

# COMMERCIAL AND INVESTMENT COMMITTEE



**Date: Friday, 14 December 2018**

**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/ccs-conduct-code>
2. **Minutes of the meeting held 23rd November 2018 and Action Log** 5 - 18
3. **Petitions and Public Questions**

### OTHER DECISIONS

4. **Commercial and Investment Committee review of draft revenue and capital business planning proposals for 2019-20 to 2023-24** 19 - 52
5. **Disposal of ransom strip at St Ives** 53 - 58

<b>6.</b>	<b>Amendments to This Land's Articles of Association</b>	<b>59 - 110</b>
<b>7.</b>	<b>Feedback on the marketing and disposal of Shire Hall</b>	<b>111 - 120</b>
<b>8.</b>	<b>Finance and Performance Report - October 2018</b>	<b>121 - 150</b>
<b>9.</b>	<b>Committee agenda plan, training plan and appointments to outside bodies</b>	<b>151 - 156</b>

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

The County Council is committed to open government and members of the public are welcome to attend Committee meetings. It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens. These arrangements operate in accordance with a protocol agreed by the Chairman of the Council and political Group Leaders which can be accessed via the following link or made available on request: <http://tinyurl.com/ccf-film-record>.

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>.

The Council does not guarantee the provision of car parking on the Shire Hall site and you will need to use nearby public car parks <http://tinyurl.com/ccc-carpark> or public transport.



**COMMERCIAL AND INVESTMENT COMMITTEE: MINUTES**

**Date:** 23 November 2018

**Time:** 10.00am-11.35am

**Venue:** Room 128, Shire Hall, Cambridge

**Present:** Councillors J Schumann (Chairman), A Hay (Vice Chairman), I Bates, L Dupré, J Gowing, D Jenkins, L Jones, L Nethsingha and T Rogers

**Apologies:** Councillor T Wotherspoon

**167. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were presented on behalf of Councillor Wotherspoon. There were no declarations of interest.

**168. MINUTES OF THE MEETINGS HELD ON 10 AND 19 OCTOBER 2018 AND ACTION LOG**

The minutes of the meetings held on 10<sup>th</sup> and 19<sup>th</sup> October 2018 were approved as a correct record.

The following Action Log items were discussed:

Action 145 – NPV calculation. It was confirmed that this related to a request for the Deputy Chief Executive to brief Councillor Boden, and no other Members had indicated that they wanted this information. It was suggested that a short report could be circulated to Committee on how NPV was calculated.

Action 157 – This Land revised Articles of Association – it was confirmed that these would be presented to the December Committee meeting.

Action 161 – Commercial Investment Business Case – it was clarified that this was an ongoing action relating to the Acquisitions Strategy.

Action 163 – Loans to Not for Profit organisations – it was confirmed that this would be presented to the January meeting of the General Purposes Committee as part of the Treasury Management Policy.

It was resolved to note the Action Log.

**169. PETITIONS AND PUBLIC QUESTIONS**

There were no petitions or public questions.

**170. A DEMONSTRATOR PROJECT FOR LOW CARBON COMMUNITY HEAT IN SWAFFHAM PRIOR**

The Committee considered a report on a proposed partnership project with Swaffham Prior Community Land Trust to develop a detailed business case for a community low carbon heat scheme, using the Council's land to help facilitate the delivery of the Scheme.

The background and main issues relating to the Demonstrator Project were outlined. The proposal was to submit an application to BEIS for £290K, to take the project to next level. However, the grant needed to match funded, and the Committee was asked to agree a Council development budget of £95,700.

Arising from the report:

- a number of Members spoke enthusiastically about the project, and indicated their strong support;
- in response to a Member question on sign up to the proposed energy scheme, officers explained that they could not ask residents to sign up to scheme until the financial modelling work was available, i.e. there was further work and clarity on how much it would cost, which the proposed project should clarify. Significant engagement work had been undertaken with residents and considerable interest had been expressed at that stage. There would be incentives for residents to sign up early once the costs were known;
- if the BEIS grant was received, work would need to be phased e.g. the drilling of the borehole would be planned and delivered, to see if the minimum flow rate required was available. If it was not, ground source heat would need to be explored;
- Members noted that a major challenge was that whilst ground source heat pumps were being included in some new communities, officers were unaware of any retrofit projects of this scale in the UK, although there were schemes of this type abroad;
- a Member queried the intellectual property aspect of the project: i.e. given that it was grant-funded, was there an expectation that information would be shared, or whether the Council would own it and be able to use it commercially. Officers agreed to check this and report back to Committee Members. **Action required;**
- whilst applauding the project, and noting the financial modelling, a Member was disappointed that there was no economic analysis in the report, to enable Members to fully understand the risks involved. It was confirmed that developing an understanding of the economic viability of such schemes was part of the next stage;
- a Member noted that the letter from BEIS did not mention State Aid, and it would be helpful if BEIS could specify whether or not the grant would constitute State Aid. Officers explained that BEIS looked at State Aid somewhat differently to other government departments;
- a Member noted that the estimated cost of the full project, if it went ahead, would be £5.5M for 300 homes, representing a cost of approximately £18,333 per household. However, he expressed concern that £95,700 was being requested with no financial costings being provided. It was confirmed that it would be premature to provide any

estimates at this stage, and developing those financial costings was part of this next stage, and officers would be asked to report back to Committee with a financial report.

It was resolved unanimously to:

- a) support the submission of an application to Government requesting a total project development grant of £290,000 to bring forward a detailed business case and implementation plan for a low carbon community heat scheme for Swaffham Prior;
- b) agree a Council development budget of £95,700, which constitutes a match funding contribution of 33% to the project to draw down the £194,300 government grant;
- c) consider the use of the County Farm Estate land at Swaffham Prior, currently identified in the local plan for commercial development, to host an energy centre for the benefit of the community and the Council;
- d) encourage detailed discussions between the Council, the Swaffham Prior Community Land Trust, Cambridgeshire and Peterborough Combined Authority, the Government's Heat Network Delivery Unit and others to identify delivery models for the community heat scheme;
- e) approve the use of materials produced and lessons learned from this Project to encourage other communities to move from oil based heating systems, to more sustainable, low carbon options.

## **171. THE USE OF THE SITE AT BURWELL FOR THE PROCUREMENT OF THE CARE HOME DEVELOPMENT PROJECT**

The Committee considered a report on the use of a site in Burwell for the next stage of the procurement process, with the intention of procuring a strategic partner to design, build and run a number of care homes on Council owned land under a lease arrangement in return for high quality, affordable provision.

The area of greatest need for care home provision within the county had been identified as East Cambridgeshire. Three potential bidders had been identified. The idea was to use some of the Council's land and lease this to the provider. No final decision on the site or bidder, or to proceed with any scheme, would be made at this stage. Members were reminded that using Council land to develop care homes had been an aspiration for many years.

Arising from the report:

- a Member queried the statement that each site "will be leased to the preferred bidder on an agreement to *lease and lease basis*". The Committee's Legal Advisor confirmed that this essentially entailed entering into an agreement with a third party to lease and build, and then leasing the site back to them;
- noting that one-third of places would be affordable, and two-thirds would be self funded, there was a discussion on how 'affordable' was defined. It was confirmed that this was the rate the County Council paid. A number of Members

expressed concerns about the principle whereby “self funded” residents were effectively overcharged so that they could subsidise the “affordable” residents and the Council;

- noting that sites at both Brampton and Burwell had previously been put forward, it was confirmed that the Brampton site was still under consideration, but that site had been earmarked for sale to This Land;
- in terms of finances, it was noted that the occupancy and future business case would form part of a larger piece of work, and that all current work was predicated on current government policy and legislation. It was confirmed that this was a commercial venture and that the Council would make money by leasing the land, and the successful bidder would make money by running the care home. It was confirmed that the all dealings would be carried out under a competitive dialogue process, and that the land lease and bed rates would be for bidders to propose as part of their financial model.

It was resolved unanimously to:

- a) recommend that the site at Burwell can be used for the next stage of the procurement process and subsequent development of a business case.

## **172. MS2 REPORT FOR THE ALCONBURY WEALD HUB – CAMBS 2020**

The Committee considered a report on Milestone Two (initial design phase), which included proposed additional funding requirements.

The Deputy Chief Executive commented that some of the recent press coverage had stated that the political group rooms had been ‘forgotten’, which was factually incorrect. The business case had been considered by both the Commercial and Investment Committee and full Council, and that business case was predicated on an open plan building, and a number of design principles had been created on that basis, the only separate rooms being meeting rooms. There had also been a Member and officer visit to an authority whose main headquarters used an open play layout. However, it had emerged during subsequent stakeholder discussions that all political parties wanted to retain both political group rooms and a Chairman’s Office, where confidential discussions could take place, so the design had to be revisited to factor in this new requirement.

Presenting the report, officers advised that in addition to the new requirement for the inclusion of political group rooms and a Chairman’s office, the other new requirement was that four acres were required for the total site, not two acres. This had increased the budget by £1.7M to £18.3M. However, this would be more than covered by the funds from the sale of Shire Hall, and there was significant interest showed in the Shire Hall sites.

The Chairman reiterated that the “additional group rooms” had the support of all political parties. Using modern technology and flexible working, usage of those spaces would be maximised, when not in use by the political groups.

Arising from the report:



- a Member asked why the construction budget had increased by £580,000, and not £500,000, on the basis of budget cost per square metre. It was noted that the difference was due to compensating adjustments within the overall cost;
- it was confirmed that contingency was a percentage of the overall cost. It was noted that there would be regular reports to the Committee on scheme progress, and the Committee Chairman would be kept regularly apprised of progress;
- a Member stressed that the additional two acres was not for the political group rooms. Officers confirmed that the increase in the footprint of the site was for a number of reasons: there had been errors in the original business case, and the assumption had been made by the contractors that the new site would essentially replicate Shire Hall in terms of height, when in fact the new site would only have two floors;
- one Member commented that she felt it was the wrong time to be developing a new headquarters, and for that reason she would not be voting on this item;
- a Member commented that this was just a small part of a wider issue of how the Council would work in future, locating staff closer to where residents and client groups were, which represented a complete shift in the way the Council worked;
- in response to a Member question, it was confirmed that there would be parking spaces for 170 cars. Information on the proportion of the land occupied by car parking would be circulated to Members. **Action required.** A few Members commented that it was regrettable that more sustainable transport methods were not being embraced in the planning of the new site. The Chairman responded that this would reflect the reality of current transport needs, and it was important to reflect the current situation: hopefully there would be less reliance on cars in future.

The Chairman commented that he fully supported the project, and reiterated other comments that it should be regarded as a bigger piece of work, generating income for front line services, and changing the way in which the Council supported its most vulnerable residents.

It was resolved by a majority to:

- a) approve the detail contained within the milestone two information and to progress to milestone three (scheme design level/planning application stage) which will begin on 26<sup>th</sup> November;
- b) request General Purposes Committee to approve the additional funding required from the Council's Capital funding budget;
- c) approve that delegated authority is given to Chris Malyon (Deputy Chief Executive and Chief Finance Officer) to sign off the milestone two report.

**173. CAMBS 2020 GOVERNANCE**

The Committee considered a report on the governance of the spokes element of the Cambs 2020 Programme and the continuation or not of the Member Working Group. It was stressed that the proposed change would not impact on the Commercial and Investment Committee's constitutional responsibilities.

Presenting the report, the Deputy Chief Executive stressed that it was important to recognise that the Cambs 2020 programme was not just about moving out of Shire Hall and into a new headquarters, but the real outcome were the wider issues about how the Council engages with communities, and the wide range of transformation projects connected to that. Whilst the Commercial and Investment Committee should continue to oversee the construction/assets aspects of Cambs 2020, the report proposed that other elements would be better monitored by the Communities & Partnership Committee.

Arising from the report:

- a Member queried why Communities & Partnership Committee was the best Committee, when the majority of the work to be carried out in the satellite offices related to adults and children;
- a Member queried the language being used to refer to the satellite offices, i.e. spokes, as she suggested it was an inaccurate and confusing term. Moreover, she expressed concerns about fragmenting the responsibility of the project, and causing more confusion by reports being considered by different Committees, and losing coordination and focus in the process, as there had already been miscommunications. The Chairman commented that it was the responsibility of political group representatives on the Working Group to ensure communications within their Groups;
- a Member broadly welcoming the proposal, on the understanding that any decisions regarding property or assets continued to be considered by the Commercial and Investment Committee. The Member also agreed that the Shire Hall Working Group should be discontinued. However, she did query whether the Communities and Partnership Committee was the right Committee to manage the issues in relation to the Spokes, and expressed concern that that Committee may not have the capacity or the appropriate expertise, and that the decision making and focus could become fragmented. Responding, the Chairman said that these comments were very helpful, but he believed that the Communities and Partnership Committee was the best body to deal with these issues, given its overarching Terms of Reference, enabling it to engage with different elements within the Council.

With regard to the Programme Board, it was suggested that rather than having one Member representative, there should be a number of Member representatives to ensure continuity. A Member asked for information about the Programme Board, i.e. proposed membership, frequency of meetings, etc. It was agreed that this would be circulated to all Groups. **Action required.**

It was confirmed that the Communities & Partnership Committee would keep the Commercial & Investment Committee updated. It was confirmed that there would be regular written updates through reports, etc.

It was resolved, by a majority, to:

- a) note the content of the report;
- b) support the transfer of responsibility for the 'spokes' element of the Cambs 2020 Programme to the Communities and Partnerships Committee;
- c) consider the comments and observations regarding the changing nature of the programme, and resolve to disband the Member Working Group in light of the evolution of the Programme;
- d) agree how the Programme Board and Communities and Partnerships Committee will update the Commercial & Investment Committee.

#### **174. FINANCE AND PERFORMANCE REPORT – SEPTEMBER 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 September 2018.

Arising from the report, Members noted:

- the £6.177M overspend in commercial activity, a decrease of £87K from the previous from forecast, mainly due to underspends in County Offices and the underachievement of income in Traded Services to Schools and Parents being less than expected;
- the inclusion of an explanation under the Outturn Variance table in the Appendix;
- the variations in the Capital budget, including a forecast underspend of £1.8M on the East Barnwell Community Hub, and a £3.3M underspend on the St Ives Smart Energy grid;
- the recommendation to General Purposes Committee for £105K for the Closed Landfill Energy projects in Stanground and Woodston: it was clarified that this budget had already been agreed by Commercial & Investment Committee;
- that it had been envisaged that more than £38M would have been invested in commercial investments by this stage, and this resulted in less income, so the forecast had been revised down.

A Member asked about the issues around the Trumpington Smart Energy Grid, and it was agreed that Sheryl French would be asked to provide a briefing note on this issue.

#### **Action required.**

It was resolved unanimously to:

- a) review, note and comment upon the report;

- b) consider and recommend to GPC to approve £105K of capital funding for Closed Landfill Energy projects at Stanground and Woodston.

**175. LAND PROMOTIONS AGREEMENTS**

The Chairman advised that since the publication of the agenda, he had been made aware of a change of circumstances which impacted on one of the proposed Promotion Agreements. He would therefore be seeking to withdraw the report, pending clarification.

A number of Members observed that This Land were the promoter of one of the Promotion Agreements. Given that This Land had been established as a developer by the County Council, the Members asked for clarity on why they would be promoting a piece of land. It was agreed that further information should be included in the report on this point, and it was also essential that any request for a Promotions Agreement should be led by the promoter.

It was resolved unanimously to withdraw the report.

**176. AGENDA PLAN, TRAINING PLAN AND APPOINTMENTS TO OUTSIDE BODIES**

Members considered the Committee's Agenda Plan. It was noted that the revised This Land Articles of Association would be presented to the December Committee meeting.

With regard to the provisional January date on the Training Plan, officers were asked to come up with suggested areas. **Action required.**

It was resolved to:

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

**177. EXCLUSION OF PRESS AND PUBLIC**

It was resolved to:

exclude the press and public from the meeting on the grounds that the following report contained 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 business or affairs of any particular person (including the authority holding that information).

**178. RURAL ASSET OUTCOME FOCUSED REVIEW (OFR)**

The Committee considered a report on the outcome of the Rural Assets Outcome Focused Review (OFR), on the best way to maximise income from Rural Assets.

It was resolved unanimously to:

a) recommend that the Rural Assets continue to be managed by the Strategic Assets team, and that the detailed estate objectives and policies are taken forward with the County Farms working group.



# COMMERCIAL & INVESTMENT COMMITTEE

## Minutes-Action Log



**Agenda Item no. 2**

Cambridgeshire  
County Council

### Introduction:

This is the updated action log as at **6<sup>th</sup> December 2018** 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 22<sup>nd</sup> June

125.	<b>Programme Highlight report – progress of sales to This Land</b>	tbc	It was agreed that it would be interesting for the Committee to visit a site in the future.	tbc	
------	--	-----	---	-----	--

### Minutes of 20<sup>th</sup> July

131.	<b>This Land financing arrangements, portfolio sale and construction financing</b>	Tom Kelly/ This Land	Identify whether This Land would pay for the construction of the access road.	Details to be circulated to Committee	
------	--	-------------------------	---	---------------------------------------	--

### Minutes of 14<sup>th</sup> September

145.	<b>Loan to Estover Playing Field Community Interest Company</b>	Chris Malyon/ Tom Kelly	<i>“A Member commented that it would be helpful for officers to look at how net present value was calculated for the Authority”</i>	Circulated to Committee by email on 05/12/18.	Completed.
147.	<b>Update on Building Inspections</b>	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.	<b>Update on Building Inspections</b>	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.	<b>Update on Building Inspections</b>	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.	<b>Land Promotion Agreements</b>		Consult Local Members where Council leading on developments or promotions.	Report deferred at November meeting.	Ongoing

### Minutes of 10<sup>th</sup> October 2018

157.	<b>Resolutions for This Land EGM</b>	Chris Malyon	Officers to revisit a number of points in the Articles, including the termination of directors' appointments, and having a quorum of three rather than two (including at least one Non-Executive Director).	Revised Articles to be presented to 14/12/18 Committee.	In progress
------	--------------------------------------	--------------	---	---	-------------

### Minutes of 19th October 2018

161.	<b>Service Committee Review of draft revenue Business Planning proposals for 2019-20 to 2023-24</b>		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.	<b>Service Committee Review of the draft 2019-20 Capital Programme</b>	Jackie Galwey/ Shauna Torrance	Last two meetings of the Older People's Accommodation Strategy Working Group had been cancelled.	Issue raised with Jackie Galwey/Shana Torrance – awaiting response.	In progress.
163.	<b>Loans to Not for Profit organisations</b>	Chris Malyon	A report on loans granted to be provided on an annual basis to C&I Committee.	To be presented to January GPC as part of the Treasury Management Policy.	In progress



## Minutes of 23<sup>rd</sup> November 2018

<b>170.</b>	<b>A demonstrator project for low carbon community heat in Swaffham Prior</b>	Sheryl French	Query on the intellectual property rights i.e. given that the project was grant-funded, was there an expectation that information would be shared, or would the Council own the intellectual property rights.		
<b>172.</b>	<b>MS2 report for the Alconbury Weald Hub – Cambs 2020</b>	Andy Preston	Query on the proportion of land allocated to building and car parking respectively.	Circulated 05/12/18	Completed.
<b>173.</b>	<b>Cambs 2020 Governance</b>	Chris Malyon	Circulate to all political groups information about the Programme Board, i.e. proposed membership, frequency of meetings, etc.		
<b>174.</b>	<b>Finance and Performance Report</b>	Sheryl French	Provide a briefing note on the issues around the Trumpington Smart Energy Grid.	Circulated 06/12/18	Completed.
<b>176.</b>	<b>Training Plan</b>	All	Officers to identify suggested subjects for the provisional January training slot.		
<b>178.</b>	<b>Rural Assets OFR</b>	John Macmillan/ Hugo Mallaby	Old briefing notes, paperwork, etc to be recirculated to the County Farms Working Group to bring all Members up to speed.	Circulated 23/11/18	Completed.



**COMMERCIAL & INVESTMENT COMMITTEE REVIEW OF DRAFT REVENUE  
AND CAPITAL BUSINESS PLANNING PROPOSALS FOR 2019/20 TO 2023/24**

*To:* **Commercial and Investment Committee**

*Meeting Date:* **14 December 2018**

*From:* **Amanda Askham: Director of Improvement & Development**

*Electoral division(s):* **All**

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

*Purpose:* **This report provides the Committee with an overview of the draft Business Plan revenue and capital that are within the remit of the Commercial and Investment Committee.**

*Recommendation:* **Members are asked 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 and endorse them to the General Purposes Committee (GPC) as part of consideration for the Council's overall Business Plan.**

<b>Officer contact:</b>	
Name:	Amanda Askham
Post:	Director of Business Improvement & Development
Email:	<a href="mailto:Amanda.Askham@cambridgeshire.gov.uk">Amanda.Askham@cambridgeshire.gov.uk</a>
Tel:	01223 703565

## **1. PURPOSE AND BACKGROUND**

- 1.1 The Council's Business Plan sets out how we will spend the resources we have at our disposal to achieve our vision and priorities for Cambridgeshire, and the outcomes we want for people. This paper presents an overview of the proposals being put forward as part of the Council's draft revenue and capital budgets, with a focus on those which are relevant to this Committee. The report forms part of the process set out in the Medium Term Financial Strategy whereby the Council updates, alters and refines its revenue and capital proposals in line with new savings targets.
- 1.2 In developing our plan we are responding to a combination of cost increases and reduced Government funding which mean we have to make our resources work harder than ever before. To balance the budget whilst still delivering for communities we need to identify savings or additional income of £26.3m for 2019-20, and totalling £68.2m across the full five years of the Business Plan.

## **2. FINANCIAL OVERVIEW UPDATE**

- 2.1 In October, Committees received information about emerging draft proposals to respond to this challenge – at that point we had identified 44% of the savings required and the remaining budget gap for 2019/20 was £21.5m. Additional gaps also existed for the later years of the business plan.
- 2.2 Since October, work on the business plan has continued with a focus on;
- Further exploring the existing schemes, refining the business cases and seeking to push schemes further wherever possible
  - Identifying mitigation measures for the identified pressures – aiming to minimise their impact on the savings requirement for the organisation
- 2.3 We are continuing as an authority to explore every avenue to identify further efficiency or to bring in more funding to the local economy and public sector. In particular;
- We continue to drive forward our Fairer Funding Campaign – arguing for Cambridgeshire to receive a higher and fairer allocation of national funding for education, social care and a range of other services
  - We have applied to be a pilot area for the Government's Business Rates Retention Scheme – which would allow us to reinvest the output of local business growth in local public services and infrastructure
  - We are working in partnership with Peterborough City Council on shared services where it will lead to better outcomes for service users
  - We are driving forward the Adults Positive Challenge Programme which is supporting us to develop a new approach in our adult social care model in the face of growing demand
- 2.4 However the number and scale of the pressures on the organisation which are not directly controllable continues to increase. In addition to the ongoing reductions in grant from Government, we continue to see demand for services and in particular the most vulnerable increasing significantly.

- 2.5 Throughout the year Adults Services has seen increased demand for services from both older people and people with learning disabilities, above the level expected when budgets were set. We have been successful through early help in constraining this demand and reducing the proportion of over 85s in service but the level of services required by people is rising, putting pressure on the health and social care system (locally and nationally). This rising demand is pushing up unit costs of care which has put pressure on budgets in the second half of the year. Within the Learning Disability Partnership, demand for services is rising as more people are discharged from inpatient units into the community as part of the Transforming Care agenda, and efforts to constrain costs are taking longer than anticipated. The considerable impact on care budgets of this demand for services continues to be mitigated through funding provided by central government, but demand has continued to rise in the second part of the year.
- 2.6 Within Children's services, numbers of children in care remain at around 100 higher than expected based on the performance of Cambridgeshire's statistical neighbours. These higher than anticipated numbers in care have resulted in continuing overspends in directly related budgets – those associated with placement costs, supervised contact and transport costs. Additionally, the foster placement capacity both in house and externally is very stretched by demand both locally and nationally. The shortfall in appropriate fostering provision is increasing the numbers of children requiring residential placements which cost around four times more than equivalent fostering placements.
- 2.7 There has also been a significant increase in numbers of unaccompanied asylum seeking children (UASC) over the last two months. The council receives fixed government grants to fund accommodation costs and support care leavers however this income has not increased in proportion with the UASC population. Additionally, the majority of recent arrivals have been placed in high cost placements due to the unavailability of lower cost accommodation. Within Children's Services we have seen a 13% increase in pupils with Education, Health and Care Plans (EHCPs) between September 2017 and September 2018 and a 20% increase in pupils attending special schools over the same period. These increases, which are in line with national trends, have caused pressures on all elements of the Special Educational Needs Development (SEND) budget.
- 2.8 The increasing number of pupils with EHCPs has also resulted in an increased pressure on the Home to School Transport – Special budget. We are seeing more pupils with SEND being transported and, due to local provision reaching capacity, pupils are being transported significant distances to access education which results in higher transport costs. An increase in complexity of needs has also contributed to this pressure with more pupils needing specialist equipment or passenger assistants to assist their travel. This is against a backdrop of a challenging transport market with quoted costs for routes being significantly higher than in previous years resulting in pressure on Mainstream and LAC transport as well as Special. These two areas are also seeing growing demand due to continuing increases in LAC numbers and a high volume of in-year admissions to schools outside of catchment area resulting in further budgetary pressures.

2.9 The table below provides a summary of the various material (£100k or greater) changes since October in the overall business planning position for 2019/20. It reflects both the positive impact of the new proposals and transformation agenda and the growing pressures we face as a sector. As shown below, the level of unidentified savings has reduced by £2.2m to £19.3m. Work to identify and work up further ideas to fill the gap is ongoing and the pressures emerging are still under review as we monitor trends and develop mitigating strategies.

Description	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000
<b>Remaining Unidentified Savings at October Committees</b>	<b>21,505</b>	<b>8,838</b>	<b>3,807</b>	<b>8,078</b>	<b>3,151</b>
Anticipated further savings within People and Communities	121				
Passenger Transport - Remove Discretionary Concessions	260				
Anticipated further savings within Place and Economy	250	250			
Partnership, Projects and Funding team	101				
<b>Subtotal Business Planning Savings removed since October</b>	<b>732</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>-</b>
Dedicated Schools Grant Contribution to Combined Budgets - decision by schools forum	-1,579	1,579	1,500		
Better Care Fund - Investing to support social care and ease pressures in the health and care system	-1,000	1,000			
Income from energy investment schemes			-5,668	89	201
<b>Subtotal reduction in pressures</b>	<b>-2,579</b>	<b>2,579</b>	<b>-4,168</b>	<b>89</b>	<b>201</b>
Increase in inflationary pressures	341		-155	-155	-155
Underachievement of planned 2018/19 waste contract savings	900				
Citizen First, Digital First - underachievement of planned savings from previous years	182				
Reduced LGSS Law dividend expectation	96		-96		
Microsoft Licensing Costs	240				
Increase in Traded Services to Schools pressure	100				
Increase in Home to School Transport for Special Schools - pressure	725				
Home to School Transport for Looked After Children - increased pressure	275				
<b>Subtotal revised pressures</b>	<b>2,859</b>	<b>-</b>	<b>-251</b>	<b>-155</b>	<b>-155</b>
Smoothing fund applied one-off to Children's Services in 18/19, permanent benefit unwound in 2020-21	-3,413	3,413			

Changes to People and Communities fees, charges and schools income compared to 2018-19	1,048				
Investment into Social Work (in relation to the Adults Positive Challenge programme)			1,000		
Operating costs associated with energy investment projects		39	787	22	26
Revised debt charges forecast [costs of borrowing]	-1,197	664	3,176	2	1,922
Improvement in in-year position and combination of minor adjustments	372	272			
Household waste recycling centre changes	-60				
Changes in external income assumptions [future year assumptions about iBCF and RSG*]		-5,000			
Additional changes to funding forecasts		135	-2	-1	-1
<b>Total of Other Changes to Business Plan Assumptions / Finance Adjustments</b>	<b>-3,250</b>	<b>-477</b>	<b>4,961</b>	<b>23</b>	<b>1,947</b>
<b>Revised Gap at December Committees</b>	<b>19,267</b>	<b>11,190</b>	<b>4,349</b>	<b>8,035</b>	<b>5,144</b>

*\*Taking account of government announcements and treatment in similar authorities, we have assumed in 2020-21 that £8m of improved BCF previously assumed as ending will now continue, this is partially offset by assuming a £3m worsening in general funding position (such as RSG).*

- 2.10 The following table shows the total level of savings necessary for each of the next five years, the amount of savings attributed from identified savings and the residual gap for which saving or income has still to be found:

	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000
Total Saving Requirement*	26,322	17,591	11,578	7,690	4,972
Identified Savings	-14,506	-6,903	-1,438	246	-23
Identified additional Income Generation*	7,451	502	-5,791	99	195
<b>Residual Savings to be identified</b>	<b>19,267</b>	<b>11,190</b>	<b>4,349</b>	<b>8,035</b>	<b>5,144</b>

*\*The Total Saving Requirement and Identified additional Income Generation in 2019-20 have both been reduced by £9m as a result of the closure of Cambridgeshire Catering and Cleaning Services with a net nil impact on the budget gap.*

- 2.11 The following funding options are available to the council to contribute towards closing the gap for 2019/20 and beyond:

Item	2019-20	2020-21	Recurring/ non-recurring	Confirmed/ unconfirmed
Further 1% Council tax increase	<b>-£2.75m</b>		Recurring	Local Decision
Revenue investment of recurring MRP savings	<b>-£6.1m</b>	<b>£0.55m</b>	Recurring but diminishing	Local Decision
Revenue investment of recurring smoothing fund	<b>-£9.1m</b>		Recurring	Local Decision
<b>Subtotal - locally controlled/recurrent</b>	<b>-£17.95m</b>	<b>£0.55m</b>		
Assume negative RSG deferred	<b>-£7.1m</b>		Unclear	Preferred national option
<b>Subtotal – national funding changes</b>	<b>-£7.1m</b>			
Transformation fund closure after current commitments	<b>-£14.0m</b>		Non-recurring	Local decision with conditions
Income from Business Rates Pilot	<b>-£7.67m</b>	<b>£7.67m</b>	Non-recurring	National decision
<b>Subtotal non-recurring funding</b>	<b>-£21.67m</b>	<b>£7.67m</b>		

### 3 ASSUMPTIONS AND RISKS

- 3.1 In the business planning tables the level of savings required is based on a 3.99% increase in Council Tax in 2019-20, through levying the Adult Social Care precept of 2% and a 1.99% general Council Tax increase. It is unclear whether the Adult Social Care precept will continue after 2019-20, therefore only a general Council Tax increase of 1.99% is included from 2020-21 onwards. For each 1% more or less that Council Tax is changed, the level of savings required will change by approximately +/-£2.75m.
- 3.2 There is currently a limit on the increase of Council Tax to 2.99%, above which approval must be sought from residents through a positive vote in a local referendum. The estimated cost of a referendum in May 2019 would be £742k with further costs incurred if the public reject the proposal as new bills would need to be issued.
- 3.3 There are also a number of risks which are not included in the numbers above, or accompanying tables. These will be incorporated (as required) as the Business Plan is developed and the figures can be confirmed:
- Movement in current year pressures – Work is ongoing to manage our in-year pressures downwards however any change to the outturn position of the Council will impact the savings requirement in 2019-20. This is particularly relevant to demand led budgets such as children in care or adult social care provision.
  - Due to the level of reduction in Government grants in later years the Council did not take the multi-year settlement offered as part of the 2015 Spending Review. The settlement included a negative allocation of Revenue Support Grant for the Council in 2019/20. There has been a recent consultation regarding Negative Revenue Support Grant however the outcome will not be known until the provisional Local Government Finance Settlement on 6<sup>th</sup> December. Our business plan currently makes a prudent assumption of a £7m negative RSG allocation in 2019/20 as proposed in the 2015 Spending Review. The Government's preferred treatment is to eliminate negative RSG using the central share of business rate receipts.



