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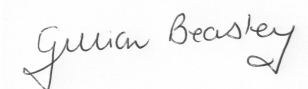
PETERBOROUGH CITY COUNCIL SUMMONS TO A MEETING

You are hereby summonsed to attend a meeting of the Peterborough City Council, which will be held in the Council Chamber, Town Hall, Peterborough on

WEDNESDAY 5 MARCH 2014 at 7.00 pm

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Chief Executive

25 February 2014
Town Hall
Bridge Street
Peterborough

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**MINUTES OF COUNCIL MEETING HELD
29 JANUARY 2014**

The Mayor – Councillor June Stokes

Present:

Councillors Arculus, Ash, Casey, Cereste, Dalton, Davidson, Day, Elsey, Fitzgerald, Fletcher, Forbes, Fower, JA Fox, JR Fox, Goodwin, Harper, Harrington, Hiller, Holdich, Jamil, Johnson, Khan, Knowles, Kreling, Lamb, Lee, Maqbool, Martin, Miners, Murphy, Nadeem, Nawaz, North, Over, Peach, Rush, Saltmarsh, Sanders, Sandford, Scott, Seaton, Serluca, Shabbir, Shaheed, Sharp, Shearman, Simons, Stokes, Swift, Sylvester, Thacker, Thulbourn and Todd.

1. Apologies for Absence

Apologies for absence were received from Councillors Allen, McKean, Lane and Walsh.

2. Declarations of Interest

Councillor Miners declared a pecuniary interest in item 10a 'petitions to be debated', following on from the petition presented at the Council meeting on 4 December 2013 relating to the children's centres, in that his partner worked for one of the service providers and would be affected by the new proposed delivery of the service.

Councillor Judy Fox and Councillor John Fox declared an interest in item 10a 'petitions to be debated', in that they sat on the Advisory Board for the Welbourne Play Centre.

Councillor Ash declared an interest in item 13a 'Council Tax Support Scheme 2014/15' in that he was a member of the Citizens Advice Bureau (CAB) Trustee Board.

Councillor Casey declared an interest in item 10a 'petitions to be debated', in that he sat on the Advisory Board for the Orton play centre, and that he was a governor at Brewster Avenue School.

A number of Members stated that they too may have interests in item 10a 'petitions to be debated' and the Legal Officer advised that advice would be given prior to the item being debated.

Councillor Murphy stated that his Council record of interests still included him as being the Company Secretary for Gladstone Connect, which operated a children's centre. This was no longer the case and he would update his interests accordingly.

3. Minutes of the Meetings Held on 4 December 2013

The minutes of the meetings held on 4 December 2013 were agreed as a true and accurate record subject to the following amendment:

- Councillors Ash, Fletcher, Miners and Saltmarsh not being present at the extraordinary meeting.

4. Mayor's Announcement Report

Members noted the report outlining the Mayor's engagements for the period commencing 2 December 2013 to 26 January 2014.

The Mayor thanked Councillor Saltmarsh for her generous donation to the Mayor's charities of the £580 raised at Mr Norman Saltmarsh's funeral and in response, Councillor Saltmarsh addressed Council and thanked all Councillors for their messages of support, attendance at the funeral and generous donations. Councillor Saltmarsh further thanked the Mayor, the Chief Executive, Councillor Miners and Councillor Ash for all their support over such a difficult time.

The Mayor further mentioned Sporting Saturday, which had raised over £1000 for the Mayor's charities. Gratitude was expressed to members of the charity committee and special thanks went to Councillor Chris Harper for acting as the master of ceremonies for the day.

5. Leader's Announcements

Councillor Cereste addressed Council and stated that the recently published 'Centre for Cities' report contained good news in relation to Peterborough.

The report highlighted that the city was the fastest growing in the country and was fifth out of the top ten cities with the highest housing stock growth and second in relation to cities with the highest private sector employment growth, with 3500 new jobs being created over the last 12 months.

All of the senior school rebuilds had now been completed, and the investments made were being reflected in the educational results. A total of 5000 new primary school places had been created, with 3200 still to deliver. The Skills Centre was being built at the current time and the city was now a 'gigabit city', with 100mb of broadband available to all businesses and households. The Public Realm works had been completed to a point, with the new works due to start, linking the £45m investment in the railway quarter directly to the city centre. The University Technical College (UTC) was also making a big difference to the children of the city and already 4000 students in city were undertaking university degrees.

Councillor Cereste concluded that difficult economic times were faced, however the city needed to continue to grow, particularly in relation to employment.

Councillor Khan stated that any good news for the city was welcome. In relation to the investments made in education, it was hoped that the borrowed funds would be paid back and that the positive education achievements would continue in the future, as improved education attainment was the way forward.

Councillor Harrington welcomed the good news for the city and stated that this had not been achieved solely by the work of the Council, but also by people's initiative and resolve. Going forward, the Council needed to focus on offering support to those people coming into the city, and offer support for new initiatives and investments.

Councillor Sandford welcomed the economic growth being achieved, along with the increases in employment, and queried what could be done to ensure that the employment generated was high quality employment, highly skilled and reasonably well paid and also what could be done to ensure that the economic growth achieved was environmentally sustainable?

The Leader responded to the points raised and stated that all people coming into the city were fully supported, hence Peterborough being one of the fastest growing cities in

the country. In relation to attracting new businesses and high value jobs, a mix of work was needed within the city, with lesser skilled jobs as well as higher skilled jobs in order to decrease unemployment figures, furthermore, wherever possible the most environmentally friendly jobs were attracted.

6. Chief Executive's Announcements

There were no announcements from the Chief Executive.

COMMUNITY INVOLVEMENT TIME

7. Questions with Notice by Members of the Public

There had been one question received from a member of the public, this was in relation to:

1. Peterborough's ranking in the schools performance league tables.

8. Questions with Notice by Members of the Council Relating to Ward Matters and to Committee Chairmen

Questions relating to ward matters were raised and taken as read in respect of the following:

1. Flooding outside the Tesco Express Garage Shop in Werrington;
2. The state of the footpath along Ennerdale Rise;
3. Pedestrian improvements in the area of Foxcovert Road;
4. The Parking Enforcement Programme; and
5. Regeneration of the Werrington Centre.

A summary of all questions and answers raised within agenda items 7 and 8 are attached at **APPENDIX A** to these minutes.

9. Questions with Notice by Members of the Council to representatives of the Fire Authority and Police and Crime Panel

There were no questions received.

10. Petitions

(a) Petitions to be Debated

The Legal Officer provided clarification around declaring interests on the matter under consideration. It was advised that Members were appointed to Advisory Boards in a non-fee earning capacity, therefore these appointments were non-disclosable pecuniary interests, however there may be an issue in relation to predetermination, in which case Members would be able to speak but not vote on any decisions.

The Council had been asked to debate a petition on the Children's Centres, presented at the meeting held on 4 December 2013 and containing in excess of 500 signatures.

The Mayor advised that a copy of the petition entitled 'Save Peterborough's Children's Centres' was available to view, along with the recommendations already made by the Creating Opportunities and Tackling Inequalities Scrutiny Committee. Members were reminded that the purpose of the debate was to move recommendations to Cabinet to consider when they made their decision on the matter.

Councillor Murphy was invited to read out a statement on behalf of the lead petitioner, Mrs Emma Majewicz which provided an overview of her personal circumstances and detailed the support she, and others, had received from the Westwood and Ravensthorpe Children's Centre. It was highlighted that the local communities needed the Children's Centres and feedback from the public consultation had demonstrated that a high number of people were against redesignation.

Members debated the petition and in summary raised points including:

- The ringfenced Government funding available for free childcare, which would total more than £10m in the current year in Peterborough;
- Funding for Children's Centre Services was no longer ringfenced;
- The consultation had been extensive and a number of meetings had taken place with mothers;
- The children's centres gave mothers the opportunity to attend a number of various sessions;
- Doing nothing was not an option due to the financial challenges that were faced, and safeguarding children had to continue to be the priority;
- The proposals would continue to focus services on the children most in need but would make sure that there was support from social care and health for all mothers and children in the city;
- The Council would receive £44m less in grant funding, therefore the financial challenges faced in coming years were great;
- The Cabinet paper highlighted positive discussions with a private childcare provider with a view to them taking over the childcare centre in Hampton;
- The proposals would not have the best long term outcomes for the children of the city;
- Support was not just needed for deprived people, but also for those with no families in the area;
- The Equality Impact Assessment recognised the short comings of the proposals and had not been included within the Scrutiny papers;
- The £100k made available in order to support some activities was not considered to be enough, and would the money be made available year on year?
- The decision made in 2012 in relation to the children's centres was supposed to secure the future of the children's centres in the city;
- The Childcare Acts 2006 and 2009 imposed duties on Local Authorities to improve the wellbeing of young children in their area, reduce inequality and to make arrangements to ensure early childhood services were provided;
- Parents needed professional support, not just emotional support from families. The Council should do all it could to support individuals;
- The children's centres had proven their worth since they had opened and they should remain open until no other alternatives were available;
- Efficiencies needed to be saved from elsewhere and this could be achieved. The financials needed to be further explored;
- Closing the children's centres would cost the Council more, e.g. with redundancy payments;
- There was extra money coming into the Council for health visitors and they would need premises to operate from. If the children's centres were not utilised, then more money would end up being spent health centres;
- Officers had worked hard and listened to the consultation and the proposals addressed most of the issues raised;
- Services which played a vital role in nurturing children should not be cut;
- Efficiency savings and raising revenue from the centres could be further explored;
- The reason for the cuts was to protect the most vulnerable with the resources

available;

- Not all wards had access to children's centres and the new proposal would bring an improvement in access to these wards, reaching out to those more in need;
- Having the support of children's centres was a good thing for mothers; and
- In order to mitigate some of the impact on communities where there would not be a children's centres, Cabinet would be requested to deduct £100k from the proposed savings to support a number of areas, including maintaining health visitors and maternity clinics, support to schools and childcare providers and support to parents who were interested in running centres themselves.

During debate, a recommendation was proposed by Councillor Shearman that:

'Cabinet defer any decision making on the proposals to close children's centres until further alternatives and proposals have been thoroughly explored, considered and consulted on'.

This recommendation was seconded by Councillor Saltmarsh.

A recorded vote was requested and agreed. Members voted as follows:

Councillors For: Ash, Davidson, Fletcher, Forbes, Fower, JR Fox, JA Fox, Harrington, Jamil, Johnson, Khan, Knowles, Martin, Murphy, Saltmarsh, Sandford, Shabbir, Shaheed, Sharp, Shearman, Swift, Sylvester and Thulbourn.

Councillors Against: None.

Councillors Abstaining: Arculus, Casey, Cereste, Dalton, Day, Eley, Fitzgerald, Goodwin, Harper, Hiller, Holdich, Kreling, Lamb, Lee, Maqbool, Nadeem, Nawaz, North, Over, Peach, Rush, Sanders, Scott, Seaton, Serluca, Simons, Stokes, Thacker and Todd.

Following the vote (23 For, 0 Against and 29 Abstentions) the recommendation was **AGREED** and would be carried forward to Cabinet.

(b) Submitted by Members or Residents

Councillor Miners submitted a petition from residents of Bradgate Drive and Clifton Court requesting that the poor level of street light in some parts of the area, which had been made worse by the fitting of the new LED lighting, was reassessed for improvements.

Councillor Khan submitted a petition signed by residents of Allen Road referring to traffic problems in the area.

Mrs Margaret Randall submitted a petition signed by approximately 800 residents on behalf of landlords, tenants and residents, of Gladstone Street, the Gladstone Area, Millfield, New England and Eastfield and other areas, to stop the proposal of Selective Licensing on landlords.

The Mayor advised that as the petition on Selective Licensing contained over 500 signatures, the Director of Governance would contact the petitioner in order to ascertain how they would like the petition to be considered going forward.

EXECUTIVE BUSINESS TIME

11. Questions with Notice to the Leader and Members of the Executive

Questions to the Leader and Members of the Executive were raised, with all of the questions being taken as read, in respect of the following:

1. Keeping the Broadway Theatre open;
2. Attendance at Creating Opportunities and Tackling Inequalities Scrutiny Committee by the co-opted members;
3. The recent numbers of elderly patients admitted to hospital;
4. Possible financial assistance for the Beer Festival;
5. Potential fracking sites; and
6. A grant payment for the 'One Community Plan' for Gladstone Connect.

Due to the time limit for the item being reached, the questions relating to the following topics were to be responded to in writing outside of the meeting:

7. Cessation of usage of the CCTV Enforcement Vehicle;
8. The introduction of a by-law aimed at tackling people spitting in the street;
9. The cost of the Bedroom Tax in relation to public transport costs;
10. Local Enterprise Partnership (LEP) funding;
11. The proposed increase in library users and attendance at theatre performances, as proposed with the 'Creating the UK's Environment Capital Action Plan';
12. The success of the recent 'Heathborough' initiative; and
13. Attracting further inward investment into Peterborough from companies based in other EU countries.

A summary of all questions and answers raised within agenda item 11 is attached at **APPENDIX B** to these minutes.

12. Questions without Notice on the Record of Executive Decisions

Members received and noted a report summarising:

1. Decisions taken at the Cabinet Meetings held on 16 December 2013 and 20 January 2014;
2. Use of the Council's call-in mechanism, which had been invoked once in respect of the decision taken by Cabinet on 18 November 2013 relating to 'Early Years Services Including Children's Centres'. The call-in request was considered by the Creating Opportunities and Tackling Inequalities Scrutiny Committee on 3 December 2013, and following discussion and questions raised on the reasons stated for the call-in, the Committee did not agree to the call-in of the decision.
3. Special Urgency and Waiver of Call-in provision, which had not been invoked since the previous meeting; and
4. Cabinet Member Decisions taken during the period 27 November 2013 to 10 January 2014.

Questions were asked about the following:

Environment Capital Action Plan

Councillor Sandford queried how the Council's current proposal to charge people for disposing of their brown bin garden waste would contribute to achieving a 100% reduction in household waste to be reused, recycled or recovered? Councillor North advised that the 'option to charge for brown bin removal' would save £804k. For those individuals that do use their bins, for under £25, there were a selection of compost bins which could be purchased.

Councillor Sandford further queried whether the proposal would mean that only 30% of households would continue to use the brown bin, as had been stated at the recent budget briefing, and would this not mean a detrimental impact on the ability to achieve targets within the Plan, along with others to do with public transport and cycling. Councillor North stated that the 30% was a best estimate figure from similar council's as to the percentage of brown bins still in use. Some bins could be shared by neighbours and others will no longer need the bins. In terms of cycling and public transport there were a number of initiatives in place.

Councillor Murphy sought clarification as to whether this was the first time the Council had produced a Plan and how long before achievements were realised? Councillor North advised that there had been previous documents, however these were not static documents and were forever changing and moving forward, subject to the funds available and the situations faced at the time and how to best achieve becoming an environment capital.

Transformation of Person Centred Activities for Younger Adults in Peterborough

Councillor Thulbourn sought clarification as to why a number of families of severely handicapped individuals had not been informed of the consultation and further highlighted that a number of the consultation events had become extremely heated, with some individuals even being injured. Councillor Fitzgerald responded stating that he had been assured that every individual, either through their advocate or carer had been contacted, therefore could Councillor Thulbourn provide a list of the names of those individuals he believed had not been contacted and this would be investigated.

Councillor Fitzgerald further advised that he was aware of some of the consultative events becoming quite heated, however if there were specific allegations of people coming to harm, would Councillor Thulbourn advise him and he would ensure that this too was investigated by officers.

Councillor Sylvester expressed concerns that people with profound and multiple disabilities would not manage the kind of transformation that was envisaged. Once the centres were closed and staff redeployed, who would care for those individuals and where? Councillor Fitzgerald advised that the changes would not be suitable for everybody and it was not expected that those individuals with profound disabilities would be affected. Those individuals would certainly not be left with anywhere to go.

Councillor Sylvester stated that it had not been categorically stated as to what would happen to those individuals when the day centres closed in March 2014. Councillor Fitzgerald stated that each person would be individually assessed, as they were at the current time and those individuals would be given options and choices by social workers. If Councillor Sylvester had any concerns around individuals, then discussions needed to be undertaken with social workers.

Councillor Murphy sought clarification as to the position concerning the Cambridgeshire and Peterborough Foundation Trust. When, where and how would the profoundly disabled people be assisted and could further clarification be provided as to why CPFT were no longer involved? Councillor Fitzgerald advised that the process had been complex, but ultimately it had been discovered that around 40 individuals involved at the Gloucester Centre, which was operated by the CPFT, had in effect been double funded by the Council, with money being paid directly to the Gloucester Centre and to the individuals by way of care packages. This could not continue and it was highlighted that even if the individuals wished to spend their personal budgets at the Gloucester Centre, this would not be enough to keep the facility running. The CPFT had therefore given notice that that was not sustainable and they would have to withdraw that service.

Terms of Reference for Greater Cambridge Greater Peterborough Local Transport Body

Councillor Sandford queried what steps were being taken to ensure that the 'grouping' prioritised environmentally sustainable forms of transport in accordance with the policies in the Peterborough Local Transport Plan and also what steps were being taken to ensure Peterborough received a fair share of the resources being put forward by the Local Transport Body? Councillor Cereste responded that the environment was put as a high regard for everything that the council undertook and serious consideration would be given to the environmental impact of everything that was undertaken. Assurance was also given that Peterborough would receive its fair share of the resources.

Award of Contract for the Construction of an Extension, Refurbishment and Remodelling to Accommodate the Expansion of Ravensthorpe Primary School

Councillor Murphy queried whether adequate facilities had been provided in the plan for children to receive school meals and was the kitchen big enough, following the introduction of free school meals for the youngest children, or would they have to have dinner in shifts? Councillor Holdich advised that he was not aware of the size of the kitchen but he had attended the consultation meeting with the staff and governors who had expressed their satisfaction at the plans submitted.

Joint Materials Recycling Facility (MRF) Procurement for the Recycling in Cambridgeshire and Peterborough (RECAP) Partnership

Councillor Lee queried whether the new MRF was one facility for the whole of Cambridgeshire or whether it was one of a number of facilities, and was the intention to build the facility in the city? Councillor Elsey advised that the final proposals were still being worked through so a definitive answer could not be given at the current time, however due to the changes in revenue for recyclates the market place dictated that larger bulk was needed in order to get the best results, therefore an agreement had been entered into in order to establish a process whereby the recyclates were grouped with the RECAP members and the financial benefits to the city would be increased accordingly.

A1139 Fletton Parkway Junction 17 A1(M) – Junction 2 Widening Scheme – Appointment of Construction Contractor

Councillor Fower sought clarification as to how much, if any, of the money attributed to the work had come from the Local Enterprise Partnership (LEP)? Councillor Cereste stated that it was a considerable amount, alongside a large Government grant. Further details would be provided to Councillor Fower in writing.

