

SUSTAINABLE GROWTH AND ENVIRONMENT CAPITAL SCRUTINY COMMITTEE

**TUESDAY 3 FEBRUARY 2015
7.00 PM**

Bourges/Viersen Room - Town Hall

AGENDA

Page No

1. Apologies for Absence

2. Declarations of Interest and Whipping Declarations

At this point Members must declare whether they have a disclosable pecuniary interest, or other interest, in any of the items on the agenda, unless it is already entered in the register of members' interests or is a "pending notification" that has been disclosed to the Solicitor to the Council. Members must also declare if they are subject to their party group whip in relation to any items under consideration.

**3. Request for Call-In of Executive Decision: Strategic Partnership
Between Peterborough City Council and AVIC International
Corporation (UK) Ltd - KEY/16JAN15/07** **3 - 14**

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<http://democracy.peterborough.gov.uk/documents/s21850/Protocol%20on%20the%20use%20of%20Recording.pdf>

Committee Members:

Councillors: N Arculus (Chair), Y Maqbool (Vice Chairman), R Brown, A Iqbal, N Thulbourn,
M Fletcher and J A Fox

Substitutes: Councillors: J Shearman, S Lane, R Herdman and S Allen

Further information about this meeting can be obtained from Paulina Ford on telephone 01733 452508 or by email – paulina.ford@peterborough.gov.uk

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SUSTAINABLE GROWTH AND ENVIRONMENT CAPITAL SCRUTINY COMMITTEE	Agenda Item No. 3
3 FEBRUARY 2015	Public Report

Report of the Director of Governance

Report Author – Paulina Ford, Senior Democratic Services Officer, Scrutiny

Contact Details – (01733) 452508 or email paulina.ford@peterborough.gov.uk

REQUEST FOR CALL-IN OF AN EXECUTIVE DECISION: STRATEGIC PARTNERSHIP BETWEEN PETERBOROUGH CITY COUNCIL AND AVIC INTERNATIONAL CORPORATION (UK) LTD – JAN15/CAB/07

1. PURPOSE

- 1.1 To consider a request to call-in an executive decision made by Cabinet.

2. RECOMMENDATIONS

- 2.1 That the Sustainable Growth and Environment Capital Scrutiny Committee considers a request to call-in a decision taken by Cabinet in respect of the Strategic Partnership between Peterborough City Council and AVIC International Corporation (UK) Ltd.

3. BACKGROUND

- 3.1 On 19 January 2015 Cabinet made an executive decision relating to the Strategic Partnership between Peterborough City Council and AVIC International Corporation (UK) Ltd. In accordance with the Constitution this decision was published on 19 January 2015.

- 3.2 On 22 January 2015, Councillor Nick Sandford supported by Councillor Ed Murphy, Councillor Richard Ferris and Councillor Asif Shaheed submitted a request to call-in this decision on the following grounds:

Criteria 4. The decision does not follow the principles of good decision making set out in Article 11 of the Council's Constitution, specifically that the decision maker did not:

- (a) Realistically consider all alternatives and, where reasonably possible, consider the views of the public.
- (c) Take account of all relevant matters, both in general and specific, and ignore any irrelevant matters.
- (d) Act for a proper purpose and in the interests of the public.

- 3.3 A copy of the request to call-in is attached at Appendix 1, a copy of the report considered by Cabinet is attached at Appendix 2 and copy of the decision notice is attached at Appendix 3.

- 3.4 After considering the request to call-in and all relevant advice, the Committee may either:

- (a) not agree to the request to call-in, when the decision shall take effect immediately;
- (b) refer the decision back to the decision maker for reconsideration, setting out its concerns; or
- (c) refer the matter to full Council.

4. IMPLICATIONS

- 4.1 Any implications are contained within the Cabinet report at Appendix 2.