- From 2020/21, local authorities will retain 75% of business rates, the tier split of business rates between Counties and Districts is subject to change, and the funding baselines for local authorities will be reassessed. There is therefore a significant level of uncertainty around the accuracy of our funding assumptions from 2020/21 onwards. The Council's future funding position will remain unclear until Government provides an indicative allocation of business rates in Spring 2019.

#### **4. CAPITAL PROGRAMME UPDATE**

- 4.1 The draft capital programme was reviewed individually by service committees in October and was subsequently reviewed in its entirety, along with the prioritisation of schemes, by GPC in November. As a result further work was required on a handful of schemes, as well as further work ongoing to revise and update the programme in light of continuing review by the Capital Programme Board, changes to overall funding or to specific circumstances surrounding individual schemes.
- 4.2 The Council is still awaiting funding announcements regarding various capital grants which are expected to be made during December/January, plus the ongoing nature of the capital programme inevitably means that circumstances are continually changing. Therefore Services will continue to make any necessary updates in the lead up to the January GPC meeting at which the Business Plan is considered.

#### **5. OVERVIEW OF COMMERCIAL AND INVESTMENT'S DRAFT REVENUE PROGRAMME**

- 5.1 All of the proposals within the remit of the Committee, including those which are unaltered since October, are described in the business planning tables (Appendix 1) and business cases (Appendix 2) The October papers are available to view [here](#).
- 5.2 The Committee is asked to comment on these revised proposals, and endorse them to GPC for consideration as part of the Council's development of the Business Plan for the next five years. Although now well developed, the proposals are still draft at this stage and it is only at Full Council in February 2019 that proposals are finalised and become the Council's Business Plan. The following proposals can be found in Appendix 2:
- 5.3 **F/R.6.001 Contract Efficiency (-200k in 2019-20)**
- 5.4 **F/R.6.101 Commercial Investments (-1,000k in 2019-20)**

## **6. OVERVIEW OF COMMERCIAL & INVESTMENT'S DRAFT CAPITAL PROGRAMME**

6.1 The capital programme is shown in full in Appendix 1 as part of the finance tables. Since the Capital Programme was presented in October there have been a number of significant proposed changes to schemes:

### **6.2 Community Hubs – East Barnwell**

Options for the use of this site are being assessed, and an application for planning permission is being made. As a result, the majority of the expenditure on this project will take place in 2019/20 and 2020/21 rather than in 2018/19. This budget has therefore been re-profiled to put £910k budget into 2019/20 and £909k budget into 2020/21. Of this, £130k of the budget in each year will be funded from developer contributions, and the rephased prudential borrowing requirement will be £780k in 2019/20 and £779k in 2020/21.

### **6.3 Shire Hall Relocation**

Project management contractors and architects have started work on this project, so it is now possible to have a more accurate profile of expenditure. The £16,435k that was previously profiled to be spent in 2019/20 has been re-profiled to be spent across the four financial years 2018/19 – 2021/22 in accordance with the payment plans agreed with contractors and other expected expenditure. In addition, the overall cost of the project has increased by £1.7m (funded by prudential borrowing), as a result of adding in Political Group Rooms, increasing the area of land required and the knock-on impact of increased associated budgets for ICT, Furniture, Fittings and Equipment, fees and contingency.

### **6.4 Commercial Investments**

The Business Plan as currently set utilises the capital receipts received from disposal of property to This Land (the Council's wholly owned housing development company) for the acquisition of new commercial property investments. Since the Committee last reviewed draft information in October 2018, a further regular review of budget plans with This Land has taken place; the value of land transferred is estimated based on external valuations, the progress of disposals to This Land and any uplift for overage following grant of planning permission. As a result of this review, the budget for Commercial Investments has reduced by £3,256k due to the amount of capital receipts forecast to be received by This Land decreasing by that amount.

### **6.5 Smart Energy Grid – St Ives**

An application to MHCLG for European Regional Development Funds submitted in March 2017 has moved forward with agreement now reached on state aid. It is anticipated that the Council will move swiftly into a grant agreement with government and mobilise the work towards starting construction during 2019. Therefore the majority of the expenditure will now be in 2019/20. As a result, rephasing has increased the budget for 2019/20 by £3,161k. This is expected to be funded by £1,759k of grant funding, so the prudential borrowing requirement will increase in 2019/20 by £1,402 to fund the remainder of the rephased expenditure.

## 6.6 **Babraham Smart Energy Grid**

The timescale for this project has been revised, so the majority of the expenditure will now take place in 2020/21 rather than in 2019/20. As a result the 2019/20 budget has been rephased by £10,962k, and the prudential borrowing requirement has also been rephased by that amount.

## 6.7 **Trumpington Smart Energy Grid**

The timescale for this project has been revised, so the majority of the expenditure will now take place in 2020/21 rather than in 2019/20. As a result the 2019/20 budget has been rephased by £6,648k, and the prudential borrowing requirement has also been rephased by that amount.

## 6.8 **Stanground Closed Landfill Energy Project**

The timescale for this project has been revised, so the majority of the expenditure will now take place in 2020/21 rather than in 2019/20. As a result the 2019/20 budget has been rephased by £9,087k, and the prudential borrowing requirement has also been rephased by that amount.

## 6.9 **Woodston Closed Landfill Energy Project**

The timescale for this project has been revised, so the majority of the expenditure will now take place in 2020/21 rather than in 2019/20. As a result the 2019/20 budget has been rephased by £2,066k, and the prudential borrowing requirement has also been rephased by that amount.

## 7. **NEXT STEPS**

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

December	GPC will consider the whole draft Business Plan for the first time Local Government Financial Settlement Published
January	GPC will review the whole draft Business Plan for recommendation to Full Council
February	Full Council will consider the draft Business Plan

## 8. **ALIGNMENT WITH CORPORATE PRIORITIES**

### 8.1 **Developing the local economy for the benefit of all**

By maximising income through commercial activities, the council will form close relationships with local businesses which sustain local jobs in and around Cambridgeshire.

### 8.2 **Helping people live healthy and independent lives**

There are no significant implications for this priority

### 8.3 **Supporting and protecting vulnerable people**

There are no direct implications for vulnerable people, however the strategy to secure additional income mitigates the need for service reductions – which

could otherwise have an impact on vulnerable groups.

## **9. SIGNIFICANT IMPLICATIONS**

### **9.1 Resource Implications**

The proposals set out the response to the financial context and the need to change our service offer and model to maintain a sustainable budget. The full detail of the financial proposals and impact on budget is described in the financial tables of the business plan, attached as an appendix

### **9.2 Procurement/Contractual/Council Contract Procedure Rules Implications**

There are no significant implications within this category.

### **9.3 Statutory, Legal and Risk implications**

The implications will be set out fully in the business cases associated with each of the proposals

### **9.4 Equality and Diversity Implications**

The Community Impact Assessments describe the impact of each proposal, in particular any disproportionate impact on vulnerable or minority groups.

### **9.5 Engagement and Consultation Implications**

No significant implications

### **9.6 Localism and Local Member Involvement**

No significant implications

### **9.7 Public Health Implications**

No significant implications

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Yes Stephen Howarth
<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?</b>	Yes Paul White
<b>Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?</b>	Yes Fiona McMillan
<b>Are there any Equality and Diversity implications?</b>	Covered in Impact Assessments Julia Turner
<b>Have any engagement and communication implications been cleared by Communications?</b>	Yes Christine Birchall
<b>Are there any Localism and Local Member involvement issues?</b>	No Julia Turner
<b>Have any Public Health implications been cleared by Public Health</b>	Yes Liz Robin

<b>Source Documents</b>	<b>Location</b>
October 2018 Committee Business Planning Papers	<a href="https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1002/Committee/31/Default.aspx">https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1002/Committee/31/Default.aspx</a>

**Appendix 1a C&I Revenue Table 1**  
**Appendix 1b C&I Revenue Table 2**  
**Appendix 1c C&I Revenue Table 3**  
**Appendix 1d C&I Capital Tables 4 & 5**

**Appendix 2 C&I Draft business case proposals within the remit of this Committee**



## Section 3 - F: Commercial & Investments

**Table 1: Revenue - Summary of Net Budget by Operational Division**

Budget Period: 2019-20 to 2023-24

Net Revised Opening Budget 2018-19 £000	Policy Line	Gross Budget 2019-20 £000	Fees, Charges & Ring-fenced Grants 2019-20 £000	Net Budget 2019-20 £000	Net Budget 2020-21 £000	Net Budget 2021-22 £000	Net Budget 2022-23 £000	Net Budget 2023-24 £000
	<b>Commercial Activity</b>							
-5,002	Commercial Property Investments	-1,200	-5,002	-6,202	-6,202	-6,202	-6,202	-6,202
-882	Commercial Energy Investments	180	-1,057	-877	-955	-5,841	-5,736	-5,515
-200	Shareholder Company Dividends	96	-200	-104	-104	-200	-200	-200
-4,346	Housing Investment (This Land Company)	2,556	-8,406	-5,850	-5,796	-6,063	-6,063	-6,063
-	- Commercial Activity Financing	-	-	-	-	-	-	-
<b>-10,430</b>	<b>Subtotal Commercial Activity</b>	<b>1,632</b>	<b>-14,665</b>	<b>-13,033</b>	<b>-13,057</b>	<b>-18,306</b>	<b>-18,201</b>	<b>-17,980</b>
	<b>Property Services</b>							
1,093	Building Maintenance	1,182	-89	1,093	1,093	1,093	1,093	1,093
4,096	County Offices	6,219	-1,996	4,223	3,626	3,628	3,630	3,630
645	Property Services	653	-	653	653	653	653	653
203	Property Compliance	247	-42	205	205	205	205	205
<b>6,037</b>	<b>Subtotal Property Services</b>	<b>8,301</b>	<b>-2,127</b>	<b>6,174</b>	<b>5,577</b>	<b>5,579</b>	<b>5,581</b>	<b>5,581</b>
	<b>Strategic Assets</b>							
-4,023	County Farms	712	-4,823	-4,111	-4,007	-3,932	-3,876	-3,876
806	Strategic Assets	812	-	812	812	812	812	812
<b>-3,217</b>	<b>Subtotal Strategic Assets</b>	<b>1,524</b>	<b>-4,823</b>	<b>-3,299</b>	<b>-3,195</b>	<b>-3,120</b>	<b>-3,064</b>	<b>-3,064</b>
	<b>Traded Services to Schools and Parents</b>							
-408	Traded Services to Schools and Parents	-58	-	-58	-58	-58	-58	-58
-200	ICT Service (Education)	831	-1,031	-200	-200	-200	-200	-200
-71	Professional Development Centres	78	-149	-71	-71	-71	-71	-71
5	Cambridgeshire Music	2,076	-2,071	5	5	5	5	5
-77	Outdoor Education (includes Grafham Water)	1,845	-1,922	-77	-77	-77	-77	-77
-9,678	Cambridgeshire Catering & Cleaning Services	449	-449	-	-	-	-	-
<b>-10,429</b>	<b>Subtotal Traded Services to Schools and Parents</b>	<b>5,221</b>	<b>-5,622</b>	<b>-401</b>	<b>-401</b>	<b>-401</b>	<b>-401</b>	<b>-401</b>
	<b>Future Years</b>							
-	- Inflation	-	-	-	35	74	114	154
<b>-18,039</b>	<b>COMMERCIAL &amp; INVESTMENTS TOTAL</b>	<b>16,678</b>	<b>-27,237</b>	<b>-10,559</b>	<b>-11,041</b>	<b>-16,174</b>	<b>-15,971</b>	<b>-15,710</b>





## Section 3 - F: Commercial & Investments

**Table 2: Revenue - Net Budget Changes by Operational Division**

Budget Period: 2019-20

Policy Line	Net Revised Opening Budget £000	Net Inflation £000	Demography & Demand £000	Pressures £000	Investments £000	Savings & Income Adjustments £000	Net Budget £000
<b>Commercial Activity</b>							
Commercial Property Investments	-5,002	-	-	-	-	-1,200	-6,202
Commercial Energy Investments	-882	-	-	5	-	-8	-885
Shareholder Company Dividends	-200	-	-	96	-	-	-104
Housing Investment (This Land Company)	-4,346	-	-	-	-21	-1,483	-5,850
Commercial Activity Financing	-	-	-	-	-	-	-
<b>Subtotal Commercial Activity</b>	<b>-10,430</b>	<b>-</b>	<b>-</b>	<b>101</b>	<b>-21</b>	<b>-2,691</b>	<b>-13,041</b>
<b>Property Services</b>							
Building Maintenance	1,093	-	-	-	-	-	1,093
County Offices	4,096	167	-	-	-	-40	4,223
Property Services	645	8	-	-	-	-	653
Property Compliance	203	2	-	-	-	-	205
<b>Subtotal Property Services</b>	<b>6,037</b>	<b>177</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-40</b>	<b>6,174</b>
<b>Strategic Assets</b>							
County Farms	-4,023	-80	-	-	-	-	-4,103
Strategic Assets	806	6	-	-	-	-	812
<b>Subtotal Strategic Assets</b>	<b>-3,217</b>	<b>-74</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3,291</b>
<b>Traded Services to Schools and Parents</b>							
Traded Services to Schools and Parents	-408	-	-	350	-	-	-58
ICT Service (Education)	-200	-	-	-	-	-	-200
Professional Development Centres	-71	-	-	-	-	-	-71
Cambridgeshire Music	5	-	-	-	-	-	5
Outdoor Education (includes Grafham Water)	-77	-	-	-	-	-	-77
Cambridgeshire Catering & Cleaning Services	-9,678	-	-	449	-	9,229	-
<b>Subtotal Traded Services to Schools and Parents</b>	<b>-10,429</b>	<b>-</b>	<b>-</b>	<b>799</b>	<b>-</b>	<b>9,229</b>	<b>-401</b>
<b>COMMERCIAL &amp; INVESTMENTS TOTAL</b>	<b>-18,039</b>	<b>103</b>	<b>-</b>	<b>900</b>	<b>-21</b>	<b>6,498</b>	<b>-10,559</b>



## Section 3 - F: Commercial and Investments

**Table 3: Revenue - Overview**

Budget Period: 2019-20 to 2023-24

Detailed Plans	Outline Plans
----------------	---------------

Ref	Title	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	Description
<b>1</b>	<b>OPENING GROSS EXPENDITURE</b>	<b>21,813</b>	<b>16,678</b>	<b>15,772</b>	<b>16,524</b>	<b>16,722</b>	
F/R.1.001	Base adjustments	4,238	-	-	-	-	- Adjustment for permanent changes to base budget from decisions made in 2018-19.
F/R.1.002	Base adjustment - closure of Cambridgeshire Catering and Cleaning Services	-9,229	-	-	-	-	- Permanent reduction in base budget as a result of the closure of Cambridgeshire Catering and Cleaning Services in 2018-19.
<b>1.999</b>	<b>REVISED OPENING GROSS EXPENDITURE</b>	<b>16,822</b>	<b>16,678</b>	<b>15,772</b>	<b>16,524</b>	<b>16,722</b>	
<b>2</b>	<b>INFLATION</b>						
F/R.2.001	Inflation	196	129	133	134	134	Forecast pressure from inflation, based on detailed analysis incorporating national economic forecasts, specific contract inflation and other forecast inflationary pressures.
<b>2.999</b>	<b>Subtotal Inflation</b>	<b>196</b>	<b>129</b>	<b>133</b>	<b>134</b>	<b>134</b>	
<b>3</b>	<b>DEMOGRAPHY AND DEMAND</b>						
<b>3.999</b>	<b>Subtotal Demography and Demand</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>4</b>	<b>PRESSURES</b>						
F/R.4.005	Closure of Cambridgeshire Catering and Cleaning Services	449	-	-	-	-	- Removal of budgeted revenue contribution due to closure of Cambridgeshire Catering and Cleaning Services.
F/R.4.006	Traded Services to Schools and Parents	350	-	-	-	-	- Delivery of a prior year income target has slipped and the income target is now not expected to be achieved in full.
F/R.4.007	LGSS Law dividend expectation	96	-	-96	-	-	- Reduced dividend expectations from LGSS Law in 2019/20 and 2020/21. The company is making progress with improved utilisation of fee earning lawyers, under the stewardship of a new finance director.
F/R.4.903	Renewable Energy - Soham	5	4	5	40	-	- Operating costs associated with the capital investment in Renewable Energy, at the Soham Solar Farm. Links to capital proposal C/C.2.102 in BP 2016-17.
<b>4.999</b>	<b>Subtotal Pressures</b>	<b>900</b>	<b>4</b>	<b>-91</b>	<b>40</b>	<b>-</b>	
<b>5</b>	<b>INVESTMENTS</b>						
F/R.5.001	Invest to Save Housing Schemes - Interest Costs	-21	-517	-79	-	-	- Revenue costs associated with the development of the Cambridge Housing and Investment Company in order to generate long-term income streams.
F/R.5.001	St Ives Smart Energy Grid - operating costs	-	39	1	1	1	The Council is building a Smart Energy Grid at the St Ives Park & Ride site, capital project reference F/C.2.118. These are the expected operating costs.
F/R.5.002	Babraham Smart Energy Grid - operating costs	-	-	120	3	4	The Council is building a Smart Energy Grid at the Babraham Park & Ride site, capital project reference F/C.2.119. These are the expected operating costs.

## Section 3 - F: Commercial and Investments

**Table 3: Revenue - Overview**

Budget Period: 2019-20 to 2023-24

Detailed Plans	Outline Plans
----------------	---------------

Ref	Title	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	Description
F/R.5.004	Trumpington Smart Energy Grid - operating costs	-	-	63	2	2	The Council is building a Smart Energy Grid at the Trumpington Park & Ride site, capital project reference F/C.2.120. These are the expected operating costs.
F/R.5.005	Stanground Closed Landfill Site - operating costs	-	-	115	3	4	The Council is installing a solar park facility and battery storage system at the Stanground closed landfill site, capital project reference F/C.2.121. These are the expected operating costs.
F/R.5.006	Woodston Closed Landfill Site - operating costs	-	-	48	1	2	The Council is installing a solar park facility and battery storage system at the Woodston closed landfill site, capital project reference F/C.2.122. These are the expected operating costs.
F/R.5.007	Renewable Energy - Mere Farm, Soham - operating costs	-	-	440	12	13	The Council is installing a solar park facility at Mere Farm, Soham, capital project reference F/C.2.123. These are the expected operating costs.
<b>5.999</b>	<b>Subtotal Investments</b>	<b>-21</b>	<b>-478</b>	<b>708</b>	<b>22</b>	<b>26</b>	
<b>6</b>	<b>SAVINGS C&amp;I</b>						
F/R.6.001	BP 19/20 Contract Efficiency	-200	-	-	-	-	- A review of specific areas identified within the contract register to discover what potential there is for savings through more commercially minded renegotiation, re-consideration of service specifications and consideration of where smarter payment processes may assist in driving down costs.
F/R.6.101	Commercial Investment Returns	-1,000	-	-	-	-	- Including: 1. Non building investments i.e. start up companies 2. Sponsorship requests at corporate level 3. People assets - consultancy for cross organisational sellable skills
F/R.6.107	Rationalisation of Property Portfolio	-	-553	-	-	-	- Savings generated by the more efficient use of Council properties.
F/R.6.108	Energy Efficiency Fund - Repayment of Financing Costs	-19	-8	2	2	-	- Savings to be generated from Energy Efficiency Fund capital investment. Element to repay financing costs. Links to capital proposal F/C.2.119
<b>6.999</b>	<b>Subtotal Savings</b>	<b>-1,219</b>	<b>-561</b>	<b>2</b>	<b>2</b>	<b>-</b>	
	<b>TOTAL GROSS EXPENDITURE</b>	<b>16,678</b>	<b>15,772</b>	<b>16,524</b>	<b>16,722</b>	<b>16,882</b>	
<b>7</b>	<b>FEES, CHARGES &amp; RING-FENCED GRANTS</b>						
F/R.7.001	Previous year's fees, charges & ring-fenced grants	-30,001	-27,237	-26,813	-32,698	-32,693	Previous year's fees and charges for the provision of services and ring-fenced grant funded rolled forward.
F/R.7.002	Increase in fees, charges & ring-fenced grants	-4,859	-	-	-	-	- Adjustment for changes to fees, charges & ring-fenced grants reflecting decisions made in 2018-19.
F/R.7.003	Fees and charges inflation	-94	-94	-94	-94	-94	Uplift in external charges to reflect inflation pressures on the cost of services.
F/R.7.103	<b>Changes to fees &amp; charges</b> County Farms Investment (Viability) - Surplus to Repayment of Financing Costs	16	-4	-	-	-	- Increase in County Farms rental income resulting from capital investment. Element surplus to repaying financing costs.

## Section 3 - F: Commercial and Investments

**Table 3: Revenue - Overview**

**Budget Period: 2019-20 to 2023-24**

Detailed Plans	Outline Plans
----------------	---------------

Ref	Title	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	Description
F/R.7.104	County Farms Investment (Viability) - Repayment of Financing Costs	-16	4	-	-		- Increase in County Farms rental income resulting from capital investment. Links to capital proposal F/C.2.101.
F/R.7.105	Renewable Energy Soham - Repayment of Financing Costs	-8	100	70	16		- Income generation resulting from capital investment in solar farm at Soham. Element to repay financing costs. Links to capital proposal C/C.2.102 in BP 2016-17.
F/R.7.106	Utilisation/commercialisation of physical assets	-21	-36	-	-		- One Public Estate Asset plan Maximise the income generated from parking Venue request tool
F/R.7.113	Invest to Save Housing Schemes - Income Generation	-1,483	571	-188	-		- The Council is a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. This will require CCC to move from being a seller of sites to being a developer of sites, through a Housing Company. In the future, CCC will operate to make best use of sites with development potential in a co-ordinated and planned manner to develop them for a range of development options, generating capital receipts to support site development and significant revenue and capital income to support services and communities.
F/R.7.114	St Ives Smart Energy Grid - Surplus to Repayment of Financing Costs	-	-79	84	-8	-8	The Council is building a Smart Energy Grid at St Ives Park & Ride site, capital project reference F/C.2.118. This is the expected income surplus from the sale of energy.
F/R.7.115	St Ives Smart Energy Grid - Repayment of Financing Costs	-	-38	-89	2	2	The Council is building a Smart Energy Grid at St Ives Park & Ride site, capital project reference F/C.2.118. These are the expected borrowing costs associated with the scheme to be repaid using income from the sale of energy.
F/R.7.116	Babraham Smart Energy Grid - Surplus to Repayment of Financing Costs	-	-	-319	-46	171	The Council is building a Smart Energy Grid at the Babraham Park & Ride site, capital project reference F/C.2.119. This is the expected income surplus from the sale of energy.
F/R.7.117	Babraham Smart Energy Grid - Repayment of Financing Costs	-	-	-829	14	13	The Council is building a Smart Energy Grid at the Babraham Park & Ride site, capital project reference F/C.2.119. These are the expected borrowing costs associated with the scheme to be repaid using income from the sale of energy.
F/R.7.118	Trumpington Smart Energy Grid - Surplus to Repayment of Financing Costs	-	-	44	-24	42	The Council is building a Smart Energy Grid at the Trumpington Park & Ride site, capital project reference F/C.2.120. This is the expected income surplus from the sale of energy.
F/R.7.119	Trumpington Smart Energy Grid - Repayment of Financing Costs	-	-	-507	9	8	The Council is building a Smart Energy Grid at the Trumpington & Ride site, capital project reference F/C.2.120. These are the expected borrowing costs associated with the scheme to be repaid using income from the sale of energy.
F/R.7.120	Stanground Closed Landfill Site - Repayment of Financing Costs	-	-	-714	149	21	The Council is installing a solar park facility and battery storage system at the Stanground closed landfill site, capital project reference F/C.2.121. This is the expected income surplus from the sale of energy and provision of grid services.
F/R.7.121	Stanground Closed Landfill Site - Repayment of Financing Costs	-	-	-709	12	12	The Council is installing a solar park facility and battery storage system at the Stanground closed landfill site, capital project reference F/C.2.121. These are the expected borrowing costs associated with the scheme to be repaid using income from the sale of energy and provision of grid services.

