing him for a second year and stated that it was a great honour and privilege. The Chairman referred to the extensive nature of the role.

Exempt Appendices – Leisure Centre Agenda Items

'You will have noticed that each of the three reports relating to the Leisure Centre on the Agenda for tonight's meeting have an Exempt Appendix. If Councillors want to raise any questions or comments in relation to the Exempt Appendix relating to each item, they will need to give an indication to this effect during consideration of the relevant report, so that the Press and Public can be excluded and the camera switched-off whilst those questions/comments are asked and answered. The Council then will return to public session to take the decision on the report.'

21. **CAMBRIDGESHIRE AND PETERBOROUGH EAST ANGLIA DEVOLUTION PROPOSAL**

Further to Minute 88 of the Special Council meeting on 13 April 2016, Council considered a report, R39, previously circulated, containing the Cambridgeshire and Peterborough East Anglia Devolution proposal documents.

The Chief Executive explained that, as anticipated in April, there had been further developments in relation to Devolution. Whilst East

Cambridgeshire District Council had remained consistent in its support for the wider 'East Anglia Devolution Agreement' covering Cambridgeshire, Peterborough, Norfolk and Suffolk, the Secretary of State had indicated his willingness to consider two separate 'brother and sister' agreements between Cambridgeshire and Peterborough and Norfolk/Suffolk. Therefore, East Cambridgeshire needed to reconsider its previous view and review the proposed Cambridgeshire/Peterborough deal. If the Council was minded to support the revised deal, it was required to formally rescind the previous decision of Council to support the East Anglia Agreement in accordance with the Council's Constitution (ref: Council Procedure Rule 20) and a notice to this effect was tabled at the meeting as Appendix 1.

The revised recommendations tabled at the meeting were moved by the Leader of the Council, Councillor James Palmer, and seconded by Councillor Anna Bailey.

Councillor Palmer stated that, as the Leader of this Council, he still believed that the original deal had been a great opportunity for East Cambridgeshire. Whilst the Cambridgeshire and Peterborough deal was slightly more inward-looking and was focussed on the City of Cambridge, it was more financially advantageous for the County as a whole than the first deal. However, the Leader through the negotiating process had insisted on identified infrastructure proposals for East Cambridgeshire as part of the deal. Some concerns had been expressed about the possible domination by Cambridge City, Huntingdonshire and South Cambridgeshire, but it would be the responsibility of the Leader to ensure that their voice was heard getting a fair share for this Council on the issue of infrastructure provision. A number of key projects such as Soham Railway Station, Ely Southern Bypass, A14/A142 junction and upgrades to A10 already were included. This Council should support the deal, take a seat at the table and take the money on offer. Councillor Palmer hoped that a strong Mayor would be elected, preferably from a Local Government background, who could deliver a more streamlined approach to infrastructure provision. Central Government was offering an unprecedented amount of money, so this was a great opportunity that did not come along very often and was in the best interests of this District. Therefore, Councillor Palmer commended the deal to this Council.

Councillor Dupré reiterated her belief expressed at the previous Council meeting in genuine devolution, but emphasised that this was not real devolution. This deal was negotiated in secret and would create an extra tier of Local Government, with decisions taken further away rather than closer to the people. She was also sceptical that senior officer posts in the new Combined Authority responsible for millions of pounds of funding could be filled and effectively discharged by officers from the constituent authorities. Criticisms had been made of the robustness of the Scrutiny function and, whilst this was an improved offer financially, the funding was still insufficient and the deal was being imposed on authorities by Central Government. Councillor Dupré stated that she would welcome a democratic structure without an elected Mayor to meet the needs of Cambridgeshire. There were also questions, following the recent EU Referendum result, as to who would

be governing the Country by this autumn and if the funding commitment to such schemes would continue in the light of changed economic circumstances and priorities. Overall, this was not the time to sign-up to such a deal.

Councillor Cresswell stated that we always live in times of change. He had supported the original Devolution deal in April and had studied the new deal which he also commended to Members. Page 17 of Appendix 2 detailed the alternative options and in particular the benefits of a Mayoral Combined Authority. This appeared to be too good an option not to take advantage of. Councillor Cresswell complimented the Leader on the negotiations that had taken place to the advantage of this Council and was convinced that this was the right move. He also agreed with the comments of the Leader regarding preference for an elected Mayor with Local Government experience.

Councillor Bill Hunt referred to the 23 affordable houses delivered by the Stretham and Wilburton CLT with minimal external financial input and how much more could be achieved with the £100M for the delivery of new homes within the County. This new housing was really needed, which was why he was pleased to support the deal.

