



# SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

COUNCIL MEETING  
THURSDAY, 22 SEPTEMBER 2016

AGENDA AND REPORTS

## **OUR LONG-TERM VISION**

South Cambridgeshire will continue to be the best place to live, work and study in the country. Our district will demonstrate impressive and sustainable economic growth. Our residents will have a superb quality of life in an exceptionally beautiful, rural and green environment.

## **OUR VALUES**

We will demonstrate our corporate values in all our actions. These are:

- Working Together
- Integrity
- Dynamism
- Innovation

## **EXCLUSION OF PRESS AND PUBLIC**

The law allows Councils to consider a limited range of issues in private session without members of the Press and public being present. Typically, such issues relate to personal details, financial and business affairs, legal privilege and so on. In every case, the public interest in excluding the Press and Public from the meeting room must outweigh the public interest in having the information disclosed to them. The following statement will be proposed, seconded and voted upon.

"I propose that the Press and public be excluded from the meeting during the consideration of the following item number(s) ..... in accordance with Section 100(A) (4) of the Local Government Act 1972 on the grounds that, if present, there would be disclosure to them of exempt information as defined in paragraph(s) ..... of Part 1 of Schedule 12A of the Act (as amended)."

If exempt (confidential) information has been provided as part of the agenda, the Press and public will not be able to view it. There will be an explanation on the website however as to why the information is exempt.

## **SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**

TO: The Chairman and Members of the  
South Cambridgeshire District Council

**NOTICE IS HEREBY GIVEN** that the next meeting of the **COUNCIL** will be held in the **COUNCIL CHAMBER, FIRST FLOOR** at **2.00 P.M.** on

**THURSDAY, 22 SEPTEMBER 2016**

and I am, therefore to summon you to attend accordingly for the transaction of the business specified below.

**DATED** 14 September 2016

**JEAN HUNTER**  
Chief Executive

**The Council is committed to improving, for all members of the community, access to its agendas and minutes. We try to take all circumstances into account but, if you have any specific needs, please let us know, and we will do what we can to help you.**

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### **AGENDA**

**1. APOLOGIES**

To receive any apologies for absence from Members.

**2. DECLARATIONS OF INTEREST**

To receive any declarations of Members' interests.

**3. REGISTER OF INTERESTS**

Members are requested to inform Democratic Services of any changes in their Register of Members' Financial and Other Interests form.

**4. MINUTES**

To authorise the Chairman to sign the minutes of the Annual General Meeting held on 19 May 2016 and the extraordinary meeting held on 28 June 2016 as correct records.

**(Pages 1 - 22)**

**5. ANNOUNCEMENTS**

To receive any announcements from the Chairman, Leader, the Executive or the Head of Paid Service.

**6. QUESTIONS FROM THE PUBLIC**

To note that no questions from the public have been received.

**7. PETITIONS**

To note all that no petitions for consideration by Council have been received since the last meeting.

**8. TO CONSIDER THE FOLLOWING RECOMMENDATIONS:**

**8 (a) Approval of UK Municipal Bonds Agency's Framework Agreement (Cabinet, 14 July 2016)**

Cabinet **RECOMMENDED** to Council:

- (a) Approval of the Council's early entry into the Framework Agreement and its accompanying schedules including the joint and several guarantee.
- (b) That delegated authority be given to the Executive Director (Corporate Services) as Section 151 Officer and the Monitoring Officer to sign those documents, as appropriate, on behalf of the Council.
- (c) That delegated authority be given to the Executive Director (Corporate Services) as Section 151 Officer to agree amendments to the framework as appropriate, in consultation with the Finance and Staffing Portfolio Holder and the Chairman of the Audit and Corporate Governance Committee.

The report considered at the meeting of Cabinet on 14 July 2016 is attached. The associated appendix is available for viewing on the Council's website [www.scams.gov.uk](http://www.scams.gov.uk). On the homepage select 'The Council' and the document can be found alongside the agenda pack for this meeting in the 'Councillors, minutes and agendas' section of the website.

**(Pages 23 - 36)**

**8 (b) Cambridge Ice Arena (Cabinet, 14 July 2016)**

Cabinet **RECOMMENDED** that Council approves a 25 year loan of £1,850,000 through the prudential borrowing facility in order to address the funding gap in respect of the Cambridge Ice Arena.

The report considered at the meeting of Cabinet on 14 July 2016 is attached, together with an updated appendix.

The appendix contains exempt information as defined in paragraph 3 of Schedule 12A of Section 100(A)(4) of the Local Government Act 1972, as amended. This document is therefore unavailable for publication and the press and public are likely to be excluded from the meeting during consideration of the item.

**(Pages 37 - 64)**

**8 (c) Interim arrangements for the positions of Chief Executive Officer, Head of Paid Service, Electoral Registration Officer and Returning Officer (Employment Committee, 15 September 2016)**

To consider the recommendations of the Employment Committee following its meeting on 15 September 2016.

(The Committee's recommendations will be published via a supplement in view of this agenda being published on 14 September 2016).

**8 (d) Appointment of Monitoring Officer (Employment Committee, 15 September 2016)**

To consider the recommendations of the Employment Committee following its meeting on 15 September 2016.

(The Committee's recommendations will be published via a supplement in view of this agenda being published on 14 September 2016).

**9. APPOINTMENT TO THE INDEPENDENT REMUNERATION PANEL**

To confirm the re-appointment of Graham Jagger as a member of the Independent Remuneration Panel, for a further three-year term of office.

**10. APPOINTMENT TO THE AUDIT AND CORPORATE GOVERNANCE COMMITTEE**

To appoint a Conservative Councillor onto the Audit and Corporate Governance Committee to fill a vacancy as a result of Nick Wright's appointment to Cabinet.

**11. OUTSIDE BODIES: APPOINTMENT TO SWAVESEY INTERNAL DRAINAGE BOARD**

To appoint a Councillor to sit on the Swavesey Internal Drainage Board following the resignation of Councillor Sue Ellington.

**12. QUESTIONS FROM COUNCILLORS**

A period of up to 30 minutes will be allocated for this item, to include those questions where notice has been provided (as set out on the agenda below) and questions which may be asked without notice.

Members wishing to ask a question without notice should indicate this intention to the Democratic Services Team Leader prior to the commencement of the item. Members' names will be drawn at random by the Chairman until there are no further questions or until the expiration of the 30 minute time period.

**12 (a) From Councillor Douglas de Lacey**

“A resident tells me that on 12 August 2016 the Daily Mail (a periodical I do not normally read) stated that the 'charge to pay using plastic is supposed to be no more than around 0.6 per cent of the purchase price', yet 'South Cambridgeshire ... [is] charging up to 2.5 per cent when residents use their credit cards to pay their council tax or for services'. Since the lowest Council tax bill is over £1000, that amounts to a £20 or more surcharge over the recommended rate.

So will the Leader please inform us how much we have garnered, since we introduced this surcharge on credit card payments, from the residents we are supposed to serve?”

**12 (b) From Councillor Janet Lockwood**

“Could the Portfolio Holder please update the Council on the state of the call centre? There have been several complaints about its performance and I would suggest a review of staffing levels and training provided might be worthwhile.”

**12 (c) From Councillor Aidan van de Weyer**

“With house building starting at Northstowe and the possibility of applications from other large sites, quite apart from Cambourne West, are the Planning Portfolio Holder and the Strategic Planning Portfolio Holder considering creating a New Communities Joint Development Control Committee to manage this?”

**12 (d) From Councillor David Bard**

“In view of a generally expressed criticism that all planning authorities are accepting lower levels of affordable housing, what is this Council doing to respond to the acknowledged acute availability and affordability challenges in the district?”

**12 (e) From Councillor Aidan van de Weyer**

“There is great concern among South Cambridgeshire residents about the plans to manage congestion in Cambridge by blocking the ring road during peak hours. Firstly, the plans will discriminate unfairly on residents who may have no choice but to drive into the City due to disability, limited income, the nature of their work, having young children or the inaccessibility of their destination to public transport. Secondly, the plans will displace a huge amount of traffic through the villages surrounding Cambridge as people find alternative routes to getting across the City. Can the Portfolio holder tell us why alternative methods of managing congestion were not included in the consultation?”

**12 (f) From Councillor Anna Bradnam**

“We are delighted to read in the Cambridge News (12/09/2016) that the percentage of waste recycled and composted in South Cambridgeshire has increased from 56.35% in 2010/11 to 58.1% in 2014/15. We congratulate our hard-working staff in the waste team for encouraging, what the Cam News calls the ‘eco-friendly folk in South Cambs’ to achieve this improvement.

However we also note that over the same period, recycling in Cambridge City has dropped from 43.7% (the national average) to just 43.1%. It would be a great shame if, under the Waste Shared Services remit, a less committed approach in the City were to drag down the excellent recycling rates we have achieved up to now in South Cambridgeshire.

I ask Cllr Mark Howell, Cabinet member with responsibility for waste and recycling – immediately following Recycling Week – how does he anticipate the Waste Shared Services team will improve rates of recycling in Cambridge City?”

and

“How likely does he think it is that the Waste Shared Service will achieve the proposed target of 50% waste recycled and composted by 2020?”

**13. NOTICES OF MOTION**

**13 (a) Standing in the name of Councillor Peter Johnson**

“We are proud to live in a diverse and tolerant society. Racism, xenophobia and hate crimes have no place in our country. Our Council condemns racism, xenophobia and hate crimes unequivocally. We will not allow hate to become acceptable.

We will work to ensure that local bodies and programmes have the support and resources they need to fight and prevent racism and xenophobia.

We reassure all people living in this area that they are valued members of our community.

This Council publicly condemns any such attacks and make it clear what steps the Council will take to tackle this racist, xenophobic and criminal behaviour.”

**13 (b) Standing in the name of Councillor Francis Burkitt**

“This Council notes the recent press comment concerning the possible promotion of a new train station at Cambridge South, and will be interested in any planning application that may be submitted, and hopes that any application will be submitted as soon as possible; whilst noting, of course, that nothing in this motion should be construed as influencing the process or manner in which such an application would be considered.”

**13 (c) Standing in the name of Councillor Aidan van de Weyer**

“This Council notes the decision by the Greater Cambridge City Deal (GCCD) to change the definition of affordable housing on exception sites for the purposes of its commitment to building 1,000 extra homes for local people.

This Council particularly welcomes the GCCD’s agreement that ‘due consideration be given to the housing needs of local people’.

The commitment to 1,000 new homes on rural exception sites for people with a local connection was an important factor when this Council made its decision to participate in the City Deal.

This Council therefore expresses its desire that only in the most exceptional circumstances will housing without a local connection be counted towards the 1,000 houses and requests that those exceptional circumstances are fully explained.”

**13 (d) Standing in the name of Councillor Mark Howell**

“This Council asks the City Deal to pay particular regard to the public transport needs of employees of Papworth Hospital, in the context of its announced relocation to the Biomedical Campus.”

**13 (e) Standing in the name of Councillor Bridget Smith**

“This Council notes the result of the EU Referendum and now commits to doing everything that it can to protect, support and enhance the position of the residents of South Cambridgeshire, in whatever new agreements are sought and reached with the European Union and its member countries and the rest of the world and otherwise, as a result of the Referendum decision to leave the EU.

In particular this Council believes:-

(1) That the financial position of local authorities such as South Cambridgeshire must not be further worsened and should, if possible, be improved.

(2) That the Government must give an immediate guarantee that the existing rights of citizens of other European Union countries who are already living in South Cambridgeshire will be protected.

(3) That the importance of high tech and life science industries as well as of scientific research in South Cambridgeshire must be recognised and action taken to protect their futures.

(4) That there must not be any weakening of environmental legislation and employment rights that at present derive from EU directives.”