## Section 3 - F: Commercial and Investments

**Table 3: Revenue - Overview**

**Budget Period: 2019-20 to 2023-24**

Detailed Plans	Outline Plans
----------------	---------------

Ref	Title	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	Description
F/R.7.122	Woodston Closed Landfill Site - Surplus to Repayment of Financing Costs	-	-	-196	47	9	The Council is installing a solar park facility and battery storage system at the Woodston closed landfill site, capital project reference F/C.2.122. This is the expected income surplus from the sale of energy and provision of grid services.
F/R.7.123	Woodston Closed Landfill Site - Repayment of Financing Costs	-	-	-184	3	3	The Council is installing a solar park facility and battery storage system at the Woodston closed landfill site, capital project reference F/C.2.122. These are the expected borrowing costs associated with the scheme to be repaid using income from the sale of energy and provision of grid services.
F/R.7.124	Income adjustment - Closure of Cambridgeshire Catering and Cleaning Services	9,229	-	-	-	-	- Reduction in budgeted income as a result of the closure of Cambridgeshire Catering and Cleaning Services in 2018-19.
F/R.7.125	Renewable Energy - Mere Farm, Soham - Surplus to Repayment of Financing Costs	-	-	-761	-99	-101	The Council is installing a solar park facility at Mere Farm, Soham, capital project reference F/C.2.123. This is the expected income surplus from the sale of energy.
F/R.7.126	Renewable Energy - Mere Farm, Soham - Repayment of Financing costs	-	-	-1,493	24	23	The Council is installing a solar park facility at Mere Farm, Soham, capital project reference F/C.2.123. These are the expected borrowing costs associated with the scheme to be repaid using income from the sale of energy.
<b>7.999</b>	<b>Subtotal Fees, Charges &amp; Ring-fenced Grants</b>	<b>-27,237</b>	<b>-26,813</b>	<b>-32,698</b>	<b>-32,693</b>	<b>-32,592</b>	
	<b>TOTAL NET EXPENDITURE</b>	<b>-10,559</b>	<b>-11,041</b>	<b>-16,174</b>	<b>-15,971</b>	<b>-15,710</b>	

FUNDING SOURCES							
<b>8</b>	<b>FUNDING OF GROSS EXPENDITURE</b>						
F/R.8.001	Budget Surplus	10,559	11,041	16,174	15,971	15,710	Net surplus from Commercial and Investment activities contributed to funding other Services.
F/R.8.003	Fees & Charges	-26,455	-26,031	-31,916	-31,911	-31,810	Fees and charges for the provision of services.
F/R.8.004	Arts Council Funding	-782	-782	-782	-782	-782	Ring-fenced grant from the Arts Council to part-fund Cambridgeshire Music
<b>8.999</b>	<b>TOTAL FUNDING OF GROSS EXPENDITURE</b>	<b>-16,678</b>	<b>-15,772</b>	<b>-16,524</b>	<b>-16,722</b>	<b>-16,882</b>	

# Appendix A

## Section 3 - F: Commercial and Investments

**Table 4: Capital Programme**

Budget Period: 2019-20 to 2028-29

Summary of Schemes by Start Date	Total Cost £000	Previous Years £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	Later Years £000
Ongoing	80,989	44,889	36,938	-7,200	762	800	800	4,000
Committed Schemes	177,425	119,100	47,247	10,886	192	-	-	-
2018-2019 Starts	30,639	206	1,318	29,115	-	-	-	-
<b>TOTAL BUDGET</b>	<b>289,053</b>	<b>164,195</b>	<b>85,503</b>	<b>32,801</b>	<b>954</b>	<b>800</b>	<b>800</b>	<b>4,000</b>

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	Later Years £000	Committee
F/C.2.101	<b>Commercial &amp; Investments</b> County Farms investment (Viability)	To invest in projects which protect and improve the County Farms Estate's revenue potential, asset value and long term viability.	F/R.7.103, F/R.7.104	Ongoing	3,000	-	300	300	300	300	300	1,500	C&I
F/C.2.103	Local Plans - representations	Making representations to Local Plans and where appropriate following through to planning applications with a view to adding value to County Farms and other Council land, whilst meeting Council objectives through the use / development of such land.		Ongoing	1,000	-	100	100	100	100	100	500	C&I
F/C.2.109	Community Hubs - East Barnwell	Creation of a community hub in the Abbey ward by renovating and extending East Barnwell community centre and adjoining preschool. To accommodate a library, a base for the South City locality team, to extend the childcare facility to address insufficiency in local provision, as well as provide flexible community facilities with dedicated space for young people.		Committed	1,950	131	910	909	-	-	-	-	C&I
F/C.2.111	Shire Hall	This budget is used to carry out essential maintenance and potentially limited improvements required to occupy Shire Hall for a further 10 years to 2020, in accordance with the previous Cabinet decision in November 2009.		Ongoing	5,439	4,889	550	-	-	-	-	-	C&I
F/C.2.112	Building Maintenance	This budget is used to carry out replacement of failed elements and maintenance refurbishments.		Ongoing	6,000	-	600	600	600	600	600	3,000	C&I
F/C.2.114	MAC Joint Highways Depot	The Joint Highways Depot Project will facilitate the physical co-location of partner organisations to a single depot site, with joint-working practices implemented initially, with an aspiration to develop shared services in the future.		Committed	5,198	582	4,616	-	-	-	-	-	C&I
F/C.2.116	Shire Hall Relocation	As part of the Cambs 2020 vision, the Council plans to vacate Shire Hall and relocate to outside of Cambridge.	F/R.6.101	Committed	18,326	2,643	5,633	9,858	192	-	-	-	C&I
F/C.2.117	Commercial Investments	Development of a portfolio of strategic investments which are able to provide an income return. This will be developed through commercial research into options available, appropriate balance of portfolio and the extent of risk.	F/R.4.008	Ongoing	96,744	40,000	56,744	-	-	-	-	-	C&I
F/C.2.118	Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride	Low carbon energy generation assets with battery storage on Council assets at St Ives Park and Ride	F/R.7.114	Committed	3,645	246	3,280	119	-	-	-	-	C&I

# Appendix A

## Section 3 - F: Commercial and Investments

**Table 4: Capital Programme**

Budget Period: 2019-20 to 2028-29

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	Later Years £000	
F/C.2.119	Babraham Smart Energy Grid	The project is to develop a high level assessment, then an Investment Grade Proposal for a renewable energy scheme on the Babraham Park and Ride site. This project at Babraham will look to build on the skills developed in the St Ives project to replicate on other Park and Ride sites. A 2.1 MW solar canopy project is proposed at the HLA stage.	F/R.7.115	2018-19	11,399	76	383	10,940	-	-	-	-	- C&I
F/C.2.120	Trumpington Smart Energy Grid	The project is to develop a high level assessment, then an Investment Grade Proposal for a renewable energy scheme on the Trumpington Park and Ride site. This project at Trumpington will look to build on the skills developed in the St Ives project to replicate on other Park and Ride sites. A 2.1 MW solar canopy project is proposed at the HLA stage.	F/R.7.116	2018-19	6,969	25	292	6,652	-	-	-	-	- C&I
F/C.2.121	Stanground Closed Landfill Energy Project	The project is to develop a high level assessment, then an Investment Grade Proposal for a clean energy scheme on the closed landfill site in Stanground. Bouygues propose a 2.25MWp Solar PV ground mounted array on the site together with a 10MW 2C battery storage system for demand side response.	F/R.7.117	2018-19	9,745	62	397	9,286	-	-	-	-	- C&I
F/C.2.122	Woodston Closed Landfill Energy Project	The project is to develop a high level assessment, then an Investment Grade Proposal for a clean energy scheme on the closed landfill site in Woodston. A tailored 3MW 2C Battery Storage for Demand Side Response services is proposed. This would provide a steady revenue stream, while being respectful of the local environment in terms of disruption and visual amenity.	F/R.7.118	2018-19	2,526	43	246	2,237	-	-	-	-	- C&I
F/C.2.240	Housing schemes	The Council is in a position of continuing to be a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. This will require CCC to move from being a seller of sites to being a developer of sites, through a Housing Company. In the future, CCC will operate to make best use of sites with development potential in a co-ordinated and planned manner to develop them for a range of development options, generating capital receipts to support site development and significant revenue and capital income to support services and communities.	F/R.5.001, F/R.7.113	Committed	148,172	115,445	32,727	-	-	-	-	-	- C&I
<b>Total - Commercial &amp; Investments</b>					<b>320,113</b>	<b>164,142</b>	<b>106,778</b>	<b>41,001</b>	<b>1,192</b>	<b>1,000</b>	<b>1,000</b>	<b>5,000</b>	



# Appendix A

## Section 3 - F: Commercial and Investments

**Table 4: Capital Programme**

Budget Period: 2019-20 to 2028-29

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	Later Years £000	
F/C. F/C.3.001	<b>Capital Programme Variation</b> Variation Budget	The Council includes a service allowance for likely Capital Programme slippage, as it can sometimes be difficult to allocate this to individual schemes due to unforeseen circumstances. This budget is continuously under review, taking into account recent trends on slippage on a service by service basis.		Ongoing	-31,194	-	-21,356	-8,200	-238	-200	-200	-1,000	C&I
F/C.3.002	Capitalisation of Interest Costs	The capitalisation of borrowing costs helps to better reflect the costs of undertaking a capital project. Although this budget is initially held on a service basis, the funding will ultimately be moved to the appropriate schemes once exact figures have been calculated each year.		Committed	134	53	81	-	-	-	-	-	C&I
	<b>Total - Capital Programme Variation</b>				<b>-31,060</b>	<b>53</b>	<b>-21,275</b>	<b>-8,200</b>	<b>-238</b>	<b>-200</b>	<b>-200</b>	<b>-1,000</b>	
	<b>TOTAL BUDGET</b>				<b>289,053</b>	<b>164,195</b>	<b>85,503</b>	<b>32,801</b>	<b>954</b>	<b>800</b>	<b>800</b>	<b>4,000</b>	

Funding					Total Funding £000	Previous Years £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	Later Years £000
<b>Government Approved Funding</b>												
Specific Grants					1,822	-	1,759	63	-	-	-	-
<b>Total - Government Approved Funding</b>					<b>1,822</b>	<b>-</b>	<b>1,759</b>	<b>63</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Locally Generated Funding</b>												
Agreed Developer Contributions					260	-	130	130	-	-	-	-
Capital Receipts					95,737	45,137	45,395	2,205	-	500	500	2,000
Prudential Borrowing					42,767	7,734	1,076	30,403	954	300	300	2,000
Prudential Borrowing (Repayable)					-	108,374	29,543	-600	-4,200	-	-	-133,117
Ring-Fenced Capital Receipts					4,800	-	-	600	4,200	-	-	-
Other Contributions					143,667	2,950	7,600	-	-	-	-	133,117
<b>Total - Locally Generated Funding</b>					<b>287,231</b>	<b>164,195</b>	<b>83,744</b>	<b>32,738</b>	<b>954</b>	<b>800</b>	<b>800</b>	<b>4,000</b>
<b>TOTAL FUNDING</b>					<b>289,053</b>	<b>164,195</b>	<b>85,503</b>	<b>32,801</b>	<b>954</b>	<b>800</b>	<b>800</b>	<b>4,000</b>

# Appendix A

## Section 3 - F: Commercial and Investments

### Table 5: Capital Programme - Funding

Budget Period: 2019-20 to 2028-29

Summary of Schemes by Start Date					Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000	
Ongoing					80,989	-	-	150	95,706	-14,867	
Committed Schemes					177,425	1,822	260	143,517	4,831	26,995	
2018-2019 Starts					30,639	-	-	-	-	30,639	
<b>TOTAL BUDGET</b>					<b>289,053</b>	<b>1,822</b>	<b>260</b>	<b>143,667</b>	<b>100,537</b>	<b>42,767</b>	

Ref	Scheme	Linked Revenue Proposal	Net Revenue Impact	Scheme Start	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000	Committee
<b>F/C.</b>	<b>Commercial &amp; Investments</b>										
F/C.2.101	County Farms investment (Viability)	F/R.7.103, F/R.7.104	-5,250	Ongoing	3,000	-	-	-	-	3,000	C&I
F/C.2.103	Local Plans - representations		-	Ongoing	1,000	-	-	-	-	1,000	C&I
F/C.2.109	Community Hubs - East Barnwell		-	Committed	1,950	-	260	-	31	1,659	C&I
F/C.2.111	Shire Hall		-	Ongoing	5,439	-	-	150	2,273	3,016	C&I
F/C.2.112	Building Maintenance		-	Ongoing	6,000	-	-	-	-	6,000	C&I
F/C.2.114	MAC Joint Highways Depot		-183	Committed	5,198	-	-	-	4,800	398	C&I
F/C.2.116	Shire Hall Relocation	F/R.6.101	-	Committed	18,326	-	-	-	-	18,326	C&I
F/C.2.117	Commercial Investments	F/R.4.008	-217,000	Ongoing	96,744	-	-	-	96,744	-	C&I
F/C.2.118	Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride	F/R.7.114	-1,594	Committed	3,645	1,822	-	-	-	1,823	C&I
F/C.2.119	Babraham Smart Energy Grid	F/R.7.115	-2,600	2018-19	11,399	-	-	-	-	11,399	C&I
F/C.2.120	Trumpington Smart Energy Grid	F/R.7.116	-1	2018-19	6,969	-	-	-	-	6,969	C&I
F/C.2.121	Stanground Closed Landfill Energy Project	F/R.7.117	-3,324	2018-19	9,745	-	-	-	-	9,745	C&I
F/C.2.122	Woodston Closed Landfill Energy Project	F/R.7.118	-837	2018-19	2,526	-	-	-	-	2,526	C&I
F/C.2.240	Housing schemes	F/R.5.001, F/R.7.113	-70,049	Committed	148,172	-	-	143,517	-	4,655	C&I
	<b>Total - Commercial &amp; Investments</b>		<b>-300,838</b>		<b>320,113</b>	<b>1,822</b>	<b>260</b>	<b>143,667</b>	<b>103,848</b>	<b>70,516</b>	
<b>F/C.</b>	<b>Capital Programme Variation</b>										
F/C.3.001	Variation Budget		-	Ongoing	-31,194	-	-	-	-11,349	-19,845	C&I
F/C.3.002	Capitalisation of Interest Costs		-	Committed	134	-	-	-	-	134	C&I
	<b>Total - Capital Programme Variation</b>		-		<b>-31,060</b>	-	-	-	<b>-11,349</b>	<b>-19,711</b>	
F/C.9.001	Excess Corporate Services capital receipts used to reduce total prudential borrowing			Ongoing	-	-	-	-	8,038	-8,038	C&I
	<b>TOTAL BUDGET</b>				<b>289,053</b>	<b>1,822</b>	<b>260</b>	<b>143,667</b>	<b>100,537</b>	<b>42,767</b>	

# Business Case

## F/R.6.001 Contract Efficiency

### Project Overview

Project Title	F/R.6.001 Contract Efficiency		
Project Code	TR001378	Business Planning Reference	F/R.6.001
Business Planning Brief Description	To review contracts across a number of themes (size, age, type) to identify areas for better contract management, re-design, tighter specification, renegotiation or other routes of provision outside of traditional contract approaches to deliver longer term savings.		
Senior Responsible Officer	Amanda Askham		

### Project Approach

#### Background

##### Why do we need to undertake this project?

LGSS Procurement have already begun to look at contracts below £100k to identify areas for potential efficiency through bulk purchasing and renegotiation based on similar activity supporting other Councils. This has started to yield some savings, and shown the potential for further savings, albeit at a lower level.

Applying a blanket saving percentage to the contract register in its entirety does suggest that much more significant savings could be made through a review of contracts at all levels of contract type and price. LGSS Procurement have been able to review a number of areas of contracts (in terms of size, type and age) where there is potential to explore different approaches, and yield savings in the future as well as learning from partner organisations that LGSS Procurement support.

With this intelligence, and the potential for savings available, it is important that these efficiencies should be pursued.

##### What would happen if we did not complete this project?

We would fail to capitalise on the potential savings within the large number of contracts we have, resulting in avoidable spend and duplication of effort continuing.

#### Approach

##### Aims / Objectives

To undertake a high level review of the contract register to identify areas that may yield savings in the future either through reviews of specifications or more commercially focused renegotiation.

Complete a detailed review of Contracts with services to identify those contracts that have the best potential for savings, and return on investment.

Where re-specification and renegotiation is considered to be financially worthwhile this work will be taken forward. Where we need specialist resource to support this we will use Transformation Fund funding to meet this cost.

Our primary objective will be aiming to secure the best value for money contracts, when and where they are needed.

#### **Project Overview - What are we doing**

##### **Stage 1: High Level Analysis of Contract Register.**

Initial High Level Analysis of the Contract Register (as at the end of August 2018) identified a number of contracts in the medium term which are potentially viable for review and renegotiation.

This analysis identified contracts worth over £10 Million in total annual values that expire at the end of 2018/19 (and total annual values in excess of £200 Million expiring in both 2019/20 and 2020/21). We have used these figures to give an indicative amount of savings within the Business Plan for 2019/20 and beyond.

Further analysis (as set out in Stage 2) with services on each of the contracts identified will be necessary to better understand the potential for savings, and to account for those contracts which may be linked to other savings within the business plan already. This should provide a more definitive savings target we can monitor progress against.

##### **Stage 2: Initial Assessment of Contracts with Services**

This stage will involve working with the services to better understand the contracts identified at Stage 1, and to ensure that we are focusing on the right areas for more detailed review, and know where we can add the most value in terms of providing commercial expertise.

If, after this initial analysis, we believe that there is real potential for further savings we will push the contract through to the next stage.

##### **Stage 3: Detailed Assessment of Contracts**

Officers from Transformation, Finance, Audit and Procurement will assess the opportunity for savings from each contract. This will be done through assessing the individual extent of the opportunity (i.e. contract failure, inflated costs), with the levers (re-procurement, deductions, service changes) against the overall contract value.

We will agree the next steps after this stage, be that improved contract management; early review of contracts; reconsideration of extension clauses; re-design of services; re-specification of contracts; commercial renegotiation or use of Alternate Delivery Models.

##### **Stage 4: Review of Individual Contracts**

The timing of this will be dependent on the outcomes of stage 3. We hope that this work could begin before the start of the Financial Year to begin to realise savings as early as possible. The length of involvement will be dependent upon the timing of the contracts, and the resource chosen to undertake the work. We will need to draw on both internal and potentially external specialist support (legal, procurement, commercial expertise), and a related bid to the Transformation Fund has been made to fund this, where needed.

#### **What assumptions have you made?**

We have assumed that the contract register which has been used for the initial analysis is materially complete and correct. In addition we have assumed that there will be resource available to support this work and that there will be some flexibility in terms of changing the requirements and or procurement process for selecting suppliers.

**What constraints does the project face?**

Procurement regulations, time, cost and quality

**Delivery Options**

Has an options and feasibility study been undertaken?

**Scope / Interdependencies****Scope**

What is within scope?

All contracts within the contract register.

What is outside of scope?

Recently negotiated contracts.

Spend below £100k (covered in separate work).

**Project Dependencies**

Title

Commercial Acumen Training

**Cost and Savings**

See accompanying financial report

**Non Financial Benefits**

Non Financial Benefits Summary

Better specifications for contracts.

Genuine consideration of best methods of provision of service (if needed).

Commercial awareness spread more widely across the organisation.

Title

**Risks**

Title

Volume of data may cause timescales to slip

Unable to make savings due to lack of engagement from service areas

Unable to provide commercial negotiation expertise for services

Contract Register is incomplete/incorrect

Breaching Public Contract Regulations 2015 should CCC negotiate any arrangements outside the terms of the contract originally advertised.

## Project Impact

### Community Impact Assessment

#### Who will be affected by this proposal?

No service users should be impacted, services would remain. The way services are procured may change resulting in them being more cost effective.

#### What positive impacts are anticipated from this proposal?

Reducing contract costs will enable us to continue running those services and others.

#### What negative impacts are anticipated from this proposal?

No negative impacts are anticipated

#### Are there other impacts which are more neutral?

Levels of service for the contracts should remain the same.

### Disproportionate impacts on specific groups with protected characteristics

#### Details of Disproportionate Impacts on protected characteristics and how these will be addressed

No disproportionate impacts have been identified.

# Business Case

## F/R.6.101 Commercial Investments

### Project Overview

Project Title	F/R.6.101 Commercial Investments		
Project Code	TR001411	Business Planning Reference	F/R.6.101
Business Planning Brief Description	To create a commercial investment portfolio to maximise the available return to support the delivery of a balanced budget. This will require external support to advise on the investment options available, how to create a balanced portfolio and the best vehicle to use to undertake the investments.		
Senior Responsible Officer	Amanda Askham		

### Project Approach

#### Background

##### Why do we need to undertake this project?

Developing strength and depth in our commercial activity is a key enabler in supporting our ambitious outcomes of;

A good quality of life for everyone  
Thriving places for people to live  
The best start for Cambridgeshire's children

'Acquisitions and investments' is a critical element of the 2019-22 Commercial Strategy and we need to develop a balanced investment portfolio which aligns our commercial aspirations to the core mission (above) as well as outcome-based performance measures.

##### Economic context / what other local authorities are doing

Local authorities spent more than £1bn acquiring property in 2016 as a way of generating new revenue.

A survey undertaken by Localis showed that entrepreneurial activities currently make up 6% of council budgets. However respondents indicated that by 2020 this figure will rise to 18% - a sum potentially worth upwards of £27bn. It was estimated that this would generate up to £2bn of additional income each year; a sum equivalent to £100 off each 2019/20 council tax bill.

Cambridge and Peterborough City Councils, and Huntingdonshire District Council, have been undertaking such acquisitions for some time. Examples from other local authorities include:

##### Spelthorne BC

- £200m+ commercial portfolio developed over nine years
- £360m investment in BP office park (considered high risk)
- Use of interim consultants to develop internal expertise

##### Sevenoaks DC

- Financially self-sustaining council

- Owns a pub, petrol station, an office block (and building a Premier Inn)

Initial advice has been sought as to the potential level of returns which could be achieved through property investments. This has identified that whilst the returns will be the same regardless of the amount invested, the amount and associated risk, will vary depending on which mechanism to invest is used.

As an example;

- If £100m was invested using a 'Direct Approach' i.e. the organisation would own any property outright, you would (conservatively) expect a return of approx 5.31% (net of costs) with a moderate risk.
- If £100m was invested using a 'Multi-Portfolio Approach' i.e. the organisation invested in multiple properties but would not own any outright, you would expect a return of approx 4.10% (net of costs) with a low risk.

However, national government and CIPFA have raised concerns over the financial risks a number of Councils have taken in order to expand their commercial portfolio and re-iterated that;

"Authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed....Where a local authority chooses to disregard the Prudential Code the [Capital] Strategy should explain:

Why the local authority has decided to disregard and the policies in investing the money borrowed including the management of risk"

S15(1)(a) of the Local Government Act 2003 (effective 1st April 2018)

#### What would happen if we did not complete this project?

A balanced investment portfolio will provide both an additional revenue stream to enable the Council to continue to provide services as well as an opportunity to directly add (social) value to our citizens. Without this there is a risk we would need to reduce the delivery of services.

## Approach

### Aims / Objectives

The key objective of this project is to develop a broad portfolio of acquisitions / investments that maximises social and economic return to support the delivery of frontline services to our communities.

### Project Overview - What are we doing

Through this work we will:

- Develop and agree a new Commercial Investment Strategy - setting out our approach to investments and governance arrangements
- Commission external support to advise on appropriate portfolio approach (this will include skilling up of existing staff) - we would expect this support to be for one year
- Agree risk appetite and profile for investments
- Develop an investment portfolio / plans - this could include (but not limited to)
  - Residential and Commercial properties (within and outside of Cambridgeshire)
  - Businesses (going concerns and start-ups)
  - Joint investments / sponsorships
- Commission support to provide advice and / or manage an agreed fund(s) on a short to medium term basis until our existing teams would be able to take it over. We would expect to be in a position to do this over the next five years.
- Create the infrastructure to identify and pursue ad-hoc investment opportunities



#### What assumptions have you made?

The following assumptions have been made;

- We want to develop a wide and mixed portfolio to mitigate the investment risk
- Have an average yield of 6% across the portfolio
- The local authority will be the preferred investment vehicle

#### What constraints does the project face?

The main limitation to the project revolves around the ability to borrow money to fund commercial acquisitions with additional guidance expected in Jan 2019.

### Delivery Options

#### Has an options and feasibility study been undertaken?

The options considered were:

In house management

Outsource all investment management processes

### Scope / Interdependencies

#### Scope

##### What is within scope?

The scope of this project is to develop a balanced portfolio of acquisitions and investments; considering all opportunities within the limitations on the borrowing powers of local authorities.

##### What is outside of scope?

Whilst opportunities (including developing a shared strategy) with Peterborough City Council will be considered, the primary focus of the investments will be in relation to Cambridgeshire.

### Project Dependencies

#### Title

Generation of capital receipts

Power to borrow

### Cost and Savings

See accompanying financial report

### Non Financial Benefits

#### Non Financial Benefits Summary

The revenue achieved through the investment strategy will support the Local Authority to continue to provide outcome-focused services to the citizens of Cambridgeshire.

#### Title

Income generation

Social Value

### Risks

<b>Title</b>
Market stability
Skills of the workforce to manage the portfolio
Identification of suitable investments - ability to act quickly
Increased financial risk to the Local Authority

<b>Project Impact</b>
<b>Community Impact Assessment</b>
<b>Who will be affected by this proposal?</b>
Everybody in the Local Authority area and potentially beyond
<b>What positive impacts are anticipated from this proposal?</b>
Increased revenue generation to support frontline service Increased capital holdings
<b>What negative impacts are anticipated from this proposal?</b>
Increased financial risk to the Local Authority although this will be mitigated through the development of a diversified portfolio.
<b>Are there other impacts which are more neutral?</b>
N/A

<b>Disproportionate impacts on specific groups with protected characteristics</b>
<b>Details of Disproportionate Impacts on protected characteristics and how these will be addressed</b>
N/A





**DISPOSAL OF RANSOM STRIP AT ST IVES**

*To:* **Commercial and Investment Committee**

*Meeting Date:* **14 December 2018**

*From:* **Tom Kelly, Head of Finance**

*Electoral division(s)* **St Ives South and Needingworth**

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

*Purpose:* **To consider the disposal of a ransom strip at St Ives**

*Recommendation:* **It is recommended that:-**

- (1) Members approve of the joint sale of land owned by the Council and St Ives Football Club with final terms to be agreed by the Chairman of Commercial & Investments Committee together with Tom Kelly, Head of Finance.**

<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
Name:	John Macmillan	Names:	Cllr Schumann
Post:	Group Asset Manager	Post:	Chair of C&I
Email:	<a href="mailto:John.macmillan@cambridgeshire.gov.uk">John.macmillan@cambridgeshire.gov.uk</a>	Email:	<a href="mailto:Joshua.schumann@cambridgeshire.gov.uk">Joshua.schumann@cambridgeshire.gov.uk</a>
Tel:	076808861360	Tel:	01223 706398

## **1. BACKGROUND**

- 1.1 An outline planning application (Ref: 16/01485/OUT) for a residential development of the St Ives Football Club ground at Westwood Road, St Ives was successful on 10<sup>th</sup> September 2018. It was promoted by a developer on behalf of the football club. The planning application included land in the ownership of the County Council.
- 1.2 The football ground site was sold by the County Council in 1961 with a restrictive covenant for sports use only.
- 1.3 Access to the new development will also require utilising an area of County Council freehold land, part of which has access enjoyed by the school and shown cross hatched on the attached plan.
- 1.4 There is an opportunity for the County Council to realise some value by releasing the restrictive covenant and disposing of approximately 0.37 acres or thereabouts of freehold land shown hatched green, including the cross hatched land over which the school enjoy an access.

## **2 NEXT STEPS**

- 2.1 The developer now wishes to sell the land on behalf of the football club, together with the County Council's land. In this situation using the test case known as Stokes v Cambridge Water Company as a guide, the Council would be entitled to 33% of the sale value.
- 2.2 The County Council is currently undertaking due diligence regarding to legal title, leasehold rights and obligations in context to the approved planning application.
- 2.3 The last discussions with the school were in 2016 and further discussions between the developer, the Council and the school are planned for January 2019.
- 2.4 Following discussion with the developer This Land have been offered the opportunity to purchase the site based on an independent Red Book valuation but have declined.
- 2.5 The site is expected to be worth in the region of £3m. The St Ives Football club have obtained planning consent for alternative pitches and training areas but will require in the region of £2m to finance their proposed move so the move is not a certainty.
- 2.6 The football ground, together with the County Council's land, would be jointly marketed in the New Year with the aim to complete by the end of March 2019 which is a very tight timetable.
- 2.7 For this reason delegation is sought to sell, subject to successful due diligence checks and negotiation with the school, with final terms being delegated to the Chairman of Commercial & Investments Committee together with Tom Kelly, Head of Finance.

### **3.0 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**

The report above sets out the implications for this priority in 2.5

#### **4.2 Procurement/Contractual/Council Contract Procedure Rules Implications**

There are no significant implications within this category.

#### **4.3 Statutory, Legal and Risk Implications**

The sale will be subject to successful due diligence investigations to allow the removal of a restrictive covenant and the release of land from the schools lease.

#### **4.4 Equality and Diversity Implications**

There are no significant implications within this category.

#### **4.5 Engagement and Communications Implications**

There are no significant implications within this category.