Councillor Bailey thanked the Leader and Chief Executive for negotiating such a good deal for East Cambridgeshire. She commented that most of the funding was 'new money' and this would allow the Combined Authority to 'lever-in' other funding. In particular, she highlighted the new money for Housing and referred to the Skills and Transport funding which would give new powers in these areas. Councillor Bailey referred to the statement that this was the best Devolution deal in the Country to date and that this was the first deal, whilst Manchester was on its 4th deal, showing the scope for development if agreed. Councillor Bailey commented that she would like to see further extension to other areas such as Social Services. On the issue of governance, reassurance had been given that there would not be massive costs associated with the Mayoralty administration by the fact that only the Mayor would be a remunerated post. The emphasis of the Combined Authority would be on existing authorities working together, with an elected Mayor as the 'go to' person in control. Robust scrutiny arrangements would hold the Mayor to account. Subject to approval, the next stage would be consultation on the Scheme and we would be working with our partners on the form of the consultation to ensure consistency. Councillor Bailey believed that this was a great opportunity which the Council needed to take now as such a deal may not be offered again.

Councillor Every referred to page 21 of Appendix 2 and commented that 3 of the areas listed on Skills and Business Support already were being progressed by the Economic Development Team and LEP in East Cambridgeshire. The deal would provide more opportunities in the area for Further Education and Apprenticeships development. It was hoped that this also would allow for post 16 provision of our own within the District.

In summing-up, Councillor Palmer stated that the issue had been debated at length in the County Council this afternoon and here this evening,

and he believed that now there was a need to get things done rather than just to talk about them. Councils should not turn down the offer of such significant levels of funding and Members were only in this position for a 'snapshot' of time and needed to take the opportunities when they arose to get the desperately required infrastructure which would benefit the residents of East Cambridgeshire.

It was resolved:

1. That approval be given to the following documentation related to the establishment of a Combined Authority across Cambridgeshire and Peterborough and authority to enter into formal consultation, specifically:
 - (i) the Notice of Recission of Previous Resolution (ref: Council Procedure Rule 20 – 13 April 2016 (tabled as Appendix 1));
 - (ii) the Governance Review (attached as Appendix 2) including the establishment of a Combined Authority with a Mayor for Cambridgeshire and Peterborough area;
 - (iii) the Devolution Deal proposal (attached as Appendix 3);
 - (iv) the Devolution Scheme (attached as Appendix 4).
2. Subject to approval of (i) to (iv) above, the Council:
 - (i) instructs the Chief Executive to undertake appropriate consultation on its content as summarised in paragraph 3.7 and 3.8 and set out in Appendix 4;
 - (ii) authorises the Chief Executive, in consultation with the Leader of the Council, to provide the Secretary of State with a summary of the consultations in due course;
 - (iii) instructs the Chief Executive to produce a report to the October Council to consider whether to give consent for the Secretary of State to bring forward such an Order establishing a Combined Authority with a Mayor covering that area of Cambridgeshire and Peterborough.

22. **SECTION 106 ALLOCATION**

Councillor Ross left the meeting for the duration of this item.

Council considered a report, R40, previously circulated, regarding allocating S106 contributions for the refurbishment of the Walter Gidney Pavilion, Soham.

The Director Commercial explained that the Council was currently holding funding of £542,436 which only could be used for community infrastructure and public open space improvements for the benefit of the town of Soham.

Councillor Dan Schumann entered the meeting at 8.04pm.

Councillor Hobbs expressed his support for the proposal and wished the Town Council every success with the project. Councillor Brown also expressed his support if this was the way that the Town Council wished to allocate the funding available to them.

Councillor Palmer queried the S106 allocations available to other parishes. The Director Commercial commented that officers were working with parishes on the levels of funding available to them at present. Councillor Palmer suggested that Councillors should consider what was needed by the parishes within their Wards and liaise with them on this. Councillor Bill Hunt asked if all Members could be advised of the S106 allocations available to the parishes within their Wards and the Director Commercial stated that this could be arranged.

It was resolved:

That approval be given to the allocation of £542,436 for refurbishment works at Walter Gidney Pavilion, Soham (subject to the receipt of a grant application).

23. **NEW LEISURE CENTRE**

(a) Appointment of Construction Contractor

(b) Appointment of Operator

Council considered reports, R41 and R42, previously circulated, regarding the appointment of a construction contractor to build and an operator to manage the proposed new District Leisure Centre. In that connection, the Director Commercial introduced Victor Le Grand, the Council's Senior Leisure Services Officer, and Paul Robertson and Faye Worrall from MACE the project managers, who were present at the meeting.