Councillor North sought clarification as to why the widening scheme was required, and whether it was necessary for a growing vibrant city, growing in jobs and homes for its people? Councillor Cereste stated that it was because of all of those reasons.

Contract Award for the Provision of Domestic Abuse and Sexual Violence Services

Councillor Shaheed sought clarification as to how the figures had been calculated and whether it had been based on the costs for the previous three years? Councillor Cereste advised that Councillor Walsh was not in attendance to respond to the query, and an answer would be provided in writing.

Closure of Matley Primary School, Academy Transfer Agreement and Lease of Premises

Councillor Khan queried in relation to the 125 lease to Ormiston Academy, whether this was the only Academy negotiated with or had a tender process taken place? Councillor Holdich advised that the Governors had a choice of who they wished to go with.

Award of Personal Care and Support Services Contracts

Councillor Khan sought assurance that the contract had been awarded in the proper manner as it was believed that there had been some inaccuracies, either in the process or in marking, and that the decision had been taken without due care. Councillor Fitzgerald advised of the process that had been followed and stated that, following concerns raised, an independent investigation had been undertaken by an officer and ultimately, some individuals had not reached the threshold of passing, even with individual help.

Councillor Khan further expressed concern that following issues raised, re-numbering had taken place, which had resulted in a change in scoring. Councillor Fitzgerald advised that people had had the chance to re-present. The scoring had changed slightly, but not significantly. Following re-scoring, individuals had still not reached the threshold.

13. Executive Recommendations

(a) Council Tax Support Scheme 2014/15

Cabinet at its meeting of 20 January 2014 received a report, following the consultation on the proposals made at the Cabinet meeting held on 16 December 2013. The report made a recommendation to Council on the Council Tax Support Scheme to be implemented in Peterborough and also sought Cabinet's approval to adopt the Citizen's Advice Bureau (CAB) good practice protocol for council tax collection.

Councillor Seaton introduced the report and moved the recommendation that Council agree that the Council Tax Support Scheme for 2014/15 should be the same as for the current year, keeping the reduction in benefit for working age claimants at 30%. Councillor Seaton further highlighted that due to the council being given less funding for council tax support, the estimated funding gap was around £2.4m across Peterborough. It was therefore a choice of implementing a local scheme to meet the shortfall or cuts were to be made in services elsewhere.

For 2013/14, the Council had implemented a scheme which reduced benefit by 30%, with pensioners not being affected by the change. The impact of the scheme had been closely monitored and reviewed, with any recovery measures being carefully considered and proportionate. The impact on households had also been monitored and this would continue going forward, especially in light of wider changes to welfare benefits.

A number of organisations had been written to, as part of the consultation, who regularly came into contact with affected households to seek their views. Subsequently a response had been received from the Citizen's Advice Bureau, which highlighted the 'Good Practice Protocol on Council Tax Recovery', which had been drawn up with the Local Government Association. The protocol covered many areas of practice followed by the Council, and Cabinet approved its adoption.

In summarised, Councillor Seaton stated that financial challenges faced by the Council remained the same, and it would not be possible to make reductions in funding elsewhere. It was therefore recommended that the existing scheme continue. This was seconded by Councillor Cereste, who reserved his right to speak.

Members debated the recommendation and in summary raised points including:

- There were concerns around the burden which had been put on to low income families;

- Around 5000 people had been to the Peterborough Magistrates Court because they had not paid or could not pay. Had the burden of payments increased for these people due to having to go to court?
- It was difficult to accept the recommendation and more work had to be done around the impact that the scheme was having;
- Concern was expressed around the process of consultation, it would have been appropriate for all Councillors to have been involved;
- 45% of those summoned to court were in receipt of council tax support;
- Out of the 5266 summons CTS, how many of the households were due to pay council tax for the first time?
- Had consideration been given as to why reminders were being ignored, for example could it be down to language barriers?
- Had the idea of the adoption of the CAB protocol been dropped?
- It was a difficult situation, however this was the first year of the scheme and on future occasions it would be beneficial for more information to be provided in order to adequately review the impacts;
- The scheme needed to continue for the forthcoming year; and
- An alternative scheme would need to be identified should the current scheme be voted against.

Councillor Cereste exercised his right to speak and advised that if the scheme was not implemented, it would mean a 6% increase in council tax.

Councillor Seaton summed up as mover of the recommendation, and responded to issues raised by Members. It was advised that a response to the question raised in relation to how many of the 5266 summons were paying council tax for the first time would be provided in writing. In relation as to why people had not responded to reminders, it was advised that numerous letters had been sent out and individuals had also been texted where mobile numbers were available, this had led to an increase in the numbers of people coming to the Council and attending court and lastly, the CAB protocol had been adopted, and work had also been undertaken closely with CAB to ensure they were kept advised of relevant issues.

Council was asked to agree the recommendation, as it would not be possible to subsidise funding for council tax support without having a far greater impact on services elsewhere.

A vote was taken (38 for, 11 against, 2 abstentions) and it was **RESOLVED** that:

Council agree that the Council Tax Support Scheme for 2014/15 should be the same as for the current year, keeping the reduction in benefit for working age claimants at 30%.

COUNCIL BUSINESS TIME

14. Reports and Recommendations

a) Governance Issues - Variation to Standing Orders

Council received a report requesting that a number of Standing Orders be varied and adopted and that the Constitution Working Group consider those revisions made following six months of operation and report back to the Council as necessary.

The Mayor advised that the report had been presented at the previous meeting where debate on the recommendations had been postponed.

The Mayor further advised that subsequently, agreement had been reached by the

Group Leaders to defer the item to allow for further discussions to be held. The Mayor therefore moved that the item be deferred. This was seconded by Councillor Seaton.

A vote was taken (unanimous) and it was **RESOLVED** to:

Defer the item to allow for further discussions to be held.

The Mayor
7.00pm – 9.55pm

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FULL COUNCIL 29 JANUARY 2014

QUESTIONS & ANSWERS

Questions were received under the following categories:

COMMUNITY INVOLVEMENT TIME

7. Questions with notice by members of the public

1. Question from Danielle Hetherington

To Councillor Holdich, Cabinet Member for Education

It is a fact that children learn more in their first three years of development, than at any other time in their lives.

In Peterborough the number of children reaching an acceptable level of attainment after reception is considerably lower than the national average. In fact, our local authority is currently ranked in the bottom 10% of Ofsted's schools performance league table.

If reducing families' access to children's centres, new mums support groups, and access to early years coordinators are all part of Peterborough council's new strategy, how are you going to guarantee that the next generation of young Peterburgians will not also be failed by your education system and that we fall even further down the league tables?

Councillor Holdich responded:

The government's policy for the delivery of early year's education is focused on early access to learning through high quality childcare provision and the reception years in school, to ensure young children are prepared for statutory schooling. The funding the council receives for early years is ringfenced and can only be spent on providing free childcare places for two year olds for families with low income and the universal offer of 15 hours of free childcare for 3 and 4 year olds.

Standards in Peterborough at the end of Reception have improved by over 5% over the last 3 years and gaps to national average across all key stages are closing rapidly and nearer to National average than ever before. At Key Stage 4, we are the 6th most improved Local Authority in the country.

Danielle Hetherington asked the following supplementary question:

I note that good news is a matter of fact, and Mr Cereste mentioned the increase of attainment in senior schools, which was announced this week. Could this not be linked to the previous investment, including those of the children's centres? And with the growth of the city in the private sector, should we not ensure that all of children are equipped to provide the skills for these jobs, including those of the higher skilled jobs. Will these closures not affect the improvements that have been done?

Councillor Holdich responded:

No, I do not believe they will affect that. The government believe, and I feel that they are right, that young people should be in an educational environment as soon as it is practical. I believe that with our investment is what is increasing our attainment levels.

8.	<p><u>Questions with notice by Members relating to ward matters To the Cabinet Members and to Committee Chairmen</u></p>
1.	<p>Question from Councillor Saltmarsh</p> <p>To Councillor Cereste, Leader and Cabinet Member for Growth, Strategic Planning, Housing, Economic Development and Business Engagement</p> <p>About a year ago a question was asked at Full Council concerning the flooding problems outside the Tesco Express Garage Shop, on the junction of Birchtree Avenue and Welland Road. We were told the problem would be resolved. Later PCC officers admitted the location had a defective system, and would resolve the issue with support from Anglian Water. Could I ask what is the current position with the planned corrective works and when will the problem be finally resolved?</p> <p>Councillor Cereste responded:</p> <p>In order to resolve this issue a new highway gully connection to the sewer is required as soon as possible. This has been consented and is programmed to be delivered in March. The timing is because the relevant contracts and permissions need to be in place before the works can be undertaken. Please note it is anticipated that this will involve traffic management works.</p> <p>Councillor Saltmarsh asked the follow supplementary question:</p> <p>Why has it taken so long to get to this stage, since this matter was raised over a year ago?</p> <p>Councillor Cereste responded:</p> <p>Like everything else, under difficult economic times, we have to make choices.</p>
2.	<p>Question from Councillor Fower</p> <p>To Councillor Cereste, Leader and Cabinet Member for Growth, Strategic Planning, Housing, Economic Development and Business Engagement</p> <p>Over the past decade, residents along Ennerdale Rise have witnessed many companies undertake various work which has seen their footpath dug up and filled in on countless occasions. This has resulted in an erratic and uneven, footpath surface and even the dropped kerbs offer a threat to those who are not so sure on their feet. Given that the majority of local residents in this cul-de-sac are retired, could the relevant Cabinet Member please advise me as to when these local taxpayers can look forward to a new and smoother footpath surface?</p> <p>Councillor Cereste responded:</p> <p>Ullswater Avenue, Grasmere Gardens and Ennerdale Rise are all included on the 2014/15 footway surface treatment programme that as well as sealing the surface to extend the life of the footway will also address the surface irregularities providing a more uniform and level surface for pedestrians.</p> <p>Councillor Fower asked the following supplementary question:</p> <p>Given that private companies will continue to undertake work along such streets, does the local authority recoup the cost of the footpath improvements from them and if not, why not?</p>

	<p>Councillor Cereste responded:</p> <p>I don't have that information available right now, but I will make sure an officer responds in writing so that we can get that information for the councillor.</p>
3.	<p>Question from Councillor John Fox</p> <p>To Councillor Cereste, Leader and Cabinet Member for Growth, Strategic Planning, Housing, Economic Development and Business Engagement</p> <p>Since the Post Office moved from the Werrington Centre to The Hodgson Centre, we have seen more elderly residents crossing the road at this location. This is in addition to the high number of schoolchildren using this location as a direct route to the nearby senior school.</p> <p>Previous surveys on this stretch have revealed a high level of vehicles exceeding the speed restrictions in place.</p> <p>Would the Cabinet Member please give the Werrington North Councillors and the residents of Werrington reassurance that everything will be done to look into much needed pedestrian improvements in the area of Foxcovert Road at its junction with Hodgson Avenue?</p> <p>Councillor Cereste responded:</p> <p>An assessment was completed by members of the Transport and Infrastructure Planning Team in December 2013 using the standard methodology to prioritise funding for pedestrian crossing requests from Councillors and members of the public.</p> <p>The assessment looked at the following criteria and the survey found the results outlined below:</p> <ul style="list-style-type: none"> • Accident data: Results-No collisions have been reported at this area • Number of potential users of the crossing: Results AM peak 70 PM peak 88 • Number of vehicles AM peak 185 PM peak 173 • Speed of the vehicles: Results average speed AM peak 30 PM peak 31 • Existing facilities: Result adequate considering the survey results. <p>The assessment concluded that the results did not warrant additional provision at Foxcovert Road at its junction with Hodgson Avenue at that time and other areas within the authority were in greater need of investment</p> <p>As such the request was not progressed and Councillor Fox was notified. The team will monitor the situation and should the circumstances change they will carry out a further assessment.</p> <p>Councillor Fox did not have a supplementary question.</p>
4.	<p>Question from Councillor Miners</p> <p>To Councillor Cereste, Cabinet Member for Growth, Strategic Planning, Housing, Economic Development and Business Engagement</p> <p>Noting the general success of the special Parking Enforcement Programme (PEP) throughout Old Dogsthorpe, it is apparent that some major loopholes still exist in the current operating legislation. Which is still leading to a number of high visibility damaged verge areas. Could local councillors be updated in what corrective legislation measures are being investigated to resolve these omissions, to make sure enforceable PEP becomes more of a success story locally?</p>

Councillor Cereste responded:

Having checked with both Parking Enforcement and Highway services there are no legislative changes in the Dogsthorpe area in respect of the On Street Parking Order.

Neither Parking Enforcement nor Highways is aware of 'loopholes' in the order.

In respect of enforcement we now use the CCTV enforcement vehicle to enforce any vehicles parking on the verges, however this is only effective as and when the vehicle is in the area. Beforehand foot patrol officers would visit, walk to the contravening vehicle and in 95% of the cases the driver would move the vehicle.

Councillor Miners asked the following supplementary question:

Whoever drafted that answer for you has misread the question that I asked. As Leader of the Council, could I please invite you to visit Dogsthorpe grass verges with me as soon as you are able to.

Councillor Cereste responded:

Yes I would be happy to, just fix it up with my assistant.

5. **Question from Councillor Judy Fox**

To Councillor Cereste, Cabinet Member for Growth, Strategic Planning, Housing, Economic Development and Business Engagement

Having attended meetings with Tesco's regarding revitalisation of the run down and neglected Werrington Centre, I am pleased to report that there now seems to be light at the end of the tunnel. It is now looking more positive and we look forward to the possibility of the reopening of the retail shops and regeneration of the whole area.

The Werrington North Councillors, who have been actively campaigning to get things moving have been very frustrated over the past years, however we would like to extend our personal thanks to the officers of the Planning Department who we know have been fighting our corner so passionately.

Would the Cabinet Member please pass on our thanks to the officers and ask for reassurance that they will continue to consult with us so we can pass on our knowledge of the area and its residents. Thereby making sure that we get the best we can out of this redevelopment, for the direct benefit of our residents and the future store holders.

Councillor Hiller responded:

As I have been involved in the planning aspects of the Werrington Centre in the past few years, working closely and supportively with our planning officer and both you and Councillor John Fox. Councillor Cereste has told me that he will pass on your thanks to officers leading to these protracted and involved discussions with Tesco. Their plans for the future of the Werrington Centre will provide enhancement for such an already valuable resource for the local Werrington community. Tesco's like many businesses and households in the City has had to adjust financially to the new economic situation that the country faces which has meant that the original plans for the centre have had to change. Coupled with the need to involve and co-operate with other landowners in the delivery of the new plans, progress by Tesco has not been as quick as we had hoped for. Officers are pressing Tesco, with what limited leverage they have, to commit to a scheme for the earliest improvement of the centre and a timetable for delivery of that expansion. Through the Leader I ask that the Local Ward Members are kept informed of progress.

	<p>Councillor Fox asked the following supplementary question:</p> <p>I would like to thank Councillor Hiller for his reply and I would like to personally thank him for his foresight and forward-thinking whilst he was the relevant Cabinet Member by ringfencing £200,000 for the development of road safety measures at the well-known black spot at Staniland Way junction. I would like to ask Councillor Hiller if he would ensure that officers liaise directly with fellow ward councillors and myself before any designs are put forward for consideration in order to not further delay safety improvements in the long run, which are necessary and long overdue.</p> <p>Would he also agree that the Werrington North Councillors have over the past years done all they could to highlight the need for these improvements?</p> <p>Councillor Hiller responded:</p> <p>On behalf of our Leader, I thank you for your thanks. I am sure both the Leader and Councillor Seaton appreciate the importance of this junction improvement, despite having no political representation in North Werrington.</p>
9.	<p><u>Questions with notice by Members to Council representatives of the Fire Authority and Police and Crime Panel</u></p>
	<p>None received.</p>

EXECUTIVE BUSINESS TIME

11. Questions with Notice to the Leader and Members of the Executive

1. **Question from Councillor Sandford**

To Councillor Eley, Cabinet Member for Culture, Recreation and Waste Management

Following the recent season of shows at the Broadway Theatre, could the Cabinet Member tell me what discussions, if any, he has had with the owners of the theatre and other interested parties with a view to keeping this important entertainment facility open for use by the people of Peterborough?

Councillor Eley responded:

The Broadway Theatre is a private venue and as such the city council have no control over the rent agreed between the landlord and the private tenant. Both Vivacity and the council have worked closely with Mr Kenwright's company and have been very supportive of his connection with the theatre as we are extremely keen to see a thriving and vibrant night-time economy.

Preliminary negotiations with Bill Kenwright Ltd, Vivacity, and the owner of the Broadway Theatre into the future of the venue have been taking place since Bill Kenwright Ltd started productions at the theatre, however it's too early to say anything further at this stage as Bill Kenwright Ltd are currently in the process of evaluating their season at the Broadway theatre.

Councillor Sandford asked the following supplementary question:

I had the opportunity of attending three of the performances in the autumn season, and one performance the theatre was full and it was a tremendous atmosphere. I appreciate that we don't have a bottomless pot and the council is facing severe financial challenges, but could I urge him to, in terms of offering help in kind officer time, give as much support to the Broadway Theatre as possible as it's important to keep the theatre open if possible.

Councillor Eley responded:

Vivacity and the Council are working with Bill Kenwright Ltd to look at ways of helping, however we are not the landlord and we are not party to the negotiations that he has with the owner of the Broadway theatre, because it's a private deal between two private companies.

2. **Question from Councillor Shearman**

To Councillor Holdich, Cabinet Member for Education

As far as I am aware, since I became a Councillor in May 2011, not one of the three church co-opted members of the Creating Opportunities and Tackling Inequalities Scrutiny Committee has ever attended a meeting. Furthermore we no longer have a representative of school governors attending our meetings. Does the Cabinet Member agree with me that this is not a satisfactory situation?

Councillor Holdich responded:

This is a matter for the Chair of the Committee as it relates to the Constitution but I am

happy to provide response. A strong Scrutiny Committee brings together expertise from different backgrounds so I welcome input from other relevant bodies. Officers have been in contact with the diocesan bodies and indeed their membership has been updated recently but they have chosen not to attend. We cannot insist on their attendance. Papers are always sent to them and since the two seats for schools governors become vacant, we have advertised the role to all governing bodies and despite enquiries we have had no firm interest. We will re-advertise these roles during the spring term.

Councillor Shearman asked the following supplementary question:

I agree that these representatives do offer a unique dimension to our discussions and it is deplorable that they don't send anyone along to the meetings. But in terms of absences and being present at a meeting, can I ask, can one be present but absent at the meeting? Meaning, the Scrutiny Committee isn't political, however it tends to be opposition members that scrutinise our Chair. In the last meeting one of the Members was on his iPhone the whole time and didn't say anything. Can I ask Councillor Holdich to go back to his colleagues and remember that the children of the city are important and officers should be scrutinised in way that you are expected to do so.