#### **4.6 Localism and Local Member Involvement**

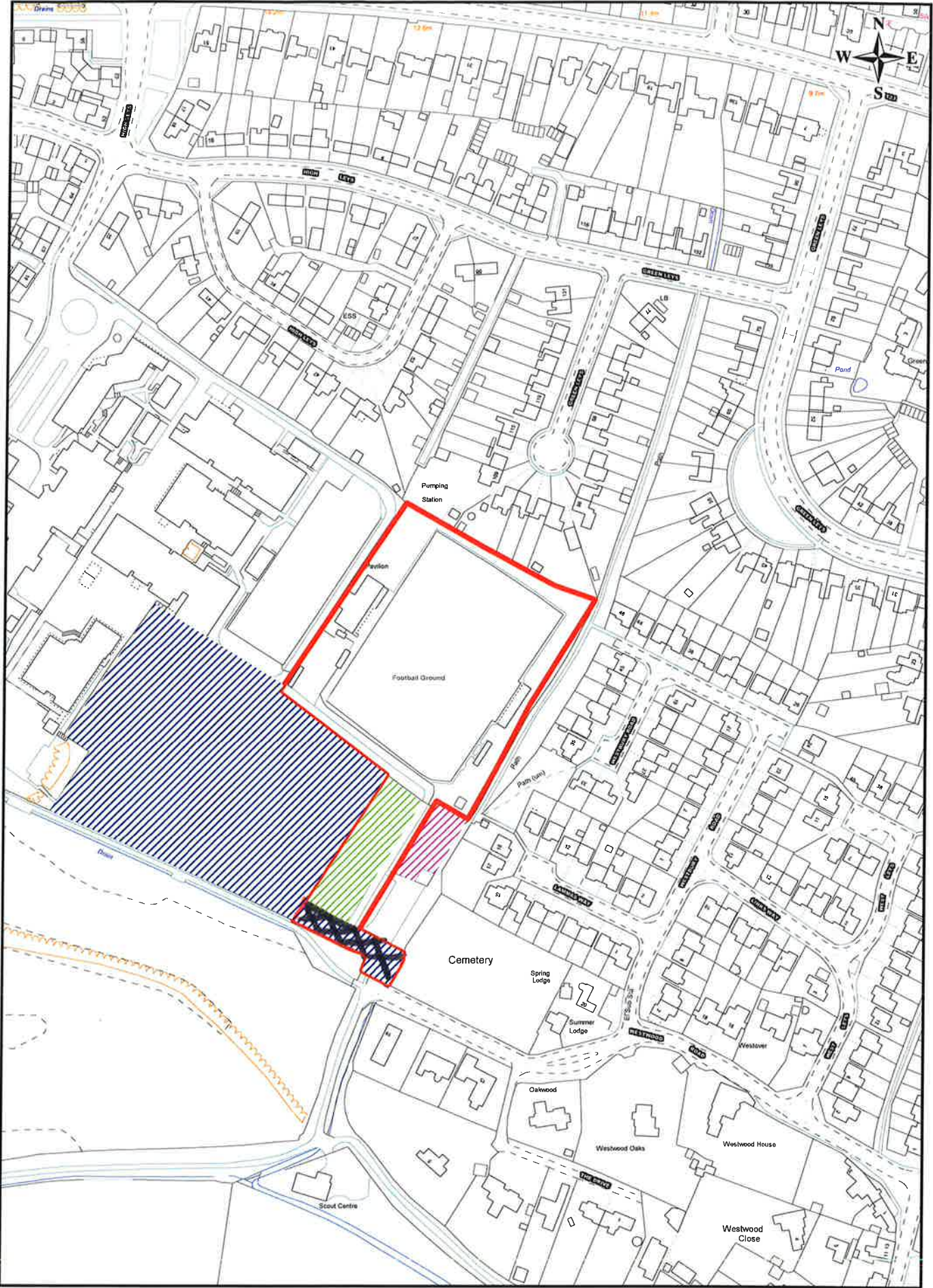
The Local Member has been informed.

#### **4.7 Public Health Implications**

There are no significant implications within this category.

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Financial Officer: Tom Kelly
<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?</b>	N/A
<b>Has the impact on statutory, legal and risk implications been cleared by Legal?</b>	Name of Legal Officer: Fiona MacMillan
<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	N/A
<b>Have any engagement and communication implications been cleared by Communications?</b>	Yes
<b>Have any Public Health implications been cleared by Public Health</b>	N/A







**AMENDMENTS TO THIS LAND'S ARTICLES OF ASSOCIATION**

**To:** Commercial & Investments Committee

**Meeting Date:** 14 December 2018

**From:** Deputy Section 151 Officer.

**Electoral division(s):** All

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

**Purpose:** To consider the proposed amendments to the Articles of Association

**Recommendation:** It is recommended that the Committee

a) Agree the proposed amendments to the Articles of Association of This Land as set out in Appendix A to this report;

b) Authorise the Chair of Commercial & Investments Committee to sign the written resolution on behalf of the Shareholder.

<b><i>Officer contact:</i></b>		<b><i>Member contacts:</i></b>	
Name:	Tom Kelly	Names:	Cllr Joshua Schumann
Post:	Deputy Section 151 Officer	Post:	Chair of C&I
Email:	<a href="mailto:Tom.kelly@cambridgeshire.gov.uk">Tom.kelly@cambridgeshire.gov.uk</a>	Email:	<a href="mailto:Joshua.schumann@cambridgeshire.gov.uk">Joshua.schumann@cambridgeshire.gov.uk</a>
Tel:	01223 703599	Tel:	01223 706398

## 1. BACKGROUND

- 1.1 On 10 October 2018 a meeting of Commercial & Investment (C&I) Committee took place which included a resolution to update This Land's Articles of Association. The resolution was passed, however at that meeting some additional amendments were discussed, and it was agreed to put these forward for C&I Committee to consider as further changes.
- 1.2 The amendments are shown in **Appendix A**, using tracked changes, with **Appendix B** being a "clean" version of the Articles. **Appendix C** is the written resolution to be returned to the This Land.

## 2. MAIN ISSUES

- 2.1 The proposed changes with their rationale are outlined below.

Section	Amendment	Rationale
8.4	Notices calling a Directors' meeting to include the business to be transacted.	It was felt that this would improve governance and transparency.
8.5	Notices calling a Directors' meeting must be in writing.	To eliminate any potential failure of notification.
10.2	The quorum for Directors' meeting must be three, of which one is a Non-Executive Director.	To ensure that all decisions of the Board had some non-executive input/challenge and to reduce the risk of decisions not being made due to split views of the Board.
18	Every three years, two thirds (or rounded down) of the longest serving Non-Executive Directors will retire.	To maintain a level of freshness and challenge on the Board and to avoid Non-Executives becoming aligned to the Executive.
19	Any Director who was appointed due to their employment in Cambridgeshire County Council ceases to be a Director as soon as their CCC employment ends.	The role is linked so the cessation of CCC employment must automatically cease the linked role.

## 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

There are no significant implications within this category.

##### 4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

##### 4.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

##### 4.4 Equality and Diversity Implications

There are no significant implications within this category.

##### 4.5 Engagement and Communications Implications

There are no significant implications within this category.

##### 4.6 Localism and Local Member Involvement

There are no significant implications within this category.

##### 4.7 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	N/A
Have the procurement/contractual/Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	N/A
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	N/A
Have the equality and diversity implications been cleared by your Service Contact?	N/A
Have any engagement and communication implications been cleared by Communications?	N/A
Have any localism and Local Member involvement issues been cleared by your Service Contact?	N/A
Have any Public Health implications been cleared by Public Health	N/A

Source Documents	Location
None	



COMPANY NUMBER 10237292

Formatted Table

THE COMPANIES ACT 2006  
PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION  
OF  
THIS LAND LIMITED



## Contents

Item	Page
PART 1 – INTERPRETATION AND OBJECTS .....	1
1 DEFINED TERMS .....	1
PART 2 - DIRECTORS.....	4
DIRECTORS' POWERS AND RESPONSIBILITIES .....	4
2 DIRECTORS' GENERAL AUTHORITY .....	4
3 SHAREHOLDERS' RESERVE POWER .....	4
4 DIRECTORS MAY DELEGATE.....	4
5 COMMITTEES.....	4
DECISION-MAKING BY DIRECTORS .....	4
6 DIRECTORS TO TAKE DECISIONS COLLECTIVELY .....	4
7 UNANIMOUS DECISIONS .....	5
8 CALLING A DIRECTORS' MEETING .....	5
9 PARTICIPATION IN DIRECTORS' MEETINGS.....	5
10 QUORUM FOR DIRECTORS' MEETINGS .....	6
11 APPOINTMENT OF AN INDEPENDENT CHAIR & CHAIRING OF DIRECTORS' MEETINGS.....	6
12 CONFLICTS OF INTEREST – TRANSACTIONS OR ARRANGEMENTS WITH THE COMPANY.....	6
13 CONFLICTS OF INTEREST REQUIRING BOARD AUTHORISATION .....	7
14 EFFECT OF DIRECTORS' INTERESTS ON QUORUM AND VOTING .....	8
15 RECORDS OF DECISIONS TO BE KEPT .....	8
16 DIRECTORS' DISCRETION TO MAKE FURTHER RULES.....	8
APPOINTMENT OF DIRECTORS .....	9
17 METHODS OF APPOINTING DIRECTORS.....	9
18 RETIREMENT OF DIRECTORS.....	9
19 TERMINATION OF A DIRECTOR'S APPOINTMENT .....	9
20 DIRECTORS' REMUNERATION AND EXPENSES.....	10
PART 3 - SHARES AND DISTRIBUTIONS.....	10
SHARES .....	10
21 APPOINTMENT OF SHAREHOLDERS.....	10
22 LIABILITY OF SHAREHOLDERS .....	10
23 ALL SHARES TO BE FULLY PAID UP .....	10
24 POWERS TO ISSUE DIFFERENT CLASSES OF SHARE.....	10
25 COMPANY NOT BOUND BY LESS THAN ABSOLUTE INTERESTS .....	10
26 SHARE CERTIFICATES.....	11
27 REPLACEMENT SHARE CERTIFICATES .....	11
28 SHARE TRANSFERS .....	11
29 TRANSMISSION OF SHARES.....	12
30 EXERCISE OF TRANSMITEES' RIGHTS.....	12
31 TRANSMITEES BOUND BY PRIOR NOTICES.....	12
DIVIDENDS AND OTHER DISTRIBUTIONS.....	12

Formatted Table



32	PROCEDURE FOR DECLARING DIVIDENDS.....	12
33	PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS.....	13
34	NO INTEREST ON DISTRIBUTIONS.....	13
35	UNCLAIMED DISTRIBUTIONS.....	13
36	NON-CASH DISTRIBUTIONS.....	14
37	WAIVER OF DISTRIBUTIONS.....	14
	CAPITALISATION OF PROFITS.....	14
38	AUTHORITY TO CAPITALISE AND APPROPRIATION OF CAPITALISED SUMS .....	14
	PART 4 - DECISION-MAKING BY SHAREHOLDERS .....	15
	ORGANISATION OF GENERAL MEETINGS .....	15
39	GENERAL MEETINGS.....	15
40	ATTENDANCE AND SPEAKING AT GENERAL MEETINGS .....	16
41	QUORUM FOR GENERAL MEETINGS.....	16
42	CHAIRING GENERAL MEETINGS .....	16
43	ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-SHAREHOLDERS .....	16
44	ADJOURNMENT.....	17
	VOTING AT GENERAL MEETINGS.....	17
45	VOTING: GENERAL.....	17
46	ERRORS AND DISPUTES .....	17
47	POLL VOTES.....	17
48	CONTENT OF PROXY NOTICES .....	18
49	DELIVERY OF PROXY NOTICES.....	18
50	AMENDMENTS TO RESOLUTIONS.....	19
	PART 5 - ADMINISTRATIVE ARRANGEMENTS .....	19
51	MEANS OF COMMUNICATION TO BE USED .....	19
52	COMPANY SEALS .....	19
53	RIGHT TO INSPECT ACCOUNTS AND OTHER RECORDS.....	20
54	PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS .....	20
	DIRECTORS' INDEMNITY AND INSURANCE .....	20
55	INDEMNITY .....	20
56	INSURANCE .....	20

---

**THE COMPANIES ACT 2006**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**  
**OF**  
**THIS LAND LIMITED**

**PART 1 – INTERPRETATION AND OBJECTS**

**1 DEFINED TERMS**

1.1 In these Articles, unless the context requires otherwise:

**Articles** means the Company's articles of association as amended from time to time

**bankruptcy** includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy

**Board** means the board of directors of the Company constituted from time to time or such of them as are present at a duly called meeting of the Directors at which a quorum is present

**Chair** is the person appointed and terminated by the Directors in accordance with the provisions and the meaning given in Article 11

**Chair of the Meeting** has the meaning given in Article 42

**Companies Acts** means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the Company

**Company** means the company governed by these Articles

**Conflict** has the meaning given in Article 13

**Shareholder Representative** means the person nominated by the Shareholder from time to time to act as or as the authorised representative of the Shareholder which shall be determined by the Shareholder from time to time and notified to the Company

**Director** means a director of the Company, and includes any person occupying the position of director, by whatever name called

**Distribution Recipient** has the meaning given in Article 33.2

**Document** includes, unless otherwise specified, any Document sent or supplied in Electronic Form

**Electronic Form** has the meaning given in section 1168 of the Companies Act 2006

**Eligible Director** means a Director who would have been entitled to vote on the matter had it been proposed as a resolution at a meeting of the Directors

**Executive Director** means a director who is a full or part time employee of the company engaged in an executive office to manage the day to day operations of the Company

**fully paid** in relation to a Share, means that the nominal value and any premium to be paid to the Company in respect of that Share have been paid to the Company

**Group Company** means, in relation to a company:

- (a) any subsidiary of the Company;
- (b) any parent undertaking or undertakings of the Company; and
- (c) any subsidiary of any such parent undertakings

**Hard Copy Form** has the meaning given in section 1168 of the Companies Act 2006

**Holder** in relation to Shares means the person whose name is entered in the register of members as the holder of the Shares

**Independent Chair** means a person appointed by the Shareholder to act as the Chair of the Board pursuant to Article 11

**Instrument** means a Document in Hard Copy Form

**Non-Executive Director** is a director who is not a full or part time employee of the Company or holder of an executive office

**ordinary resolution** has the meaning given in section 282 of the Companies Act 2006

**paid** means paid or credited as paid

**participate**, in relation to a Directors' meeting, has the meaning given in Article 9

**Proxy Notice** has the meaning given in Article 48

**Shareholder** means a person who is the Holder of a Share

**Shares** means shares in the Company

**special resolution** has the meaning given in section 283 of the Companies Act 2006

**Transmittee** means a person entitled to a Share by reason of the death or bankruptcy of a Shareholder or otherwise by operation of law

**writing** means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in Electronic Form or otherwise

- 1.2 Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Companies Act 2006 as in force on the date when these Articles become binding on the Company.
- 1.3 A reference to a **person** shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, government, state or agency of a state or any association, trust, joint venture or consortium (whether or not having separate legal personality) and that person's personal representatives, successors, permitted assigns and permitted transferees.
- 1.4 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 1.5 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

- 1.6 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.7 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.8 A reference to a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation.
- 1.9 A reference to **writing** or **written** includes email but not fax.
- 1.10 A reference to any agreement or document (or any provision of it) referred to in these Articles is a reference to that agreement or document (or the relevant provision of it) as varied, amended or supplemented (in each case, other than in breach of the provisions of that agreement or document) from time to time.
- 1.11 Any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.12 A reference to an **amendment** includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly).
- 1.13 A reference to **determines** or **determined** means, unless the contrary is indicated, a determination made at the absolute discretion of the person making it.
- 1.14 references to a **month** shall be construed as a reference to a period starting on one day in a calendar month and ending on the day immediately preceding the numerically corresponding day in the next calendar month or, if there is no numerically corresponding day in the next calendar month, the last day in the next calendar month; and
- 1.15 The expressions **body corporate**, **holding company**, **subsidiary**, **parent undertaking**, **subsidiary undertaking** and **parent company** shall have the respective meanings given in the Companies Act 2006, and, for the purposes of sections 1159(1) and 1162(2)(b) and (d) of that Act, a company or undertaking (the **first person**) shall be treated as a member of another company or undertaking if:
- 1.15.1 any of the first person's subsidiaries or subsidiary undertakings is a member of that other company or undertaking; or
  - 1.15.2 any shares or capital interests in that other company or undertaking are held by a person acting on behalf of the first person or any of its subsidiaries or subsidiary undertakings; or
  - 1.15.3 any shares or capital interests in that other company or undertaking are registered in the name of a person (or its nominee) by way of security or in connection with the granting of security over those shares or capital interests by the first person.
- In the case of a limited liability partnership which is (or might constitute) a subsidiary or subsidiary undertaking of a company or another limited liability partnership, sections 1159 and 1162 of the Companies Act 2006 shall be amended so that:
- (a) references in sections 1159(1)(a) and (c) and 1162(2)(a) and (d) to "voting rights" are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and
  - (b) references in sections 1159(1)(b) and 1162(2)(b) to the "right to appoint or remove a majority of its board of directors" is to the right: (i) to appoint or remove a majority of the directors (or equivalent) of that limited liability partnership; or (ii) if no such directors (or equivalent) exist by virtue of the constitution of that limited liability partnership, members holding a majority of the voting rights,

and unless the context otherwise requires, the application of the definitions of body corporate, holding company, subsidiary, parent undertaking, subsidiary undertaking and parent company shall apply as to the relevant company or undertaking as it is at that time.

## **PART 2 - DIRECTORS**

### **DIRECTORS' POWERS AND RESPONSIBILITIES**

#### **2 DIRECTORS' GENERAL AUTHORITY**

Subject to the Articles, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

#### **3 SHAREHOLDERS' RESERVE POWER**

3.1 The Shareholders may, by special resolution, direct the Directors to take, or refrain from taking, specified action.

3.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.

#### **4 DIRECTORS MAY DELEGATE**

4.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles as follows:

- 4.1.1 to such person or committee;
- 4.1.2 by such means (including by power of attorney);
- 4.1.3 to such an extent;
- 4.1.4 in relation to such matters or territories; and
- 4.1.5 on such terms and conditions,

as they think fit.

4.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.

4.3 The Directors may revoke any delegation in whole or part, or alter its terms and conditions.

#### **5 COMMITTEES**

5.1 Committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.

5.2 The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the Articles if they are not consistent with them.

### **DECISION-MAKING BY DIRECTORS**

#### **6 DIRECTORS TO TAKE DECISIONS COLLECTIVELY**

6.1 The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with Article 7.

6.2 If only one Director is eligible to vote on any authorisation required under Article 13, the general rule does not apply and the Eligible Director may take decisions in relation to the relevant matter without regard to any of the provisions in these Articles relating to Directors' decision-making.

6.3 Each Director shall be entitled to cast one vote on any resolution put to the Directors.

6.4 If the numbers of votes for and against a proposal are equal, the Chair shall not have a casting vote.

## **7 UNANIMOUS DECISIONS**

7.1 A decision of the Directors is taken in accordance with this Article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.

7.2 Such a decision may take the form of a resolution in writing, copies of which have been signed by each Eligible Director or to which each Eligible Director has otherwise indicated agreement in writing.

7.3 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

## **8 CALLING A DIRECTORS' MEETING**

8.1 Two Directors may (and the company secretary, if any, must at the request of two Directors) call a Directors' meeting.

8.2 A Directors' meeting must be called by at least seven clear days' notice unless either:

8.2.1 all the Directors agree; or

8.2.2 urgent circumstances require shorter notice.

8.3 Notice of Directors' meetings must be given to each Director.

8.4 Every notice calling a Directors' meeting must specify:

8.4.1 the place, day and time of the meeting and a brief outline of the business to be transacted;  
and

8.4.2 if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

8.5 Notice of Directors' meetings must be in writing.

## **9 PARTICIPATION IN DIRECTORS' MEETINGS**

9.1 Subject to the Articles, Directors **participate** in a Directors' meeting, or part of a Directors' meeting, when:

9.1.1 the meeting has been called and takes place in accordance with the Articles; and

9.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

9.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.

9.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

9.4 The Shareholder shall have the right to attend (but not vote at) any meetings of the Directors.

## 10 QUORUM FOR DIRECTORS' MEETINGS

- 10.1 At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 10.2 Subject to Article 6.2, the quorum for Directors' meetings may be fixed from time to time by a decision of the Directors, but it must never be less than three, and unless otherwise fixed it is three, not less than one of whom must be a Non-Executive Director.
- 10.3 If the total number of Directors for the time being is less than the quorum required, the Directors must not take any decision other than a decision:
- 10.3.1 to appoint further Directors; or
- 10.3.2 to call a general meeting so as to enable the Shareholders to appoint further Directors.
- 10.4 If a quorum is not present with half an hour from the time appointed for the meeting, or during a meeting a quorum ceases to be present, the meeting shall be adjourned to such time and place as the Directors may determine in accordance with these Articles.

## 11 APPOINTMENT OF AN INDEPENDENT CHAIR & CHAIRING OF DIRECTORS' MEETINGS

Deleted: APPOINTMENT

- 11.1 The Shareholder shall from time to time appoint an Independent Chair of the Company.
- 11.2 The Independent Chair shall be appointed as a Director of the Company in order to fulfil its functions.
- 11.3 The Independent Chair shall be responsible for the leadership of the Board and ensuring its effectiveness.
- 11.4 The Independent Chair shall be expected to exercise objective, independent judgment after fair consideration of all relevant information and view and without undue influence from executive or management or from inappropriate external parties or interests.
- 11.5 The Independent Chair shall be responsible for setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues.
- 11.6 The Independent Chair shall attend Company meetings and any general meetings where required or emergency Board meetings which may be called from time to time and to carry out any other duties that the Company may require in its role as Independent Chair from time to time.
- 11.7 The Shareholder shall be responsible for agreeing any fees, expenses and other terms of appointment with the Independent Chair including the duration of such appointment.
- 11.8 In the absence of the Independent Chair a Director may be appointed by the Directors as a chairman of the Directors provided that such chairman so appointed shall be a Non-Executive Director. In the absence of such a chairman being appointed or otherwise present at a meeting of the Directors within 15 minutes of the time set for the meeting, the participating Directors may appoint a Director present to chair that meeting. The person appointed for the time being shall be known as the **Chair**.
- 11.9 The Directors may terminate the Chair's appointment at any time during the meeting at which he is appointed.

## 12 CONFLICTS OF INTEREST – TRANSACTIONS OR ARRANGEMENTS WITH THE COMPANY

- 12.1 The relevant provisions of the Companies Act 2006 (including, without limitation, sections 177 and 182) shall apply in relation to declarations of interest in proposed and existing transactions or arrangements with the Company.

- 12.2 Provided that he has disclosed to the Directors the nature and extent of any interest of his in accordance with and to the extent required by the Companies Act 2006, a Director notwithstanding his office:
- 12.2.1 may be a party to, or otherwise interested in, any contract with the Company or a Group Company of the Company or in which either or both of them is/are otherwise interested;
  - 12.2.2 may be a director or other officer of, employed by, a party to any contract with, or otherwise interested in, the Shareholder, any Group Company of the Company or in any body corporate promoted by the Company, the Shareholder, or a Group Company of the Company, or in which any of them is/are interested; and
  - 12.2.3 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor).
- 12.3 For the purposes of this Article 12.3:
- 12.3.1 a Director shall be deemed to have disclosed the nature and extent of an interest which consists of him being a director, officer or employee of the Shareholder or any Group Company of the Company; and
  - 12.3.2 a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any contract in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such contract of the nature and extent so specified.
- 12.4 Where a Director is a director officer, or employee of the Shareholder or a Group Company of the Company; he:
- 12.4.1 may in exercising his independent judgment take into account the success of the Shareholder or Group Company as well as the success of the Company; and
  - 12.4.2 shall in the exercise of his duties have a duty of confidentiality to the Shareholder or Group Company in relation to confidential information of that Shareholder or Group Company, but he shall not be restricted by any duty of confidentiality to the Company from providing information to the Shareholder or Group Company except as may be imposed under Article 13.5.

### 13 CONFLICTS OF INTEREST REQUIRING BOARD AUTHORISATION

- 13.1 The Directors may authorise any matter which would otherwise involve a Director (a **Relevant Director**) breaching his duty under section 175 of the Companies Act 2006 to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (a **Conflict**).
- 13.2 Any Director (including the Relevant Director) may propose that the Relevant Director be authorised in relation to any matter the subject of a Conflict. Such proposal and any authority given by the Directors shall be effected in the same way that any other matter may be proposed to and decided upon by the Directors under these Articles save that the Relevant Director (and any Director) shall not count towards the quorum nor vote on any resolution giving such authority.
- 13.3 Where the Directors give authority in relation to a Conflict:
- 13.3.1 the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and
  - 13.3.2 the Directors may revoke or vary such authority at any time but this will not affect anything done by the Relevant Director prior to such revocation in accordance with the terms of such authority.



- 13.4 A Conflict in relation to a Director arising solely as a result of him being a director, officer or employee of the Shareholder or any Group Company of the Company shall be deemed to have been authorised for the purposes of this Article 13 and section 175 of the Companies Act 2006.
- 13.5 Where Article 13.4 above applies or the Directors otherwise gives authority in relation to a Conflict, or where any of the situations referred to in Article 12 (a **Permitted Situation**) applies:
- 13.5.1 the Directors may (whether at the relevant time or subsequently) (i) require that the Relevant Director is excluded from the receipt of information, the participation in discussion and/or the making of decisions (whether at Directors meetings or otherwise) related to the Conflict or Permitted Situation; and (ii) impose upon the Relevant Director such other terms for the purpose of dealing with the Conflict as they may determine;
- 13.5.2 the Relevant Director will be obliged to conduct himself in accordance with any terms imposed by the Directors in relation to the Conflict or Permitted Situation; and
- 13.5.3 the Directors may provide that where the Relevant Director obtains (otherwise than through his position as a Director of the Company) information that is confidential to a third party, the Director will not be obliged to disclose that information to the Company, or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence.
- 13.6 A Director shall not, by reason of his office or of the fiduciary relationship thereby established, be liable to account to the Company or the Shareholders for any remuneration, profit or other benefit realised by reason of his having any type of interest in a Conflict authorised under this Article or in any Permitted Situation and no contract shall be liable to be avoided on the grounds of a Director having any such interest.

#### **14 EFFECT OF DIRECTORS' INTERESTS ON QUORUM AND VOTING**

- 14.1 Subject where applicable to disclosure in accordance with these Articles and subject to any terms imposed by the Directors in relation to any Conflict or Permitted Situation, a Director shall be entitled to vote in respect of any matter in which he is interested directly or indirectly (where that interest arises by virtue of a Conflict which has been authorised or a Permitted Situation) and if he shall do so his vote shall be counted and, whether or not he does, his presence at the meeting shall be taken into account in ascertaining whether a quorum is present.
- 14.2 However, a Director shall not be entitled to vote in respect of any other matter in which he is interested directly or indirectly and his presence at the meeting shall not be taken into account in ascertaining whether a quorum is present.
- 14.3 Subject to Article 14.4 below, if a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chair whose ruling in relation to any Director other than the Chair is to be final and conclusive.
- 14.4 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chair, the question is to be decided by a decision of the Directors at that meeting, for which purpose the Chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

#### **15 RECORDS OF DECISIONS TO BE KEPT**

The Directors must ensure that the Company keeps a record, in writing, for at least ten years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.

#### **16 DIRECTORS' DISCRETION TO MAKE FURTHER RULES**

Subject to the Articles, the Directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

## APPOINTMENT OF DIRECTORS

### 17 METHODS OF APPOINTING DIRECTORS

17.1 The Board shall have a minimum of seven Directors who shall be comprised of:

- (a) 2 Non-Executive Directors;
- (b) 3 Non-Executive Directors (including the Independent Chair) who must not be an employee, officer, consultant, member or councillor of the Shareholder; and
- (c) 2 Executive Directors.

17.2 Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director –

- (a) In relation to the Non-Executive Directors (including the Chair) by ordinary resolution, or
- (b) in relation to the Executive Directors, by a decision of the Directors,

17.3 Unless otherwise determined by ordinary resolution, the number of Directors shall not be subject to any maximum but shall not be less than those Directors detailed at Article 17.1 provided that at least 40% of the Directors of the Company at any one time must be Non-Executive Directors.

### 18 RETIREMENT OF DIRECTORS

18.1 Each year, commencing on the third year following incorporation, 2/3 of the Non-Executive Directors who have held office for not less than 3 years since their appointment or re-appoint (as relevant) shall retire by rotation at a general meeting. Where the number of Non-Executive Directors is not divisible by 3, the number to retire shall be rounded down. The Non-Executive Directors to retire shall be those who have been longest in office since their appointment or most recent reappointment. As between persons who were appointed or last reappointed on the same day, those to retire shall (unless they agree otherwise among themselves) be determined by drawing lots.

18.2 Subject to article 18.3, each Non-Executive Director retiring by rotation may offer themselves for reappointment by the Members.

18.3 No Non-Executive Director shall serve for more than nine consecutive years, unless the Directors consider it would be in the best interests of the Company for a particular Non-Executive Director to continue to serve beyond that period and that Non-Executive Director is reappointed in accordance with the Articles.

18.4 If a Non-Executive Director is required to retire at an annual general meeting by a provision of the Articles the retirement shall take effect upon the conclusion of the meeting.

### 19 TERMINATION OF A DIRECTOR'S APPOINTMENT

19.1 A person ceases to be a Director as soon as:

- 19.1.1 an ordinary resolution is passed for his/ her removal as a Director;
- 19.1.2 in the case of an Executive Director appointed by the Board (pursuant to article 17.2(b)) the Board resolves that he shall be removed as a Director;
- 19.1.3 that person ceases to be a Director by virtue of any provision of the Companies Act 2006 or is prohibited from being a Director by law;
- 19.1.4 a bankruptcy order is made against that person;

**Deleted:** At each general meeting Subject to article 18.2 every [

**Deleted:** executive] Director

**Deleted:** has been employed

**Deleted:** 5

**Deleted:** at the date of the general meeting shall retire , but may, subject to this article 18, offer themselves for reappointment by the Members.¶  
Not more than 2/3 of the [Non-executive] Directors

**Deleted:** No [

**Deleted:** executive]

**Deleted:** [

**Deleted:** ]

**Deleted:** [,

**Deleted:** [

**Deleted:** executive]

- 19.1.5 a composition is made with that person's creditors generally in satisfaction of that person's debts;
- 19.1.6 a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months; or
- 19.1.7 notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms; or
- 19.1.8 that person, having been appointed as a Director whilst employed by Cambridgeshire County Council, ceases to be employed by Cambridgeshire County Council.