**14. CHAIRMAN'S ENGAGEMENTS**

To note the Chairman's engagements since the last Council meeting:

<b>Date</b>	<b>Event</b>	<b>Attended by</b>
20 May 2016	Sir David Arculus, High Sheriff of Cambridgeshire and Lady Arculus; Evening Reception	Chairman
21 May 2016	Mayor's of Peterborough Grand Finale Ball	Vice-Chairman
30 May 2016	Laying of wreath – Cambridge American Cemetery	Chairman
8 June 2016	Cambridgeshire County Forum Reserve Forces & Cadet Association For East Anglia	Chairman
12 June 2016	Mayor of Northampton - Mayoral and Charity Sunday	Chairman
19 June 2016	Mayor of Northampton – Coffee and Cake afternoon	Vice-Chairman
20 June 2016	Armed Forces Day – South Cambridgeshire District Council	Chairman
22 June 2016	Proclamation of Midsummer Fair Market: Cambridge City Council	Chairman
24 June 2016	Armed Forces Day – Huntingdon	Chairman
1 July 2016	Independence Day RAF Alconbury	Chairman
1 July 2016	The Royal Society of St George – Summer Reception	Vice-Chairman
3 July 2016	Royal Anglian Regiment Association Cambridgeshire, Centenary of the Battle of the Somme	Chairman
17 July 2016	Official launch of Parklife	Chairman and Vice-Chairman
22 July 2016	Fenland District Council: Reception	Chairman
29 July 2016	Chairman, Cllr John Davey Uttlesford District Council: Charity garden party	Chairman
31 July 2016	Mayor of Peterborough - The Lonely Anzac 100th Anniversary	Vice-Chairman
1 September 2016	2016 Wisbech People's Heritage Walk	Vice-Chairman
4 September 2016	Northampton Mayor's Civic Church Service and Reception	Chairman
9 September 2016	69 <sup>th</sup> United States Air Force Birthday Reception	Vice-Chairman
13 September 2016	Cambridgeshire and Peterborough CCG's Annual General Meeting (AGM)	Chairman
15 September 2016	Mayor of St Edmundsbury Charity Wine Tasting event	Vice-Chairman
16 September 2016	The Lord-Lieutenant of Cambridgeshire and Lady Duberly - celebrate the 90th Birthday of HMQ	Chairman
16 September 2016	Best Kept Garden Competition: SCDC Annual Tenant and Leaseholder Gardening comp and awards ceremony	Chairman and Vice-Chairman
18 September 2016	Battle of Britain Commemoration and Service from The Mayor of St Edmundsbury	Chairman
21 September 2016	Cambridgeshire Celebrates Age (CCA) October Programme Launch Event	Chairman
23 September 2016	15th anniversary of the Cambridgeshire Bobby Scheme	Chairman
23 September 2016	Mayor of Northampton's Charity Barn Dance	Vice-Chairman

## **GUIDANCE NOTES FOR VISITORS TO SOUTH CAMBRIDGESHIRE HALL**

### **Notes to help those people visiting the South Cambridgeshire District Council offices**

While we try to make sure that you stay safe when visiting South Cambridgeshire Hall, you also have a responsibility for your own safety, and that of others.

#### **Security**

When attending meetings in non-public areas of the Council offices you must report to Reception, sign in, and at all times wear the Visitor badge issued. Before leaving the building, please sign out and return the Visitor badge to Reception.

Public seating in meeting rooms is limited. For further details contact Democratic Services on 03450 450 500 or e-mail [democratic.services@scambs.gov.uk](mailto:democratic.services@scambs.gov.uk)

#### **Emergency and Evacuation**

In the event of a fire, a continuous alarm will sound. Leave the building using the nearest escape route; from the Council Chamber or Mezzanine viewing gallery this would be via the staircase just outside the door. Go to the assembly point at the far side of the staff car park opposite the staff entrance

- **Do not** use the lifts to leave the building. If you are unable to use stairs by yourself, the emergency staircase landings have fire refuge areas, which give protection for a minimum of 1.5 hours. Press the alarm button and wait for help from Council fire wardens or the fire brigade.
- **Do not** re-enter the building until the officer in charge or the fire brigade confirms that it is safe to do so.

#### **First Aid**

If you feel unwell or need first aid, please alert a member of staff.

#### **Access for People with Disabilities**

We are committed to improving, for all members of the community, access to our agendas and minutes. We try to take all circumstances into account but, if you have any specific needs, please let us know, and we will do what we can to help you. All meeting rooms are accessible to wheelchair users. There are disabled toilet facilities on each floor of the building. Infra-red hearing assistance systems are available in the Council Chamber and viewing gallery. To use these, you must sit in sight of the infra-red transmitter and wear a 'neck loop', which can be used with a hearing aid switched to the 'T' position. If your hearing aid does not have the 'T' position facility then earphones are also available and can be used independently. You can get both neck loops and earphones from Reception.

#### **Toilets**

Public toilets are available on each floor of the building next to the lifts.

#### **Recording of Business and Use of Mobile Phones**

We are open and transparent about how we make decisions. We allow recording, filming and photography at Council, Cabinet and other meetings, which members of the public can attend, so long as proceedings at the meeting are not disrupted. We also allow the use of social media during meetings to bring Council issues to the attention of a wider audience. To minimise disturbance to others attending the meeting, please switch your phone or other mobile device to silent / vibrate mode.

#### **Banners, Placards and similar items**

You are not allowed to bring into, or display at, any public meeting any banner, placard, poster or other similar item. Failure to do so, will result in the Chairman suspending the meeting until such items are removed.

#### **Disturbance by Public**

If a member of the public interrupts proceedings at a meeting, the Chairman will warn the person concerned. If they continue to interrupt, the Chairman will order their removal from the meeting room. If there is a general disturbance in any part of the meeting room open to the public, the Chairman may call for that part to be cleared. The meeting will be suspended until order has been restored.

#### **Smoking**

Since 1 July 2008, South Cambridgeshire District Council has operated a Smoke Free Policy. No one is allowed to smoke at any time within the Council offices, or in the car park or other grounds forming part of those offices.

#### **Food and Drink**

Vending machines and a water dispenser are available on the ground floor near the lifts at the front of the building. You are not allowed to bring food or drink into the meeting room.

# Agenda Item 4

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Council held on  
Thursday, 19 May 2016 at 2.00 p.m.

### PRESENT:

Councillors: David Bard, Val Barrett, Henry Batchelor, John Batchelor, Anna Bradnam, Francis Burkitt, Brian Burling, Tom Bygott, Nigel Cathcart, Doug Cattermole, Grenville Chamberlain, Graham Cone, Pippa Corney, Simon Crocker, Christopher Cross, Kevin Cuffley, Neil Davies, Simon Edwards, Sue Ellington, Jose Hales, Roger Hall, Lynda Harford, Philippa Hart, Tumi Hawkins, Mark Howell, Caroline Hunt, Peter Johnson, Douglas de Lacey, Janet Lockwood, Mervyn Loynes, Ray Manning, Mick Martin, Raymond Matthews, David McCraith, Cicely Murfitt, Charles Nightingale, Tony Orgee, Alex Riley, Deborah Roberts, Tim Scott, Bridget Smith, Hazel Smith, Edd Stonham, Peter Topping, Ingrid Tregoing, Richard Turner, Robert Turner, Bunty Waters, Aidan Van de Weyer, David Whiteman-Downes, John Williams, Tim Wotherspoon and Nick Wright

Officers:	Alex Colyer	Executive Director, Corporate Services
	Jean Hunter	Chief Executive
	Stephen Reid	Senior Planning Lawyer
	Graham Watts	Democratic Services Team Leader

### 1. ELECTION OF CHAIRMAN OF THE COUNCIL 2016/17

Council **RESOLVED** that Councillor Sue Ellington be elected as Chairman of the Council for the 2016/17 civic year.

Councillor Ellington signed the acceptance of office.

### 2. ELECTION OF VICE-CHAIRMAN OF THE COUNCIL 2016/17

Council **RESOLVED** that Councillor David McCraith be elected as Vice-Chairman of the Council for the 2016/17 civic year.

Councillor McCraith signed the acceptance of office.

### 3. APOLOGIES

Apologies for absence were received from Councillors Andrew Fraser, Sebastian Kindersley, Des O'Brien and Ben Shelton.

### 4. DECLARATIONS OF INTEREST

Councillor Richard Turner declared a non-pecuniary interest in item 13 due to him being a Member of the Ermine Street Housing Board, and indicated that he would leave the Council Chamber for the consideration of that item.

### 5. REGISTER OF INTERESTS

The Chairman reminded Members that they needed to update their register of interests whenever their circumstances changed.

**6. MINUTES**

The minutes of the previous meeting held on 25 February 2016 were confirmed and signed by the Chairman as a correct record, subject to the amendment of typographical errors.

The minutes of the extraordinary meeting held on 23 March 2016 were confirmed and signed by the Chairman as a correct record, subject to the amendment of a typographical error and a change to reflect that the Inspectors' letter had been received in May 2015.

**7. REPORT OF THE RETURNING OFFICER**

Council **RECEIVED** the report of the Returning Officer on the results of the local elections held on 5 May 2016 and welcomed Councillors John Batchelor, Doug Cattermole and Ingrid Tregging to their first meeting of the Council since their election.

**8. ELECTION OF LEADER OF THE COUNCIL**

On the nomination of Councillor Simon Edwards, seconded by Councillor Lynda Harford, Council **RESOLVED** that Councillor Peter Topping be elected as Leader of the Council.

Councillor Topping signed the acceptance of office.

Members took this opportunity to pay tribute to the outgoing Leader of the Council, Councillor Ray Manning, for his leadership, character and humour during his term of office.

**9. ANNOUNCEMENTS**

Councillor Peter Topping, Leader of the Council, announced Members of his Cabinet and their respective responsibilities, as follows:

Leader of the Council	Peter Topping
Corporate and Customer Services	Mick Martin
Environmental Services	Mark Howell
Finance and Staffing	Simon Edwards
Greater Cambridge City Deal	Francis Burkitt
Housing	Lynda Harford
Planning	Robert Turner
Strategic Planning	Tim Wotherspoon

Councillor Topping took this opportunity to pay tribute to the outgoing Portfolio Holder for Economic Development, Councillor Nick Wright, and thanked him for his valuable contributions in working with the business community and raising the economic profile of South Cambridgeshire.

**10. QUESTIONS FROM THE PUBLIC**

No questions from the public had been received.

**11. PETITIONS**

No petitions for consideration by Council since the last meeting had been received.

**12. TO CONSIDER THE FOLLOWING RECOMMENDATIONS:****12 (a) Name of Corporate Governance Committee (Corporate Governance Committee, 18 March 2016)**

Councillor Tony Orgee proposed that the name of the Corporate Governance Committee be changed to the Audit and Corporate Governance Committee, as recommended by the Committee at its meeting on 18 March 2016.

Councillor Francis Burkitt seconded the proposal.

Council unanimously **RESOLVED** to change the name of the Corporate Governance Committee to the Audit and Corporate Governance Committee.

**13. ERMINE STREET HOUSING LTD: RE-APPOINTMENT OF DIRECTOR**

*NOTE – further to his declaration of a non-pecuniary interest, Councillor Richard Turner left the Council Chamber for the duration of the consideration of this item.*

Councillor Lynda Harford, Portfolio Holder for Housing, proposed that Stephen Hills be re-appointed as the Director of Ermine Street Housing Ltd.

Councillor Mark Howell seconded the proposal.

Council unanimously **APPROVED** the re-appointment of Stephen Hills as Director of Ermine Street Housing Ltd, the Council's housing company, for a further 12 months alongside his role as Director of Housing for the Council.

**14. POLITICAL PROPORTIONALITY AND ALLOCATION OF SEATS TO COMMITTEES FOR 2016/17**

Consideration was given to a report on the revised political proportionality of the Council and allocation of seats to committees following the local elections held on 5 May 2016 and Councillor Cicely Murfitt's subsequent decision to join the Independent Group.

Councillor Peter Topping, Leader of the Council, proposed the allocation of committee seats, as set out in Appendix A to the report circulated with the supplementary agenda, and nominations of political group leaders to seats on committees.

Councillor Robert Turner seconded the proposal.