Councillor Kreling provided the following point of information:

The Member referred to was subbing for a sub, he only had a few hours' notice of that meeting, he had no papers delivered to him and only got papers as he arrived at the meeting, so I think that is very unfair.

Councillor Holdich responded:

I believe that the education spokesman is Councillor Jamil, but he doesn't seem make much contribution whatsoever, it all seems to be the responsibility of Councillor Shearman. I'm sure that the great decisions that I make on education are shared with my colleagues and they haven't got a lot to add to them.

Councillor Shearman provided the following point of information:

As a point of information Councillor Jamil is not a Member of that Committee.

3. Question from Councillor John Fox

To Councillor Fitzgerald Cabinet Member for Adult Social Care

In a recent article in the Peterborough Telegraph it was reported that "The number of elderly patients admitted to Peterborough Hospital are higher than last year and it is difficult to see why it should be the case".

This is as a result of 650 patients of age 80yrs plus being admitted in four weeks, thereby putting the hospital on Black Alert and leaving a shortage of beds.

Could the Cabinet Member reassure the members that this has nothing to do with the added burden on hospital beds, brought on as a result of the closure of Welland House and Greenwood House Care Homes?

Councillor Fitzgerald responded:

There is no evidence to suggest that there is a correlation between the two issues. All residents were successfully accommodated in a new residential care settings within Peterborough, making good use of independent sector capacity.

Winter pressures have impacted upon hospital demand as has demographic growth and this can be seen in many areas of the country. Peterborough has also an excellent record in having no delayed hospital discharges which, can be confused with areas in

Huntingdonshire and South Lincolnshire, which may not benefit from such good fortune. This indicates the issue may be more attributable to the effectiveness of strategies relating to admission avoidance rather than the closure of care home beds, particularly through the winter period.

Councillor Fox asked the following supplementary question:

I read in the Daily Mail an article entitled 'surge in the over-90s being taken to A&E', an 80% increase blamed on failure of care at home. Caroline Abrahams, the Charity Director of Age UK was quoted as saying "in some cases, being admitted to hospital is a consequence of not getting good quality care at home. The core of the problem is that funding for social care has failed, and is still failing to keep up with the growing demand. The care of our most vulnerable must be a priority", I think we all agree with that. Would the Cabinet Member agree with me that not only is more funding needed, but also that we equally need to concentrate on how we can work with all organisations to provide adequate and substantial care to our city's ever growing elderly population, before it becomes a crisis that will affect many families. Will he also ensure me that he will continue to monitor the situation at the city hospital and come back to this council with statistics as to why there is such an increase in admissions and again reassure us that it has got nothing to do with the failure that old people can't get beds in care homes or at home?

Councillor Fitzgerald responded:

I agree with Councillor Fox, that we need to look after the elderly and put more money in. We have been doing that, however the problem is that demand is growing also which places a strain on finances further. This is not related to closing care homes because people are in adequate care in terms of council care homes. I rang the hospital and was informed that the particular week that was reported was the week ending the 13 January, this is the same week every year in which the hospital usually goes on alert. This means that 10%, which is about 50 patients, was the added increase in that week. 22% of those were of the over 80-90 category and it was mostly down to respiratory problems due to the weather and nothing to do with care homes, so those people could have been admitted from their homes or nursing homes, where they were situated had no bearing on it. There is always a peak at Christmas and New Year.

4. Question from Councillor John Fox

To Councillor Elsey, Cabinet Member for Culture, Recreation and Waste Management

The Peterborough Beer Festival continues to be one of Peterborough's premier events, but the professionalism of the event organised by an unpaid team of volunteers does not come without a cost. Recent years have seen the festival struggle to balance their infrastructure costs against their revenue. I respectfully ask the Cabinet Member for Culture, Recreation and Waste Management whether there is any possibility to assist the event by offering the site on a rent free basis for the duration of the set-up, event and takedown, or at least some financial encouragement, like a reduction in costs to help make sure that this prestigious event stays well and truly on the Peterborough calendar.

Councillor Elsey responded:

The Beer Festival is undoubtedly one of the major highlights in the Peterborough event calendar. It is also true to say that from its conception in the 1970's when it was first held at Peterborough Rugby Club, the beer festival has been supported by volunteers who willingly give up their time to run it.

Financially Peterborough City Council will always endeavour to look sympathetically towards events. However, there has to be a limit as we do not have unlimited funds.

In respect to Peterborough Beer Festival the following points must be taken into account

1. The Beer festival is a very established and financially self-supporting event, now in its 36th year;
2. The beer festival is a profit making enterprise, essentially run by a private company CAMRA. It is not an event where Peterborough City Council have joint involvement/sponsorship;
3. Peterborough Embankment is a prime location, which is extremely sought after. The beer festival takes over the entire site for virtually the whole of August, which affects income generating opportunities for the council. August is one of the few months of the year that we can pretty much be assured the weather will be good, it is also a month for which we receive numerous enquiries from other event organisers to hold events but who have to be turned away. This is detrimental to the revenue opportunities of the council; and
4. PCC has an obligation to make the most of its income generating opportunities. If the council were to keep giving things away for free, it would ultimately result in additional pressure being placed the tax payers of Peterborough.

Things are hard, however if there is anything I can do in conjunction with Councillor Fox to see if there is anything that can be done, I am happy to meet with Councillor Fox,

Councillor Fox asked the following supplementary question:

Neither I nor CAMRA are asking for it for free. However, at some time, I ask that you sit round the table with the senior members of CAMRA to find a way forward to ensure that this event is not placed in jeopardy.

Councillor Elsey responded:

If you or the members of CAMRA would like to get in touch with myself to discuss it, I am happy to do so.

5. Question from Councillor Miners

To Councillor Cereste, Cabinet Member for Growth, Strategic Planning, Housing, Economic Development and Business Engagement

Noting the Coalition Government support for 'fracking' and the financial support being offered to local councils to attract such development, can the Leader confirm whether PCC has any potential locations for this speculative venture within our local authority area?

Councillor Cereste responded:

DECC is currently consulting on its environmental report for the next onshore oil and gas licensing round (14th Round) <https://econsultation.decc.gov.uk/decc-policy/consultation-env-report-further-oil-gas-licensing/>. The Environmental Report contains a map on page 6, which shows existing licence areas and areas under consultation for the next licence round. It shows that the area under consultation cuts through Peterborough. Peterborough falls into the East of England and East Midlands area and part of Peterborough is shaded as under consideration for onshore licensing, but there is nothing more specific than that. As it's just at consultation stage, DECC hasn't published the specific areas at the current time.

Councillor Miners asked the following supplementary question:

Does Councillor Cereste think that the government's scheme is tantamount to bribery of local authorities?

	<p>Councillor Cereste responded:</p> <p>I will keep my personal opinions to myself on this. A decision regarding fracking will be made through the appropriate channels and you as Councillors will be the ones to ultimately make that decision.</p>
6.	<p>Question from Councillor Murphy</p> <p>To Councillor Seaton, Cabinet Member for Resources</p> <p>In relation to grants paid to voluntary organisations, would the Cabinet Member please clarify why the grant for the 'One Community Plan' for Gladstone Connect was not paid in 2012 and 2013, and how much was paid in 2011?</p> <p>Councillor Seaton responded:</p> <p>A revenue grant to Gladstone Connect Ltd was agreed in 2011 by Cabinet to cover the running costs of the Gladstone Park Community Centre.</p> <p>The grant agreed by Cabinet was as follows:</p> <p>2011/12 - £48,000 (to be paid in 3 instalments of £5,000, £23,000 & 20,000) 2012/13 - £27,000 2013/14 - £9,000</p> <p>The first year grant payment of £48,000 was made in full. The subsequent grant payments were not made as a result of conditional information not being received by the Council. There is clear documented evidence to show that this information was repeatedly requested and all communications to officers and board members highlighted that grant instalments could not be paid unless the information was received in line with the original agreement.</p> <p>Councillor Murphy asked the following supplementary question:</p> <p>Is the Cabinet Member aware of the income that Gladstone Connect generated from the hiring out and additional use of children's centres over the last eight years? Over £100k?</p> <p>Councillor Seaton responded:</p> <p>I am aware that there has been income generated but I think the question was about the failure to complete paperwork at Gladstone Connect.</p>
7.	<p>Question from Councillor Fower</p> <p>To Councillor Cereste, Cabinet Member for Growth, Strategic Planning, Housing, Economic Development and Business Engagement</p> <p>At the end of last year, government plans to ban CCTV parking cameras were announced. As Peterborough uses CCTV enforcement vehicles to tackle dangerous and illegal parking outside schools including cars blocking driveways, driving along pavements and stopping on yellow zig-zag lines outside of school gates, could the relevant Cabinet Member please let me know if there are any plans to cease usage of CCTV enforcement vehicle?</p> <p>Councillor Cereste may have responded:</p> <p>The government plans to ban the use of CCTV for parking enforcement is in consultation and local authorities and the British Parking Association have been asked to respond on a</p>

	<p>number of issues relating to Parking by the 14th February 2014.</p> <p>Under consideration:-</p> <ul style="list-style-type: none"> • Change the balance in how parking is enforced (use of CCTV) • Freeze penalty charge levels • Local Authorities to make clear all revenue streams and costs. <p>The Traffic Management Act 2004 (TMA 2004) provides the regulatory framework; in particular the law is clear that local authorities must not use their civil parking enforcement powers to raise revenues.</p> <p>Concerns have been raised in respect that overzealous parking enforcement is driving people out of town centres and making it harder for people to park reasonably and go about their everyday lives.</p> <p>Consequently the government is inviting views on amending significant elements of local authority parking policy and one thing in particular is :-</p> <p>Stopping the use of CCTV for on street parking enforcement.</p> <p>In the main this refers to static CCTV coverage predominantly in London Boroughs, Peterborough parking regulations are covered by foot patrols with Civil Enforcement Officers (CEO's) patrolling the streets, which allows officers to communicate with drivers and request drivers move their vehicles, not the noting and photographing an alleged offence by a CCTV and the driver receiving a Parking Charge Notice (PCN) in the post.</p> <p>The transport Select Committee has stated "As long as the use of cameras remains legal, local authorities must ensure that they are not used as a matter of routine, particularly where permits or exceptions not visible to the camera may apply. However the committee pointed out that cameras can still be helpful for enforcement in some area where the use of a CEO is not practical.</p> <ul style="list-style-type: none"> • Day / Night Patrols of clearways • School dropping off and picking up times. <p><u>Schools</u></p> <p>Safety of children is paramount and the use of the CCTV vehicle allows for a visible presence and deterrent to drivers who park their cars in an inconsiderate and dangerous manner, the main objective is to deter drivers from parking in a dangerous manner in and around schools.</p> <p>This would cover the enforcement of zig zag lines and other parking restrictions relative to schools.</p>
8.	<p>Question from Councillor Shearman</p> <p>To Councillor Walsh, Cabinet Member for Cohesion, Safety and Public Health</p> <p>I regularly receive complaints about the disgusting habit of people spitting in public places, including spitting out chewing gum, and the issue was raised at a recent Police and Community Panel meeting. I understand that since we have no by-law prohibiting this behaviour neither the police nor our own enforcement officers are able to take any action. Would the Cabinet Member be prepared to meet with me with a view to obtaining cross-party support for the introduction of a by-law aimed at eliminating this offensive habit.</p> <p>Councillor Todd may have responded:</p>

	<p>Spitting in the street is dirty, antisocial and unwanted in Peterborough.</p> <p>Until recently, the possibility of enforcement action by the Council against perpetrators meant relying on the lengthy process of introducing a local by-law. However, during the course of 2012/13 a number of councils decided to use the non-exhaustive definition of littering under the Clean Neighbourhoods and Environment Act to enforce spitting as a littering offence. This allowed the use of Fixed Penalty Notices as a means of disposal; an approach upheld by local magistrates courts.</p> <p>The current legal position remains fluid as Magistrates Courts do not set case law and thus each court at present can reach their own decision without legal precedent having been set.</p> <p>Council officers will engage with our local magistrates to affirm that Council wishes to consider the use of the Clean Neighbourhoods and Environment Act to enforce spitting as a littering offence.</p>
9.	<p>Question from Councillor Sylvester</p> <p>To Councillor Cereste, Cabinet Member for Growth, Strategic Planning, Housing, Economic Development and Business Engagement</p> <p>With the introduction of the 'bedroom tax' many families may opt to downsize to smaller properties. Most parents would find it less disruptive to their child's education to keep them at the same school to continue their studies and this could lead to lengthy bus journeys to and from school each day. Children below secondary school age would often be accompanied by a parent or carer on these journeys also.</p> <p>The weekly cost of one mega-rider is currently £13 per week per person. The 'bedroom tax' is £14 per week for one extra room per £100 rent due each week.</p> <p>If the Cabinet Member is aware of the small saving arising from such a potentially unnecessary disruption to family life, could they advise of what steps have been taken to raise public awareness in this matter?</p> <p>Councillor Cereste may have responded:</p> <p>The Spare Room Subsidy was introduced by Government as part of the Welfare Reforms, and in Peterborough, 2100 households are affected.</p> <p>The council, with our partners, has worked hard to support affected families through initiatives such as enabling mutual exchanges of social housing properties and providing skills and employment initiatives to enable affected households to take up training or work or to increase their household income.</p> <p>It is important that affected households take into account the full range of cost implications (such as increased travel costs to work or school) before making a decision whether to downsize property. In supporting individuals and families in reviewing their housing options, officers encourage householders to consider wider cost implications before making a decision.</p> <p>The Peterborough Community Assistance Scheme can provide help and advice for anyone facing financial difficulties. Any resident looking for support should contact Citizens Advice Bureau for advice.</p> <p>Finally, we are currently planning PCAS delivery for 2014/15, and one of the things we shall focus on is employability and skills, including the barriers to taking up work or training opportunities.</p>
10.	<p>Question from Councillor Fower</p>

To Councillor Cereste, Cabinet Member for Growth, Strategic Planning, Housing, Economic Development and Business Engagement

This year sees the planned devolution of spending decisions for the EU structural and investment funds (ESIF) to local enterprise partnerships (LEPs), worth a reported £5.3 billion. Could the Cabinet Member please inform me as to what this administration's plan is to access this money, what they intend to use it for and where members of the public can go to find out more about the delivery and programme management of the scheme?

Councillor Cereste may have responded:

The Local Enterprise Partnership (LEP) has been advised that it has been allocated F75.5m over the period 2014-2020. This equates to £15m per year across the 13 local authority areas within the LEP. The LEP's Officers have been busy producing the European Structural and Investment funds (ESIF) programme for the area over recent months. This work has been supported by Peterborough City Council officers and staff at Opportunity Peterborough throughout the drafting phase. Recognising that the bid is made in partnership with other areas we have made sure that Peterborough's individual priorities have been reflected. Once the LEP has received confirmation from Government we will be able to develop a local programme that will maximise Peterborough's financial return from the programme. Details of the strategy submitted by the LEP to government is located on the LEPs own website <http://www.yourlocalenterprisepartnership.co.uk/?s=European+strategy> where full details can be found.

11. **Question from Councillor Saltmarsh**

To Councillor Elsey, Cabinet Member for Culture, Recreation and Waste Management

According to the new 'Creating the UK's Environment Capital Action Plan', it is intended to increase library users by 3% annually and also to increase attendance at theatre performances and arts events.

How can this be achieved when library opening hours have been reduced and there is only one theatre 'the Key Theatre' in the city which is capable of accommodating a sizeable audience?

Councillor Elsey may have responded:

The Environment Capital Action Plan has ten action topics, Culture and Heritage is one of the topics, focusing on increasing participation through cultural activities. The baseline and targets were set by Vivacity in partnership with the Council in October and have yet to produce a full year's data to review, after which the impact of the 15% reduction in library opening hours can be analysed.

Vivacity are confident that targets will be achieved through current service provision. This December/January has seen a record breaking Pantomime season at the Key Theatre. Over 20,000 tickets were sold for *Cinderella*, Vivacity's highest to date. This 'new format' Pantomime was well received by audiences with many, including first-time booking school groups, keen to book for next year already regardless of title.

The libraries are diversifying their offer from traditional book lending to attract more users, offering activities, events, online courses electronic and audio books to increase their membership. The libraries are on target to reach an increases in users.

To date, the library service has received over 397,812 visits.

12.	<p>Question from Councillor Judy Fox</p> <p>To Councillor North, Cabinet Member for Environment Capital and Neighbourhoods</p> <p>Would the Cabinet Member rate the recent initiative, Heataborough, as a success and could further information be provided to this Council on:</p> <ul style="list-style-type: none"> i. the number of people within the city who have taken up this scheme; ii. the cost to PCC, including advertising and officer's time; and iii. the financial income benefit to the City Council's budget <p>Councillor North may have responded:</p> <p>Heataborough is a ground breaking initiative and a unique collaboration between the council and British Gas. It will save our residents money and ensure they can afford to heat their homes. The scheme has launched with an initial focus on supporting households in receipt of benefits, and so far 72 referrals have been made, 10 installations have been completed and 5 are in progress.</p> <p>Housing officers spend just 4 hours per month on the scheme and in relation to Marketing and Comms costs, marketing support was being provided for Heataborough and Ready to Switch, 2 days each week by a temporary member of staff procured via Serco from Athene Agency, charged out at £225.00 per day, based on 260 days (total of 58,500 for the year). Her contract was renewed every 30 days but she left on 24 December 2013 as she found full time work elsewhere.</p> <p>The total cost up to the date that she left is actually £33,266.00, which is being recharged to the Renewables project. She has not been replaced yet.</p> <p>There is no income to the Council as such. The scheme is all about providing energy savings measures to people who otherwise wouldn't be able to afford them.</p>
13.	<p>Question from Councillor Sandford</p> <p>To Councillor Cereste, Cabinet Member for Growth, Strategic Planning, Housing, Economic Development and Business Engagement</p> <p>Could the leader of the Council tell us what is being done to attract further inward investment into Peterborough from companies based in other EU countries? Would he agree with me that the proposal advanced by some politicians both locally and nationally that the UK should leave the European Union could be a disaster for economic growth and employment prospects in Peterborough?</p> <p>Councillor Cereste may have responded:</p> <p>Opportunity Peterborough (OP) is charged with attracting inward investment into the City. OP have reported a strong level of interest in Peterborough from a range of companies across a broad geography. The specific link to Europe has been successfully developed by Opportunity Peterborough in two key areas.</p> <p>Firstly, through the six European projects they deliver, which includes partners from both public and private sectors. This has led to visibility not previously enjoyed by the city and is enabling two way conversations between our own local companies seeking to export to Europe and in OP developing links to individual companies who may be interested in establishing a UK base. This includes a current strong link to Estonia. This targeted activity has developed through project links which were initially identified by OP and their</p>

counterparts recognising mutual strength in green technology. Other ongoing discussions are in place with a number of cities across the European Union.