## **20 DIRECTORS' REMUNERATION AND EXPENSES**

- 20.1 Any remuneration of the Directors shall require the prior approval of the majority of the Non-Executive Directors.
- 20.2 Any policy regarding expenses of Directors (and alternate Directors) shall be determined by the Shareholder

## **PART 3 - SHARES AND DISTRIBUTIONS**

### **SHARES**

#### **21 APPOINTMENT OF SHAREHOLDERS**

- 21.1 The subscriber to the Memorandum is the first Shareholder.
- 21.2 No person shall be admitted as a Shareholder unless they are approved unanimously by the Shareholders.
- 21.3 The Directors must keep a register of names and addresses of the Shareholders.

#### **22 LIABILITY OF SHAREHOLDERS**

The liability of the Shareholders is limited to the amount, if any, unpaid on the Shares held by them.

#### **23 ALL SHARES TO BE FULLY PAID UP**

- 23.1 No Share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.
- 23.2 This does not apply to Shares taken on the formation of the Company by the subscribers to the Company's Memorandum.

#### **24 POWERS TO ISSUE DIFFERENT CLASSES OF SHARE**

- 24.1 Subject to the Articles, but without prejudice to the rights attached to any existing Share, the Company may issue Shares with such rights or restrictions as may be determined by ordinary resolution.
- 24.2 The Company may issue Shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the Holder, and the Directors may determine the terms, conditions and manner of redemption of any such Shares.

#### **25 COMPANY NOT BOUND BY LESS THAN ABSOLUTE INTERESTS**

Except as required by law, no person is to be recognised by the Company as holding any Share upon any trust, and except as otherwise required by law or the Articles, the Company is not in any way to

be bound by or recognise any interest in a Share other than the Holder's absolute ownership of it and all the rights attaching to it.

## **26 SHARE CERTIFICATES**

26.1 The Company must issue each Shareholder, free of charge, with one or more certificates in respect of the Shares which that Shareholder holds.

26.2 Every certificate must specify:

26.2.1 in respect of how many Shares, of what class, it is issued;

26.2.2 the nominal value of those Shares;

26.2.3 that the Shares are fully paid; and

26.2.4 any distinguishing numbers assigned to them.

26.3 No certificate may be issued in respect of Shares of more than one class.

26.4 If more than one person holds a Share, only one certificate may be issued in respect of it.

26.5 Certificates must be executed in accordance with the Companies Act 2006.

## **27 REPLACEMENT SHARE CERTIFICATES**

27.1 If a certificate issued in respect of a Shareholder's Shares is:

27.1.1 damaged or defaced; or

27.1.2 said to be lost, stolen or destroyed,

that Shareholder is entitled to be issued with a replacement certificate in respect of the same Shares.

27.2 A Shareholder exercising the right to be issued with such a replacement certificate:

27.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;

27.2.2 must return the certificate which is to be replaced to the Company if it is damaged or defaced; and

27.2.3 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the Directors decide.

## **28 SHARE TRANSFERS**

28.1 Shares may be transferred by means of an Instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of the transferor.

28.2 No fee may be charged for registering any Instrument of transfer or other Document relating to or affecting the title to any Share.

28.3 The Company may retain any Instrument of transfer which is registered.

28.4 The transferor remains the Holder of a Share until the transferee's name is entered in the register of members as Holder of it.

- 28.5 The Directors may refuse to register the transfer of a Share, and if they do so, the Instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

## **29 TRANSMISSION OF SHARES**

- 29.1 If title to a Share passes to a Transmitttee, the Company may only recognise the Transmitttee as having any title to that Share.
- 29.2 A Transmitttee who produces such evidence of entitlement to Shares as the Directors may properly require:
- 29.2.1 may, subject to the Articles, choose either to become the Holder of those Shares or to have them transferred to another person; and
- 29.2.2 subject to the Articles, and pending any transfer of the Shares to another person, has the same rights as the Holder had.
- 29.3 However, Transmitttees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of Shares to which they are entitled, by reason of the Holder's death or bankruptcy or otherwise, unless they become the holders of those Shares.

## **30 EXERCISE OF TRANSMITTEES' RIGHTS**

- 30.1 Transmitttees who wish to become the holders of Shares to which they have become entitled must notify the Company in writing of that wish.
- 30.2 If the Transmitttee wishes to have a Share transferred to another person, the Transmitttee must execute an Instrument of transfer in respect of it.
- 30.3 Any transfer made or executed under this Article is to be treated as if it were made or executed by the person from whom the Transmitttee has derived rights in respect of the Share, and as if the event which gave rise to the transmission had not occurred.

## **31 TRANSMITTEES BOUND BY PRIOR NOTICES**

If a notice is given to a Shareholder in respect of Shares and a Transmitttee is entitled to those Shares, the Transmitttee is bound by the notice if it was given to the Shareholder before the Transmitttee's name has been entered in the register of members.

## **DIVIDENDS AND OTHER DISTRIBUTIONS**

### **32 PROCEDURE FOR DECLARING DIVIDENDS**

- 32.1 The Company may by ordinary resolution declare dividends, and the Directors may decide to pay interim dividends.
- 32.2 A dividend must not be declared unless the Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Directors.
- 32.3 No dividend may be declared or paid unless it is in accordance with Shareholders' respective rights.
- 32.4 Unless the Shareholders' resolution to declare or Directors' decision to pay a dividend, or the terms on which Shares are issued, specify otherwise, it must be paid by reference to each Shareholder's holding of Shares on the date of the resolution or decision to declare or pay it.
- 32.5 If the Company's share capital is divided into different classes, no interim dividend may be paid on Shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.

32.6 The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.

32.7 If the Directors act in good faith, they do not incur any liability to the holders of Shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on Shares with deferred or non-preferred rights.

### **33 PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS**

33.1 Where a dividend or other sum which is a distribution is payable in respect of a Share, it must be paid by one or more of the following means:

33.1.1 transfer to a bank or building society account specified by the Distribution Recipient either in writing or as the Directors may otherwise decide;

33.1.2 sending a cheque made payable to the Distribution Recipient by post to the Distribution Recipient at the Distribution Recipient's registered address (if the Distribution Recipient is a Holder of the Share), or (in any other case) to an address specified by the Distribution Recipient either in writing or as the Directors may otherwise decide;

33.1.3 sending a cheque made payable to such person by post to such person at such address as the Distribution Recipient has specified either in writing or as the Directors may otherwise decide; or

33.1.4 any other means of payment as the Directors agree with the Distribution Recipient either in writing or by such other means as the Directors decide.

33.2 In the Articles, the **Distribution Recipient** means, in respect of a Share in respect of which a dividend or other sum is payable:

33.2.1 the Holder of the Share; or

33.2.2 if the Share has two or more joint holders, whichever of them is named first in the register of members; or

33.2.3 if the Holder is no longer entitled to the Share by reason of death or bankruptcy; or

33.2.4 otherwise by operation of law, the Transmittree.

### **34 NO INTEREST ON DISTRIBUTIONS**

34.1 The Company may not pay interest on any dividend or other sum payable in respect of a Share unless otherwise provided by:

34.1.1 the terms on which the Share was issued; or

34.1.2 the provisions of another agreement between the Holder of that Share and the Company.

### **35 UNCLAIMED DISTRIBUTIONS**

35.1 All dividends or other sums which are:

35.1.1 payable in respect of Shares; and

35.1.2 unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.

35.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

35.3 If:

35.3.1 twelve years have passed from the date on which a dividend or other sum became due for payment; and

35.3.2 the Distribution Recipient has not claimed it,

the Distribution Recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

### **36 NON-CASH DISTRIBUTIONS**

36.1 Subject to the terms of issue of the Share in question, the Company may, by ordinary resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a Share by transferring non-cash assets of equivalent value (including, without limitation, Shares or other securities in any Company).

36.2 For the purposes of paying a non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

36.2.1 fixing the value of any assets;

36.2.2 paying cash to any Distribution Recipient on the basis of that value in order to adjust the rights of recipients; and

36.2.3 vesting any assets in trustees.

### **37 WAIVER OF DISTRIBUTIONS**

37.1 Distribution Recipients may waive their entitlement to a dividend or other distribution payable in respect of a Share by giving the Company notice in writing to that effect, but if:

37.1.1 the Share has more than one Holder; or

37.1.2 more than one person is entitled to the Share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the Share.

### **CAPITALISATION OF PROFITS**

#### **38 AUTHORITY TO CAPITALISE AND APPROPRIATION OF CAPITALISED SUMS**

38.1 Subject to these Articles, the Directors may, if they are so authorised by an ordinary resolution:

38.1.1 decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and

38.1.2 appropriate any sum which they so decide to capitalise (a **capitalised sum**) to the persons who would have been entitled to it if it were distributed by way of dividend (the **persons entitled**) and in the same proportions.

38.2 Capitalised sums must be applied:

- 38.2.1 on behalf of the persons entitled; and
- 38.2.2 in the same proportions as a dividend would have been distributed to them.
- 38.3 Any capitalised sum may be applied in paying up new Shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.
- 38.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.
- 38.5 Subject to these Articles, the Directors may:
  - 38.5.1 apply capitalised sums in accordance with Articles 38.3 and 38.4 partly in one way and partly in another;
  - 38.5.2 make such arrangements as they think fit to deal with Shares or debentures becoming distributable in fractions under this Article (including the issuing of fractional certificates or the making of cash payments); and
  - 38.5.3 authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of Shares and debentures to them under this Article.

#### **PART 4 - DECISION-MAKING BY SHAREHOLDERS**

##### **ORGANISATION OF GENERAL MEETINGS**

##### **39 GENERAL MEETINGS**

- 39.1 A Shareholder shall appoint and may remove or replace, a representative by notice in writing to the Company, in accordance with section 323 of the Companies Act 2006, to act as its representative in accordance with these Articles.
- 39.2 Notice of a general meeting shall be given in Hard Copy Form, in Electronic Form or by means of a website, provided that the Company complies with any requirements relating to the giving of notice under the Companies Act 2006.
- 39.3 Notice of a general meeting shall be sent to the Shareholder (or their representative if applicable), every Director and any other person required by law to be sent such notice.
- 39.4 Notice of a general meeting shall:
  - 39.4.1 state the time, date and place of the meeting;
  - 39.4.2 specify the general nature of the business to be dealt with at the meeting and set out the text of any special resolution to be voted upon at the meeting; and
  - 39.4.3 be accompanied by a proxy form;notice of a general meeting need not be in writing.
- 39.5 The accidental omission to give notice of a general meeting to, or the non-receipt of notice by, any person entitled to receive the notice; or a technical defect in the timing or manner of giving such notice of which the Directors are unaware shall not invalidate the proceedings of that meeting.



#### **40 ATTENDANCE AND SPEAKING AT GENERAL MEETINGS**

- 40.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 40.2 A person is able to exercise the right to vote at a general meeting when:
- 40.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
  - 40.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 40.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 40.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- 40.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

#### **41 QUORUM FOR GENERAL MEETINGS**

No business other than the appointment of the Chair of the Meeting is to be transacted at a general meeting unless an authorised representative of each Shareholder is present.

#### **42 CHAIRING GENERAL MEETINGS**

- 42.1 The Chair shall chair general meetings if present and willing to do so.
- 42.2 If the Chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:
- 42.2.1 the Directors present; or
  - 42.2.2 (if no Directors are present) the meeting,
- must appoint a Director or Shareholder to chair the meeting, and the appointment of the Chair of the meeting must be the first business of the meeting.
- 42.3 The person chairing a meeting in accordance with this Article is referred to as the **Chair of the Meeting**.

#### **43 ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-SHAREHOLDERS**

- 43.1 Directors may attend and speak at general meetings, whether or not they are Shareholders.
- 43.2 The Chairman of the meeting may permit other persons who are not:
- 43.2.1 Shareholders; or
  - 43.2.2 otherwise entitled to exercise the rights of Shareholders in relation to general meetings, to attend and speak at a general meeting.

#### **44 ADJOURNMENT**

- 44.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the Chairman of the meeting must adjourn it.
- 44.2 The Chair of the meeting may adjourn a general meeting at which a quorum is present if:
- 44.2.1 the meeting consents to an adjournment; or
  - 44.2.2 it appears to the Chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- 44.3 The Chair of the meeting must adjourn a general meeting if directed to do so by the meeting.
- 44.4 When adjourning a general meeting, the Chair of the meeting must:
- 44.4.1 either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors; and
  - 44.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 44.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):
- 44.5.1 to the same persons to whom notice of the Company's general meetings is required to be given; and
  - 44.5.2 containing the same information which such notice is required to contain.
- 44.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

#### **VOTING AT GENERAL MEETINGS**

##### **45 VOTING: GENERAL**

- 45.1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with these Articles.

##### **46 ERRORS AND DISPUTES**

- 46.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- 46.2 Any such objection must be referred to the Chairman of the meeting, whose decision is final.

##### **47 POLL VOTES**

- 47.1 A poll on a resolution may be demanded:
- 47.1.1 in advance of the general meeting where it is to be put to the vote, or
  - 47.1.2 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

- 47.2 A poll may be demanded by:
- 47.2.1 the Chairman of the meeting;
  - 47.2.2 the Directors;
  - 47.2.3 two or more persons having the right to vote on the resolution; or
  - 47.2.4 a person or persons representing not less than one tenth of the total voting rights of all the Shareholders having the right to vote on the resolution.
- 47.3 A demand for a poll may be withdrawn if:
- 47.3.1 the poll has not yet been taken; and
  - 47.3.2 the Chairman of the meeting consents to the withdrawal.
- 47.4 Polls must be taken immediately and in such manner as the Chairman of the meeting directs.

#### **48 CONTENT OF PROXY NOTICES**

- 48.1 Proxies may only validly be appointed by a notice in writing (a **Proxy Notice**) which:
- 48.1.1 states the name and address of the Shareholder appointing the proxy;
  - 48.1.2 identifies the person appointed to be that Shareholder's proxy and the general meeting in relation to which that person is appointed;
  - 48.1.3 is signed by or on behalf of the Shareholder appointing the proxy, or is authenticated in such manner as the Directors may determine; and
  - 48.1.4 is delivered to the Company in accordance with the Articles and any instructions contained in the notice of the general meeting to which they relate.
- 48.2 The Company may require Proxy Notices to be delivered in a particular form, and may specify different forms for different purposes.
- 48.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 48.4 Unless a Proxy Notice indicates otherwise, it must be treated as:
- 48.4.1 allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
  - 48.4.2 appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

#### **49 DELIVERY OF PROXY NOTICES**

- 49.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid Proxy Notice has been delivered to the Company by or on behalf of that person.
- 49.2 An appointment under a Proxy Notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the Proxy Notice was given.
- 49.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

- 49.4 If a Proxy Notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

## **50 AMENDMENTS TO RESOLUTIONS**

- 50.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- 50.1.1 notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the Chairman of the meeting may determine); and
  - 50.1.2 the proposed amendment does not, in the reasonable opinion of the Chairman of the meeting, materially alter the scope of the resolution.
- 50.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- 50.2.1 the Chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
  - 50.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 50.3 If the Chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the Chairman's error does not invalidate the vote on that resolution.

## **PART 5 - ADMINISTRATIVE ARRANGEMENTS**

### **51 MEANS OF COMMUNICATION TO BE USED**

- 51.1 Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Companies Act 2006 provides for Documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.
- 51.2 Subject to the Articles, any notice or Document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or Documents for the time being.
- 51.3 A Director may agree with the Company that notices or Documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

### **52 COMPANY SEALS**

- 52.1 Any common seal may only be used by the authority of the Directors.
- 52.2 The Directors may decide by what means and in what form any common seal is to be used.
- 52.3 Unless otherwise decided by the Directors, if the Company has a common seal and it is affixed to a Document, the Document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- 52.4 For the purposes of this Article, an authorised person is:
- 52.4.1 any Director;
  - 52.4.2 the company secretary (if any); or

52.4.3 any person authorised by the Directors for the purpose of signing Documents to which the common seal is applied.

## 53 RIGHT TO INSPECT ACCOUNTS AND OTHER RECORDS

53.1 The Shareholder shall have the right on giving to the Company reasonable advance notice, during normal business hours to inspect the books and records of the Company.

## 54 PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS

The Directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a Director or former Director or shadow Director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that Subsidiary.

Deleted: ¶

## DIRECTORS' INDEMNITY AND INSURANCE

### 55 INDEMNITY

55.1 Subject to Article 55.2, a relevant Director of the Company or an associated Company may be indemnified out of the Company's assets against:

55.1.1 any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated Company;

55.1.2 any liability incurred by that Director in connection with the activities of the Company or an associated Company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006); and

55.1.3 any other liability incurred by that Director as an officer of the Company or an associated Company.

55.2 This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

55.3 In this Article:

55.3.1 companies are **associated** if one is a Subsidiary of the other or both are subsidiaries of the same body corporate; and

55.3.2 a **relevant Director** means any Director or former Director of the Company or an associated Company.

### 56 INSURANCE

56.1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant Director in respect of any relevant loss.

56.2 In this Article:

56.2.1 a **relevant Director** means any Director or former Director of the Company or an associated Company;

56.2.2 a **relevant loss** means any loss or liability which has been or may be incurred by a relevant Director in connection with that Director's duties or powers in relation to the Company, any associated Company or any pension fund or employees' share scheme of the Company or associated Company; and

56.2.3 companies are **associated** if one is a Subsidiary of the other or both are subsidiaries of the same body corporate.

**THE COMPANIES ACT 2006  
PRIVATE COMPANY LIMITED BY SHARES**

---

**ARTICLES OF ASSOCIATION**

**OF**

**THIS LAND LIMITED**

---

## Contents

Item	Page
<b>PART 1 – INTERPRETATION AND OBJECTS .....</b>	<b>1</b>
1 <b>DEFINED TERMS .....</b>	<b>1</b>
<b>PART 2 - DIRECTORS.....</b>	<b>4</b>
<b>DIRECTORS' POWERS AND RESPONSIBILITIES .....</b>	<b>4</b>
2 <b>DIRECTORS' GENERAL AUTHORITY .....</b>	<b>4</b>
3 <b>SHAREHOLDERS' RESERVE POWER .....</b>	<b>4</b>
4 <b>DIRECTORS MAY DELEGATE.....</b>	<b>4</b>
5 <b>COMMITTEES.....</b>	<b>4</b>
<b>DECISION-MAKING BY DIRECTORS .....</b>	<b>4</b>
6 <b>DIRECTORS TO TAKE DECISIONS COLLECTIVELY .....</b>	<b>4</b>
7 <b>UNANIMOUS DECISIONS .....</b>	<b>5</b>
8 <b>CALLING A DIRECTORS' MEETING .....</b>	<b>5</b>
9 <b>PARTICIPATION IN DIRECTORS' MEETINGS.....</b>	<b>5</b>
10 <b>QUORUM FOR DIRECTORS' MEETINGS .....</b>	<b>6</b>
11 <b>APPOINTMENT OF AN INDEPENDENT CHAIR &amp; CHAIRING OF DIRECTORS' MEETINGS .....</b>	<b>6</b>
12 <b>CONFLICTS OF INTEREST – TRANSACTIONS OR ARRANGEMENTS WITH THE COMPANY .....</b>	<b>6</b>
13 <b>CONFLICTS OF INTEREST REQUIRING BOARD AUTHORISATION .....</b>	<b>7</b>
14 <b>EFFECT OF DIRECTORS' INTERESTS ON QUORUM AND VOTING .....</b>	<b>8</b>
15 <b>RECORDS OF DECISIONS TO BE KEPT .....</b>	<b>8</b>
16 <b>DIRECTORS' DISCRETION TO MAKE FURTHER RULES.....</b>	<b>8</b>
<b>APPOINTMENT OF DIRECTORS .....</b>	<b>9</b>
17 <b>METHODS OF APPOINTING DIRECTORS.....</b>	<b>9</b>
18 <b>RETIREMENT OF DIRECTORS.....</b>	<b>9</b>
19 <b>TERMINATION OF A DIRECTOR'S APPOINTMENT .....</b>	<b>9</b>
20 <b>DIRECTORS' REMUNERATION AND EXPENSES.....</b>	<b>10</b>
<b>PART 3 - SHARES AND DISTRIBUTIONS.....</b>	<b>10</b>
<b>SHARES.....</b>	<b>10</b>
21 <b>APPOINTMENT OF SHAREHOLDERS .....</b>	<b>10</b>
22 <b>LIABILITY OF SHAREHOLDERS .....</b>	<b>10</b>
23 <b>ALL SHARES TO BE FULLY PAID UP .....</b>	<b>10</b>
24 <b>POWERS TO ISSUE DIFFERENT CLASSES OF SHARE.....</b>	<b>10</b>
25 <b>COMPANY NOT BOUND BY LESS THAN ABSOLUTE INTERESTS .....</b>	<b>10</b>
26 <b>SHARE CERTIFICATES.....</b>	<b>11</b>
27 <b>REPLACEMENT SHARE CERTIFICATES .....</b>	<b>11</b>
28 <b>SHARE TRANSFERS .....</b>	<b>11</b>
29 <b>TRANSMISSION OF SHARES.....</b>	<b>12</b>
30 <b>EXERCISE OF TRANSMITEES' RIGHTS.....</b>	<b>12</b>
31 <b>TRANSMITEES BOUND BY PRIOR NOTICES.....</b>	<b>12</b>
<b>DIVIDENDS AND OTHER DISTRIBUTIONS.....</b>	<b>12</b>



32	PROCEDURE FOR DECLARING DIVIDENDS.....	12
33	PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS.....	13
34	NO INTEREST ON DISTRIBUTIONS.....	13
35	UNCLAIMED DISTRIBUTIONS.....	13
36	NON-CASH DISTRIBUTIONS .....	14
37	WAIVER OF DISTRIBUTIONS .....	14
	CAPITALISATION OF PROFITS.....	14
38	AUTHORITY TO CAPITALISE AND APPROPRIATION OF CAPITALISED SUMS .....	14
	PART 4 - DECISION-MAKING BY SHAREHOLDERS .....	15
	ORGANISATION OF GENERAL MEETINGS .....	15
39	GENERAL MEETINGS .....	15
40	ATTENDANCE AND SPEAKING AT GENERAL MEETINGS .....	16
41	QUORUM FOR GENERAL MEETINGS.....	16
42	CHAIRING GENERAL MEETINGS .....	16
43	ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-SHAREHOLDERS .....	16
44	ADJOURNMENT.....	17
	VOTING AT GENERAL MEETINGS.....	17
45	VOTING: GENERAL .....	17
46	ERRORS AND DISPUTES .....	17
47	POLL VOTES.....	17
48	CONTENT OF PROXY NOTICES .....	18
49	DELIVERY OF PROXY NOTICES.....	18
50	AMENDMENTS TO RESOLUTIONS.....	19
	PART 5 - ADMINISTRATIVE ARRANGEMENTS .....	19
51	MEANS OF COMMUNICATION TO BE USED .....	19
52	COMPANY SEALS .....	19
53	RIGHT TO INSPECT ACCOUNTS AND OTHER RECORDS.....	20
54	PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS .....	20
	DIRECTORS' INDEMNITY AND INSURANCE .....	20
55	INDEMNITY .....	20
56	INSURANCE .....	20

---

**THE COMPANIES ACT 2006**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**  
**OF**  
**THIS LAND LIMITED**

**PART 1 – INTERPRETATION AND OBJECTS**

**1 DEFINED TERMS**

1.1 In these Articles, unless the context requires otherwise:

**Articles** means the Company's articles of association as amended from time to time

**bankruptcy** includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy

**Board** means the board of directors of the Company constituted from time to time or such of them as are present at a duly called meeting of the Directors at which a quorum is present

**Chair** is the person appointed and terminated by the Directors in accordance with the provisions and the meaning given in Article 11

**Chair of the Meeting** has the meaning given in Article 42

**Companies Acts** means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the Company

**Company** means the company governed by these Articles

**Conflict** has the meaning given in Article 13

**Shareholder Representative** means the person nominated by the Shareholder from time to time to act as or as the authorised representative of the Shareholder which shall be determined by the Shareholder from time to time and notified to the Company

**Director** means a director of the Company, and includes any person occupying the position of director, by whatever name called

**Distribution Recipient** has the meaning given in Article 33.2

**Document** includes, unless otherwise specified, any Document sent or supplied in Electronic Form

**Electronic Form** has the meaning given in section 1168 of the Companies Act 2006

**Eligible Director** means a Director who would have been entitled to vote on the matter had it been proposed as a resolution at a meeting of the Directors

**Executive Director** means a director who is a full or part time employee of the company engaged in an executive office to manage the day to day operations of the Company

**fully paid** in relation to a Share, means that the nominal value and any premium to be paid to the Company in respect of that Share have been paid to the Company

**Group Company** means, in relation to a company:

- (a) any subsidiary of the Company;
- (b) any parent undertaking or undertakings of the Company; and
- (c) any subsidiary of any such parent undertakings

**Hard Copy Form** has the meaning given in section 1168 of the Companies Act 2006

**Holder** in relation to Shares means the person whose name is entered in the register of members as the holder of the Shares

**Independent Chair** means a person appointed by the Shareholder to act as the Chair of the Board pursuant to Article 11

**Instrument** means a Document in Hard Copy Form

**Non-Executive Director** is a director who is not a full or part time employee of the Company or holder of an executive office

**ordinary resolution** has the meaning given in section 282 of the Companies Act 2006

**paid** means paid or credited as paid

**participate**, in relation to a Directors' meeting, has the meaning given in Article 9

**Proxy Notice** has the meaning given in Article 48

**Shareholder** means a person who is the Holder of a Share

**Shares** means shares in the Company

**special resolution** has the meaning given in section 283 of the Companies Act 2006

**Transmittee** means a person entitled to a Share by reason of the death or bankruptcy of a Shareholder or otherwise by operation of law

**writing** means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in Electronic Form or otherwise

- 1.2 Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Companies Act 2006 as in force on the date when these Articles become binding on the Company.
- 1.3 A reference to a **person** shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, government, state or agency of a state or any association, trust, joint venture or consortium (whether or not having separate legal personality) and that person's personal representatives, successors, permitted assigns and permitted transferees.
- 1.4 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 1.5 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

- 1.6 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.7 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.8 A reference to a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation.
- 1.9 A reference to **writing** or **written** includes email but not fax.
- 1.10 A reference to any agreement or document (or any provision of it) referred to in these Articles is a reference to that agreement or document (or the relevant provision of it) as varied, amended or supplemented (in each case, other than in breach of the provisions of that agreement or document) from time to time.
- 1.11 Any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.12 A reference to an **amendment** includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly).
- 1.13 A reference to **determines** or **determined** means, unless the contrary is indicated, a determination made at the absolute discretion of the person making it.
- 1.14 references to a **month** shall be construed as a reference to a period starting on one day in a calendar month and ending on the day immediately preceding the numerically corresponding day in the next calendar month or, if there is no numerically corresponding day in the next calendar month, the last day in the next calendar month; and
- 1.15 The expressions **body corporate**, **holding company**, **subsidiary**, **parent undertaking**, **subsidiary undertaking** and **parent company** shall have the respective meanings given in the Companies Act 2006, and, for the purposes of sections 1159(1) and 1162(2)(b) and (d) of that Act, a company or undertaking (the **first person**) shall be treated as a member of another company or undertaking if:
- 1.15.1 any of the first person's subsidiaries or subsidiary undertakings is a member of that other company or undertaking; or
  - 1.15.2 any shares or capital interests in that other company or undertaking are held by a person acting on behalf of the first person or any of its subsidiaries or subsidiary undertakings; or
  - 1.15.3 any shares or capital interests in that other company or undertaking are registered in the name of a person (or its nominee) by way of security or in connection with the granting of security over those shares or capital interests by the first person.

In the case of a limited liability partnership which is (or might constitute) a subsidiary or subsidiary undertaking of a company or another limited liability partnership, sections 1159 and 1162 of the Companies Act 2006 shall be amended so that:

- (a) references in sections 1159(1)(a) and (c) and 1162(2)(a) and (d) to "voting rights" are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and
- (b) references in sections 1159(1)(b) and 1162(2)(b) to the "right to appoint or remove a majority of its board of directors" is to the right: (i) to appoint or remove a majority of the directors (or equivalent) of that limited liability partnership; or (ii) if no such directors (or equivalent) exist by virtue of the constitution of that limited liability partnership, members holding a majority of the voting rights,

and unless the context otherwise requires, the application of the definitions of body corporate, holding company, subsidiary, parent undertaking, subsidiary undertaking and parent company shall apply as to the relevant company or undertaking as it is at that time.