Council unanimously **APPROVED**:

(a) The allocation of seats on committees and joint committees, as follows:

	No. of seats	Conservative	Liberal Democrat	Independent
Audit and Corporate Governance	9	6	2	1
Civic Affairs	12	8	3	1
Employment	9	5	3	1
Licensing	15	9	4	2
Planning	12	8	3	1
Partnerships Review	9	6	2	1
Scrutiny and Overview	9	6	2	1
<b>Total</b>	<b>75</b>	<b>48</b>	<b>19</b>	<b>8</b>

	No. of seats	Conservative	Liberal Democrat	Independent
Joint Development Control – Cambridge Fringes	6	4	1	1

(b) The nominations of the political group leaders to seats on committees and joint bodies, as set out below:

***Audit and Corporate Governance Committee***

<b>Conservative</b>	<b>Liberal Democrat</b>	<b>Independent Group</b>
Simon Crocker	John Batchelor	Douglas de Lacey
Christopher Cross	John Williams	
Andrew Fraser		
Roger Hall		
Tony Orgee		
Nick Wright		

*Substitutes in hierarchical list:*

<b>Conservative</b>	<b>Liberal Democrat</b>	<b>Independent Group</b>	<b>Non-Group</b>
Ray Manning	Philippa Hart	<i>See Non-Group</i>	Nigel Cathcart
Grenville Chamberlain	Anna Bradnam	Edd Stonham	
Sue Ellington			
Charles Nightingale			
Richard Turner			

**Civic Affairs Committee**

<b>Conservative</b>	<b>Liberal Democrat</b>	<b>Independent Group</b>	<b>Non-Group</b>
David Bard	Janet Lockwood	Deborah Roberts	Nigel Cathcart
Simon Crocker	Bridget Smith		
Sue Ellington			
David McCraith			
Charles Nightingale			
Peter Topping			
Bunty Waters			
<i>See Non-Group</i>			

*Substitutes in hierarchical list:*

<b>Conservative</b>	<b>Liberal Democrat</b>	<b>Independent Group</b>
Grenville Chamberlain	Sebastian Kindersley	Douglas de Lacey
Ray Manning	Aidan Van de Weyer	Neil Davies
Alex Riley		Edd Stonham
Raymond Matthews		Peter Johnson
Mick Martin		Cicely Murfitt

**Employment Committee**

<b>Conservative</b>	<b>Liberal Democrat</b>	<b>Independent Group</b>
Val Barrett	Doug Cattermole	Edd Stonham
Pippa Corney	Sebastian Kindersley	
Simon Edwards	Bridget Smith	
Ray Manning		
Alex Riley		

*Substitutes in hierarchical list:*

<b>Conservative</b>	<b>Liberal Democrat</b>	<b>Independent Group</b>
Grenville Chamberlain	Philippa Hart	Douglas de Lacey
Sue Ellington		Neil Davies
Caroline Hunt		Peter Johnson
Christopher Cross		Deborah Roberts
		Cicely Murfitt

**Licensing Committee**

<b>Conservative</b>	<b>Liberal Democrat</b>	<b>Independent Group</b>	<b>Non-Group</b>
Val Barrett	Anna Bradnam	Cicely Murfitt	Nigel Cathcart
Graham Cone	Jose Hales	Deborah Roberts	
Kevin Cuffley	Janet Lockwood		
Andrew Fraser	<i>See Non-Group</i>		
Mervyn Loynes			
Raymond Matthews			
Charles Nightingale			
Alex Riley			
Richard Turner			

*Substitutes in hierarchical list:*

<b>Conservative</b>	<b>Liberal Democrat</b>	<b>Independent Group</b>
Grenville Chamberlain	Henry Batchelor	Douglas de Lacey
Nick Wright	Hazel Smith	Peter Johnson
Mark Howell		Neil Davies
Bunty Waters		Edd Stonham

**Planning Committee**

<b>Conservative</b>	<b>Liberal Democrat</b>	<b>Independent Group</b>
David Bard	John Batchelor	Deborah Roberts
Brian Burling	Anna Bradnam	
Pippa Corney	Sebastian Kindersley	
Kevin Cuffley		
David McCraith		
Des O'Brien		
Robert Turner		
Tim Scott		

*Substitutes in hierarchical list:*

<b>Conservative</b>	<b>Liberal Democrat</b>	<b>Independent Group</b>
Charles Nightingale	Hazel Smith	Cicely Murfitt
Roger Hall	Aidan Van de Weyer	Douglas de Lacey
Val Barrett	Philippa Hart	Peter Johnson
Alex Riley	Henry Batchelor	Edd Stonham
Nick Wright	Doug Cattermole	Neil Davies

**Partnerships Review Committee**

<b>Conservative</b>	<b>Liberal Democrat</b>	<b>Independent Group</b>
David Bard	Henry Batchelor	<i>See Liberal Democrat</i>
Kevin Cuffley	Janet Lockwood	
Andrew Fraser	Ingrid Tregoing	
Ray Manning		
Ben Shelton		
Bunty Waters		

*Substitutes in hierarchical list:*

<b>Conservative</b>	<b>Liberal Democrat</b>	<b>Independent Group</b>
Grenville Chamberlain	Aidan Van de Weyer	Deborah Roberts
Roger Hall	Tumi Hawkins	Douglas de Lacey
Tony Orgee		Peter Johnson
Val Barrett		Neil Davies
David McCraith		Edd Stonham

**Scrutiny and Overview Committee**

<b>Conservative</b>	<b>Liberal Democrat</b>	<b>Independent Group</b>
David Bard	Henry Batchelor	<i>See Liberal Democrat</i>
Grenville Chamberlain	Jose Hales	
Graham Cone	Philippa Hart	
Kevin Cuffley		
Tony Orgee		
Bunty Waters		

*Substitutes in hierarchical list:*

<b>Conservative</b>	<b>Liberal Democrat</b>	<b>Independent Group</b>
Roger Hall	Anna Bradnam	Neil Davies
Andrew Fraser	Tumi Hawkins	Douglas de Lacey
Ray Manning	John Batchelor	Peter Johnson
David Whiteman-Downes	Doug Cattermole	Edd Stonham
Val Barrett		Deborah Roberts



**Joint Development Control Committee – Cambridge Fringes**  
**Conservative**                      **Liberal Democrat**                      **Independent Group**  
 David Bard                              Aidan Van de Weyer                      Douglas de Lacey  
 Kevin Cuffley  
 Charles Nightingale  
 Robert Turner

Spokesperson: David Bard

*Substitutes in hierarchical list:*

**Conservative**                      **Liberal Democrat**                      **Independent Group**  
 Tom Bygott                              Janet Lockwood                      Neil Davies  
 Tim Wotherspoon                      Doug Cattermole                      Edd Stonham  
 Pippa Corney

Nominations were received for the positions of Chairmen and Vice-Chairmen of committees.

Council unanimously **APPOINTED** Councillor Sue Ellington as Chairman of the Civic Affairs Committee.

Councillor Peter Topping proposed the appointment of Councillor Charles Nightingale as Vice-Chairman of the Civic Affairs Committee, which was seconded by Councillor Robert Turner.

Councillor Philippa Hart proposed the appointment of Councillor Bridget Smith as Vice-Chairman of the Civic Affairs Committee, which was seconded by Councillor Van de Weyer.

With 32 votes compared to 19 votes, Councillor Charles Nightingale was **APPOINTED** as Vice-Chairman of the Civic Affairs Committee.

Council unanimously **APPOINTED** Councillor Andrew Fraser as Chairman of the Audit and Corporate Governance Committee.

Council unanimously **APPOINTED** Councillor Nick Wright as Vice-Chairman of the Audit and Corporate Governance Committee.

Council unanimously **APPOINTED** Councillor Ray Manning as Chairman of the Employment Committee.

Council unanimously **APPOINTED** Councillor Val Barrett as Vice-Chairman of the Employment Committee.

Council unanimously **APPOINTED** Councillor Alex Riley as Chairman of the Licensing Committee.

Council unanimously **APPOINTED** Councillor Raymond Matthews as Vice-Chairman of the Licensing Committee.

Councillor Peter Topping proposed the appointment of Councillor David Bard as Chairman of the Planning Committee, which was seconded by Councillor Val Barrett.

Councillor Bridget Smith proposed the appointment of Councillor John Batchelor as Chairman of the Planning Committee, which was seconded by Councillor Anna Bradnam.

With 32 votes compared to 19 votes, Councillor David Bard was **APPOINTED** as Chairman of the Planning Committee.

Councillor Peter Topping proposed the appointment of Councillor Kevin Cuffley as Vice-Chairman of the Planning Committee, which was seconded by Councillor Pippa Corney.

Councillor Bridget Smith proposed the appointment of Councillor John Batchelor as Vice-Chairman of the Planning Committee, which was seconded by Councillor Anna Bradnam.

With 32 votes compared to 19 votes, Councillor Kevin Cuffley was **APPOINTED** as Vice-Chairman of the Planning Committee.

Council unanimously **APPOINTED** Councillor Ben Shelton as Chairman of the Partnerships Review Committee.

Councillor Peter Topping proposed the appointment of Councillor Bunty Waters as Vice-Chairman of the Partnerships Review Committee, which was seconded by Councillor Grenville Chamberlain.

Councillor Bridget Smith proposed the appointment of Councillor Henry Batchelor as Vice-Chairman of the Partnerships Review Committee, which was seconded by Councillor John Williams.

With 32 votes compared to 19 votes, Councillor Bunty Waters was **APPOINTED** as Vice-Chairman of the Partnerships Review Committee.

Councillor Peter Topping proposed the appointment of Councillor Tony Orgee as Chairman of the Scrutiny and Overview Committee, which was seconded by Councillor Kevin Cuffley.

Councillor Bridget Smith proposed the appointment of Councillor Jose Hales as Chairman of the Scrutiny and Overview Committee, which was seconded by Councillor Henry Batchelor.

With 32 votes compared to 19 votes, Councillor Tony Orgee was **APPOINTED** as Chairman of the Scrutiny and Overview Committee.

Councillor Peter Topping proposed the appointment of Councillor Grenville Chamberlain as Vice-Chairman of the Scrutiny and Overview Committee, which was seconded by Councillor Kevin Cuffley.

Councillor Bridget Smith proposed the appointment of Councillor Jose Hales as Vice-Chairman of the Scrutiny and Overview Committee, which was seconded by Councillor Henry Batchelor.

With 31 votes compared to 20 votes, Councillor Grenville Chamberlain was **APPOINTED** as Vice-Chairman of the Scrutiny and Overview Committee.

Council unanimously **AGREED** the re-appointment of Grant Osbourn as the Council's Lead Independent Person and Gillian Holmes as the Council's Deputy Independent Person.

#### 15. APPOINTMENTS TO OUTSIDE, JOINT AND OTHER MEMBER BODIES FOR 2016/17

Councillor Peter Topping proposed the appointments to outside, joint and other member bodies for 2016/17 as circulated at the meeting.

Councillor Bridget Smith seconded the proposal.

Council unanimously **APPROVED** the below appointments to outside, joint and other bodies:

Name of outside body	Nominee
Age UK	Richard Turner
Bassingbourn Village College Centre Management Committee	Nigel Cathcart
Cambridge Marriage Guidance Council (Relate)	Val Barrett
Cambridge University Joint Councils Forum (Addenbrookes)	Sue Ellington Graham Cone Janet Lockwood
Cottenham Village College Sports Centre Management Group	Simon Edwards
Greater Cambridge City Deal Executive Board	Francis Burkitt <i>Peter Topping (sub)</i>
Francis John Clear Almshouses, Melbourn	Val Barrett
Health and Wellbeing District Members Forum	Sue Ellington
Mepal Outdoor Centre	Henry Batchelor
Northstowe Transport Working Group	Ray Manning Alex Riley Hazel Smith <i>Lynda Harford (sub)</i> <i>Tim Wotherspoon (sub)</i> <i>Aidan Van de Weyer (sub)</i>
Old West Internal Drainage Board	Brian Burling Christopher Cross Ray Manning Tim Wotherspoon
Shifting Offered Furniture Around (SOFA)	Janet Lockwood
Swaffham Internal Drainage Board	Robert Turner
Swavesey Byeways Advisory Committee	Robert Turner
Waterbeach Level Internal Drainage Board	Ingrid Tregoing

#### 16. JOINT SCRUTINY & OVERVIEW COMMITTEE AND PARTNERSHIPS REVIEW COMMITTEE ANNUAL REPORT 2015/16

Council **RECEIVED** the joint Scrutiny & Overview Committee and Partnerships Review Committee Annual Report 2015/16.

#### 17. MAJOR OPPOSITION GROUP LEADER'S ANNUAL STATEMENT

Councillor Bridget Smith, Leader of the Opposition, presented her annual statement.

Councillor Smith welcomed Councillors John Batchelor, Doug Cattermole and Ingrid Tregoe to the Council and also welcomed the elevation of Councillor Lynda Harford to Cabinet, making the point that she would like to see more women on the body.

Councillor Smith questioned how the Council's new Leader would approach key issues facing the authority, such as:

- the Greater Cambridge City Deal and how the Leader would ensure that South Cambridge got its fair share out of the Deal;
- the Local Development Plan and whether it would be adopted, together with balancing the need to provide housing against protecting rural South Cambridgeshire and, in particular, the green belt;
- the implications of the Government's Housing Bill and how they would be handled locally;
- shared services and their implementation;
- devolution and the implications for South Cambridgeshire.

Council **RECEIVED** the Major Opposition Group Leader's Annual Statement.

