

COMMERCIAL AND INVESTMENT COMMITTEE



Date: Friday, 18 January 2019

Democratic and Members' Services

Fiona McMillan
Monitoring Officer

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-conduct-code>
- 2. Minutes of the meeting held 14th December 2018 and Action Log 5 - 16**
- 3. Petitions and Public Questions**

KEY DECISIONS

- 4. Outline Business Case for Solar Farm on Rural Estate land at Mere Farm 17 - 34**

OTHER DECISIONS

- | | | |
|-----------|--|----------------|
| 5. | Land at Mill Road, Over - Transfer and Financing | 35 - 38 |
| 6. | Finance and Performance Report - November 2018 | 39 - 66 |
| 7. | Commercial and Investment Committee agenda plan, training plan and appointments to Outside Bodies | 67 - 72 |
| 8. | 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)

9. Cambridgeshire Catering and Cleaning Service

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

The Commercial and Investment Committee comprises the following members:

Councillor Josh Schumann (Chairman) Councillor Anne Hay (Vice-Chairwoman)

Councillor Ian Bates Councillor Lorna Dupre Councillor John Gowing Councillor David Jenkins Councillor Linda Jones Councillor Lucy Nethsingha Councillor Terence Rogers and Councillor Tim Wotherspoon

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

Clerk Name: Dawn Cave

Clerk Telephone: 01223 699178

Clerk Email: dawn.cave@cambridgeshire.gov.uk

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Public speaking on the agenda items above is encouraged. Speakers must register their intention to speak by contacting the Democratic Services Officer no later than 12.00 noon three working days before the meeting. Full details of arrangements for public speaking are set out in Part 4, Part 4.4 of the Council's Constitution <https://tinyurl.com/ProcedureRules>.

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COMMERCIAL AND INVESTMENT COMMITTEE: MINUTES

Date: 14 December 2018

Time: 10.00am-10.55am

Venue: Room 128, Shire Hall, Cambridge

Present: Councillors J Schumann (Chairman), A Hay (Vice Chairman), I Bates, L Dupré, J Gowing, L Jones, T Rogers, M Shellens (Councillor Shellens substituting) and T Wotherspoon

Apologies: Councillors Jenkins and Nethsingha (Cllr Shellens substituting)

179. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were presented on behalf of Councillors Nethsingha (Councillor Shellens substituting) and Jenkins. There were no declarations of interest.

180. MINUTES OF THE MEETINGS HELD ON 23 NOVEMBER 2018 AND ACTION LOG

The minutes of the meeting held on 23rd November 2018 were approved as a correct record.

The following Action Log items were discussed:

Action 131 – identify whether This Land would pay for the construction of the access road: officers agreed to circulate an update.

Action 147 – update on Building Inspection – officers confirmed that a number of meetings had taken place between Legal, Education & Property, and agreed to report back in January.

Action 161 – it was confirmed that a meeting of the C&I Investment Sub-Group had been scheduled for 08/01/19 (5pm). Councillor Shellens confirmed that he was happy to continue as a member of that Sub-Group.

It was resolved to note the Action Log.

181. PETITIONS AND PUBLIC QUESTIONS

There were no petitions or public questions.

182. COMMERCIAL AND INVESTMENT COMMITTEE REVIEW OF DRAFT REVENUE AND CAPITAL BUSINESS PLANNING PROPOSALS FOR 2019-20 TO 2023-24

The Committee considered a report on the draft Business Plan revenue and capital items that were within the remit of the Commercial and Investment Committee.

Members were reminded that many of the detailed proposals were covered at the Committee meeting held on 19th October 2018. The report provided a summary of the various material (£100K+) changes since that meeting. The level of unidentified savings had reduced by £2.2M to £19.3M. Work to identify and work up further ideas to fill the gap was ongoing and the pressures emerging were still under review as trends were monitored and mitigating strategies developed.

Members noted the funding options available to the Council to contribute towards closing the gap for 2019/20 and beyond. Some of these options would be explored further at the Investment Sub-Group on 08/01/19.

Arising from the report:

- A Member advised that at the most recent Health Committee meetings, contract savings had already been factored in to the Health Committee's budget, and she reiterated her previous concerns that savings could be double counted by Committees. Officers reassured Members that good contract management was included in many Committees' business planning proposals. However, great care had been taken to ensure the savings identified by each Committee were not replicated by another Committee;
- Noting that the commercial investment target for 2018/19 would not be met, a Member expressed concern that this increased the pressure for commercial investments to be made in 2019/20, and as a result of that pressure, these may not be the most advantageous or best value investments. It needed to be acknowledged that the availability of suitable investment opportunities was outside the Council's control. The Chairman commented that this was one of the reasons for having the investment Sub-Group meeting in January – it may be that the Committee's investment strategy was too stringent, but the Committee's ambitious targets needed to be balanced against risk;
- It was confirmed that the level of Revenue Support Grant (RSG) had been confirmed on 13/12/18, and government had also confirmed that there would be no income from a Business Rates pilot in this;
- A Member queried the reasons behind the increase in Home to School Transport costs. It was suggested that this issue needed to be followed up by the Member with their representatives on the Children & Young People's Committee;
- A Member asked why the timescales for four major energy projects (Babraham Smart Energy Grid, Trumpington Smart Energy Grid, Stanground Closed Landfill Energy Project and Woodston Closed Landfill Energy Project) had all been revised. Officers advised that the figures were changing all the time as more information became available. The MLEI team was trying to assess what they could deliver as a team, and that assessment had now been completed. The Member expressed concern that the team may be taking on too many projects to the detriment of the whole workstream. Officers advised that the revised phasing reflected their assessment. It was agreed that Sheryl French would be asked to provide an update to the Committee on current progress with all major projects.

Action required.

It was resolved, by a majority, to:

- a) note the overview and context provided for the 2019/20 to 2023/24 Business Plan revenue proposals for the Service, updated since the last report to the Committee in October;
- b) comment on the draft revenue savings proposals that are within the remit of the Commercial and Investment Committee for 2019/20 to 2023/24, and endorse them to the General Purposes Committee (GPC) as part of consideration for the Council's overall Business Plan;
- c) comment on the changes to the capital programme that are within the remit of the Commercial and Investment Committee and endorse them to the General Purposes Committee (GPC) as part of consideration for the Council's overall Business Plan.

183. DISPOSAL OF RANSOM STRIP AT ST IVES

The Committee considered a report on a proposal to dispose of a County Council owned ransom strip in St Ives, and also the relaxation (i.e. withdrawal) of a restrictive covenant for a site sold by the County Council in 1961 to St Ives Football Club. The covenant currently restricted the use to sports use. The Football Club was seeking to relocate to a bigger complex in another part of town, and sell the land for a residential development of 30 homes.

The Chairman suggested that more information was required, so the report should be deferred until January, but that Committee Members should take the opportunity to ask questions and raise issues that they would like covered in the revised report.

The Clerk read out comments from the Local Member, Councillor Reynolds, who had particular concerns that other parties on the site, particularly St Ivo school, who could find themselves ransomed by the developer if the ransom strip was sold by the Council.

The values that could be realised from the sale of the ransom strip and relaxation of the restrictive covenant were noted. The Football Club needed a return of at least £2M to fund their move to the other site.

Discussing the report, the following points were raised:

- in response to a Member question on the Right of Way, it was confirmed that the School would have the Right of Way identified in its documentation, and that the onus would be on the School to make an application to the landowner;
- officers confirmed that negotiations would need to take place regarding an uplift to reflect the relaxation in the restrictive covenant;
- a Member urged officers to take into consideration the interests of other landowners/neighbours around the site, such as the East of England Army Cadets, particularly in terms of access. There was a discussion on the ownership of the car park, and it was agreed that the ownership of different parts of the site would be fully detailed in the revised report, so that these issues could be fully explored. **Action required;**

- a Member requested that the planning application for the residential development be included in the future report so that the Committee understood fully where the road and housing would be **Action required**;
- it was noted that if the school lease stated that if access was access, alternative access would need to be provided;
- it was noted that the proposal was for the Football Club's site and the ransom strip to be jointly marketed i.e. the land within the red line on the plan appended to the report;
- in terms of time constraints, there was an assumption that the capital receipt for this site, of around £1M, would be included as a capital receipt in the 2018/19 financial year. If this £1M capital receipt was not realised, it would be necessary to identify an alternative capital receipt or revenue source. Members and officers expressed concern that the timings were too tight for this to be achievable, especially if the decision was deferred, as proposed.

It was agreed that the report would be deferred and a fuller report received at the next Committee meeting. However, given the time constraints, permission would be given to jointly market the site.

It was resolved unanimously to:

- a) agree to jointly market the football ground together with the County Council's land;
- b) receive a more detailed report at the next Committee meeting.

184. AMENDMENTS TO THIS LAND ARTICLES OF ASSOCIATION

The Committee considered a report on proposed amendments to the This Land Articles of Association, which had been redrafted following the special Committee meeting held on 10th October 2018. It was noted that the written resolution had been circulated to the Committee previously.

It was resolved to:

- a) agree the proposed amendments to the Articles of Association of This Land as set out in Appendix A to the report;
- b) authorise Tom Kelly as Deputy Section 151 Officer to sign the written resolution on behalf of the Shareholder.

185. FEEDBACK ON THE MARKETING AND DISPOSAL OF SHIRE HALL

Members considered a report on the marketing of Shire Hall and interest received to date. The report was presented for information only.

Comments from Councillor Scutt and the Local Member, Councillor Richards were noted. It was agreed that these would be shared with Kim Davies. A number of the issues raised were discussed:

- maintaining public access to the scheduled monument/heritage site (Castle Mound) – Councillor Jones advised that she had discussed this point with officers prior to the meeting and was reassured by the information given;
- retaining a County Council presence in Cambridge – all those involved in the project had indicated from the outset that a County Council presence would be retained in Cambridge;
- concerns raised regarding the pedestrian access to the rear of the Shire Hall site i.e. the cut through from Magrath Avenue. It was confirmed that Trinity College owned that land and managed the permissive path, and whilst it was gated, it appeared to be open continuously, although officers had advised that they had been informed that it was sometimes closed at Christmas. Trinity College were unlikely to change the current arrangements, as they benefitted their students.

It was resolved unanimously to:

- a) note the report.

186. FINANCE AND PERFORMANCE REPORT – OCTOBER 2018

The Committee considered a report on the financial and performance information relating to the areas within the Commercial and Investment Committee's remit, for October 2018.

With regard to the second report recommendation relating to energy projects, it was noted that the report on this item had been deferred until January, so the recommendation on that would be withdrawn for this meeting.

Members noted:

- an overspend of £6.4M was forecast due to revenue underachievement, representing an increase in underachievement of £261K from the previous forecast;
- additional overspends on commercial activity due to timing of loans and investment, off-set by favourable changes anticipated to the Revenue situation owing to a review of expenditure in the ICT service, funded by a replacement reserve to fund expenditure capital, and also a reduction in debt charges due to the delays to investment. With regard to the change from revenue to capital for ICT, it was confirmed that there was always some specific types of expenditure that could be reasonably treated as either capital or revenue;
- the additional £250K pressure to Traded Services budgets;

- the forecast underspend in the Capital budget.

With regard to the additional prudential borrowing for the County Farm project, it was noted that the County Farm budget for such projects was already fully allocated. County Farms had previously had a larger budget for capital investment, but this had been reduced in the last few years as a result of insufficient projects coming forward. When an additional allocation is required, this is brought to the Committee, and as with the initial allocation, does not usually specify the individual projects. The project in question was substantial and no other projects requiring additional allocation are planned at this time. The tenant's tenancy was for five years, and in order to protect the Council's interests, a tenancy extension of 14 years was proposed to cover the payback period of the investment, on which the tenant will be required to pay an additional rent of 7%, based on the cost. It was further noted that usually County Farm tenancies ended when the tenant reached 65, but the extension proposed in this instance would extend the tenancy until the tenant was 68. This was in line with anticipated changes in the upcoming strategy review which would consider linking tenancy length with the government's proposals to change the state pension age.

In response to a Member question, it was noted that the project was in line with the strategy to diversify the County Farms portfolio, improve the housing stock let to tenants and increase revenues.