## **PART 2 - DIRECTORS**

### **DIRECTORS' POWERS AND RESPONSIBILITIES**

#### **2 DIRECTORS' GENERAL AUTHORITY**

Subject to the Articles, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

#### **3 SHAREHOLDERS' RESERVE POWER**

- 3.1 The Shareholders may, by special resolution, direct the Directors to take, or refrain from taking, specified action.
- 3.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.

#### **4 DIRECTORS MAY DELEGATE**

- 4.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles as follows:
  - 4.1.1 to such person or committee;
  - 4.1.2 by such means (including by power of attorney);
  - 4.1.3 to such an extent;
  - 4.1.4 in relation to such matters or territories; and
  - 4.1.5 on such terms and conditions,as they think fit.
- 4.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.
- 4.3 The Directors may revoke any delegation in whole or part, or alter its terms and conditions.

#### **5 COMMITTEES**

- 5.1 Committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.
- 5.2 The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the Articles if they are not consistent with them.

### **DECISION-MAKING BY DIRECTORS**

#### **6 DIRECTORS TO TAKE DECISIONS COLLECTIVELY**

- 6.1 The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with Article 7.

6.2 If only one Director is eligible to vote on any authorisation required under Article 13, the general rule does not apply and the Eligible Director may take decisions in relation to the relevant matter without regard to any of the provisions in these Articles relating to Directors' decision-making.

6.3 Each Director shall be entitled to cast one vote on any resolution put to the Directors.

6.4 If the numbers of votes for and against a proposal are equal, the Chair shall not have a casting vote.

## **7 UNANIMOUS DECISIONS**

7.1 A decision of the Directors is taken in accordance with this Article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.

7.2 Such a decision may take the form of a resolution in writing, copies of which have been signed by each Eligible Director or to which each Eligible Director has otherwise indicated agreement in writing.

7.3 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

## **8 CALLING A DIRECTORS' MEETING**

8.1 Two Directors may (and the company secretary, if any, must at the request of two Directors) call a Directors' meeting.

8.2 A Directors' meeting must be called by at least seven clear days' notice unless either:

8.2.1 all the Directors agree; or

8.2.2 urgent circumstances require shorter notice.

8.3 Notice of Directors' meetings must be given to each Director.

8.4 Every notice calling a Directors' meeting must specify:

8.4.1 the place, day and time of the meeting and a brief outline of the business to be transacted; and

8.4.2 if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

8.5 Notice of Directors' meetings must be in writing.

## **9 PARTICIPATION IN DIRECTORS' MEETINGS**

9.1 Subject to the Articles, Directors **participate** in a Directors' meeting, or part of a Directors' meeting, when:

9.1.1 the meeting has been called and takes place in accordance with the Articles; and

9.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

9.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.

9.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

9.4 The Shareholder shall have the right to attend (but not vote at) any meetings of the Directors.

## **10 QUORUM FOR DIRECTORS' MEETINGS**

- 10.1 At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 10.2 Subject to Article 6.2, the quorum for Directors' meetings may be fixed from time to time by a decision of the Directors, but it must never be less than three, and unless otherwise fixed it is three, not less than one of whom must be a Non-Executive Director.
- 10.3 If the total number of Directors for the time being is less than the quorum required, the Directors must not take any decision other than a decision:
- 10.3.1 to appoint further Directors; or
- 10.3.2 to call a general meeting so as to enable the Shareholders to appoint further Directors.
- 10.4 If a quorum is not present with half an hour from the time appointed for the meeting, or during a meeting a quorum ceases to be present, the meeting shall be adjourned to such time and place as the Directors may determine in accordance with these Articles.

## **11 APPOINTMENT OF AN INDEPENDENT CHAIR & CHAIRING OF DIRECTORS' MEETINGS**

- 11.1 The Shareholder shall from time to time appoint an Independent Chair of the Company.
- 11.2 The Independent Chair shall be appointed as a Director of the Company in order to fulfil its functions.
- 11.3 The Independent Chair shall be responsible for the leadership of the Board and ensuring its effectiveness.
- 11.4 The Independent Chair shall be expected to exercise objective, independent judgment after fair consideration of all relevant information and view and without undue influence from executive or management or from inappropriate external parties or interests.
- 11.5 The Independent Chair shall be responsible for setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues.
- 11.6 The Independent Chair shall attend Company meetings and any general meetings where required or emergency Board meetings which may be called from time to time and to carry out any other duties that the Company may require in its role as Independent Chair from time to time.
- 11.7 The Shareholder shall be responsible for agreeing any fees, expenses and other terms of appointment with the Independent Chair including the duration of such appointment.
- 11.8 In the absence of the Independent Chair a Director may be appointed by the Directors as a chairman of the Directors provided that such chairman so appointed shall be a Non-Executive Director. In the absence of such a chairman being appointed or otherwise present at a meeting of the Directors within 15 minutes of the time set for the meeting, the participating Directors may appoint a Director present to chair that meeting. The person appointed for the time being shall be known as the **Chair**.
- 11.9 The Directors may terminate the Chair's appointment at any time during the meeting at which he is appointed.

## **12 CONFLICTS OF INTEREST – TRANSACTIONS OR ARRANGEMENTS WITH THE COMPANY**

- 12.1 The relevant provisions of the Companies Act 2006 (including, without limitation, sections 177 and 182) shall apply in relation to declarations of interest in proposed and existing transactions or arrangements with the Company.

- 12.2 Provided that he has disclosed to the Directors the nature and extent of any interest of his in accordance with and to the extent required by the Companies Act 2006, a Director notwithstanding his office:
- 12.2.1 may be a party to, or otherwise interested in, any contract with the Company or a Group Company of the Company or in which either or both of them is/are otherwise interested;
  - 12.2.2 may be a director or other officer of, employed by, a party to any contract with, or otherwise interested in, the Shareholder, any Group Company of the Company or in any body corporate promoted by the Company, the Shareholder, or a Group Company of the Company, or in which any of them is/are interested; and
  - 12.2.3 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor).
- 12.3 For the purposes of this Article 12.3:
- 12.3.1 a Director shall be deemed to have disclosed the nature and extent of an interest which consists of him being a director, officer or employee of the Shareholder or any Group Company of the Company; and
  - 12.3.2 a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any contract in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such contract of the nature and extent so specified.
- 12.4 Where a Director is a director officer, or employee of the Shareholder or a Group Company of the Company; he:
- 12.4.1 may in exercising his independent judgment take into account the success of the Shareholder or Group Company as well as the success of the Company; and
  - 12.4.2 shall in the exercise of his duties have a duty of confidentiality to the Shareholder or Group Company in relation to confidential information of that Shareholder or Group Company, but he shall not be restricted by any duty of confidentiality to the Company from providing information to the Shareholder or Group Company except as may be imposed under Article 13.5.

### 13 CONFLICTS OF INTEREST REQUIRING BOARD AUTHORISATION

- 13.1 The Directors may authorise any matter which would otherwise involve a Director (a **Relevant Director**) breaching his duty under section 175 of the Companies Act 2006 to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (a **Conflict**).
- 13.2 Any Director (including the Relevant Director) may propose that the Relevant Director be authorised in relation to any matter the subject of a Conflict. Such proposal and any authority given by the Directors shall be effected in the same way that any other matter may be proposed to and decided upon by the Directors under these Articles save that the Relevant Director (and any Director) shall not count towards the quorum nor vote on any resolution giving such authority.
- 13.3 Where the Directors give authority in relation to a Conflict:
- 13.3.1 the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and
  - 13.3.2 the Directors may revoke or vary such authority at any time but this will not affect anything done by the Relevant Director prior to such revocation in accordance with the terms of such authority.



- 13.4 A Conflict in relation to a Director arising solely as a result of him being a director, officer or employee of the Shareholder or any Group Company of the Company shall be deemed to have been authorised for the purposes of this Article 13 and section 175 of the Companies Act 2006.
- 13.5 Where Article 13.4 above applies or the Directors otherwise gives authority in relation to a Conflict, or where any of the situations referred to in Article 12 (a **Permitted Situation**) applies:
- 13.5.1 the Directors may (whether at the relevant time or subsequently) (i) require that the Relevant Director is excluded from the receipt of information, the participation in discussion and/or the making of decisions (whether at Directors meetings or otherwise) related to the Conflict or Permitted Situation; and (ii) impose upon the Relevant Director such other terms for the purpose of dealing with the Conflict as they may determine;
- 13.5.2 the Relevant Director will be obliged to conduct himself in accordance with any terms imposed by the Directors in relation to the Conflict or Permitted Situation; and
- 13.5.3 the Directors may provide that where the Relevant Director obtains (otherwise than through his position as a Director of the Company) information that is confidential to a third party, the Director will not be obliged to disclose that information to the Company, or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence.
- 13.6 A Director shall not, by reason of his office or of the fiduciary relationship thereby established, be liable to account to the Company or the Shareholders for any remuneration, profit or other benefit realised by reason of his having any type of interest in a Conflict authorised under this Article or in any Permitted Situation and no contract shall be liable to be avoided on the grounds of a Director having any such interest.

#### **14 EFFECT OF DIRECTORS' INTERESTS ON QUORUM AND VOTING**

- 14.1 Subject where applicable to disclosure in accordance with these Articles and subject to any terms imposed by the Directors in relation to any Conflict or Permitted Situation, a Director shall be entitled to vote in respect of any matter in which he is interested directly or indirectly (where that interest arises by virtue of a Conflict which has been authorised or a Permitted Situation) and if he shall do so his vote shall be counted and, whether or not he does, his presence at the meeting shall be taken into account in ascertaining whether a quorum is present.
- 14.2 However, a Director shall not be entitled to vote in respect of any other matter in which he is interested directly or indirectly and his presence at the meeting shall not be taken into account in ascertaining whether a quorum is present.
- 14.3 Subject to Article 14.4 below, if a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chair whose ruling in relation to any Director other than the Chair is to be final and conclusive.
- 14.4 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chair, the question is to be decided by a decision of the Directors at that meeting, for which purpose the Chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

#### **15 RECORDS OF DECISIONS TO BE KEPT**

The Directors must ensure that the Company keeps a record, in writing, for at least ten years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.

#### **16 DIRECTORS' DISCRETION TO MAKE FURTHER RULES**

Subject to the Articles, the Directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

## **APPOINTMENT OF DIRECTORS**

### **17 METHODS OF APPOINTING DIRECTORS**

- 17.1 The Board shall have a minimum of seven Directors who shall be comprised of:
- (a) 2 Non-Executive Directors;
  - (b) 3 Non-Executive Directors (including the Independent Chair) who must not be an employee, officer, consultant, member or councillor of the Shareholder; and
  - (c) 2 Executive Directors.
- 17.2 Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director –
- (a) In relation to the Non-Executive Directors (including the Chair) by ordinary resolution, or
  - (b) in relation to the Executive Directors, by a decision of the Directors,
- 17.3 Unless otherwise determined by ordinary resolution, the number of Directors shall not be subject to any maximum but shall not be less than those Directors detailed at Article 17.1 provided that at least 40% of the Directors of the Company at any one time must be Non-Executive Directors.

### **18 RETIREMENT OF DIRECTORS**

- 18.1 Each year, commencing on the third year following incorporation, 2/3 of the Non-Executive Directors who have held office for not less than 3 years since their appointment or re-appoint (as relevant) shall retire by rotation at a general meeting. Where the number of Non-Executive Directors is not divisible by 3, the number to retire shall be rounded down. The Non-Executive Directors to retire shall be those who have been longest in office since their appointment or most recent reappointment. As between persons who were appointed or last reappointed on the same day, those to retire shall (unless they agree otherwise among themselves) be determined by drawing lots.
- 18.2 Subject to article 18.3, each Non-Executive Director retiring by rotation may offer themselves for reappointment by the Members.
- 18.3 No Non-Executive Director shall serve for more than nine consecutive years, unless the Directors consider it would be in the best interests of the Company for a particular Non-Executive Director to continue to serve beyond that period and that Non-Executive Director is reappointed in accordance with the Articles.
- 18.4 If a Non-Executive Director is required to retire at an annual general meeting by a provision of the Articles the retirement shall take effect upon the conclusion of the meeting.

### **19 TERMINATION OF A DIRECTOR'S APPOINTMENT**

- 19.1 A person ceases to be a Director as soon as:
- 19.1.1 an ordinary resolution is passed for his/ her removal as a Director;
  - 19.1.2 in the case of an Executive Director appointed by the Board (pursuant to article 17.2(b)) the Board resolves that he shall be removed as a Director;
  - 19.1.3 that person ceases to be a Director by virtue of any provision of the Companies Act 2006 or is prohibited from being a Director by law;
  - 19.1.4 a bankruptcy order is made against that person;

- 19.1.5 a composition is made with that person's creditors generally in satisfaction of that person's debts;
- 19.1.6 a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months; or
- 19.1.7 notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms; or
- 19.1.8 that person, having been appointed as a Director whilst employed by Cambridgeshire County Council, ceases to be employed by Cambridgeshire County Council.

## **20 DIRECTORS' REMUNERATION AND EXPENSES**

- 20.1 Any remuneration of the Directors shall require the prior approval of the majority of the Non-Executive Directors.
- 20.2 Any policy regarding expenses of Directors (and alternate Directors) shall be determined by the Shareholder

## **PART 3 - SHARES AND DISTRIBUTIONS**

### **SHARES**

#### **21 APPOINTMENT OF SHAREHOLDERS**

- 21.1 The subscriber to the Memorandum is the first Shareholder.
- 21.2 No person shall be admitted as a Shareholder unless they are approved unanimously by the Shareholders.
- 21.3 The Directors must keep a register of names and addresses of the Shareholders.

#### **22 LIABILITY OF SHAREHOLDERS**

The liability of the Shareholders is limited to the amount, if any, unpaid on the Shares held by them.

#### **23 ALL SHARES TO BE FULLY PAID UP**

- 23.1 No Share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.
- 23.2 This does not apply to Shares taken on the formation of the Company by the subscribers to the Company's Memorandum.

#### **24 POWERS TO ISSUE DIFFERENT CLASSES OF SHARE**

- 24.1 Subject to the Articles, but without prejudice to the rights attached to any existing Share, the Company may issue Shares with such rights or restrictions as may be determined by ordinary resolution.
- 24.2 The Company may issue Shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the Holder, and the Directors may determine the terms, conditions and manner of redemption of any such Shares.

#### **25 COMPANY NOT BOUND BY LESS THAN ABSOLUTE INTERESTS**

Except as required by law, no person is to be recognised by the Company as holding any Share upon any trust, and except as otherwise required by law or the Articles, the Company is not in any way to

be bound by or recognise any interest in a Share other than the Holder's absolute ownership of it and all the rights attaching to it.

## **26 SHARE CERTIFICATES**

26.1 The Company must issue each Shareholder, free of charge, with one or more certificates in respect of the Shares which that Shareholder holds.

26.2 Every certificate must specify:

26.2.1 in respect of how many Shares, of what class, it is issued;

26.2.2 the nominal value of those Shares;

26.2.3 that the Shares are fully paid; and

26.2.4 any distinguishing numbers assigned to them.

26.3 No certificate may be issued in respect of Shares of more than one class.

26.4 If more than one person holds a Share, only one certificate may be issued in respect of it.

26.5 Certificates must be executed in accordance with the Companies Act 2006.

## **27 REPLACEMENT SHARE CERTIFICATES**

27.1 If a certificate issued in respect of a Shareholder's Shares is:

27.1.1 damaged or defaced; or

27.1.2 said to be lost, stolen or destroyed,

that Shareholder is entitled to be issued with a replacement certificate in respect of the same Shares.

27.2 A Shareholder exercising the right to be issued with such a replacement certificate:

27.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;

27.2.2 must return the certificate which is to be replaced to the Company if it is damaged or defaced; and

27.2.3 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the Directors decide.

## **28 SHARE TRANSFERS**

28.1 Shares may be transferred by means of an Instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of the transferor.

28.2 No fee may be charged for registering any Instrument of transfer or other Document relating to or affecting the title to any Share.

28.3 The Company may retain any Instrument of transfer which is registered.

28.4 The transferor remains the Holder of a Share until the transferee's name is entered in the register of members as Holder of it.

- 28.5 The Directors may refuse to register the transfer of a Share, and if they do so, the Instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

## **29 TRANSMISSION OF SHARES**

- 29.1 If title to a Share passes to a Transmitttee, the Company may only recognise the Transmitttee as having any title to that Share.
- 29.2 A Transmitttee who produces such evidence of entitlement to Shares as the Directors may properly require:
- 29.2.1 may, subject to the Articles, choose either to become the Holder of those Shares or to have them transferred to another person; and
- 29.2.2 subject to the Articles, and pending any transfer of the Shares to another person, has the same rights as the Holder had.
- 29.3 However, Transmitttees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of Shares to which they are entitled, by reason of the Holder's death or bankruptcy or otherwise, unless they become the holders of those Shares.

## **30 EXERCISE OF TRANSMITEES' RIGHTS**

- 30.1 Transmitttees who wish to become the holders of Shares to which they have become entitled must notify the Company in writing of that wish.
- 30.2 If the Transmitttee wishes to have a Share transferred to another person, the Transmitttee must execute an Instrument of transfer in respect of it.
- 30.3 Any transfer made or executed under this Article is to be treated as if it were made or executed by the person from whom the Transmitttee has derived rights in respect of the Share, and as if the event which gave rise to the transmission had not occurred.

## **31 TRANSMITEES BOUND BY PRIOR NOTICES**

If a notice is given to a Shareholder in respect of Shares and a Transmitttee is entitled to those Shares, the Transmitttee is bound by the notice if it was given to the Shareholder before the Transmitttee's name has been entered in the register of members.

## **DIVIDENDS AND OTHER DISTRIBUTIONS**

### **32 PROCEDURE FOR DECLARING DIVIDENDS**

- 32.1 The Company may by ordinary resolution declare dividends, and the Directors may decide to pay interim dividends.
- 32.2 A dividend must not be declared unless the Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Directors.
- 32.3 No dividend may be declared or paid unless it is in accordance with Shareholders' respective rights.
- 32.4 Unless the Shareholders' resolution to declare or Directors' decision to pay a dividend, or the terms on which Shares are issued, specify otherwise, it must be paid by reference to each Shareholder's holding of Shares on the date of the resolution or decision to declare or pay it.
- 32.5 If the Company's share capital is divided into different classes, no interim dividend may be paid on Shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.

- 32.6 The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 32.7 If the Directors act in good faith, they do not incur any liability to the holders of Shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on Shares with deferred or non-preferred rights.

### **33 PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS**

- 33.1 Where a dividend or other sum which is a distribution is payable in respect of a Share, it must be paid by one or more of the following means:
- 33.1.1 transfer to a bank or building society account specified by the Distribution Recipient either in writing or as the Directors may otherwise decide;
  - 33.1.2 sending a cheque made payable to the Distribution Recipient by post to the Distribution Recipient at the Distribution Recipient's registered address (if the Distribution Recipient is a Holder of the Share), or (in any other case) to an address specified by the Distribution Recipient either in writing or as the Directors may otherwise decide;
  - 33.1.3 sending a cheque made payable to such person by post to such person at such address as the Distribution Recipient has specified either in writing or as the Directors may otherwise decide; or
  - 33.1.4 any other means of payment as the Directors agree with the Distribution Recipient either in writing or by such other means as the Directors decide.
- 33.2 In the Articles, the **Distribution Recipient** means, in respect of a Share in respect of which a dividend or other sum is payable:
- 33.2.1 the Holder of the Share; or
  - 33.2.2 if the Share has two or more joint holders, whichever of them is named first in the register of members; or
  - 33.2.3 if the Holder is no longer entitled to the Share by reason of death or bankruptcy; or
  - 33.2.4 otherwise by operation of law, the Transmittree.

### **34 NO INTEREST ON DISTRIBUTIONS**

- 34.1 The Company may not pay interest on any dividend or other sum payable in respect of a Share unless otherwise provided by:
- 34.1.1 the terms on which the Share was issued; or
  - 34.1.2 the provisions of another agreement between the Holder of that Share and the Company.

### **35 UNCLAIMED DISTRIBUTIONS**

- 35.1 All dividends or other sums which are:
- 35.1.1 payable in respect of Shares; and
  - 35.1.2 unclaimed after having been declared or become payable,
- may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.

35.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

35.3 If:

35.3.1 twelve years have passed from the date on which a dividend or other sum became due for payment; and

35.3.2 the Distribution Recipient has not claimed it,

the Distribution Recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

## **36 NON-CASH DISTRIBUTIONS**

36.1 Subject to the terms of issue of the Share in question, the Company may, by ordinary resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a Share by transferring non-cash assets of equivalent value (including, without limitation, Shares or other securities in any Company).

36.2 For the purposes of paying a non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

36.2.1 fixing the value of any assets;

36.2.2 paying cash to any Distribution Recipient on the basis of that value in order to adjust the rights of recipients; and

36.2.3 vesting any assets in trustees.

## **37 WAIVER OF DISTRIBUTIONS**

37.1 Distribution Recipients may waive their entitlement to a dividend or other distribution payable in respect of a Share by giving the Company notice in writing to that effect, but if:

37.1.1 the Share has more than one Holder; or

37.1.2 more than one person is entitled to the Share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the Share.

## **CAPITALISATION OF PROFITS**

### **38 AUTHORITY TO CAPITALISE AND APPROPRIATION OF CAPITALISED SUMS**

38.1 Subject to these Articles, the Directors may, if they are so authorised by an ordinary resolution:

38.1.1 decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and

38.1.2 appropriate any sum which they so decide to capitalise (a **capitalised sum**) to the persons who would have been entitled to it if it were distributed by way of dividend (the **persons entitled**) and in the same proportions.

38.2 Capitalised sums must be applied:

- 38.2.1 on behalf of the persons entitled; and
- 38.2.2 in the same proportions as a dividend would have been distributed to them.
- 38.3 Any capitalised sum may be applied in paying up new Shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.
- 38.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.
- 38.5 Subject to these Articles, the Directors may:
  - 38.5.1 apply capitalised sums in accordance with Articles 38.3 and 38.4 partly in one way and partly in another;
  - 38.5.2 make such arrangements as they think fit to deal with Shares or debentures becoming distributable in fractions under this Article (including the issuing of fractional certificates or the making of cash payments); and
  - 38.5.3 authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of Shares and debentures to them under this Article.

## **PART 4 - DECISION-MAKING BY SHAREHOLDERS**

### **ORGANISATION OF GENERAL MEETINGS**

#### **39 GENERAL MEETINGS**

- 39.1 A Shareholder shall appoint and may remove or replace, a representative by notice in writing to the Company, in accordance with section 323 of the Companies Act 2006, to act as its representative in accordance with these Articles.
- 39.2 Notice of a general meeting shall be given in Hard Copy Form, in Electronic Form or by means of a website, provided that the Company complies with any requirements relating to the giving of notice under the Companies Act 2006.
- 39.3 Notice of a general meeting shall be sent to the Shareholder (or their representative if applicable), every Director and any other person required by law to be sent such notice.
- 39.4 Notice of a general meeting shall:
  - 39.4.1 state the time, date and place of the meeting;
  - 39.4.2 specify the general nature of the business to be dealt with at the meeting and set out the text of any special resolution to be voted upon at the meeting; and
  - 39.4.3 be accompanied by a proxy form;notice of a general meeting need not be in writing.
- 39.5 The accidental omission to give notice of a general meeting to, or the non-receipt of notice by, any person entitled to receive the notice; or a technical defect in the timing or manner of giving such notice of which the Directors are unaware shall not invalidate the proceedings of that meeting.



#### **40 ATTENDANCE AND SPEAKING AT GENERAL MEETINGS**

- 40.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 40.2 A person is able to exercise the right to vote at a general meeting when:
- 40.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
  - 40.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 40.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 40.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- 40.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

#### **41 QUORUM FOR GENERAL MEETINGS**

No business other than the appointment of the Chair of the Meeting is to be transacted at a general meeting unless an authorised representative of each Shareholder is present.

#### **42 CHAIRING GENERAL MEETINGS**

- 42.1 The Chair shall chair general meetings if present and willing to do so.
- 42.2 If the Chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:
- 42.2.1 the Directors present; or
  - 42.2.2 (if no Directors are present) the meeting,
- must appoint a Director or Shareholder to chair the meeting, and the appointment of the Chair of the meeting must be the first business of the meeting.
- 42.3 The person chairing a meeting in accordance with this Article is referred to as the **Chair of the Meeting**.

#### **43 ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-SHAREHOLDERS**

- 43.1 Directors may attend and speak at general meetings, whether or not they are Shareholders.
- 43.2 The Chairman of the meeting may permit other persons who are not:
- 43.2.1 Shareholders; or
  - 43.2.2 otherwise entitled to exercise the rights of Shareholders in relation to general meetings, to attend and speak at a general meeting.

## **44 ADJOURNMENT**

- 44.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the Chairman of the meeting must adjourn it.
- 44.2 The Chair of the meeting may adjourn a general meeting at which a quorum is present if:
- 44.2.1 the meeting consents to an adjournment; or
  - 44.2.2 it appears to the Chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- 44.3 The Chair of the meeting must adjourn a general meeting if directed to do so by the meeting.
- 44.4 When adjourning a general meeting, the Chair of the meeting must:
- 44.4.1 either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors; and
  - 44.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 44.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):
- 44.5.1 to the same persons to whom notice of the Company's general meetings is required to be given; and
  - 44.5.2 containing the same information which such notice is required to contain.
- 44.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

## **VOTING AT GENERAL MEETINGS**

### **45 VOTING: GENERAL**

- 45.1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with these Articles.

### **46 ERRORS AND DISPUTES**

- 46.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- 46.2 Any such objection must be referred to the Chairman of the meeting, whose decision is final.

### **47 POLL VOTES**

- 47.1 A poll on a resolution may be demanded:
- 47.1.1 in advance of the general meeting where it is to be put to the vote, or
  - 47.1.2 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

- 47.2 A poll may be demanded by:
- 47.2.1 the Chairman of the meeting;
  - 47.2.2 the Directors;
  - 47.2.3 two or more persons having the right to vote on the resolution; or
  - 47.2.4 a person or persons representing not less than one tenth of the total voting rights of all the Shareholders having the right to vote on the resolution.
- 47.3 A demand for a poll may be withdrawn if:
- 47.3.1 the poll has not yet been taken; and
  - 47.3.2 the Chairman of the meeting consents to the withdrawal.
- 47.4 Polls must be taken immediately and in such manner as the Chairman of the meeting directs.

## **48 CONTENT OF PROXY NOTICES**

- 48.1 Proxies may only validly be appointed by a notice in writing (a **Proxy Notice**) which:
- 48.1.1 states the name and address of the Shareholder appointing the proxy;
  - 48.1.2 identifies the person appointed to be that Shareholder's proxy and the general meeting in relation to which that person is appointed;
  - 48.1.3 is signed by or on behalf of the Shareholder appointing the proxy, or is authenticated in such manner as the Directors may determine; and
  - 48.1.4 is delivered to the Company in accordance with the Articles and any instructions contained in the notice of the general meeting to which they relate.
- 48.2 The Company may require Proxy Notices to be delivered in a particular form, and may specify different forms for different purposes.
- 48.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 48.4 Unless a Proxy Notice indicates otherwise, it must be treated as:
- 48.4.1 allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
  - 48.4.2 appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

## **49 DELIVERY OF PROXY NOTICES**

- 49.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid Proxy Notice has been delivered to the Company by or on behalf of that person.
- 49.2 An appointment under a Proxy Notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the Proxy Notice was given.
- 49.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

- 49.4 If a Proxy Notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

## **50 AMENDMENTS TO RESOLUTIONS**

- 50.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- 50.1.1 notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the Chairman of the meeting may determine); and
  - 50.1.2 the proposed amendment does not, in the reasonable opinion of the Chairman of the meeting, materially alter the scope of the resolution.
- 50.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- 50.2.1 the Chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
  - 50.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 50.3 If the Chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the Chairman's error does not invalidate the vote on that resolution.

## **PART 5 - ADMINISTRATIVE ARRANGEMENTS**

### **51 MEANS OF COMMUNICATION TO BE USED**

- 51.1 Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Companies Act 2006 provides for Documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.
- 51.2 Subject to the Articles, any notice or Document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or Documents for the time being.
- 51.3 A Director may agree with the Company that notices or Documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

### **52 COMPANY SEALS**

- 52.1 Any common seal may only be used by the authority of the Directors.
- 52.2 The Directors may decide by what means and in what form any common seal is to be used.
- 52.3 Unless otherwise decided by the Directors, if the Company has a common seal and it is affixed to a Document, the Document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- 52.4 For the purposes of this Article, an authorised person is:
- 52.4.1 any Director;
  - 52.4.2 the company secretary (if any); or

- 52.4.3 any person authorised by the Directors for the purpose of signing Documents to which the common seal is applied.

