

CABINET

7 April, 2015

PRESENT: Councillor N Blake (Leader of the Council); Councillors Bowles, Mordue, Mrs Paternoster, Mrs Pearce, Mrs Polhill (Deputy Leader), B Roberts and Sir Beville Stanier. Councillors Mrs Glover, Lambert and Mrs Phipps attended also.

APOLOGIES: There were none.

1. MINUTES

RESOLVED –

That the Minutes of 10 February, 2015, be approved as a correct record.

2. COMPANY FORMATION FOR AYLESBURY VALE BROADBAND

In December, 2014, the Council had agreed to allocate up to £1.536m for the next stage of the roll-out of super fast broadband across the Vale, utilising monies from the New Homes Bonus Fund. This included the implementation of a pilot project, using a small proportion of the available resources. Although the Chief Executive, after consultation with the Leader of the Council had been authorised to finalise the detailed arrangements, it had subsequently become apparent that in order to progress the project, a stand alone company would be the best way to deliver the desired outcome.

It was proposed that a company, to be called Aylesbury Vale Broadband Co. Ltd., would be formed, drawing on the funds allocated for the pilot project, (estimated to be between £185k and £200k). The company would be a limited liability company and its primary objective would be to enable the provision of affordable super fast broadband in Aylesbury Vale.

An outline business case for the project (and the company) was submitted as part of the confidential agenda. This included the key metrics and assumptions about the proposal and the associated risks. This would be kept under review to ensure that all these issues were managed effectively. Also attached as part of the confidential agenda was a financial model and the draft Articles of Association. The majority shareholder would be AVDC (95%) and Andrew Mills of Ironic Thought, who was project managing the pilot would have a minor shareholding of 5%. A Shareholders Agreement would need to be entered into in respect of the shareholding.

The return on AVDC's investment would be re-invested into further broadband provision, or indeed another Council priority. A stand alone company would also enable other grants and investments to be secured where the funding was aimed at supporting the provision of rural broadband, including where possible, EU funds. The company would appoint up to four directors, three of whom would be from AVDC and one from Ironic Thought. The appointment of directors would be a matter for the Leader to determine.

As the majority shareholder, AVDC would control all key decision making and the strategic direction of the project. The minor shareholding for Ironic Thought would be part of the incentive/reward for their involvement in the development and

implementation of project. Ironic Thought had been commissioned to work on this project for a flat fee of £2,500 per month, which was a discounted rate in recognition of the shareholding element of the proposal.

It was also proposed that the company should apply to be an Independent Communications Provider (ICP) in order that the proposed network could be linked to the national telecommunications infrastructure provided and maintained by BT Openreach.

Cabinet was advised that since December, 2014, progress with the pilot had continued, and that the first meeting with local communities in the trial area had taken place in March, 2015. Over 100 people had attended the meeting held in Granborough, and the feedback had been very positive. At the time the report had been written, over 100 people had registered an interest in receiving super fast broadband (up to 30 mbs), which was a significant level of interest, surpassing the number that many other companies looking to gauge interest, before they would consider investing in the delivery of superfast broadband. A website, "AV Broadband" had been established which contained the latest information about the progress of the project and on which local communities could register their interest.

The site survey work for the pilot area had also been commissioned and it was expected that the first tranche of customers would be able to access the network at the end of June.

When the original decision to proceed had been taken by the Council, it had been agreed that regular progress reports, via the Members' Information Sheet, should be provided for Members. It had also been decided that the results of the pilot scheme should be reported to the relevant Scrutiny Committee to enable an assessment to be made of the business case before proceeding with the continued roll-out. It was expected that the results of the pilot scheme would be evaluated in the early summer in order to confirm the next stages of activity and investment for the remaining funds allocated for the broadband investment. The business plan indicated that the proposed company would make an operating profit in year two.

In addition to the Articles of Association and Shareholder Agreement, a loan agreement would be entered into with the company to account for the initial investment made by AVDC. In the event that the shares in the company were realised, this loan arrangement would need to be repaid in full before the share value was calculated.