5. BACKGROUND DOCUMENTS

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

None

6. APPENDICES

Appendix 1 – Request to Call-In Decision

Appendix 2 – Report Considered by the Cabinet

Appendix 3 - Copy of Decision Notice – Strategic Partnership between Peterborough City Council and AVIC International Corporation (UK) Ltd – JAN15/CAB/07

CALL-IN REQUEST FORM

This form must be completed and signed by at least **TWO** members of any Scrutiny Commission or Scrutiny Committee and **MUST** be returned to the *Proper Officer within **3** working days of the decision being published (*not including the day of publication*). Please telephone the Proper Officer to make them aware that the Call-In form is on its way.

**Please note that the Proper Officer can be any of the following Democratic Services Officers: Paulina Ford, Tel: 452508 or Gemma George, Tel 452268. The Call-In Request will only be valid if it has been received in person by any of the above people within the 3 working day deadline. The form may be emailed or hand delivered. If sent in the post you must call the Proper Officer to advise that it has been posted and it will need to be received by the Proper Officer within the 3 working day deadline.*

Decision taker:	Cabinet
Date of publication of decision:	19 January 2015
Title of Decision Called in :	Strategic Partnership Between Peterborough City Council and AVIC International Corporation (UK) Ltd - JAN15/CAB/07
Date Decision Called in:	22 January 2015

	REASONS FOR CALL-IN	Tick which reason applies
1.	Decision contrary to the policy framework?	
2.	Decision contrary or not wholly consistent with the budget?	
3.	Decision is Key but it has not been dealt with in accordance with the Council's Constitution.	
4.	Decision does not follow principles of good decision-making set out in Article 11 of the Council's Constitution.	x
If reason 4, please tick which specific element of Article 11 the decision maker has not followed, did he or she not:		
(a)	Realistically consider all alternatives and, where reasonably possible, consider the views of the public.	x
(b)	Understand and keep to the legal requirements regulating their power to make decisions	
(c)	Take account of all relevant matters, both in general and specific, and ignore any irrelevant matters.	x
(d)	Act for a proper purpose and in the interests of the public.	x
(e)	Keep to the rules relating to local government finance.	
(f)	Follow procedures correctly and be fair.	
(g)	Make sure they are properly authorised to make the decisions.	
(h)	Be responsible for their decisions and be prepared to give reasons for them.	
(i)	Take appropriate professional advice from officers.	

Detailed Reason(s) for Call-in. *Please explain below why one of the reasons for call-in applies (eg. For number 1 - which major policy affected and how/why)*

There is no evidence in the report supporting this item that the cabinet has taken any account of concerns over human rights abuses by the Chinese Government, which Amnesty International considers to be one of the worst records of any country in the World.

The attached link to an Amnesty International USA website lists issues of suppression of free speech, death penalty usage, torture, suppression of minority religions and other groups etc.

<http://www.amnestyusa.org/our-work/countries/asia-and-the-pacific/china>

This company is wholly owned by the Chinese Government and so in entering into partnership with it the Council is entering into a partnership in effect with the Government of China. The Council may therefore suffer reputational damage from this association given the fact that a number of different projects are envisaged in partnership with this company.

There is no evidence presented that the cabinet has sought the views of the Peterborough public on this issue, which is one of great concern to many people in Peterborough and across the UK and the rest of the free world.

This decision has not been discussed with any council scrutiny committee nor with opposition group leaders. That is a major omission for a Key decision which could commit the council to working with this company on many projects over years or even decades to come.

There is no evidence also that the cabinet has considered entering into a partnership with any other company which may be able to provide the services required and which may not be wholly owned by a repressive authoritarian regime.

We would like the relevant scrutiny committee to call in this decision and for it to be referred to a meeting of Full Council to allow wider discussion of the issues raised in this call in notice.