In response to a Member question, it was confirmed that not all Outcome Focused Reviews were complete, including Outdoor Centres and Cambridgeshire Music. This was being reflected in the Business Plan for 2019/20, but for the purposes of financial monitoring, £500K had been identified as a pressure in the year 2018/19. It was also noted that the issue had been discussed as part of the Commercial Strategy, and it was acknowledged that by definition, Traded Services should at least be cost neutral.

It was resolved unanimously to:

- a) review, note and comment upon the report;
- b) consider and recommend to GPC to approve £183K of prudential borrowing for the Manor Farm, Girton – House Extension project, together with revised tenancy terms.

187. AGENDA PLAN, TRAINING PLAN AND APPOINTMENTS TO OUTSIDE BODIES

Members considered the Committee's Agenda Plan and Training Plan.

It was noted that there were two additions to the Agenda Plan:

- revised report on St Ives Football Club ransom strip (January 2019)
- Proposed joint venture between Cambridgeshire County Council and University of Cambridge for the commercial development of fibre assets (February 2019)

With regard to the Training Plan, officers agreed to circulate some ideas for the provisional training slot in January. **Action required.** A Member commented that it would be helpful to have more information on procurement.

It was resolved to:

- a) note the Agenda Plan;
- b) note the Training Plan.

Chairman

COMMERCIAL & INVESTMENT COMMITTEE

Minutes-Action Log



Agenda Item no. 2
Cambridgeshire
County Council

Introduction:

This is the updated action log as at **9th January 2019** and captures the actions arising from the most recent Commercial & Investment Committee meeting and updates Members on the progress on compliance in delivering the necessary actions.

Minutes of 22nd June

125.	Programme Highlight report – progress of sales to This Land	tbc	It was agreed that it would be interesting for the Committee to visit a site in the future.	tbc	
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Minutes of 20th July

131.	This Land financing arrangements, portfolio sale and construction financing	Tom Kelly/ This Land	Identify whether This Land would pay for the construction of the access road.	Details circulated to Committee on 21/12/18.	Completed.
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Minutes of 14th September

147.	Update on Building Inspections	John Macmillan	Request the Regional Schools Inspector supports the Council in asking Academies to provide details of their building inspections.	Meeting between Compliance, Education, Legal and Property took place on 16/11/18 and a programme of inspections is being prepared.	In progress
147.	Update on Building Inspections	John Macmillan	Future leases of property to Academies should require them to provide the Council with inspection reports on a specified basis.	As above.	In progress

147.	Update on Building Inspections	John Macmillan	Circulate note responding to the points raised during the discussion.	Will follow on from meeting with Legal, Education and Property.	In progress
154.	Land Promotion Agreements		Consult Local Members where Council leading on developments or promotions.	Report deferred at November meeting.	Ongoing

Minutes of 19th October 2018

161.	Service Committee Review of draft revenue Business Planning proposals for 2019-20 to 2023-24		Commercial Investment Working Group to explore Commercial Investments Business Case and report back to the Committee.	Ongoing action relating to the Acquisitions Strategy.	Ongoing
162.	Service Committee Review of the draft 2019-20 Capital Programme	Jackie Galwey/ Shauna Torrance	Last two meetings of the Older People's Accommodation Strategy Working Group had been cancelled.	Issue raised with Jackie Galwey/Shaula Torrance – awaiting response.	In progress.
163.	Loans to Not for Profit organisations	Chris Malyon	A report on loans granted to be provided on an annual basis to C&I Committee.	To be presented as part of an Annual Report on the Treasury Management Policy in April.	In progress

Minutes of 23rd November 2018

176.	Training Plan	All	Officers to identify suggested subjects for the provisional January training slot.	Agreed to cancel training slot at Lead Member briefing on 04/01/19.	Complete.
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Minutes of 14th December 2018

182.	Commercial and Investment Committee Review of draft Revenue and Capital Business Planning proposals for 2019-20 to 2023-24	Sheryl French	It was agreed that Sheryl French would be asked to provide an update to the Committee on current progress with all major projects.		
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183.	Disposal of ransom strip at St Ives	John Macmillan	The ownership of different parts of the site to be fully detailed in the revised report.		
183.	Disposal of ransom strip at St Ives	John Macmillan	Requested that the planning application for the residential development be included in the future report.		
187.	Agenda Plan, training plan and appointments to outside bodies	All	Officers agreed to circulate some ideas for the provisional training slot in January.	As per 176 (above), Members agreed to cancel session.	Complete.

**OUTLINE BUSINESS CASE FOR SOLAR FARM ON RURAL ESTATE LAND AT
MERE FARM**

To: Commercial and Investment Committee

Meeting Date: 18th January 2019

From: Graham Hughes, Executive Director, Place and Economy
Chris Malyon, Deputy Chief Executive

Electoral division(s): Soham South & Haddenham

Forward Plan ref: 2019/004 **Key decision:** Yes

Purpose: To consider the high level assessment for a 37MW solar farm to be sited at North Angle Farm, Soham

Recommendation: Members are asked to:

- a) agree the outline business case;
- b) provide in-principle support for a budget of £600,000 (as set out in Table 3) to fund the development costs of an Investment Grade Proposal (IGP); and
- c) approve work commencing on the first phase of the IGP.

<i>Officers contact:</i>		<i>Member contacts:</i>	
Name:	Cherie Gregoire / Hugo Mallaby	Names:	Councillors Schumann and Hay
Post:	Special Projects Manager, Energy Investment Unit / Asset Manager (Rural), Strategic Assets	Post:	Chair/Vice-Chair
Email:	Cherie.Gregoire@cambridgeshire.gov.uk hugo.mallaby@cambridgeshire.gov.uk	Email:	joshua.schumann@cambridgeshire.gov.uk anne.hay@cambridgeshire.gov.uk
Tel:	01223 715689 / 01223 728359	Tel:	01223 706398

1. BACKGROUND

- 1.1 The County Council's Corporate Energy Strategy sets out the need for a more ambitious and innovative approach in using council assets to generate income.
- 1.2 An examination of Rural Estate property has revealed that about 80 hectares of land located southwest of Soham would be suitable for the development of a large-scale solar farm. As shown in **Appendix A**, the majority of the site is classified as Grade 3 agricultural land, with a small section classified as Grade 2. Grade 1 is the highest agricultural land classification. The Triangle Farm solar farm in Soham was built on Grade 3 land.

2. MAIN ISSUES

- 2.1 The Council's Service Provider, Bouygues Energies & Services, has developed a High Level Assessment (HLA) to build a 37MW solar farm covering 76 hectares on a segment of North Angle Farm. The whole of the Soham Estate covers 1,060 hectares; the parcels chosen are predominately Grade 3 agricultural land within a farm let to October 2020, which would allow sufficient time to develop the project. The tenancy currently generates an annual revenue of £37,000.
- 2.2 It is estimated that the 76 hectare site could generate nearly the same amount of electricity as used by 9,000 households annually and would prevent the emission of more than 230,000 tonnes of CO₂ over the project's lifetime through offsetting fossil fuel electricity generation.
- 2.3 The costs used in the business case for North Angle Farm were benchmarked from a 16MW solar farm Bouygues will be installing next year for another client, as well as costs incurred for the Triangle Farm solar project.
- 2.4 When successfully delivered the project has the potential to hit four of the six priorities for the Corporate Energy Strategy: energy generation, energy supply, selling energy and supporting sustainable growth.

Summary of business case

- 2.5 A summary of the 25 year outline business case is included in Table 1a below, which identifies the current financial position for the project, Table 1b includes comparative figures for renewing the tenancy, ahead of further development work.
- 2.6 The existing solar farm at Triangle Farm in Soham was built with the financial support of Contracts for Difference. In its first year of operation, Triangle over-performed estimated generation by 5% raising an additional £50,000 over projections. There is no longer government support available for large scale solar developments. However, due to economies of scale and a drop in photovoltaic module prices (an estimated 35%), the business case for North Angle Farm is potentially viable without the need for subsidy. The same internal and external teams that worked on the Triangle Farm Solar Farm are involved in this project.

- 2.7 The business case assumes electricity generated would be sold at wholesale prices. There are opportunities to improve potential returns by selling electricity at retail prices through a 'sleeving' arrangement with a licensed electricity supply company with the County Council as the beneficiary. These opportunities will be explored during the development of the project.

Table 1a. 25 Year Business case summary

	Capital cost	Payback period (years)	IRR (Internal Rate of Return)	NPV (Net Present Value) 5.73% discount rate	25 year Net Return
Modelled energy generation	£22,777,260*	14.18**	6.56%	£2,365,600	£32.9M

*Includes all development costs, equipment, DNO connection costs, securing planning permission, internal staff, legal costs and fees.

** The business case assumes (a) equipment prices will not change appreciably (b) known technical challenges on-site, and (c) no major additional costs will be incurred due to unfavourable site conditions.

Table 2b. Comparative figures – Renewing the Tenancy

Capital cost	Payback period (years)	IRR (Internal Rate of Return)	NPV (Net Present Value) 5.73% discount rate	25 year Net Return
£0	0	N/A	£633,800	£1.3M

- 2.8 There are a number of challenges facing this project which will impact on the final decision of whether to proceed to contract and these are outlined in Table 2. The table also indicates a quantification of the funds at risk for each risk identified, representing the total cost of the IGP phases (therefore taking into account surveying, design, planning permission, grid connection, project management and consulting). As these are discreet costs they will not add up to £600,000, however the maximum funds at risk are £600,000.

Table 2. Key Risks

Timeline for resolution	Risk	Likelihood (1-5)	Impact (1-5)	Risk Score	RAG Status	Mitigation strategy	Maximum funds at risk (discreet amount per risk)
IGP Phase 1	Securing a grid connection in a constrained area. Another 72 hectare solar farm at Burwell secured planning permission in April 2018 from East Cambs. They are still in preconstruction, however it is presumed that they have secured a grid connection which will further constrain available capacity in this area.	2	5	10		An application will be made to UK Power Networks (UKPN) to determine the basis on which a connection to the grid can be made. UKPN will provide the cost of the connection, the capacity available and whether any reinforcement is required, which could impact the revenues and scale of the project. In the meantime, an estimated cost of connection of £1.75M has been included in the business case.	£70,000
	Grid management Soham sits in a flexible distributed generation area meaning that UK Power Networks may request up to 5% annual curtailment (stopping generation) in exchange for a connection	2	2	4		The business case assumes 4% curtailment is requested per annum. If the curtailment raises to 5%, then payback will increase to 14.35 years.	£70,000

Timeline for resolution	Risk	Likelihood (1-5)	Impact (1-5)	Risk Score	RAG Status	Mitigation strategy	Maximum funds at risk (discreet amount per risk)
	agreement. ¹						
	State Aid Funding the project is challenged on the basis of State Aid. State Aid is concerned where public funds distort competition.	1	1	1		As we are selling into the national grid for this project, there is no competition to distort.	minimal
IGP Phase 2	Planning permissions Planning permission is not granted for all necessary areas or components ²	2	2	4		Pre-application discussions will be held with the Local Planning Authority during the first phase of the IGP. As the site is adjacent to the existing Triangle Farm solar farm, much is already known about ground conditions, visual impact, glint and glare, etc. that would impact granting planning permission, therefore this is considered a low risk. Cambridgeshire County	£390,000

Timeline for resolution	Risk	Likelihood (1-5)	Impact (1-5)	Risk Score	RAG Status	Mitigation strategy	Maximum funds at risk (discreet amount per risk)
						Council will be the Local Planning Authority for this project as the site is on Council owned land. See Appendix B.	
	General Common risks associated with building solar farms, i.e. ground conditions are unfavourable for supporting structures, a large expanse of solar panels are under flight corridors, an overhead electrical line running through the site presents a risk of electrocution. ³	2	2	4		Given the proximity to an existing solar farm on Rural Estate, these risks are manageable. Height restrictions or clearance distances will be imposed to mitigate the risk of electrocution. Local airfields have been consulted to gauge any impact on pilots from glint and glare and no issues have been highlighted.	
Construction phase (procurement of equipment)	Changes in exchange rates The majority of equipment for this project would be imported. Should the pound to euro exchange rate becomes unfavourable (due to Brexit or other factors) resulting in increases in the cost of the imported equipment and the	4	3	12		Procurement could be delayed to await more advantageous exchange rates. The works contract could include a maximum agreed contract price as was done with St Ives. Should the price exceed the maximum agreed, we could take a decision not	£600,000 (maximum) e.g. A 5% increase in the cost of solar modules would result in an