RESOLVED –

- (1) That the content of the report and the business case be noted.
- (2) That Council be recommended to agree to the establishment of a company to deliver superfast broadband across the Vale and that the Director with responsibility for the project, after consultation with the Leader of the Council, be authorised to take any necessary and appropriate action in connection with setting up the company structure and associated detailed arrangements

3. COMMERCIAL TRADING CONSULTANCY

AVDC was looking to consider new ways of increasing income, and reducing processes, bureaucracy and costs under the umbrella of the “New Business Model” (NBM). This was the Council’s way of addressing the financial challenges facing it over the coming years following the Government’s decision to reduce the level of grant to local authorities.

Part of the NBM programme was to consider what and how the Council could sell more services to the public, the public sector and the private sector in order to increase the Council’s income generating position. This represented a move away from the traditional tax and spend model of service provision to a mixed economy of statutory and traded and priced service offer to a wider range of customers and other businesses.

Local authorities had a power to engage in commercial activities. The Local Governmental Authorities (Goods and Services) Act, 1970 empowered local authorities to provide goods and services to other public bodies on whatever terms could be agreed. This had been extended by the Local Government Act, 2003 which had introduced specific provisions in relation to charging for services (to a broader market than simply public sector bodies), and the opportunity to trade commercially. The trading and charging provisions had been subsumed into the Localism Act, 2011.

This meant that:-

- Activity between AVDC and the public sector could be on any agreed terms.
- Activity between any other third party (the public or a private company) could only cost recover without some form of trading company structure.

In summary, the potential market of purchasers of services from which the Council could make some profit was limited to the public sector unless it could have some form of trading entity, or if that activity was exempted/enabled via statute.

The provision of consultancy services was not new to AVDC. For a number of years there had been selected and discrete pockets of provision of a variety of services principally to the public sector. With the adoption of the NBM approach there had been a re-invigoration of this work, leading to a number of attempts to sell professionally based services to third parties, again principally other local authorities.

Many of these were under the “BEST” (Built Environment Services Team) banner and included activities around trees, biodiversity, heritage, and sustainability services. The Council also provided payroll services to other public bodies.

To improve this position, a fully commercial model of delivery had been explored. In a majority of cases however, the services available from the Council were not competitive compared to the open market, due in the main to relatively high internal costs (employment costs in particular). Nevertheless, there were exemptions, especially where the Council had captured a unique service offer, where the Council’s competitive edge was strong due to its intellectual capital, such as sustainability services. This had therefore been explored in greater detail for the development of a commercially viable sustainability services proposition.

An initial examination of the sustainability and energy services that could be in demand was based on new Government legislation for large companies (over 250 staff or with a turnover of in excess of £39m) that mandated them to conduct an Energy Savings Opportunities Assessment (ESOS) by 5 December, 2015.

The market for energy management had recently rocketed following the announcement of ESOS being the UK's response to Article 8 of the European Commission's Energy Efficiency Directive (2012). This legislation required a mandatory audit of energy and transport to have been carried out, signed off by a board level director and submitted to the Energy Agency by 5 December, 2015. Penalties for not doing so included a £50,000 fine and on-going daily fines of £500 up to a maximum of £40,000, plus the reputational embarrassment of failing to meet their obligations.

The audit had to be carried out and/or overseen and a final report signed off by an ESOS lead assessor. These audits had to be run every 4 years. There were 11,000 large companies and organisations in the UK that fell into this requirement and around 120 lead assessors. One of these lead assessors was this Council's Sustainability Team.

The sustainability and energy business was driven by word of mouth recommendation and independent specialist advice. The Council was well placed as a trusted body providing impartial and credible advice with a long term view. This impartiality was critical as most other providers were tied in some way to specific suppliers. The Council was "solution neutral" and "technology agnostic".

The Council had led from the front with initiatives to reduce its carbon footprint by over a quarter since it commenced on this scheme in 2008, reducing its energy use and costs by hundreds of megawatts and hundreds of thousands of pounds. It was amongst the first councils in the country to install electric charging points, a CHP engine and absorption chiller, a ground source heat pump and a range of energy efficiency technologies and fleet initiatives across its estate.

There were 167 businesses in the County that would require ESOS certification. The financial model had been based on anticipating that the Council could secure a percentage of this market.

Market research suggested that most businesses (both small and large) were very wary about the claims of large suppliers. They were anxious to find independent and honest brokers with whom they could deal and from whom they could garner bespoke and relevant advice from specialists with no particular product to sell. They did not want the best product that a particular supplier had to offer that partially suited their needs when there were products on the market from alternative suppliers that exactly met their needs.