	Name (please print)	Signature	Date
1.	Nick Sandford	N Sandford via email	22/1/15
2.	Asif Shaheed	A Shaheed via email	22/1/15
3.	Richard Ferris	R Ferris via email	22/1/15
4.	Ed Murphy	E Murphy via email	22/1/15

CABINET	AGENDA ITEM No. 10
19 JANUARY 2015	PUBLIC REPORT

Cabinet Member(s) responsible:	Cllr Marco Cereste, Leader of the Council and Cabinet Member for Growth, Strategic Planning, Housing, Economic Development and Business Engagement	
Contact Officer(s):	John Harrison Executive Director, Resources	Tel. 452520

STRATEGIC PARTNERSHIP BETWEEN PETERBOROUGH CITY COUNCIL AND AVIC INTERNATIONAL

R E C O M M E N D A T I O N S	
FROM : John Harrison, Executive Director, Resources	Deadline date :
That Cabinet approves:	
<p>1. That Council enters into a memorandum of understanding regarding a strategic partnership arrangement with AVIC International Corporation (UK) Limited.</p>	

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet from the Executive Director, Resources.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to seek approval to enter into a memorandum of understanding (MoU) regarding a strategic partnership arrangement (SPA) between Peterborough City Council and AVIC International Corporation (UK) Limited (AVIC).

2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.1 ‘to take collective responsibility for the delivery of all strategic Executive functions within the Council’s Major Policy and Budget Framework and lead the Council’s overall improvement programmes to deliver excellent services’.

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO
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4. BACKGROUND INFORMATION

4.1 Overview

4.1.1 The Council has made significant progress in delivering its ambitious growth agenda through physical regeneration, investment in infrastructure and improvement in education skills. Peterborough is the fastest growing city by population, has the fastest digital network, the second fastest private sector jobs growth and is predicted by McKinsey to have the fastest growing economy from 2010 to 2025. Unemployment is at its lowest rate since 2002, with the JSA claimant count at 1.9%.

4.1.2 In support of its established priorities, the Council has been pursuing a range of innovative delivery solutions including the establishment of a new growth delivery vehicle, the Peterborough Investment Partnership LLP, and a range of energy initiatives including: collective switching, renewable energy generation, energy efficiency (both domestic and commercial) and the provision of domestic energy supply tariffs in Peterborough which it is anticipated will be one of the lowest in the UK.

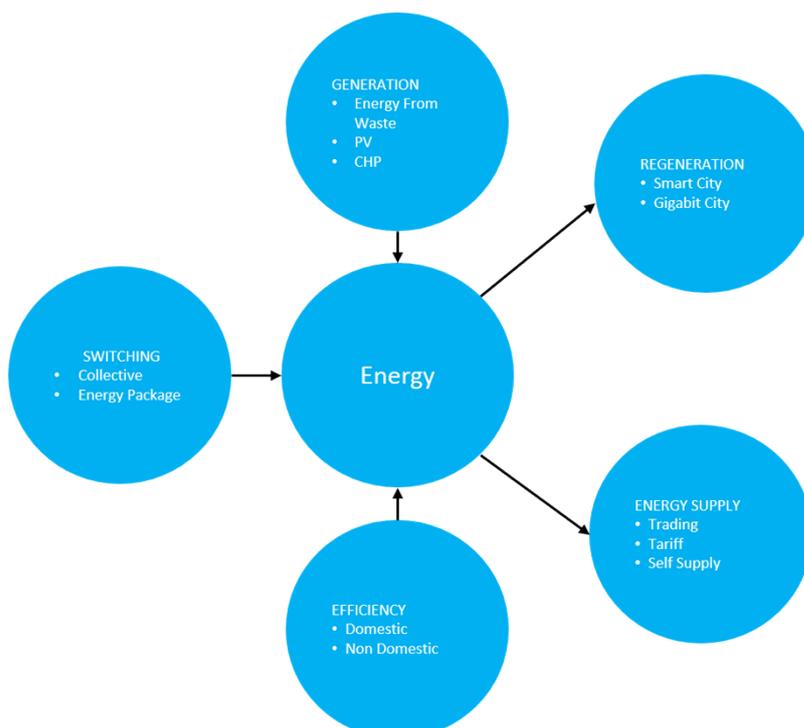
4.1.3 These initiatives aim to further the following strategic priorities which the Council has determined:

- Growth, regeneration and economic development of the city to bring new investment and jobs. Supporting people into work and off benefits is vital to the city's economy and to the wellbeing of the people concerned;
- Improving educational attainment and skills for all children and young people, allowing them to seize the opportunities offered by new jobs and our university provision, thereby keeping their talent and skills in the city;
- Pursuing the Environment Capital agenda to position Peterborough as a leading city in environmental matters, including reducing the city's carbon footprint.