Timeline for resolution	Risk	Likelihood (1-5)	Impact (1-5)	Risk Score	RAG Status	Mitigation strategy	Maximum funds at risk (discreet amount per risk)
	overall cost of the project, therefore decreasing the internal rate of return to the point where the project is no longer viable.					to proceed. In the worst case scenario, the drop in the pound could make the project potentially financially unsustainable resulting in the project ending and a need to recover development costs. Should this occur, the Project Team would return to C&I for a decision on how to proceed.	additional £450,000 in capital value.
All phases	Volatility in the wholesale market At present all revenue is based on selling the electricity to the grid at the wholesale tariff. Therefore there is risk if the future wholesale price of electricity is actually lower than predicted.	4	1	4		Bouygues used projections published by the Department for Business, Energy & Industrial Strategy (BEIS) for the wholesale tariff. To improve the business case work is underway scoping 'sleeving options' for selling electricity at retail prices but this work is outside the scope of this paper.	minimal

Timeline for resolution	Risk	Likelihood (1-5)	Impact (1-5)	Risk Score	RAG Status	Mitigation strategy	Maximum funds at risk (discreet amount per risk)
	General The business case worsens over the course of development	1	2	2		In the event the business case worsens over the course of the phases, as per the terms of our contract with Bouygues, the Council will not be liable to pay Bouygues' costs. However internal staff and legal costs and any external fees paid will not be recoverable.	Dependent on progress, maximum of £144k

1. The application to UK Power Networks will cost about £11,000, however work will happen in parallel for planning, design, etc. therefore should UKPN state that the grid connection is unaffordable, those other costs will still be incurred.
2. The actual cost of preparing and applying for planning advice, both pre- and full application, is estimated at £150,000.
3. These factors will be mitigated during design which is concentrated in the second phase of the IGP.

Design options

2.9 The development of clean energy projects is complex. The sizing of different elements of a scheme is dependent on a number of variables including:

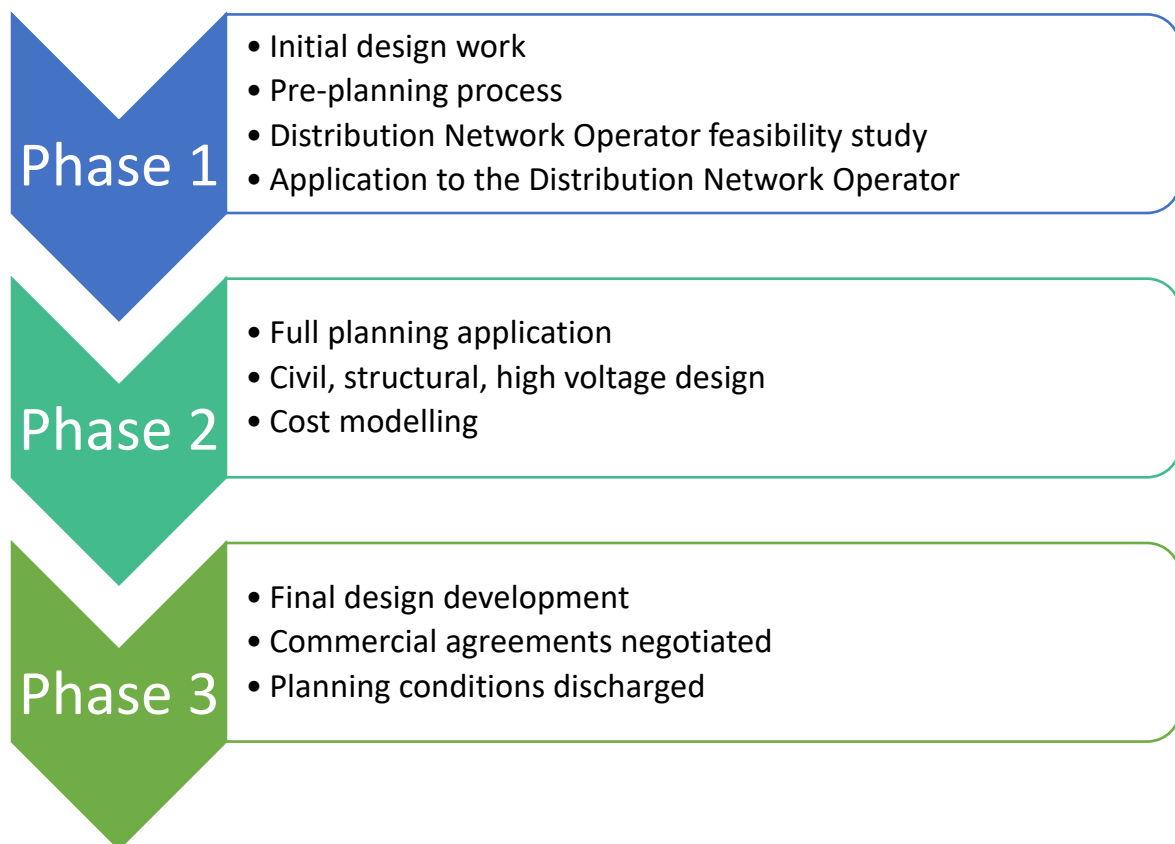
- availability of a suitable grid connection;
- regulatory restrictions;
- planning constraints; and
- community support.

2.10 These options will become clear as further development work is undertaken and engagement with the Local Authorities, distribution network operator and communities is progressed in more detail.

Development Approach

2.11 It is proposed to split the IGP development into three phases as described in Diagram 1 below. The intention is to obtain the maximum level of certainty and security at the earliest phase of the development, in terms of cost and commitment. A prescribed scope of work has been set for each phase of development, with a decision gateway between the phases:

Diagram 1. IGP phases



2.12 We are requesting a total budget of £600,000 to develop the IGP. This will cover internal staff and legal costs, external consultants (including extensive design costs, cost modelling,

and grid connection investigations) securing planning permission, and Framework fees. A table of the major elements is included in Table 3 below.

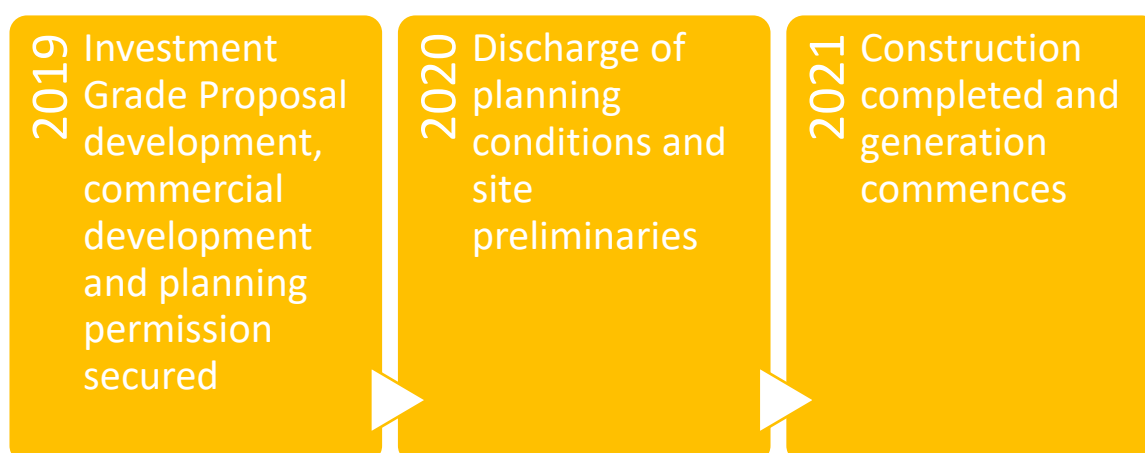
Table 3. Breakdown of major elements of development budget

Element	Estimated cost*
Investment Grade Proposal – phase 1 <ul style="list-style-type: none"> • RIBA Design Stage 1-2** • UK Power Network Feasibility Studies • Pre-planning application process • UK Power Network Application 	£70,000
Return to Commercial and Investment Committee	
Investment Grade Proposal – phase 2 <ul style="list-style-type: none"> • RIBA Design Stage 3 • Planning application documentation and fee • Cost modelling • Payment to Local Partnerships to assist in technical development / Framework compliance 	£390,000
Investment Grade Proposal – phase 3 <ul style="list-style-type: none"> • RIBA Design Stage 4 • Measurement & Verification planning • IGP finalisation • Commercial documentation • Discharge of planning conditions • Construction programme planning 	£140,000
Return to Commercial and Investment Committee	
	£600,000
*For each phase, costs for internal staff, legal and financial services are included above.	
** A description of RIBA Plan of Work stages is included in Appendix C .	

- 2.13 The Energy Investment Unit (EIU) and Rural Assets Team will manage the process to move through the IGP phases. The HLA has established benchmarks against which the IGP will be assessed. Should the project be halted at any point, the Council is only responsible to recompense costs incurred to that date. Also, under the terms of the Refit Framework, should the resultant IGP not meet the benchmarks set in the HLA, the Council will not be liable to pay for its production nor be required to proceed to implementation. Fees to outside bodies, such as the Local Planning Authority (£75,000), Local Partnerships (£50,000), and Crown Commercial Services (£51,000) and UK Power Networks (£11,000), as well as internal costs incurred will be lost.
- 2.14 At the conclusion of phase 1 of the IGP, the Project Team will return to Committee to report on outcomes, expenditure and risk management with the intention to seek guidance and ongoing support for the project through the remaining phases.
- 2.15 At the conclusion of the third and final phase, assuming the final IGP is acceptable, the Project Team will return to Committee to request authorisation to proceed to implementation. It is expected that the development of the full IGP will take until late 2019 / early 2020. Once the IGP is completed and accepted, the County Council could then enter

into an implementation contract. The expected construction length is 16 – 20 weeks. A rough timeline is included in Diagram 2 below:

Diagram 2. Indicative timeline of activities



3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

Locally generated electricity improves our energy security by reducing our reliance on imported energy. It can also provide a crucial revenue stream to support frontline services. Design, development, planning and construction services will return benefits to the local economy.

3.2 Helping people live healthy and independent lives

The generation of low carbon electricity offsets dirtier forms of fossil-fuel generation and the associated impacts on air quality. The project is predicted to avoid the release of over 230,000 tonnes of CO₂ over its lifetime. For comparison, the average car releases 5.4 tonnes per year, therefore this project will have the equivalent impact of removing over 1700 cars in its first year of operation.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

If, following the development of the detailed business case, the Council decides not to invest, the funding for the development of the detailed business case will have to be paid. A buffer to protect against the failure of any individual project is managed through the development of a pipeline of projects. The current proposition is to offset any sunk costs against the revenues generated from the wider program of energy projects being developed on our assets (excluding the schools and corporate building energy projects). However, now that we have a proof of concept business case for a subsidy-free solar farm, the likelihood of not building a solar farm on any portion of our Rural Estate is slim.

There are no implications for Information and Communications Technologies or data ownership.

Impact on human resources: The costs for County Council staff involvement to deliver the project are included in the requested development budget. The Special Projects team may need to add resources to manage the growing portfolio of projects.

Sustainable Resources: The project's goal is to generate low-carbon electricity.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

Bouygues Energies & Services was procured under a mini-competition run under the Refit 3 Framework. As the Framework does not expire until April 2020, there are no significant implications from a procurement or contractual standpoint. Any resulting construction contract would only need to be in place before the expiration of the Framework.

4.3 Statutory, Legal and Risk Implications

All projects have to demonstrate compliance with State Aid requirements, even where there is no grant funding. The main way of doing that for this project will be to demonstrate that the Authority is acting commercially when generating and selling electricity.

The Council has power to sell electricity under section 11 of the Local Government (Miscellaneous Provisions) Act 1976 (as amended) and under the Sale of Electricity by Local Authorities (England and Wales) Regulations 2010 which specifically refers to solar energy. The power is subject to the requirements of the Electricity Act 1989 in regard to a distribution or supply licence, which in turn are subject to exceptions under the Electricity (Class Exemptions from the requirement for a Licence) Order 2001.

4.4 Equality and Diversity Implications

There are no significant implications.