Secondly, Opportunity Peterborough have developed a highly visible social media presence via twitter. While the twitter phenomenon has developed OP has been building a business facing presence that is beginning to see an increase in enquiries from both Europe and beyond. Twitter has provided an effective mechanism for attracting interest in the city which enables OP to develop greater links with interested companies.

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COUNCIL	AGENDA ITEM No. 4
5 MARCH 2014	PUBLIC REPORT

MAYOR'S ANNOUNCEMENTS

1. PURPOSE OF REPORT: FOR INFORMATION

This report is a brief summary of the Mayor's activities on the Council's behalf during the last meetings cycle, together with relevant matters for information.

(Events marked with * denotes events attended by the Deputy Mayor on the Mayor's behalf).

2. ACTIVITIES AND INFORMATION – From 27 January to 2 March 2014

Attending	Event	Venue
Mayor and Deputy Mayor	Holocaust Memorial Day Service	St John's Church
Mayor	Holocaust Memorial Day Theatre Production	Key Theatre
Mayor	Opening of Community Advice Link	Community Advice Link S2
Mayor	Citizenship Ceremony	Council Chamber
Mayor	Meeting to discuss floral arrangements for the Mayor's Ball	The Parlour
Mayor	Pre-Council Group Leader's meeting	Viersen Room
Mayor and Deputy Mayor	Full Council Preparation Meeting	The Parlour
Mayor	Public Exhibition on Peterborough District Hospital Regeneration Project	The Great Northern Hotel Ballroom
Mayor	Council Meeting Preparation	The Parlour
Mayor and Deputy Mayor	Full Council Meeting	Council Chamber
Mayor	Run through for Katharine of Aragon Service	The Cathedral
Mayor and Deputy Mayor	Charity Committee Meeting	Forli Room
Mayor and Deputy Mayor	Katharine of Aragon Service and Reception	Museum and Cathedral
Mayor	January Stop Smoking Campaign	Serpentine Green Shopping Centre (Outside Boots)
Mayor and Mayoress	Treasure from Trash Private View	Peterborough Museum
Mayor	Meeting to finalise table decorations for Mayors' Ball	The Parlour
Mayor and Mayoress	Ceremony for the 2013/2014 High Sheriff's Awards	Cottenham Village College
Mayor and Mayoress	Mayor of March Charity Dinner and Ball	BRAZA Club
Deputy Mayor	At Home with Mayor of Downham Market	Downham Market Town Hall
Mayor	Meeting with the Mayor's Chaplain regarding The Mayor's Civic Service	The Parlour
Mayor	Giving Voice Competition Photograph to raise awareness of Giving Voice (Speech and Language therapy) Campaign	Outside the Town Hall

Attending	Event	Venue
Mayor	Peterborough Regional College's Art Exhibition	Peterborough Cathedral
Deputy Mayor	Peterborough Youth MP election evening	Reception Room
Mayor	Anglia Ruskin University Charity Concert in aid of the Sue Ryder Thorpe Hall Hospice	Peterborough Cathedral
Mayor	Ceremonial Opening of the King's Lynn Mart	Kings Lynn Town Hall
Deputy Mayor	Launch of affordable homes in Fletton	27 Monarch Avenue
Mayor and Mayoress	The Voyager Academy presents Miss Saigon	The Voyager Academy
Mayor	Citizenship Ceremony	Council Chamber
Mayor	Little Miracles familiarisation	The Spinney
Mayor	Meeting with Peterborough Opera and Stamford Brass	The Parlour
Mayor	Chairman of East Cambridgeshire District Council Civic Reception	The Maltings
Mayor	Annual General Meeting of Peterborough and District Branch of Parkinson's UK	P J Care Neurological Centre
Mayor and Deputy Mayor	Charity Dinner	Holiday Inn
Mayor	Meeting to discuss the Mayor's Civic Service	St Mary's Church
Mayor	Official public opening of Gateway Peterborough	Geopost
Mayor	RiverCare mural plaque unveiling	Railworld
Mayor	Event for new Foster carers	The Parlour
Mayor and Deputy Mayor	Extraordinary Full Council Preparation Meeting	The Parlour
Mayor and Deputy Mayor	Extraordinary Full Council Meeting	Council Chamber
Mayor	Nene Park Academy Official Opening Ceremony	Nene Park Academy
Mayor and Deputy Mayor	Charity Committee Meeting	Forli Room
Mayor	Motorpoint Peterborough Expansion Launch	Motorpoint Peterborough
Mayor	Model Club Event	Council Chamber

3. BACK GROUND DOCUMENTS (IN ACCORDANCE WITH THE ACCESS TO INFORMATION ACT 1985)

None.

COUNCIL	AGENDA ITEM No. 12
5 MARCH 2014	PUBLIC REPORT

**EXECUTIVE REPORT – FOR INFORMATION
RECORD OF EXECUTIVE DECISIONS**

1. DECISIONS FROM CABINET MEETING ON 3 FEBRUARY 2014

THE FUTURE DIRECTION OF CHILDREN’S CENTRES DELIVERY

Cabinet received a report which brought a revised set of proposals, for Cabinet’s approval, on how children’s centres services would be run in future. The report:

- i) Updated and informed Cabinet on the outcomes of the consultation on proposed changes to the way early years services were run in Peterborough including children’s centres;
- ii) Sought Cabinet’s approval on the creation of four children’s centre hubs that would be located in the City’s highest areas of deprivation and would work with families in the greatest need across the city;
- iii) Sought Cabinet’s approval for the creation of three ‘outreach’ centres that would support the work of the children’s centre hubs;
- iv) Asked Cabinet to approve a reduction in the original savings proposed from £1.28 million to £1.18 million to enable £100,000 to be spent on developing alternative ways to support families such as; helping to set up parent support groups, maintaining a weekly facilitated parent and baby session in communities and providing support to mothers around post natal depression, where it was identified that centres will be re-designated.

Cabinet considered the report and recommendations and **RESOLVED** that:

- 1(a) The modified proposals for the delivery of the Children's Centres as set out in the report be approved; and
 - 1(b) The budget to be recommended to Council for the 2014/15 financial year be amended accordingly to reflect the savings arising from the redesigned Children's Centres.
2. Subject to Council approving the Budget, inclusive of the recommended budget in relation to the future delivery of the Children's Centres, the Director for Communities be authorised to:
- (a) create four children’s centre hubs, three outreach hubs and re-designation of the other eight children’s centres as set out in the report;
 - (b) vary or terminate the contracts with Barnardo’s and Spurgeons to deliver the redesigned centres; and
 - (c) develop alternative ways to support families in areas where children’s centres are proposed to be de-designated.

BUDGET 2014/15 AND MEDIUM TERM FINANCIAL PLAN TO 2023/22

Cabinet received a report as part of the council’s agreed process for integrated finance and business planning.

The purpose of the report was to present budget proposals for 2014/15 through to 2023/24, in line with the provisional local government finance settlement for 2014/15 and in advance of some Department for Education specific grants being announced.

The report contained three key sections:

- i) Cabinet report and summary of council funding implications, including proposals on council tax;
- ii) The draft MTFs, including capital strategy, asset management plan and Treasury Strategy. This will allow consultation to take place on these elements; and
- iii) The budget consultation document to enable scrutiny and discussed with staff, business leaders, the voluntary sector, partner organisations, trade unions, local MPs, parish councils, the Youth MP and Youth Council and other interested parties.

The report set out the proposals for consultation to enable Cabinet at its meeting on 24 February to make recommendations to be made to the meeting of Full Council on 5 March 2014.

In addition, the report also had regard to the revised budget timetable approved by Full Council at the meeting of 4 December under the council constitution Part 4, Section 6 – Budget and Policy Framework Rules.

Cabinet considered the report and **RESOLVED** to agree:

1. The following as the basis for the budget consultation and in light of the announcement of the local government provisional settlement for 2014/15:
 - a) That the MTFs is set in the context of the council priorities;
 - b) The Budget monitoring report as the latest probable outturn position for 2013/14;
 - c) The draft revenue budget for 2014/15 and proposed cash limits for 2015/16 to 2023/24 (including the capacity bids and saving proposals);
 - d) The draft capital programme for 2014/15 and proposed cash limits to 2023/24 and associated capital strategy, treasury strategy and asset management plan;
 - e) The proposed council tax freeze in 2014/15 and 2015/16 with indicative increases for planning purposes of 2% for 2016/17 to 2023/24;
 - f) To spend at the level of the Dedicated Schools Grant for 2014/15 to 2023/24;
 - g) The proposals for reserves and balances; and
 - h) Confirm the proposals for setting fees and charges for 2014/15.
2. That Cabinet approve the budget proposals as the basis to consult with Scrutiny, Staff, Unions, Stakeholders;
3. That Cabinet have regard for the continuing uncertainty of national public finances, the impact that dwelling and business growth locally will have on future funding arrangements;
4. That Cabinet recognise the challenge to close a significant forecast gap of £18m in 2015/16 and also the further gaps in later years; and
5. That Cabinet note that government Grants will not be confirmed until the final settlement is released in February 2014.

ANNUAL AUDIT LETTER

Cabinet received a report following a referral from the Council's External Auditor PriceWaterhouseCoopers (PwC).

The purpose of the report was to consider and respond to the Annual Audit Letter for 2012/13, prepared jointly by PwC.

Cabinet considered the report and **RESOLVED** to:

Approve the Annual Audit Letter for 2012/13.

2. DECISIONS FROM CABINET MEETING ON 24 FEBRUARY 2014

UPDATE ON PROPOSED GROUND MOUNTED SOLAR AND WIND FARMS AT AMERICA FARM, MORRIS FEN AND NEWBOROUGH

Cabinet received a report following a Scrutiny Committee for Rural Communities meeting held on 16 December 2013.

The purpose of the report was for Cabinet to consider:

1. The recommendations made by the Scrutiny Commission for Rural communities, these being;

‘The Commission recommends to Cabinet:

- a) Immediately stops both options (1) solar and (2) wind for the America Farm project due to the negative income predicted for the delayed project; and
- b) Stops the solar panel option (1) on all three sites (America Farm, Newborough and Morris Fen) due to the significant total expenditure of £296 million, a poor return of £21 million net income and a Net Present Value figure of only £10.5 million’.

2. The update of the latest financial projections for the three sites;
3. The latest position on survey results etc. at the America Farm site; and
4. The feedback received to date as part of the budget consultation launched at the 3 February Cabinet meeting.

Following consideration of these areas, Cabinet was requested to agree a way forward for the three energy park projects.

Cabinet considered the report and **RESOLVED** to agree:

1. That the project at America Farm be progressed and taken to a Planning Committee for a decision subject to the satisfactory resolution of the outstanding English Heritage Issues;
2. That further consultation on the future development options for Morris Fen and Newborough projects be undertaken with farmers, individuals and key stakeholders;
3. And that a report be brought to the March Cabinet meeting to determine a way forward for these two sites; and
4. That at this stage, the MTFs figures remain as set out in the budget report.

FUNDING PETERBOROUGH’S FUTURE GROWTH

Cabinet received a report which included detailed proposals for the delivery of growth and regeneration schemes in Peterborough and for the Council’s involvement in those schemes.

The purpose of the report was to seek Cabinet’s approval to:

- 1) Establish a 50:50 joint venture company with a new Peterborough Investment Fund to prepare viable and consented development schemes for a series of sites;
- 2) Participate in the governance of the Peterborough Investment Fund through representation on the Fund's Investment Committee and Management Board;
- 3) Grant Option Agreements on the sites listed in section 4.3.3 of this report to the Peterborough Investment Fund;
- 4) Approve the future Council office consolidation plan described in this report and enter into an Agreement for Lease with the Peterborough Investment Fund for new administrative offices to be developed on Fletton Quays; and
- 5) Recommend to Council that the Treasury Management Strategy is amended to permit investments in Collective Investment Schemes to enable the Council to participate in the profits of the Peterborough Investment Fund, if it choose to do so.

Cabinet considered the report and **RESOLVED** the following:

In order to facilitate the establishment of a Peterborough investment Fund to bring forward development through £130M of external investment, Cabinet **APPROVED**:

- (1) The business case for an investment joint venture at Appendix 1;
- (2) The establishment of a Joint Venture Company with a Fund regulated by a UK registered fund manager with a 50% equal shareholding for each party;
- (3) Investment of £3m funded from the existing capital programme, representing the value of the 50% shareholding in the joint venture company and match funded by the Fund;
- (4) Granting of Option Agreements in favour of the Fund on the sites listed within this report, and to be included in the asset disposal list to be agreed by Council as part of the Capital Strategy; and
- (5) An Agreement for Lease with the Fund for the development of offices on Fletton Quays.

Cabinet **RECOMMENDED** to Council (*as detailed in the Executive Recommendations report at agenda item 13*):

- (6) Amendments to the Capital Strategy and Asset Management Plan as part of the Medium Term Financial Strategy to be approved by Council to include the revised capital programme, the sites listed in this report on the asset disposal list and the approach to granting Option Agreements;
- (7) Amendment to the Treasury Management Strategy as part of the Medium Term Financial Strategy to be approved by Council to allow the Council to elect to take the benefit of land transfers as units in the fund;
- (8) Amendment of the Constitution 'Appointments to external organisations' to include the joint venture company and the Fund within the 'key partnerships category' to enable the Leader to appoint members to:
 - a. the Board of the Joint Venture Company
 - b. the Fund investment committee
 - c. the Fund management board

Cabinet **DELEGATED** authority to the Director of Growth & Regeneration, in consultation with the Leader of the Council, the Director of Governance and Executive Director of Resources, to;

- (9) Agree the fund investment criteria, shareholders agreement and all other necessary documents to establish the joint venture company and the agreements with the Fund; and

- (10) Authorise the creation of additional organisations such as limited companies, or limited liability partnerships (a council wholly owned company) to hold any dividend bearing units in the Fund.

Cabinet **DELEGATED** authority to the Director of Governance, in consultation with the Executive Director of Resources, to agree the terms of the Agreement for Lease and to execute the transfers of land in response to the exercise of the Option Agreements by the Fund.

BUDGET 2014/15 AND MEDIUM TERM FINANCIAL STRATEGY (MTFS) TO 2023/24

Cabinet at its meeting of 24 February 2014, received a report as part of the Council's agreed process for integrated finance and business planning.

The purpose of the report was to recommend to Council budget proposals for 2014/15 through to 2023/24, in line with the final local government finance settlement for 2014/15 and in advance of some Department for Education specific grants being finalised. The Medium Term Financial Strategy (MTFS) was presented during the Cabinet meeting of 3 February and remained the basis for Cabinet to recommend the budget for approval by Council. The report was supplemented with the MTFS and budget consultation and was due to be refreshed to include the updates contained within the report for submission to Council on 5 March 2014.

The report also provided an update for budget consultation responses received so far, recognising that the consultation remained open until 4 March and that some meetings with key stakeholder groups were still to take place.

Cabinet considered the report and **RESOLVED** to:

1. Have regard to the consultation feedback received to date and statutory advice detailed in the report when determining the budget recommendations, noting that consultation remains open and further update will be provided at the Cabinet meeting and to the council meeting.
2. Agree that the budget proposals contained in the report to Cabinet on 3 February, updated for items in the report and **as amended by the recommendations approved within the 'Funding Peterborough's Future Growth report**, be approved and recommended to Council on 5 March 2014, namely (*as detailed in the Executive Recommendations report at agenda item 13*):
 - a) The revenue budget for 2014/15 and the medium term financial strategy to 2023/24, set in the context of the sustainable community strategy;
 - b) The capital programme for 2014/15 to 2023/24, and associated capital strategy, treasury management strategy and asset management plan;
 - c) The council tax freeze in 2014/15 and 2015/16 with indicative increases for planning purposes of 2% for 2016/17 to 2023/24;
 - d) The proposals for setting fees and charges for 2014/15
 - e) The reserves position including the current budget monitoring forecast;

and that a complete MTFS document will be presented to Council

3. Note the approved and submitted declaration of the surplus on the Collection Fund with regards to business rates for 2013/14 and the business rates forecast for 2014/15;
4. Approve the discretionary retail relief scheme to businesses and the discretionary reoccupation relief scheme for 2014/15;
5. Have regard for the continuing uncertainty of national public finances, the impact that dwelling and business growth locally will have on future funding arrangements; and
6. Recognise the challenge to close a significant forecast gap of £18m in 2015/16 and also the further gaps in later years.

Cabinet **FURTHER RESOLVED** to agree, in principle, to keep the Hydrotherapy pool open for a maximum of two years, subject to:

1. The necessary income and funds being raised to fund the service, including financial support from the NHS; and
2. The facility not requiring capital investment during that period.

3. CALL-IN BY SCRUTINY COMMITTEE OR COMMISSION

Since the publication of the previous report to Council, the call-in mechanism has been invoked once. This was in respect of the decision taken by Cabinet on 3 February 2014 relating to 'The Future Direction of Children's Centres Delivery'. The call-in request was considered by the Creating Opportunities and Tackling Inequalities Scrutiny Committee on 17 February 2014, and following discussion and questions raised on the reasons stated for the call-in, the Committee agreed to the call-in of the decision and to refer it to Full Council for consideration and debate.

It was therefore recommended that under the Overview and Scrutiny Procedure Rules in the Council's Constitution (Part 4, Section 8, and paragraph 13), implementation of the decision would remain suspended until further notice.

4. SPECIAL URGENCY AND WAIVE OF CALL-IN PROVISIONS

Special Urgency and Waiver of Call-in

Scrutiny Procedure Rule 14 and Executive Procedure Rule 7 require any instances where the Council's special urgency provisions have been invoked, and/or the call-in mechanism was not applied, to be reported to the next available meeting of the Council, together with reasons for urgency.

Since the previous report to Council, the urgency provisions have been invoked once.

A1139 Fletton Parkway Junction 17 A1(M) – Junction 2 Widening Scheme – Appointment of Construction Contractor

The Chairman of the Council's Sustainable Growth and Environment Capital Scrutiny Committee agreed to the Council's urgency procedures being invoked in respect of this decision which:

- (i) waived the five day consideration period; and
- (ii) waived the three day call-in period.

The scheme construction start date was, at the time, seven weeks behind the planned build programme. Any further delays were likely to push the build programme back into March 2015, potentially putting at risk some of the DfT grant money awarded and achievement of

the agreed Government deadline for scheme completion. Potential loss of funding and damage to the Councils impressive reputation in delivering major road schemes, could also impact on future funding bids and hence on the Councils growth agenda.