4.1.4 Energy has a strong part to play in advancing these priorities and the Council's approach can be summarised as follows:

- Generation of renewable energy
- Reduction of energy consumption
- Enablement of regeneration
- Reduction of carbon
- Give financial benefits to the city
- Generate income and save money

This approach is set out in the diagram below:



4.1.5 This report seeks approval for the creation of a strategic partnership that will seek to add further value and accelerate the delivery of financial benefits to Peterborough.

4.2. AVIC INTERNATIONAL CORPORATION (UK) LTD

4.2.1 AVIC is a subsidiary of the Chinese State-owned company, AVIC International Corporation Holding Limited. The 2013 global turnover of AVIC International Corporation Holding Limited was £14.8 billion (¥146.5 billion (RMB))¹The main business of AVIC is development, investment and construction in the renewable energy and energy efficiency industries in the UK. AVIC anticipates that 5% of its global turnover will come from the UK over the next 5 years.

4.2.2 AVIC also represents the interests of a number of the state-owned companies of China in the UK. These include, but are not limited to the following:

- Shanghai Electric
- Huawei
- China Telecom
- Bank of China

4.2.3 As can be seen from the list, the organisations that AVIC represent cover significant areas of expertise that could bring tremendous benefits to the city.

4.3 WIDER CHINA AND UK COLLABORATION

4.3.1 On 17 June 2014 the Governments of the UK and the People's Republic of China issued a joint statement. This stated, at paragraph XII, that the UK and China both:

"Welcomed their strong cooperation on people-centred and holistic urbanisation. In particular, both sides agreed to increase policy exchange and technological collaboration on low carbon urban planning, air and water pollution control...Both sides welcomed the signing of the MOU on Strengthening Cooperation on Green and Low Carbon Urbanisation".

4.3.2 On 17 June 2014 the Governments of the UK and the People's Republic of China also issued the UK-China Joint Statement on Climate Change. A UK Government information note which explains the background to that statement, and outlines some of the specific areas of collaboration, states that new opportunities for collaboration between the People's Republic of China and the UK exist in renewable (and specifically solar) energy, and low carbon urbanisation.

4.3.3 The proposed strategic partnership between PCC and AVIC is aligned to the wider collaboration between the UK and the People's Republic of China that these statements envisage.

4.4 PRINCIPLES AND BENEFITS OF THE STRATEGIC PARTNERSHIP

4.4.1 The proposed Strategic Partnership Agreement (SPA) will be founded on the following principles:

- *Proven Delivery*: based on the transparent monitoring and measurement of performance. Performance will be evaluated by the number of megawatt-hours generated, the number of megawatt-hours saved, and the return generated on investment in relation to each project undertaken by the parties.
- *Commitment*: to the strategic partnership, achieved through strong leadership, enthusiasm and a determination to succeed.
- *Openness and Trust*: in relation to the parties' dealings with each other.

¹ <http://www.avic-intl.cn/category.aspx?NodeID=138>

4.4.2 The Council anticipates that the SPA will bring the following benefits to Peterborough:

- job creation;
- education and training in the latest renewable energy technology;
- supporting the development of an enhanced university/higher education offer in Peterborough through AVIC introducing its partners and other Chinese state owned companies and investors;
- a “one-stop” solution around regeneration and development towards a Smart City also once AVIC has an established market in the UK this will include providing a final fabrication facility for smart meters, solar panels and street lighting;
- access to a diversified business network at state and government level with China.