4.5 Engagement and Communications Implications

The project team has discussed the project with Rural Estate staff, Capital Program Board, the tenant farmer, the local councillor and the Chair and Vice Chair of Commercial and Investment Committee.

4.6 Localism and Local Member Involvement

The East Cambridgeshire Local Plan supports solar renewable energy generation. Concerns at loss of productive agricultural land is mitigated by focussing the development on Grade 3 agricultural land.

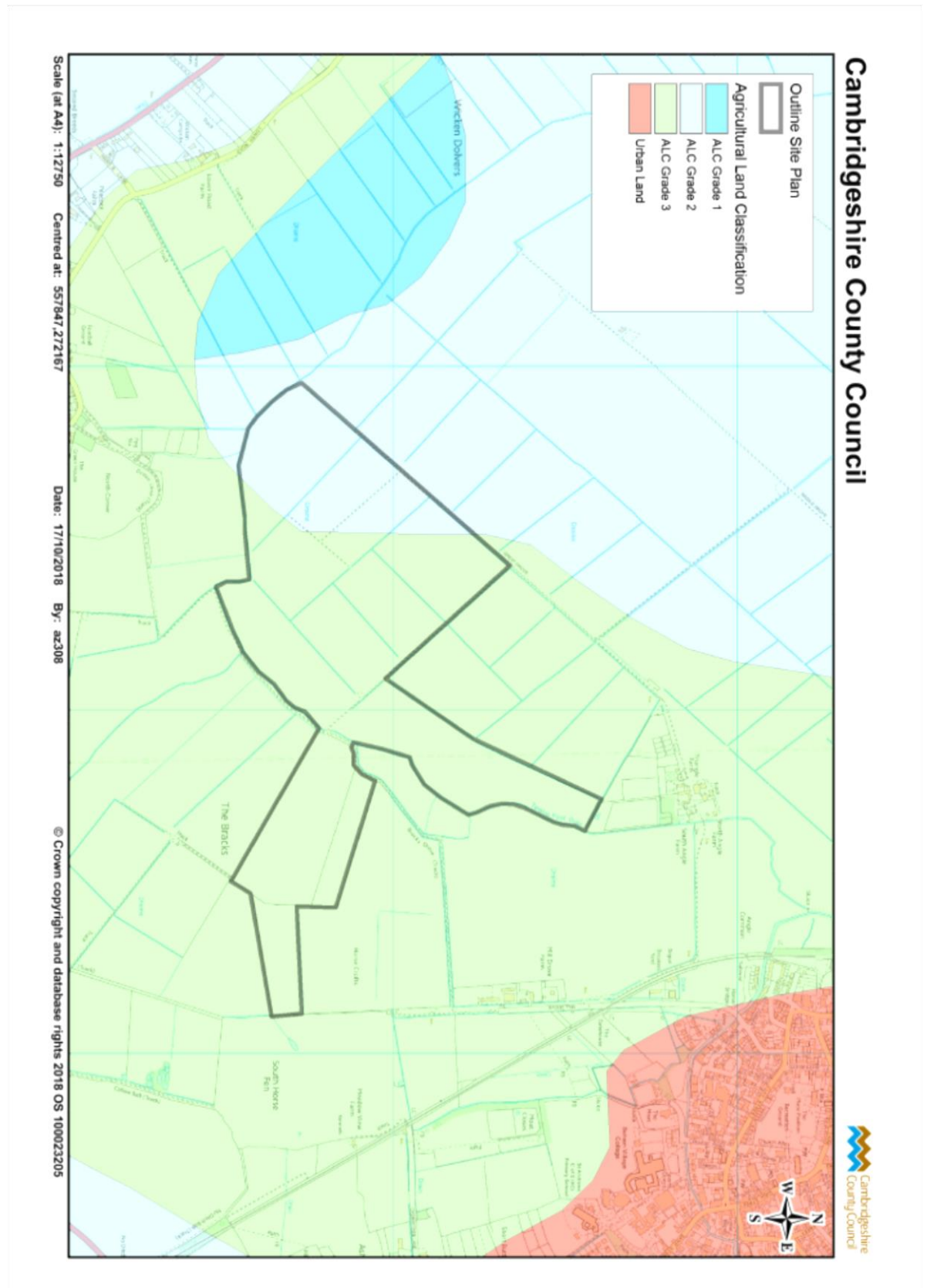
4.7 Public Health Implications

There are no significant implications.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Sarah Heywood
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Yes Name of Officer: Paul White
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	Yes Name of Legal Officer: Fiona McMillan
Have the equality and diversity implications been cleared by your Service Contact?	Yes Name of Officer: Elsa Evans
Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Joanna Shilton
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Yes Name of Officer: Emma Fitch
Have any Public Health implications been cleared by Public Health	Yes Name of Officer: Stuart Keeble

Source Documents	Location
<ol style="list-style-type: none"> 1. Corporate Energy Strategy 2. High Level Assessment (business case), Mere Farm site, December 2018 3. East Cambridgeshire District Council Local Plan 4. Email communication between the project manager and planners on the question of which body should serve as the Local Planning Authority 	<ol style="list-style-type: none"> 1. https://www.mlei.co.uk/section-1/ccc-energy-strategy/ 2. Energy Investment Unit 3. http://www.eastcambs.gov.uk/sites/default/files/CD05A%20Proposed%20Submission%20Local%20Plan.pdf 4. Energy Investment Unit

Appendix A – map of the site with agricultural grade overlaid



Appendix B – Local Planning Authority (LPA) responsibility for planning application

Regulation 3 of the Town and Country Planning Act allows for a local authority to determine planning applications where the same local authority is the developer. EIU sought advice from East Cambridgeshire District Council and County Council planning officers, as well as LGSS Law on which body should determine the application.

Karen White, LGSS Law advises that the application should be determined by County planners but advised the EIU to consult County planning staff. Emma Fitch, Joint interim Assistant Director Environment & Commercial Services, agrees that County should be the LPA. Rebecca Staunt, Planning Manager of ECDC, in consultation with their Planning Solicitor, agree that as County will be the developer and sole owner, then County should be the LPA determining the planning application.

Appendix C – Description of RIBA stages

The RIBA Plan of Work organises the process of briefing, designing, constructing and operating building projects into eight stages and details the tasks and outputs required at each stage.

Stages

The stages are represented by numbers to avoid confusion with the stages in the RIBA Outline Plan of Work 2007, which were represented by letters.

The shift to numbers also allows the stages to be aligned with a set of unified industry stages agreed through the Construction Industry Council (CIC). Aligning the stage numbers in the RIBA Plan of Work 2013 with this structure helps to achieve one of the core objectives of the RIBA Plan of Work 2013, namely greater cohesion within the construction industry.

The eight stages of the RIBA Plan of Work 2013 are derived as follows:



Stage 0 Strategic Definition is a new stage in which a project is strategically appraised and defined before a detailed brief is created. This is particularly relevant in the context of sustainability, when a refurbishment or extension, or indeed a rationalised space plan, may be more appropriate than a new building. Certain activities in Stage 0 are derived from the former (RIBA Outline Plan of Work 2007) Stage A – Appraisal.



Stage 1 Preparation and Brief merges the residual tasks from the former Stage A – Appraisal – with the Stage B – Design Brief – tasks that relate to carrying out preparation activities and briefing in tandem.



Stage 2 Concept Design maps exactly to the former Stage C – Concept.



Stage 3 Developed Design maps broadly to the former Stage D – Design Development – and part of Stage E – Technical Design. The strategic difference is that in the RIBA Plan of Work 2013 the Developed Design will be coordinated and aligned with the **Cost Information** by the end of Stage 3. This may not increase the amount of design work required, but extra time will be needed to review information and implement any changes that arise from comments made before all the outputs are coordinated prior to the **Information Exchange** at the end of Stage 3.



Stage 4 Technical Design comprises the residual technical work of the core design team members. At the end of Stage 4, the design work of these designers will be completed, although they may have to respond to **Design Queries** that arise from work undertaken on site during Stage 5. This stage also includes and recognises the importance of design work undertaken by specialist subcontractors and/or suppliers employed by the contractor (Performance Specified Work in JCT contracts) and the need to define this work early in the process in the **Design Responsibility Matrix**.



Stage 5 Construction maps to the former Stage K – Construction to Practical Completion – but also includes Stage J – Mobilisation.



Stage 6 Handover and Close Out maps broadly to the former Stage L – Post Practical Completion – services.



Stage 7 In Use is a new stage which includes **Post-occupancy Evaluation** and review of **Project Performance** as well as new duties that can be undertaken during the In Use period of a building.

Procurement and tendering

Although the RIBA Plan of Work 2013 does not include a stage corresponding to Stages G, H and J of the RIBA Outline Plan of Work 2007, which relate to the tendering activities associated with traditional procurement, it includes these activities in the Procurement task bar.

LAND AT MILL ROAD, OVER: TRANSFER AND FINANCING

To: Commercial & Investment Committee

Meeting Date: 18 January 2019

From: Deputy Section 151 Officer

Electoral division(s): Longstanton, Northstowe & Over

Forward Plan ref: N/a Key decision: No

Purpose: To consider a site owned by the County Council in Over; disposal to This Land following an option agreement, financed by loan from the Council & for connected purposes.

Recommendation: The Committee is invited to delegate to the Deputy Section 151 Officer, in consultation with the Chairman of the Committee, the authority to

a) Agree disposal of the site described in section 1 to This Land, further to a decision of Cabinet in 2012, and in accordance with the arrangements described in section 2;

b) Agree to provide loan financing and equity investment to This Land, to enable the acquisition, in line with arrangements described in the appendix.

<i>Officer contact:</i>	<i>Member contacts:</i>
Name: Tom Kelly Post: Head of Finance Email: Tom.Kelly@cambridgeshire.gov.uk Tel: 01223 703599	Name: Joshua Schumann Post: Chair of Commercial & Investment Committee Email: Joshua.schumann@cambridgeshire.gov.uk Tel: 01223 706398

1. BACKGROUND

- 1.1 Following a decision by the then Cabinet of the County Council in January 2012, an option agreement was entered into with a developer for a site comprising approximately 1.59ha in the North East of Over (South Cambridgeshire). The land is currently used as a paddock and is defined by hedgerow boundaries on all four sides (→)
- 1.2 In 2012, the Council considered its interests were best served at this location by agreeing an option with a private developer who would make a modest upfront capital payment, and develop the land at its own risk through a potentially expensive and time-consuming Planning process. In return the developer had the first option to purchase the property, or to otherwise gain benefit from the uplift in value resulting from their endeavours.



2. RECENT DEVELOPMENTS

- 2.1 The developer obtained reserved matters planning approval for 53 residential units on the land at Mill Road, Over on 18 June 2018. 40% affordable housing is stipulated.
- 2.2 The developer previously approached CCC about the possibility of directly disposing of the site on the open market, as opposed to the developer purchasing the site under the terms of the option agreement, as the developer had decided against developing the site themselves. Following negotiation, it was agreed that the developer would surrender their option agreement dated 8 November 2012, on completion of a Land Agreement (completed as of 16 November 2018) which would formalise the sale of the site with the benefit of reserved matters planning permission either to CCC's nominated party or on the open market, by CCC as freeholder, and to split the proceeds. This mirrors the terms and conditions of the option agreement – in order for the developer to recoup their fees in obtaining planning permission for residential development and a proportion of the uplift in value of the site.
- 2.3 Prior to the site being marketed openly, This Land (as CCC's nominated party) was offered the opportunity to acquire the site. An external valuation of the site was undertaken by a registered valuer (Savills) which determined the freehold value of the site subject to the benefit of reserved matters planning permission for 53 residential units (see Appendix). Formal Heads of Terms for the sale were issued to This Land on 20 November 2018. As per the timetable agreed within the Land Agreement, This Land had a month to formally agree to the purchase from notification. This Land formally notified CCC of its wish to purchase the site on the 20 December 2018. Completion of the sale would now need to occur imminently, under the terms of the Land Agreement.

3. FINANCING THIS LAND ACQUISITION

- 3.1 The This Land companies are ultimately wholly owned by the County Council and operate

on an arms length basis to deliver a commercial return from housing development. The business model for This Land finances the company initially through loans and equity investment provided by the County Council. In the short and medium term the Council will receive interest on the loans advanced, with repayment of those loans and an overall return on its investment over the longer term. To date, the Committee has agreed activation of £67m of loans to This Land for the acquisition of property and development. As at January 2019, £13m of this remains pending in relation to a site acquisition and £8m for the purposes of construction.