#### **18. WRITE OFF OF OUTSTANDING DEBTS 2015/16**

Councillor Simon Edwards, Portfolio Holder for Finance and Staffing, presented a report which notified Council of debts written off under powers delegated to him as Portfolio Holder and the Chief Finance Officer as required by the Constitution.

In answer to a question by Councillor John Williams, Councillor Edwards clarified that the figures in the report were different to those reported at his recent Portfolio Holder Meeting. This was due to the fact that the report considered at his Portfolio Holder Meeting related to in-year write offs only, whereas this report for Council covered all write offs with some cases being from a number of years ago.

Council **NOTED** the amounts written off under delegated powers.

#### **19. APPROVAL OF UK MUNICIPAL BONDS AGENCY'S FRAMEWORK AGREEMENT**

This item was **WITHDRAWN**.

#### **20. QUESTIONS FROM COUNCILLORS**

##### **20 (a) From Councillor Sebastian Kindersley**

Philippa Hart asked the following question on behalf of Councillor Sebastian Kindersley in respect of the devolution proposals:

"Is the Leader planning on involving Councillors in this process at all or is he planning on simply presenting the Council with a fait accompli when the papers for the 28 June meeting are published?"

She also asked, on Councillor Kindersley's behalf:

"Will the Leader and his Conservative administration be taking the Devolution deal as required by the Chancellor or will they be leaving it as not currently being in the best interests of the people of South Cambridgeshire?"

Councillor Peter Topping, Leader of the Council, responded by saying that this was a matter for the Council but that it was also a matter for leaders of communities and, as elected Members, all South Cambridgeshire District Councillors had to take this matter very seriously. He invited all Members to a seminar provisionally scheduled to be held on 7 June 2016 in order that the devolution proposition could be openly discussed, acknowledging that it had changed since originally put forward. Councillor Topping also made the point that the leadership of the Council had been fighting to get the best possible deal out of any devolution proposals for the people of South Cambridgeshire.

Councillor Philippa Hart, as a supplementary question, asked whether the Leader would be bound by any vote taken at the extraordinary meeting of the Council scheduled to be held on 28 June 2016 in respect of the devolution proposal.

Councillor Topping said that, in the spirit of democracy, he would be bound by the result of that vote.

**20 (b) From Councillor Bridget Smith**

Councillor Bridget Smith asked the following question:

“The new Cabinet Member for The City Deal has not yet set any dates for his Portfolio Holder Meetings. When might we expect these to commence, how often will they take place and how will he use them to include members in scrutiny of the City Deal and in its processes and decision making?”

Councillor Francis Burkitt, Portfolio Holder for the Greater Cambridge City Deal, referred to briefings that would be held for all Members of the three partner Councils throughout the year, with the first scheduled to be held at Shire Hall in Cambridge on 24 May 2016. He confirmed that he would not be holding Portfolio Holder Meetings, reminding Members that meetings of the City Deal Joint Assembly and Executive Board were public meetings that anyone could attend, which he felt effectively acted as his Portfolio Holder Meetings. He was of the opinion that any scrutiny of the City Deal from a South Cambridgeshire perspective could be undertaken through the Council’s scrutiny and overview function.

Councillor Smith, as a supplementary question, asked whether there was any truth to rumours that the Executive Board was holding closed meetings regarding the Cambridge Access Study.

Councillor Burkitt confirmed that the Board did have informal meetings with officers, which enabled Members of the Board to receive briefings and updates on specific aspects of the individual projects associated with the City Deal programme. He said that they were incredibly useful and that they needed to take place to ensure that Members were up to date and knew what was happening.

**20 (c) From Councillor Aidan Van de Weyer**

Councillor Van de Weyer asked the following question in the context of the Council having been featured in a Private Eye article on 1 April 2016 where the former Leader of the Council was allegedly involved in providing misleading information to a planning inspector:

“Do we agree that our role should be to ensure that the planning process works fairly for the common good of all? Do we agree that we cannot do this if we exacerbate the already deep sense of unfairness among so many participants?”

Councillor Peter Topping, Leader of the Council, said that planning decisions were made on the basis of facts and application of the relevant laws. He added that the Council had a very effective, cross-party, Planning Committee that took its role very seriously. By way of addressing the concerns set out in the question, Councillor Topping said that this would be best done by demonstrating that the Council delivered services to all communities for which they were entitled. He closed by saying that the Council delivered excellent services and he felt that Members worked hard for the communities they represented.

**20 (d) From Councillor Tumi Hawkins**

Councillor Tumi Hawkins asked the following question:

“Firstly I would like to congratulate the former Leader, Councillor Manning, on his emphatic re-election. However, I note with interest the comments he is quoted in the Cambridge News, to have made. The quote I refer to is this:

*‘Overall, the Lib Dems have won some seats back today which were always safe Lib Dem seats. We didn’t lose any councillors, but we lost some seats where some Conservative members had stood down. For us [the Conservatives] it’s steady as we go; there is no change for us.’*

I found the statement rather disappointing, as it seemed to denigrate such a good result and the hard work done by so many people.

Now, I know that sometimes the press inadvertently get it wrong. So, can the Leader please clarify for the records which seats he was referring to as being safe Lib Dem seats and explain how the Conservatives could say there is no change when the party lost 2 seats it previously held, and failed to gain the seat vacated by an Independent which they had so wanted?”

Councillor Peter Topping, Leader of the Council, said that, ultimately, it was the electorate that decided.

**20 (e) From Councillor Anna Bradnam**

Councillor Anna Bradnam asked the following question:

“Under the arrangements for Shared Services between South Cambridgeshire District Council, Huntingdonshire District Council and Cambridge City Council we understood that the Terms and Conditions for employees would be protected under the Transfer of Undertakings (Protection of Employment) Regulations, known as TUPE. This involved staff in ICT and Building Control being transferred to Huntingdonshire District Council, staff in Legal Services being transferred to Cambridge City and staff from City Waste Services being transferred to South Cambridgeshire.

We note with concern that a number of experienced employees left after the recent TUPE transfers.

Please would the Council let us know the number and grades of South Cambridgeshire District Council staff who were involved in the TUPE process, who subsequently lost or left their jobs?”

Councillor Simon Edwards, Portfolio Holder for Finance and Staffing, said that it was very difficult to answer this question in an open forum as individuals would be easily identified as a result. He agreed to provide Councillor Bradnam with the information outside of the meeting and also confirmed that the TUPE process was carried out in accordance with the regulations.

Councillor Bradnam referred to reassurances that had been given regarding shared services ensuring greater resilience. As a supplementary question, she asked whether there would continue to be a service desk facility at South Cambridgeshire Hall for elected Members, covering each of the services.

Councillor Edwards, in his capacity of Portfolio Holder for Finance and Staffing, was unable to answer the question as it related to services outside of his Portfolio and therefore offered to ensure that Councillor Bradnam received a written response to this supplementary question.

**20 (f) From Councillor Hazel Smith**

Councillor Hazel Smith asked the following question:

“The Conservative leaflet for the local elections stated that ‘SCDC’s plan to build new council homes for local people has taken off’. We all know that the policies introduced by the Conservative government since May 2015 mean that this just isn’t true! The Council’s business plan for its council house building programme is now in tatters.

At previous meetings, we have been reassured that the Council leadership is doing all it can to reduce the impact of government policies but that the Council itself could not clearly state its opposition to them.

Could the Leader and the Housing Portfolio Holder update the Council on their success in this regard and tell us about their plans to continue their efforts?”

Councillor Mark Howell, former Portfolio Holder for Housing, reminded Council that a programme for new Council housing was still in place. 72 new homes were currently in that programme and would be built, with Members and officers looking at other creative ways to include more in the programme.

Councillor Hazel Smith was pleased to hear that and said that more affordable housing was needed in the district for renting. As a supplementary question, she asked whether the Portfolio Holder agreed with Heidi Allen MP regarding signing up to the devolution proposal.

Councillor Lynda Harford, Portfolio Holder for Housing, was of the opinion that the devolution proposals may offer some pathways to enable this Council to build more Council housing. She reminded Councillor Smith, however, that in the past this leadership had committed to build Council houses and had embarked on a programme, with that programme continuing. Councillor Harford reported that the first 20 homes as part of the programme had been completed in Swavesey last week and she felt that this demonstrated the Council’s ability to be innovative and think its way through adversity. She was keen to continue to use the talents at the Council’s disposal, face each challenge and grasp any further opportunities that may be presented.

**21. CHAIRMAN'S ENGAGEMENTS**

Those engagements attended by the Chairman and Vice-Chairman since the last meeting, as set out in the agenda, were noted.

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**The Meeting ended at 3.35 p.m.**

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## **SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**

Minutes of a meeting of the Council held on  
Tuesday, 28 June 2016 at 7.00 p.m.

PRESENT: Councillor Sue Ellington – Chairman  
Councillor David McCraith – Vice-Chairman

Councillors: David Bard, Val Barrett, Henry Batchelor, John Batchelor, Anna Bradnam, Francis Burkitt, Tom Bygott, Nigel Cathcart, Doug Cattermole, Grenville Chamberlain, Graham Cone, Pippa Corney, Christopher Cross, Kevin Cuffley, Simon Edwards, Andrew Fraser, Jose Hales, Roger Hall, Lynda Harford, Philippa Hart, Tumi Hawkins, Mark Howell, Peter Johnson, Sebastian Kindersley, Douglas de Lacey, Janet Lockwood, Mervyn Loynes, Ray Manning, Mick Martin, Raymond Matthews, Cicely Murfitt, Charles Nightingale, Des O'Brien, Tony Orgee, Deborah Roberts, Tim Scott, Ben Shelton, Bridget Smith, Hazel Smith, Edd Stonham, Peter Topping, Ingrid Tregoin, Richard Turner, Robert Turner, Aidan Van de Weyer, John Williams, Tim Wotherspoon and Nick Wright

Officers: Alex Colyer Executive Director, Corporate Services  
Jean Hunter Chief Executive  
Simon Pugh Head of Legal, Cambridge City Council  
Graham Watts Democratic Services Team Leader

### **1. APOLOGIES**

Apologies for absence were received by Councillors Brian Burling, Simon Crocker, Neil Davies, Caroline Hunt, Alex Riley, Bunty Waters and David Whiteman-Downes.

### **2. DECLARATIONS OF INTEREST**

No declarations of interest were received.

### **3. THE EAST ANGLIA DEVOLUTION PROPOSAL**

Council considered a report which set out the results of the governance review undertaken in relation to the Cambridgeshire and Peterborough area. A copy of the governance review document was appended to the report, together with the content of the proposed devolution deal and the draft governance scheme which outlined the key governance structures of a proposed Combined Authority.

Councillor Peter Topping, Leader of the Council, proposed that Council:

- (a) considered and endorsed the conclusions and outcome of the Governance Review (attached at Appendix A of the report) that the establishment of a Combined Authority with a Mayor for the Cambridgeshire and Peterborough area would be likely to improve the exercise of statutory functions in that area;
- (b) approved, in principle, the content of the Devolution Deal proposal (attached at Appendix B of the report) and to formally confirm that this replaces in its entirety the East Anglia Devolution Agreement signed in March 2016;
- (c) approved, in principle, the Governance Scheme (attached at Appendix C of the report) and requested the Chief Executive undertakes appropriate consultation on its content;

- (d) resolved to convene a meeting of Full Council to take place in October 2016 to consider whether to support, in principle, the granting of consent for the Secretary of State to bring forward such an Order to establish a Mayoral/Combined Authority covering that area of Cambridgeshire and Peterborough.

Councillor Topping stated that if the motion was agreed by this Council and other authorities in the area then the matter would move to public consultation, returning to the Council for further consideration later in the year. He took this opportunity to thank officers of those authorities involved for the hard work they had undertaken within challenging deadlines on the devolution deal and paid tribute to Councillor Ray Manning as former Leader of the Council for his contribution and the negotiations he had led with the Government in respect of devolution. He also extended his thanks to all Members of the Council who had contributed through informal briefings and discussions on devolution held in the lead up to this meeting.

Councillor Topping made the following points in presenting his motion:

- the taxable revenue a prosperous Cambridge and surrounding area would bring into the exchequer was one of the reasons why the Government was seeking to devolve power;
- the proposed governance model of a Combined Authority with an elected Mayor would give power to people and take it away from Westminster;
- the elected Mayor would be accountable and would be a person who brought things together, responded to issues and worked with the Combined Authority to make things happen;
- subsequent devolution phases to this initial devolution deal could be achieved and developed further, with Manchester given as an example of a City in its fourth phase since its originally devolution deal was agreed;
- the devolution deal currently included £100 million for housing to address the needs of residents in the area;
- affordable housing was something that residents desperately needed in South Cambridgeshire, so this £100 million could result in reducing the Council's waiting list;
- this devolution deal was very positive, and an opportunity to make something happen.

