

ASSETS AND INVESTMENT COMMITTEE



Date: Friday, 21 October 2016

Democratic and Members' Services
Quentin Baker
LGSS Director: Law and Governance

10:00hr

Shire Hall
Castle Hill
Cambridge
CB3 0AP

Room 128
Shire Hall, Castle Hill, Cambridge, CB3 0AP

AGENDA

Open to Public and Press

CONSTITUTIONAL MATTERS

1. **Apologies for absence and declarations of interest**
Guidance on declaring interests is available at
<http://tinyurl.com/ccc-dec-of-interests>
2. **Minutes and Action Log of the Assets and Investment Committee** **5 - 16**
held 16th September 2016

KEY DECISIONS

3. **Ely Archives Building** **17 - 44**

OTHER DECISIONS

4. **Value for Money for Education Capital projects** **45 - 54**

- | | | |
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| 5. | Review of Member Engagement Protocol | 55 - 62 |
| 6. | Service Committee Review of Draft Revenue Business Planning Proposals for 2017-18 to 2021-22 | 63 - 72 |
| 7. | Finance and Performance Report - August 2016 | 73 - 88 |
| 8. | Committee agenda plan | 89 - 92 |
| 9. | Exclusion of Press and Public | |

To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed information relating to any individual, and information relating to the financial or business affairs of any particular person (including the authority holding that information)

10. Programme Status report

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

The Assets and Investment Committee comprises the following members:

Councillor Roger Hickford (Chairman) Councillor Paul Bullen (Vice-Chairman)

Councillor Chris Boden Councillor Adrian Dent Councillor Lynda Harford Councillor David Jenkins and Councillor Paul Sales

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

Clerk Name: Dawn Cave

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ASSETS AND INVESTMENT COMMITTEE: MINUTES

Date: Friday 16th September 2016

Venue: Room 128, Shire Hall, Cambridge

Time: 10.00am – 12.35pm

Present: Councillors Boden, Dent, Divine (substituting for Cllr Bullen), Harford, Hickford (Chairman), Nethsingha (substituting for Cllr Jenkins) and Sales

Apologies: Councillors Bullen and Jenkins

The Committee agreed to reorder the agenda so that the item on Smart Energy was taken further down the agenda, before the Exclusion of Press and Public.

30. DECLARATIONS OF INTEREST

There were no declarations of interest.

31. MINUTES AND ACTION LOG OF THE ASSETS AND INVESTMENT COMMITTEE HELD 22ND JULY 2016

The Committee resolved to approve the minutes of the Assets and Investment Committee held 22nd July 2016, and note the Action Log.

It was noted that the glossary of terms, requested at the informal meeting on 16/08/16, was included in one of the later reports, and that the information on Right to Buy (Item 22) had been emailed to the Committee.

32. CLEANING RE-TENDER OF CONTRACT FOR CAMBRIDGESHIRE COUNTY OFFICES

A report was presented on the retendering of the cleaning contract for County offices. It was noted that the contract excluded schools, and that bidders were being strongly encouraged to offer two pricing models, for individual lots or jointly (in the event that the successful bidder was successful for both).

It was noted that three years plus one was the maximum length of contract under current legislation, and that the contract included a three month break clause. It was confirmed that the current cost was £1.1M per annum, with the

increase of 5.7% being due to the introduction of the National Living Wage, Auto Enrolment Pension and New Government Apprenticeship Levy.

Members noted that the current Corporate Capacity Review included a review of property functions, and that soft market testing was being undertaken to see if there was a viable alternative model. If that route was taken, the current property contracts would be integrated into that i.e. the contract could be novated to the incoming provider, or there could be negotiations with the existing provider so that the two things were coterminous.

A Member queried the terms and conditions of the workers i.e. whether they would be self employed, on a zero hours contract, etc, and suggested that this should be referred to in the tender document. Another Member commented that Multi Tier Supply Chain Management models were a notoriously expensive way of managing a contract, and the review looking at Outsourcing approaches sounded like an attractive alternative. It was confirmed that the responses from the soft marketing testing would be available by 23/09/16.

Although it was acknowledged that the timescales were tight, the Committee agreed to defer the decision on this item, pending the outcome of the soft market testing on the Outsourcing options. It was agreed that a revised report would be presented to the October meeting, giving both options i.e. Multi Tier Supply Chain Management and Outsourcing.

It was resolved to defer the item to the next meeting, so that Outsourcing review options can be collated, reviewed and considered.

33. COUNCIL'S APPROACH TO DEVELOPMENT FOR VALUE OF SURPLUS LAND ON ACADEMY SITES

The Committee considered a report on options for a policy approach to cases where Academies were considering using surplus land for development, where the Council still has a residual freehold land ownership interest in the sites. Currently, such instances were dealt with on a case by case basis, but it was agreed that it would be useful to have a policy in place. Four potential options were set out in the report, covering a range of options from default positions where there was either a presumption in favour or against consent being given when Academies seek to develop surplus land, and the use of any capital gains arising from such developments.

Cllr Reeve, who was unable to attend the meeting, had submitted written comments on this report, expressing a preference for option 2.4.4 (presumption against development) with particular reference to the Abbey

College site. Officers explained that they were not asking the Committee to make a decision about that particular application, but seeking to discuss the preferred policy and strategy position.

The Committee considered the four options presented. It was noted that Academies could identify surplus land, could make a planning application and gain planning permission, but consent was required from the Council, which effectively held a ransom over the opportunity for development. Usually negotiations took place, and agreement was reached on what percentage of the value generated that the Council would take, which was generally in the region of 25-50%. One of the issues was that in many cases, Academies were using this as a way to generate much needed funds, and there was pressure on the Council to release all the value to the Academy and not take a share itself. Members suggested that the default position should be favourable to the Council, with an option to negotiate in individual circumstances. It was also suggested that the policy should be reviewed every two years, to reflect and revise the policy if necessary.

In terms of setting the percentage, officers cautioned against setting the percentage too high, as this could disincentivise Academies from bringing good proposals forward, as they would not see such proposals as being worthwhile financially. However, there was the question as to whether development on school land should be encouraged at all, given the long term issues around planning school places and possibility of expansion schools in future – ultimately the onus for providing schools and school places was on the Council, not individual Academies, whilst it could be in Academies' interest to sell off land. A balance needed to be struck so that the Committee could ensure their assets were utilised efficiently and effectively.

It was clarified that “enhanced value” in this context related to either a percentage of the land value or a percentage of the enhancement in value realised. Because of the differences involved in valuing schools, officers suggested that it was probably preferable to have a straight percentage of the development value. It was clarified that when a school became an Academy, the Academy has a 125 year lease on the school and site whilst the Council remained the freeholder. If the Council refused to consent to permission on a site, there was no right to appeal, as the Council was the freeholder.

The following amendment was proposed by Councillor Nethsingha, and seconded by Councillor Dent, *“Presumption against consent unless the academy can demonstrate that the development is not required for educational provision in the future, and if consent is granted, a fixed rate of 50% of any development value or receipt be returned to the Council to be reinvested in wider council services across the County.”*

Following a vote, the amendment was carried unanimously.

It was resolved that:

the Council should adopt Option 2.4.4 as its policy when agreeing the disposal of land subject to leases granted pursuant to the Academies Act 2010, amended as follows:

“Presumption against consent unless the academy can demonstrate that the development is not required for educational provision in the future, and if consent is granted, a fixed rate of 50% of any development value or receipt be returned to the Council to be reinvested in wider council services across the County.”

34. SERVICE COMMITTEE REVIEW OF THE DRAFT 2017-18 CAPITAL PROGRAMME

Members considered an overview of the draft Business Plan Capital Programme, specifically the areas relating to the Assets & Investment Committee's remit.

Members noted that considerable work had been undertaken to forecast the likely investment and returns for investment in housing schemes in future years, but the work to refine these figures was ongoing.

A Member queried the significant sums in the *Variation* budget, which allows for slippage in the Capital Programme. She observed that there were also significant sums allocated to the *Local Plans – representations* budget heading. Officers advised that as discussed at previous meeting, the programme would always incur slippage, and this needed to be acknowledged by marrying revenue with borrowing cost. It was confirmed that slippage was not a saving but a deferral to future years. With regard to the Local Plans, this was seen as an investment in identifying sites that could feed into the housing programme. This budget had existed in previous years, but had been a function of the Strategic Assets team. Whilst that team would still be doing some of this work, there would be clear delineation between that team and the Housing Development Vehicle. Looking ahead, as programming became more refined, there would be further breakdown on the detail of those budget headings.

A Member queried *Borrowing (Repayable)* in para 4.2 of the report, defined in the footnote as “...nets off to zero over the life of each scheme and issued to

bridge timing gaps between delivery of a scheme and receiving other funding to pay for it". Officers explained that the cost implications of the programme were reflected in the revenue budget, and they were comfortable with the revenue parameters they had set – the bigger the capital programme, the more that needed to be borrowed, and the growth in this capital programme was the main way in which the Council's financial challenges were been tackled. It was acknowledged that future borrowing rates rising was a risk, but there was no indication that interest rates would increase for some time.

It was resolved to:

- a) note the overview and context provided for the 2017-18 Capital Programme for Assets and Investments Committee;
- b) comment on the draft proposals for Assets and Investments Committee's 2017-18 Capital Programme and endorse their development.

35. FINANCE AND PERFORMANCE REPORT – JULY 2016

Members received a report setting out financial and performance information relating to the areas within the Assets & Investment Committee's remit as at the end of July 2016.

The Committee was asked to approve £455,000 of additional funding in 2016/17 for building maintenance costs at Shire Hall and other County Council sites. This represented the roll forward of funding approved for 2015/16 that was not spent in year due to unavoidable delays in completing condition surveys, meaning that works earmarked for 2015/16 could not be completed. A Member asked how confident officers were that there would not be further slippage into 2017/18. Officers confirmed that they did have some reservations, and briefly outlined the background to this issue, agreeing to bring back a more detailed report to the next meeting. It was confirmed that the same figure was being carried forward, i.e. no inflationary uplift was factored in, but it was acknowledged that the ongoing issues were eroding purchasing power.

Approval was also sought for additional funding of £700K in 2016/17 for the Soham Eastern gateway Pratt Street Access Road Phase 1 works, which included reconfiguration of several features (notably parking), professional fees and the planning application. Members expressed surprise at the scale of the additional funding required, especially as the housing scheme did not yet have planning permission. Officers gave further detail on what was

involved, and whilst confirming that planning permission had not been given for the housing scheme, pointed out that that housing development at this site was included in the Local Plan. Members also asked whether the Council was doing anything other developers would not do e.g. incur this expense in advance of planning permission. Officers confirmed that the Council, was not using any Council powers other than those of a landowner to secure any statutory advantage. The Chairman asked officers to provide him with a breakdown of cost outside the meeting. **Action Required.**

With regard to Appendix 7 (Performance Scorecard), a Member asked for the Key Performance Indicators to be report to the November meeting to include a detailed report on Farm Income. **Action required.**

It was resolved to:

- a) review, note and comment upon the report;
- b) consider and approve the funding changes detailed in 2.5 to 2.7 of the report.

36. COMMITTEE AGENDA PLAN

The Committee noted the agenda plan.

The following items were confirmed for the October meeting:

- Cleaning Re-tender of contract for Cambridgeshire Council offices (Chris Malyon/Catherine Kimmet)
- Ely Archives Centre (Roger Moore/Christine May – Key Decision)
- Wisbech Castle update
- Value for Money for Education Capital Projects (information paper)

The Right to Buy information paper had already been circulated to Members as part of an action from the previous meeting, so there would be no report to the October meeting.

With regard to the Care Homes item scheduled for the December meeting, it was confirmed that this would need to go through the Adults Committee first, and it was acknowledged that the timeframe was challenging.

It was resolved to note the agenda plan, including the oral updates provided at the meeting.

37. SMART ENERGY GRID DEMONSTRATOR PROJECT, ST IVES PARK & RIDE OUTLINE BUSINESS CASE

Members considered a report on a proposal to build a 1MW smart energy grid on the County Council owned Park and Ride site at St Ives. Members noted the detail and background to the proposal. They also noted the significant challenges connecting into the local grid, the mechanisms that needed to be in place to directly buy and sell energy to local customers, and the benefits that could be shared with local businesses. Based on the Outline Business Case (OBC), the total project cost was £2.5M, and it was envisaged that 50% would be funded through European Development funding, 50% from the Council. Members noted that the OBC identified a payback period of 17.43 years, with overall revenue of £806K over 25 years, net of costs.

The Chairman reminded Members that if they wished to discuss the confidential appendix to the report, the meeting would need to move into private session.

In response to Member questions:

- it was confirmed that initially Trumpington Park & Ride site was the original site for the proposal 18 months ago, and work started on the European Regional Development Fund bid last December. The initial ERDF bid was unsuccessful, which was why the proposal had not been brought before Members previously. Significant additional work with the LEP, providers and stakeholders to strengthen the bid had taken place;
- officers outlined how the scheme had been time managed and the issues encountered;
- the expected cost of the scheme was identified as £2.5M from soft market testing but in the paper it was highlighted that supply chain uncertainties on costs could bring the costs of the scheme to £2.9M as a maximum. £2.9M was a maximum figure, but generally figures were coming in at below estimate. It was confirmed that if the actual figure was nearer £2.9M, experience suggested that additional ERDF could be applied for to cover the additional capital costs provided there was a good reason for the additional costs;
- outlined the timescales in terms of project evaluation and potential approval by the ERDF. If the proposal did not gain ERDF funding, other funding sources would be identified and applied for;

- explained that the estimates to date had been produced on the basis of site visits, performance modelling and a desktop exercise. Bouygues have undertaken this work to date at risk. The next step for the project is to develop the Investment Grade Proposal and Members have previously agreed a development budget of £100K from operational savings which will facilitate the next development stage.

Members discussed energy costs generally, and the wide range of unknowns looking forward e.g. how energy costs would change, the rate of technological change and uptake on electric vehicles, battery storage costs. Officers confirmed that the expectation was that market changes would be in the Council's favour on this project. The Chairman asked officers to find out how much battery costs had reduced over the last five years, and how much further it was anticipated they would fall. **Action required.** The value of the Demonstrator project both locally and nationally was also commented upon by some Members.

It was resolved unanimously to:

- a) approve the outline business case and
- b) delegate the final decision to enter into a contract for the construction of a smart energy grid at the St. Ives Park and Ride site to the Chief Finance Officer in consultation with the Chairman of Assets and Investment Committee, subject to the project meeting the minimum financial returns set out in this report in paragraph 2.5 or appendix C to the report.