- 3.2 This Land have submitted an investment case in support of advancing further loan finance to enable acquisition of the site at Over. Further details are available in the confidential appendix. The investment case demonstrates a favourable return and it is considered advantageous to nominate This Land as the Council additionally benefits from loan interest (derived from development proceeds) as well as the capital receipt for the land in its current condition.

4. ALIGNMENT WITH CORPORATE PRIORITIES

4.1 Developing the local economy for the benefit of all

Promoting housing development benefits the economy, providing homes for people to live in Cambridgeshire and jobs associated with construction, planning and accommodation delivery.

4.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

4.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

The report above sets out details of significant implications in section 2 and 3 and in the confidential appendix.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

No significant implications.

5.3 Statutory, Legal and Risk Implications

The Council has followed its policy in relation to disposal at best consideration, in this case using the established process of using an external independent valuation rather than a sale through the open market. Risks related to the development are set out in the appendix.

5.4 Equality and Diversity Implications

No significant implications.

5.5 Engagement and Communications Implications

No significant implications.

5.6 Localism and Local Member Involvement

No significant implications further to the grant of planning permission. In line with our usual approach notification is given of This Land transactions to the Local Member.

5.7 Public Health Implications

No significant implications.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Officer: T Kelly
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Not applicable further to original option agreement
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	Yes Name of Officer: M McMurtry
Have the equality and diversity implications been cleared by your Service Contact?	Yes Name of Officer: T Kelly
Have any engagement and communication implications been cleared by Communications?	Yes
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Yes
Have any Public Health implications been cleared by Public Health	Not applicable

7. SOURCE DOCUMENTS

Source Documents	Location
Cabinet Meeting (January 2012) leading to the agreement of an option at Over.	https://www2.cambridgeshire.gov.uk/committees/committees/Meeting.aspx?meetingID=386

FINANCE AND PERFORMANCE REPORT – NOVEMBER 2018

To: Commercial and Investment Committee

Meeting Date: 18th January 2019

From: Chief Finance Officer

Electoral division(s): All

Forward Plan ref: N/a

Key decision: No

Purpose: To present to Commercial and Investment (C&I) Committee the November 2018 Finance and Performance Report for C&I Committee.

The report is presented to provide C&I Committee with an opportunity to comment on the projected financial and performance outturn position, as at the end of November 2018.

Recommendation: The Committee is asked to:

- review, note and comment upon the report
- consider and recommend to GPC to approve £36k of prudential borrowing for the Renewable Energy – North Angle Solar Farm project

Officer contact:		Member contacts:
Name:	Eleanor Tod	Cllrs Schumann and Hay
Post:	Group Accountant	Chairman and Vice-Chairwoman
Email:	Eleanor.Tod@cambridgeshire.gov.uk	Joshua.schumann@cambridgeshire.gov.uk Anne.hay@cambridgeshire.gov.uk
Tel:	01223 715333	01223 706398

1. BACKGROUND

- 1.1 Commercial and Investment Committee will receive the Commercial and Investment 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 November 2018 Finance and Performance report.
- 2.2 **Revenue:** At the end of November, Commercial and Investment Committee is forecasting an overspend of £6,135k on revenue budgets. There is one new significant forecast outturn variances by value (over £100,000) to report (please see 2.2 of Appendix A for further details).
- 2.3 **Capital:** At the end of November, Commercial and Investment Committee is forecasting an underspend of £-7,277k on the capital programme budget. There are no new significant forecast outturn variances to report.

Commercial and Investment Committee is asked to recommend to GPC to approve:

- **£36k of capital funding for the Renewable Energy – North Angle Solar Farm project (please see 3.5 of Appendix A for further details)**
- 2.4 There are no Commercial and Investment Committee **performance indicators** reported for November 2018, however these are currently being developed in conjunction with Committee.

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 Commercial and Investment for 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?	N/A
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	N/A
Are there any Equality and Diversity implications?	N/A
Have any engagement and communication implications been cleared by Communications?	N/A
Are there any Localism and Local Member involvement issues?	N/A
Have any Public Health implications been cleared by Public Health	N/A

Source Documents	Location
C&I Finance & Performance Report (October 18)	1 st Floor, Octagon, Shire Hall, Cambridge

Commercial and Investment

Finance and Performance Report – November 2018

1. SUMMARY

1.1 Finance

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

2. INCOME AND EXPENDITURE

2.1 Overall Position

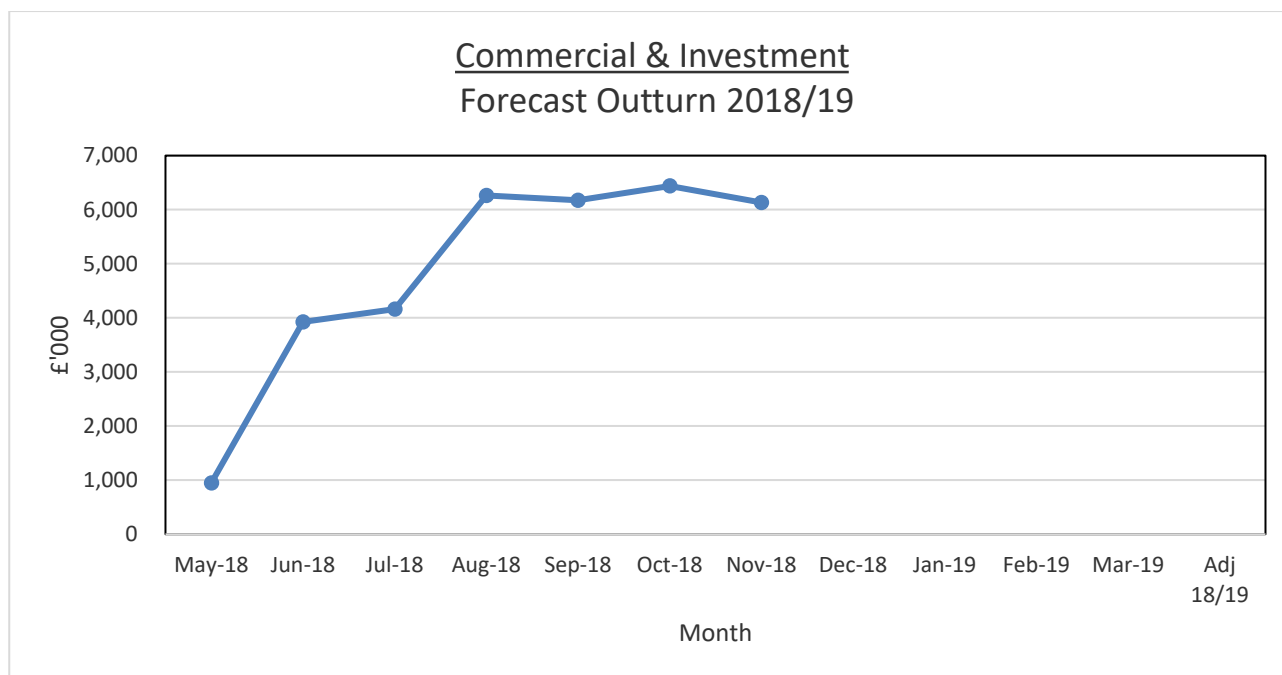
To ensure financial information is presented in a consistent way to all Committees a standardised format has now been applied to the summary tables and service level budgetary control reports included in each F&PR. The same format is also applied to the Integrated Resources and Performance Report (IRPR) presented to General Purposes Committee (GPC). The data shown provides the key information required to assess the financial position of the service and provide comparison to the previous month.

Outturn Variance (Oct) £000	Directorate	Budget £000	Actual £000	Outturn Variance (Nov) £000	Outturn Variance (Oct) %
4,680	Commercial Activity	-9,536	133	4,421	46.4%
-87	Property Services	6,037	4,034	-89	-1.5%
-37	Strategic Assets	-4,098	-2,867	-44	1.1%
1,882	Traded Services	-1,200	968	1,847	153.9%
6,438	Total	-8,797	2,269	6,135	69.7%

Commercial and Investment (C&I) has a negative budget as it has an income target for 2019-20 of -£8,797k. As such, the outturn variance of £6,135k means that C&I is expecting to achieve a net income position of -£2,662k by year-end.

The service level budgetary control report for Commercial and Investment for November 2018 can be found in [C&I Annex 1](#).

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



2.2 Significant Issues – Commercial and Investment

At the end of November 2018, Commercial and Investment is forecasting an underachievement of income of £6.1m in 2018/19. This represents a decrease of £302k from the previous forecast, mainly due to an increase in shareholder company dividends received.

Commercial Activity

Shareholder Company Dividends are forecasting an overachievement of income of £169k. This is due to a rebate received from ESPO which was £259k higher than budgeted.

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

No new items were recorded during November 2018.

A full list of additional grant income for Commercial and Investment can be found in [C&I Annex 3](#).

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

No new items were recorded during November 2018.

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

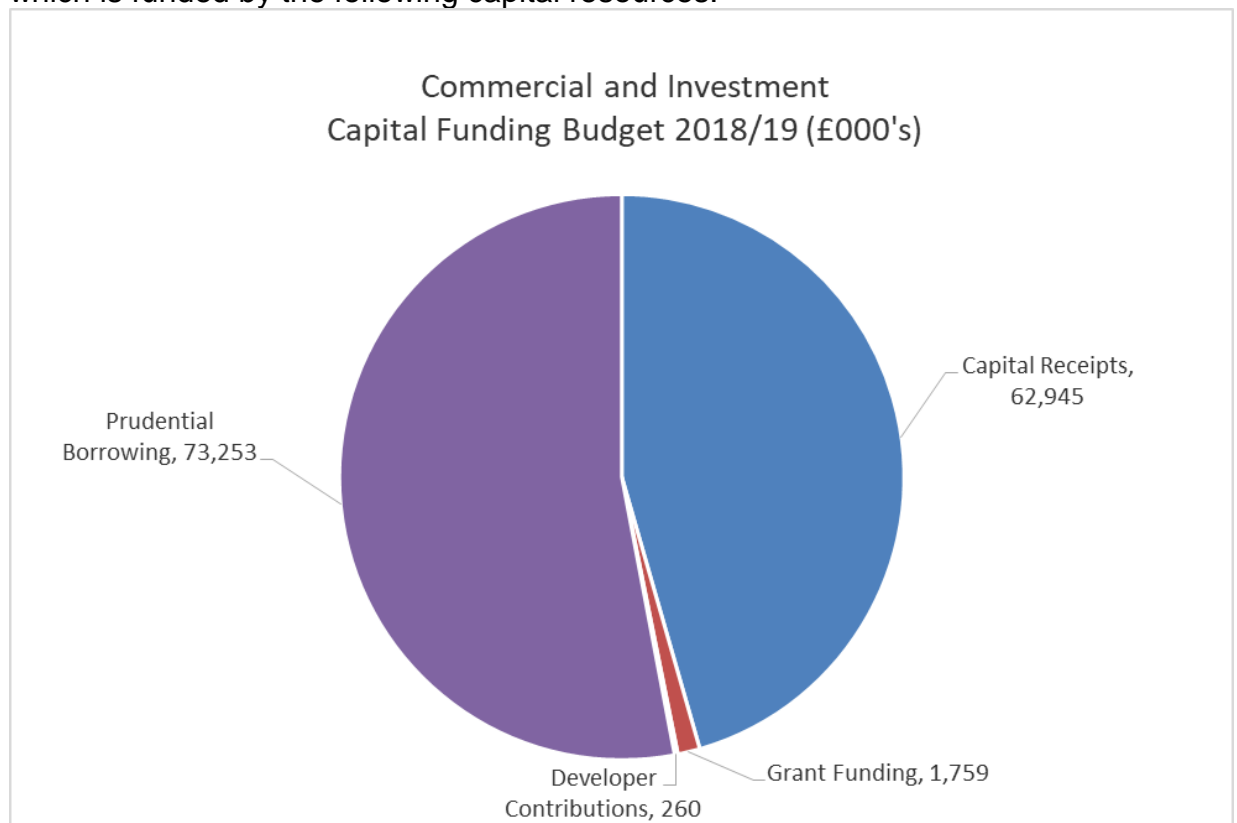
3. **BALANCE SHEET**

3.1 **Reserves**

The Commercial and Investment reserves contain various earmarked reserves and funds held for specific purposes, and capital reserves. The schedule of these reserves can be found in [C&I Annex 5](#).