There were five business model options annotated in the Cabinet report A to C. They were:-

- A – to do nothing.
- B – Consultancy Board.
- C – Private sector focussed consultancy.
- D – Consultancy Board with private sector focussed consultancy
- E – Large scale consultancy.

Each of the options had been evaluated and it was suggested that based on the information available at the time of writing the report, option C would be the best fit for AVDC. This gave the ability to deliver either option C, D, or E at some point in the future.

The preferred option involved the development of a focussed consultancy trading arm initially to provide sustainability and energy services, where private for profit sales were key to delivery. The consultancy would be set up in such a way as to have the ability to be widened out for delivery of a wider range of other consultancy services over time.

As the initial proposal was to focus on delivery of a commercial consultancy to the sustainability sector only, it was proposed that a relatively light governance and management structure should be established. The Board existed to guide and monitor the company progression and to advise on strategy, as well as to satisfy the company regulations for the trading arm. It was envisaged that the Board would meet at most on a quarterly basis, but once up and running this could be twice a year.

The report showed in diagrammatic form how the trading arm would operate. In simple terms, AVDC would sell staff time at cost to the trading arm. The trading arm would use this time to develop the product of value to the third party and sell this at a profit. The cost of time used would be returned to AVDC (at cost), and the trading arm would retain the profit to either use to further the company's aims and objectives or return to the owners as divided. This was known as a reverse teckal arrangement.

The company would also have the ability to buy in skills from outside AVDC to deliver products or services to third parties at a commercial profit – an activity that AVDC could not do. Again the company would retain the profit after costs for this type of activity. As the company was not AVDC it was not governed by the public sector restrictions on procurement or terms and conditions of staff. As such it was freer to operate than AVDC alone.

The business model had the benefit of very light set up costs, with the majority of costs only occurring once commissions were in place. As such, it had a low financial risk attached to it. The business case, referred to in the confidential part of the agenda, provided a full analysis of the proposal. In summary, the business case required an initial investment of £10,000.

The Articles of Association and Shareholder Agreement were also submitted as part of the confidential part of the agenda. Initially the company would be solely owned by the Council, as a single shareholder being a limited company. The Board would comprise three individuals – one Member, one Director and one other. This was to ensure that decisions could be carried in accordance with the Articles of Association as a majority or unanimous, as the case may be.

A draft Shareholder Agreement would be drafted that specified the role of the Council as the shareholder and would contain a list of reserved matters that could only be carried out with the consent of Cabinet. It would be for the Council to agree the Board Members at any time. They would be non paid positions and the profits of the company would be surrendered to the Council as shareholder. The company might require VAT registration.

To summarise the benefits of the proposal would be as follows:-

- It provided the opportunity for the Council to own its first consultancy company.
- It enabled greater testing of the NBM principles with the commercial sector.
- It provided opportunities for the organisation and staff to develop a more commercially minded outlook.
- It increased the income to the Council from existing intellectual property held by its staff.
- The business model had the benefit of very light set up costs, with the majority of costs only occurring once commissions were in place. As such it had a low financial risk attached to it.
- It had limited and low risks which were outweighed by the potential positive gains set out in this Minute.
- It had significant predicted potential return in year one.

RESOLVED –

- (1) That the content of the report and the detail of the business case which contained the Articles of Association, be noted.
- (2) That Council be recommended to approve the establishment of a company to deliver consultancy services on a commercial basis, and that the Chief Executive, after consultation with the Leader of the Council, be authorised to take any necessary or appropriate action in connection with the setting up of the company structure and associated matters.

4. HIGH SPEED 2: CHILTERN LONG TUNNEL (CLT) PROPOSAL

The Government's proposed scheme for HS2 included a bored tunnel element through a part of the Chilterns Area of Outstanding Natural Beauty (AONB) from the M25 to Mantles Wood. From that point northwards the remaining 11 km in the AONB was predominantly proposed to be at surface level, with some further areas covered by green tunnels, viaducts, cuttings and embankments.

Chiltern District Council had been leading on the matter of the impact of the Government's scheme on the Chilterns AONB and had long argued that the design of the route throughout the whole of the AONB did not take into account this special national designation, and therefore failed to comply with key principles of the National Planning Policy Framework (NPPF), and in particular paragraphs 115 and 116.