38. EXCLUSION OF PRESS AND PUBLIC

It was resolved unanimously that the press and public be excluded from the meeting during the consideration of the following reports on the grounds that it is likely to involve the disclosure of exempt information under paragraph 3 of Schedule 12A of the Local Government Act 1972 as it refers to information relating to the financial or business affairs of any particular person (including the authority holding that information) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

39. PROGRAMME HIGHLIGHT REPORT

A number of papers were presented identifying progress and issues with sites, plus two papers requested by the Committee on (i) financial projections and (ii) the investment criteria used to evaluate projects.

It was resolved to note the report.

ASSETS & INVESTMENT COMMITTEE

Minutes-Action Log



Introduction:

This is the updated action log as at 13th **October 2016** and captures the actions arising from the most recent Assets & Investment Committee meeting and updates Members on the progress on compliance in delivering the necessary actions.

Minutes of 16th September 2016

Item No.	Item	Action to be taken by	Action	Comments	Completed
35.	Finance & Performance Report	R Moore/ J Macmillan	KPIs for November meeting to include a detailed report on Farm Income.	Will be included in November F&P report	
39.	Programme Highlight Report	C Malyon/ R Moore	Protocol for engaging with Local Members on early stage discussions/invitations to meetings on possible developments	On October agenda	Yes
37.	Smart Energy Grid Demonstrator Project, St Ives Park & Ride Outlines Business Case	S French	Find out how much electric vehicle battery costs had reduced over the last five years, and how much further it was anticipated they would fall.		

In addition, the following actions were identified in informal meetings between some Committee Members and officers, relating to actions and decisions made at Committee meetings:

Date of mtg	Action to be taken by	Action	Comments	Completed
09/06/16	C Malyon	CFO to make inquiries on the HDV staffing.	Recruitment Consultants selected and work underway	Yes

ELY ARCHIVES BUILDING

To: **Assets & Investments Committee**

Meeting Date: **21st October 2016**

From: **James Wheeler, Head of LGSS Property Services;
Christine May, Interim Director of Infrastructure
Management and Operations, ETE**

Electoral division(s): **All**

Forward Plan ref: **2016/035** *Key decision:* **Yes**

Purpose:

To inform Committee members of:

- **The options and updated costs to convert the former Strikes Bowling Alley in Ely to accommodate historical records and associated public access and to seek views from Members on the most appropriate option.**
- **The outcome of the debate and recommendations made by the Highways & Community Infrastructure Committee at their meeting on 11th October 2016.**

Recommendation: **It is recommended that the Assets & Investment Committee agree:**

1) with the following decision made by the Highways & Community Infrastructure Committee at their meeting on 11th October 2016:

- (a) Agree Option 3 should be progressed and recommended to Assets & Investment Committee; (majority)**
- (b) Request officers work with ECDC on parking issues (unanimous).**

2) and agree to:

- (a) either part fund the £860k additional funding based on option 3, using £300k of an Adult Learning reserve that is available to be written off. This would increase the total borrowing by £560k, which would cost the authority an additional £36k per year (over 25 years) in debt charges;**
- (b) or, increase the total borrowing by £860k, which would cost £53k per year (over 25 years) in debt charges.**

<i>Officer contact:</i>	
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Tel:	01223 714 696

1. BACKGROUND

- 1.1 At the 11th October meeting of the Highways and Community Infrastructure (H&CI) Committee, Members were advised of an increase in the costs to convert the former Strikes Bowling Alley in Ely for Council services, and asked to agree which option should be recommended to the Assets and Investments Committee. The report is attached at **Appendix A**, and a summary of the options is included in section 2.1 of this report.
- 1.2 At the meeting Members expressed their concern regarding the additional cost required in order to ensure that the building was compliant and operational. Nonetheless, it was felt by the majority that the Archives facility was an important asset of the County Council and that the new building should be completed properly. The Committee therefore agreed to the following:
 - (a) Agree Option 3 should be progressed and recommended to Assets & Investment Committee; (11:1 majority)
 - (b) Request officers to work with ECDC on parking issues (unanimous)
- 1.3 Members also asked that the funding and finance costs be clarified and recommended to the Assets & Investments Committee, and that further detail regarding the lease arrangements and construction programme are provided.

2. FINANCE COSTS

2.1 Construction cost increase

- 2.1.1 Following the MS2¹ design stage the project was tendered under the County Council's Design & Build Contract framework in May 2016. On the basis of the tender submitted, Atkins prepared an updated MS3 cost plan which showed that the project as specified would be £860k over budget.
- 2.1.2 A thorough internal lessons learned review has been undertaken to determine why the original cost is now not considered to be adequate. The detail of this is included in Appendix A. However, in summary the outline design stage was based on a lack of detailed information about the building, which resulted in an insufficient amount of money being placed within the budget to deal with risk. It was anticipated that a 5% contingency would cover the known risks at the time, however in practice this has not been the case.
- 2.1.3 In addition to the increase in building costs, the cost of the removal of equipment from the building is now also included in the total project cost. This is because under the transfer agreement, Strikes were entitled to leave any items in the property that they did not require. The decision to allow this to happen was taken in the context of securing terms with Strikes, which saw them remain in occupation whilst the Council pursued planning consent, saving the Council costs of holding the property, and managing the risk of not getting planning permission. It was also considered unreasonable to have asked Strikes to

¹ CCC Design and Build Framework use milestones (MS) to track the RIBA stages 1-7.

re-instate the building, knowing we would then remove the equipment out as part of our development anyway.

- 2.1.5 The construction project team (including Atkins, LGSS Programme Manager and Coulson Building Group (appointed under a letter of intent)) have undertaken a thorough process of value engineering. This was carried out having undertaken ground investigation and structural surveys including the testing of the existing foul drainage pump. Furthermore, a review of the mechanical and electrical design was undertaken.
- 2.1.4 If the Council were to build to the £4.2M budget based on the original design brief, including locating the plant room on the ground floor, Cambridgeshire Archives would not have a compliant PD5454 rated building, as the 1:100 year flood risk, the 4 hour fire rating, and adequate storage space, cannot be achieved for this budget. Neither would it be able to accommodate its current holdings or have any growth space, due to the move to the ground floor of the entirety of the plant room; Cottenham Store would have to be retained at a cost of £58k per annum. The National Archives (TNA) would not approve the building for archives accreditation and Cambridgeshire would be the first UK public archive to be condemned by the TNA in this way. In summary, following this review the following tables set out the alternative options:

Option 1: Redevelop the former bowling alley so that the minimum is done to achieve compliance with PD5454 for an archive store: cost £4.635M	
Cost Implications	<p>Accept the following value engineering savings:</p> <ul style="list-style-type: none"> • omit BREEAM² requirements -£80k • limited works to front entrance lobby - £32k • limited external works - £86k • alternative engineered design of the substructure and superstructure (that will deliver PD5454 compliance) -£160k • omit roof lights to search room and sprinkler system from registry room - £10k • limited works to public and office areas (potentially making them unusable at project end) - £57k <p>Total construction cost saving - £425k</p> <p>Overall increase in budget of £435k</p>
Advantages	PD5454 compliant building; TNA accreditation may however not

² BREEAM – Construction Industry sustainability assessment method. Omitting the PV panel's from the building will result in an additional annual running cost of £1k per annum.

	<p>be possible, depending on the scale of the negative impact to office and public areas.</p> <p>Reduction in overall cost overrun, with a more limited impact on the budget and appearance of the building.</p>
Disadvantages	<p>If the BREEAM requirements were omitted there would be potential long term implications in terms of increased running and operation costs of the building.</p> <p>The loss of the external works and internal entrance lobby would be detrimental to the impact and appearance of the building, and reduce its potential for any other uses such as venue hire, activities and events.</p>
Option 2 – Redevelop the former bowling alley so that the building is PD5454 compliant and fitted out to a suitable standard for public and staff: cost £4.820M	
Cost implications	<p>Accept the following value engineering savings:</p> <ul style="list-style-type: none"> omit BREEAM requirements -£80k alternative engineered design of the substructure and superstructure (that will deliver PD5454 compliance) -£160k <p>Overall increase in budget of £620k</p>
Advantages	<p>Current site is made PD5454 compliant with TNA accreditation; project concludes satisfactorily</p> <p>Positive impact on appearance of the building.</p>
Disadvantages	<p>Cost implications</p> <p>Potential for increased running costs of the building without BREEAM and PV panels etc; less attractive building and possible associated reputational risk</p>
Option 3 – Redevelop the former bowling alley so that the building is PD5454 compliant and also attractive, well fitted out and energy efficient, in line with the current projected cost of £5.060M	
Cost implications	<p>Total construction exceeds authorised budget by £860K</p> <p>A total budget of £5.060m</p>

Advantages	<p>TNA compliant building</p> <p>Positive impact on appearance of the building</p> <p>Strong reputation</p> <p>No long term implications for the running and operation cost of the building, as BREEAM requirements will not be omitted</p>
Disadvantages	<p>Cost implications</p>

2.2 Funding

2.2.1 Based on option 3 (£860k), the funding options available are as follows:

- (a) Part fund using £300k of an Adult Learning reserve that is not now required and is available to be written off. This would increase the total borrowing by £560k, which would cost the authority an additional £36k per year (over 25 years) in debt charges. Members of H&CI Committee were supportive of this option.
- (b) Increase the total borrowing by £860k, which would cost £53k per year (over 25 years) in debt charges.

2.2.2 The use of the car park for pay and display, for Ely station users, is currently being considered as a potential revenue stream that could contribute towards the cost of additional borrowing. Officers from the County Council and East Cambridgeshire District Council are reviewing options, which are subject to a review of the planning conditions and consent from the freehold owner, which is East Cambridgeshire District Council. It is not anticipated that this will be a problem as a joint venture is being proposed with them for delivery of the pay and display car park.

3. PROGRAMME

Subject to approval from A&I, the following dates provide an indicative programme for the delivery of the Archives facility:

- D&B Contractor Formally Appointed – November 2016
- Final detailed design (MS4 Sign Off by CCC) – May 2017
- Contracts with the Contractor agreed and signed (MS5 Sign Off by CCC) – June 2017
- Construction phase³ – July 2017 to May 2018
- Handover – May 2018

4. ALIGNMENT WITH CORPORATE PRIORITIES

4.1 Developing the local economy for the benefit of all

The principle of converting the former bowling alley building to archives accommodation for the county's Archive Service has already been agreed by Members of H&CI and GP

³ The construction phase is based on option 3.

Committees. The following bullet points set out details of implications identified by officers for earlier reports to Members:

- Archive services draw visitors from a wide distance; around 50% of visitors come from beyond the county and some from overseas, so convenient access by public transport and to a range of other services is important.
- Studies have shown that archive users make an important contribution to the economy of the local area (using restaurants and local accommodation) and this is even more likely in an area that is attractive to tourists.
- Use at Huntingdonshire Archives and Local Studies has increased significantly since the services were combined in fit for purpose new accommodation in 2009; the same can be expected in Ely.

4.2 Helping people live healthy and independent lives

The principle of converting the former bowling alley building to archives accommodation for the county's Archive Service has already been agreed by Members of H&CI and GP Committees. The following bullet points set out details of implications identified by officers for earlier reports to Members:

- Archives make an important contribution to achieving sustainable local communities. Archives help people to develop their personal identities and collective memories; they are used as tools to develop community identity, engagement and cohesion through a wider understanding of the history and values of others; they offer a way for citizens to "give back" to the wider community and to future generations of their own community, through the deposit of their own records and photographs, or through the cataloguing and indexing of other historical documents; and they act as a source of inspiration for new ideas and activities.
- Nationally some 99% of visitors agree that archives contribute to society by preserving written heritage and culture, and the same proportion strongly agree that archives strengthen family and community identity. [Source: National Council on Archives survey of visitors to British Archives 2006]

4.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource

The significant resource implications are contained within the body of the report.

5.2 Statutory, Legal and Risk

- 5.2.1 Local government archive services are subject to s.224 of the Local Government Act 1972 which states that principal authorities must make 'proper arrangements' for records in their ownership or custody. The nature of 'proper arrangements' was defined by Government guidance published in 2000, which describes proper arrangements for archives (historical records) as follows:

- Storage conditions should meet the requirements of BS 5454:2000.
- Provision should be made for the preservation needs of records and for active conservation work.
- Access arrangements for the public should be sufficient to 'satisfy normal demand'. Access should be constantly supervised by trained staff.
- All records open for inspection should be described in available finding aids which may be made accessible remotely by electronic means.
- Proper arrangements should include liaison with schools and other educational bodies 'so the educational potential of archives can be realised'.
- Staffing should be sufficient, in terms of numbers, qualifications and experience, to keep the records safe and make them available for public inspection.

5.2.2 The following points set out details of significant implications identified by officers:

- If the Council fails in its statutory duty, TNA can remove public records from the County Council's custody. 'Public records' in this context include records relating to hospitals, courts etc. TNA would charge the Council for the costs of removal, conservation and storage of these records, because the County Council would remain the body statutorily responsible for their preservation. The Council will still have a duty to provide appropriate accommodation for the rest of the records in its care.
- The removal by TNA of public records from Cambridgeshire Archives' custody would be a public declaration that the County Council is unfit to preserve archives. This removal would likely be followed by other major depositors withdrawing their collections as well, leading to the potential break-up of the archives service to the detriment of generations of researchers to come. Cambridgeshire would be the first UK public archive to break down in this way.

5.3 Equality and Diversity

There are no significant implications. The building will be fully DDA compliant.

5.4 Engagement and Communications

The fact that the new archives accommodation would be in Ely was made public in September 2014 and the identity of the specific building was announced publicly in March 2015. A Community Impact Assessment was carried out in May 2015, for an earlier iteration of the project which included a proposal to move the Cambridgeshire Collection from Cambridge Central Library and to house CFA teams in the archive centre building too. Archives officers have kept users up to date with progress, as much as they are able to, through the corporate website and through face to face time with individual users in the archive searchrooms. The Archives Manager has kept TNA briefed with progress (representatives from TNA visited the site and the building itself in May 2015). The service's main stakeholder groups are represented on the County Advisory Group for Archives and Local Studies, which meets infrequently, and the Archives Manager has reported on progress with the project, and discussed aspects of the design and layout, with this group.

The Archives Service has consulted regarding the changes to opening hours. No consultation on the wider principle of relocating to Ely was carried out. Details relating to the identification of the building and reasons for its selection are covered in section 2.1.2 of this report. H&CI Committee approved the principle of relocating the archive service to Ely on 23 September 2014.

5.5 Localism and Local Member

There are no significant implications. The planning application for Change of Use has been considered and endorsed by East Cambridgeshire Planning Committee Members.

5.6 Public Health

Archives contribute towards health through offering opportunities for individuals to contribute voluntarily towards important work in conservation, digitisation, cataloguing and indexing, thereby making individuals feel appreciated and valued. A National Council on Archives report into the value of volunteering in the archives sector found that the benefits for volunteers included: learning or improving new skills, including research, IT and practical skills; helping with a sense of belonging to a workplace; increasing the feeling of community identity; providing opportunities to socialise and meet new people; and improving confidence when looking for paid employment. (*Volunteering in Archives*, NCA 2009 <http://www.archives.org.uk/images/documents/volunteeringinarchivesfinal.pdf>) The work carried out by volunteers for Cambridgeshire Archives is of genuine benefit to the service, as their contribution enables records to be preserved, catalogued and digitised which otherwise would not be.

