

OVERVIEW AND SCRUTINY PANEL

TUESDAY, 19 SEPTEMBER 2023 - 2.30
PM



PRESENT: Councillor Mrs M Davis (Chairman), Councillor R Gerstner (Vice-Chairman), Councillor B Barber, Councillor J Carney, Councillor L Foice-Beard, Councillor A Hay, Councillor S Imafidon, Councillor Dr H Nawaz, Councillor E Sennitt Clough and Councillor Woollard

APOLOGIES: Councillor G Booth and Councillor D Roy

Officers in attendance: Helen Moore (Member Services and Governance Officer), Peter Catchpole (Corporate Director and Chief Finance Officer) and Carol Pilson (Corporate Director and Monitoring Officer)

ALSO IN ATTENDANCE: Councillor C Boden, Councillor A Miscandlon and Councillor S Tierney

OSC10/23 PREVIOUS MINUTES.

The minutes of the meeting of 26 June 2023 were confirmed and signed.

OSC11/23 COMMERCIAL INVESTMENT STRATEGY AND INVESTMENT BOARD UPDATE

Members considered the Commercial Investment Strategy and Investment Board Update report presented by Councillor Boden.

Members made comments, asked questions, and received responses as follows:

1. Councillor Hay noted the Council is only receiving a return on one of its investments in Wisbech and it would be useful to know what that investment is. Councillor Boden stated a press release was published on 24th March 2021 reporting the investment Fenland District Council had made in the Millennium Works in Enterprise Way, Wisbech. He added this was a good first investment and the yield at this time is 6.2%, this should increase over time following further rent reviews. There are long established tenants in the premises and the Council has a twenty-three-year lease left on the property.
2. Councillor Hay said the report shows there are five projects in progress, and asked if there is an expected completion date for these investments. She added that it would have been useful to have a timeline in the report showing this information for the panel to keep track of these. Councillor Boden stated that two projects are on FDC owned land, Chatteris The Elms and Wisbech Nene Riverside but with no fixed date for completion. The Elms is still at planning committee stage but the Nene Riverside site is more complicated due to a variety of factors, with some developments that will materialise earlier than others. Two other projects in progress are 24 High Street and 11-12 High Street Wisbech. Some projects will fall under Fenland District Council and others will be transferred to the local authority trading company, Fenland Futures Limited depending on what is most advantageous to FDC. The fifth project which is residential commercial cannot be discussed at this time due to ongoing commercially sensitive negotiations. Councillor Hay thanked Councillor Boden and said that she appreciated that these items would not be set in stone.
3. Councillor Hay noted there were items that were rejected and asked if this is because they did not meet the criteria, one of which she would expect to be the amount of return on the investment. She also asked if it would be possible to know what the minimum returns are

expected to be depending on the investment. Councillor Boden answered that the return is just one of the things that the Council is looking for and there is no fixed figure in mind, however the Council would never be expecting to break even as that would be a waste of time and would not help support the Council in providing its services.

4. Councillor Hay asked if the Council will only invest in Fenland or would consideration be given to investing outside the area and if are there any other restrictions on the type of investment that the Council can look at. Councillor Boden stated that the commercial investment strategy currently restricts the Council in respect of boundaries, and this will be looked at in the commercial strategy review which is taking place at the moment. However, if considering an investment that involves borrowing, the Council cannot consider justifying this if the return is not the primary aim and does not then benefit the people of Fenland.
5. Councillor Hay pointed out the report shows there is one investment under offer and two which have been parked and asked what is the situation with the parked items? Councillor Boden replied that the one shown as on offer, an offer was put in but not accepted. The two projects that have been parked are potential opportunities which have not been taken forward yet and involve two substantial pieces of FDC owned land behind Russell Avenue March and in Coates.
6. Councillor Gerstner asked what proportion of the £25m allocated to the CIS is made up of loans and reserves and what are the risks associated with this proportionality, particularly considering the issues faced by other councils currently such as Birmingham? He also asked what can be learned from the issues arising at other councils. Councillor Boden replied that the £25m was a notional figure that Council gave authority to the Investment Board to invest, however at this point only just under £4m has been spent and none of that money has been from borrowing. In respect of learning from the experience of other councils, Fenland District Council does not need to be any more cautious than it is currently as can be seen in the rejected items previously mentioned by Councillor Hay. Councillor Boden added that some of the councils went beyond their comfort zone in terms of risk or invested in things they did not understand or should have been wary of, or they did not have the correct governance in place. There is a lot to learn from them and this Council will not be spendthrift with the authorisation it already has and will continue to be cautious and will always err on the side of caution. Councillor Gerstner thanked Councillor Boden and said that was very reassuring to the Panel and to the public to hear. Councillor Boden said he should point out that as a result of being cautious, the Council may not have made as many commercial investments as it might have done and therefore would not get as much of a return as a result, so could be challenged as being too cautious but he would rather that than be challenged for being too reckless. Councillor Tierney added that when investing public money you cannot take the same level of risk as you would if it was personal money, this is public money and needs to be invested wisely.
7. Councillor Nawaz questioned the yield of 6.2% and asked if that is an average of residential and commercial or has there been a split for each? Councillor Boden replied that is a yield on one significant property acquisition, being the Millenium Works. The yield does not tell the whole story, but you have to look at the risk involved. In this case, there was a highly stable tenant in place with a long lease which meant the risk being taken was lower than average which made the yield of 6.2% more attractive.
8. Councillor Nawaz asked what the yield is on residential properties. Councillor Boden replied there is no yield, and the Council is a long way from working out what the yield would have been on the residential developments in Chatteris The Elms. There will be a mix of developments at Wisbech Nene Riverside and again it will be a long time before yield can be calculated on that. An individual property was purchased at Russell Avenue in March with a view to demolishing it so that the Council could get access to its own land at the back of the property for future development, but the house is currently being used as emergency accommodation under the Housing Act so again there is no revenue at present.
9. Councillor Nawaz said 6.2% as a yield is quite competitive as the average is 7%-10% in the private sector outside London. Given that it is competitive and safe as well, Councillor Nawaz suggested that given that the Council has a considerable amount of land and money to invest would it make more sense to explore undertaking a feasibility study for building our own