4.4.3 The Council understands that AVIC requires the following benefits to be achieved from the SPA:

- a pipeline of projects for which AVIC can supply to, provide investment in or act as developer;
- access to the wider public sector and local authority market in the UK;
- access to the acquisition of various developments across the UK;
- access to various major regeneration projects across Peterborough;
- a case study, in that Peterborough could be a reference point that AVIC could use to launch a major national campaign for renewable energy, energy efficiency and Smart City technology;
- a platform for income generation.

4.5 OBJECTIVES OF THE STRATEGIC PARTNERSHIP

4.5.1 The Council’s overarching objective of the SPA is to develop and implement a vision of the UK’s first truly Smart City and the continuing regeneration and growth of Peterborough. This will include, but not be limited to the following:

- improving the efficiency and performance of the Council’s services through investment into Peterborough’s energy, transport and information infrastructure for the benefit of the city’s businesses, residents and visitors;
- supporting the development of an enhanced university/higher education offer in Peterborough through AVIC introducing its partners and other Chinese state owned companies and investors; and
- contributing to the regeneration and growth of Peterborough.

4.5.2 In addition, the SPA will support the Council’s strategic priorities set out in 4.1 above and the approach to tackling the financial gap set out in the MTFP, including:

- Building a strong and healthy economy which provides jobs for our residents, helps to reduce dependency on welfare benefits, and enabling the Council to benefit financially from business rates and New Homes Bonus and reinvesting this to support the needs of our residents;
- Focusing on educational attainment in schools and developing university provision to give our young people and residents the skills to take up the new job opportunities;
- Income generating in new ways to make the Council less dependent on taxing its residents and on government funding and giving us the independence to support our residents and their needs.

4.5.3 AVIC’S overarching objective of the SPA is to invest in a pipeline of opportunities (first in Peterborough, and then more widely in the UK) that further its goal of acquiring 100 megawatts of renewable supply in the UK and achieving 5% of its global turnover from the UK over the next 5 years.

4.6 ACHIEVING THE OBJECTIVES

4.6.1 In order to achieve the objectives of the SPA the Council and AVIC intend to jointly investigate and, where such opportunities are of mutual benefit pursue the following commercial opportunities:

- the installation of solar PV canopies in certain car parks in Peterborough;
- the installation of light emitting diode (LED) street lighting technology in Peterborough;
- the installation of municipal Wi-Fi in Peterborough;
- the development of an integrated, technology enabled transport platform in Peterborough linking services such as CCTV, intelligent transport information and real time passenger information, for example;
- the development of ground and roof-mounted solar and other renewable generation opportunities; and
- the development of an infrastructure platform to enable future regeneration and growth in Peterborough.

4.6.2 The Council and AVIC acknowledge that the list of commercial opportunities identified in paragraph above is indicative only and is not exhaustive and that further commercial opportunities may be jointly investigated and pursued. It should be noted that none of the items will be pursued unless the appropriate business case and necessary approvals are put in place.

4.7 TIMESCALES FOR INITIAL ACTIONS

4.7.1 It is anticipated that the first two items listed in 4.6.1 will be the subject of additional reports to Cabinet in this municipal year:

- the installation of solar PV canopies in certain car parks in Peterborough;
- the installation of comprehensive light emitting diode ("LED") street lighting technology in Peterborough, complementing investment the Council has already made in phase one of its street light replacement programme.

4.7.2 In addition a report on the Smart city concept for the city will be brought forward to Cabinet.

5. CONSULTATION

5.1 Internal only at this stage. Individual projects will be subject to appropriate consultation. There is a need to continue close working with existing partners to ensure existing initiatives are integrated.

6. ANTICIPATED OUTCOMES

6.1 That Council enters into a memorandum of understanding regarding a strategic partnership arrangement with AVIC International Corporation (UK) Limited.