3.2 **Capital Expenditure and Funding**

Commercial and Investment Committee has a capital budget of £138m in 2018/19, which is funded by the following capital resources:



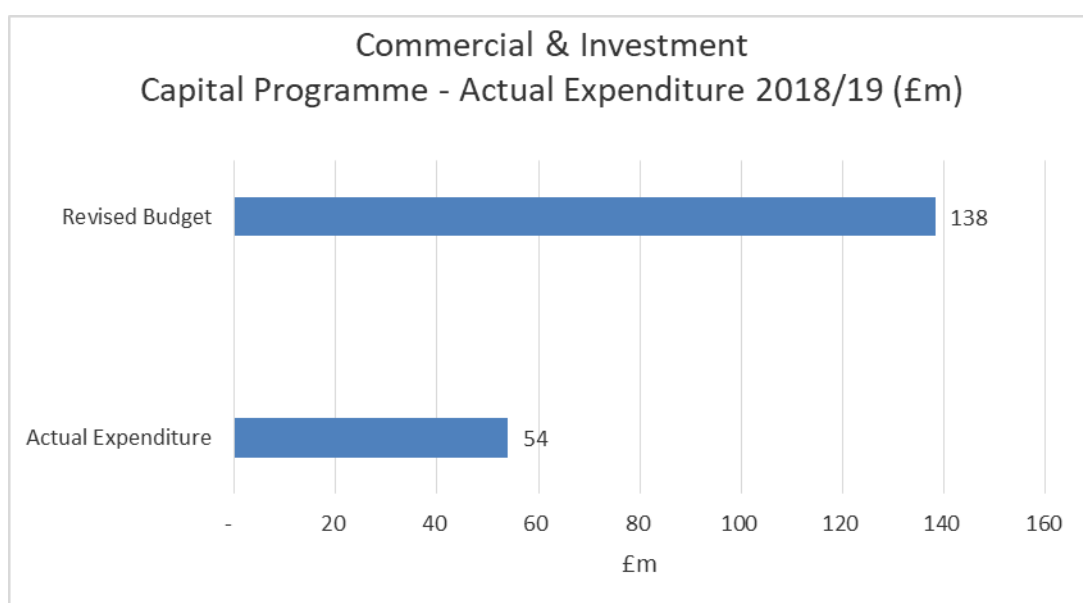
3.3 **Variations Budget**

A summary of the use of capital programme variations budget is shown below. As forecast underspends are 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.

Service	Capital Programme Variations Budget £000	Forecast Variance - Outturn (October) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (October) £000
C&I	-33,805	-41,082	-33,805	100%	-7,277

3.4 Expenditure

Commercial and Investment Committee has expenditure of £54m to date on the Capital Programme, against a revised budget of £138m:



An in-year variance of £41.1m is predicted, which exceeds the Capital Programme Variations budget of £33.8m. Therefore there is a forecast underspend of £7.3m on the capital programme for 2018/19. Total scheme variances of £147k underspent are expected over the lifetime of the schemes.

There are no new significant variances to report this month.

3.5 Funding

Commercial and Investment Committee has capital funding of £138m in 2018/19.

Commercial and Investment Committee is asked to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the Renewable Energy – North Angle Solar Farm project. This project is to construct a solar farm on 200 acres of rural estate property. It will be funded from prudential borrowing and is expected to generate a substantial revenue return. Additional budget for future years will be dealt with as part of the business planning process.

A detailed explanation of the position for Commercial and Investment Committee can be found in [C&I Annex 6](#).

4. PERFORMANCE

- 4.1** Performance data for Commercial and Investment Committee is not currently available as performance indicators have not yet been set for the committee. Relevant indicators are in the process of being established in conjunction with committee and in line with the development of the Council's Commercial Strategy; once these are in place, exceptions will be reported against these.

C&I ANNEX 1 – Commercial and Investment Budgetary Control Report

The variances to the end of November 2018 for Commercial and Investment are as follows:

Forecast Outturn Variance (Oct)		Budget 2018/19	Actual Nov 2018	Forecast Outturn Variance	
£000's		£000's	£000's	£000's	%
Commercial Activity					
3,450	Commercial Property Investments	-4,900	210	3,450	69%
90	Shareholder Company Dividends	-290	0	-169	-85%
2,040	Housing Investment (This Land Company)	-4,346	-77	2,040	47%
-900	Commercial Activity Financing	0	0	-900	0%
4,680	Commercial Activity Total	-9,536	133	4,421	46%
Property Services					
170	Building Maintenance	1,093	440	168	15%
-241	County Offices	4,096	3,016	-241	-6%
0	Property Services	645	490	0	0%
-16	Property Compliance	203	88	-16	-8%
-87	Property Services Total	6,037	4,034	-89	-1%
Strategic Assets					
17	County Farms	-4,905	-2,665	10	0%
-54	Strategic Assets	807	-202	-54	-7%
-37	Strategic Assets Total	-4,098	-2,867	-44	1%
Traded Services					
500	Traded Services - Central	-408	71	500	122%
0	ICT Service (Education)	-200	-1,039	0	0%
0	Professional Development Centres	-71	-101	0	0%
0	Cambridgeshire Music	5	846	0	0%
147	Outdoor Education (includes Grafham Water)	-77	405	147	191%
1,235	Cambridgeshire Catering & Cleaning Services	-449	785	1,200	267%
1,882	Traded Services Total	-1,200	968	1,847	154%
6,438	Total	-8,797	2,269	6,135	70%

C&I ANNEX 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	Forecast Outturn Actual	Forecast Outturn Variance	
	£000	£000	£000	%
Commercial Property Investments	-4,900	-1,450	3,450	70%
<p>Commercial Investments is forecasting an underachievement of income of £3.5m at year end. There has been a commercial acquisition of £38m, however the expected income for the remainder of the year has been recalculated on the assumption of no further acquisitions in 2018/19. The Council considers investment opportunities as they arise and has not been successful on all occasions; investments are made when the yield is in line with the Council's acquisitions strategy. In due course it is anticipated that this budget will deliver to target once sufficient financially appealing opportunities have been secured.</p>				
Shareholder Company Dividends	-290	-459	-169	-58%
<p>A total rebate of £459k is due to be received from ESPO, which exceeds the £200k budgeted for income from ESPO. This is partially offset by the budget for a dividend from LGSS Law which will not be received.</p>				
Housing Investment (This Land Company)	-4,346	-2,306	2,040	47%
<p>An underachievement of income of £2m is reported on Housing budgets, due to the assessed value of properties at the point of transfer to This Land, which reflects progress through the planning system (and therefore market value) to date. Expectations of interest receivable continue to be remodelled and reprofiled based on loans advanced. Loan values are constrained by the value of property at disposal (dependent on planning) alongside ensuring the Council has sufficient collateral as lender.</p>				
Commercial Activity Financing	-	-900	-900	0%
<p>As a result of the pressures reported elsewhere in this section of the Commercial and Investment domain connected to one-off delays in the mobilisation of property acquisitions and loan advances, a review is underway to identify mitigating adjustments that this area can put forward on a one-off basis to offset the position reported until further progress is made. At this stage, favourable changes are anticipated in this way as a result of:</p> <ul style="list-style-type: none"> • A review of revenue expenditure under the Committee's purview on equipment (the ICT service). This has been funded by a replacement reserve held in revenue, however a case could be made to charge this to capital resources available in 2018-19, in substitution for the revenue reserve, which would then be available to offer up. (£400k) 				

Service	Current Budget	Forecast Outturn Actual	Forecast Outturn Variance	
	£000	£000	£000	%
<ul style="list-style-type: none"> • Apportioning an appropriate element of the reduced costs of borrowing, as a result of the delay in opportunities to invest/loan (£500k) 				
Building Maintenance	1,093	1,261	168	15%
An overspend of £168k on building maintenance is forecast due to additional unplanned maintenance costs in the year. These are offset by underspends in County Offices				
County Offices	4,096	3,855	-241	-6%
<p>County Offices budgets are forecast to underspend by £241k at year-end 2018/19. This is mainly due to the following favourable variances which were first reported during the last financial year:</p> <ul style="list-style-type: none"> • £180k surplus following a reassessment of historic business rates liabilities for children's centres. • £350k saving due to the reduction in rates liability for Shire Hall, £114k of which has been applied to meet the £200k savings target set for Property Services in Business Planning. • £65k saving due to The Meadows, St Ives having been vacated; this is based on the annual budget of £115k less £10k running costs and an estimate of £40k for dilapidations. 				
Traded Services – Central	-408	92	500	122%
Traded services to Schools and Parents is forecasting a £500k pressure. These services were set a stretch target as part of this year's Business Plan in the sum of £500k. This was not allocated to any specific service lines but retained as a general target across all traded services. This target has not been delivered and no plans to achieve have been brought forward either by the services or as a result of the Outcome Focussed Reviews that have taken place.				
Outdoor Education	-77	70	147	191%
<p>Outdoor Education is currently reporting a £147k overspend. This is mainly a combination of an anticipated £30k under-recovery of income at Stibington and an ongoing structural pressure of £107k at Grafham Water.</p> <p>The Grafham Water budget includes an internal loan of £95k in 2018/19 relating to building and improvement works carried out a number of years ago. Although prices have been increased for all user groups and the centre is running at high capacity, the centre is currently unable to generate sufficient income to cover the additional costs of the loan as well as a targeted £42k over-recovery.</p> <p>The pressures at both centres are being addressed as part of the ongoing Outdoor Centres Outcome Focussed Review, and in-year mitigations are being sought.</p>				

Service	Current Budget	Forecast Outturn Actual	Forecast Outturn Variance	
	£000	£000	£000	%
Cambridgeshire Catering & Cleaning Services	-449	751	1,200	267%

Cambridgeshire Cleaning and Catering Services is to close during 2018/19, following a decision in 2017/18 based on the long term decline in prospects for the service and an increasing cost base driven by rising salaries. As the service winds down, approximately 33% of SLAs are phased to end in August 2018, with the remainder ending in October 2018. This pressure therefore represents the non-delivery of a full-year service as well as one-off costs related to closing the service. There is potential for this figure to increase as the one-off costs of closure are further refined and temporary 'diseconomies of scale' come to fruition.

C&I ANNEX 3 – Grant Income Analysis

The table below outlines the additional grant income, which was not built into base budgets.

Grant	Awarding Body	Expected Amount £000	Reported
Grants as per Business Plan		783	
One Public Estate	Cabinet Office	515	May 18
Total Grants 2018/19		1,298	

C&I ANNEX 4 – Virements and Budget Reconciliation

	£000	Reported
Budget as per Business Plan	-8,188	
Transfer of Traded Services salary and recharge budgets to C&I	-74	May 18
Transfer of P&C ICT SLA budget to Director of Education from Head of Traded Services	-134	May 18
Transfer of ESPO dividend budget from LGSS Managed to C&I	-200	May 18
Transfer balance of Cleaning Contract saving from C&I to Corporate Services.	-26	May 18
Transfer Cleaning Contract saving from C&I to Corporate Services budgets.	-36	June 18
Rent income budget for Grand Arcade Shop transferred from Libraries.	-50	August 18
Income budget for dividend from LGSS Law transferred to CCC.	-90	October 18
Current Budget 2018/19	-8,797	

C&I ANNEX 5 – Reserve Schedule

1. Commercial and Investment Reserves

Fund Description	Balance at 31 March 2018	Movements in 2018/19	Balance at 30 November 2018	Forecast Balance at 31 March 2019	Notes
	£'000	£'000	£'000	£'000	
<u>Equipment Reserves</u>					
The ICT Service (Education)	680	-654	26	0	1
subtotal	680	-654	26	0	
<u>Other Earmarked Funds</u>					
North Cambridge Academy site demolition costs	468	105	573	573	2
Cambs Music Reserve	84	0	84	84	3
subtotal	552	105	658	657	
<u>Capital Reserves</u>					
General Capital Receipts	0	34,308	34,309	52,590	4
subtotal	0	34,308	34,309	52,590	
TOTAL	1,232	33,759	34,992	53,247	

Notes

- 1 ICT Equipment Reserve will to be used to replace critical equipment in 2018-19
- 2 Rental income from Bellerbys buildings on the North Cambridge Academy site is being held to offset demolition costs when the lease expires in 2021.
- 3 Annual reserve agreed by GPC to develop and support the Cambridgeshire Music CREATE program which will look to create new purpose-built accommodation.
- 4 General Capital Receipts received during 2018/19 will be used to fund the capital programme at year-end, whereas This Land Capital Receipts will be used for Commercial Investment and any balance held over to be used in 2019/20.