5. CABINET MEMBER DECISIONS

CABINET MEMBER AND DATE OF DECISION	REFERENCE	DECISION TAKEN
Councillor John Holdich 24 January 2014	JAN14/CMDN/06	<p>Appointment of Authority Governor – Queens Drive Infant School</p> <p>The Cabinet Member appointed Mr Simon Collister, nominated by the Governing Body.</p>
Councillor Cereste 27 January 2014	JAN14/CMDN/07	<p>Peterborough Shop Front Design Guidance Supplementary Planning Document</p> <p>The Cabinet Member adopted the Peterborough Shop Front Design Guidance as a Supplementary Planning Document to come into effect on 20 January 2014.</p>
Councillor Seaton 31 January 2014	JAN14/CMDN/08	<p>Legal Advisory Services for the City Council on Behalf of the Energy Services Company (ESCo) ‘Blue Sky Peterborough’ and Related Projects and other City Council Major Development / Investment Projects</p> <p>The Cabinet Member:</p> <ol style="list-style-type: none"> 1. Approved the award of a contract to Pinsent Mason LLP relating to the delivery of Legal Advisory Services for Peterborough City Council and the Energy Services Company (ESCo), ‘Blue Sky Peterborough’ on a ‘call-off’ basis. The duration of the contract will be for an initial two year period with an option for an extension for a further two year period; and 2. Authorised the Director of Governance and the Head of Strategic Finance to award any call-off assignments against the contract as and when required.
Councillor Seaton 11 February 2014	FEB14/CMDN/12	<p>Sale of Craig Street Car Park</p> <p>The Cabinet Member authorised the Executive Director of Resources to release an operational asset and conclude a sale to MedicXGPG Holdings Ltd of land at Craig Street, currently used as a car park.</p>

<p>Councillor Cereste</p> <p>12 February 2014</p>	<p>FEB14/CMDN/13</p>	<p>A1139 Fletton Parkway Junction 17 A1(M) – Junction 2 Widening Scheme – Appointment of Construction Contractor</p> <p>The Cabinet Member:</p> <ol style="list-style-type: none"> 1. Approved the appointment of Birse Civils Limited to construct the A1139 Fletton Parkway Junction 17 A1(M) – Junction 2 widening scheme and the award of a contract through the Midlands Highway Alliance (MHA) Medium Schemes Framework 1 Contract (MSF 1), for the target cost sum of up to £12,000,000 (the maximum permitted under the framework contract); 2. Authorised that the Director of Growth and Regeneration can vary this contract when required, subject to; (i) available budget being in place; (ii) the total sum of each variation not exceeding £500,000; and 3. Authorised the transfer of £600,000 from the 2014/15 Parkway Lighting Budget (allocated in the 2013 Medium Term Financial Strategy) to the A1139 Fletton Parkway Junction 17 A1(M) – Junction 2 widening scheme budget.
<p>Councillor Holdich</p> <p>17 February 2014</p>	<p>FEB14/CMDN/14</p>	<p>Appointment of Authority Governor – Gladstone Primary School</p> <p>The Cabinet Member appointed Miss Katherine Band as authority governor, as nominated by the school.</p>
<p>Councillor Holdich</p> <p>17 February 2014</p>	<p>FEB14/CMDN/15</p>	<p>Appointment of Authority Governor – St Botolph’s Primary School</p> <p>The Cabinet Member appointed Mrs Jennifer Radford as authority governor, as nominated by the Local Authority.</p>

COUNCIL	AGENDA ITEM No. 13
5 MARCH 2014	PUBLIC REPORT

EXECUTIVE REPORT – RECOMMENDATIONS

(a) FUNDING PETERBOROUGH’S FUTURE GROWTH

Cabinet at its meeting of 24 February 2014, received a report which included detailed proposals for the delivery of growth and regeneration schemes in Peterborough and for the Council’s involvement in those schemes.

The purpose of the report was to seek Cabinet’s approval to:

- 1) Establish a 50:50 joint venture company with a new Peterborough Investment Fund to prepare viable and consented development schemes for a series of sites;
- 2) Participate in the governance of the Peterborough Investment Fund through representation on the Fund’s Investment Committee and Management Board;
- 3) Grant Option Agreements on the sites listed in section 4.3.3 of this report to the Peterborough Investment Fund;
- 4) Approve the future Council office consolidation plan described in this report and enter into an Agreement for Lease with the Peterborough Investment Fund for new administrative offices to be developed on Fletton Quays; and
- 5) Recommend to Council that the Treasury Management Strategy is amended to permit investments in Collective Investment Schemes to enable the Council to participate in the profits of the Peterborough Investment Fund, if it choose to do so.

The report made a number of recommendations (*as detailed within the record of Executive Decisions report at agenda item 12*) including a number of recommendations to Council.

IT IS RECOMMENDED that Council agrees:

(numbering as per original report)

- (6) Amendments to the Capital Strategy and Asset Management Plan as part of the Medium Term Financial Strategy to be approved by Council to include the revised capital programme, the sites listed in this report on the asset disposal list and the approach to granting Option Agreements;
- (7) Amendment to the Treasury Management Strategy as part of the Medium Term Financial Strategy to be approved by Council to allow the Council to elect to take the benefit of land transfers as units in the fund;
- (8) Amendment of the Constitution ‘Appointments to external organisations’ to include the joint venture company and the Fund within the ‘key partnerships category’ to enable the Leader to appoint members to:
 - a. the Board of the Joint Venture Company
 - b. the Fund investment committee
 - c. the Fund management board

(The original Cabinet report and appendix follows this report).

(b) BUDGET 2014/15 AND MEDIUM TERM FINANCIAL STRATEGY (MTFS) TO 2023/24

Cabinet at its meeting of 24 February 2014, received a report as part of the Council's agreed process for integrated finance and business planning.

The purpose of the report was to recommend to Council budget proposals for 2014/15 through to 2023/24, in line with the final local government finance settlement for 2014/15 and in advance of some Department for Education specific grants being finalised. The Medium Term Financial Strategy (MTFS) was presented during the Cabinet meeting of 3 February and remained the basis for Cabinet to recommend the budget for approval by Council. The report was supplemented with the MTFS and budget consultation and was due to be refreshed to include the updates contained within the report for submission to Council on 5 March 2014.

The report also provided an update for budget consultation responses received so far, recognising that the consultation remained open until 4 March and that some meetings with key stakeholder groups were still to take place.

Cabinet endorsed the following recommendations *(and agreed a number of further recommendations as detailed in the Record of Executive Decisions report at agenda item 12)* for Council to:

1. Have regard to the consultation feedback received to date and statutory advice detailed in the report when determining the budget recommendations, noting that consultation remains open and further update will be provided at the council meeting.
2. Agree that the budget proposals contained in the report to Cabinet on 3 February, updated for items in the report and **as amended by the recommendations approved within the 'Funding Peterborough's Future Growth report**, be approved and recommended to Council on 5 March 2014, namely:
 - a) The revenue budget for 2014/15 and the medium term financial strategy to 2023/24, set in the context of the sustainable community strategy;
 - b) The capital programme for 2014/15 to 2023/24, and associated capital strategy, treasury management strategy and asset management plan;
 - c) The council tax freeze in 2014/15 and 2015/16 with indicative increases for planning purposes of 2% for 2016/17 to 2023/24;
 - d) The proposals for setting fees and charges for 2014/15
 - e) The reserves position including the current budget monitoring forecast;

and that a complete MTFS document will be presented to Council.

IT IS RECOMMENDED that Council adopts the recommendations above for the Budget for 2014/15 and Medium Term Financial Plan (MTFP) to 2023/24.

COUNCIL 5 MARCH 2014 - ITEM 13(a) – FOR INFORMATION

CABINET	AGENDA ITEM No.
24 FEBRUARY 2014	PUBLIC REPORT

Cabinet Member(s) responsible:	Cllr Marco Cereste, Cabinet Member for Growth, Strategic Planning, Economic Development, Business Engagement and Environment Capital	
Contact Officer(s):	Simon Machen, Director of Growth and Regeneration	Tel. 453475

FUNDING PETERBOROUGH’S FUTURE GROWTH

RECOMMENDATIONS	
FROM : Cllr Marco Cereste, Cabinet Member for Growth, Strategic Planning, Economic Development, Business Engagement and Environment Capital	Deadline date : 5 March 2014
<p>In order to facilitate the establishment of a Peterborough investment Fund to bring forward development through £130M of external investment, Cabinet is recommended to approve:</p> <ol style="list-style-type: none"> (1) The business case for an investment joint venture at Appendix 1 (2) The establishment of a Joint Venture Company with a Fund regulated by a UK registered fund manager with a 50% equal shareholding for each party (3) Investment of £3m funded from the existing capital programme, representing the value of the 50% shareholding in the joint venture company and match funded by the Fund (4) Granting of Option Agreements in favour of the Fund on the sites listed within this report, and to be included in the asset disposal list to be agreed by Council as part of the Capital Strategy (5) An Agreement for Lease with the Fund for the development of offices on Fletton Quays <p>Cabinet is asked to recommend to Council:</p> <ol style="list-style-type: none"> (6) Amendments to the Capital Strategy and Asset Management Plan as part of the Medium Term Financial Strategy to be approved by Council to include the revised capital programme, the sites listed in this report on the asset disposal list and the approach to granting Option Agreements (7) Amendment to the Treasury Management Strategy as part of the Medium Term Financial Strategy to be approved by Council to allow the Council to elect to take the benefit of land transfers as units in the fund (8) Amendment of the Constitution ‘Appointments to external organisations’ to include the joint venture company and the Fund within the ‘key partnerships category’ to enable the Leader to appoint members to <ol style="list-style-type: none"> a. the Board of the Joint Venture Company b. the Fund investment committee c. the Fund management board <p>Cabinet is recommended to delegate authority to the Director of Growth & Regeneration, in consultation with the Leader of the Council, the Director of Governance and Executive Director of Resources, to</p> <ol style="list-style-type: none"> (9) Agree the fund investment criteria, shareholders agreement and all other necessary documents to establish the joint venture company and the agreements with the Fund (10) Authorise the creation of additional organisations such as limited companies, or limited liability partnerships (a council wholly owned company) to hold any dividend bearing units in the Fund (11) Cabinet is further recommended to delegate authority to the Director of Governance, in consultation with the Executive Director of Resources, to agree the terms of the Agreement for Lease and to execute the transfers of land in response to the exercise of the Option Agreements by the Fund 	

1. ORIGIN OF REPORT

- 1.1 In December 2009 Cabinet agreed a report entitled 'Peterborough's Growth Delivery Arrangements' which included a series of proposals aimed at driving forward the city's growth agenda. This report includes detailed proposals for the delivery of growth and regeneration schemes in Peterborough and for the Council's involvement in those schemes.

2. PURPOSE AND REASON FOR REPORT

- 2.1 In summary, the purpose of this report is to seek Cabinet's approval to:

- establish a 50:50 joint venture company with a new Peterborough Investment Fund to prepare viable and consented development schemes for a series of sites
- participate in the governance of the Peterborough Investment Fund through representation on the Fund's Investment Committee and Management Board
- grant Option Agreements on the sites listed in section 4.3.3 of this report to the Peterborough Investment Fund
- Approve the future Council office consolidation plan described in this report and enter into an Agreement for Lease with the Peterborough Investment Fund for new administrative offices to be developed on Fletton Quays
- recommend to Council that the Treasury Management Strategy is amended to permit investments in Collective Investment Schemes to enable the Council to participate in the profits of the Peterborough Investment Fund, if it chooses to do so

- 2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.3, 3.2.4 and 3.2.7.

3. TIMESCALE AND URGENCY

- 3.1 The Council's urgency provisions have been invoked for this Cabinet report. This decision was included in the current Forward Plan on the 4 February 2014, which is less than 28 days prior to the decision being taken. Details of the proposed decision were placed upon the forward plan as soon as the business case for the scheme was considered viable. It is considered preferable to refer this matter to Cabinet on the 24 February so that this scheme can be referred to Council to be considered as part of the budget setting process for 2014/15. The Cabinet's recommendations for the budget to Council takes place on the 24 February 2014.

- 3.2 The Chief Executive, as the Proper Officer, has advised the Chair of the Sustainable Growth and Environment Capital Scrutiny Committee of the intention to invoke the urgency procedure.

Is this a Major Policy Item/Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	
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4. Funding Peterborough's Future Growth

4.1 Background

4.1.1 The growth context

4.1.1.1 The Council has a firm commitment to growth expressed through the adopted Core Strategy and its supporting site allocation documents. The priorities that drive the Medium Term Financial Strategy include:

- Growth, regeneration and economic development to bring new investment and jobs. Supporting people into work and off benefits

4.1.1.2 It continues to invest in the infrastructure to support that growth including transport and public realm schemes, energy and digital infrastructure, and the schools capital programme.

4.1.1.3 The recent Centre for Cities 'City Outlook 2014' reported that Peterborough:

- is the fastest growing city in the country by population – a 1.6% growth rate
- has the second highest private sector employment growth at 5.5%
- has the 5th highest growth rate in housing stock – 0.9%
- is in the top 10 for the highest proportion of private sector employment

4.1.1.4 Housing and employment growth is clearly regaining momentum in the city, but there remain significant challenges given the fragile national and international economic climate, with significantly reduced public sector grant subsidy available to support growth. Whilst progress is being made in securing the development of brownfield and greenfield sites in Peterborough (for example, the Great Haddon employment site and the recently announced residential redevelopment scheme on the former District Hospital site), ambition has had to be reined back to be more commercially realistic and a number of key strategic opportunity sites, particularly in the city centre, are stalled.

4.1.2 The Council's growth delivery arrangements

4.1.2.1 In December 2009, Cabinet agreed a series of measures in the report 'Peterborough's Growth Delivery Arrangements' aimed at driving forward the city's growth ambitions in the wake of the economic downturn that began in 2007.

4.1.2.2 The report created a mandate to work directly with the capital markets to secure investment for a series of development projects that would help drive the city's growth agenda. A dialogue with the capital markets was to be developed, and the city's growth projects and ambitions presented so that they were attractive to long term investors. It was anticipated that if these activities were undertaken effectively then by the end of the third year it would be possible to attract private funding to offset these costs in the future. In short, the interactions with the capital markets would have been sufficiently valuable to investors that going forward the investors would want to fund the work.

4.1.2.3 The report recognised that new approaches were needed, including:

- a redefined role for Opportunity Peterborough to enable more focused economic development activity, skills, and marketing of the city to businesses and investors
- establishing the Peterborough Delivery Partnership initiative to pull together public and private sector finance to deliver development programmes mandated by the Council

- 4.1.2.4 Given the fluid economic context, some elements of the original proposals to Cabinet were not taken forward in full. For example, policy and strategy functions relating to the growth agenda such as the Local Plan and Housing Strategy were combined with the planning and transport functions of the Council in a single service to more closely align strategy and delivery. The Growth and Regeneration directorate has also been created more recently to ensure a consistent and co-ordinated approach across the Council's suite of growth functions.
- 4.1.2.5 Since December 2009 work has been ongoing to develop relationships with potential investors willing to work collaboratively with the Council, focussing initially on Council-owned land and assets, and particularly those in and around the city centre. These investors need to be flexible and willing to work with the Council to develop schemes rather than expecting the Council to have done the scheme development work – and incurred the associated costs – up front.
- 4.1.2.6 In July 2012, Cabinet approved a strategy for bringing forward the delivery of the Riverside Opportunity Area (ROA), including extending the assets the Council considered as part of this area to include the Pleasure Fair Meadows car park. Part of this strategy included intent to establish a joint venture company to deliver parts of the ROA, beginning with Fletton Quays. This proposal (and what Cabinet are now being asked to approve) supersedes that work.
- 4.1.2.7 Discussions have been positive and have helped shape the proposals set out in this report. Operational independence from the Council, for example, was seen as important and helpful by the private sector investors, capital markets and developers that would need to be involved going forward. This was a factor in proposing a new wholly-owned company to take forward growth and regeneration, included in the senior management restructure presented at Employment Committee in September 2013. Implementation of this wholly owned company has been paused as it became clear that the proposals presented in this report would potentially deliver greater, more far-ranging benefits to the Council and city.

4.1.3 Summary of the proposed model

- 4.1.3.1 The groundwork that followed the 2009 report has created an opportunity to form a long-term relationship with the capital markets, and to use this relationship to help fund and drive forward Peterborough's growth ambition. The proposals set out in detail in the following sections of this report are to establish a Joint Venture Company (JVCo) that would provide access to a significant and reliable stream of funding for delivering growth schemes. The proposal would include the following elements:
- establishing a Joint Venture Company (JVCo) that would be 50:50 owned and controlled by the Council and a new Peterborough Investment Fund, whose purpose would be to develop viable schemes for key sites in the city
 - the Fund would initially raise in the region of £130m using international and UK investors to take forward development schemes and deliver new homes and commercial facilities in Peterborough. This money represents entirely new investment to the city raised by the Fund
 - The Council would make available to the Fund some of the sites it has available for disposal, in exchange for which the Council would receive market value and also have the opportunity to benefit from profit share from schemes that are delivered

- the schemes that the JVCo develops would have to be approved by both the Council's and the Fund's representatives on the JVCo Board, before they are recommended to the Fund's Investment Committee. Only then can the Fund take them forward, and the Council would only transfer sites to the Fund at this stage

4.2 The Model Proposed

This section provides an overview of the delivery model proposed.

4.2.1 How the new approach would work in summary

The basic model of operation is designed to be straightforward:

- as part of the process of establishing these arrangements, an initial pipeline of schemes involving Council owned assets is proposed for the new JVCo to develop
- in each case, the JVCo would work to create a commercially viable scheme for which it can apply for planning consent, including the design work, environmental studies, and financial modelling that are necessary to ensure the scheme is deliverable. An essential part of this work would also be to demonstrate that the business case for each scheme was acceptable from both the Fund's and the Council's perspective
- subject to the JVCo Board agreeing to take the scheme forward, the JVCo would then pass the 'on the ground' delivery of each scheme over to the Fund, which would create a Special Purpose Vehicle (SPV) company to oversee scheme implementation
- the costs that the JVCo incurred in developing the scheme and taking it through the planning process would be invoiced to each SPV after it is set up, allowing the JVCo to recoup those costs for funding future activity, thereby creating a 'revolving fund' for future scheme development

4.2.2 The JVCo and its structure

4.2.2.1 The JVCo would be a company limited by shares, owned 50:50 by the Council and the Fund. It would be overseen by a small Board, envisaged as comprising four voting board members. The Board would have equal representation from both parties and have a decision making structure that requires consensus. Only projects that are approved by both partners would go ahead.

4.2.2.2 Both the Council and the Fund would pay £3 million for shares in the company, which would provide the JVCo with the working capital it needs to cover the cost of developing schemes up to the point of investment by the Fund into an SPV. The cost of developing the scheme would then be refunded to the JVCo by the SPV. This investment would be funded by existing capital programme budgets earmarked for delivering growth (this is outlined in more detail in section 5.1 below). These payments would be made over a three year period, with equal amounts drawn down quarterly from the Council and the Fund.

4.2.2.3 The £3 million would be the Council's only cash investment into these arrangements. This investment has the potential to:

- secure a new investment fund for Peterborough projects
- deliver in the region of £130 million of new investment into the city
- provide a springboard to further investment in future phases

4.2.2.4 Day to day, the JVCo would be run by a small team that that would include seconded posts from the Council's current growth and regeneration team. The costs to the Council of any secondments would be recharged to the JVCo. Whilst the JVCo is not designed to make a profit, it is intended to cover its costs by recharging the costs of developing schemes to the SPVs that deliver them. This is explained in more detail later in this report.