Work had been commissioned by Chiltern District Council to examine the options for alternative solutions to have an extended tunnel throughout the Chilterns AONB. This work had been supported by Buckinghamshire County Council, and AVDC and Wycombe District Council, as well as by the Chilterns Conservation Board.

Peter Brett Associates (PBA) had produced a report supporting this proposal, attached as an Appendix to the Cabinet report. The main conclusion from the report was that a long tunnel for the whole of the Chilterns AONB was technically feasible and would better protect the landscape of the Chilterns AONB. The second conclusion was that it was a better alignment.

The key considerations by all parties involved in discussing this alternative option had been to ensure that the CLT proposal did not result in significant long term adverse impacts for other areas as a result, and this had been the key issue for AVDC during discussions about this proposal as it evolved.

The overriding benefit of this scheme was that more of the route would be in a tunnel compared to the Government's proposal and the tunnel route around Wendover would be realigned further to the west, moving it farther away from the communities in the built up area. This was clearly a positive improvement to the Government's scheme.

The key impacts for Aylesbury Vale of this alternative CLT proposal were that it would result in a tunnel portal emerging into the landscape, a large temporary construction compound would need to be accommodated, together with the associated temporary impact there could be as a result of increased traffic to deal with the construction phase of an extended tunnel as opposed to the Government proposed scheme. There was also the matter of the location of any fire fighting point that was required as well as an increase in the number of vent shafts required as a consequence of the proposed CLT to consider.

The northern portal where the train emerged from the proposed Chilterns Long Tunnel scheme would therefore be located in the Wendover area. The Peter Brett report detailed how this could be managed in terms of the impact on the visual amenity in this location and design treatments that could help to mitigate the impact in this sensitive location.

As the CLT scheme involved a bored tunnel, a construction compound would need to be temporarily accommodated in this area. It was suggested that a construction compound in the northern portal area would need to mirror the size of the compound at the southern end of the tunnel, close to the M25.

This was detailed in the section of the Peter Brett report that dealt with the tunnel impact. The Peter Brett report outlined what area this construction compound might take, which included an element of land adjacent to the existing railway line in the Stoke Mandeville area.

There was also the matter of how any tunnel arisings/spoil were dealt with and the options for these were set out in the report. There were a number of possibilities, including removal by rail or a possible spoil pipeline, to deal with chalk arisings for example as well as road and all of these would need to be properly investigated by the promoters.

The preference was for as much as possible of the arisings to be disposed of by rail or pipeline, as a key concern would be the additional impact that this could have on the local road network, as the construction period would be for a number of years.

The Peter Brett report also raised some questions relating the need for the maintenance loop, which the Government's scheme proposed should be at Stoke Mandeville, where it would destroy the whole of the old St Mary's Church ruins, graveyard and deserted village. The issue of maintenance loops required further consideration.

The technical specification for inter-operability on safety in railway tunnels required some form of safety measure if the tunnel extended beyond 20km between portals. The proposed CLT was almost 25km in length from the southern portal to the proposed northern portal of the CLT scheme and therefore some form of safety measure would be required.

The Peter Brett report had explored a number of options for this including improved fire fighting points (FFP), which could possibly be accommodated at Little Missenden or the Firecrest at Wendover Dean. It was this Council's preference had been for this to be at Little Missenden, which seemed to better meet the requirements.

The Leader of the Council and officers had met with Wendover and Stoke Mandeville Parish Councils to discuss the proposed CLT to understand their respective positions on the matter and to help inform the Council's perspective on the alternative being proposed.

The conclusion of these discussions and consideration of all matters referred to previously was that on balance and in the long term, the CLT offered a much better alternative to the Government's current proposed treatment in this part of the route and Cabinet felt that the Council should be recommended therefore to support the CLT proposal and that this should be presented to the Select Committee as an alternative that had this Council's support and should be accepted by the promoters.

If this proposed scheme was accepted, the promoters would need to prepare further detailed plans and proposals for how this scheme could be implemented and the impact, particularly of the northern construction portal could be mitigated and managed. AVDC would need to be actively involved in these discussions and detailed proposals, which themselves would be subject to formal consultation by the promoters.

More generally, the work on progressing the matters which the Council had raised in its submitted petition continued, and the Council was not expected to be presenting its points to the Select Committee until sometime in the Summer. It was hoped that the timetable for the Select Committee proceedings would be clearer after the General Election.