Community benefits are already summarised in section 3.2 above.

In addition, Cambridgeshire Archives also keeps historical records of some Cambridgeshire-based health organisations, in particular the archives of Fulbourn Hospital, Papworth Hospital and its predecessor the Papworth Tuberculosis Village Settlement. The archive of Papworth Village Settlement is regarded nationally as being significant for current medical research, and the archives service was awarded a grant some years ago from the Wellcome Trust to catalogue these records.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: David Parcell
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	Yes Name of Legal Officer: Lynne Owen
Are there any Equality and Diversity implications?	Yes Name of Officer: Tamar Oviatt-Ham
Have any engagement and communication implications been cleared	Yes Name of Officer: Ed Strangeways

by Communications?	
Are there any Localism and Local Member involvement issues?	Yes Name of Officer: <i>Paul Tadd</i>
Have any Public Health implications been cleared by Public Health	Yes Name of Officer: <i>Tess Campbell</i>

Source Documents	Location
HCI Committee Meeting minutes 6 October 2015	http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/AgendaItem.aspx?agendaItemID=12167
General Purposes Committee meeting minutes, 25 October 2015	http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/AgendaItem.aspx?agendaItemID=12222

ELY ARCHIVES BUILDING

To: **Highways & Community Infrastructure Committee**

Meeting Date: **11th October 2016**

From: **Christine May, Interim Director of Infrastructure Management & Operations and
James Wheeler, Head of Property Services, LGSS**

Electoral division(s): **All**

Forward Plan ref: **N/a** Key decision: **No**

Purpose: **To inform Committee members of the options and updated costs to convert the former Strikes Bowling Alley in Ely to accommodate historical records and associated public access and to seek views from Members on the most appropriate option.**

Recommendation: **The Committee is asked to agree which option should be progressed and be recommended to General Purpose Committee.**

Officer contacts:		
Name:	Christine May	James Wheeler
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Email:	Christine.may@cambridgeshire.gov.uk	James.wheeler@northamptonshire.gov.uk
Tel:	01223 703521	

1. BACKGROUND

- 1.1 Highways & Community Infrastructure (H&CI) Committee on 6th October 2015, followed by GPC on 20th October 2015, approved the acquisition (subject to town planning) of the former Strikes Bowling Alley in Ely for the development of the Cambridgeshire County Council Archive Centre. This followed a reduction in building scope, to a single storey building, and a revised budget of £4.2M (previously £6M). This decision was taken on the basis that an alternative new build option would cost in the region of £12M (with 50% of the construction costs anticipated to come from external funding sources for a larger building in partnership with others).
- 1.2 At the time of the report in October 2015, it was proposed by LGSS Property that the project management, design, and construction works were procured using the County Council's Consultants and Design and Build Contract frameworks. On this basis the feasibility construction budget was derived from an MS1 ¹ cost plan provided by Atkins, who were appointed as project managers and designers. The risks of construction were covered by a risk allowance of 5% plus VAT in the cost plan. This was to cover known risks relating to the building substructure requirements to predominantly meet PD5454 ², Building Control requirements and Flood Risk mitigation.
- 1.3 Planning permission for change of use of the building was granted on 10th December 2015, and the building was acquired on 13th April 2016. In parallel to the planning process further detailed design work was undertaken. Due to the technical nature of the project, and in order to allow for continuity in design and technical specification, it was agreed that Atkins would be novated as designers to the project. The view at the time was that it was better to bottom out technical design issues before bringing a contractor on board, which would be the norm under a Design & Build Contract framework approach.
- 1.4 Following the MS2 design stage, the project was tendered under the County Council's Design & Build Contract framework in May 2016. There was only one submitted tender from Coulsons Building Group.
- 1.5 On the basis of the tender submitted, Atkins prepared an updated MS3 cost plan which showed that the project as specified would be £860k over budget.

2. FINANCE COSTS

2.1 Construction cost increase

- 2.1.1 Whilst the project brief and specification from the Service had been clear from the start, as Atkins completed more detailed work and developed their understanding of the brief it meant that the MS3 cost plan came back significantly over the anticipated £4.2M reported at Committee. The increase in costs is attributable to the following:
 - Once the building brief changed to a single storey building, it became clear that the plant room would have to be located in an upstairs space, in order to allow enough space in the store to house the collections. The storage space is 1000 sqm and the

¹ CCC Design and Build Framework use milestones (MS) to track the RIBA stages 1-7.

² PD5454 - Guide for the storage and exhibition of archival materials, including a 25 year life.

current collections holdings are c.950 sqm. There are no other second floor requirements.

- Whilst it was understood that the building is on a flood zone and that PD5454 Archival standard requires flood risk mitigations; it was initially thought that this could be achieved with concrete lining of the walls. However, this has not proved to be a suitable solution and the floor of the store needs to be raised to mitigate against a 1:100 year flood risk. Alternative engineering solutions have been suggested to contain costs on this aspect of the build.
- Because the store floor had to be raised, an internal ramp and stairs are required to move from the store to the public / work areas of the building. This added an unforeseen cost and also reduced the overall store area.
- PD5454 requires a 4 hour fire rating. The MS1 report originally stated that this could be achieved within the archive storage areas by the use of comprise concrete blocks and cavity wall insulation. Following further design work it was realised that this proposed structure would need to be increased still further, including the concrete ceiling, which requires piled foundations to provide adequate support.
- Removal of equipment from the site. On taking possession of the building, the lease allowed for a large amount of equipment to be left within the building by the previous owner. It has meant that the disposal costs need to be included within the project budget.

2.1.2 The initial design solutions and cost plan at MS1 stage did not anticipate the extent of the required structural changes to meet the project brief or the removal of equipment, and the risk allowance was inadequate to cover these additional costs. A chronology of events since approval to acquire the building was given by GPC is included in **Appendix 1**.

2.1.3 An internal review and lessons learned exercise was carried out by LGSS Property, which identified that there was an underestimation of the work required to meet PD5454. In hindsight, given the technical considerations of a building of this kind it might have been preferable to use a more traditional route of procurement, or allow more time at MS1 stage, or for the project to move towards MS2 stage, to allow for further detailed surveys and design to inform budgets. It perhaps would have been prudent to wait for MS3 design stage before committing to the acquisition. However, the building was operational at the time and there was pressure to confirm the plan to re-locate the archives held in Shire Hall in order to meet The National Archives (TNA) deadline.

2.1.4 Members are reminded that the current storage conditions in Shire Hall basement are entirely unsuitable for the preservation of historical records and that with every year that passes the documents are subjected to further extremes of heat, cold and humidity that cause further deterioration and mould growth. Members are also reminded that there was a long standing and an extensive search spanning 25 years for alternative premises across the County, with the former Bowling Alley being the best fit to meet a minimal service specification. As a result there was subsequent pressure to get budgets finalised and agree heads of terms with Strikes in order to secure the building. On balance, given the lack of other suitable available premises available in the County, the fact that there is work underway to determine the future of Shire Hall, and that there will be a revenue off-set with

the disposal of Cottenham Store, the former bowling alley is still seen as the only opportunity for the Archive Centre to be created at a relatively reasonable cost.

- 2.1.5 In light of the cost increase, consideration has been given to the procurement route for the building works. An alternative would be to finalise the detailed design through Atkins and go to tender in the open market (via a restricted OJEU procurement route). However, this is not considered to be preferable as it would add delay to the project (minimum 2 months). The increase in time would therefore increase the overall cost (due to construction cost inflation), and would not guarantee a better price from the market. The present data from BCIS³ indicates negative inflation over the next periods, and forecasts costs to only be back to present day levels around midpoint of 2020. While this negative forecast is over the period that the current Ely Archive project programme covers, advice received suggests that this may represent an immediate reaction to the Brexit vote only; given that the project has not been market-tested, and taking into account recent feedback from the Cambridgeshire market, it would be sensible and cautious to allow for inflation costs based on BCIS forecasts before the referendum, which indicated an average increase of 1% every quarter-year that the project is delayed.
- 2.1.6 It is not recommended that the County Council continue its search for alternative premises as the former bowling alley is still considered value for money, compared with other archive facilities across the country. Furthermore, TNA have relaxed their deadline for re-locating the Archives on the basis that this project is moving forward. The building is now in the ownership of the County Council, so any alternative long term use implications would need to be considered. In conclusion, it was considered that a value engineering exercise was the best way forward to determine what could be delivered for the original budget of £4.2m, and what the cost implications would be for other possible options.

2.2 Value Engineering

- 2.2.1 The construction project team (including Atkins, LGSS Programme Manager and Coulson Building Group (appointed under a letter of intent)) have undertaken a thorough process of value engineering. This was carried out having undertaken ground investigation and structural surveys including the testing of the existing foul drainage pump. Furthermore, a review of the mechanical and electrical design was undertaken.
- 2.2.2 The project team have identified potential value engineering savings. These have been subsequently reviewed by the County Council Archives, Facilities Management and Energy teams to help determine the operational impact and the running costs of the building.

If the Council were to build to the £4.2M budget based on the original MS1 design brief, including locating the plant room on the ground floor, Cambridgeshire Archives would not have a compliant PD5454 rated building, as the 1:100 year flood risk and 4 hour fire rating cannot be achieved for this budget. Neither would it be able to accommodate its current holdings or have any growth space, due to the move to the ground floor of the entirety of the plant room; Cottenham Store would have to be retained at a cost of £58k per annum. The National Archives (TNA) would not approve the building for archives accreditation and Cambridgeshire would be the first UK public archive to be condemned by the TNA in this way. In summary, following this review the following tables set out the alternative options:

³ BCIS – Building Cost Information Service – Exchange of detailed cost information that is pooled and used as a cost data base for clients of the construction industry.

Option 1: Redevelop the former bowling alley so that the minimum is done to achieve compliance with PD5454 for an archive store: cost £4.635M	
Cost Implications	<p>Accept the following value engineering savings:</p> <ul style="list-style-type: none"> • omit BREEAM⁴ requirements -£80k • limited works to front entrance lobby - £32k • limited external works - £86k • alternative engineered design of the substructure and superstructure (that will deliver PD5454 compliance) -£160k • omit roof lights to search room and sprinkler system from registry room - £10k • limited works to public and office areas (potentially making them unusable at project end) - £57k <p>Total construction cost saving - £425k</p> <p>Overall increase in budget of £435k</p>
Advantages	<p>PD5454 compliant building; TNA accreditation may however not be possible, depending on the scale of the negative impact to office and public areas.</p> <p>Reduction in overall cost overrun, with a more limited impact on the budget and appearance of the building.</p>
Disadvantages	<p>If the BREEAM requirements were omitted there would be potential long term implications in terms of increased running and operation costs of the building.</p> <p>The loss of the external works and internal entrance lobby would be detrimental to the impact and appearance of the building, and reduce its potential for any other uses such as venue hire, activities and events.</p>

⁴ BREEAM – Construction Industry sustainability assessment method

Option 2 – Redevelop the former bowling alley so that the building is PD5454 compliant and fitted out to a suitable standard for public and staff: cost £4.820M	
Cost implications	<p>Accept the following value engineering savings:</p> <ul style="list-style-type: none"> • omit BREEAM requirements -£80k • alternative engineered design of the substructure and superstructure (that will deliver PD5454 compliance) -£160k <p>Overall increase in budget of £620k</p>
Advantages	<p>Current site is made PD5454 compliant with TNA accreditation; project concludes satisfactorily</p> <p>Positive impact on appearance of the building.</p>
Disadvantages	<p>Cost implications</p> <p>Potential for increased running costs of the building without BREEAM and PV panels etc; less attractive building and possible associated reputational risk</p>
Option 3 – Redevelop the former bowling alley so that the building is PD5454 compliant and also attractive, well fitted out and energy efficient, in line with the current projected cost of £5.060M	
Cost implications	<p>Total construction exceeds authorised budget by £860K</p> <p>A total budget of £5.060m</p>
Advantages	<p>TNA compliant building</p> <p>Positive impact on appearance of the building</p> <p>Strong reputation</p> <p>No long term implications for the running and operation cost of the building, as BREEAM requirements will not be omitted</p>
Disadvantages	<p>Cost implications</p>

2.3 Funding

2.3.1 If Members choose an option that incurs the need for additional funding then the options are as follows:

- ETE could part fund using £300k of an Adult Learning reserve that is not now required and is available to be written off.
- Increase the total borrowing by:
 - £435k (Option 1), which would cost the authority an additional £27k per year (over 25 years) in debt charges;
 - £620k (Option 2), which would cost the authority an additional £38k per year (over 25 years) in debt charges;
 - or £860k (Option 3), which would cost £53k per year (over 25 years) in debt charges.

2.3.2 There may also be opportunities for a revenue stream by utilising the car park for pay and display for Ely station users. We can value engineer out works to the car park at this stage whilst we work with partners (East Cambridgeshire District Council) to see what options are available for making this a cost neutral or potentially income generating asset for the centre.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

The principle of converting the former bowling alley building to archives accommodation for the county's Archive Service has already been agreed by Members of H&CI and GP Committees. The following bullet points set out details of implications identified by officers for earlier reports to Members:

- Archive services draw visitors from a wide distance; around 50% of visitors come from beyond the county and some from overseas, so convenient access by public transport and to a range of other services is important.
- Studies have shown that archive users make an important contribution to the economy of the local area (using restaurants and local accommodation) and this is even more likely in an area that is attractive to tourists.
- Use at Huntingdonshire Archives and Local Studies has increased significantly since the services were combined in fit for purpose new accommodation in 2009; the same can be expected in Ely.

3.2 Helping people live healthy and independent lives

The principle of converting the former bowling alley building to archives accommodation for the county's Archive Service has already been agreed by Members of H&CI and GP Committees. The following bullet points set out details of implications identified by officers for earlier reports to Members:

- Archives make an important contribution to achieving sustainable local communities. Archives help people to develop their personal identities and collective memories; they are used as tools to develop community identity, engagement and cohesion through a wider understanding of the history and values of others; they offer a way for citizens to "give back" to the wider community and to future generations of their own community, through the deposit of their own records and photographs, or

through the cataloguing and indexing of other historical documents; and they act as a source of inspiration for new ideas and activities.

- Nationally some 99% of visitors agree that archives contribute to society by preserving written heritage and culture, and the same proportion strongly agree that archives strengthen family and community identity. [Source: National Council on Archives survey of visitors to British Archives 2006]

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource

The significant resource implications are contained within the body of the report.