6.2 That the strategic partnership will support key Council strategic priorities set out in 4.1 above.

7. REASONS FOR RECOMMENDATIONS

7.1 To enable a memorandum of understanding regarding a strategic partnership arrangement to be entered into.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 To continue pursuing existing priorities without have an international partner in place. This would mean that the Council would not benefit from the expertise, experience and supply chain benefits of an international partner.
- 8.2 Pursue the additional projects anticipated by the strategic partnership separately. The Council would then incur additional expense in treating each project individually and in procuring individual solutions.

9. IMPLICATIONS

9.1 Financial:

- 9.1.1 There are no immediate financial implications arising from the MoU. The financial implications of the strategic partnership and its associated objectives will be considered on a case by case basis as the proposals develop.
- 9.1.2 In particular the first two schemes outlined in para 4.6.3 will require business cases, and for the financial implications to be included in the Cabinet reports. Similar arrangements will apply if further schemes, including those outlined in para 4.6.1, are brought forward.

9.2 Legal/ Procurement

- 9.2.1 There are no adverse procurement implications connected with the Council entering into the memorandum of understanding. As specific commercial opportunities are developed between the Council and Avic the Council will consider whether these raise any procurement risks on an individual basis.
- 9.2.2 The Council will enter into this partnership under the general power of competence under section 1 of the Localism Act 2011.

9.3 ICT/digital

- 9.3.1 ICT implications arising from the MoU and the strategic partnership and its associated objectives will be considered on a case by case basis as the proposals develop.

9.4 Property

- 9.4.1 The property implications of the strategic partnership and its associated objectives will be considered on a case by case basis as the proposals develop.

10. BACKGROUND DOCUMENTS

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

Joint Statement from the Governments of The People's Republic of China and The United Kingdom of Great Britain and Northern Ireland dated 17 June 2014

UK-China Joint Statement on Climate Change dated 17 June 2014

Information Note in Relation to The UK-China Joint Statement on Climate Change

APPENDIX 3

Decision details

Strategic Partnership Between Peterborough City Council and AVIC International Corporation (UK) Ltd - JAN15/CAB/07

Decision maker: Cabinet

Decision status: Item Called In

Is Key decision?: Yes

Is subject to call in?: Yes

Purpose:

Cabinet received a report from the Executive Director, Resources.

The purpose of the report was is to seek approval to enter into a memorandum of understanding (MoU) regarding a strategic partnership arrangement (SPA) between Peterborough City Council and AVIC International Corporation (UK) Limited (AVIC).

Cabinet considered the report and **RESOLVED**:

To approve Council entering into a a memorandum of understanding regarding a strategic partnership arrangement with AVIC International Corporation (UK) Limited.

Reasons for the decision:

To enable a memorandum of understanding regarding a strategic partnership arrangement to be entered into.

Alternative options considered:

To continue pursuing existing priorities without have an international partner in place. This would mean that the Council would not benefit from the expertise, experience and supply chain benefits of an international partner.

To pursue the additional projects anticipated by the strategic partnership separately. The Council would then incur additional expense in treating each project individually and in procuring individual solutions.

Interests and Nature of Interests Declared:

None.

Background Documents:

Joint Statement from the Governments of The People's Republic of China and The United Kingdom of Great Britain and Northern Ireland dated 17 June 2014

UK-China Joint Statement on Climate Change dated 17 June 2014

Information Note in Relation to The UK-China Joint Statement on Climate Change

Publication date: 19/01/2015

Date of decision: 19/01/2015

Issue status: The decision is currently being reconsidered

This decision has been called in by:

- Councillor Nick Sandford who writes The reasons for call-in are: 4. Decision does not follow principles of good decision-making set out in Article 11 of the Council's Constitution; If reason 4, please tick which specific element of Article 12 the decision maker has not followed, did he or she not: (a) Realistically consider all alternatives and, where reasonably possible, consider the views of the public; (c) Take account of all relevant matters, both in general and specific, and ignore any relevant matters; and (d) Act for a proper purpose and in the interests of the public. "

Accompanying Documents:

- It is not anticipated that there will be any documents other than the report and relevant appendices to be published.