Councillor Simon Edwards, Portfolio Holder for Finance and Staffing, seconded the proposal.

Councillor Aidan Van de Weyer proposed an amendment to paragraph (a), removing the words 'with a Mayor' so that it read:

'That Council considered and endorsed the conclusions and outcome of the Governance Review (attached at Appendix A of the report) that the establishment of a Combined Authority for the Cambridgeshire and Peterborough area would be likely to improve the exercise of statutory functions in that area'.

Councillor Van de Weyer did not think there were any substantial reasons in the documentation to suggest that a Mayor was the preferred option. He therefore felt that it would be a mistake to present a Mayor model as being the best choice in the public consultation.

Councillor Bridget Smith, Leader of the Opposition, seconded the amendment.

Councillor Deborah Roberts referred to those areas where referendums were originally held for elected Mayors in which she said that nine out of ten areas had voted against their introduction. Councillor Roberts' view was that this demonstrated people's opinions on elected Mayors, saying that one person in control was not what the general public wanted.

Councillor John Williams was concerned that the functions devolved from the Government would be exercisable only by the Mayor, as stated in the draft governance scheme. He also referred to the overview of options in the governance review document and did not understand why a Combined Authority without a Mayor, which he felt was a more coherent approach, had not been given more consideration. Councillor Williams added that the inclusion of a Mayor was unnecessary, that this effectively added another layer and took power away from people democratically elected by communities.

Councillor Nick Wright supported the elected Mayor model, saying that the role would add value with that person leading the case for the people of Cambridgeshire and Peterborough and securing further monies from the Government. He referred to the Manchester devolution deal and its fourth phase and was of the view that the Mayor would be key in leading negotiations to ensure Cambridge and Peterborough secured further phases in future years.

Councillor David Bard supported Councillor Wright's comments, adding that it was important for Cambridgeshire and Peterborough to have a figure head.

Councillor Sebastian Kindersley was concerned with the relationship between the elected Mayor and planning. He referred to paragraph 2.6.4 of the draft governance scheme and the creation of Mayoral Development Corporations with planning and land assembly powers, posing the question to all Members as to how they would feel if developments were imposed on the communities they represented through such a vehicle.

Councillor Simon Edwards saw the Mayor as an ally and someone who would work with and for authorities such as South Cambridgeshire District Council. Referring to the draft governance scheme and Councillor Williams' point, he said it clearly stated that any Mayoral Development Corporation could only bring forward schemes subject to agreement of the local area. Councillor Edwards highlighted the difficulties that had been experienced with the Greater Cambridge City Deal and shared services in terms of getting partners together. He was therefore of the view that the devolution deal needed a single person who could take control and do things on their own, adding that it would not work without a Mayor.

Councillor John Batchelor reflected on what he thought was a huge bureaucracy with the Mayor sitting above a Cabinet made up of representatives of the partner authorities and a significant number of other committees and responsibilities being part of the proposed structure. He questioned who would populate these committees and how officer support would be provided, stating that the documentation did not make reference to how this aspect of the deal would be funded.

Councillor Bridget Smith could not identify within the documentation any reason why a Mayor was required as part of the deal and highlighted that recent consultation with residents of South Cambridgeshire clarified that people did not want this. She compared the role to that of the Police and Crime Commissioner, questioning the value for money and benefits that specific role had added and was deeply disappointed that the deal about to be consulted upon was not one that included a Combined Authority without an elected Mayor.

Voting on the amendment, with 22 votes in favour and 28 votes against, the amendment was lost.

Enough Members as prescribed by Council's Standing Orders requested a recorded vote. Votes were therefore cast as follows:

**In favour**

Councillors Henry Batchelor, John Batchelor, Anna Bradnam, Tom Bygott, Nigel Cathcart, Doug Cattermole, Jose Hales, Philippa Hart, Tumi Hawkins, Peter Johnson, Sebastian Kindersley, Douglas de Lacey, Janet Lockwood, Cicely Murfitt, Des O'Brien, Deborah Roberts, Bridget Smith, Hazel Smith, Edd Stonham, Ingrid Tregoing, Aidan Van de Weyer and John Williams.

**Against**

Councillors David Bard, Val Barrett, Francis Burkitt, Grenville Chamberlain, Graham Cone, Pippa Corney, Christopher Cross, Kevin Cuffley, Simon Edwards, Sue Ellington, Andrew Fraser, Roger Hall, Lynda Harford, Mark Howell, Mervyn Loynes, Ray Manning, Mick Martin, Raymond Matthews, David McCraith, Charles Nightingale, Tony Orgee, Tim Scott, Ben Shelton, Peter Topping, Richard Turner, Robert Turner, Tim Wotherspoon and Nick Wright.

Councillor John Williams moved an amendment to paragraph (a) to remove the words 'would be likely to' and replace them with the word 'will' so that it read:

'That Council considered and endorsed the conclusions and outcome of the Governance Review (attached at Appendix A of the report) that the establishment of a Combined Authority with a Mayor for the Cambridgeshire and Peterborough area will improve the exercise of statutory functions in that area.'

Councillor John Williams felt that if this was the best deal that could be achieved then the Council should be saying it would definitely improve the exercise of statutory functions, rather than being likely to improve it.

Councillor Philippa Hart seconded the amendment.

Councillor Peter Topping questioned Members refusing to accept the elected Mayor aspect of the devolution deal and subsequently asking the Council to commit to say that the model would definitely make a positive difference.

Councillor Bridget Smith said this was about demonstrating a courage of convictions and that if it did not work the fact the Council only said it was likely to work, in her view, was a get out clause which she did not want to see. Councillor Deborah Roberts supported this view.

Councillor Anna Bradnam reiterated the point made by Councillor John Batchelor earlier in the meeting in respect of the required infrastructure that this governance arrangement consisted of and questioned how it would be funded.

Councillor Simon Edwards took this opportunity to highlight the benefits of an elected Mayor Combined Authority, as set out in paragraph 97 of the statutory governance review.

The Council unanimously supported the amendment.

Councillor Bridget Smith proposed an amendment to include a new paragraph, as follows:

‘That Council works with the constituent bodies of the proposed Combined Authority to examine ways in which the representation of the constituent bodies can be made to better reflect their political proportionality.’

Councillor John Williams seconded the amendment.

Councillor Aidan Van de Weyer was concerned with the voting arrangements for the elected Mayor and representation on the Combined Authority, with the danger that the authority could be represented by a single political party.

Councillor Hazel Smith supported Councillor Van de Weyer’s view, with the current political makeup of the Councils involved in the proposed devolution deal consisting of six Conservative authorities and one Labour authority, meaning that there would be no Liberal Democrat representation on the Combined Authority. She therefore felt that a huge number of people across the area would feel disenfranchised and that the model proposed was undemocratic. Councillor Smith added that the Combined Authority’s Scrutiny Committee would be established in the same way and questioned how this was an acceptable form of governance, seeking an increase in the size of the Combined Authority to accommodate fairer political proportionality.

Councillor Sebastian Kindersley reiterated the undemocratic nature of the governance proposal but made the point, however, that political control at local authorities could change.

Councillor Bridget Smith added that Cambridgeshire and Peterborough as an area consisted of a very large and diverse population which deserved representation.

Councillor John Williams was of the opinion that the structure being proposed completely removed the role of an opposition and said that political proportionality ensured everyone in the community was represented.

Voting on the amendment, with 19 votes in favour, 30 votes against and 1 abstention, the amendment was lost.

Councillor Tumi Hawkins proposed an amendment to include a new paragraph, as follows:

‘That Council requests that the Civic Affairs Committee examines and makes recommendations on the methods for this Council to be able to scrutinise the decisions taken by the Combined Authority and the actions of the Council’s representative(s) on the Combined Authority.’

Councillor Anna Bradnam seconded the amendment.

Council unanimously agreed the amendment.

Discussion ensued on the substantive motion, further to which the following points against the motion were noted:

- there was no indication as to how much the Combined Authority would cost, how many officers were required to run it or how it would be fundamentally beneficial to the area;

- the devolution deal added another level of bureaucracy;
- residents would be against devolution as it actually took power away from them;
- further clarity was required as to who would actually benefit from the devolution deal, especially in respect of affordable housing;
- no consideration had been given to the risk implications of entering into this devolution deal;
- the turnout for the Police and Crime Commissioner election was extremely low and it was anticipated that the turnout for an elected Mayor would be similar, given initial responses to the consultation from South Cambridgeshire residents that they were not supportive of an elected Mayor;
- it was assumed that once the devolution deal was agreed and set up it was a done deal, but the documentation set out commitments that would have to be reached in order to release further levels of funding, which would be on the basis of £20 million per year and had to be signed off by the Government. The deal would still therefore see the Combined Authority being tied to the Government and was not therefore a true devolution of power;
- it was concerning that local Councils may not have any power over Mayoral Development Corporation arrangements;
- the devolution deal was not the only solution. South Cambridgeshire District Council had prided itself on the management of its finances, service performance and its ability to negotiate with partners and the Government, so devolution was not the only option;
- the deal was undemocratic and placed too much power in too few people.

During the debate on the substantive motion, the following comments in support of the motion were noted:

- affordable housing was the key issue that residents contacted local Members about in South Cambridgeshire and the money on offer as part of the devolution deal to address that and reduce the Council's waiting lists was very significant;
- the City Deal demonstrated how powerful different bodies coming together could be in terms of attracting significant sums of money from the Government. The Combined Authority with an elected Mayor to lead negotiations would be another way of doing that;
- the elected Mayor was a single element of the deal;
- local Councils were not losing any of their powers as a result of devolution, other than the County Council which was being asked to give up one element of its powers;
- the deal would provide £20 million of funding for 30 years for infrastructure and £100 million for affordable housing;
- this deal was the first deal in the country to include an element to fund housing;
- the turnout for Police and Crime Commissioner elections could not be compared to an election for an elected Mayor of a significant Combined Authority;
- upon signing the initial deal there would be opportunities for further deals, attracting even more funding into the area, therefore significantly benefitting residents;
- raising the profile of the elected Mayor would assist in increasing elector turnout;
- this was the only deal that the area was likely to achieve with the Government and it reflected the best deal that any area in the country had been offered;
- the key issue with the devolution deal was not necessarily what it included at this stage, but what it could develop into;
- the District Council currently collected £73 million to £75 million of business rates per annum, with approximately 50% sent directly to the Treasury, 10% to other precepting authorities and the remaining 40% being subject to a tariff, leaving in

the region of £3.5 million retained by the Council. South Cambridgeshire District Council therefore saw very little benefit considering the large sums of money it collected through business rates. The devolution document stated that the Government would work with local authorities in Cambridgeshire and Peterborough to shape and influence the design of the new Local Government finance system based on the localisation of business rates in advance of its universal introduction in 2020. It was a very exciting prospect to be able to shape 100% retention of business rates returning to the area, together with the economic growth that the deal would bring;

- the District Council would remain as the statutory planning authority, so responsibilities for planning and development control would remain with South Cambridgeshire District Council.

Voting on the substantive motion, with 30 votes in favour and 20 votes against, Council:

- Considered and **ENDORSED** the conclusions and outcome of the Governance Review (attached at Appendix A of the report) that the establishment of a Combined Authority with a Mayor for the Cambridgeshire and Peterborough area will improve the exercise of statutory functions in that area.
- APPROVED**, in principle, the content of the Devolution Deal proposal (attached at Appendix B of the report) and formally confirmed that this replaces in its entirety the East Anglia Devolution Agreement signed in March 2016.
- APPROVED**, in principle, the Governance Scheme (attached at Appendix C of the report) and requested the Chief Executive undertakes appropriate consultation on its content.
- RESOLVED** to convene a meeting of Full Council to take place in October 2016 to consider whether to support, in principle, the granting of consent for the Secretary of State to bring forward such an Order to establish a Mayoral/Combined Authority covering that area of Cambridgeshire and Peterborough.
- REQUESTED** that the Civic Affairs Committee examines and makes recommendations on the methods for this Council to be able to scrutinise the decisions taken by the Combined Authority and the actions of the Council's representative(s) on the Combined Authority.