C&I ANNEX 6 – Capital Expenditure

1. Capital Expenditure Summary 2018/19

Original 2018/19 Budget as per BP £000	Scheme	Revised Budget for 2018/19 £000	Actual Spend 2018/19 £000	Forecast Spend - Outturn £000	Outturn Variance 2018/19 £000	Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
76,000	<u>Commercial Activity</u>						
	Commercial Investments	76,000	39,463	40,000	(36,000)	100,000	-
43,086	Housing Schemes	85,259	14,076	85,259	-	148,172	-
119,086		161,259	53,539	125,259	(36,000)	248,172	-
	<u>Property Services</u>						
-	Office Portfolio	184	119	184	-	345	-
	Rationalisation						
600	Building Maintenance	1,471	347	1,471	-	6,290	-
550	Shire Hall Campus	100	10	100	-	4,791	-
1,150		1,755	476	1,755	-	11,426	-
	<u>Strategic Assets</u>						
100	Local Plans	100	-	100	-	618	-
	Representations						
300	County Farms Investment	362	269	362	-	4,820	-
-	Renewable Energy Soham	117	117	117	-	9,994	(87)
100	MAC Joint Highways	100	-	100	-	5,198	-
	Project						
1,919	Community Hubs - East	1,919	-	100	(1,819)	1,950	-
	Barnwell						
-	Shire Hall Relocation	2,506	12	2,506	-	16,606	-
3,330	St Ives Smart Energy Grid	3,330	-	50	(3,280)	3,645	(60)
-	Babraham Smart Energy	54	-	76	22	54	-
	Grid						
-	Trumpington Smart Energy	30	-	25	(5)	30	-
	Grid						
-	Stanground Closed Landfill	62	-	62	-	147	-
	Energy Project						
-	Woodston Closed Landfill	43	-	43	-	143	-
	Energy Project						
-	Renewable Energy – North	36	-	36	-	36	-
	Angle Solar Farm						
-	Manor Farm, Girton house	183	-	183	-	183	-
	extension						
-	Marwick Centre Roof	113	-	113	-	113	-
	Repairs						
-	Other Committed Projects	-	-	-	-	-	-
5,749		8,955	398	3,873	(5,082)	43,537	(147)
53	Capitalisation of Interest	53	(0)	53	-	-	-
(2,764)	Budget						
	Capital Programme	(33,805)	-	-	33,805	(36,971)	-
	Variations Budget						
123,274	TOTAL	138,217	54,413	130,940	(7,277)	266,164	(147)

2. Reported Amendments – Capital Expenditure Budgets 2018/19

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
Housing	43,086	85,259
This reflects approval in July C&I of both the roll forward of £83m underspends from 2017/18 into 2018/19 and then subsequently in August C&I -£41.1m of rephasing to future years, to reflect the timing of investment.		
Office Rationalisation	-	184
Carry forward of £184k funding from 2017/18 into 2018/19 was approved, for work on office rationalisation, moves and co-location projects - including Sawtry, Hill Rise, Shire Hall, Hereward Hall, Butts Grove, Scott House/Stanton House and Meadows closure.		
Shire Hall Building Maintenance	550	100
In July C&I Committee approved carry forward of £261k funding from 2017/18 into 2018/19, being required to support the general building maintenance programme. In addition to the carry forward of funds, the September C&I Committee also approved a virement of £711k from Shire Hall Building Maintenance budget to the Countywide Building Maintenance budget, comprising the £261k roll forward, plus a further 450k of the 2018/19 budget.		
Building Maintenance	600	1,471
<p>The budget comprises £160k carry forward from 2017/18 into 2018/19, funding a schedule of works to maintain County Office premises to compliance standards that will not interrupt delivery of Council services.</p> <p>In addition to the carry forward of funds, the September C&I Committee also approved a virement of £711k from the Shire Hall Building Maintenance budget to the Countywide Building Maintenance budget. This reflects where work is required as an outcome of the conditions surveys undertaken across the whole property portfolio.</p>		
County Farms Investment	300	362
C&I Committee approved carry forward of £62k funding from 2017/18 into 2018/19, to fund ongoing planned works.		
Renewable Energy - Soham	-	117

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
The budget comprises the carry forward of £117k funding from 2017/18 into 2018/19 to fund the retention costs for the Solar Park, which are now due to be paid in 2018/19.		
Shire Hall Relocation	-	2,506
C&I Committee agreed in November committee as part of a separate report to recommend to General Purposes Committee to approve the rephasing of the Shire Hall Relocation budget to move £2.5m budget from 2019/10 into 2018/19. This is to be funded from prudential borrowing, and will therefore increase the prudential borrowing requirement in 2018/19 by £2.5m (and reduce it for 2019/20).		
Babraham Smart Energy Grid	-	54
Outline Business Cases for Smart Energy Grids for Trumpington and Babraham Park and Ride sites were approved by Commercial and Investment Committee in May, including support for £150k to develop the proposals. Now the proposals have been developed further, C&I Committee approved additional capital expenditure of £54k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Trumpington Smart Energy Grid	-	30
Outline Business Cases for Smart Energy Grids for Trumpington and Babraham Park and Ride sites were approved by Commercial and Investment Committee in May, including support for £150k to develop the proposals. Now the proposals have been developed further, C&I Committee approved additional capital expenditure of £30k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Stanground Closed Landfill Energy Project	-	62
Outline Business Cases for Closed Landfill Energy Projects in Stanground and Woodston were approved by C&I Committee in September 2018, including support for £150k to develop the proposals. Of this, £62k will be spent on the Stanground project in 2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Woodston Closed Landfill Energy Project	-	43
Outline Business Cases for Closed Landfill Energy Projects in Stanground and Woodston were approved by C&I Committee in September 2018, including support for £150k to develop the proposals. Of this, £43k will be spent on the Woodston project in		

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Renewable Energy – North Angle Solar Farm	-	36
Commercial and Investment Committee is asked in January committee to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the North Angle Solar Farm project. This project is to construct a solar farm on 200 acres of rural estate property. It will be funded from prudential borrowing and is expected to generate a substantial revenue return. Additional budget for future years will be dealt with as part of the business planning process.		
Manor Farm, Girton house extension	-	183
Commercial and Investment Committee in December recommended to GPC the approval of £183k of additional capital funding in 2018/19 for the Manor Farm, Girton House Extension project. GPC agreed the additional funding on the 18 th December. This project is to extend the house at Manor Farm, and the tenant has agreed to pay an annual 7% improvement charge on the total cost. This project will be funded from prudential borrowing.		
Marwick Centre Roof Repairs	-	113
General Purposes Committee in November approved £113k of additional capital funding for roof repairs to the Marwick Centre. The Council owns the freehold of the Marwick Centre in March which is currently occupied by Fenland Area Community Trust (FACET), a registered charity who provide training and day care to adults with learning disabilities. Roof repairs are required to the centre following storm damage but FACET are unable to pay the full cost of the work. At the October Commercial & Investment (C&I) Committee meeting, the C&I Committee approved that in consideration for CCC paying for the roof works of £113,350 plus VAT, FACET will pay back 50% of the costs over the duration of the lease, which has approximately 21 years remaining. The 50% of the costs of the works plus interest will be recovered through an increase in the lease payment by FACET. The CCC insurers recovery team will continue to seek a claim against the original roof contractor. The scheme will be funded by prudential borrowing in the first instance.		
Capital Programme Variations Budget	-2,764	-33,805
In June Capital Programme Variations budgets were recalculated following the rephasing exercise to take account of budgets carried forward from 2017/18. The C&I Capital Programme Variations budget was adjusted by £-14m to £-16.7m. This has reduced the prudential borrowing requirement by £14m.		

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
The C&I capital programme variations budget for 2018/19 has not previously included the Housing Schemes, but in light of the above change in funding profile the C&I capital variations budget has now been revised to include this, resulting in a -£17.2m budget change. The revised C&I capital variations budget has also now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes.		

3. Reported Amendments - Total Scheme Expenditure Budgets

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
Babraham Smart Energy Grid	-	54
Outline Business Cases for Smart Energy Grids for Trumpington and Babraham Park and Ride sites were approved by Commercial and Investment Committee in May, including support for £150k to develop the proposals. Now the proposals have been developed further, C&I Committee approved additional capital expenditure of £54k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Trumpington Smart Energy Grid	-	30
Outline Business Cases for Smart Energy Grids for Trumpington and Babraham Park and Ride sites were approved by Commercial and Investment Committee in May, including support for £150k to develop the proposals. Now the proposals have been developed further, C&I Committee approved additional capital expenditure of £30k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Stanground Closed Landfill Energy Project	-	62
Outline Business Cases for Closed Landfill Energy Projects in Stanground and Woodston were approved by C&I Committee in September 2018, including support for £150k to develop the proposals. Of this, £62k will be spent on the Stanground project in 2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Woodston Closed Landfill Energy Project	-	43

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
Outline Business Cases for Closed Landfill Energy Projects in Stanground and Woodston were approved by C&I Committee in September 2018, including support for £150k to develop the proposals. Of this, £43k will be spent on the Woodston project in 2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Renewable Energy – North Angle Solar Farm	-	36
Commercial and Investment Committee is asked in January committee to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the North Angle Solar Farm project. This project is to construct a solar farm on 200 acres of rural estate property. It will be funded from prudential borrowing and is expected to generate a substantial revenue return. Additional budget for future years will be dealt with as part of the business planning process.		
Manor Farm, Girton house extension	-	183
Commercial and Investment Committee in December recommended to GPC the approval of £183k of additional capital funding in 2018/19 for the Manor Farm, Girton House Extension project. This project is to extend the house at Manor Farm, and the tenant has agreed to pay an annual 7% improvement charge on the total cost. This project will be funded from prudential borrowing.		
Marwick Centre Roof Repairs	-	113
General Purposes Committee in November approved £113k of additional capital funding for roof repairs to the Marwick Centre. The Council owns the freehold of the Marwick Centre in March which is currently occupied by Fenland Area Community Trust (FACET), a registered charity who provide training and day care to adults with learning disabilities. Roof repairs are required to the centre following storm damage but FACET are unable to pay the full cost of the work. At the October Commercial & Investment (C&I) Committee meeting, the C&I Committee approved that in consideration for CCC paying for the roof works of £113,350 plus VAT, FACET will pay back 50% of the costs over the duration of the lease, which has approximately 21 years remaining. The 50% of the costs of the works plus interest will be recovered through an increase in the lease payment by FACET. The CCC insurers recovery team will continue to seek a claim against the original roof contractor. The scheme will be funded by prudential borrowing in the first instance.		

4. Reported Exceptions – Capital Expenditure 2018/19

Capital Scheme	Current Budget 2018/19 £000	Forecast Outturn Actual £000	Forecast Outturn Variance £000
Commercial Investments	76,000	40,000	-36,000
An underspend of £36m is forecast on Commercial Investments in 2018/19. The Council considers investment opportunities as they arise and has not been successful on all occasions; investments are made when the yield is in line with the Council's acquisitions strategy. The commercial acquisitions strategy is under review, taking account of latest government guidance. It is advantageous to the Council to coincide commercial investments with capital receipts, which are predominantly related to land values for sites transferred to This Land.			
Community Hubs – East Barnwell	1,919	100	-1,819
An underspend of £1.8m is forecast on East Barnwell Community Hub in 2018/19. Options for the use of this site are being assessed, and an application for planning permission is currently being made, and as a result the majority of the expenditure on this project is expected to take place in future years.			
St Ives Smart Energy Grid	3,330	50	-3,280
An underspend of £3.3m is forecast on St Ives Smart Energy Grid in 2018/19. Construction is expected to start at the end of this financial year, so the majority of the expenditure on this project will take place in future years.			