Whilst Cabinet recognised the benefits to the AONB of the Long Tunnel proposal, Members also recognised the dramatic impact of the extended route on local communities in Stoke Mandeville and to the west of Aylesbury, during the construction phase which would last for a considerable period of time. Cabinet was very strongly of the view that if the alternative tunnel proposal proceeded, it was essential for the protection of the local environment, that the necessary infrastructure was put in place for the removal of spoil by rail rather than placing an intolerable burden on the already overloaded road network, as part of the overall mitigation arrangements. With these factors in mind, Members felt that full Council should be invited to consider whether it wished to support the proposal and accordingly, it was,

RESOLVED –

- (1) That the content of the report and the detail of the proposed Chilterns Long Tunnel (referred to in the confidential part of the agenda) be noted.
- (2) That Council be invited to consider the merits of supporting the Chilterns Long Tunnel proposal and its presentation to the Select Committee as a form of mitigation agreed by this Authority.

5. FUTURE OF LEGAL SERVICES

In December, 2014, it had been agreed in principle to change the way in which legal services should be delivered to the Council. Cabinet received an update on the work undertaken since then.

The supply of appropriate and timely legal advice was fundamental to the smooth running of many of the Council's services. It was also a costly element of support services. This had led to the exploration of options for different delivery models, as with all services, under the New Business Model (NBM) work stream. Since 2012/13 the costs of the service had been reduced from around £742,000 to approximately £500,000, a reduction of almost a quarter of a million pounds.

There were currently 3.6 FTE in the legal service team (2.6 legal and 1 support team member), with additional support being brought in through locums and other external suppliers. The current arrangement was in place to enable the Council to be ready to change the delivery model easily, and also to trial services provided through third parties. One of the existing members of staff was leaving the Council shortly, leaving 1.6 FTE legal and 1 support staff member.

In December, 2014, a decision in principle had been taken to enable the Council to enter into a partnership model of delivery, subject to an acceptable business case being demonstrated by the partners.

During the development of the business case the level of legal support required by the Council had been assessed. This had included the demands on the service and the requirements of internal customers. A demand management approach had therefore been taken.

This assessment had shown that AVDC had a need for between 4 and 5 FTEs in order to satisfy the needs of the Council. This was equivalent to a further saving of between £150,000 to £200,000, bringing the cost of day to day legal provision to between £300,000 to £350,000 per annum. This was based on accepting, as currently, that the Council would need to bring in expert external advice to deal with unusual or complex issues.

As part of the option appraisal and business case work the following models of service delivery had been examined:-

- Own staffed service (Option A).
- Shared with another Council, through the Teckal or other route (Option B).

- Procured from a third party (be that a commercial provider of a company developed for the purpose) (Option C).
- Hybrid of retained and procured service (Option D).

The above options had been referred to in detail in the report to the December Cabinet meeting. At that time, a decision in principle to explore a business case for a shared model of delivery through a company had been taken. Since then work had taken place with partners to develop a business case that would be acceptable to all. The business case was based on a “teckal company” involving a shared legal service with Adur and Worthing, with support from IESE. This allowed a public authority in specified circumstances to procure direct from an external company in which it had control, similar to that which it exerted over its own departments. This novel approach to service delivery meant that the local authorities would remain owners of the company, would drive the business case and would be in complete control over its strategic direction, whilst benefitting from the pooling of resources, in order to remain economically efficient and resilient. The ethos was for a not for profit organisation and very much a public body.

The business case envisaged a company with around 10 employees, 2 of whom would be business focussed and the remainder different grades of legal staff (solicitors through to paralegals). For the company as a whole, supplying services to Adur and Worthing and AVDC, the business case had concluded an annual running cost of around £500,000 per annum, with a £250,000 one off set up cost. Unfortunately however, whilst acceptable to AVDC in principle, the business case had not been supported by the potential partner.

Nevertheless, from AVDC’s perspective, the business case could still be supported, although this would require the Council to find an alternative partner. This would take some time to achieve and therefore the Council would need to reconsider the options for the delivery of a legal service. The following represented a summary of the options:-

Option A: AVDC Staffed Service

The staffing level had been reduced to 2.6 FTEs, with the remaining posts being serviced by locums and third parties. Bearing in mind the budgetary challenges faced by the Council in future years, the consideration of a case for a unitary authority (requiring a range of different skills) and the time and cost of re-instating staff, it was not considered that this was a viable option.