4.2.2.5 More detail of the financial implications for the Council of this proposal can be found in section 5 later in this report.

4.2.3 The Fund and the Council's participation

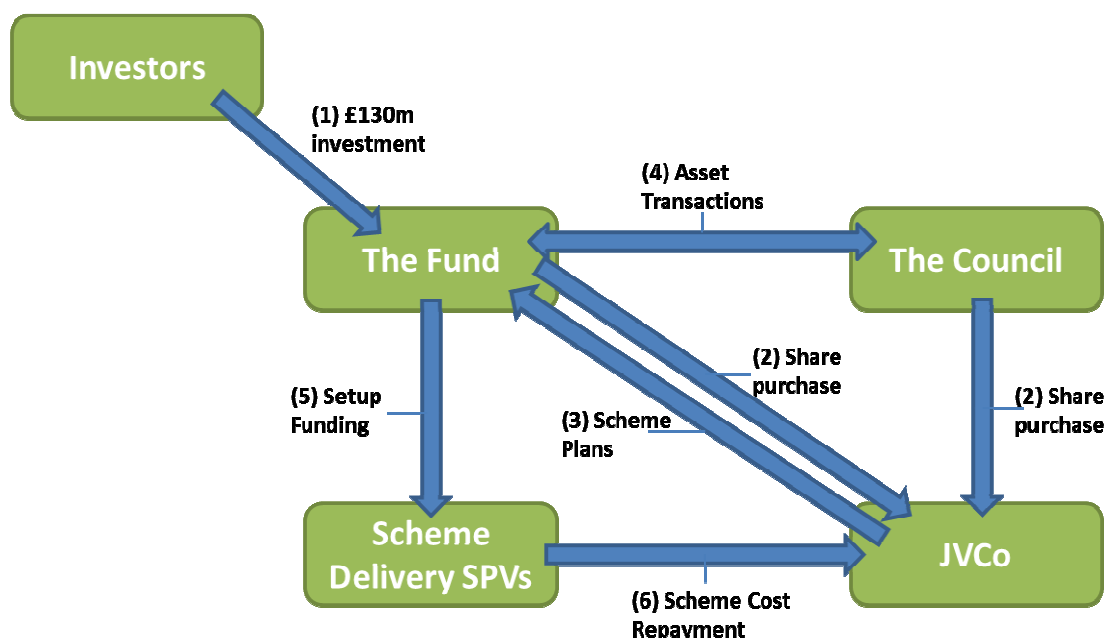
4.2.3.1 The Fund would be newly established specifically to take forward infrastructure projects within Peterborough, and it would be the main method by which the scheme SPVs referred to above are financed. The Fund will be domiciled in Guernsey, be regulated by the Guernsey Financial Services Commission, and be VAT-registered in the UK. It would be managed by an experienced, fully UK-regulated fund manager. Investors into the fund will, like all funds of this nature, vary over time, but is likely to be a mix of UK and overseas investors.

4.2.3.2 The Council will interact with the Fund in three primary ways:

- firstly, the Fund will be the Council's partner in the JVCo
- secondly, the Fund will be able to buy over time and at market value specific assets from the Council, if the JVCo's Board approve schemes that require them (see section 4.3.3 later in this report)
- thirdly, because these arrangements are intended to be collaborative, the Fund has offered the Council representation on its Investment Committee – which must approve any projects before the Fund can invest in them – and the Fund's Management Board, with the Council being offered the option of taking two out of five seats and one out of five on each respectively.

4.2.4 The overarching structure of the arrangement

The diagram and description on the next page illustrates in simple terms the interrelationship between the Council, the JVCo and those elements of the Fund referred to above.



1. Investors would make available in the region of £130m of investment in these arrangements and approved schemes that come forward
2. Both the Council and the Fund would buy shares in the JVCo for £3m in cash, payable to the JVCo quarterly over three years
3. The JVCo develops viable schemes and passes these plans to the Fund to invest in and take forward to delivery
4. The Council sells assets involved in viable, approved schemes to the Fund. The Council may choose at the point of sale to receive payment either in cash or in units in the Fund
5. The Fund creates scheme delivery companies (Special Purpose Vehicles (SPVs)) to take forward each scheme, pulling together working capital that allows these to operate. The precise ownership structures of these SPV's would be determined on a case by case basis.
6. The scheme delivery companies would refund to the JVCo the costs that the JVCo has incurred in developing the scheme that the company was created to deliver

4.3 The Projects Proposed

4.3.1 The project pipeline

4.3.1.1 The initial pipeline of projects that would be taken forward by the JVCo is outlined below. They are consistent with the vision in the Proposed Submission City Centre Development Plan Document (CCDPD) approved by Council in December 2013, and would be subject to the normal planning application process. The first scheme for development would be the delivery of new offices on Fletton Quays, which would enable the Council to consolidate its current back office functions onto one site (sections 4.3.2 and 5.3 of this report provide further detail).

- Fletton Quays Phase One - new offices for the Council's back office functions
- the completion of Fletton Quays - a mixed use scheme with high quality homes, offices, ancillary retail and leisure uses, and potentially student accommodation
- the Wirrina car park – new homes close to the city centre
- the Pleasure Fair Meadow car park - a new multi-storey car park topped with residential accommodation

- Northminster multi storey car-park / Bayard Place – new homes in the city centre
- re-use of the Town Hall (retained in the Council's ownership) – retention of the existing civic suite and democratic functions, and relocation of the Council's customer interface from Bayard Place. The feasibility of relocating Central Library here would also be considered, alongside plans for re-using remaining parts for higher education use

4.3.1.2 The projects above would help deliver in the region of 300 new mixed tenure homes, including an element of affordable housing consistent with the Council's planning policies.

4.3.2 Office Consolidation

4.3.2.1 The Council has changed considerably in size and nature in recent years as it has moved increasingly towards a commissioning model, and employee headcount has reduced significantly. The Council recognises that its office needs have not kept pace with these changes and office consolidation could provide more efficient accommodation for employees, improved energy efficiency and the potential for cost savings in the long-term. In particular the current office estate has costly maintenance requirements. Whilst the Council's current 10 year capital programme includes some funding for maintenance, the likely investment needed over the next 25 years would be considerably higher.

4.3.2.2 Office consolidation also presents the Council with an opportunity to use its covenant to stimulate wider investment and regeneration by serving as a potential 'anchor tenant' to provide the confidence needed for others to invest in the surrounding area.

4.3.2.3 This proposal would consolidate those back office functions currently within Bayard Place, the Town Hall, Stuart House and Manor Drive into a single new office building as the anchor scheme on Fletton Quays. Development of this site remains challenging, and office consolidation here could help to kick-start wider redevelopment. The successful delivery of that development could in turn increase investor confidence in the wider city.

4.3.2.4 The collaboration proposed in this report offers an opportunity to achieve the Council's consolidation objectives and realise other beneficial outcomes at the same time:

- the Town Hall would remain in the Council's ownership and continue to serve as the heart of Peterborough's democratic life, retaining all civic functions, and would have a greater customer facing role through inclusion of Peterborough Direct
- the potential relocation of Central Library to the Town Hall could further strengthen this role, helping to create a new 'civic and customer hub' for the city, although this element requires more detailed consideration and consultation
- footfall in Bridge Street could be maintained through the strengthening of the Town Hall's customer facing role
- The Bayard Place and, potentially, Central Library sites become available to support the ambitions within the Proposed Submission City Centre DPD for a revitalised city centre, including significant new sustainable residential accommodation
- The residual space in the Town Hall can be used to support the development of the city's higher education offer, with preliminary discussions with University Centre Peterborough indicating that the Town Hall may be well-suited to becoming teaching space, subject to further understanding of the proposals

- 4.3.2.5 Re-using the Town Hall in this way is seen as a positive option by University Centre Peterborough, meeting a future growing need for teaching space in the city and offering a town centre location for students, and aiding the development of a 'student offer' in Peterborough.
- 4.3.2.6 Critically, any proposal for consolidation must also work for the Council financially. An initial financial assessment has been undertaken, and is outlined in more detail in the financial implications section later in this report (section 5).
- 4.3.2.7 Subject to Cabinet approving this report, part of the suite of legal agreements the Council would enter into would be an Agreement for Lease with the Fund. By entering into this Agreement, the Council would be agreeing to lease new offices subject to conditions that would be specified in the Agreement for Lease being met. The Council would only enter the final lease if the financial model underpinning this consolidation proves *at worst* cost-neutral for the Council. In short, consolidation only goes ahead and the Council only enters into the lease if it makes financial sense for the Council to do so.

4.3.3 Use of Council assets

- 4.3.3.1 The Council has a variety of assets that it could make available to support the city's growth and regeneration, such as those located on the south bank of the river. Some of these would be made available to the Fund for purchase at market value through a series of Option Agreements. The list of sites is set out in the table below, along with details of whether the site has been included in the disposal list within the draft Capital Strategy (part of the Medium Term Financial Strategy) presented to Cabinet on 3rd February 2014, and also the relevant policy reference for the Proposed Submission City Centre DPD.

Site	In Disposal list	CCDPD policy
Wirrina Car Park	Yes	CC7: Riverside North
Former B&Q site	No	CC6: Riverside South
Former Matalan site	No	CC6: Riverside South
Bridge House Site	No	CC6: Riverside South
Engine Sheds	No	CC6: Riverside South
Bayard Place	No	CC3: City Core
Market Multistorey Car Park	Yes	CC3: City Core
Pleasure Fair Meadows Car Park	Yes	CC6: Riverside South
Aqua House (currently being purchased)	No	CC6: Riverside South
The Mill (purchase negotiations in progress)	No	CC6: Riverside South
Central Library (inclusion subject to further discussions)	No	CC10: City North

- 4.3.3.2 Where the assets are not currently included in the disposal list, then Council would need to amend the Capital Strategy to reflect these proposals as part of the Medium Term Financial Strategy. Whilst the Council cannot enter into the Option Agreements for the strategic sites it does not yet own, it is proposed that they are included once they are. The Council will also update the Asset Management Plan to ensure it reflects entering into Option Agreements in this manner as an approach to disposals.
- 4.3.3.3 There will be a number of changes to parking provision in the city centre should the developments in the project pipeline proceed as planned, moving parking provision away

from the core of the city centre and re-using other surface parking for redevelopment. These changes are in line with the strategy outlined in the Third Local Transport Plan and the Proposed Submission City Centre DPD that Council have previously approved.

4.3.3.4 As part of the setup of these arrangements, the Option Agreements put in place would allow the Fund to subsequently purchase these sites, providing predetermined conditions are met. The Council would only sell these assets to the Fund if, through its membership of the JVCo's Board, it is satisfied that the scheme proposed for the site is appropriate and viable. Even then, the actual transaction would only take place if planning consent is granted for the scheme.

4.3.3.5 These two factors provide comfort to the Council that it retains ownership of assets it wants to see developed until there is an appropriate scheme ready, with planning permission granted, that requires them. As is normal practice, each Option Agreement would 'ring-fence' the relevant asset to ensure it remains available for the Fund to buy for however long the Option specifies. This means, for example, that the Council could not grant the Option and then sell it to someone else within the life of the Option.

4.3.3.6 When the Council sells an asset to the Fund, the Council would receive market value for that asset. This could be a simple cash transaction. Alternatively, the Council would have the option to take its payment in whole or part by acquiring units in the Fund. This would allow the Council to receive upside from successful schemes because successful schemes should increase the value of the Fund and of the Council's units in it. The Council would then need to sell the units in the market if it wished to create a cash return.

4.3.3.7 It is important that the Council is clear on the potential risks and benefits of each of these options, but also that it does not need to select a preference at this point. The Option Agreements would be written so that the Council only has to decide how it wishes to receive payment at the point the Option is exercised by the Fund and the asset is sold.

Payment Choice	Risks	Benefits
Cash only	Value gained is potentially less than if taking units	Cash received can be used to invest elsewhere, or reduce borrowing costs to create an annual revenue return
Units only	The value of the Council's units in the Fund could go down, impacting the value of its investment. Any reduction in value would result in a write-off hitting the Council's revenue bottom line	The value of the Council's units in the fund has the potential to increase as successful schemes are delivered
Mix of cash and units	The value of the Council's units in the Fund could go down, impacting the value of its investment. Any reduction in value would result in a write-off hitting the Council's revenue bottom line	There is lower risk than the 'units only' option because the Council only takes a part payment in units.

4.3.3.8 This Cabinet report does not outline a preferred approach at this stage, because the Council can choose which of the approaches above it wants to take at the time of each asset's sale. The preferred approach can be determined at that point on a scheme-by-scheme basis. It should also be noted that if the Council wished to proceed with a payment approach that included dividend bearing units then it would need to establish a trading

company through which to do this with the Fund. This is because the Fund would be a Limited Liability Partnership (LLP), which is common for Funds, and the Council can only commercially trade with an LLP through an intermediary trading company.

4.3.3.9 In the future, other assets in addition to those above could be made available to the Fund, and would be secured through the same Option Agreement mechanism, with the same protections built in. Clearly, both the Fund and the Council would have to agree to this at that point.

4.4 Council governance and these arrangements

4.4.1 This proposal begins with the creation of the joint venture company. Once it has been set up with the Council as a 50% shareholder, two separate legal entities will exist: the Council and the joint venture company. The Council operates in accordance with its Constitution and the company with its Memorandum and Articles of Association. The officers and members of each separate entity are bound by the rules relevant to their business when they carry out the functions of that entity. In other words, there are different governance procedures that apply to each entity and one does not override the other.

4.4.2 The Leader will nominate two members to sit on the Board of the joint venture company. They will represent the Council on the Board, but they will also continue in their normal duties as Councillors. This is part of normal Council business and there are many examples of this currently in operation, for example Cross Keys and Opportunity Peterborough.

4.4.3 Whilst those members sit at Council meetings, any decision making will be done in accordance with Council rules and procedures. When those members sit on the JVCo Board they have obligations to act in the best interests of the company. This is a requirement of the Companies Act 2006.

4.4.4 The question, therefore, is whether this creates any conflict for the Council? The answer is no, provided that the Council has appropriate governance arrangements in place to manage the relationship between the Council and the company.

These governance arrangements consist primarily of

1. nominating a member within the Council to act on behalf of the Council as the shareholder. This is an executive function and likely to be included within the portfolio of one of the existing executive members. Whilst it is common practice that shareholders often sit on the Board of Directors, this will require more frequent consideration of conflict issues than if the roles are separated.

This member will be responsible for deciding which future options for land ought to be granted to the joint venture company and signing off the subsequent land transfers. They will take decisions in accordance with the Council's access to information rules and, as executive decisions, those will be subject to call-in by Scrutiny in the way that any other executive decision is;

2. ensuring that members nominated to the Board are aware of any potential conflicts when taking decisions within the Council related to the work of the joint venture company. Whilst there is not always a direct conflict when acting on the Council and on behalf of another body, any member nominated to the Board, for example, will have a disclosable pecuniary interest if the Board decides that its members will be remunerated. (There are no plans for Board members to receive remuneration but

guidance on this point is included here purely to highlight the governance issues that may arise). It is important to emphasise therefore that the members take advice from the Monitoring Officer on their interests when acting on Council business.

3. Members will be required to attend training on their legal duties to the joint venture company so that when they take decisions on the Board, they are not drawn into any potential conflict issues. This satisfies the requirements of the Companies Act 2006, which places directors under a duty to promote the success of the company, exercise independent judgement and avoid conflicts of interest.

4.4.5 There are further additional controls which the Leader might want to have in place; for example, the annual business plan for the joint venture company should be submitted to the Cabinet for review each year, which again will be subject to scrutiny in the usual way.

4.4.6 *An example: Office consolidation*

The following is given as an example of how the governance process will operate within the Council for the proposal to consolidate the office accommodation on Fletton Quays.

4.4.7 If Cabinet approves these recommendations, it will mandate officers to establish a joint venture company with the Fund. That decision itself is subject to call in.

4.4.8 The Leader will nominate two members of the Council to the Board. Those nominations will follow the procedure for 'Appointments to external organisations' set out in the Constitution. A CMDN will be required, which again is subject to scrutiny in the usual way.

4.4.9 The Council will also enter into an Agreement for Lease with the Fund. An Agreement for Lease sets out the prior conditions which must be complied with before a lease can be granted. In this case the Council will enter the lease for the offices only if a fully consented business plan has been approved by the joint venture company, of which the Council is equal shareholder.

4.4.10 An outline business case would be developed for the new offices. That proposal will be presented to the Board, upon which the Council's two members are sitting, for approval. If approved, this will lead to a planning application for consent to develop the site. That application will be submitted to the Council by the joint venture company.

4.4.11 Once the planning application is received, the Council will sit as the Local Planning Authority to consider the scheme. The Director of Growth and Regeneration has the planning function within his directorate; however any potential conflict will be avoided by referring the application to the Planning Committee for determination. The Council has Member and Officer Codes of Conduct which require Councillors and employees to avoid any potential conflict of interest and therefore any member or officer assisting the joint venture company to develop the planning application cannot take any part in advising upon, or deciding the application as the local planning authority. Similar controls are currently in place for example where the Council makes applications to develop sites it owns within Peterborough.

4.4.12 If the scheme is granted consent, the Fund is likely to exercise the relevant Option Agreement to acquire the land to build the offices. This is subject to the Fund's Investment Committee (on which the Council will have a representative, and which will have already agreed the investment in principle) approving this action. The Fund will establish a separate Special Purpose Vehicle (SPV) to deliver the offices. No additional Cabinet

member decision will be needed to enter into a lease at this stage, as the lease can only take place if the conditions within the Agreement for Lease above are met.

4.4.13 A further Cabinet member decision may however be necessary should the Council decide to take units in the Fund representing the market value of the site as opposed to the current cash value. As there is discretion in considering whether to take the higher risk/higher reward option of units, a decision will be necessary. Should the Council make this decision, a wholly owned company will need to be established to hold those units.

4.4.14 The joint venture company will ask for reimbursement from the SPV of all its costs incurred in putting the scheme together. Those funds will then be used to develop further proposals on other sites within the asset disposal list.

5. FINANCIAL IMPLICATIONS

This section considers the financial implications in the following four areas:

- the investment into the JVCo
- future scheme development and the interaction with the fund, including potential holding of units in the Fund
- the emerging office consolidation business case
- the impact on the draft Medium Term Financial Strategy

It should be noted that it focuses on the financial implications for the Council, and does not cover the broader financial benefits to the city of the growth and regeneration proposals.