residential or commercial properties and reaping a greater yield? Councillor Boden thanked Councillor Nawaz for the suggestion and said that in answer to the question of investment this topic falls under the Treasury Management function, which is controlled separately. All investments are looked at with the regard to the cash flow forecast. On the commercial side it is not an easy time especially if you are not an established developer to be able to achieve what Councillor Nawaz has suggested. One exercise was carried out in Chatteris where it made good business sense to add an extension to one of our commercial premises, but this had to be cancelled due to increased building costs which made the project economically unviable even with financial support from the Combined Authority.

10. Councillor Nawaz questioned the building of new houses and asked why this is not encouraged in order to enlarge the assets of the Council. Councillor Boden answered this is something that has been investigated and it is still an option in terms of potentially utilising the two sites that have been mentioned in this meeting, but the aversion to risk has come in and the Council must err on the side of caution and not take undue risk.
11. Councillor Nawaz put the point across that as far as the risk is concerned that risk would be minimal compared to other investments and the Council needs to address the dire need for housing. He also asked if the Council had made loans to outside bodies either secured or unsecured given the performance of other councils. Councillor Davis said that she did not think that was a question for this panel however, Councillor Boden replied that the Council would have far less risk and a speedier return if the land owned was to be sold to a developer, but on the larger sites, it would be in the public interest for some of that profit to stay with the Council. In respect of housing availability, this Council is actively working on a purchasing programme to provide a pool of temporary housing to assist with its legal housing requirements to combat homelessness. Councillor Boden added he would like to see emergency social housing as an item at a future Overview and Scrutiny meeting as it is a very big subject that the Council takes very seriously. Councillor Nawaz asked two more question which will be carried over to the next meeting. In terms of loans to outside bodies, the Council does not undertake such a loan facility in respect of housing development.
12. Councillor Nawaz asked about the use of Section 106 monies and it was suggested that this also be put on the Future Work Programme for another meeting.

The Overview and Scrutiny Panel noted the annual report from the Investment Board.

OSC12/23 OVERVIEW AND SCRUTINY ANNUAL REPORT

Members considered the draft Overview and Scrutiny Annual Report 2022-2023 presented by Councillor Davis.

Councillor Davis recognised the work of Overview and Scrutiny under the previous administration and thanked the preceding panel for their efforts.

Councillor Miscandlon stated that as a previous Vice Chairman and Chairman of the Panel, he would like to express his thanks to the Corporate Management Team and all the officers for their work, particularly those involved in several Task and Finish groups, during his time as Chairman.

The Overview and Scrutiny Panel approved the draft Overview and Scrutiny Annual Report for forwarding to Council.

OSC13/23 UPDATE ON PREVIOUS ACTIONS.

Members considered the update on previous actions.

Carol Pilson stated that an update will be circulated to the Panel following this meeting in relation to an outstanding query raised by Councillor Booth, which should then see the query marked as

complete. Secondly, in respect of the item under review concerning an invitation to the Mayor of the CPCA to attend a panel meeting, the mayor has suggested that he is willing to attend an all-Member Seminar as he did at South Cambs recently. Therefore, all members will be contacted on behalf of Councillor Davis as Chairman to invite questions and comments that members would like the mayor to address, and a date will be arranged for this.

OSC14/23 FUTURE WORK PROGRAMME

Members considered the Future Work Programme.

It was noted in response to some earlier questions from Councillor Nawaz that additional items for the Future Work Programme be added in respect of housing and S106.

3.23 pm

Chairman