Option B: Shared with another council (through “Teckal” or other route)

Whilst this option remained the preferred delivery model, bearing in mind the amount of time and effort to find a potential partner and re-run the business case with that partner, it was considered that the risk of failure again was perhaps too high. This was especially the case as the Council would still have to continue to provide services via an interim arrangement. Given the potential need for unitary services in the medium term, it was felt that this option was no longer viable at this point.

Option C: Procured from a third party

As the Council now had a robust knowledge of the demand for the Council's legal services and had a limited number of staff in post, this seemed an ideal option to explore further. This would fit with the overall New Business Model approach of examining different models of service delivery that were cost advantageous to the Council whilst retaining (and possibly bettering) the delivered service. This also accorded with the "in principle" decision taken in December, 2014, albeit that this option would involve a third party rather than a shared service. It would enable a considerably more flexible approach to service delivery, moving with the demands of the Council as it changed due to the resource flexibility of a third party.

When the unitary council aspirations were also taken into account, and the potentially different legal services this might produce, there were a number of positives attached to the exploration of this option further.

Option D: Hybrid

A combination of a staffed service and third party provider could be an alternative model of service delivery, particularly as the currently retained legal staff were all in one discrete area of legal services – planning – plus one support post. This would however make the procurement of the externalised element more complex, would mean that retained staff might well have no or very limited progression opportunities, would not be as resilient to service change demands and would be a more complex way of addressing a comprehensive legal service.

Based on the above analysis and the more detailed understanding of legal service demands, it was felt that a third party provider should be considered for the provision of legal services to the Council. This might cover the entire or part of the legal services required by the Council (i.e. options C and D above). However if the entire service approach was taken, then TUPE would apply to existing staff.

Members were advised that officers had been considering options for possible third parties and believed that they had found an existing local government focussed supplier who would be an appropriate provider. The Council had been using them for some time as part of the current arrangement and it was believed that their services could be procured through an inter-authority agreement, saving time and costs to put the arrangements in place.

In addition to the legal staff per se, there was a need to consider the role of the Monitoring Officer. The Monitoring Officer had a specific duty to ensure that the Council, its officers and Members maintained the highest standards of conduct. The main duties included:-

- To report on matters he/she believed were or were likely to be unlawful or amounted to maladministration.
- To be responsible for matters relating to the conduct of elected Members and officers.
- To be responsible for the operation of the Council's Constitution.

In order to ensure the separation of roles, the Monitoring Officer could not fulfil the duties of the Chief Financial Officer or the Head of the Paid Service.

It had been felt that (at least for the foreseeable future) the best solution was to maintain this role in house. The officer would also act as the commissioner of the third party service. Until further work had been undertaken it was unclear as to the level or nature (i.e. full or part time), this role needed to be set at. As such, the principle of a Monitoring Officer/Commissioner had been included in the approach suggested but the detail still needed to be confirmed as the market exploration proceeded.

RESOLVED –

- (1) That the current position in relation to the future of the legal service as set out in the Cabinet report, be noted.
- (2) That the approach outlined in the Cabinet report in relation to the future provision of legal services for the Council (Option C) be endorsed and that the Chief Executive, after consultation with the Leader of the Council, be authorised to agree the most acceptable arrangement.

6. VOTE OF THANKS

This was the last Cabinet meeting before the elections in May and the Leader took this opportunity to thank his Cabinet colleagues, particularly those who had indicated that they would not be seeking re-election, for all their support and work during the term of the current Council. These sentiments were reciprocated.

7. EXCLUSION OF THE PUBLIC FROM THE MEETING

In connection with items 2 and 3 above, Members received the following commercially sensitive information included in the confidential section of the agenda in accordance with Section 100(A)(4) of the Local Government Act, 1972:-

Company Formation for Aylesbury Vale Broadband: Financial information and business case (Paragraph 3)

Consultancy Trading Company: Financial details and business case (Paragraph 3)

The public interest in maintaining the exemptions outweighed the public interest in disclosing the information because the reports contained information relating to the business affairs of organisations (including the authority holding that information) and disclosure of commercially sensitive information would prejudice negotiations for contracts and land disposals/transactions.