4.2 Statutory, Legal and Risk

4.2.1 Local government archive services are subject to s.224 of the Local Government Act 1972 which states that principal authorities must make 'proper arrangements' for records in their ownership or custody. The nature of 'proper arrangements' was defined by Government guidance published in 2000, which describes proper arrangements for archives (historical records) as follows:

- Storage conditions should meet the requirements of BS 5454:2000.
- Provision should be made for the preservation needs of records and for active conservation work.
- Access arrangements for the public should be sufficient to 'satisfy normal demand'. Access should be constantly supervised by trained staff.
- All records open for inspection should be described in available finding aids which may be made accessible remotely by electronic means.
- Proper arrangements should include liaison with schools and other educational bodies 'so the educational potential of archives can be realised'.
- Staffing should be sufficient, in terms of numbers, qualifications and experience, to keep the records safe and make them available for public inspection.

4.2.2 The following points set out details of significant implications identified by officers:

- If the Council fails in its statutory duty, TNA can remove public records from the County Council's custody. 'Public records' in this context include records relating to hospitals, courts etc. TNA would charge the Council for the costs of removal, conservation and storage of these records, because the County Council would remain the body statutorily responsible for their preservation. The Council will still have a duty to provide appropriate accommodation for the rest of the records in its care.
- The removal by TNA of public records from Cambridgeshire Archives' custody would be a public declaration that the County Council is unfit to preserve archives. This removal would likely be followed by other major depositors withdrawing their

collections as well, leading to the potential break-up of the archives service to the detriment of generations of researchers to come. Cambridgeshire would be the first UK public archive to break down in this way.

4.3 Equality and Diversity

There are no significant implications. The building will be fully DDA compliant.

4.4 Engagement and Communications

The fact that the new archives accommodation would be in Ely was made public in September 2014 and the identity of the specific building was announced publicly in March 2015. A Community Impact Assessment was carried out in May 2015, for an earlier iteration of the project which included a proposal to move the Cambridgeshire Collection from Cambridge Central Library and to house CFA teams in the archive centre building too. Archives officers have kept users up to date with progress, as much as they are able to, through the corporate website and through face to face time with individual users in the archive searchrooms. The Archives Manager has kept TNA briefed with progress (representatives from TNA visited the site and the building itself in May 2015). The service's main stakeholder groups are represented on the County Advisory Group for Archives and Local Studies, which meets infrequently, and the Archives Manager has reported on progress with the project, and discussed aspects of the design and layout, with this group.

The Archives Service has consulted regarding the changes to opening hours. No consultation on the wider principle of relocating to Ely was carried out. Details relating to the identification of the building and reasons for its selection are covered in section 2.1.2 of this report. H&CI Committee approved the principle of relocating the archive service to Ely on 23 September 2014.

4.5 Localism and Local Member

There are no significant implications. The planning application for Change of Use has been considered and endorsed by East Cambridgeshire Planning Committee Members.

4.6 Public Health

There are no significant implications for this priority.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Sarah Heywood
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	Yes Name of Legal Officer: Lynne Owen
Are there any Equality and Diversity implications?	Yes Name of Officer: Tamar Ham-Oviatt
Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Ed Strangeways
Are there any Localism and Local Member involvement issues?	Yes Name of Officer: Paul Tadd
Have any Public Health implications been cleared by Public Health	Yes Name of Officer: Tess Campbell

Source Documents	Location
HCI Committee Meeting minutes 6 October 2015	http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/AgendaItem.aspx?agendaItemID=12167
General Purposes Committee meeting minutes, 25 October 2015	http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/AgendaItem.aspx?agendaItemID=12222

Appendix 1 - Ely Archives Centre: Chronology of Events

No.	Event	By who	When	Notes
	First identification of the Strikes building	LGSS/Strategic Assets	February 2014	CHC Project Board commissioned an options appraisal from Strategic Assets to identify a new site for archives accommodation. Making Assets Count (MAC) partners were consulted to determine whether there are any opportunities for co-location but none was identified. The brief for Strategic Assets required premises that could be delivered quickly in order to comply with timescales imposed by TNA (the imposed deadline for commitment to a specific site was December 2014). These timescales (and the need to contain costs) ruled out new build. Strategic Assets identified a number of sites and the Strikes site was mentioned as a possibility, among others on the market at the time. At this stage the capital attributed to the project in the ETE capital scheme was £6 million
	Options report recommends Strikes	LGSS/Strategic Assets	April 2014	Strategic Assets' options report scored the Strikes building higher than the other properties identified. Approval for expenditure on a full feasibility study is granted, to assess whether the Strikes building could be converted to meet the archives accommodation summary specification drawn up by the Archives Manager.
	Feasibility Study	Arcus, John Onslow	August 2014	In July the contract for the feasibility study was awarded to Arcus, the lowest tenderer. The study was submitted in August and reported that it would cost £2.6 M to convert the building to an archives repository. The report estimated £4 million for the entire project (including property acquisition and other costs).

				IMO Service Director John Onslow requested officers to look at expanding the scope of the building, so that it could become a council services hub and thereby become greater value for money; services identified for possible inclusion included Archaeology, Registration and CFA staff from Noble House.
	Report to HCI and GPC committee	Christine May	23 September and 7 October 2014	<p>H&CI Committee approved a recommendation to relocate the Archives Service to the Strikes building, subject to GPC. Strategic Assets' recommendation of the Strikes building was agreed, but the budget was now set at a maximum of £4M as identified in the Arcus report. GPC authorised the Director of Finance to acquire the Strikes Bowling Alley for an archives centre, subject to a satisfactory structural survey and to planning permission being granted. Atkins are appointed to carry out the structural survey.</p> <p>TNA lifted the deadline in December 2014 on condition that the Ely project continued to be progressed.</p>
	Structural survey	Atkins	January 2015	The structural survey identified that the existing ground floor slab would require reinforcement in order to take the loadings imposed by a second floor of archives storage. It was not possible to predict the actual cost of this work, however, until CCC had possession of the premises. A cost of £100-120K was suggested but there could be other unknown costs. John Onslow confirmed that this should not hold up the project, which was now expected to be about £4.2 M. Atkins were instructed to move to the design stage.

				The summer of 2015 saw meetings between Atkins and officers to create an outline design for a two-storey council services hub building.
	Result of initial design work	Atkins	August 2015	Following design work, Atkins reported that the project would cost £6.2 M rather than Arcus's £4 M.
	Report to HCI and GPC committee	Christine May	1 September 2015, 6 th October 2015 and 20 th October 2015	<p>A report went to HCI Committee on 1 September 2015 identifying the increase in estimated cost and explaining that this was due to the revised scope of the building, to become a hub for other Council services. Committee was asked to agree the expansion of the scheme so that it could then be referred to GPC for approval. Members expressed concern over the increase and instructed officers to submit a report addressing concerns on the costings and justification for increase, for an additional H&CI Committee meeting on 6 October.</p> <p>A report went to H&CI Committee on 6th October 2015 which outlined three Options, Option A (continue the scheme but for Archives only), Option B (continue scheme and include Ely Registration Office) and Option C (continue scheme and include both Ely Registration Office and CFA staff offices). All three Options were costed. H&CI recommended that Option A, costed at £4.2 M, should be put to GPC for approval.</p> <p>A report went to GPC Committee on 20th October 2015 requesting an increase in budget from £4 M to £4.2 M in order to pursue Option A. GPC agreed this increase and agreed that the project should be progressed through planning and acquisition to completion. The budget was derived from the MS1 cost plan provided by Atkins</p>

				(option 4). The risks were covered by a 5% plus VAT risk allowance in the cost plan. This was to cover known risks relating to the building substructure requirements to meet PD5454, potential Building Control requirements and potential Flood Risk mitigation. At the time it was not considered necessary to cover this level of detail in the reports that went to HCI and GPC committee.
	Planning prepared and submitted	Atkins	Nov 2015	
	Planning permission obtained for building change of use		10 th December 2016	
	Strategy for procurement and delivery agreed and Atkins novated as lead designer up to MS3 stage	LGSS/Property	February 2016	Due to the technical nature of the project, and in order to allow for continuity in design and technical spec, it was agreed that Atkins would be novated as designers to the project. The view at the time was that it was better to bottom out technical design issues before bringing a contractor on board. If at this point value engineering was required, then a contractor could be appointed to add further value to the design process.
	CCC acquire Strikes Bowling Alley	LGSS/Strategic Estates	March 2016 and took possession on 13 th April 2016	The building was acquired and CCC took possession.
	Flood risk mitigation confirmed following receipt of survey		April/May 2016	Following receipt of technical advice and CCC possession of the building, Atkins confirmed the extent of the flood mitigation works required and substructure requirements.

	Property Core Team Meeting start	Core Team	May 2016	<p>The following was confirmed at the first Core Team meeting on 16th May:</p> <ul style="list-style-type: none"> • Design had progressed and that a concrete structure within the building was required in order to meet the 4 hour four rating requirements. • Floors would need to be raised in order to meet advice provided by the Flood Risk Assessor. • A sprinkler approach would be suitable for all records (It was later confirmed that sprinklers were not acceptable for the Registration service and that Registration records required either gas fire suppression or nothing.) • In order to progress the design and help with likely VE, it would be necessary to have a contractor on board.
	Engagement with East Cambs District Council takes place	LGSS Property & client/end user	June 2016	To agree the position in relation to the footpath at the rear and the treatment of boundaries
	Building contractor mini tender return	Coulson. F&G	June 2016	<p>Only one tender from Coulson Building Contractors returned. Based on revised design and the Framework rates submitted the cost plan increased by £860k (not including the requirement for gas suppression). The Coulson tender was priced on their framework rates and not against the design, and was considered to be value for money by Atkins. Atkins highlighted that VE could be identified by Coulson but only once the contract had formally been awarded. CCC officers however could not sign the contract because the estimate was higher than the budget authorised by Committee.</p>

	Property Core Team Meeting	Core Team	June 2016	<p>The following was confirmed at the Core Team meeting on 20th June:</p> <ul style="list-style-type: none"> • One of the biggest contributions to the increase in budget is due to the superstructure and substructure elements. • At MS1 the design team progressed the design on the basis that the existing building had been designed to comply with the level of flood risk. The changes resulting from the advice received had an impact on cost. • There was limited scope within the building for VE. • It was agreed that Atkins would approach Coulson to see if they had further ideas regarding VE.
	Meeting with IMO Service Director and Acting Head of Libraries and Archives	LGSS Construction Programme Manager	29 th June 2016	<p>LGSS Programme Manager and Atkins Project Manager set out the reasons why there has been an increase in costs since MS1 stage. Christine May and Jill Terrell later confirmed in an email that they were happy to authorise the following in order to provide more information on which to conduct value engineering:</p> <ul style="list-style-type: none"> • Survey to determine steelwork sizes • Survey to determine the fixing of cladding panels • Survey to determine the build-up of the existing ground floor slab • Condition survey of the existing rising main and pumping station • Bore hole survey • Coulson site attendance cost • Coulson costs should they not be appointed post MS3 report.

	Report to Spokes on LGSS Internal investigation of this project – 2 nd August 2016	LGSS Construction Programme Manager	August 2016	<p>LGSS Programme Manager drafted a report for H&CI Spokes on the history of LGSS Property's engagement with the archive centre project and on lessons learned. (This report was delivered by James Wheeler.) The key lessons identified that the following were needed:</p> <ul style="list-style-type: none"> • Appropriate timescales to allow for management of construction risk and to allow for risk associated with the condition of the building to be realised. • Improved risk management, communication and escalation protocol, including aligning of all risks for one master risk register for the project. • Improved governance arrangements and clarity around who is leading on key aspects and workstreams within the project. • Involve all key parties (Service Client/End User, Property Services and Estates) at outset to assess whether buildings have the capability of meeting service user's requirements.
	Property Core Team Meeting		23 August 2016	<p>Coulson had agreed to assist Atkins with VE option work although no contract for construction had been signed. This work reported on 23 August. A full range of options had been considered, including those which were unacceptable to the client/end user as they would have resulted in an archives repository which would not meet TNA approval. It was confirmed that the ground investigation survey was complete and that the final</p>

				<p>report was likely to confirm the strength of the ground slab, thereby allowing some cost savings in the structure; that the survey of the existing steelwork was complete and results were satisfactory; that Coulsons were awaiting access gates to be installed prior to pumping out the foul pumping station and undertaking the required survey.</p> <p>It was confirmed that a report would be submitted to H&CI Committee for 11 October which would outline the new estimated costs, why the costs had risen, the potential for VE work to reduce costs, and to request a decision on the way forward.</p>
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VALUE FOR MONEY FOR EDUCATION CAPITAL PROJECTS

To: **Assets & Investments Committee**

Meeting Date: **21st October 2016**

From: **Chris Malyon, Deputy Chief Executive**

Electoral division(s): **All**

Forward Plan ref: **N/A** *Key decision:* **No**

Purpose: **To inform Committee Members of the work undertaken by the Children Families and Adults and Property Services teams to make improvements to the delivery arrangements of the Education Capital Programme.**

Recommendation: **Committee Members as asked to note the contents of the report.**

<i>Officer contact:</i>	
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1. BACKGROUND

- 1.1 The purpose of the Capital Programme Board (CPB) is to scrutinise the development and delivery of the Council's Capital Programme, with a review to ensuring the following outcomes are delivered:
- Improved estimates for cost and time of capital projects;
 - Improved project and programme management and governance;
 - Improved post project evaluation; and
 - Improved prioritisation process across the programme as a whole.
- 2.1 The attached paper in Appendix A focuses on the capital programme managed by Children Families and Adults (CFA). This is currently the largest capital programme managed by the Council. Responsibility for the programme and the client service function rests with the 0-19 Place Planning and Organisation Service. Property Services (previously LGSS Property Services) manage the construction programme, using the design and Build Contract Framework.
- 2.2 The paper provides a summary of the work undertaken to help achieve the CPB outcomes, and sets out the remaining issues and challenges and further action to address these.

2. MAIN ISSUES

- 2.1 The main areas for consideration within the attached paper are as follows:
- 2.1.1. setting benchmark building rates,
 - 2.1.2. improved governance arrangements relating to Employer's contingency,
 - 2.1.3. reducing build area and improving specifications,
 - 2.1.4. the challenges faced by the Town Planning system,
 - 2.1.5. a review of CCC policy on Fire Insurance costs;
 - 2.1.6. batching of projects;
 - 2.1.7. working with other development partners to reduce cost; and,
 - 2.1.8. reduction of fees associated with construction projects.
- 2.2 Within the report officers have identified recommendations against each of the areas highlighted above. Recommendations relating to items 2.1.1. and 2.1.2. are being follow up by officers, and new management processes and governance arrangements are expected to be in place by the end of the year.
- 2.3 Recommendations relating to items 2.1.4 – 2.1.7. are considered to be beyond the remit of the Property service and CFA client teams. Further consideration of these items will be made at future CPB meetings.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource

There are no significant implications for this priority.

4.2 Statutory, Legal and Risk

There are no significant implications for this priority.