Enough Members as prescribed by Council's Standing Orders requested a recorded vote. Votes were therefore cast as follows:

#### **In favour**

Councillors David Bard, Val Barrett, Francis Burkitt, Tom Bygott, Grenville Chamberlain, Graham Cone, Pippa Corney, Christopher Cross, Kevin Cuffley, Simon Edwards, Sue Ellington, Andrew Fraser, Roger Hall, Lynda Harford, Mark Howell, Mervyn Loynes, Ray Manning, Mick Martin, Raymond Matthews, David McCraith, Charles Nightingale, Des O'Brien, Tony Orgee, Tim Scott, Ben Shelton, Peter Topping, Richard Turner, Robert Turner, Tim Wotherspoon and Nick Wright.

**Against**

Councillors Henry Batchelor, John Batchelor, Anna Bradnam, Nigel Cathcart, Doug Cattermole, Jose Hales, Philippa Hart, Tumi Hawkins, Peter Johnson, Sebastian Kindersley, Douglas de Lacey, Janet Lockwood, Cicely Murfitt, Deborah Roberts, Bridget Smith, Hazel Smith, Edd Stonham, Ingrid Tregoing, Aidan Van de Weyer and John Williams.

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**The Meeting ended at 9.03 p.m.**

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**Report To:** Cabinet  
**Lead Officer:** Executive Director

14 July 2016

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## Approval of UK Municipal Bonds Agency's Framework Agreement, and Joint and Several Guarantee

### Purpose

1. This report seeks Cabinet endorsement for the Council to enter into the borrowing documents prepared by the UK Municipal Bonds Agency (the "Agency").
2. The Agency requires that local authorities borrowing from it enter into its Framework Agreement. The Agreement includes an accession document confirming that the council has the necessary approvals to sign the Agreement and a joint and several guarantee to those lending money to the Agency in respect of the borrowing of all other local authorities from the Agency. Entering into the Framework Agreement enables the Council to access funding from the Agency as and when required.
3. This report sets out the background to the Agency, key facets of the Framework Agreement and the advantages and disadvantages of entering into the Agreement, including an assessment of the risk that the Council will be called upon under the guarantee. It seeks approval for the Council to enter into the Framework Agreement.

### Recommendations

4. That Cabinet recommends Council:
  - a) approve the Council's entry into the Framework Agreement and its accompanying schedules including the joint and several guarantee;
  - b) delegate authority to the Executive Director as Section 151 Officer and the Monitoring Officer to sign those documents, as appropriate, on behalf of the Council;
  - c) grant the Section 151 Officer delegated authority to agree amendments to the Framework Agreement as appropriate.
5. Cabinet is asked to note:
  - the Introduction to the Agency in **Appendix 1, section 2**, which explains the Agency in layman's terms;
  - the Framework Agreement and its schedules, including the joint and several guarantee, as set out in **Appendix 1, section 3**;
  - the legal advice and counsel's opinion set out in **Appendix 1, sections 1, 4 and 5**;

- consideration of the Council’s financial position and financial standing in **section 9**;
- signing the Framework Agreement does not make the Council subject to the joint and several guarantee or provisions of the Framework Agreement until such time it borrows from the Agency; and
- the assessment of the advantages and disadvantages of entering into the Framework Agreement in **section 10**.

### **Reasons for Recommendations**

6. The Agency has been designed to deliver cheaper capital finance to local authorities at a time when the Council has included a significant borrowing requirement in the Council’s five year capital programme, in particular for the on-lend finance to Ermine Street Housing. It is in the interests of the Council to obtain finance at a cost which maximises the interest differentials at minimal risk and thereby generating additional income to support General Fund services.

### **Executive Summary**

7. The purpose of the Agency is to deliver cheaper capital finance to local authorities. It will do so via periodic bond issues, as an aggregator for financing from institutions such as the European Investment Bank (“EIB”) and by facilitating greater inter-authority lending. The Agency is wholly owned by 56 local authorities and the Local Government Association (“LGA”). The Council is a shareholder in the Agency with a total investment of £50,000.
8. The Council has limited sources of capital finance available to it. The margin charged by the PWLB rose significantly in 2010 and therefore the LGA explored and then, with the support of a number of local authorities, established the Agency as an alternative to the PWLB.
9. The Agency’s Framework Agreement sets out the arrangements for borrowing from the Agency and incorporates a joint and several guarantee that requires all local authorities borrowing from the Agency to guarantee the money owed by the Agency to those who have lent it money to fund its loans. The Framework Agreement incorporates a mechanism to prevent a call under the guarantee by requiring borrowers to lend the Agency money to cover a default by another local authority, referred to as “contributions”.
10. The Council has the power to enter into the Framework Agreement under Section 1 of the Localism Act 2011 – the general power of competence. Borrowing under the Framework Agreement will be under Section 1 of the Local Government Act 2003 – the power to borrow.
11. Acting on behalf of prospective borrowers, a small group of authorities appointed lawyers, Allen & Overy, to review and advise upon the documentation. Allen & Overy instructed counsel to obtain senior opinion on vires and reasonableness. The advice and opinion resulted in a small number of changes to the Agency’s documentation.
12. Counsel raised three key considerations that a local authority must take into account when taking a decision to enter into the Framework Agreement:

- its specific financial position;
  - whether or not the council is “reasonably financially robust” i.e. the council it can meet the potential demands that the Framework Agreement places upon it; and
  - whether it is to the authority’s advantage to enter into the Framework Agreement taking into account the advantages and disadvantages of doing so.
13. Taken together, these three considerations help address a key requirement of the Wednesbury principles that the Council exercises its powers in a reasonable manner.
  14. The Council has a need to borrow of £98.9 million over the next three years comprising £95.5 million of borrowing to fund capital expenditure and £3.4 million of internal borrowing. Use of the Agency will save the Council interest costs; otherwise the Council will use alternative sources of borrowing. Every 0.01 per cent interest saved is worth £9,890. The savings may be significant as the Agency’s bond pricing improves and institutions such as the EIB provide financing to the Agency.
  15. Entering into the Framework Agreement enables the Council to access funding from the Agency as and when required. Access to the cheapest source of finance will reduce the costs of borrowing and thus its impact on the Council Tax. Over time, the Agency’s business case suggested that the savings delivered by the Agency would be 0.2 per cent.
  16. UK local authorities are heavily supervised and subject to tight statutory control that significantly reduces the probability that a local authority will default on its financial obligations. Furthermore, the Agency will undertake credit assessments of local authorities and limit its exposure to authorities to reduce credit risk. In the event that a local authority needs to refinance its borrowings from the Agency, the PWLB is available to all local authorities as lender of last resort provided that the borrowing from the PWLB is not unlawful. No UK local authority has ever defaulted on one of its primary debt obligations. Taken together, the risk of a default is judged to be low and thus the risk of entering into the Framework Agreement and guarantee is deemed to be low.
  17. If a local authority does default, the Agency has liquidity facilities available to it so that it can meet the interest payments due on a bond and cover a limited default on a principal repayment by a local authority; the provisions of the Framework Agreement will be used if these facilities are exhausted. The Council has adequate reserves of £8 million and in the unlikely event of a call for contributions under the Framework Agreement or payment under joint and several guarantee, has access to PWLB funds at 48 hours’ notice if required.
  18. The risks associated with the joint and several guarantee are mitigated by the contribution arrangements. Therefore, from a practical perspective, the real risk to the Council is the requirement to make contributions in the event of a default by another borrower and this exposure is proportional because it is calculated by reference to the amount borrowed by the Council as a proportion of all non-defaulting loans made by the Agency. If the Council has no borrowings via the Agency, it will not be called upon under the Framework Agreement.
  19. In the unlikely event that the guarantee is called upon, it is also unlikely that bond holders or other providers of finance to the Agency will pursue a single Council for payment because the best outcome for lenders is likely to be achieved by pursuing all

the guarantors because this maximises the potential revenues available to repay them.

20. Section 13 of the Local Government Act secures all debts of a local authority on its revenues and therefore it is highly likely that the Agency will be able to recover amounts owed to it by a defaulting authority. In turn, this will enable the Agency to repay sums lent to it under the Framework Agreement or paid out by the Council under the guarantee.
21. The risk that the Council suffers a loss under the Framework Agreement and the joint and several guarantee is therefore a combination of the low risk of a default by a local authority and the low risk that if a local authority does default, local authorities cannot recover sums owed to them.
22. In return for accepting this risk, the Council will receive access to more diverse and cheaper sources of capital finance via the Agency. On balance, the financial advantages outweigh the financial disadvantages.
23. Although the Agency intends that the Framework Agreement is permanent, there may be a need to either amend the Framework Agreement or if the Council wishes, set aside provisions for a period of time without amending the contributions arrangements or joint and several guarantee.

**Background –  
THE MUNICIPAL BONDS AGENCY  
Establishment:**

24. The establishment of the UK Municipal Bonds Agency was led by the LGA following the announcement in the 2010 Autumn Statement that PWLB rates would increase from 0.15 per cent over Gilts to 1 per cent over Gilts, greatly increasing the cost of new borrowing and refinancing. This followed the introduction of punitive early repayment penalties by the PWLB in 2007, which have prevented local authorities from restructuring their loan portfolios to reduce costs while interest rates are low. Although the Government subsequently introduced the “certainty rate”, which effectively reduced the PWLB’s margin to 0.8 per cent over Gilts in return for the limited disclosure of an authority’s borrowing plans, the LGA found that rate remained higher than a bonds agency should be able to achieve.
25. The LGA also noted that it was easy for UK investors such as pension funds to provide capital to overseas local authorities through the London capital markets, but not so to UK local authorities.
26. The LGA published a revised business case in March 2014 that set out how a bonds agency would issue bonds on behalf of local authorities in an efficient and cost effective manner and at lower rates than the PWLB. It identified that the regulatory environment meant that the PWLB had a de facto monopoly on providing simple loans to local authorities:
  - For regulatory purposes a bank must set aside capital when lending to local authorities – unlike when lending to the Government – and therefore it is difficult for banks to compete with the PWLB on rates and make money other than by offering structured lending products.

- Bond investors value liquidity and benchmark sized issues (£250 million), which makes it difficult for most local authorities to access the bond markets, particularly as one-off bond issues can be costly.
  - Supranational agencies such as the EIB would typically lend only for large projects, typically £150 million or £250 million depending on the project, thereby excluding most local authorities.
27. The LGA's revised business case was published in March 2014 and the company established in June 2014. The agency will act as an intermediary, borrowing the money and on-lending it to local authorities on a matched basis to deliver cheaper capital finance to local authorities through periodic bond issues, as an aggregator for loans from other bodies such as the EIB, and facilitating longer term inter-authority lending via the Agency.
28. The LGA and 56 local government shareholders representing 65 principal local authorities and 1 combined authority have invested over £6 million in the Agency. The Council is a shareholder in the Agency with a total investment of £50,000.
29. The Agency will offer the flexibility to borrow smaller amounts through the capital markets than the Council may be able to achieve on its own. It therefore offers an alternative and complementary source of funding to the Council.

**Client Base:**

30. The Agency will only lend to UK local authorities who can give a joint and several guarantee. This is currently limited to 353 principal English local authorities that have the general power of competence under section 1(1) of the Localism Act 2011. The Department for Communities and Local Government specifically intended that local authorities should be able to give guarantees using the power in its regulatory impact assessment.
31. The ability to give joint and several guarantees may in due course be extended to other local authorities e.g. combined, Welsh or Scottish authorities. In the event that this occurs, those authorities will be eligible to borrow from the Agency.
32. The Agency would prefer all borrowers to become shareholders. This ensures a strong alignment of interest between borrowers and shareholders, and is viewed positively by ratings agencies and the capital markets. Accordingly, the Agency will charge a higher interest rate to borrowers that are not shareholders, albeit one which remains competitive.

**Loan Pricing:**

33. The Agency will operate a transparent pricing structure. It will charge local authorities the interest the Agency pays to obtain the funds it on-lends, plus any transaction costs up to a maximum of 0.5 per cent of the amount borrowed, plus a margin to cover its costs. This margin is currently set at:
- 0.10 per cent for shareholders; and
  - 0.15 per cent for non-shareholders.

34. The Agency may adjust these margins for new borrowing transactions at its discretion, but will not increase them. It is expected that these margins will reduce once the Agency is profitable.
35. Transactions costs include the Agency's credit rating agency fees, bank syndicate fees and legal costs. The Council has the option to amortise these over the life of the loan or to expense them.
36. The Agency will not require local authorities to borrow at a rate that is higher than the PWLB, thus when borrowing via the Agency the Council should always achieve a saving. Over time, the rates offered by the Agency are likely to improve as its bonds programme develops and it is able to borrow from institutions such as the EIB.