### **53 RIGHT TO INSPECT ACCOUNTS AND OTHER RECORDS**

- 53.1 The Shareholder shall have the right on giving to the Company reasonable advance notice, during normal business hours to inspect the books and records of the Company.

### **54 PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS**

The Directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a Director or former Director or shadow Director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that Subsidiary.

## **DIRECTORS' INDEMNITY AND INSURANCE**

### **55 INDEMNITY**

- 55.1 Subject to Article 55.2, a relevant Director of the Company or an associated Company may be indemnified out of the Company's assets against:

- 55.1.1 any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated Company;
- 55.1.2 any liability incurred by that Director in connection with the activities of the Company or an associated Company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006); and
- 55.1.3 any other liability incurred by that Director as an officer of the Company or an associated Company.

- 55.2 This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

- 55.3 In this Article:

- 55.3.1 companies are **associated** if one is a Subsidiary of the other or both are subsidiaries of the same body corporate; and
- 55.3.2 a **relevant Director** means any Director or former Director of the Company or an associated Company.

### **56 INSURANCE**

- 56.1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant Director in respect of any relevant loss.

- 56.2 In this Article:

- 56.2.1 a **relevant Director** means any Director or former Director of the Company or an associated Company;
- 56.2.2 a **relevant loss** means any loss or liability which has been or may be incurred by a relevant Director in connection with that Director's duties or powers in relation to the Company, any associated Company or any pension fund or employees' share scheme of the Company or associated Company; and

56.2.3 companies are **associated** if one is a Subsidiary of the other or both are subsidiaries of the same body corporate.

**FEEDBACK ON THE MARKETING AND DISPOSAL OF SHIRE HALL**

*To:* **Commercial & Investments**

*Meeting Date:* **14 December 2018**

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

*Electoral division(s):* **Castle**

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

*Purpose:* **This is an information paper to provide an update on the marketing of Shire Hall and interest received.**

*Recommendation:* **N/A This is an information paper**

<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
Name:	Julia Carroll	Name:	Cllr Schumann
Post:	Principal Commercial Surveyor	Post:	Chair of C&I
Email:	<a href="mailto:Julia.carroll@cambridgeshire.gov.uk">Julia.carroll@cambridgeshire.gov.uk</a>	Email:	<a href="mailto:Joshua.schumann@cambridgeshire.gov.uk">Joshua.schumann@cambridgeshire.gov.uk</a>
Tel:		Tel:	01223 706398

## **1. BACKGROUND**

- 1.1 The 6 acre site of Shire Hall is owned freehold by Cambridgeshire County Council (CCC). The Decision to dispose of Shire Hall site and relocate to Alconbury was agreed by Full Council.
- 1.2 Following a tender process under the Crown Services framework Strutt & Parker/BNP Paribas (SP/BNP) were appointed to market the site. Press release **Appendix 1**.
- 1.3 The marketing process started with an Estates Gazette advertisement which was released on Saturday 27 October with the SP/BNP website data room going live the following week on Thursday 1 November.
- 1.4 The data room contains detailed information about the Shire Hall site which includes a planning brief, heritage assessment, plans, the original construction drawings, title searches and other building information.

## **2. INTEREST RECEIVED**

- 2.1 In conjunction with the Estates Gazette advertisement SP/BNP have distributed the marketing brochure to 437 parties, being a mix of developers, investors, funds and agents, covering the full spectrum of residential office, hotel and retirement/ student. Copy of the Marketing brochure attached.
- 2.2 To date SP/BNP have received 181 enquires which led to 147 registered accounts for the data room for interested parties and consultants undertaking due diligence
- 2.3 Both formal and informal viewings have been conducted over 8 days with a further 3 days to go in December and additional second viewing days proposed for 7 and 11 January 2019.
- 2.4 Predominantly interest has been for hotel use, the retirement sector and student accommodation providers with a few having residential interest or office proposals.

## **3 RECURRING QUERIES**

- 3.1 A number of similar queries have arisen at the viewings:
  - CCC's preference over leasehold versus freehold proposals and the desire to obtain regular rental income as opposed to a capital receipt.
  - The Scheduled Monuments - numerous questions around the Scheduled Monuments have been posed around the maintenance and location of the Octagon being built on the edge of the Civil War Earthworks.
  - Planning possibilities and potential to increase mass or height of buildings
  - Regarding the relocation to Alconbury many parties have questioned timescales for



relocation and progress of the construction of the new headquarters and subsequent vacant possession of the site.

- What will be happening to the fixtures and fittings in the Council Chamber, war memorial etc.

#### **4 NEXT STEPS**

- 4.1 Final viewing days 7, 18 and 19 December 2018
- 4.2 Second or follow up viewing to be arranged for 7 and 11 January 2019
- 4.3 Confirmation of interview dates with shortlisted parties for clarifying the bids received to be confirmed: w/c Monday 7 January 2019.
- 4.4 Bid deadline: 12 noon Wednesday 30 January 2019.
- 4.5 SP/BNP to receive all bids and bid evaluation: assessment against the bidding criteria
- 4.6 Interviews for shortlist of parties: w/c 4 February
- 4.7 Clarifications and/or revised offers
- 4.8 Inform successful party: mid-March
- 4.9 Exchange of contracts: mid-2019

#### **5 OTHER INFORMATION**

**TBC**

## APPENDIX 1

### Cambridge office

Strutt & Parker  
66-68 Hills Road  
Cambridge  
CB2 1UA  
Telephone 01223 459500

Cambridge@struttandparker.com  
struttandparker.com



## Press release

30<sup>th</sup> October 2018

### Cambridgeshire County Council appoints Strutt & Parker to sell Shire Hall

Strutt & Parker is offering the opportunity to acquire an interest in a historic and unique piece of real estate in Cambridge city centre. The national agents, with offices on Hills Road, has been instructed by Cambridgeshire County Council to bring the Shire Hall site on Castle Street to the market.

Shire Hall has been the administrative centre of the County Council since the 1930s, but the site itself has been the seat of Government in Cambridge for over 1,000 years.

The first castle on the site, one of three royal castles in Cambridgeshire, was built by William the Conqueror in 1067. The original structure was replaced by a much larger stone structure by Edward I in 1298, and survived through to the English Civil War.

The site has always had a secondary function as a prison and, in 1811, a new state of the art prison was built and later a police station. This closed during World War One and the site was purchased by Cambridgeshire County Council for the new Shire Hall, which was completed in 1933.

Today, the site comprises not only the original Shire Hall but the Old Police Station, Castle Lodge (Registrations Services), public car parking and Castle Mound, which is a popular amenity for local residents and a tourist attraction. Access to the mound for members of the public will remain.

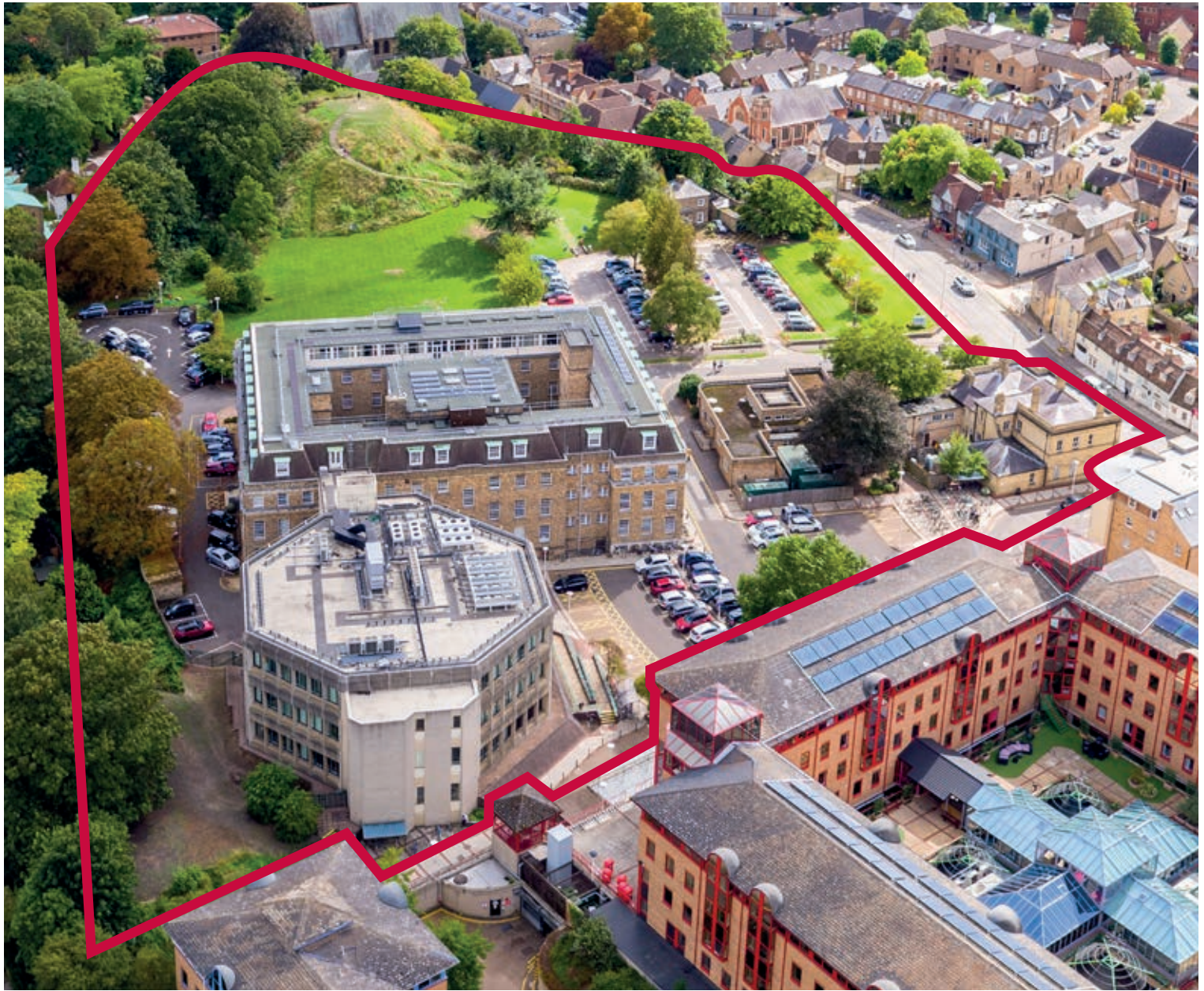
Cambridgeshire County Council will vacate the site when it moves to a new purpose-built headquarters building at Alconbury, south of Peterborough, in 2020.

Chris Malyon, Deputy Chief Executive of the Council, commented: *"The County Council has a long association with Shire Hall. However, the time is now right to look to the future. We are working with our partners so that we can deliver services as close as possible to the communities that we serve. As we take a step change toward agile working and a more community based approach, we no longer need a central administrative building the size of Shire Hall. Instead, we will operate from a smaller central hub while making better use of our assets, and utilising co-location opportunities with partners across the County. Given the financial challenges facing the*



# Shire Hall

CASTLE STREET, CAMBRIDGE CB3 0AP



A UNIQUE DEVELOPMENT & INVESTMENT OPPORTUNITY IN THE HEART OF CAMBRIDGE COMPRISING 5 BUILDINGS EXTENDING TO APPROXIMATELY 11,200 SQ M (120,500 SQ FT) AND SET WITHIN GROUNDS OF ABOUT 6.10 ACRES (2.47 HA) IN TOTAL.

POTENTIAL FOR A RANGE OF USES INCLUDING HOTEL, RETIREMENT, STUDENT, RESIDENTIAL, OFFICE AND LEISURE.



# Location

Cambridge is an important commercial centre, and driver of the national and regional economy. It has a population of approximately 123,900 (2011 Census) and is home to some of the world's largest organisations and is renowned internationally, particularly for its world leading university.

The city is known for the strength of its skilled workforce across various high-tech, bioscience, pharmaceutical, and research and development sectors. Well known occupiers include Apple, Amazon and Microsoft, whilst Arm and AstraZeneca have HQ's in the city. The property is located in a prime position, on the northern

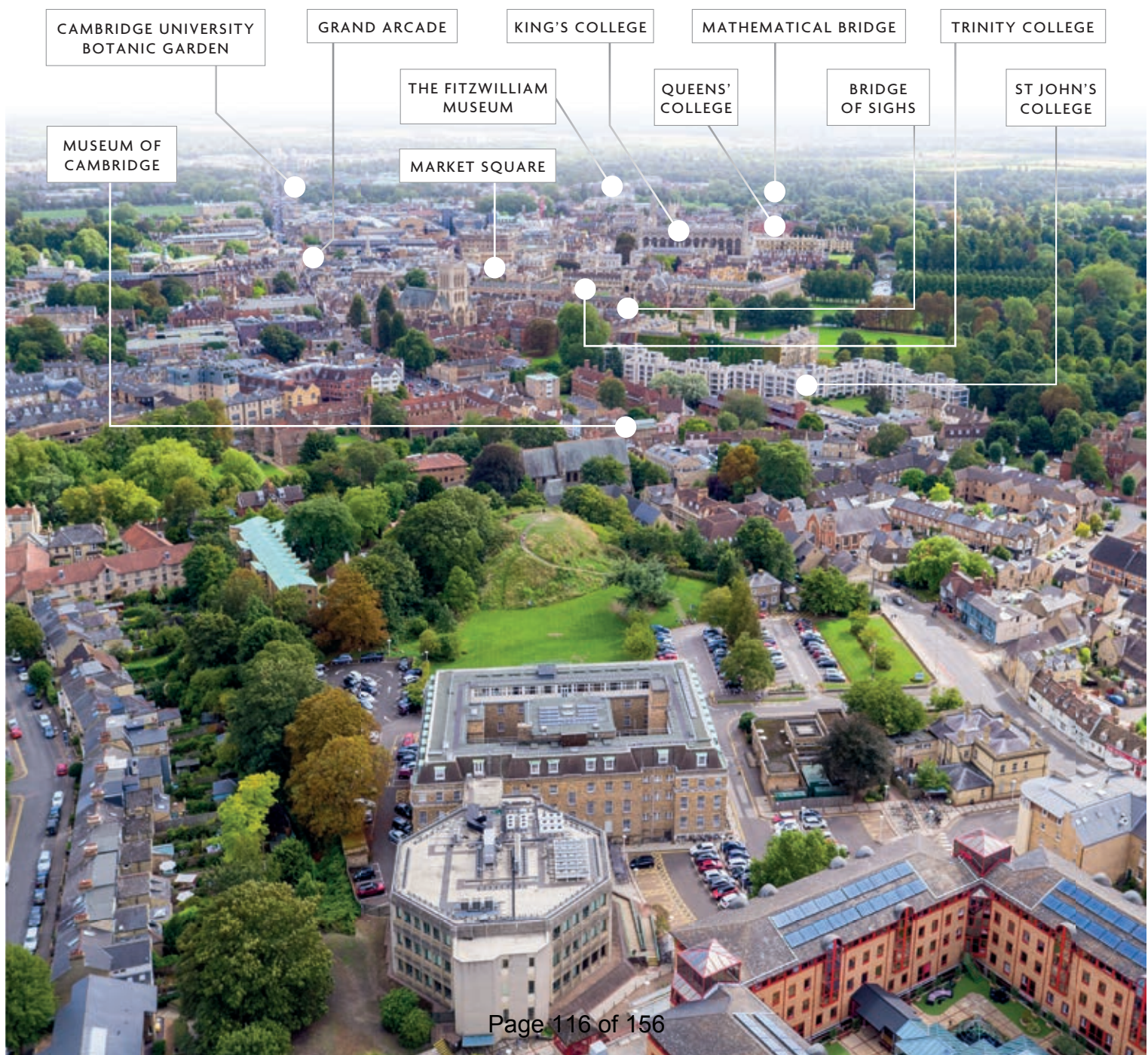
periphery of the city centre. It is situated in a mixed use area in close proximity to some of Cambridge's most popular and historic landmarks including King's College, Trinity College, St John's College, the River Cam, and the Bridge of Sighs.

Shire Hall is well served by public transport with multiple bus routes including the guided bus, from the bus stop on Castle Street. The property has good connections to the local road network, situated near to Huntingdon Road which provides access to the A14 to Huntingdon, and M11 to Essex and London.

Cambridge is situated approximately 62 miles north of London. Direct mainline rail

services are available from both Cambridge and Cambridge North stations, 1.9 miles and 2.4 miles away respectively. Cambridge Station provides services to London Kings Cross and London Liverpool Street with commuting times of approximately 50 minutes and 1 hour 15 minutes respectively, alongside direct services to numerous other towns and cities within the UK.

Cambridge International Airport is located 3 miles from the property and offers commercial airline services, whilst Stansted Airport is located 30 miles to the south, accessed by the M11 and direct train services from Cambridge Station.







# Description

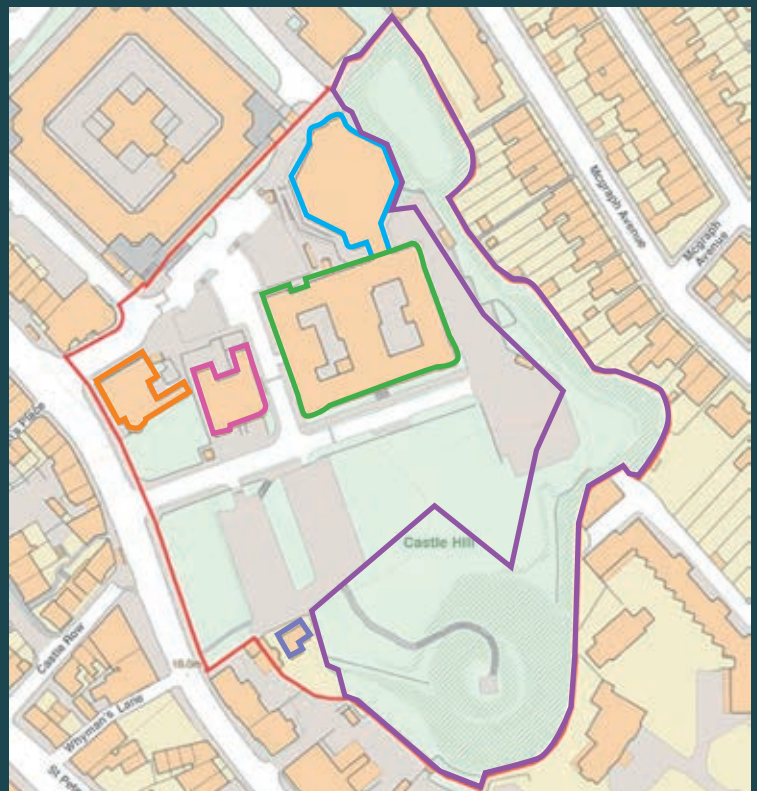
The property comprises five buildings, Shire Hall, The Octagon, Castle Lodge (Registration Services), Old Police Station and 42 Castle Street, and is set within grounds of approximately 6.10 acres (2.47 ha) in total, including areas designated as Scheduled Monuments. The extent of the property and the component parts are shown on the plan below.

The accommodation of the buildings is as follows:

- Shire Hall 73,174 sq. ft., 6,798 sq. m (GIA),
- The Octagon: 36,710 sq. ft., 3,410 sq. m (GIA),
- Castle Lodge (Registration Services): 3,913 sq. ft., 394 sq. m (GIA),
- Old Police Station: 5,785 sq. ft., 537 sq. m (GIA),
- 42 Castle Street: 943 sq. ft., 88 sq. m (GIA).

With the exception of 42 Castle Street, the existing buildings are contained within the northern part of the property. The southern part of the property is open space and car parking. The most southerly part of the property contains the Scheduled Monument (SM) known as Castle Mound. A second Scheduled Monument known as Civil War Earthworks, bounds the property to the east. The Old Police Station and 42 Castle Street are Grade II listed buildings.

The property has 3 car parking areas; to the south of Castle Lodge, to the south east of Shire Hall and to the north of Castle Lodge and Shire Hall. There are also 233 car parking spaces located underneath the adjoining Castle Court at upper basement level, which are owned and occupied by the Council. These spaces are outside the boundary of the property, but could be made available by separate negotiation. Please refer to the Bidding Summary for more information.



	SHIRE HALL		OLD POLICE STATION
	THE OCTAGON		42 CASTLE STREET
	CASTLE LODGE (REGISTRATION SERVICES)		SCHEDULED MONUMENTS



# Planning

The property lies within the planning jurisdiction of Cambridge City Council. The development plan is the recently adopted Cambridge Local Plan 2018 which will guide development policies up to 2031.

The property lies within the proposed Castle and Victoria Road Conservation Area. The south of the property is designated as protected open space in the Local Plan and Cambridge City Council have designated Shire Hall as a building of local interest.

A more detailed Planning Brief is contained within the Information Pack.

# Heritage

The property contains Castle Mound and Civil War Earthworks, two of only five Scheduled Monuments within Cambridge.

Castle Mound is a prestigious landmark in the city. The motte of a castle built immediately after the Norman Conquest, it marks the heart of early Cambridge and offers fantastic views across the area. Castle Mound is located in the southern most area of the property, defined by a steep slope and accessed by steps to the summit.

Civil War Earthworks is the second Scheduled Monument on the property.

These earthworks are the remains of the castle defences that were modified in the mid-1640s to create an artillery fortress for the Army of Parliament.

A more detailed Heritage Brief is contained within the Information Pack.



“As a Council we want to do whatever we can to protect vital front line services. This is a unique opportunity for the Council to reduce the overall cost of its property portfolio whilst supporting local services to become more sustainable. The Council will continue to have a presence in the City and provide services to Cambridge residents. We will be seeking offers for Shire Hall from organisations that recognise the special heritage importance that the site has not just on the City of Cambridge, but for the County as a whole. We are using this opportunity to invest in the future design of the services we provide – local services supporting local people.”

Josh Schumann,  
Chair of Commercial and Investments Committee,  
Cambridgeshire County Council





## Potential Uses

The property has the potential for continued use as offices or conversion/ redevelopment for hotel, residential, care home, retirement living, student or leisure uses, subject to the necessary consents.

## Services

Interested parties are advised to make their own enquiries with the relevant service providers.

## Tenure

Freehold and leasehold proposals are invited for the property, which should also reflect the Council's requirement for flexibility of Vacant Possession to the end of 2020. Further information is provided in the Bidding Summary, contained within the Information Pack.

## Method of Sale

Unconditional and conditional offers are invited by the bidding deadline, in accordance with the Bidding Pro Forma contained within the Information Pack.

## Viewings

Strictly by appointment with Strutt & Parker and BNP Paribas Real Estate only. Briefing / Viewing days have been allocated for interested bidders. For more information please refer to the Bidding Summary within the Information Pack.

## VAT

The property is not elected for VAT.

## Easements, Wayleaves and Rights of Way

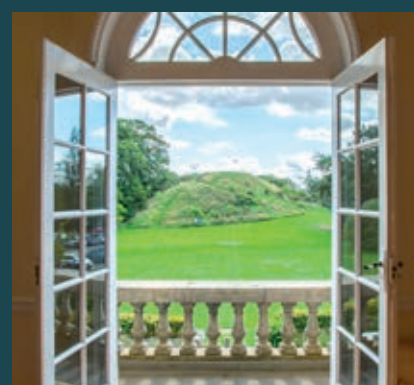
The property is offered subject to and with the benefit of all existing rights of way, wayleaves and easements, whether or not specifically referred to in the sales information.

## Information Pack

The Information Pack contains the following additional information:

- General
  - Marketing Brochure
  - Site Plan
  - Location Plan
  - Bidding Summary
  - Bidding Pro Forma
- Planning and Heritage
  - Planning Brief
  - Heritage Brief
  - Castle Mound SM Plan
  - Civil War Earthworks SM Plan
- EPC Certificates
- Floor Plans
  - Shire Hall and The Octagon
  - Castle Lodge (Registration Services)
  - Old Police Station
  - 42 Castle Street
  - Castle Court Car Park
- Topographical Surveys
- Utilities Information
- Title Information
- Other Reports
- Photos

For access to the Information Pack, please contact Jessica Plant on email at [jessica.plant@struttandparker.com](mailto:jessica.plant@struttandparker.com).

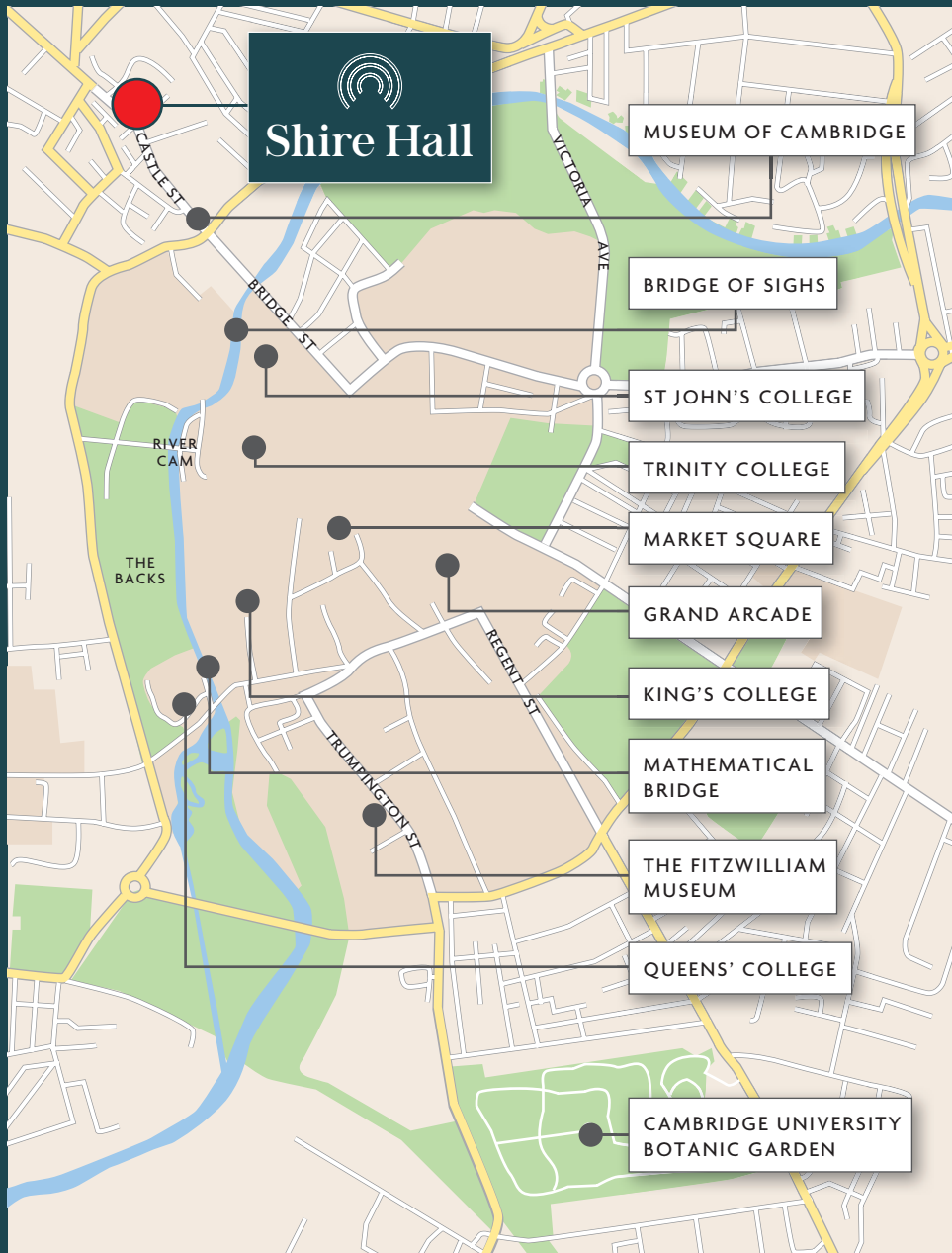


“The County Council has a long association with Shire Hall, however the time is now right to look to the future. We are working with our partners so that we can deliver services as close as possible to the communities that we serve. As we take a step change toward agile working and a more community based approach, we no longer need a central administrative building the size of Shire Hall.

Instead we will operate from a smaller central hub, while making better use of our existing assets and utilising co-location opportunities with partners around the county. Given the financial challenges facing the Council it is essential that we make the best use of the assets at our disposal. Moving to a smaller headquarters will help us protect key frontline services.”