4.3 Equality and Diversity

There are no significant implications for this priority.

4.4 Engagement and Communications

There are no significant implications for this priority.

4.5 Localism and Local Member

There are no significant implications for this priority.

4.6 Public Health

There are no significant implications for this priority.

Source Documents	Location
CYP Capital Programme	Attached at Appendix A

Children & Young People's Capital – Value for Money Review Update

To: Capital Programme Board

From: Rachael Greenlees, Construction Programme Manager

Hazel Belchamber, Head of Service 0-19 Place Planning & Organisation

Date: 14 September 2016

1.0 Executive Summary

CCC Capital Programme Board (CPB) is seeking to make improvements to the governance of its Capital Programme. The paper below identifies area for discussion including:

1. setting benchmark building rates,
2. improved governance arrangements relating to Employer's contingency,
3. reducing build area and improving specifications,
4. the challenges faced by the Town Planning system,
5. a review of CCC policy on Fire Insurance costs;
6. batching of projects;
7. working with other development partners to reduce cost; and,
8. reduction of fees associated with construction projects.

The CPB are asked to note the work undertaken to date and comment on the identified recommendations, particularly items 4 -7, which are beyond the remit of LGSS Property and the client service teams.

2.0 Background

The Capital Programme Board (CPB) is seeking to make improvements to the governance of the Council's Capital Programme to achieve the following outcomes:

- Improved estimates for cost and time of capital projects;
- Improved project and programme management and governance;
- Improved post project evaluation;
- Improved prioritisation process;
- Consistency of approach across the programme as a whole

This paper focuses on the capital programme managed by Children, Families and Adults (CFA). This is currently the largest capital programme managed by the Council. Responsibility for the programme and the client service function rests with the 0-19 Place Planning and Organisation Service. LGSS are commissioned to manage the construction programme, using a Design & Build (D&B) Framework. However, with the recent proposals to de-merge property from LGSS, this service management is likely to come from within CCC.

A discussion paper was provided to CPB in May 2016. It was agreed that follow up discussions should be held and an updated report presented to a future meeting of the Board. This paper provides the update on the work undertaken to date to help achieve the CPB outcomes, and sets out the remaining issues and challenges and further action to address these.

3.0 Identified areas for discussion by the Capital Programme Board

a) Benchmark build rates

In the May 2016 discussion paper benchmarking construction costs were highlighted as an area for further exploration. It was acknowledged that it would be sensible to agree a target benchmark rate for the D&B Framework to operate against, and that this needed to be comparable and on a like for like basis on all projects and with other Local Authorities. Following a review with the 0-19 Place Planning Team agreement has been reached on adopting a target benchmark £/m2 unit rate based on the National School Delivery Cost Benchmarking Report 2016 (NSDCBR).

A total of 63 Local Authorities contributed to the recent NSDCBR. The benchmark data and rates it contains therein are felt to be more current and specific for Education projects, rather than those offered by the Building Cost Information Service (BCIS). The data that underline the rates within the latter are historically skewed with a higher sample size for older projects that have been only updated for time and not changes in legislation and standards. This would give lower unrealistic nett construction rates for benchmarking comparison purposes.

For benchmarking purposes with our own CCC project cost data, the NSDCBR data have been updated for tender price inflation and location factor for Cambridgeshire from the quarterly published BCIS indices. Substructure costs have been normalised for Cambridgeshire projects to aid a direct comparison. A copy of the NSDCBR benchmark rates and CCC projects is attached at the end of this paper. The benchmark data could be updated on a quarterly basis, in line with published indices. In summary, the nett construction rates for CCC projects are favourable when compared to whole sample averages for each type of work.

The next step will be to consider setting targets for the new D&B Framework in 2017. This needs to take account of the balance to be struck between the need to manage, measure and be able to challenge performance and putting the market off tendering for the new Framework.

Follow up actions agreed:

To update the benchmarking analysis on a quarterly basis and to include this within the relevant monthly Project Status Report.

b) Contingencies

As explained in the previous paper, the majority of projects delivered through the D&B Framework have done so with minimal use of the Employers' change contingency, which is typically 3-7% of the contract sum. The more substantial issue regarding cost overrun, and use of the capital programme relate to developer negotiations, or more to the point, developers reneging on their obligations. In recent years this has resulted in large-scale spending on the provision of infrastructure to support new schools (Isle of Ely Primary School), and the re-design of proposals as a result of poor site information from developers (Godmanchester Bridge Academy).

Recommendation:

At present the Employers' contingency is managed by the Consultant Project Manager on a project-by-project basis, and held by CFA, the service client. In order to overcome the potential for the contingency to be seen as available to spend irrespective of whether there is a true contingency need, and to make sure that the risks associated with developer negotiations are covered, it is recommended that the Employers' contingency is held in a central pot managed by the service client.

Follow up actions required:

The mechanisms for monitoring and tracking changes will need to be put in place. We will need to look at what is practical given the internal resource made available, and to where/whom monitoring is reported to.

c) Reducing build area and improving specifications

Given the growth model, potential site constraints and planning issues associated with expanding schools in Cambridgeshire, it is difficult to determine where a proactive reduction in building area can take place. Furthermore, in the context of expanding existing schools/academies the process of engagement and negotiation is very complex. It is necessary to ensure that schools are able to operate, but in the context of a design that is value for money. Therefore in reality, reducing area may not be practical and would go against the principle of planning for the future.

CFA recently hosted a visit from the National Audit Office (NAO) to inform a report they will be producing on local authorities' use of the basic need funding they receive from government. The visit included site tours of two schools, the Hardwick second campus at Cambourne and Swavesey Village College. The latter was a joint project with the academy with contributory funding being secured from the Education Funding Agency. The comments and feedback received by the NAO officers on the day was very positive. The report's findings and recommendations will be shared widely once available.

In order to reduce the overall cost of construction it is necessary for the schools/academies and design teams to be briefed appropriately and managed in such a way to ensure they do not over design or engineer a solution that goes beyond the requirements of delivering schemes to the government's Building Bulletin Guidelines (BB103) or the curriculum.

It is proposed, therefore, that the service client prepare a more detailed brief which sets out the expectations of the D&B team from the outset, including all required area schedule, for all new commissions at the very outset of the project. This will include instructions to:

- Resist extending existing buildings and build stand-alone new build blocks as an alternative.
- Resist rectification of existing issues with the schools e.g. poor circulation, deficiencies in staff and admin accommodation, unless it poses a health and safety risk.

Follow up action agreed:

To undertake a review of the Council's Technical Advisory Notes (TANs) to assess where costs savings could be made without compromising quality, life cycle cost and safety. Before the new D&B Framework comes into operation, these will need to be systematically overhauled and reviewed on a cyclical basis.

To allow D&B contractors more scope to identify their own solutions to achieve efficiencies and secure value for money at the MS1 stage of the process.

Follow up actions required:

The mechanisms for monitoring and tracking potential improvements in this area will need to be put in place. We will need to look at what is practical given the internal resource made available, and to where/whom monitoring is reported to.

d) Other areas for consideration:

The following areas are beyond the remit of LGSS Property and the client service teams. The recommendations provided are subject to collaboration with other corporate teams across the County Council. A steer from the CPB would be helpful as to how to tackle these corporate challenges in order to reduce capital expenditure.

i) Town Planning

Public Art - For projects within the Cambridge City Council area there is a requirement for 1% of total project cost contribution towards public art. There is a strong argument that this contribution should be waived as recent central Government guidance is that public art is not an essential requirement for an application to be acceptable.

Recommendation:

It is recommended that this is raised as an issue with Economy, Transport and Environment Teams.

Design Quality Panel (DQP) - CCC could take a more strategic approach to Planning and the Design Quality Panel to ensure that project programmes and cost savings are achieved through improved communication and understanding between parties. To date officers have developed good working relationships with the DQP, but further early engagement is required to ensure that last minute changes to design do not have an overall impact on cost and programme.

Sustainability – The Council's established policy is to achieve BREEAM Very Good with an aspiration to achieve Excellent. However, emerging South Cambridgeshire and Cambridge City District Council Planning Policy is to achieve excellent. This could have the potential of adding between 5%-10% on the Capital Programme.

Recommendation:

It is recommended that early engagement with the Economy, Transport and Environment Teams is established to limit the impact on capital costs.

Renewable Energy - Currently through planning policy we are required to achieve 10% plus renewable energy. On recent schemes considered at Development Control Committee members have sought to increase the obligation on the applicant to achieve a higher percentage of renewable energy sources up to 100%. If this is to be an emerging policy then there will be a significant increase in cost to projects.

Recommendation:

It is recommended that this is raised as an issue with Economy, Transport and Environment Teams before any policy decisions are made.

SUDS – Through CCC E&T / Planning Process emerging policy is requiring a higher specification for surface water attenuation. Traditionally school projects have addressed this in the most economical way, in particular attenuation crates under playgrounds. Pressure from planners and the SUDS team is resulting in conditions being imposed to provide other, more expensive, means of attenuation such as green roofs, swales, which all impact on the project budget and reduce available site area for the school build.

Recommendation:

It is recommended that this is raised as an issue with Economy, Transport and Environment Teams.

Covered Cycle Shelters – On all school projects we seek to provide mixed cycle and scooter storage provision covered and uncovered in accordance with national and local guidelines. However, at Planning Committee on recent applications the Committee have sought, by condition, to have all provision covered and the numbers of spaces provided to exceed current planning policy. The main implication of this approach is a budget overspend at a late milestone stage.

Recommendation:

It is recommended that this is raised as an issue to the Economy, Transport and Environment Teams, and the other District planning authorities.

Development Control Officers (District Council) - We carry out pre-application planning discussions with CCC and the main consultees prior to an application being formally submitted. We have, over the past two years, experienced a number of issues where staff changes in the planning teams in Cambridgeshire and the Districts have resulted in having to revisit and redesign large elements of projects that have been submitted for formal planning, because new Case Officers have been assigned and have expressed a different view to the design resulting in the design team having to invest further in what was previously an agreed design.

Recommendation:

It is recommended that this is raised as an issue with the Economy, Transport and Environment Teams, and the District planning authorities.

- ii) Fire Insurance Costs** – The current Council policy is to deliver all new schools with sprinkler detection. We are aware that other authorities / academies do not meet this specification.

Recommendation:

It is recommended that this policy is reviewed and discussed further with CCC Insurance and Fire and Rescue Service teams. For example, in order to reduce capital cost options include putting sprinklers in circulation areas and corridors to aid safe evacuation of the building.

- iii) Batching of projects** - Work is required to identify the real benefits of developing batched programmes of work as this could result in greater economies of scale for contractors.

However, it is acknowledged that this is difficult to achieve from a school place planning perspective.

- iv) CFA 0-19 Place Planning Service to work with developers and the Regional Schools Commissioner to identify sites where Free Schools can be delivered through the LGSS Framework** - There are examples in other areas of the Country where Developers, Academies, the EFA and Local Authorities work in partnership to deliver Free Schools. This type of arrangement has the potential to share the total capital cost of delivering new education provision and is already being considered in some areas of the Education capital programme. Officers have already held one meeting with the EFA to explore this option and have a follow-up discussion planned with regard to the free school application to establish a secondary school in Alconbury Weald.
- v) Fees and staff costs** - To support the D&B procurement route, project management/employers' agent fees are incurred. In addition there is a 1% fee charged for the LGSS service provision across the programme. The re-procurement of the consultants' framework should provide a more competitive environment for this service, and less ambiguity regarding roles and responsibilities and their corresponding charges.

In terms of internal recruitment the Council is competing for Construction Project Managers alongside the University and other developers, particularly south of the County. Generally speaking the salary being offered is not competitive, making recruitment very challenging. Furthermore, the CCR2 process means that there is a recruitment freeze resulting in the need to fill vacancies by agency staff, which is not useful from the point of cost (agency staff are paid significantly higher rates than their full time perm equivalent) and continuity of project delivery.

The CPB are asked to note the work undertaken to date and comment on the identified recommendations and follow up actions.

REVIEW OF THE MEMBER ENGAGEMENT PROTOCOL

To: **Assets & Investments Committee**

Meeting Date: **21st October 2016**

From: **Head of Strategic Assets**

Electoral division(s): **All**

Forward Plan ref: **n/a** *Key decision:* **No**

Purpose: **Committee Members have asked for an opportunity to review the current Member Engagement Protocol in relation to the work under the Property Portfolio Development Programme.**

Recommendation: **That the Committee notes the current Protocol and provides guidance as to whether any revisions to the Protocol are required.**

<i>Officer contact:</i>	
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1. BACKGROUND

- 1.1 Members are reminded of the Member Engagement Protocol approved by the General Purposes Committee of the Council in September 2015, a copy of which is attached as **Appendix 1**.
- 1.2 As the Property Portfolio Development Programme has progressed, a number of issues have come before the Assets and Investment Committee (A&I) in respect of promoting development sites for planning, or submitting planning applications, which have highlighted issues around engagement with Local Members and/or Parish Councils.
- 1.3 The existing protocol does not require Strategic Assets to contact Local Members or Parish Councils as a matter of course when considering bringing sites forward for planning applications, although the approach to date has been to bring these to the attention of A&I at an early stage and make that contact where it is deemed appropriate by either Strategic Assets or the Committee Members.

2. MAIN ISSUES

- 2.1 The principal issue before the Committee is whether a revision to the Engagement Protocol is required.
- 2.2 The main reason for the position in the original protocol is that at some level, there is likely to be some degree of commercial or corporate confidentiality around the early stages of selection or feasibility of sites for development. Sites are generally greenfield, and by its nature this type of development often attracts opposition from local communities.
- 2.3 Giving early notice of potential sites could give a community time to mount an opposition campaign before all the issues are fully identified and explained, but could also trigger local concerns before it is confirmed that a site is indeed being taken forward beyond feasibility.
- 2.4 Sites required for operational purposes are sometimes more controversial than housing development (waste sites & depots, Park & Ride, some types of Care facilities), and communications around these need to be carefully planned and timed.
- 2.5 In commercial terms, giving an early public indication of a potential site may prejudice the Council's interests if it allows other developers to bring their own potential sites forward more quickly, or for developers to develop objections because they themselves have alternative interests in the locality.
- 2.6 In terms of corporate risks, an automatic notification would give the Council no opportunity to control the timing of release of information to take account of wider corporate or political agendas.
- 2.7 It should also be noted that once a site is actually taken forward into discussions with the Local Planning Authority, the formal planning process provides for significant public engagement, including the Parish Council as a statutory consultee, a process which all developers of land need to follow.