5.1 The £3m investment into the JV

5.1.1 The Council currently invests in growth in three main areas:

- the Growth and Regeneration team, including the direct costs of the team and the funding for taking forward Cabinet's proposals. The revenue budget for this is £544k per year from 2015/16. Given that the Council has been working to develop growth opportunities across the city in recent years, this budget has typically been fully spent. It is envisaged that if the Council continued to work in isolation that this level of annual funding would not be sufficient to bring about the scale of development that is envisaged in the Proposed Submission City Centre DPD
- a capital budget for general growth projects (funded by the remaining elements of the Growth Area Fund, and then through borrowing).

	2014/15	2015/16	2016/17	2017/18	2018/19
	£m	£m	£m	£m	£m
Peterborough Delivery Partnership (PDP) projects	2.237	0.500	0.500	0.500	0.000

- a number of capital budgets to support specific purposes, for example the cost of disposals, riverside opportunity area and public realm. In addition to this, the Council uses Section 106 monies to provide new infrastructure to support growth.

5.1.2 As well as delivering benefits more generally across the city, growth brings additional income to the Council through business rates, additional council tax income and the New Homes Bonus. The Council's budget proposals for 2014/15 benefit from this income. It is

also a key element of how the Council would generate additional income in future to help to support its budget at a time of continued grant reductions.

5.1.3 The JVCo would have £6m to invest in developing schemes and bringing forward investment in the city. The Council's investment in developing growth is doubled by the Fund's contribution. The Council's £3m contribution would be funded from the approved capital programme as follows:

- £2m from the 2014/15 PDP capital budget outlined above. This majority of this budget is funded from the Growth Area Fund grant, which as the name implies should be used for growth related capital schemes.
- £1m from affordable housing Section 106 monies. The level of affordable housing required in new development by the Council's planning policies allows this contribution. The Council's internal Legal team has advised on the use of this funding.

The financial impact of this is already included within the approved capital programme and MTFs.

5.1.4 There are a number of direct financial benefits to the Council arising from these proposals.

- the Council's investment in developing growth is doubled by the Fund's contribution
- the capital investment from the Council into the JVCo allows greater resource to be targeted towards getting schemes moving more quickly than would be the case if the Council simply continued investing its revenue budget at around £0.5m per year
- the use of capital investment into a company in this manner frees up some of the revenue budgets outlined above (the JVCo will undertake development work, and pick up the costs of the team). The Council will still have some internal costs, and may need to create a sinking fund to support some of the one-off office consolidation costs, including the stamp duty costs from the move, but otherwise the savings are as follows:

- 2015/16 to 2017/18 £250k per year
- 2018/19 onwards £400k per year¹

5.1.5 There is some potential risk arising from this investment, as there is in any type of development arrangement. For example, the JVCo could get to the end of three years and not have developed a viable scheme. There are a number of controls and mitigations against this:

- money can only be spent by the JVCo on developing projects that the JVCo Board – and thus the Council, through its joint control of the Board – approve, giving consideration to the probability of a successful scheme being developed that the JVCo could recoup its costs from
- the Board will receive regular reports on the progress of developing a viable scheme to be presented to it. This would allow it to review progress and be assured that a scheme is likely to remain commercially viable. Projects where this viability was in question would be halted by the Board
- the £3m contributions from both the Council and the Fund will be paid quarterly over 3 years, offering an extra level of control

¹ Increasing as the sinking fund contribution drops out

5.1.6 The initial finance within the JVCo from the Fund and the Council's share purchase would fund its operation for three years. The collaboration is designed so that the JVCo should create financially viable schemes that can be taken forward within that time. When the Fund takes a scheme forward, the company it creates to do this would reimburse the JVCo for all of the costs the JVCo incurred developing that scheme. This would help finance the JVCo's activities beyond the first three years of operation, creating a revolving fund.

5.1.7 The Council will discuss with its external auditors whether it will need to include its interest in the JVCo in a set of Group Accounts. This will depend on a review of the final legal documentation for the JVCo. The only implication of this is on the level and format of financial information the JVCo will need to provide to the Council.

5.2 Future scheme development and the interaction with the Fund, including potential participation in the Fund

5.2.1 Previous sections have outlined how schemes would be brought forward, and how the Fund's and the Council's representatives on the JVCo Board would determine if these schemes progress. These business cases will need to ensure that the Council's financial position is not adversely affected. Examples of issues that would need to be taken into account include (but are not limited to):

- the market value of assets and impact on the Council's disposals assumptions and capital programme
- any revenue implications, for example if a car park is redeveloped, would there be a reduction in car park income, or would that simply be dispersed to other car parks, and what would be the impact in pricing etc.?

The Council's finance team and external advisors would be involved in this validation, and advise the Council's shareholder and representatives on the Board as necessary.

5.2.2 The Council has several possible areas of benefit that arise from schemes that get taken forward by the Fund:

1. the Council would receive payment for its assets, either:
 - a. in cash, at market value, or
 - b. units in the Fund equivalent to the valuation of the assets, an appreciation of whose land values through scheme delivery would increase the value of the Fund, and thus the Council's shares within it, or
 - c. a mix of the two
2. Shares of developers' profits in relevant SPVs (if the Council is a participant in the SPV, although it should be made clear it is not under any obligation to do so)

These were outlined in more detail in section 4.3.3 above, along with a summary of the main risks and benefits of each. As was also outlined, the Council only needs to make the decision as to which is the optimum route as each scheme is developed and considered.

5.2.3 The Council would also receive a proportion of business rates generated from any overall net increase in commercial floor space / businesses, and benefit from the New Homes Bonus whilst it is in force. It may also face a reduction in business rate income if any existing premises are redeveloped. Both elements would be factored into each individual

business case. As the Government is proposing to rebase the scheme 10 years after its introduction (2023/24), this will also need to be borne in mind.

5.3 Initial outline Office Consolidation business case

5.3.1 The Council has previously looked at options for office consolidation, for example within a possible Station Quarter redevelopment. This work identified a number of key issues when developing such proposals:

- Our current office estate has high maintenance costs. Some provision has been made in our ten year capital programme, but this is unlikely to be sufficient and additional maintenance will also be required beyond this period
- Initial comparisons between leasehold options and our existing freehold estate tend to show that leasehold is more costly, but this is for two key reasons:
 - The annual impact of the initial purchase cost tends to be excluded (as it cannot be freed up unless the asset is sold). For example the annual cost of the original purchase of Bayard Place is around £0.7m per year
 - The full maintenance costs of freehold are not included

5.3.2 An initial outline business case has been developed for the office consolidation. This includes a 30 year financial model, with key assumptions reviewed by GVA, our external property advisers for this work. This initial outline business case is simply intended to be a starting point for the JVCo to develop further into a full business case, including the full development appraisal.

5.3.3 A high level summary of the annual position is outlined below:

	£m
Forecast costs of 120k sq ft new site, including rent, business rates, utilities, annual maintenance etc.	3.5
Financed by:	
Accommodation budgets freed up from vacated premises (mainly rates and running costs)	1.7
Proposals to sub-let 30k sq ft of new office premises, plus other income	1.2
Potential rental income from Town Hall	0.4
Net business rate gain (gain from south bank less loss from Bayard Place)	0.2
Total	3.5

5.3.4 This summary highlights a number of key assumptions that will be tested further during the development of the detailed business case:

- that there will be a reduction in the floor space needed for office accommodation through consolidation, from agile working etc.
- that the Council will not require all the space in the new office building and will sub-let part of that development
- that while retaining ownership of the Town Hall and continuing to utilise the civic core, the Council will secure income from letting office areas outside this core

It should also be noted that it is easier at this early stage to estimate some of the potential costs than some of the benefits e.g. the potential business rate loss from vacating Bayard Place is included, but not the potential benefit from any redevelopment.

5.3.5 It will be the role of the JVCo to develop the detailed business case, including investigating further the options for ensuring a viable business case. That business case would be presented to the JVCo Board, which includes the Council representatives, for approval.

5.4 Impact on draft MTFS

5.4.1 Whilst the current approved MTFS includes the capital funding for the investment in the JVCo, the draft MTFS considered by Cabinet on 3rd February 2014 did not include all elements of this proposal. Whilst there are no adverse financial implications (the proposals actually provide for a revenue saving), there are documents in the MTFS that need amending in light of these proposals. These are:

- the capital programme will be updated to reflect the contribution to the JVCo. This will simply reflect the reallocation of existing funds as outlined in 5.1.3 above
- the asset disposal list in the Capital Strategy needs updating to include all assets identified previously in this report that the Council would enter into Option Agreements with the Fund for
- the Asset Management Plan will be updated to ensure it reflects entering into Option Agreements in this manner as an approach to disposals
- the Treasury Management Strategy needs updating to allow the Council the ability to accept units in the Fund, if it wishes to do so at a later point. To be clear, this is simply to put into place the framework to allow this to happen – at this point the Council does not need to make any decisions as to whether to accept cash or units for assets sold to the Fund

Subject to Cabinet approving the recommendations in this report, the budget papers presented to Full Council on 5th March 2014 will include these changes.

6 LEGAL IMPLICATONS

This section contains the legal implications in the following 4 main areas:

- authority of Cabinet and Council to approve the proposal
- constitution – terms of reference and Cabinet's recommendations
- procurement and state aid implications
- other statutory considerations

6.1 Authority of Council to approve the proposal

- 6.1.1 The proposal is contained in the Business Case attached as Appendix 1 to this report titled “A Business Case for an Investment Joint Venture for the Council”. A brief outline of the proposed activities are for the Council to:
- a) set up a Joint Venture Company (JVCo) to deliver business schemes to develop key sites in Peterborough city centre. The JVCo will be on 50% equal ownership between the Council and a new fund from the private sector, the Peterborough Investment Fund (Fund)
 - b) invest in the Fund to develop key sites, and
 - c) sale of assets to the Fund
- 6.1.2 Before the Council approves the proposal, the Council must be satisfied that it has appropriate statutory powers to carry out the proposed activities. The Council must also consider relevant statutory guidance when it exercises its statutory powers.
- 6.1.3 The Council has several statutory powers it may rely on to carry out the proposed activities, namely:
- Power to trade
 - General power of competence
 - Power to invest
 - Power to promote the economic, environmental and social well -being of its area
 - Incidental powers to discharge its functions
 - Power to sell its assets
- 6.1.4 In relation to the power to trade, the Council is allowed to trade with the private sector to carry out its ordinary functions. However, the trading must be done through a company. This trading power is further supported by its general power of competency to generally do anything for a commercial purpose, unless there are restrictions.
- 6.1.5 The main restriction is that the commercial purpose or trading must be done through a company, as mentioned above. What this means is that the Council has the power to set up a JVCo to deliver the business schemes, and for the JVCo to be equally owned by the Council and the private sector Fund. Before the Council exercises its trading powers, the Council has also considered statutory trading guidance regarding its powers. In accordance with the trading guidance, the Council must approve the attached Business Case containing the proposals before trading starts. The trading guidance is listed in the section ‘Background Information’.
- 6.1.6 In addition to its trading powers, the Council also has a statutory investment power that it may rely upon in order to buy shares in the JVCo and/or invest in the Fund. Where the Council exercises its investment power in the Fund, it must invest in accordance with its overall investment strategy (the Treasury Management Strategy (TMS)). This report includes a recommendation to request Council to amend the TMS to take account where the Council invests in the Fund by taking units in the Fund. If the Council chooses to take units in the Fund, the Council must establish a separate company, which will be a decision for a later date. It should also be noted that in accounting terms, the regulations classify that the purchasing of shares in the JVCo is capital expenditure, and differentiate between this and the investment in the Fund.

- 6.1.7 These proposals also commit the Council to sell a number of its property assets through specific Option Agreements, providing that the trigger conditions in the Option are met. The Council has the legal power to dispose of its assets in this way, but it has to be careful that it obtains “best consideration” for these, or potential state aid implications might arise.
- 6.1.8 The sale of assets as proposed within this report would be for an independently verified market value, assessed at the time the sale takes place, which provides assurance that the Council will be fulfilling its requirement to obtain best consideration. This also removes any state aid implications.

6.2 Constitution – Terms of reference and Cabinet’s Recommendations

6.2.1 The Council’s Constitution, in Part 3, Executive Functions, paragraph 3.2 states the Terms of References of the Cabinet including:

- *‘3.2.3 To take a leading role in promoting the economic, environmental and social well-being of the area.*
- *3.2.4 To promote the Council’s corporate and key strategies and Peterborough’s Community Strategy and approve strategies and cross cutting programmes not included within the Council’s major policy and budget framework.*
- *3.2.7 To be responsible for the Council’s overall budget and determine the action required to ensure that the overall budget remains within the total cash limit.’*

6.2.2 All the decisions to establish the proposal are executive decisions falling within the Cabinet’s Terms of Reference above. Those decisions recommended to Council are limited to amendments of budget documents or constitutional powers necessary to achieve the proposal.

6.3 Procurement and state aid

6.3.1 The nature of the proposals in this Cabinet report means that they are not subject to a procurement requirement. In the case of the Council’s interactions with the Fund, these would principally take the form of the sale of assets from the Council to the Fund. This is an action that is exempt from the relevant public contract regulations and therefore does not raise a procurement requirement. The investment that the Council would make in the JVCo is also not subject to public procurement.

6.3.2 Whilst it is not a situation considered likely to arise, if the JVCo wanted to undertake work for the Council, Cabinet should note that the JVCo would have to compete for any contracts in the same manner any other private company would. This is because it is a private firm that is not wholly owned or controlled by the Council.

6.3.3 In terms of state aid, as noted in 6.1.7 above, a concern could emerge if the Council disposed of an asset for less than “best consideration”. These proposals would specifically provide for the Council receiving an agreed market value consideration for its assets at the time of transfer, regardless as to whether it receives this in cash or units within the Fund, and as such no state aid implication would arise from such transactions.

6.4 Other statutory Considerations

6.4.1 The Council has general duty to have regard to the Equality Act 2010. The Council has in accordance with its statutory obligations considered the impact on equalities arising from

its proposal. From its initial assessment, the Council considers that there is no equalities impact which requires action or any adverse qualities impact on any protected group. The Equality impact Assessment is listed in the section 'Background Documents'.

- 6.4.2 There are a number of other statutory considerations (Human Rights Act 1998, Crime and Disorder Act 1998 - as modified) which are considered not to have any implications for this proposal.

7 CONSULTATION

- 7.1 These proposals have been developed through extensive internal consultation with officers from finance and legal services, including the Head of Strategic Finance and the Director of Governance, both of whom have been involved in developing and refining the proposals.

8 ANTICIPATED OUTCOMES

- 8.1 That a Joint Venture Company will be established, unlocking in the region of £130m of new funding for taking forward key growth sites in the city, especially those in the city centre.

9 REASONS FOR RECOMMENDATIONS

- 9.1 The proposals within this report offer the Council an opportunity to unlock significant investment to help bring forward key city centre regeneration sites, allowing the Council to further the city's growth and regeneration with minimal additional investment whilst delivering potential financial and other benefits to the Council and the city.

10 ALTERNATIVE OPTIONS CONSIDERED

10.1 Use of prudential borrowing

- 10.1.1 The Council has the ability to obtain finance directly from the Public Works Loan Board at preferential rates of interest. It could choose to borrow in this way and invest in some specific growth projects, either itself or through financing of a wholly owned delivery model.

- 10.1.2 There are, however, limitations to this approach that limit its attractiveness. For example, most of the schemes that the joint venture would enable would not create operational Council buildings on Council land. They are schemes for the city, not for the Council, and would not be schemes the Council would normally fund from borrowing.

- 10.1.3 There is also a cost to borrowing finance in this way, and the nature of regeneration schemes tends to result in significant upfront costs and delayed returns, so were the Council to take this approach there would be a period of time where it is paying a substantial interest charge without receiving income or receipts from a sale of capital assets that a scheme creates to offset this. It would also mean that the Council is taking on 100% of the risk in the development. With the Council forecasting a budget deficit in 2015/16 of £18m, this approach would be extremely difficult.

10.2 Traditional Local Asset Backed Vehicle

- 10.2.1 A Local Asset Backed Vehicle (LABV) is a partnership or joint venture between a public body and a private sector investment partner, normally over the medium or long-term. The public partner generally inputs assets, with the private sector partner providing finance and technical expertise. In the past, there have been some high-profile examples created in the UK, but they are now less favoured. For example, the private sector firm that created the first UK LABV with Croydon Borough Council, John Laing, announced in January 2013 it would not be involved in any future partnerships.

10.2.2 The level of delivery of schemes by LABVs has been lower than expected. Where they work best is where there are 'oven-ready' schemes and it is clear how to get the best out of specific sites. Peterborough has a number of complex regeneration sites that are not well-matched to this approach. LABVs, by their nature, also tend to be constrained to work on sites the relevant public body has transferred to them, whereas the JVCo proposed here would be free to work more widely if its Board approved.

10.3 Allow the market to drive growth

10.3.1 Whilst the UK economy is slowly recovering, it remains fragile. There are still many difficulties around bank lending and financing options that restrict the ability of the market to deliver growth projects. Peterborough has a number of key strategic sites, such as Fletton Quays, which failed to come forward during the height of the economic boom. With significantly less public sector subsidy available today and more difficulties in raising private finance, relying on the market alone could be a significant risk. Despite Peterborough's recent development successes, the market will also want to cherry-pick the easier, lower risk sites and leave the more difficult ones – of which the city has a number.

11 OTHER IMPLICATIONS

11.1 Staffing Implications

11.1.1 A number of staff within the growth team may be affected by these changes and this will be dealt with in accordance with the council's normal employment policies and procedures, in consultation with those staff and the trade unions.

11.2 Property Implications

11.2.1 As outlined in section 4.3.3 there will be a change to the Capital Disposals programme and the MTFS will be amended to reflect this.

11.2.2 On a day-to-day basis it will be necessary to consult with the JVCo to ensure that any works undertaken on the assets identified for transfer does not lead to unwarranted expenditure. Overall this will allow the Council to target expenditure on those assets which have a long term future and give us greater certainty regarding our future financial liabilities.

12 BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

- Cabinet Report: "Peterborough's New Growth Delivery Arrangements"
(<http://democracy.peterborough.gov.uk/ieDecisionDetails.aspx?ID=248>)
- Cabinet Report: "Delivery Strategy for South Bank & Surrounding Areas"
(<http://democracy.peterborough.gov.uk/ieDecisionDetails.aspx?ID=640>)
- 'General Power for Local Authorities to Trade in Function Related Activities Through a Company'
- Equality Impact Assessment dated 07/02/2014

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**A Business Case for an Investment Joint
Venture for the Council**

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Background and Document Purpose

When, in 2009, the Council developed a new approach to tackling the challenges that the economic downturn was having on Peterborough's growth ambitions, a key part of its strategy was engagement directly with the capital markets. The severely restricted levels of funding had constrained private sector development across the UK, but the Council believed that if it could effectively engage directly with the capital markets it could develop a new way of funding major growth projects within the city. This paper outlines a proposed joint venture to do precisely that, delivering potential new investment arrangements for the city that will help Peterborough bring forward some of its key city centre development opportunity sites.