The Director Commercial reported that a tendering process had been carried out in both cases and a preferred contractor and operator was identified in the Exempt appendices in each case.

Councillor Hobbs, as Chairman of the Commercial Services Committee, referred to the long history of the project through the predecessor Committees which he had chaired. He was confident that both the proposed construction contractor and operator would be able to deliver, as they were leaders in the field, and commended MACE on effectively project managing the process.

Councillor Palmer referred to the significant amount of work that had taken place to get to this stage and that it was very exciting to see the project coming to fruition.

Councillors Alderson and Bill Hunt commended Councillor Hobbs on steering the project through all of the processes over many years and Members showed their appreciation with a round of applause.

(a) Appointment of Construction Contractor

It was resolved:

That approval be given to the appointment of the contractor identified in Appendix 1 (EXEMPT) to the submitted report to build the new District Leisure Centre, subject to satisfactory completion of Stage 2 of the tender process and Council agreeing the project funding strategy as set out in Minute 24 below.

(b) Appointment of Operator

It was resolved:

That approval be given to the appointment of the operator identified at Appendix 1 (EXEMPT) to the submitted report to manage the new District Leisure Centre, subject to contractual agreement and Council agreeing the project funding strategy as set out in Minute 24 below.

24. **NEW DISTRICT LEISURE CENTRE – FUNDING STRATEGY**

Further to Minute 23 above, Council considered a report, R43, previously circulated, detailing the proposed funding strategy for the new District Leisure Centre. The Director Resources summarised the funding strategy as follows:

‘Council resolved to obtain tender prices from both constructors and operators, in order that a decision could be made on the delivery of a new Leisure Centre based on robust costings.

You have seen in the previous two reports the level of work undertaken by officers and MACE to identify a constructor and an operator.

This report before you plugs the numbers into the Council’s finances, so Council can fully understand the implications the Leisure Centre has to this Council.

CAPITAL

Paragraph 4 of the report, and appendix A, shows the capital programme and how the construction costs would be funded. The costs shown in paragraph 4.1 are in line with estimates shown in previous reports, which gives confidence.

Typo at paragraph 4.3, it should say Appendix B, not A. Council approved the engagement of MACE, but approved only to fund them to this stage. The report recommends that MACE be engaged through to project completion.

Paragraph 4.7 shows how this capital cost will be funded, through a combination of capital receipts, CIL, Sport England grant (for which the Council needs to apply) and Prudential Borrowing. Prudential borrowing is just that, it is borrowing which is prudent, i.e. there is a clear strategy to repay the loan.

TREASURY

Paragraph 5 and Appendix C looks at how the leisure centre would affect the Council's Treasury Management Strategy. In essence, the strategy remains as approved by Council in February, in that we should use internal cash to invest in fixed term deposits, ensuring we can meet cash flow needs of the Council. It was envisaged that the funding of both the LATC and the leisure centre would necessitate some external borrowing, but on current projections (ref table in paragraph 2.4 of the appendix, page 7) this may not be necessary.

Although cash balances are forecast to become very low, remember that the LATC has to repay its loan within 5 years, and the leisure centre will make contributions from the operator profit, so cash balances will return.

Paragraph 9 of the appendix shows the Council will have "under-borrowed", and we will retain the flexibility, should Council agree, to undertake external borrowing to fund the LATC or the leisure centre at a later date, should interest rates encourage this.

REVENUE

The main revenue cost is to set aside money to repay the loan. I have assumed repayment over 25 years, rather than the 35 years which is Council policy. This is a prudent piece of advice, recognising the challenge of generating the same level of operator profits on an older building.

The other key revenue cost is to contribute to a "Sinking Fund", which will enable key maintenance to continue on the building to protect its value and ability to generate future operator profits. I suggest this contribution is a balancing figure in the Council's revenue budget, so the leisure centre is never a strain on the Council's budget.

The two main sources of income to pay for these two costs are:

- 1 The operator profit, which averages £500k per annum over the 12 year period. This exceeds our previous projections. There is no profit in the first two years, and to maintain the approach that the leisure centre should not adversely impact on the Council's revenue budget,

it is suggested that the New Homes Bonus reserve is used to fund the first two years borrowing costs.

2 Closure of Paradise Pool, this will save the Council around £170,000 per annum.

There are further opportunities to increase the revenue to the Council, through a profit share arrangement and to enter discussions with the operator to ensure that financial risks and responsibilities best suit both parties.