- 2.8 There are a number of key points at which the council could first notify or engage with Local Members and Parish Councils:
1. When Council land is first identified as an option for a potential development
 2. When a site is for the first time, part of any internal consultation with Services or A&I Members, for an alternative use
 3. When any formal feasibility work is undertaken on a project which includes a specific site
 4. When any informal external consultation is undertaken e.g. with partners, or pre-application discussions with a Local Planning Authority
 5. When any formal external consultation is undertaken e.g. a planning application, making Representations to a Local Planning Authority, or appearing at Inquiries and local consultation events
- 2.9 Different standards could be applied to contact with Local Members and contact with Parish or Town Councils. Local Members could be approached on the basis of maintaining Council confidentiality, although this could be difficult to enforce.
- 3.0 Officers' view is that having a fixed protocol would potentially put Council proposals at risk in some situations, and that the current discretionary approach should continue.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes or No Name of Financial Officer: Sarah Heywood
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	Yes or No Name of Legal Officer: Lynne Owen
Are there any Equality and Diversity	Yes or No

implications?	Name of Officer: Roger Moore
There are no significant implications within this category.	
Have any engagement and communication implications been cleared by Communications?	Yes or No Name of Officer: Mark Miller
Are there any Localism and Local Member involvement issues?	Yes Name of Officer: Roger Moore
The report above sets out details of significant implications in section 2	
Have any Public Health implications been cleared by Public Health	Yes or No Name of Officer: Tess Campbell

Source Documents	Location
Report to 22/07/16 Assets & Investments Committee	Democratic Services

Strategic Assets - Member Engagement Protocol - Strategic Assets Transactions

Transaction Type	General use for CCC	Value parameters	Proposed Member engagement
Freehold disposal - open market	Historically, the method of dealing with surplus property or land, including land identified for disposal under the Farms Management Plans. May be for existing use or with planning consent previously obtained by CCC	Market value, ranging from a few £000's to £500,000	CCC local Member is consulted five days before the site is put on the open market and again when terms have been agreed at the point of instructing solicitors. District Council's and Parish Council's are advised through MAC register of disposal assets. All sales over £500,000 require GPC approval.
Freehold disposal - special purchaser	Generally used for disposals of small parcels of land to adjoining owners or for Community Asset Transfer at less than best value.	Generally low value or "peppercorn", though occasionally may be a 'ransom' sale	CCC local Member is consulted five days before instructing solicitors. If a 'less than best' disposal and the value is over £20,000, it needs GPC approval. All sales over £500m require GPC approval.
Leasehold disposal - long lease	An alternative to freehold disposal, where CCC sees a long-term interest in retaining freehold or some measure of control (e.g. sale of historic buildings, Academy Transfers, Community Assets or specialised uses)	Usually a premium, but generally low due to nature of assets	Leases over £150,000 per annum in value and leases with a cumulative value of more than £500,000 over the term of the tenancy require GPC approval. If a 'less than best' disposal and the annual rental is over £20,000, requires GPC approval
Granting lease - short lease (< 7 yrs)	At present CCC lets very few properties for commercial returns, and short leases tend to be for utilising surplus space within a larger building, sharing operational sites (especially CCC school sites, for day nurseries etc), or short term community use	Generally low. For leases on School sites, Governing Bodies have delegated authority to set the level of hiring to be charged	CCC local Member is consulted five days before instructing solicitors. Leases over £150,000 per annum in value and leases with a cumulative value of more than £500,000 over the term of the tenancy require GPC approval. If a 'less than best' disposal and the annual rental is over £20,000, it needs GPC approval
Granting lease - renewal	Where current leases reach expiry of the existing term. Leases (even concessionary leases) can have the protection of the Landlord & Tenant Act 1954, which affords tenants a statutory right to renew.	Generally market rent, or can be the rental basis of the existing lease	CCC local Member is consulted five days before instructing solicitors. Leases over £150,000 per annum in value and leases with a cumulative value of more than £500,000 over the term of the tenancy require GPC approval. If a 'less than best' disposal and the annual rental is over £20,000, for a community based user, it needs GPC approval

Granting licences	For less formal or interim occupation of CCC operational property, including sharing agreements with public sector partners	Generally on a cost recovery basis, as the short term nature impacts on 'market value', but may include some element of 'rent'	Local Member consulted five days before instructing solicitors when value is more than £1,000 per annum.
Granting Option/Promotion agreements	Used to defray risk of promoting freehold land for development, or where third party has more appropriate skills or property interests, or where an independent joint landowners' agreement is needed	small up front fee, with a proportion of market value payable on fulfilment of conditions precedent	Local Member consulted five days before instructing solicitors.
Granting easement	Where a third party landowner seeks a right over or under CCC-owned land	capital payment based on market value is payable	Local Member not generally consulted
Granting occupation - other	Generally Hiring agreements or tenancies at will	May have value depending on the nature of the occupation, but rarely significant, and sometimes concessionary	CCC local Member is advised at the point of instructing solicitors. If a 'less than best' disposal and the value is over £20,000, it needs GPC approval
Releasing Restrictive Covenants	Covenants imposed on previous sales released at the request of the current landowner	Market value	CCC local Member not generally consulted
Granting County Farm tenancies	On expiry of existing Farm's Estate Tenancies, or tenancies for life	Market value	CCC local Member not generally consulted
Granting housing tenancies	Caretakers' houses on school sites, under strict conditions relating to employment to avoid giving security of tenure	Affordable housing value or nationally agreed rate	CCC local Member not generally consulted
Rent reviews	Where a lease or other agreement contains provision for the rent to be reviewed periodically, generally upwards only.	Market value or as set out in the lease	CCC local Member not generally consulted
Freehold acquisition	Site for new CCC operational properties, including school sites under s.106 Agreements	Market value	CCC local Member not generally consulted

Freehold acquisition - compulsory purchase	Land and property for operational delivery, usually for highways, but could be for new school sites	Market value	CCC local Member not generally consulted
Leasehold acquisition - long lease	An alternative to the above	Market value	CCC local Member not generally consulted
Taking lease - short lease	To meet operational requirements, currently requires Business Case approval	Market value	CCC local Member not generally consulted
Taking lease - renewal	Where existing operational leases expire but requirement remains. Tested for relocation within CCC or partner property, requires Business Case approval	Market value	CCC local Member not generally consulted
Taking licence	For operational reasons, often connected with construction projects and temporary needs	Generally nil value, or with a 'market' one-off payment	CCC local Member not generally consulted
Taking Option	To meet operational needs, but where complex planning permission or land assembly is required	Market value, usually an up-front payment and balance on meeting conditions precedent	CCC local Member not generally consulted
Taking easement	Where a right of access or for services is needed over or under adjoining land	Market value	CCC local Member not generally consulted
Taking occupation - other	Ad hoc agreements as required	Usually no charge or small one-off payment	CCC local Member not generally consulted
Obtaining release of Restrictive Covenants	Where CCC land is subject to a covenant which needs to be released to enable operational use, or sale/development for alternative use	Market Value	CCC local Member not generally consulted
Exiting leases	In accordance with Accommodation Strategy or service requirements	Dilapidations' works/payment required to ensure all covenants are met before exit	CCC local Member not generally consulted
Property & Site search	Search for new property to meet operational demands	n/a	CCC local Member not generally consulted

Planning applications	For change of use to meet operational demands, or for re-development to generate value from surplus or investment assets	at cost	CCC local Member not generally consulted
Making planning representations	To promote or maintain the medium to long term value of CCC assets or land for investment or development value	at cost	CCC local Member not generally consulted

SERVICE COMMITTEE REVIEW OF DRAFT REVENUE BUSINESS PLANNING PROPOSALS FOR 2017/18 TO 2021/22

To: **Assets and Investments Committee**

Meeting Date: **21 October 2016**

From: **Chris Malyon, Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **Not applicable** *Key decision:* **No**

Purpose: **This report provides the Committee with an overview of the draft Business Plan Revenue Proposals for Assets and Investments that are within the remit of Assets and Investments Committee.**

Recommendation: **a) It is requested that the Committee note the overview and context provided for the 2017/18 to 2021/22 Business Plan revenue proposals for the Service.**

b) It is requested that the Committee comment on the draft revenue savings proposals that are within the remit of the Assets and Investments Committee for 2017/18 to 2021/22.

<i>Officer contact:</i>	
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1. OVERVIEW

1.1 The Council's Business Plan sets out how we will spend our money to achieve our vision and priorities for Cambridgeshire. Like all Councils across the country, we are facing a major challenge. Our funding is reducing at a time when our costs continue to rise significantly due to inflationary and demographic pressures, which are greater than others due to being the fastest growing county in the country.

1.2 The Council has now experienced a number of years of seeking to protect frontline services in response to reducing Government funding. Looking back, we have saved £68m in the last two years and are on course to save a further £41m this year (2016/17). As a result, we have had to make tough decisions over service levels during this time. Over the coming five years those decisions become even more challenging. That is why this year the Council has adopted a new approach to meeting these financial challenges, which builds upon the outcome-led approach that was developed last year.

1.3 The Council last year established the strategic outcomes it will be guided by throughout the Business Planning process, which are outlined on the right. Early in the process this year, a number of Transformation Programmes have been established to identify the specific proposals that will meet these outcomes within the resources available to the Council.

Outcomes	
Older people live well independently.	
Places that work with children help them to reach their full potential.	
People lead a healthy lifestyle and stay healthy for longer.	
People with disabilities live well independently.	
People live in a safe environment.	
The Cambridgeshire economy prospers to the benefit of all Cambridgeshire residents.	
People at risk of harm are kept safe.	

1.4 These Transformation Programmes are the lens through which this year's Business Planning Process has been approached, and will feature in the material considered by Members in workshops and Committees. There are 11 Programmes, made up of "vertical" service-based Programmes, and "horizontal" cross-cutting Programmes:

1. Adult Services	2. Children's Services	3. Economy, Transport and Environment	4. Corporate and LGSS	5. Public Health
6. Finance and Budget Review				
7. Customers and Communities				
8. Assets, Estates and Facilities Management				
9. Commissioning				
10. Contracts, Commercial and Procurement				
11. Workforce Planning and Development				

1.5 In July 2016 General Purposes Committee considered and endorsed a report which summarised the role that the new approach to transformation has played so far this year. In particular, this table captured precisely how transformation – in line with the Council's strategic outcomes – will contribute towards balancing the budget:

Base Budget		Year 0
Review of Outturn		
Corporately agreed changes to	Inflation	X
	Demography	X
	Capital Financing	X
	Service Pressures	X
		Year 1
Base budget (new business plan)		
Projected Resource Envelope		A
Savings Challenge		$Y1 - A = B$
Transformation Programme		
“Horizontal” Cross-cutting programmes	X	
“Vertical” Service-based programmes	X	
Total Transformation Proposals		C
Revised Savings Challenge		$B - C = D$
Savings Challenge applied to Budgets		E

- 1.6 Within this new framework, the Council continues to undertake financial planning of its revenue budget over a five year timescale which creates links with its longer term financial modelling and planning for growth. This paper presents an overview of the proposals being put forward as part of the Council's draft revenue budget, which are relevant to this Committee.
- 1.7 Funding projections have been updated based on the latest available information to provide a current picture of the total resource available to the Council. At this stage in the year, however, projections remain fluid and will be reviewed as more accurate data becomes available.
- 1.8 The Committee is asked to endorse these initial proposals for consideration as part of the Council's development of the Business Plan for the next five years. Draft proposals across all Committees will continue to be developed over the next few months to ensure a robust plan and to allow as much mitigation as possible against the impact of these savings. Therefore these proposals may change as they are developed or alternatives found.

2. BUILDING THE REVENUE BUDGET

- 2.1 Changes to the previous year's budget are put forward as individual proposals for consideration by committees, General Purposes Committee and ultimately Full Council. Proposals are classified according to their type, as outlined in Appendix B, accounting for the forecasts of inflation, demography, and service pressures, such as new legislative requirements that have resource implications, as well as savings.
- 2.2 The process of building the budget begins by identifying the cost of providing a similar level of service to the previous year. The previous year's budget is adjusted for the Council's best forecasts of the cost of inflation, the cost of changes in the number and level of need of service users (demography) and proposed investments. Should services have pressures, these are expected to be managed within that service where possible, if necessary being met

through the achievement of additional savings or income. If it is not possible, particularly if the pressure is caused by legislative change, pressures are funded corporately, as agreed at GPC in July. It should be noted, however, that there are no additional resources and therefore this results in an increase in the level of savings that are required to be found across all Council Services. The total expenditure level is compared to the available funding and where this is insufficient to cover expenditure, the difference is the savings requirement to be met through transformation projects in order to balance the budget.

- 2.3 The budget proposals being put forward include revised forecasts of the expected cost of inflation following a detailed review of inflation across all services at an individual budget line level. Inflation indices have been updated using the latest available forecasts and applied to the appropriate budget lines. Inflation can be broadly split into pay, which accounts for inflationary costs applied to employee salary budgets, and non-pay, which covers a range of budgets, such as energy, waste, etc. as well as a standard level of inflation based on government Consumer Price Index (CPI) forecasts. All inflationary uplifts require robust justification and as such general inflation was assumed to be 0%. Key inflation indices applied to budgets are outlined in the following table:

Inflation Range	2017-18	2018-19	2019-20	2020-21	2021-22
Standard non-pay inflation	1.7%	2.2%	2.0%	2.0%	2.0%
Other non-pay inflation (average of multiple rates)	2.8%	1.9%	1.9%	2.1%	2.0%
Pay (admin band)	1.0%	1.0%	1.0%	1.0%	1.0%
Pay (management band)	0.0%	1.0%	1.0%	1.0%	1.0%
Employer pension contribution (average of admin and management band)	3.2%	2.8%	1.9%	2.7%	2.7%

- 2.4 Forecast inflation, based on the above indices, is as follows:

Service Block	2017-18	2018-19	2019-20	2020-21	2021-22
Children, Families and Adults	2,251	2,915	2,619	2,747	2,770
Economy, Transport and Environment (ETE)	795	875	840	867	832
ETE (Waste Private Finance Initiative)	856	811	881	888	903
Public Health	14	24	22	22	21
Corporate and Managed Services	398	353	383	446	482
LGSS Operational	93	282	240	274	267
Total	4,407	5,260	4,985	5,244	5,275

- 2.5 A review of demographic pressures facing the Council has been undertaken. The term demography is used to describe all anticipated demand changes arising from increased numbers (e.g. as a result of an ageing population, or due to increased road kilometres) and increased complexity (e.g. more intensive packages of care as clients age). All services are required to absorb the financial pressure of the general increase in population, estimated to be 1.4% in 2017-18. The remaining demographic pressures calculated are:

Service Block	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Children, Families and Adults	6,741	6,937	6,812	7,299	7,347
Economy, Transport and Environment (ETE)	195	200	206	211	217
Public Health	0	0	0	0	0
Corporate and Managed Services	23	24	25	25	25
Total	6,959	7,161	7,043	7,535	7,589

- 2.6 The Council is facing some cost pressures that cannot be absorbed within the base funding of services. Some of the pressures relate to costs that are associated with the introduction of new legislation and others as a direct result of contractual commitments. These costs are included within the revenue tables considered by service committees alongside other savings proposals and priorities:

Service Block / Description	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
CFA: Fair Cost of Care and Placement Costs	0	0	1,500	2,500	0
CFA: Impact of National Living Wage on Contracts	3,269	3,509	3,500	3,277	0
CFA: Local Housing Allowance limits - impact on supported accommodation	0	0	412	595	199
CFA: Children's Social Care Establishment	355	0	0	0	0
CFA: Independent Review Officers and Child Protection Chairs	261	0	0	0	0
CFA: Children Innovation and Development Service	289	50	0	0	0
CFA: Multi Systemic Therapy (MST)	368	63	0	0	0
ETE: Libraries to serve new developments	0	0	0	49	0
ETE: Reinstatement of funding for non-statutory concessionary fares	125	0	0	0	0
CS: Apprenticeship Levy	500	0	0	0	0
CS: Demography	3,405	3,389	3,469	3,535	3,589
CS: Contract mitigation	0	1,500	500	0	0
CS: Renewable energy - Soham	183	4	5	4	5
CS: Increased Revenue Costs for WAN upgrades	63	0	0	0	0
CS: Increased Revenue Costs for WAN upgrades in Libraries	123	0	0	0	0
CS: Corporate Office IT Assets	300	0	0	0	0
Professional and Management Pay Structure - combined	441	0	0	0	0
Impact of National Living Wage on CCC employee costs (combined)	4	18	74	174	174
Total	9,686	8,533	9,460	10,134	3,967

- 2.7 The Council recognises that effective transformation often requires up-front investment and has considered both existing and new investment proposals that we fund through additional savings during the development of this Business Plan. To this end a Transformation Fund has been created, through a revision to the calculation of the Council's minimum revenue provision (MRP). The table below outlines investments by service. Note that these figures are absolute.