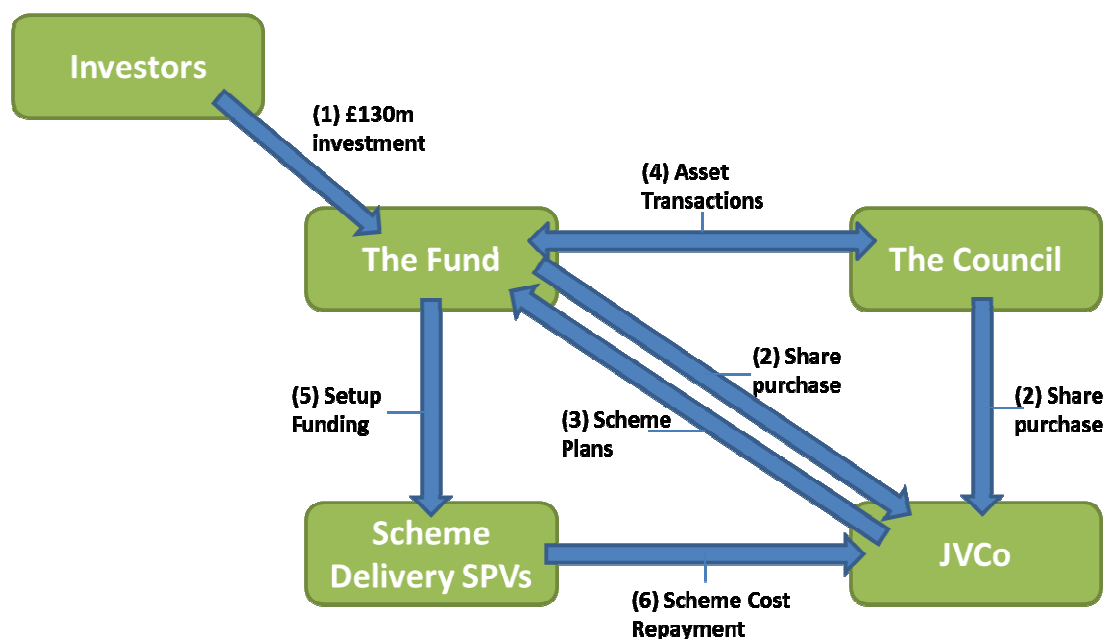
Recapping the Council's Drivers for These Proposals

- Peterborough has an ambitious growth agenda, but private sector investment is typically opportunistic and relatively short-term, and what government funding is available is now lower and more difficult to obtain than before the recession
- The Council wants a long-term partner willing to work with us to develop projects across the city rather than cherry-pick the easiest sites that represent low risk options
- The Council wants a scheme that can kick-start regeneration of the Fletton Quays area, and sees the use of its covenant as an opportunity to do this
- The Council wants to establish a capability that can deliver a pipeline of projects and that does not have to be freshly established each time
- The Council wants to establish a collaboration with the capital markets that will demonstrate to investors and developers that the council can make a valuable contribution to the viability, optimisation and delivery of infrastructure projects in the city
- The Council needs to absolutely minimise its exposure to any financial risk
- The Council would like to benefit from upside as a result of these arrangements, in excess of the current market value of the land assets it may invest into them

Overall Structure and Operating Process

In outline terms, the process for how these arrangements are established and operate is:

1. Investors would make available in the region of £130m of investment in these arrangements and approved schemes that come forward
2. Both the Council and the Fund would buy shares in the Joint Venture Company (JVCo) for £3m in cash, payable to the JVCo quarterly over three years
3. The JVCo develops viable schemes and passes these plans to the Fund to invest in and take forward to delivery
4. The Council sells assets involved in viable, approved schemes to the Fund. The Council may choose at the point of sale to receive payment either in cash or in units in the Fund
5. The Fund creates scheme delivery companies (Special Purpose Vehicles (SPVs)) to take forward each scheme, pulling together working capital that allows these to operate. The precise ownership structures of these SPV's would be determined on a case by case basis.
6. The scheme delivery companies would refund to the JVCo the costs that the JVCo has incurred in developing the scheme that the company was created to deliver



The Joint Venture Company

The diagram and outline above only provides a broad overview as to how these arrangements will be put in place and subsequently operate. This section provides more detail about the set-up and running of the Joint Venture Company

Ownership and Form

The Joint Venture Company (JVCo) will be owned 50:50 between the Fund and the Council. It will be overseen by a Board of four with equal representation from the Fund and the Council, and have a decision-making structure that requires consensus. Both parties will pay £3m for shares in the JVCo¹, the payment of which to the JVCo will be phased over three years, with equal amounts from both parties drawn down quarterly. This phasing of payments can be adjusted in the future with the agreement of the JVCo's Board.

Pinsent Masons were asked to advise on the form that the JVCo should take, and have advised that it should be a company. The proposed company form for the JVCo is therefore a company limited by shares. The founding parties may by agreement at any time dilute their shareholding in the JVCo by selling shares to a third party (for example, by issuing non-voting shares).

Mode of Operation

The JVCo's role is to develop viable schemes for consideration by the company's Board. It will undertake a variety of work related to this, the exact nature of which will vary according to scheme, but will ultimately result in a detailed scheme business case for a scheme that provides assurance to the Board that a scheme proposal is viable. If the Board approve, the JVCo would then apply for planning permission for the scheme from the Council.

For schemes that secure planning consent, the JVCo Board then recommend them to the Fund's Investment Committee, and, subject to the Investment Committee agreeing to the project's business case, the Fund will establish a ring-fenced SPV to take delivery of that scheme forward. The SPV will reimburse to the JVCo all of the project development costs that the JVCo has incurred.

The Special Purpose Vehicles

Schemes that are approved by the JVCo's Board and the Fund's Investment Committee are taken forward to delivery through Special Purpose Vehicles (SPVs) set up specifically for each scheme by the Fund. These are ring-fenced companies whose shareholdings and financing are determined on a case-by-case basis by all shareholders in the SPV.

The First Project: Fletton Quays Phase 1

As part of the process of establishing these arrangements, the Council will enter into an Agreement for Lease with the Fund for new offices as part of its office consolidation programme, which will be built on Fletton Quays. The first SPV to be established by the Fund will deliver these offices.

¹ Pinsent Masons have confirmed to the Council that it has the legal power to make such an investment, and that the establishment of the joint venture company does not raise a procurement requirement

Through the process of developing these proposals, it has been borne in mind that the Council's budgets are under significant pressure, and that consequently the office consolidation cannot result in the additional cost to the Council. The Council's protection against this is – by design – integral to how these arrangements will operate, because the offices scheme would be a project that the JVCo develops, and for it to do this the Council – through its Board membership of JVCo – has to approve that the project.

In terms of the land assets involved, these are detailed in the Assets section later in this paper, and there will be contractual protection for these in the event that there is an abortive project or a Fund default takes place. An Option Agreement on the land assets, granted by the Council to the Fund, means that the assets will only be sold to the Fund on the achievement of a specific trigger condition specified within the Option Agreement, which will be the achievement of planning consent for a scheme on that site.

The process by which the first scheme will be developed is outlined below:

1. The JVCo will develop the scheme, including assuring that the finances stack for the Council.
2. The JVCo Board, if satisfied that the scheme is viable, and if the Council (through its membership of that Board) is satisfied its finances stack, will approve the submission of the scheme to obtain planning consent. This will be for the offices and other components of the initial landmark building, such as flats, small food and beverage space, and mini-retail.
3. Assuming planning consent is obtained, the JVCo's Board and the Fund's Investment Committee approve the project, an SPV is established by the Fund; the SPV's shareholdings would be agreed at that point.
4. The achievement of planning consent allows the Option Agreement on the land related to the scheme to be exercised, at which point the land will now be owned by the Fund. The land will be transferred or otherwise made available to the SPV.
5. The Fund will raise the necessary funding to complete the construction phase.
6. The SPV procures the supply chain for construction and the build takes place.
7. The Council and other tenants will then occupy the building.
8. The asset will then be re-financed and any debt the SPV raised paid off.

In terms of the Council's cash flows involved in this, its outgoing cash flow is for the rent and operating costs of the building, with income cash flows from rent received from sub-lets, business rates, a share of the profits from the SPV / Fund², and New Homes Bonus from the flats.

Other Projects

The JVCo's primary purpose is the development of a series of financially viable and deliverable schemes. There is an initial pipeline of schemes that will be examined and taken through this development process, outlined below.

- Fletton Quays Phase One - new offices for the Council's back office functions
- the completion of Fletton Quays - a mixed use scheme with high quality homes, offices, ancillary retail and leisure uses, and potentially student accommodation
- the Wirrina car park – new homes close to the city centre

² The Council would receive an appreciation in the value of units it holds in the Fund, if the Council chose to receive units instead of cash when the relevant land is transferred; a description of this mechanism is provided later in this paper.

- the Pleasure Fair Meadow car park - a new multi-storey car park topped with residential accommodation
- Northminster multi storey car-park / Bayard Place – new homes in the city centre
- re-use of the Town Hall (retained in the Council’s ownership) – retention of the existing civic suite and democratic functions, and relocation of the Council’s customer interface from Bayard Place. The feasibility of relocating Central Library here would also be considered, alongside plans for re-using remaining parts for higher education use

Other schemes will be developed following these.

Council Contributions

The Council makes two primary contributions initially:

- The Council agrees to pay £3m for shares in the JVCo. This money will be drawn from existing capital budgets approved for growth and regeneration purposes. The funding, matched by the Fund pound for pound, provides three years’ working capital for the JVCo on its initial business plan.
- Existing staff from its Growth and Regeneration team are seconded into the Joint Venture Company. Their salaries are recharged to the JVCo.

In terms of the £3m share purchase, Grant Thornton has advised that this is a capital acquisition.

Running Costs

A budget forecast has been made for the first three years of operation, totalling £6m and equating to about £2m per annum. A draft business plan for the JVCo that provides detail about this forecast expenditure will be taken to the JVCo’s Board for approval early in the company’s life.

The JVCo’s budget is primarily concerned with funding the activities necessary to develop schemes to the point where they are viable and can obtain planning consent. The JVCo is not designed to make a profit, but it is designed to recover costs. As schemes are taken forward into SPVs by the Fund, the JVCo will invoice the relevant SPV for the costs that the JVCo has incurred in the scheme development. The better the JVCo does its scheme development role – characterised by schemes being taken forward to delivery by SPVs – the closer the JVCo will get to cost neutrality, with the initial £6m effectively forming a revolving fund for scheme development.

Where the JVCo expends money on schemes that are not taking forward, these abortive costs would not be recoverable and would therefore run down the total available working capital of the company. It is obviously in everyone’s interest for this risk to be minimised, and the JVCo’s Board is expected to be active and challenging to ensure project development results in viable schemes.

After the first three years, if it is necessary or desirable to re-finance the JVCo (perhaps to expand its operations), then this can be achieved by issuing new shares and/or by debt issued by the Fund and/or the Council; this will be for the JVCo’s Board to determine at the appropriate point, and is only included here to highlight the possibility exists.

The Peterborough Fund

The Fund is intended to be the primary instrument for financing the Special Purpose Vehicles established to deliver the projects that have been approved by the JVCo's Board. It will do so either by financing them directly itself, leading the formation of funding syndicates, or leading the process of raising appropriate debt. The Fund will share many characteristics with Private Equity Funds, having long-term investments requiring considerable investor commitment, and a mixture of returns being achieved requiring a focus on the overall Fund returns.

The current proposals for the Fund are that it will be:

- A Collective Investment Scheme
- A closed-end Fund
- Have a minimum duration of ten years
- Be domiciled in Guernsey and be regulated by the Guernsey Financial Services Commission
- Be VAT registered in the UK
- Be established as a Limited Liability Partnership (LLP)

Pinsent Masons have confirmed that the Council is free to enter into legal agreements with a Fund domiciled outside of the UK, though it has suggested that "all contracts have the exclusive jurisdiction of the Courts of England and Wales and that all contracts with the Fund are subject to English Law"). The Council would take this into account in legal drafting around these proposals.

The initial raise for the Fund is to be £130m which will come from sovereign wealth funds and international investors. It will be managed by an experienced Fund Manager, regulated by the UK Financial Conduct Authority and the Guernsey Financial Services Commission. The Fund's objectives are to deliver infrastructure in Peterborough. The Council's primary interaction with the Fund will be when it disposes of an asset to it. Pinsent Masons have confirmed that this is an exempt activity for the purposes of the Public Contract Regulations 2006, and that the Fund will therefore not be subject to procurement for obtaining the land assets.

Pinsent Masons have advised the Council that it is able to sell assets directly to the Fund, but if the Council wishes to invest in the Fund, the advice is that "the Council considers establishing a trading company in order for it to participate" because "the 2011 Act and the LGA 2003 require commercial activities conducted by a local authority to be performed through a trading company". This is important because the Council has a choice – defined in the next Assets section of this paper – as to whether the consideration it receives from the Fund for Council assets is cash or units in the Fund. Both are possible, as indeed is a mix of both, but in the event the Council wished to acquire units then it would need to do this through an intermediary trading company.

Assets and Asset Transfer Process

The Council has a number of assets that it would look to be made available to support growth and regeneration through this investment approach. The proposed list of assets is later in this document and is subject to agreement through the Council's normal decision-making arrangements. These assets will be made available through a contractual mechanism that incorporates a trigger condition of achieving planning consent on a scheme that requires the asset, so that the asset will only leave Council ownership when there is a viable scheme ready for delivery that uses it.

Approach to asset transfer

The Council has a choice about the nature of the consideration it receives for its assets. The simplest option is that it will receive a cash payment for the asset. The Council will receive upside in this scenario from the increase in the land value that has occurred through the JVCo developing a scheme and obtaining planning consent.

Early on in developing these proposals, however, the Council asked for the possibility to be explored whereby it may be able to receive a share of the upside from the whole scheme, not just the land value. The Fund has offered it the option of taking units in the Fund instead of a simple cash consideration. The units it would receive would match an agreed fair market value for the asset. As schemes are delivered, through the SPVs discussed above, successful schemes will increase the value of the Fund overall, and the value of the Council's units in it. In this way, the Council can have exposure to not only an increase in basic land value, but also the subsequent value created by schemes that are delivered. The Council needs to be clear that, if it chooses to take units in the Fund, there is a possibility of the units going down in value as well as up or staying the same; whilst the Fund will clearly have a commercial interest in ensuring schemes are successful and increase the Fund's value, market risks cannot be eliminated.

Both approaches will use independent third party valuations using standard market assessment methods to ensure fairness. The Council is not required to decide in advance whether it wants cash, units or a mixture of both from the assets it Options to the Fund; this can be decided by the Council at the point each Option Agreement is exercised.

The process that controls the release of assets is:

1. List of assets agreed as part of the set-up of these arrangements. This list of assets is reviewed annually by the JVCo's Board and can – with agreement of both parties – be revised to include other assets.
2. Each Option Agreement will describe a trigger condition that allows the Fund to exercise the option, with the trigger event being the acquisition of a relevant planning consent.
3. At the point the Option Agreement is exercised, the asset's ownership will change from the Council to the Fund.
4. The consideration that the Council receives for the asset will vary by agreement (either being cash or participation in scheme upside through Fund units or both)

5. The Option Agreements that allow the Fund to acquire assets will include a 'long stop' date, after which the Option Agreement expires and the Council is under no further obligation to sell the asset to the Fund, unless the Council chooses to extend the arrangements for a further period of time.

Wirrina and Pleasure Fair Meadow Car Parks

The Council currently receives income from both sites. The Council will continue to operate and maintain the car parks as currently, and retain all income from such operation, until the sites are required for redevelopment. It is also likely to be different for each site, with the Wirrina expected to be released first.

The Council also currently receives an income stream for the staff permits it issues. In the event that staff park entirely at a redeveloped and then privately owned Pleasure Fair Meadow Car Park, it is recognised this income might be lost. Therefore, in the financial model for this new car park, a mechanism to accommodate this loss will be included. The appropriate value and mechanism will be agreed as part of the process of completing the appropriate disposal agreements for this.

Sites envisaged as being made available to the Fund

The sites listed below represent the list of assets that are envisaged being made contractually available to the Fund to acquire, subject to the aforementioned trigger condition being met.

- Bridge House (Site)
- Former Matalan (Site)
- Former B&Q (Site)
- Engine Sheds
- Aqua House (see note)
- The Mill (see note)
- Bayard Place
- Market Multi-Storey Car Park
- Central Library
- Pleasure Fair Car Park
- Wirrina Car Park

Note: Aqua House is in the process of being acquired by the Council, and negotiations are taking place around the Mill. These assets are included here on the presumption these purchases will conclude.

Financial impacts for the Council

There a range of financial benefits to the Council from these proposals.

- the Council's investment in developing growth projects is doubled by the Fund's contribution
- the capital investment from the Council into the JVCo allows greater resource to be targeted towards getting schemes moving more quickly than would be the case if the Council simply continued investing its revenue budget at around £0.5m per year
- the use of capital investment into a company in this manner frees up some of the revenue budgets outlined above (the JVCo will undertake development work, and pick up the costs of the team). The Council will still have some internal costs, and may need to create a sinking fund to support some of the one-off office consolidation costs, including the stamp duty costs from the move, but otherwise the savings are as follows:
 - 2015/16 to 2017/18 - £250k per year
 - 2018/19 onwards - £400k per year
- The Council has also have several possible areas of benefit that can arise from schemes that get taken forward by the Fund:
 1. the Council would receive payment for its assets, either:
 - a. in cash, at market value, or
 - b. units in the Fund equivalent to the valuation of the assets, an appreciation of whose land values through scheme delivery would increase the value of the Fund, and thus the Council's shares within it
 - c. a mix of the two
 2. Shares of developers' profits in relevant SPVs (if the Council is a participant in the SPV, although it should be made clear it is not under any obligation to do so)

There is some potential risk arising from the £3 investment into the JVCo, as there is in any type of development arrangement. For example, the JVCo could get to the end of three years and have not developed a viable scheme. There are a number of controls and mitigations against this:

- money can only be spent by the JVCo on developing projects that the JVCo Board – and thus the Council, through its joint control of the Board – approve, giving consideration to the probability of a successful scheme being developed that the JVCo could recoup its costs from
- the Board will receive regular reports on the progress of developing a viable scheme to be presented to it. This would allow it to review progress and be assured that a scheme is likely to remain commercially viable. Projects where this viability was in question would be halted by the Board
- the £3m contributions from both the Council and the Fund will be paid quarterly over 3 years, offering an extra level of control

The initial finance within the JVCo from the Fund and the Council's share purchase would fund its operation for three years. The collaboration is designed so that the JVCo should create financially viable schemes that can be taken forward within that time. When the Fund takes a scheme forward, the company it creates to do this would reimburse the JVCo for all of the costs the JVCo incurred

developing that scheme. This would help finance the JVCo's activities beyond the first three years of operation, creating a revolving fund.

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