#### **Early Repayment (Prepayment):**

37. The Agency will pass on the cost of early repayment by a local authority (usually referred to as prepayment in financial services) to that local authority. However, the Agency will not profit from the transaction and will assist any local authority seeking early repayment to find the cheapest solution.
38. Prepayment rights will track through between the loans to local authorities and the Agency's financing. For bond issues, voluntary prepayment is calculated in a similar way to the PWLB's early redemption penalties, although one option available to local authorities will be to buy back part of the bond.

#### **Governance**

39. The Agency is a public limited company and as such is directed by its Board. It is expected that the Board will include 7 non-executive and 3 executives.
40. In addition, the Board will have the following 2 sub- committees, chaired by independent non-executives:
  - Risk, Compliance and Audit Committee; and
  - Nomination and Remuneration Committee.
41. In addition, the Agency will establish a Local Authority Advisory Board, comprising local authority finance officers, to facilitate two-way communication between the Agency and its borrowers.

#### **Credit Process**

42. Prior to approving any loans, the Agency will carry out a credit assessment of each potential borrower.
43. The Agency has developed a proprietary credit scoring model based on similar methodologies to the main credit rating agencies. In order to access funding from the Agency, a local authority will need to be able to achieve a "single A" credit rating on a standalone basis; rating agencies typically "notch up" a local authority to account for implied Government support.
44. In addition to credit scoring, the MBA will ensure appropriate diversification of its lending portfolio, through the contractual concentration limits agreed in the Framework Agreement.

## THE FRAMEWORK AGREEMENT AND THE JOINT AND SEVERAL GUARANTEE

### Content of the Framework Agreement:

45. The Framework Agreement as set out in **Appendix 1, Section 3** comprises:
- The Framework Agreement itself, which is primarily designed to prevent a call on the joint and several guarantee and lays out how the Agency will interact with local authorities.
  - Schedule 1: *Form of Authority Accession Deed*, which local authorities sign to commit themselves to the Framework Agreement.
  - Schedule 2: *Form of Guarantee*, which is the joint and several guarantee.
  - Schedule 3: *Loan Standard Terms*, which is the loan agreement that covers any borrowing by an authority.
  - Schedule 4: *Form of Loan Confirmation*, which supplements the Loan Standard Terms and confirms details of a loan such as principal, maturity, interest rate and etc. It is signed by the Agency and a borrower.

### Need for the Joint and Several Guarantee:

46. The LGA's revised business case highlighted the need for borrowing authorities to sign a joint and several guarantee:
- The joint and several guarantee allows the Agency to issue bonds without having to prepare a full prospectus for each bond issue, pursuant EU's "Prospective Directive", thereby reducing costs and complexity.<sup>1</sup>
  - The UK Listing Authority's "listing rules" that govern whether financial instruments can be listed on a UK stock exchange would not permit bonds issued by an agency to be listed on the London Stock Exchange for some years without a joint and several guarantee, meaning the bonds would need to be listed elsewhere such as the Channel Islands or Luxembourg.
  - If, instead of a joint and several guarantee, investors had recourse to an agency's on-lending arrangements, every tranche of financing would require a separate credit rating and investors to assess the participating authorities, which would materially impact an agency's ability to reduce costs and deter a number of potential investors and lenders from lending money to the agency. The joint and several guarantee draws on the strength of the local government sector is simple for investors to understand.

### Nature of the Joint and Several Guarantee:

47. The joint and several guarantee is a schedule to the Framework Agreement (Appendix 1, Section 3, Schedule 2) and is direct, unconditional, irrevocable and not separately administered:

*"2.1.1 guarantees to each Beneficiary each and every obligation and liability the Company may now or hereafter have to such Beneficiary (whether solely or jointly with one or more persons and whether as principal or as surety or in some other capacity) in respect of the Guaranteed Liabilities and promises to pay to each*

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<sup>1</sup> Article 1(2)(d) of Directive 2003/71/EC

*Beneficiary from time to time on demand the unpaid balance of every sum (of principal, interest or otherwise) now or hereafter owing, due or payable (following the expiry of any grace period provided for) by the Company to any such Beneficiary in respect of any such Guaranteed Liability; and*

*2.1.2 agrees as a primary obligation to indemnify each Beneficiary from time to time on demand from and against any loss incurred by such Beneficiary as a result of any such Guaranteed Liability being or becoming void, voidable, unenforceable or ineffective as against the Company for any reason whatsoever, whether or not known to such Beneficiary, the amount of such loss being the amount which such Beneficiary would otherwise have been entitled to recover from the Company.”*

48. In practice this means that all borrowers are collectively and individually guaranteeing the lenders to the Agency against a default by a local authority.
49. The Council can withdraw from the joint and several guarantee by giving notice and repaying its loans to the Agency. However, the irrevocable nature of the guarantee means that the Council will continue to guarantee the Agency's borrowings at the date of withdrawal until those borrowings mature. This prevents moral hazard i.e. a local authority borrowing from the Agency to achieve a cheaper borrowing rate, but walking away from the obligations. Withdrawal does mean that the Council will not be guaranteeing future borrowing by the Agency.

#### **Preventing a Call on the Guarantee:**

50. The Framework Agreement mitigates against a possible call on the joint and several guarantee by minimising the risk of default by a local authority, limiting the possible impact of a default and containing a default before the Agency's ability to make payments is threatened.
51. The Framework Agreement imposes obligations on the Agency that are designed to reduce the possibility of default by a borrower:
- The Agency must credit assess each borrower and exclude those that do not achieve at least the equivalent of a strong investment grade rating equivalent to an "A" rating from the established credit rating agencies such as Moody's.
  - "Concentration limits" ensure that the Agency will maintain a diverse loan book over time that limits the proportion of the Agency's loan book that can be lent to a single or small group of authorities. (**Appendix 1, Section 3, Paragraph 5.2**)
  - Credit lines are available to the Agency that it must utilise in the event of a local authority missing a payment or defaulting, before it has recourse to other borrowers.
52. The Framework Agreement establishes a "contributions" mechanism that requires borrowers to lend the Agency funds to cover its obligations in the event of a default by a local authority. The contributions are calculated in proportion to an authority's share of the performing loan book. The loans are interest bearing and will be repaid once the Agency has recovered the sums owed to it by the defaulting authority, which it is required to do by the Framework Agreement. If the Council has no outstanding borrowings via the Agency, it will not be called upon to make contributions under the Framework Agreement.



53. The payment schedules set out in the Framework Agreement are designed to ensure timely payments by local authorities so that error or late payment by a borrower does not risk a call for contributions or under the guarantee.
54. The Framework Agreement prevents a borrower from taking action against a defaulting authority so that a single authority cannot jeopardise the structure of the Agency and / or act against the interests of other borrowers.

**Accounting for the Guarantee:**

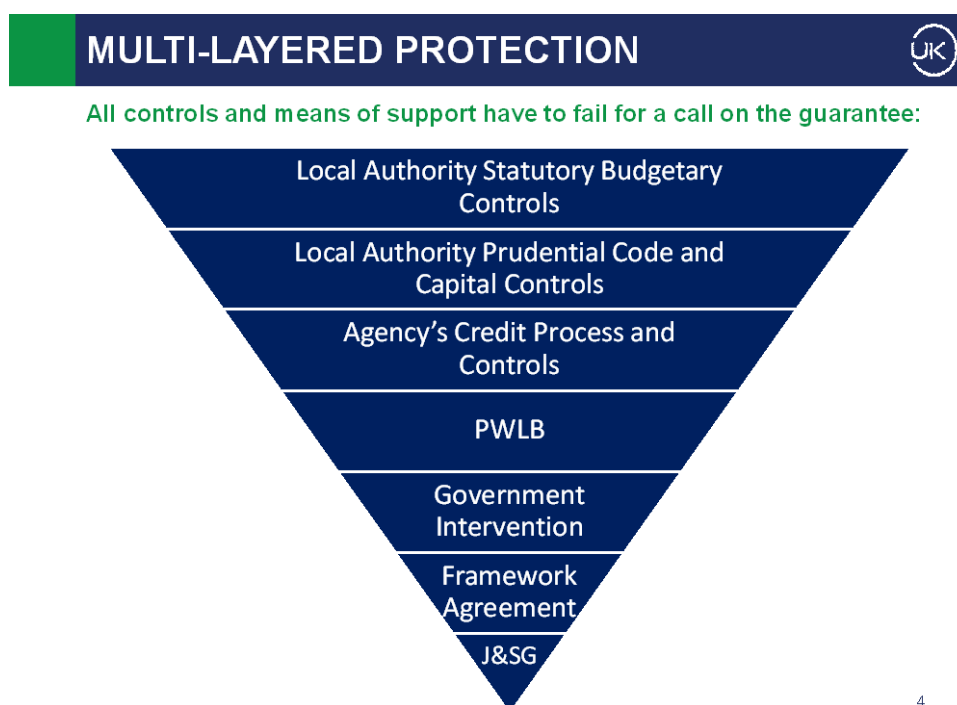
55. The Agency commissioned accounting advice from Grant Thornton setting out the local authority accounting requirements for borrowing via the Agency including the joint and several guarantee, as set out in **Appendix 1, Section 6**.
56. Although the Council is unable to rely on this advice and must procure additional advice if it is uncertain regarding the accounting requirements, Grant Thornton's advice does not raise any concerns at this time. For example, if the Council judges the risk of a call under the joint and several guarantee to be zero, there accounting requirements of entering into the Framework Agreement are minimal and mostly confined to disclosures in the event that the Council borrows from the Agency.

**RISK OF DEFAULT BY AN AUTHORITY**

57. The risk of a default by a local authority is deemed to be very low: no principal local authority has ever defaulted on a loan. The National Audit Office in its Financial Sustainability of Local Authorities report of November 2014 observed:  
*“A legal framework at the core of the local government accountability system effectively prevents local authorities becoming insolvent. Local authorities cannot borrow to finance revenue expenditure or run deficits.”*
58. The statutory and prudential framework under which local authorities operate is extremely strong and designed to prevent local authorities from over-reaching themselves and becoming insolvent. Key aspects of the framework include:
- Local authorities are prevented from borrowing to fund services by the Local Government Finance Act 1992, which sets out how budgets and the Council Tax must be calculated, particularly Section 31A, 32 and 42A of the Act. These provisions require a budget to be balanced on a cash basis without the use of borrowing.
  - Local authorities must comply with the prudential framework established by Part 1 of the Local Government Act 2003 and related regulations, including the Prudential Code for Capital Finance in Local Authorities published by CIPFA.
  - Section 151 Officers have varied powers and responsibilities that result in prudent financial management. For example, if an authority cannot pay its bills at it falls due, he or she must submit a Section 114 report to the Executive / Council, which must be acted upon. A Section 151 officer must also report on the adequacy of reserves and robustness of budget estimate under Section 25 of the Local Government Act 2003 and action be taken by the Council to remedy an adverse report.
  - A local authority must make a Minimum Revenue Provision (“MRP”) repay debt under the local authorities (Capital Finance and Accounting) (England) Regulations 2003, issued by the Secretary of State under Sections 21 of the Local Government Act 2003 (as amended). This means that a local authority

sets aside cash via its revenue budget, sufficient to ensure it can repay its debt.

59. The Agency's credit assessments, risk management processes and the concentration limits should reduce the possibility that a local authority borrowing from the Agency is likely to default.
60. Local authorities have access to the PWLB as lender of last resort and therefore can refinance any borrowings from the Agency by the PWLB if it cannot repay its debt to the Agency by other means.
61. Historically, the Government has intervened when a local authority finds itself in difficult or the Government deems a local authority to be incapable of managing itself effectively.
62. for the Council to be called upon to make contributions under the Framework Agreement, let alone be called upon under the joint and several guarantee, all the above controls and protections must fail. This has been summarised by the Agency in its presentations as set out in figure 1 below:



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### **RISK OF NOT RECOVERING CONTRIBUTIONS OR PAYMENTS UNDER THE JOINT AND SEVERAL GUARANTEE**

63. The Local Government Act 2003 provides several key protections to lenders that greatly reduce the possibility that the Agency and therefore the Council would be unable to recover sums owed to it if it is required to make a contribution or pay out under the joint and several guarantee:
  - Section 6 provides that a lender is not required to ensure that a local authority has the power to borrow and is not “prejudiced” in the absence of such a power. This prevents a local authority claiming an act was “ultra vires” to side step its obligations.