C&I ANNEX 7 – Capital Funding

1. Capital Funding Summary 2018/19

Commercial and Investment Capital Programme 2018/19				
Original 2018/19 Funding Allocation as per BP £000	Source of Funding	Revised Funding for 2018/19 £000	Forecast Spend £000	Forecast Variance £000
78,833	Capital Receipts	62,945	42,833	(20,112)
1,759	Grant Funding	1,759	-	(1,759)
260	Developer Contributions	260	-	(260)
42,422	Prudential Borrowing	73,253	88,107	14,854
123,274	TOTAL	138,217	130,940	(7,277)

2. Reported Amendments – Capital Funding Budgets 2018/19

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
Housing – Prudential Borrowing	43,086	85,259
As reported above, this reflects the roll forward of £83m underspends from 2017/18 into 2018/19 and then subsequently -£41.1m of rephasing to future years, to reflect the timing of investment.		
Office Rationalisation – Prudential Borrowing	-	184
As reported above, carry forward of £184k funding from 2017/18 into 2018/19, for work on office rationalisation, moves and co-location projects.		
Shire Hall Building Maintenance – Prudential Borrowing	550	100
As reported above, carry forward of £261k funding from 2017/18 into 2018/19, being required to support the general building maintenance programme. In addition, a virement of £711k from the Shire Hall Building Maintenance budget to the Countywide Building Maintenance budget, comprising the £261k roll forward, plus a further 450k of the 2018/19 budget.		

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
Building Maintenance – Prudential Borrowing	600	1,471
As reported above, carry forward of £160k funding from 2017/18 into 2018/19, funding a schedule of works to maintain County Office premises to compliance standards that will not interrupt delivery of Council services. In addition, a virement of £711k from the Shire Hall Building Maintenance budget to the Countywide Building Maintenance budget. This reflects where work is required as an outcome of the conditions surveys undertaken across the whole property portfolio.		
County Farms Investment – Prudential Borrowing	300	362
As reported above, carry forward of £62k funding from 2017/18 into 2018/19, to fund ongoing planned works.		
Renewable Energy – Soham – Prudential Borrowing	-	117
As reported above, carry forward of £117k funding from 2017/18 into 2018/19 to fund the retention costs for the Solar Park, which are now due to be paid in 2018/19.		
Shire Hall Relocation – Prudential Borrowing	-	2,506
As reported above, it is recommended that C&I Committee requests General Purposes Committee to approve the rephasing of the Shire Hall Relocation budget to move £2.5m budget from 2019/20 into 2018/19. This is to be funded from prudential borrowing.		
Babraham Smart Energy Grid – Prudential Borrowing	-	54
As reported above, additional capital expenditure of £30k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Trumpington Smart Energy Grid – Prudential Borrowing	-	30
As reported above, additional capital expenditure of £30k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Stanground Closed Landfill Energy Project – Prudential Borrowing	-	62

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
As reported above, C&I Committee has approved additional capital expenditure of £65k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Woodston Closed Landfill Energy Project – Prudential Borrowing	-	43
As reported above, C&I Committee has approved additional capital expenditure of £50k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Renewable Energy – North Angle Solar Farm – Prudential Borrowing	-	36
Commercial and Investment Committee is asked in January committee to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the North Angle Solar Farm project. This project is to construct a solar farm on 200 acres of rural estate property. It will be funded from prudential borrowing and is expected to generate a substantial revenue return. Additional budget for future years will be dealt with as part of the business planning process.		
Manor Farm, Girton house extension – Prudential Borrowing	-	183
As reported above, C&I Committee has approved additional capital expenditure of £183k in 2018/19, funded by prudential borrowing. This project is to extend the house at Manor Farm, and the tenant has agreed to pay an annual 7% improvement charge on the total cost.		
Marwick Centre Roof Repairs – Prudential Borrowing	-	113
As reported above, C&I Committee has approved additional capital expenditure of £113k in 2018/19, funded by prudential borrowing in the first instance.		
Capital Programme Variations – Prudential Borrowing	-2,764	-17,917
As reported above, the Capital Programme Variations budgets were recalculated following the rephasing exercise to take account of budgets carried forward from 2017/18. The C&I Capital Programme Variations budget was adjusted by £-14m to £-16.7m which has reduced the prudential borrowing requirement by £14m.		
The C&I capital programme variations budget for 2018/19 has not previously included the Housing Schemes, but in light of the above change in funding profile the C&I capital		

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
variations budget has now been revised to include this, resulting in a -£17.2m budget change. The revised C&I capital variations budget has also now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes.		
Capital Programme Variations Budget – Capital Receipts	-	-15,888
As reported above, the revised C&I capital variations budget has also now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes.		

3. Reported Amendments - Total Scheme Funding Budgets

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
Babraham Smart Energy Grid – Prudential Borrowing	-	54
Outline Business Cases for Smart Energy Grids for Trumpington and Babraham Park and Ride sites were approved by Commercial and Investment Committee in May, including support for £150k to develop the proposals. Now the proposals have been developed further, C&I Committee approved additional capital expenditure of £54k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Trumpington Smart Energy Grid – Prudential Borrowing	-	30
Outline Business Cases for Smart Energy Grids for Trumpington and Babraham Park and Ride sites were approved by Commercial and Investment Committee in May, including support for £150k to develop the proposals. Now the proposals have been developed further, C&I Committee approved additional capital expenditure of £30k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Stanground Closed Landfill Energy Project – Prudential Borrowing	-	62
Outline Business Cases for Closed Landfill Energy Projects in Stanground and Woodston were approved by C&I Committee in September 2018, including support for £150k to develop the proposals. Of this, £62k will be spent on the Stanground project in		

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Woodston Closed Landfill Energy Project – Prudential Borrowing	-	43
Outline Business Cases for Closed Landfill Energy Projects in Stanground and Woodston were approved by C&I Committee in September 2018, including support for £150k to develop the proposals. Of this, £43k will be spent on the Woodston project in 2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Renewable Energy – North Angle Solar Farm – Prudential Borrowing	-	36
Commercial and Investment Committee is asked to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the North Angle Solar Farm project. This project is to construct a solar farm on 200 acres of rural estate property. It will be funded from prudential borrowing. Additional budget for future years will be dealt with as part of the business planning process.		
Manor Farm, Girton house extension – Prudential Borrowing	-	183
As reported above, C&I Committee has approved additional capital expenditure of £183k in 2018/19, funded by prudential borrowing in the first instance. This project is to extend the house at Manor Farm, and the tenant has agreed to pay an annual 7% improvement charge on the total cost.		
Marwick Centre Roof Repairs – Prudential Borrowing	-	113
As reported above, C&I Committee has approved additional capital expenditure of £113k in 2018/19, funded by prudential borrowing in the first instance.		

4. Reported Exceptions – Capital Funding 2018/19

Capital Scheme	Current Budget 2018/19 £000	Forecast Outturn Actual £000	Forecast Outturn Variance £000
Commercial Investments – Capital Receipts	76,000	40,000	-36,000
As reported above, an underspend of £36m is forecast on Commercial Investments in 2018/19. As this budget is funded by capital receipts, a -£36m variation is being reported against capital receipts.			
Community Hubs – East Barnwell – Developer Contributions and Prudential Borrowing	1,919	100	-1,819
As reported above, an underspend of £1.8m is forecast on East Barnwell Community Hub in 2018/19. Of this underspend, £260k relates to developer contributions and £1,559k relates to prudential borrowing.			
St Ives Smart Energy Grid – Grant Funding and Prudential Borrowing	3,330	50	-3,280
As reported above, an underspend of £3.3m is forecast on St Ives Smart Energy Grid in 2018/19. Of this underspend, £1,759k relates to grant funding and £1,521 relates to prudential borrowing.			
Capital Programme Variations Budget – Capital Receipts	-15,888	-	15,888
As reported above, the revised C&I capital variations budget has also now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes. As such, because -£15,888k of the variations budget relates to capital receipts, £15,888k of the variations budget variance is being reported against capital receipts.			
Capital Programme Variations Budget – Prudential Borrowing	-17,917	-	17,917
As reported above, the revised C&I capital variations budget has also now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes. As such, because -£17,917k of the variations budget relates to prudential borrowing, £17,917k of the variations budget variance is being reported against prudential borrowing.			

COMMERCIAL AND INVESTMENT COMMITTEE AGENDA PLAN

Published on 2nd January 2019
Updated on 10th January 2019



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.

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.

The following are standing agenda items which are considered at every Committee meeting:

- Minutes of previous meeting and Action Log;
- Finance and Performance Report;
- Agenda Plan, Appointments to Outside Bodies and Training Plan;

Committee Date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
18/01/19	Land at Mill Road, Over: transfer and loan financing	Tom Kelly	Not applicable	09/01/19	10/01/19
	+Cambridgeshire Catering & Cleaning Service	Victoria Stacey	Not applicable		
	Outline Business Case for Solar Farm on Rural Estate Land at Mere Farm	Sheryl French Cherie Gregoire	2019/004		
22/02/19	Results of the first phase project development into the smart energy project at Babraham Park and Ride	Cherie Gregoire		13/02/19	14/02/19

Committee Date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
	Proposed joint venture between Cambridgeshire County Council and University of Cambridge for the commercial development of fibre assets	Noelle Godfrey			
	St Ives Football club – ransom strip benefit for CCC	John Macmillan			
	Forward plan for the Care Homes Development Programme	Adam Thorp			
	Swavesey Land Swap	Sara Anderson			
	First phase results of energy projects on Closed Landfill sites	Cherie Gregoire			
22/03/19				13/03/19	14/03/19
26/04/19				15/04/19	16/04/19
24/05/19	Smart Energy Grid, Power Purchase Agreement	Sheryl French	2019/027	15/05/19	16/05/19
21/06/19	Trumpington Park & Ride Smart Energy Grid			12/06/19	13/06/19
12/07/19				03/07/19	04/07/19
16/08/19				07/08/19	08/08/19
13/09/19				04/09/19	05/09/19
18/10/19				09/10/19	10/10/19
22/11/19				13/11/19	14/11/19
13/12/19				04/12/19	05/12/19
17/01/20				08/01/20	09/01/20

Committee Date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
21/02/20				12/02/20	13/02/20
20/03/20				11/03/20	12/03/20
24/04/20				15/04/20	16/04/20
22/05/20				13/05/20	14/05/20

To be programmed: Oasis Centre, Wisbech (Hazel Belchamber); Outline business case for battery storage project (Cherie Gregoire); Property Services OFR (Paul Tadd)

COMMERCIAL AND INVESTMENT COMMITTEE TRAINING PLAN

Ref	Subject	Desired Learning Outcome/Success Measures	Date	Responsibility	Attendance by:
1.	<i>To be confirmed – provisional training session</i>		26 th April 2019 (12:00)		C&I
2.	Finance/KPIs		3 rd December 2018 (1pm)	Tom Kelly/Ellie Tod/Amanda Askham/Sue Grace	C&I
3.	Commercial Strategy		9 th November 2018 (12.30pm)	Amanda Askham	C&I
4.	Members' duties and obligations in considering Promotion Agreements.		2 nd November 2018 (12.30pm)	Chris Malyon	C&I
5.	Future Smart Energy Systems Demonstrator Project		18 th October 2018 (13.30)	Sheryl French/Emily Bolton	C&I
6.	Finance/Performance Indicators		tbc	Tom Kelly/Ellie Tod	C&I
7.	This Land Performance Workshop		12 th March 2018	David Gelling/David Bethell /Chris Malyon/John Macmillan	C&I
8.	Asset & Risk Workshop	<ul style="list-style-type: none"> • Asset Strategy • CHIC • Risk approach and risk register • Site tenure mix and retention of rental housing • Affordable housing • Community Land Trusts 	20 th October 2017	Chris Malyon/Stephen Conrad/ David Gelling	C&I
9.	Business Planning Session		15 th September 2017	Chris Malyon/ James Wilson	C&I
10.	CHIC Workshop		27 th June 2017	Chris Malyon/ David Gelling/ David Bethell/ John Macmillan	C&I

11.	Introductory Session for the Commercial & Investment Committee	The Committee's remit, focus on work areas e.g. CHIC, Strategic Estates, Facilities Management and Horizon Scanning	26th May 2017	Chris Malyon/ John Macmillan	C&I
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