The projected revenue costs and income are shown at Appendix D- showing a break even position on the 12 year operator contract life. The impact on the Council's MTFS is shown at Appendix E, which reflects the leisure centre and the outturn from FY2015/16, which is being reported to Corporate Governance and Finance Committee on Thursday. This shows a reduced budget deficit in FY2018/19, with sizeable challenges ahead.

RISK

Although both the LATC and leisure centre offer strong financial incentives, they do also increase the Council's risk exposure. I have been as prudent as can be around the repayment term of the loan (25 years); no assumptions on profit shares or discussions with the operator; a prudent Sinking Fund to protect the asset.

There are, of course, external risks, which could also impact on the Council's financial viability.

So I have reviewed what other mitigations we can put in place to reduce risk exposure to the Council. In paragraph 7 of the report, I raise the issue of formally accepting the government's offer of the 4 year settlement, agreeing to the Revenue Support Grant announced in the settlement earlier in the year. With the level of internal and external risk, I recommend formally accepting this offer.

CONCLUSION

I am entirely comfortable with the financial implications the leisure centre has to the Council. The positive tender prices allow us to take a prudent approach to funding the Leisure Centre, and allows us some flexibility to adjust as things change.'

Councillor Hobbs proposed and Councillor Palmer seconded the recommendations in the submitted report.

Councillor Hobbs, as Chairman of the Commercial Services Committee, stated that it was amazing what such a small Council had achieved and paid tribute to officers past and present who had got the leisure centre project to this point and to MACE whose expertise had supported the

project, which was why it was being recommended that they continue to be engaged for the next stage.

Councillor Bailey commented that the Council's balanced Budget had enabled us to proceed with the scheme and commended officers for this. She particularly referred to the work of the former Leisure Officer, Allison Conder, in progressing the project and to the reassurance given by the Director Resources that the scheme was affordable. Councillor Bailey stated that Members had a mandate from the people for the facility and a scheme to be proud of.

Councillor Bovingdon stated that, as a newer Council Member, he would like to commend everyone involved for such a fantastic job and he was happy to have played a small part in contributing to the realisation of the facility.

Councillor Sharp commented that Councillor Morris and himself as the two Financial Services Member Service Delivery Champions had met with the Director Resources in the previous week and were confident that the project was financially viable.

Councillor Dupré referred to the funding risks in terms of the £1.8M Capital Receipts from the sale of Barton Road, although Planning permission had yet to be granted, and the £1.5M Sport England grant, which had not yet been applied for and the outcome of which would not be known until September. She also questioned if the £170K per annum savings from the Paradise Pool closure could be realised. Councillor Dupré stated that such a project would be challenging in the best of times, but the country and economy were not in the best of times at present. In the current climate of austerity and uncertainty, with reducing incomes, could the usage levels be realised? Was there a risk of default by the operator if income projections were not realised? Councillor Dupré commented that the Council could be sacrificing Barton Road for a high risk project in the current economic climate.

Councillor Palmer acknowledged that there was an element of risk but there also was a clear need for the leisure centre due to the level of development in Ely. The leisure centre could be built without going to the market or putting up Council Tax and, whilst being as risk averse as possible, the Council still needed to provide funding for facilities within the District for the benefit of local residents to ensure that the District remained a 'great place to live'.

In summing-up, Councillor Hobbs stated that time had been spent on evaluating all of the risks and the project was based on evidence to show that it was affordable.

A recorded vote having been requested by Councillor Palmer on the motion, it was taken and declared to be CARRIED, with Members voting as follows:

For (28)

Cllrs Alderson, Allan, C Ambrose Smith, D Ambrose Smith, Bailey, Bovingdon, Brown, Chaplin,

Cheetham, Cox, Cresswell, Edwards, Every, Green, Griffin-Singh, Hobbs, Huffer, Hugo, B Hunt, Palmer, Pearson, Roberts, Ross, Dan Schumann, Sennitt, Sharp, Stubbs, Webber.

Against (0)

Abstention (2) Cllrs Austen and Dupré.

It was resolved:

- a) That the funding strategy be approved;
- b) That the revised capital programme and Treasury Management Strategy be approved;
- c) That approval be given to the further engagement of MACE as project manager;
- d) That the Council submits an Efficiency Plan to DCLG; and
- e) That the revised Medium Term Financial Strategy be noted.

The meeting concluded at 8.40pm.

Chairman.....

Date