- Section 13 provides that all debts rank pari passu i.e. have equal status under the law and thus a creditor cannot be disadvantaged by later subordination of that debt by a local authority.
  - Section 13 also secures all debts of an authority on its revenues, which is the strongest possible security for a loan as the bulk of a local authority's revenues are either raised under statutory powers or allocated by the Government.
  - Section 13 also provides for a receiver to be appointed by the High Court on application if principal and / or interest greater than £10,000 is outstanding for 60 days.
64. The Framework Agreement requires that the Agency must pursue any defaulting authority to the extent that if it does not do so promptly, borrowers can force it to do so. Furthermore, the Framework Agreement provides for a strict application of the proceeds of any debt recovered by the Agency from a defaulting authority.

### LEGAL ADVICE AND OPINION

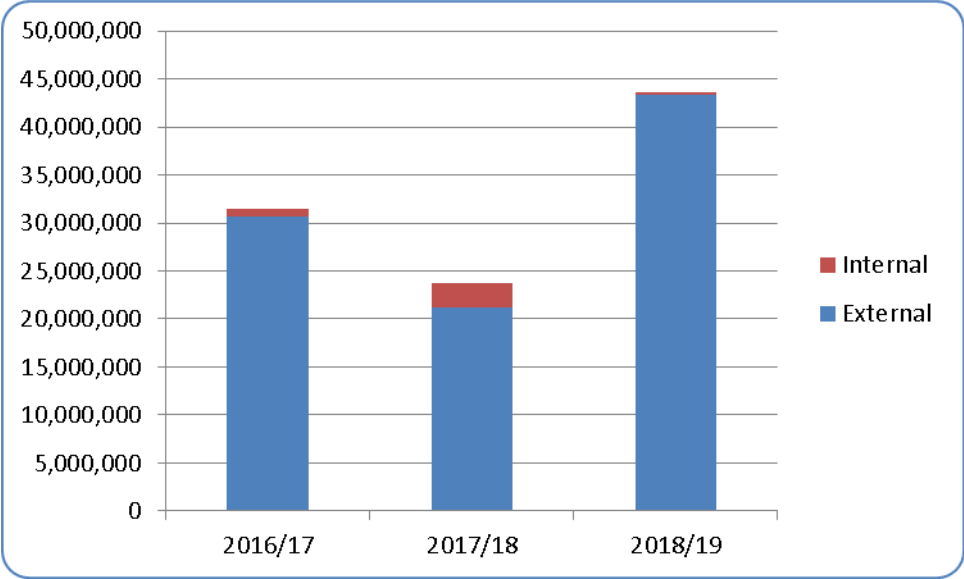
65. A small group of authorities commissioned Allen & Overy, a law firm a specialist in financial transactions, to advise on the Framework Agreement. Allen & Overy engaged Jonathan Swift QC to provide senior counsel's opinion on, amongst other things, whether:
- entry into the Framework agreement, execution of the Guarantee, entry into borrowing transactions under the Framework Agreement and the provision of contribution loans would all be within the general power of competence under the Localism Act 2011; and
  - a local authority that decides to enter into the Framework Agreement and the Guarantee on the basis of the Document Package (**Appendix 1**) would be acting in accordance with the requirement of Wednesbury reasonableness.
66. His main conclusions were:
- local authorities do have the power, in principle, to enter into the arrangement envisaged by the Framework Agreement; and
  - whilst it would, in principle, be lawful for a reasonably financially robust local authority to enter into the commitments entailed in the Framework Agreement, the final assessment of whether or not it would be reasonable use of the in principle power must be made taking into account the specific financial position of each local authority, whether it is financially robust and the balance of the advantages and disadvantages of doing so.
67. Wider considerations, such as establishing the independence of the sector, whether they have merit or not, should not have a bearing on the Council's assessment of the advantages and disadvantages of entering into the Framework Agreement.
68. Jonathan Swift QC's opinion was procured independently of the Agency.
69. The Council has the power to enter into the Framework Agreement under Section 1 of the Localism Act 2011 – the general power of competence. Borrowing under the Framework Agreement will be under Section 1 of the Local Government Act 2003 – the power to borrow.

**FINANCIAL POSITION AND FINANCIAL ROBUSTNESS OF THE COUNCIL**

**Need to Borrow**

70. The Council has a need to borrow of £98.9 million over the next three years comprising £95.5 million of borrowing to fund capital expenditure and £3.4 million of internal borrowing. This is set out in the Council’s Capital Strategy and Treasury Management Strategy and summarised in Figure 2 below:

Borrowing Requirement



- 71. Use of the Agency will save the Council interest costs; otherwise the Council will use alternative sources of borrowing. Every 0.01 per cent interest saved is worth £9,890. A saving of 0.1 per cent would be worth £98,900. The savings over time may be significant as the Agency’s bond pricing improves and institutions such as the EIB lend money to the Agency. For capital investment in eligible sectors, the EIB can offer funding that is significantly cheaper than either the PWLB or bond markets.
- 72. The Framework Agreement enables the Council to access funding from the Agency as and when required. Access to the cheapest source of finance will reduce the costs of borrowing and thus its impact on the Council Tax.
- 73. The Council currently has two key projects the first being the replacement of waste and recycling vehicles providing an enhanced service and potential for increased revenues, the funding to be provided through internal financing. The second project being capital investment in the Council’s wholly owned subsidiary, Ermine Street Housing, offering the opportunity to realise interest receipts which will contribute to Council revenue funding, financed by external borrowing.

**Financial Robustness:**

74. The Council’s revenue budget and medium term financial strategy demonstrate and set out the financial pressures the Council is under, particularly in light of the funding cuts and uncertainties that changes to the system of local government finance and business rates may bring. Nonetheless, the Council is required to balance its budget and is subject to tight statutory controls and supervision. As highlighted elsewhere in

this report, it is therefore extremely unlikely that the Council will find itself in the position that it is unable to meet the requirements of the Framework Agreement and joint and several guarantee e.g. that it makes contributions if asked.

75. If the Council were called upon, it has access to PWLB funds at 48 hours' notice if required. Loans made to the Agency under the Framework Agreement as part of the contribution arrangements could constitute capital expenditure because loans to third parties are defined as such under the (Capital Finance and Accounting) (England) Regulations 2003 (as amended). Given that the Agency is likely to recover the amounts owed to it by a defaulting authority and that the contributions are in themselves loans, the impact on the revenue budget is likely to be negligible if the Council is required to make a contribution or called upon under the joint and several guarantee.

### **RISKS AND DISADVANTAGES OF ENTERING INTO THE FRAMEWORK AGREEMENT**

76. Exposure to the contribution arrangements and the joint and several guarantee means that entering into the Framework Agreement and borrowing via the Agency is different in nature to borrowing from the Public Works Loan Board, under a bilateral loan facility or through a bond issue in the capital markets.
77. There are inherent risks associated with the proposed structure, not least the joint and several nature of the guarantee. These are:
- The risk that the Council's guarantee may be called independently of any other Guarantee and for the full amount owing by the Agency under the financing document that is covered by the guarantee (and, therefore, such participating local authority is potentially liable to pay out amounts to the MBA that exceed the amounts borrowed).
  - Even if the Council has terminated its Guarantee, it will continue to guarantee the "Guaranteed Liabilities" entered into by the Agency before the termination date. The effect of this is that the Council's liability under its Guarantee may potentially continue in existence for many years after termination.
78. However, the risks associated with the joint and several guarantee are mitigated by the contribution arrangements. The Framework Agreement is such that the Council's exposure, from a practical perspective, is the requirement to make contributions in the event of a default by another borrower and this exposure is proportional because it is calculated by reference to the amount borrowed by the Council as a proportion of all non-defaulting loans made by the Agency.
79. The risk of a default by a local authority is low as set out in section 6 of this report. The ability of the Agency to recover sums owed to it in the event of a default is set out in section 7 of this report.
80. There is a risk that the Agency does not observe its obligations under the Framework Agreement, but the Council is entitled to expect that the Agency will operate in accordance with its obligations under the Framework Agreement when considering whether or not to enter into the Framework Agreement. The LGA and local authorities control the Agency via their shareholdings so could intervene if the Agency did not abide by the Framework Agreement.
81. The prime advantage to the Council is the prospect of lower borrowing costs and the possibility to obtain types of loans that are not available from the PWLB. Cheaper

capital finance will reduce pressure on the Council's finances. This advantage more than offsets the low risk that a local authority defaults and the Agency is unable to recover the debts owed to it in order to repay the Council any contributions it is required to make.

82. The Framework Agreement only comes into effect if the Council does borrow from the Agency. If the Council does not borrow, there is no risk to the Council arising from the contribution arrangements or joint and several guarantee. The Council is not obligated to borrow via the Agency and even if it chooses to legally commit to borrowing via a bond issue, it will not be required to take a loan that is not cheaper than the PWLB, so the bond will not be issued. Therefore, the financial risk to the Council of the Agency either failing to deliver a saving or the Council not borrowing having signed the Framework Agreement is eliminated.

### **Options**

#### **Implications**

83. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

#### ***Financial***

84. These are set out throughout the report.
85. The Council, with appropriate professional advice when required, will continue to keep all potential sources of borrowing under review. At present, borrowing via the Agency is likely to be the cheapest source of borrowing available to the Council, particularly as the Agency develops

#### ***Legal***

86. These are set out throughout the report.

#### **Consultation responses (including from the Youth Council)**

87. There is no requirement to consult with the community or stakeholders on this particular issue.

#### **Contribution to strategic aims/ways of working**

88. Effective and efficient treasury management helps support the overall achievement of the Council's strategic objectives

### **Background Papers**

No background papers were relied upon in the writing of this report.

**Report Author:** Sally Smart –Principal Accountant  
Telephone: (01954) 713076



**Report To:** Cabinet

14 July 2016

**Lead Officer:** Alex Colyer – Executive Director (Corporate Services)

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## Cambridge Ice Arena

### Purpose

1. To consider making a recommendation to Council following a request from the Cambridge Leisure and Ice Centre for a 25 year loan of £1,850,000 through the prudential borrowing facility available to South Cambridgeshire District Council to address a funding gap in respect of the Cambridge Ice Arena.

### Recommendations

2. That Cabinet recommends Council approves a 25 year loan of £1,850,000 through the prudential borrowing facility in order to address the funding gap in respect of the Cambridge Ice Arena.

3. **Reasons for recommendations**

To address a funding gap for and support the development of a recreational facility that will be used by residents of South Cambridgeshire.

### Background

4. In 2006 Cambridgeshire Horizons identified the need for an ice rink in the Cambridge sub-region as one of the facilities to support future growth. Proposals for an ice arena have been linked to a number of the major development sites in the district over the years but the limited availability of land has impeded any scheme from coming forward.
5. The latest proposals benefit from a deal with a major local landowner and a detailed planning consent that received unanimous support during the public consultation and from the members of the Joint Development Control Committee. The physical relationship of the Ice Arena with the development of Wing, and in a sustainable location on the edge of the City of Cambridge, means that it will also form part of the catalyst of development that will enhance the facilities of this part of the sub-region. Based on the public responses to the planning application the facility would be well used by residents of South Cambridgeshire as well as those from the city and beyond, many of whom presently travel significant distances to visit ice rinks.
6. Details in relation to the Cambridge Ice Arena are set out in **Appendix A** attached to this report, which includes:
  - background information relating to the Cambridge Ice Arena proposal;
  - the project's current progress and status;
  - the rink solution, which meets the needs of the Cambridge Leisure and Ice Rink Centre, the University of Cambridge, the wider community and catchment area;
  - details of the site;
  - the business model;

- project funding;
- prudential borrowing;
- the development team;
- venue quality.

### **Considerations**

7. Cabinet is invited to consider the information contained within the Appendix and the request for a 25 year loan of £1,850,000 through the prudential borrowing facility.
8. Further due diligence on the proposal will be undertaken prior to any recommendation Cabinet makes to Full Council.
9. The business case may be subject to revisions in light of the result of the EU Referendum.

### **Options**

10. To make a different recommendation to Council based on the information contained within the Appendix.
11. To decide not to make a recommendation to Council.

### **Implications**

12. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

#### ***Financial***

13. Details in relation to the funding model and prudential borrowing proposed are set out in Appendix A.

#### ***Legal***

14. In accordance with the Council's Constitution, Full Council has to make the final decision on whether or not to approve the loan to Cambridge Leisure and Ice Centre due to the significant sum requested and the fact that this is currently not provisioned as part of the Council's budget.

### **Background Papers**

No background papers were relied upon in the writing of this report.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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