Transformation Workstream	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Adults Services	146	541	245	0	0	0
Finance & budget review	0	87	0	0	0	0
Customer & communities	100	0	0	0	0	0
Assets, estates & facilities management	46	51	22	0	0	0
Commissioning	363	929	366	27	0	0
Workforce planning & development	0	536	0	0	0	0
Total	655	2,144	633	27	0	0
Cumulative	655	2,799	3,432	3,459	3,459	3,459

3. SUMMARY OF THE DRAFT REVENUE BUDGET

- 3.1 In order to balance the budget in light of the cost increases set out in the previous section and reduced Government funding, savings or additional income of £30.8m are required for 2017-18, and a total of £99m across the full five years of the Business Plan. The following table shows the total amount necessary for each of the next five years, separating Public Health in 2017-18 as it is ring-fenced:

Service Block	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Council	-28,019	-21,159	-17,242	-19,075	-11,997
Public Health	-961	-	-	-	-
Total	-28,980	-21,159	-17,242	-19,075	-11,997

- 3.2 There are also a number of risks which are not included in the numbers above, or accompanying tables. These will be incorporated (as required) as the Business Plan is developed. Estimates are given below where possible.

	2017-18 £'000	Risk
Vacancy Savings	1,000	Services are required to meet a target each year for staffing savings resulting through turnover of staff, for example through holding vacancies. As organisational changes are implemented, the ability/capacity to deliver this saving on an on-going basis will be reduced.
Dedicated Schools Grant funding	4,300	This potential pressure is the result of a consultation on national funding reforms.

Business rates revaluation	-	The Business Rates re-valuation is due to take effect from 1st April 2017, which could see significant rises in business rate liabilities in some areas and for some types of property.
Pension triennial review	-	The pension fund is being re-valued in 2016-17, with consultation documents due in November. Updates to assumptions following this will be incorporated during the development of the Business Plan.
Housing	-	A comprehensive 10-year pipeline of development projects has now been identified and a capital funding request has therefore been included in the Draft Business Plan. The figures are still being refined however, with the initial projections expected to be confirmed during Autumn 2016. Due to the nature of the schemes the revenue impact could be significant.
Total	5,300	

- 3.3 In some cases services have planned to increase locally generated income instead of cutting expenditure. For the purpose of balancing the budget these two approaches have the same effect and are treated in the same way.
- 3.4 This report forms part of the process set out in the Medium Term Financial Strategy whereby the Council updates, alters and refines its revenue proposals in line with new savings targets. New proposals are developed by services to meet any additional savings requirement and all existing schemes are reviewed and updated before being presented to service committees for further review during November and December.
- 3.5 Delivering the level of savings required to balance the budget becomes increasingly difficult each year. Work is still underway to explore any alternative savings that could mitigate the impact of our reducing budgets on our front line services, and Business Planning proposals are still being developed to deliver the following:

Service Block	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Council	-6,104	-3,749	-8,919	-11,785	-11,268
Public Health	-103	0	0	0	0
Total	-6,207	-3,749	-8,919	-11,785	-11,268

- 3.6 The level of savings required is based on a 2% increase in Council Tax, through levying the Adults Social Care precept in all years it is available (up to and including 2019-20), but a 0% general Council Tax increase. This assumption is built into the MTFS which was discussed by GPC in July. For each 1% more or less that Council Tax is changed, the level of savings required will change by approximately +/-£2.5m.
- 3.7 There is currently a limit on the increase of Council Tax of 2% and above, above which approval must be sought in a local referendum. It is estimated that the cost of holding such a referendum would be around £100k, rising to as much as £350k should the public reject the proposed tax increase (as new

bills would need to be issued). The MTFS assumes that the 2% and above limit on increases will remain in place for all five years.

- 3.8 Following October and November service committees, GPC will review the overall programme in December, before recommending the programme in January as part of the overarching Business Plan for Full Council to consider in February.

4. OVERVIEW OF ASSETS AND INVESTMENTS DRAFT REVENUE PROGRAMME

- 4.1 All of the proposals except for F/R.7.109 Telecommunications hosting policy were previously detailed within the Corporate and Managed Services tables in the 2016-17 Business plan. Full list of proposals are shown in appendix A.
- 4.2 The only new or changed proposal F/R.7.109 Telecommunications hosting policy is expected to be achievable with an investment of £30k in 2016-17 from the transformation fund. To achieve this saving will require a review of the Council's mobile telecommunications equipment policy. This will include exploring opportunities to generate revenue income from hosting telecommunications equipment on Council land and property assets and actively promoting better mobile coverage across the county.
- 4.3 These proposals are draft at this stage, and are subject to further development, and that Full Council in February 2017 is the point at which proposals become the Council's Business Plan.

5. NEXT STEPS

November	Service Committees will review draft proposals again, for recommendation to General Purposes Committee
December	General Purposes Committee will consider the whole draft Business Plan for the first time
January	General Purposes Committee will review the whole draft Business Plan for recommendation to Full Council
February	Full Council will consider the draft Business Plan

6. ALIGNMENT WITH CORPORATE PRIORITIES

6.1 Developing the local economy for the benefit of all

The Services discussed in this report play a significant role in enabling the Council to achieve this priority.

6.2 Helping people live healthy and independent lives

The Services discussed in this report play a significant role in enabling the Council to achieve this priority.

6.3 Supporting and protecting vulnerable people

The Services discussed in this report play a significant role in enabling the Council to achieve this priority.

7. SIGNIFICANT IMPLICATIONS

7.1 The following bullet points set out details of significant implications identified by officers:

- Resource Implications - There are no significant implications within this category.
- Statutory, Legal and Risk - There are no significant implications within this category.
- Equality and Diversity - There are no significant implications within this category.
- Engagement and Communications - There are no significant implications within this category.
- Localism and Member Involvement - There are no significant implications within this category.
- Public Health - There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Sarah Heywood
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	Yes Name of Legal Officer: Lynne Owen
Are there any Equality and Diversity implications?	Yes Name of Officer: Dan Thorp
Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Mark Miller
Are there any Localism and Local Member involvement issues?	Yes Name of Officer: Dan Thorp
Have any Public Health implications been cleared by Public Health	Yes Name of Officer: Tess Campbell

Source Documents	Location
Transformation Programme	https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/182/Committee/2/Default.aspx
Demography Update	https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/183/Committee/2/Default.aspx

FINANCE AND PERFORMANCE REPORT – AUGUST 2016

To: **Assets and Investments Committee**

Meeting Date: **21 October 2016**

From: **Head of Strategy and Assets
Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **N/a** *Key decision:* **No**

Purpose: **To present to Assets and Investments Committee (A&IC) the August 2016 Finance and Performance Report for Assets and Investments Committee.**

The report is presented to provide A&IC with an opportunity to comment on the projected financial and performance outturn position, as at the end of August 2016.

Recommendation: **The Committee is asked to:**

- **review, note and comment upon the report**

<i>Officer contact:</i>	
Name:	Chris Malyon
Post:	Chief Finance Officer
Email:	Chris.malyon@cambridgeshire.gov.uk
Tel:	01223 699796

1. BACKGROUND

- 1.1 Assets and Investments Committee will receive the Assets and Investments Finance and Performance Report at all of its meetings, where it will be asked to review, note and comment on the report and to consider and approve recommendations as necessary, to ensure that the budgets and performance indicators for which the Committee has responsibility remain on target.

2. MAIN ISSUES

- 2.1 Attached as **Appendix A**, is the August 2016 Finance and Performance report.
- 2.2 **Revenue:** At the end of August, Assets and Investments Committee is forecasting a year-end underspend on revenue of £96k.
- 2.3 **Capital:** At the end of August, Assets and Investments Committee is forecasting that the capital budget will be overspent by £195k in 2016-17 due to the phasing of schemes.
- 2.4 Assets and Investments Committee has two **performance indicators**, both of which are currently at green status.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

This report sets out details of the overall financial position for Corporate Services / LGSS and this Committee.

4.2.1 Statutory, Risk and Legal Implications

There are no significant implications within this category.

4.3 Equality and Diversity Implications

There are no significant implications within this category.

4.4 Engagement and Consultation Implications

There are no significant implications within this category.

4.5 Localism and Local Member Involvement

There are no significant implications within this category.

4.6 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of officer: Sarah Heywood
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	Yes Name of Legal Officer: Lynne Owen
Are there any Equality and Diversity implications?	Yes Name of Officer: Dan Thorp
Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Mark Miller
Are there any Localism and Local Member involvement issues?	Yes Name of Officer: Dan Thorp
Have any Public Health implications been cleared by Public Health	Yes Name of Officer: Tess Campbell

Source Documents	Location
A&I Finance & Performance Report (Aug 16)	1 st Floor, Octagon, Shire Hall, Cambridge

Assets and Investments

Finance and Performance Report – August 2016

1. SUMMARY

1.1 Finance

Previous Status	Category	Target	Current Status	Section Ref.
N/A	Income and Expenditure	Balanced year end position	Green	2.1 – 2.4
N/A	Capital Programme	Remain within overall resources	Green	3.2

1.2 Performance Indicators – Current status (see section 4):

Monthly Indicators	Red	Amber	Green	Total
August (Number of indicators)			2	2

2. INCOME AND EXPENDITURE

2.1 Overall Position

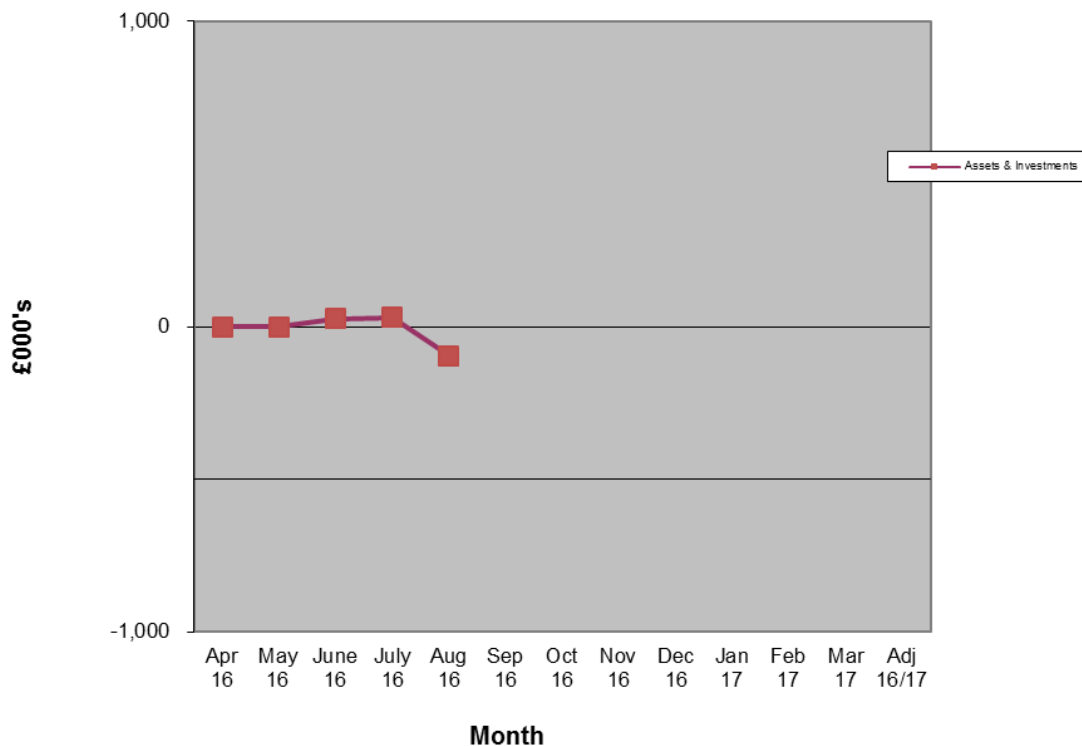
Original Budget as per BP ¹	Directorate	Current Budget	Forecast Variance - Outturn (July)	Forecast Variance - Outturn (Aug)	Forecast Variance - Outturn (Aug)	Current Status	DoT
£000		£000	£000	£000	%		
2,711	Assets & Investments	2,714	31	-96	0	Amber	↑
2,711	Total	2,714	31	-96	0		

¹ The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan.

The service level budgetary control report for Assets and Investments Committee for August 2016 can be found in [A&I appendix 1](#).

Further analysis of the results can be found in [A&I appendix 2](#).

Assets & Investments Outturn 2016/17



2.2.1 Significant Issues – Assets and Investments

- Assets and Investments Committee is currently predicting a year-end underspend of £96k.
- There are no exceptions to report this month.

2.3 Additional Income and Grant Budgeted this Period (De minimis reporting limit = £30,000)

There is no additional grant income to report for Assets and Investments.

2.4 Virements and Transfers to / from Reserves (including Operational Savings Reserve) (De minimis reporting limit = £30,000)

No virements have been made this month to reflect changes in responsibilities:

A full list of virements made in the year to date for Assets and Investments can be found in [A&I appendix 4](#).

3. BALANCE SHEET

3.1 Reserves

A schedule of the Assets and Investments reserves can be found in [A&I appendix 5](#).

3.2 Capital Expenditure and Funding

Expenditure

- Assets and Investments Committee has a capital budget of £12.4m in 2016/17 and there is £558k spend to date. It is currently expected that the programme will be overspent by £195k at year-end due to the phasing of schemes, and the total scheme variances over the lifetime of the schemes will amount to an underspend of £1.8m.

There are no exceptions to report for August.

Funding

- Assets and Investments Committee has capital funding of £12.4m in 2016/17. As reported above, the Assets and Investments budget is expected to overspend by £195k, which will result in an increased funding requirement of this amount.

A detailed explanation of the position for Assets and Investments can be found in [A&I appendix 6](#).

4. PERFORMANCE

4.1 The table below outlines key performance indicators for Assets and Investments.

Measure	Reporting frequency	What is good	Unit	Data last entered	Target	Actual	RAG status	Direction of travel	Comments
Assets and Investments									
Strategy and Estates – capital receipts target managed and achieved	Half-yearly	High	%	28/07/16	98% (£250k gross)	103.0%	Green	↓	To next be reported on in November 2016 for Q1 and Q2 2016/17.
Strategy and Estates – farm estates income demanded and collected on time	Half-yearly	High	%	28/07/16	95% (£3.9m gross)	99.0%	Green	↑	To next be reported on in November 2016 for Q1 and Q2 2016/17.

The full scorecard for Assets and Investments can be found at [A&I appendix 7](#).

A&I APPENDIX 1 – Assets and Investments Budgetary Control Report

The variances to the end of August 2016 for Assets and Investments are as follows:

Original Budget as per BP £000	Service	Current Budget for 2016/17 £000	Forecast Variance - Outturn (July) £000	Forecast Variance - Outturn (August) £000	%
<u>Assets & Investments</u>					
1,122	Building Maintenance	1,121	0	0	0
-3,453	County Farms	-3,453	0	-70	-2
5,052	County Offices	5,045	31	-26	-1
-10	Effective Property Asset Management	0	0	0	0
0	Grant Income	0	0	0	0
2,711		2,714	31	-96	-4
2,711	ASSETS & INVESTMENTS TOTAL	2,714	31	-96	-4
 MEMORANDUM - Grant Income					
0	Other Assets & Infrastructure Grants	0	0	0	0
0		0	0	0	0

A&I APPENDIX 2 – Commentary on Forecast Outturn Position

Number of budgets measured at service level that have an adverse/positive variance greater than 2% of annual budget or £100,000 whichever is greater.

Service	Current Budget £'000	Forecast Variance - Outturn	
		£'000	%
There are no material variances to report.			

A&I APPENDIX 3 – Grant Income Analysis

There is no additional grant income to report.

A&I APPENDIX 4 – Virements and Budget Reconciliation

	£000	Notes
Budget as per Business Plan	0	
Transfer of Building Maintenance budget from Corporate Services	1,121	
Transfer County Farms budget from Corporate Services	-3,453	
Transfer of County Offices budget from Corporate Services	5,045	
Non-material virements (+/- £30k)	0	
Current Budget 2016/17	2,714	

A&I APPENDIX 5 – Reserve Schedule

1. Assets and Investments Reserves

Fund Description	Balance at 31 March 2016	Movements in 2016-17	Balance at 31/08/16	Forecast Balance at 31 March 2017	Notes
	£'000	£'000	£'000	£'000	
Other Earmarked Funds					
Manor school site demolition costs	233	47	280	327	1
subtotal	233	47	280	327	
Short Term Provisions					
SPV provision	50	0	50	50	
subtotal	50	0	50	50	
SUBTOTAL	283	47	330	377	
Capital Reserves					
MAC - One Public Estate	230	0	230	230	
General Capital Receipts	0	85	85	0	2
subtotal	230	85	315	230	
TOTAL	513	132	645	607	

Notes

- 1 Rental income from Bellerbys buildings on Manor School site is being held to offset demolition costs when the lease expires in 2021.
- 2 Capital Receipts achieved in 2016/17 will be used to fund the capital programme at year-end.

A&I APPENDIX 6 – Capital Expenditure and Funding

Capital Expenditure

Assets & Investments Capital Programme 2016/17						TOTAL SCHEME	
Original 2016/17 Budget as per BP £000	Scheme	Revised Budget for 2016/17 £000	Actual Spend 2016/17 £000	Forecast Spend - Outturn (Aug) £000	Forecast Variance - Outturn (Aug) £000	Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
550	A&I - Shire Hall Campus	765	(79)	765	-	6,424	-
	- A&I - Fenland	20	(9)	20	-	6,596	(1,115)
400	A&I - Local Plans Representations	400	16	400	-	4,284	-
500	A&I - County Farms Viability	500	52	500	-	2,604	-
600	A&I - Building Maintenance	840	128	840	-	6,240	-
20	A&I - Other Committed Projects	120	36	133	13	2,243	(237)
8,251	A&I - Renewable Energy Soham	10,225	251	10,225	-	10,336	-
	- A&I - Housing Schemes	1,088	135	1,270	182	197,084	235
481	A&I - MAC Market Towns Project	481	-	481	-	1,481	-
345	Office Portfolio Rationalisation	345	14	345	-	345	-
	- Carbon Reduction	214	14	214	-	1,673	(650)
250	Energy Efficiency Fund	250	0	250	-	1,000	-
	- Capital Programme Variations	(2,850)	-	(2,850)	-	-	-
11,397	TOTAL	12,398	558	12,593	195	240,310	(1,767)

Previously Reported Exceptions

As reported in 2015/16, a reduction in the estimated cost of final retention payments for the Awdry House site has increased the predicted total scheme underspend to £1.1m. This work is expected to be completed in 2016/17.

As reported in 2015/16 the works planned under the Carbon Reduction scheme were reviewed in 2014/15 and a new schedule was agreed. The agreed work plan is expected to deliver a total scheme underspend of £0.65m. This work is expected to be completed in 2016/17.

The Renewable Energy Soham scheme has been revised to incorporate increased costs due to currency changes re solar panels (£400k) and additional grid connection costs (£120k).

The following housing scheme budgets have been rephased, as the schemes have progressed to the planning application stage in advance of the original schedule. Funding has been brought forward from 2017/18 into 2016/17 as detailed below and this will not affect the total scheme costs.

Scheme	£000
Housing - Shepreth 7 Homes Invest to Save	55
Housing - Cottenham 200 Homes Invest to Save	110
Housing - Redevelopment of Milton Road Library, Cambridge	20
	185

The budgets for building maintenance costs at Shire Hall and other County Council sites have been revised due to the roll forward of £455k funding approved for 2015/16 that was not spent in year. This was due to unavoidable delays in completing condition surveys, meaning that works earmarked for 2015/16 could not be completed. The 2016/17 budget is already fully allocated as shown below. This additional funding relates to prudential borrowing, however this will not have a significant impact on the Debt Charges budget.

Shire Hall	£000	
Budget 2016/17	550	
Shire Hall	150	condition survey works
Castle Lodge	155	condition survey works
42 Castle St	45	condition survey works
Data Centre	265	carry forward request includes Ridge Fees & structural works & contingency amount
Babbage	50	estimated condition survey works
OPH	50	estimated condition survey works
Octagon	50	estimated condition survey works
Total of planned works	765	
Shortfall	215	
Building Maintenance - other sites	£000	
Budget 2016/17	600	
Lawrence Court	115	carry forward request
Ely Library	84	carry forward request
St Neots library	66	carry forward request
Victoria Lodge	15	replacement conservatory
Lawrence Court	13	window redecoration – completed 16/17
Stanton House, highways depot	55	condition survey works
Stanton House, Main building	80	condition survey works
Stanton Villas	9	condition survey works
Warboys library	84	condition survey works
Wisbech Castle	146	condition survey works
Sackville House	173	estimated re-roofing costs – main roof
Total of planned works	840	
Shortfall	240	
Additional funding requested	455	

Additional funding of £700k in 2016/17 has been agreed for the Soham Eastern Gateway Pratt St Access Road Phase 1 works. This includes the reconfiguration of the school car park, reconfiguration of the parking at the former caretaker's bungalow, alterations to the listed wall at Copperfield House, the relocation of a heat pump, professional fees and the planning application. This will be funded by prudential borrowing but is part of a larger housing scheme for which the County Council would receive income in the future.

Capital Funding

Assets and Investments Capital Programme 2016/17					
Original 2016/17 Funding Allocation as per BP £000	Source of Funding		Revised Funding for 2016/17 £000	Forecast Spend Outturn (August) £000	Forecast Funding Variance Outturn (August) £000
10,268	Capital Receipts	A&I	10,268	6,249	(4,019)
1,129	Prudential Borrowing	A&I	2,130	6,344	4,214
11,397	TOTAL		12,398	12,593	195

Previously Reported Exceptions

As previously reported, the Capital Programme Board recommended that services include a variation budget to account for likely slippage in the capital programme, as it is sometimes difficult to predict this against individual schemes in advance. As forecast underspends start to be reported, these are offset with a forecast outturn for the variation budget, leading to a balanced outturn overall up to the point when slippage exceeds this budget.

As previously reported, capital receipts estimates have been reduced by £4m to reflect latest estimates for sales expected with high probability in 2016/17. This has resulted in an increase in the expected requirement for public borrowing of the same amount.

A&I Appendix 7 – Performance Scorecard

Measure	Reporting frequency	What is good	Unit	Data last entered	Time period covered	Target	Actual	RAG status	Direction of travel	Comments
Assets and Investments										
Strategy and Estates – capital receipts target managed and achieved	Half-yearly	High	%	28/07/16	1 January - 31 March 2016 (Q4)	98% (£250k gross)	103.0%	Green	↓	<p>Q3 2015/16 - 115% Q2 2015/16 - 99% Q1 2015/16 - 110%</p> <p>The target for 2015/16 is £3.705m. This is broken down into cumulative quarterly targets as follows: Q1 = £0.25m; Q2 = £1.50m; Q3 = £2.00m Q4 = £3.705m.</p> <p><i>To next be reported on in November 2016 for Q1 and Q2 2016/17.</i></p>
Strategy and Estates – farm estates income demanded and collected on time	Half-yearly	High	%	28/07/16	1 January - 31 March 2016 (Q4)	95% (£3.9m gross)	99.0%	Green	↑	<p><i>To next be reported on in November 2016 for Q1 and Q2 2016/17.</i></p>

ASSETS AND INVESTMENT COMMITTEE AGENDA PLAN

Published – 3rd October 2016
Updated – 13th October 2016



Cambridgeshire
County Council

Notes

Committee dates shown in bold are confirmed.

The definition of a key decision is set out in the Council's Constitution in Part 2, Article 12.

* indicates items expected to be recommended for determination by full Council.

+ indicates items expected to be confidential, which would exclude the press and public. Additional information about confidential items is given at the foot of this document.

Draft reports are due with the Democratic Services Officer by 10.00 a.m. eight clear working days before the meeting.

The agenda dispatch date is six clear working days before the meeting.

Committee Date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
21/10/16 10.00am	Ely Archives Centre	Rachael Greenlees	2016/035	11/10/16	13/10/16
	Protocol for engaging Local Members	Roger Moore	Not applicable		
	Value for Money for Education Capital Projects	Rachael Greenlees	Not applicable		
	Service Committee Review of Draft Revenue Business Planning Proposals for 2017/18 to 2021/22	Chris Malyon	Not applicable		
	Finance & Performance Report – August 2016	Chris Malyon	Not applicable		

Committee Date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
	+ Programme Status Report: 1. Timing of Sales from CCC to CHIC Discussion Paper 2. Wisbech Castle Update 3. Management of the Existing Residential Portfolio	Chris Malyon/Roger Moore	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		
11/11/16 10.00am	+ Programme Status Report	Chris Malyon/Roger Moore	Not applicable	31/10/16	02/11/16
	Cleaning Re-tender of contract for Cambridgeshire Council offices	Chris Malyon/ Catherine Kimmet	2016/045		
	Note on CFE income position	Roger Moore	Not applicable		
	Community Hubs Strategy update	Chris Malyon/TBC	Not applicable		
	Implications of digital strategy on property assets (review of Telecoms Strategy; Housing design)	Roger Moore/Noelle Godfrey	Not applicable		
	Grant of Depot Leases at less than best consideration under Highways Contract	Roger Moore/Richard Lumley	Not applicable		
	Oasis Centre, Wisbech	Chris Malyon/Hazel Belchamber	Not applicable		
	Care Accommodation Business Case Update	Roger Moore	Not applicable		
	Provision of Key Worker Housing	Chris Malyon	Not applicable		
	Asset Management Strategy update	Chris Malyon	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		
16/12/16 10:00am	+ Programme Status Report	Chris Malyon/Roger Moore	Not applicable	05/12/16	07/12/16

Committee Date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
	Agenda Plan	Dawn Cave			
27/01/17 10:00am	+ Programme Status Report	Chris Malyon/Roger Moore	Not applicable	16/01/17	18/01/17
	Older People's Care Home Development Programme	Richard O'Driscoll	TBC		
	Agenda Plan	Dawn Cave	Not applicable		
24/02/17 10:00am	+ Programme Status Report	Chris Malyon/Roger Moore	Not applicable	13/02/17	15/02/17
	Agenda Plan	Dawn Cave	Not applicable		
31/03/17 10:00am	+ Programme Status Report	Chris Malyon/Roger Moore	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		
28/04/17 10:00am	+ Programme Status Report	Chris Malyon/Roger Moore	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		

To be programmed: Acquisitions and Investment Policy Delegations, County Farms Estate Strategy update

Notice made under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 in compliance with Regulation 5(7)

1. At least 28 clear days before a private meeting of a decision-making body, public notice must be given which must include a statement of reasons for the meeting to be held in private.
2. At least 5 clear days before a private meeting of a decision-making body, further public notice must be given which must include a statement of reasons for the meeting to be held in private, details of any representations received by the decision-making body about why the meeting should be open to the public and a statement of the Council's response to such representations.

Forward plan reference	Intended date of decision	Matter in respect of which the decision is to be made	Decision maker	List of documents to be submitted to the decision maker	Reason for the meeting to be held in private

Decisions to be made in private as a matter of urgency in compliance with Regulation 5(6)

3. Where the date by which a meeting must be held makes compliance with the above requirements impracticable, the meeting may only be held in private where the decision-making body has obtained agreement from the Chairman of the Council.
4. Compliance with the requirements for the giving of public notice has been impracticable in relation to the business detailed below.
5. The Chairman of the Council has agreed that the Committee may hold a private meeting to consider the business referred to in paragraph 4 above because the meeting is urgent and cannot reasonably be deferred for the reasons stated below.

Date of Chairman's agreement	Matter in respect of which the decision is to be made	Reasons why meeting urgent and cannot reasonably be deferred

For further information, please contact Quentin Baker on 01223 727961 or Quentin.Baker@cambridgeshire.gov.uk