Chris Malyon, Deputy Chief Executive of the Council





## Contacts

### Cambridge

Iain Halls: +44 (0) 1223 459465    Jessica Plant: +44 (0) 1223 459443  
 iain.halls@struttandparker.com    jessica.plant@struttandparker.com

### London

Nick Lyell: +44 (0) 20 3917 0850    Alanna Peach: + 44 (0) 20 7318 4794    Louise Williams: +44 (0) 20 3338 4231  
 nick.lyell@realestate.bnpparibas    alanna.peach@realestate.bnpparibas    louise.williams@realestate.bnpparibas



**BNP PARIBAS  
REAL ESTATE**



**IMPORTANT NOTICE** Strutt & Parker gives notice that: 1. These particulars do not constitute an offer or contract or part thereof. 2. All descriptions, photographs and plans are for guidance only and should not be relied upon as statements or representations of fact. All measurements are approximate and not necessarily to scale. Any prospective purchaser must satisfy themselves of the correctness of the information within the particulars by inspection or otherwise. 3. Strutt & Parker does not have any authority to give any representations or warranties whatsoever in relation to this property (including but not limited to planning/building regulations), nor can it enter into any contract on behalf of the Vendor. 4. Strutt & Parker does not accept responsibility for any expenses incurred by prospective purchasers in inspecting properties which have been sold, let or withdrawn. 5. If there is anything of particular importance to you, please contact this office and Strutt & Parker will try to have the information checked for you. Photographs taken October 2018. Particulars prepared October 2018. Strutt & Parker is a trading style of BNP Paribas Real Estate Advisory & Property Management UK Limited, which provides a full range of services across the residential, commercial and rural property sectors.



**FINANCE AND PERFORMANCE REPORT – OCTOBER 2018**

*To:* **Commercial and Investment Committee**

*Meeting Date:* **14<sup>th</sup> December 2018**

*From:* **Chief Finance Officer**

*Electoral division(s):* **All**

*Forward Plan ref:* **For key decisions**    *Key decision:*    **No**

*Purpose:* **To present to Commercial and Investment (C&I) Committee the October 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 October 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 – Mere Farm, Soham project**
  - **consider and recommend to GPC to approve £183k of prudential borrowing for the Manor Farm, Girton – House Extension project, together with revised tenancy terms**

<b><i>Officer contact:</i></b>		<b><i>Member contacts:</i></b>	
Name:	Eleanor Tod	Cllrs Schumann and Hay	
Post:	Group Accountant	Chairman and Vice-Chairwoman	
Email:	<a href="mailto:Eleanor.Tod@cambridgeshire.gov.uk">Eleanor.Tod@cambridgeshire.gov.uk</a>	<a href="mailto:Joshua.schumann@cambridgeshire.gov.uk">Joshua.schumann@cambridgeshire.gov.uk</a> <a href="mailto:anne.hay@cambridgeshire.gov.uk">anne.hay@cambridgeshire.gov.uk</a>	
Tel:	01223 715333		

## 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 October 2018 Finance and Performance report.
- 2.2 **Revenue:** At the end of October, Commercial and Investment Committee is forecasting an overspend of £6,438k on revenue budgets. There are four 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 October, 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 – Mere Farm, Soham project (please see 3.5 of Appendix A for further details)**
  - **£183k of capital funding for the Manor Farm, Girton – House Extension project (please see 3.5 of Appendix A for further details)**
- 2.4 There are no Commercial and Investment Committee **performance indicators** reported for October 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.

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	N/A
<b>Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?</b>	N/A
<b>Are there any Equality and Diversity implications?</b>	N/A
<b>Have any engagement and communication implications been cleared by Communications?</b>	N/A
<b>Are there any Localism and Local Member involvement issues?</b>	N/A
<b>Have any Public Health implications been cleared by Public Health</b>	N/A

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



## **Commercial and Investment**

### **Finance and Performance Report – October 2018**

#### **1. SUMMARY**

##### **1.1 Finance**

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

#### **2. INCOME AND EXPENDITURE**

##### **2.1 Overall Position**

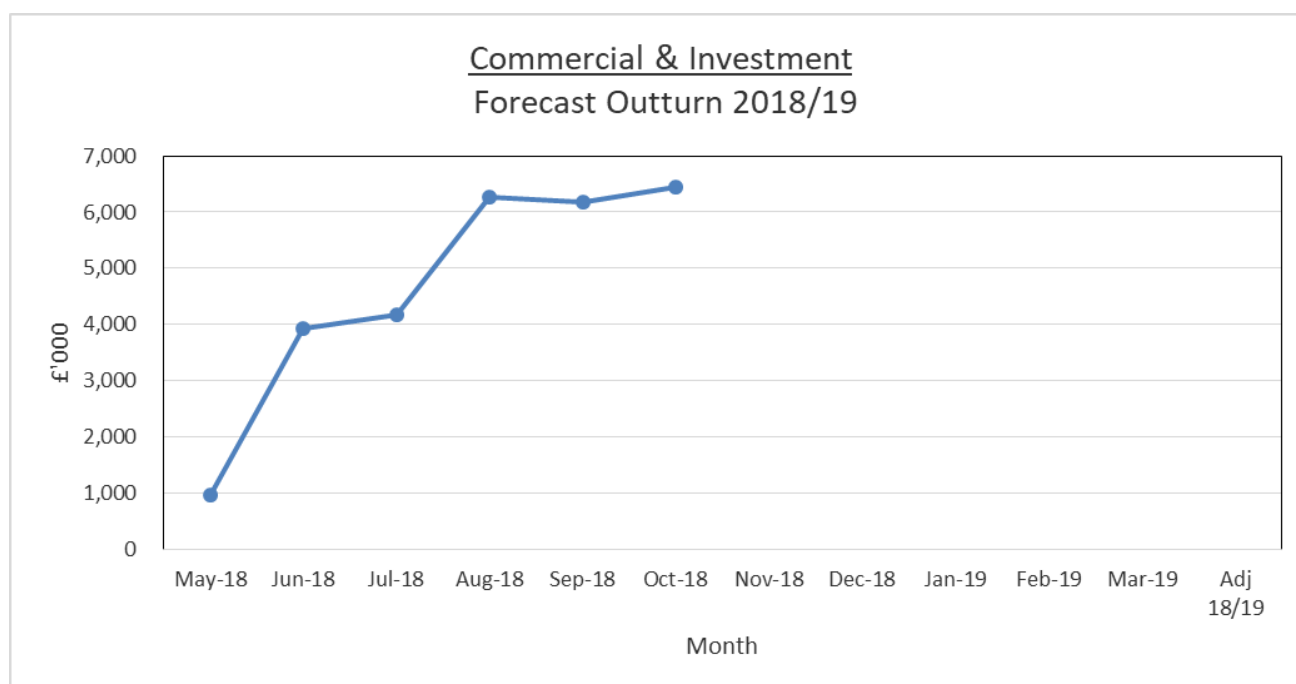
To ensure financial information is presented in a consistent way to all Committees a standardised format has now been applied to the summary tables and service level budgetary control reports included in each F&PR. The same format is also applied to the Integrated Resources and Performance Report (IRPR) 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.

<b>Outturn Variance (Sep) £000</b>	<b>Directorate</b>	<b>Budget £000</b>	<b>Actual £000</b>	<b>Outturn Variance (Oct) £000</b>	<b>Outturn Variance (Oct) %</b>
4,700	Commercial Activity	-9,536	133	4,680	49.1%
-109	Property Services	6,037	3,283	-87	-1.4%
-22	Strategic Assets	-4,098	-2,779	-37	0.9%
1,607	Traded Services	-1,200	350	1,882	156.8%
<b>6,177</b>	<b>Total</b>	<b>-8,797</b>	<b>987</b>	<b>6,438</b>	<b>73.2%</b>

Commercial and Investment (C&I) has a negative budget as it has an income target for 2019-20 of -£8,707k. As such, the outturn variance of £6,438k means that C&I is expecting to achieve a net income position of -£2,509k by year-end.

The service level budgetary control report for Commercial and Investment for October 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 October 2018, Commercial and Investment is forecasting an underachievement of income of by £6.4m in 2018/19. This represents an increase of £261k from the previous forecast, due to additional underachievement of income in Traded Services.

### Commercial Activity

Commercial Investments is forecasting an underachievement of income of £3,450k at year end, an increase in underachievement of £300k. 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.

An underachievement of income of £2,040k is reported on Housing budgets, an increase in underachievement of £490k. Expectations of interest receivable continue to be remodelled and reprofiled, based on forecasts of when future loans will be advanced.

As a result of the pressures reported in Commercial Activity 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:

- 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)

- Apportioning an appropriate element of the reduced costs of borrowing, as a result of the delay in opportunities to invest/loan (£500k)

### **Traded Services**

Traded services - Central is forecasting an additional £250k 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 this have been brought forward either by the services or as a result of the Outcome Focussed Reviews that have taken place.

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

No new items were recorded during October 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)**

The following virements have been made this month to reflect changes in responsibilities.

	<b>£000</b>	<b>Notes</b>
LGSS Law	-90	Income budget for dividend from LGSS Law transferred to CCC.
Non material virements (+/- £30k)	0	

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

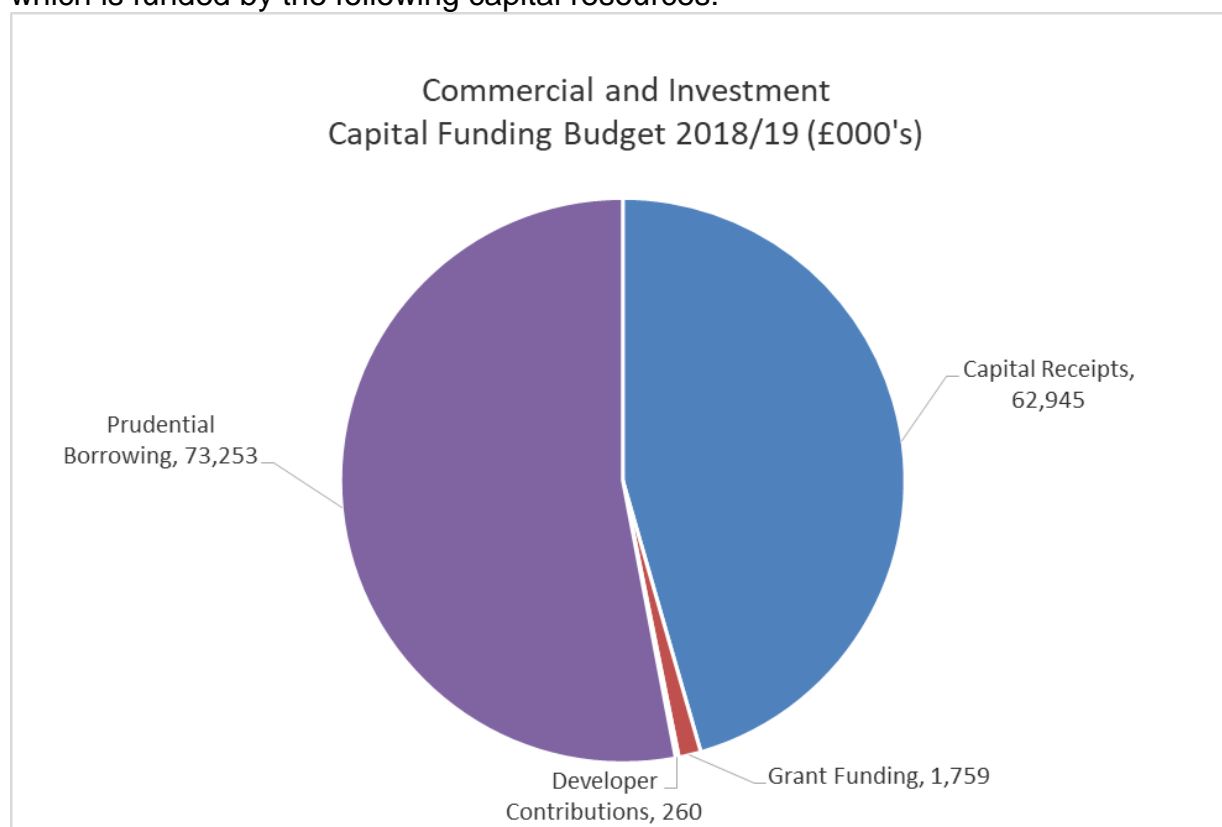
## **3. BALANCE SHEET**

### **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

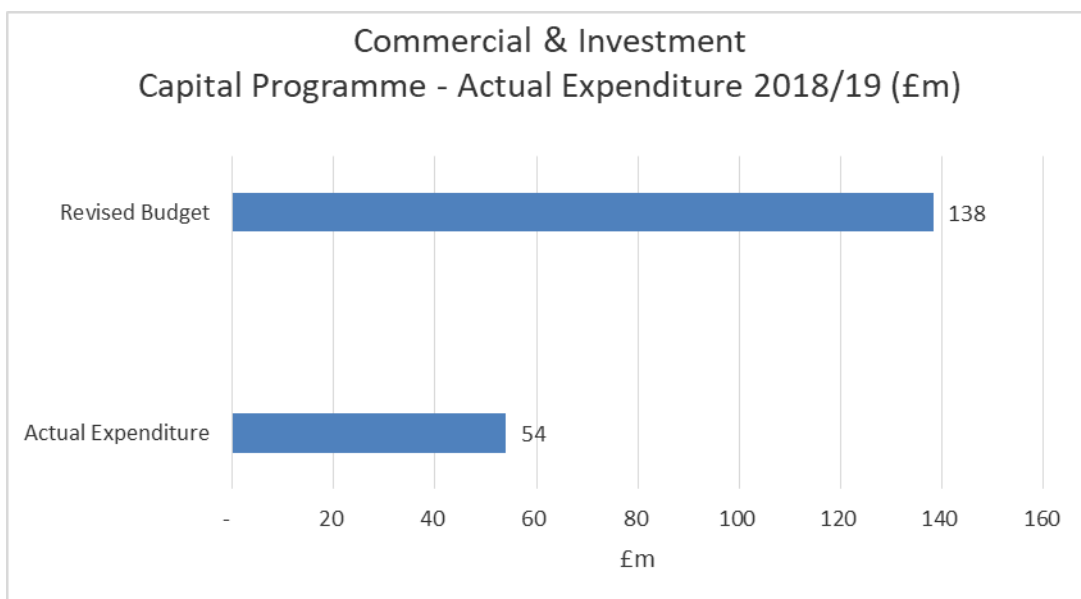
A summary of the use of capital programme variations budget is shown below. As forecast underspends are reported, these are offset with a forecast outturn for the variation budget, leading to a balanced outturn overall up to the point when slippage exceeds this budget.

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 - Mere Farm, Soham 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.

Commercial and Investment Committee is asked to recommend 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. The business tenancy is currently for 5 years running from 2017. It is proposed to extend the tenancy for an additional 14 years from the date the work is completed to ensure a sufficient period to payback the initial investment. This would be an exception to the Council's policy which links tenancy length to the retirement age although there have been a number of limited variations. The policy will be reviewed by Members in the forthcoming strategy review.

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 October 2018 for Commercial and Investment are as follows:

Forecast Outturn Variance (Sep)		Budget 2018/19	Actual Oct 2018	Forecast Outturn Variance	
£000's		£000's	£000's	£000's	%
<b>Commercial Activity</b>					
3,150	Commercial Property Investments	-4,900	210	3,450	70%
0	Shareholder Company Dividends	-290	0	90	31%
1,550	Housing Investment (This Land Company)	-4,346	-77	2,040	47%
0	Commercial Activity Financing	0	0	-900	0%
<b>4,700</b>	<b>Commercial Activity Total</b>	<b>-9,536</b>	<b>133</b>	<b>4,680</b>	<b>49%</b>
<b>Property Services</b>					
0	Building Maintenance	1,093	374	170	16%
-98	County Offices	4,096	2,419	-241	-6%
0	Property Services	645	423	0	0%
-11	Property Compliance	203	67	-16	-8%
<b>-109</b>	<b>Property Services Total</b>	<b>6,037</b>	<b>3,283</b>	<b>-87</b>	<b>-1%</b>
<b>Strategic Assets</b>					
32	County Farms	-4,905	-2,530	17	0%
-54	Strategic Assets	807	-248	-54	-7%
<b>-22</b>	<b>Strategic Assets Total</b>	<b>-4,098</b>	<b>-2,779</b>	<b>-37</b>	<b>1%</b>
<b>Traded Services</b>					
250	Traded Services - Central	-408	62	500	122%
0	ICT Service (Education)	-200	-1,462	0	0%
0	Professional Development Centres	-71	-57	0	0%
0	Cambridgeshire Music	5	805	0	0%
147	Outdoor Education (includes Grafham Water)	-77	387	147	191%
1,210	Cambridgeshire Catering & Cleaning Services	-449	615	1,235	275%
<b>1,607</b>	<b>Traded Services Total</b>	<b>-1,200</b>	<b>350</b>	<b>1,882</b>	<b>157%</b>
<b>6,177</b>	<b>Total</b>	<b>-8,797</b>	<b>987</b>	<b>6,438</b>	<b>73%</b>

## 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	%
<b>Commercial Property Investments</b>	<b>-4,900</b>	<b>-1,450</b>	<b>3,450</b>	<b>70%</b>
<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>				
<b>Housing Investment (This Land Company)</b>	<b>-4,346</b>	<b>-2,306</b>	<b>2,040</b>	<b>47%</b>
<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>				
<b>Commercial Activity Financing</b>	<b>-</b>	<b>-900</b>	<b>-900</b>	<b>0%</b>
<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"> <li>• 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)</li> <li>• Apportioning an appropriate element of the reduced costs of borrowing, as a result of the delay in opportunities to invest/loan (£500k)</li> </ul>				
<b>Building Maintenance</b>	<b>1,093</b>	<b>1,263</b>	<b>170</b>	<b>16%</b>

Service	Current Budget	Forecast Outturn Actual	Forecast Outturn Variance	
	£000	£000	£000	%
An overspend of £170k on building maintenance is forecast due to additional unplanned maintenance costs in the year. These are offset by underspends in County Offices				
<b>County Offices</b>	<b>4,096</b>	<b>3,855</b>	<b>-241</b>	<b>-6%</b>
<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"> <li>• £180k surplus following a reassessment of historic business rates liabilities for children's centres.</li> <li>• £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.</li> <li>• £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.</li> </ul>				
<b>Traded Services – Central</b>	<b>-408</b>	<b>92</b>	<b>500</b>	<b>122%</b>
<p>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.</p>				
<b>Outdoor Education</b>	<b>-77</b>	<b>70</b>	<b>147</b>	<b>191%</b>
<p>Outdoor Education is currently reporting a £147k overspend. This is mainly a combination of an anticipated £30k under-recovery of income at Stibbington 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>				
<b>Cambridgeshire Catering &amp; Cleaning Services</b>	<b>-449</b>	<b>786</b>	<b>1,235</b>	<b>275%</b>

Service	Current Budget  £000	Forecast Outturn Actual £000	Forecast Outturn Variance £000      %
<p>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.</p>			

### 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
<b>Grants as per Business Plan</b>		<b>783</b>	
One Public Estate	Cabinet Office	515	May 18
<b>Total Grants 2018/19</b>		<b>1,298</b>	

### C&I ANNEX 4 – Virements and Budget Reconciliation

	£000	Reported
<b>Budget as per Business Plan</b>	<b>-8,188</b>	
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
<b>Current Budget 2018/19</b>	<b>-8,797</b>	

## 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 October 2018	Forecast Balance at 31 March 2019	Notes
	£'000	£'000	£'000	£'000	
<b><u>Equipment Reserves</u></b>					
The ICT Service (Education)	680	-626	54	0	1
subtotal	680	-626	54	0	
<b><u>Other Earmarked Funds</u></b>					
North Cambridge Academy site demolition costs	468	105	573	573	2
Cambs Music Reserve	84	0	84	84	3
subtotal	552	105	658	657	
<b><u>Capital Reserves</u></b>					
General Capital Receipts	0	34,225	34,225	52,590	4
subtotal	0	34,225	34,225	52,590	
<b>TOTAL</b>	<b>1,232</b>	<b>33,704</b>	<b>34,936</b>	<b>53,247</b>	

#### 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>						
43,086	Commercial Investments	76,000	39,463	40,000	(36,000)	100,000	-
	Housing Schemes	85,259	14,081	85,259	-	148,172	-
119,086		161,259	53,543	125,259	(36,000)	248,172	-
	<u>Property Services</u>						
-	Office Portfolio	184	119	184	-	345	-
600	Rationalisation	1,471	180	1,471	-	6,290	-
550	Building Maintenance	100	10	100	-	4,791	-
	Shire Hall Campus						
1,150		1,755	309	1,755	-	11,426	-
	<u>Strategic Assets</u>						
100	Local Plans	100	-	100	-	618	-
300	Representations						
	County Farms Investment	362	231	362	-	4,820	-
-	Renewable Energy Soham	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 - Mere	36	-	36	-	36	-
	Farm, Soham						
-	Manor Farm, Girton house	183	-	183	-	183	-
	extension						
-	Marwick Centre Roof	113	-	113	-	113	-
	Repairs						
-	Other Committed Projects	-	-	-	-	-	-
5,749		8,955	243	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	<b>TOTAL</b>	138,217	54,095	130,940	(7,277)	266,164	(147)

## **2. Reported Amendments – Capital Expenditure Budgets 2018/19**

<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
<b>Housing</b>	<b>43,086</b>	<b>85,259</b>
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.		
<b>Office Rationalisation</b>	<b>-</b>	<b>184</b>
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.		
<b>Shire Hall Building Maintenance</b>	<b>550</b>	<b>100</b>
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.		
<b>Building Maintenance</b>	<b>600</b>	<b>1,471</b>
<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&amp;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>		
<b>County Farms Investment</b>	<b>300</b>	<b>362</b>
C&I Committee approved carry forward of £62k funding from 2017/18 into 2018/19, to fund ongoing planned works.		
<b>Renewable Energy - Soham</b>	<b>-</b>	<b>117</b>

<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
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.		
<b>Shire Hall Relocation</b>	-	<b>2,506</b>
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).		
<b>Babraham Smart Energy Grid</b>	-	<b>54</b>
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).		
<b>Trumpington Smart Energy Grid</b>	-	<b>30</b>
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).		
<b>Stanground Closed Landfill Energy Project</b>	-	<b>62</b>
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).		
<b>Woodston Closed Landfill Energy Project</b>	-	<b>43</b>
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		

<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Renewable Energy – Mere Farm, Soham</b>	-	<b>36</b>
Commercial and Investment Committee is asked in December committee to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the Mere Farm 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.		
<b>Manor Farm, Girton house extension</b>	-	<b>183</b>
Commercial and Investment Committee is asked in December committee to recommend 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. The business tenancy is currently for 5 years running from 2017. It is proposed to extend the tenancy for an additional 14 years from the date the work is completed to ensure a sufficient period to payback the initial investment. This would be an exception to the Council's policy which links tenancy length to the retirement age although there have been a number of limited variations. The policy will be reviewed by Members in the forthcoming strategy review.		
<b>Marwick Centre Roof Repairs</b>	-	<b>113</b>
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.		
<b>Capital Programme Variations Budget</b>	<b>-2,764</b>	<b>-33,805</b>

<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
<p>In June Capital Programme Variations budgets were recalculated following the rephasing exercise to take account of budgets carried forward from 2017/18. The C&amp;I Capital Programme Variations budget was adjusted by £-14m to £-16.7m. This has reduced the prudential borrowing requirement by £14m.</p> <p>The C&amp;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&amp;I capital variations budget has now been revised to include this, resulting in a -£17.2m budget change. The revised C&amp;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&amp;I schemes.</p>		

### **3. Reported Amendments - Total Scheme Expenditure Budgets**

<b>Capital Scheme</b>	<b>Total Scheme Original Budget £000</b>	<b>Total Scheme Revised Budget £000</b>
<b>Babraham Smart Energy Grid</b>	-	<b>54</b>
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).		
<b>Trumpington Smart Energy Grid</b>	-	<b>30</b>
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).		
<b>Stanground Closed Landfill Energy Project</b>	-	<b>62</b>

<b>Capital Scheme</b>	<b>Total Scheme Original Budget £000</b>	<b>Total Scheme Revised Budget £000</b>
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).		
<b>Woodston Closed Landfill Energy Project</b>	-	<b>43</b>
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).		
<b>Renewable Energy – Mere Farm, Soham</b>	-	<b>36</b>
Commercial and Investment Committee is asked in December committee to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the Mere Farm 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.		
<b>Manor Farm, Girton house extension</b>	-	<b>183</b>
Commercial and Investment Committee is asked in December committee to recommend 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.		
<b>Marwick Centre Roof Repairs</b>	-	<b>113</b>
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		

<b>Capital Scheme</b>	<b>Total Scheme Original Budget £000</b>	<b>Total Scheme Revised Budget £000</b>
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**

<b>Capital Scheme</b>	<b>Current Budget 2018/19 £000</b>	<b>Forecast Outturn Actual £000</b>	<b>Forecast Outturn Variance £000</b>
<b>Commercial Investments</b>	<b>76,000</b>	<b>40,000</b>	<b>-36,000</b>
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.			
<b>Community Hubs – East Barnwell</b>	<b>1,919</b>	<b>100</b>	<b>-1,819</b>
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.			
<b>St Ives Smart Energy Grid</b>	<b>3,330</b>	<b>50</b>	<b>-3,280</b>
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
<b>123,274</b>	<b>TOTAL</b>	<b>138,217</b>	<b>130,940</b>	<b>(7,277)</b>

### 2. Reported Amendments – Capital Funding Budgets 2018/19

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
<b>Housing – Prudential Borrowing</b>	<b>43,086</b>	<b>85,259</b>
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.		
<b>Office Rationalisation – Prudential Borrowing</b>	<b>-</b>	<b>184</b>
As reported above, carry forward of £184k funding from 2017/18 into 2018/19, for work on office rationalisation, moves and co-location projects.		
<b>Shire Hall Building Maintenance – Prudential Borrowing</b>	<b>550</b>	<b>100</b>
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.		



<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
<b>Building Maintenance – Prudential Borrowing</b>	<b>600</b>	<b>1,471</b>
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.		
<b>County Farms Investment – Prudential Borrowing</b>	<b>300</b>	<b>362</b>
As reported above, carry forward of £62k funding from 2017/18 into 2018/19, to fund ongoing planned works.		
<b>Renewable Energy – Soham – Prudential Borrowing</b>	<b>-</b>	<b>117</b>
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.		
<b>Shire Hall Relocation – Prudential Borrowing</b>	<b>-</b>	<b>2,506</b>
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.		
<b>Babraham Smart Energy Grid – Prudential Borrowing</b>	<b>-</b>	<b>54</b>
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).		
<b>Trumpington Smart Energy Grid – Prudential Borrowing</b>	<b>-</b>	<b>30</b>
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).		
<b>Stanground Closed Landfill Energy Project – Prudential Borrowing</b>	<b>-</b>	<b>62</b>

<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
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).		
<b>Woodston Closed Landfill Energy Project – Prudential Borrowing</b>	-	<b>43</b>
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).		
<b>Renewable Energy – Mere Farm, Soham – Prudential Borrowing</b>	-	<b>36</b>
Commercial and Investment Committee is asked in December committee to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the Mere Farm 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.		
<b>Manor Farm, Girton house extension – Prudential Borrowing</b>	-	<b>183</b>
Commercial and Investment Committee is asked in December committee to recommend 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.		
<b>Marwick Centre Roof Repairs – Prudential Borrowing</b>	-	<b>113</b>
As reported above, C&I Committee has approved additional capital expenditure of £113k in 2018/19, funded by prudential borrowing in the first instance.		
<b>Capital Programme Variations – Prudential Borrowing</b>	<b>-2,764</b>	<b>-17,917</b>
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.		

<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
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.		
<b>Capital Programme Variations Budget – Capital Receipts</b>	-	-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**

<b>Capital Scheme</b>	<b>Total Scheme Original Budget £000</b>	<b>Total Scheme Revised Budget £000</b>
<b>Babraham Smart Energy Grid – Prudential Borrowing</b>	-	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).		
<b>Trumpington Smart Energy Grid – Prudential Borrowing</b>	-	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).		
<b>Stanground Closed Landfill Energy Project – Prudential Borrowing</b>	-	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		

<b>Capital Scheme</b>	<b>Total Scheme Original Budget £000</b>	<b>Total Scheme Revised Budget £000</b>
2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Woodston Closed Landfill Energy Project – Prudential Borrowing</b>	-	<b>43</b>
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).		
<b>Renewable Energy – Mere Farm, Soham – Prudential Borrowing</b>	-	<b>36</b>
Commercial and Investment Committee is asked to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the Mere Farm 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.		
<b>Manor Farm, Girton house extension – Prudential Borrowing</b>	-	<b>183</b>
Commercial and Investment Committee is asked to recommend 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.		
<b>Marwick Centre Roof Repairs – Prudential Borrowing</b>	-	<b>113</b>
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**

<b>Capital Scheme</b>	<b>Current Budget 2018/19 £000</b>	<b>Forecast Outturn Actual £000</b>	<b>Forecast Outturn Variance £000</b>
<b>Commercial Investments – Capital Receipts</b>	<b>76,000</b>	<b>40,000</b>	<b>-36,000</b>

<b>Capital Scheme</b>	<b>Current Budget 2018/19 £000</b>	<b>Forecast Outturn Actual £000</b>	<b>Forecast Outturn Variance £000</b>
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.			
<b>Community Hubs – East Barnwell – Developer Contributions and Prudential Borrowing</b>	<b>1,919</b>	<b>100</b>	<b>-1,819</b>
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.			
<b>St Ives Smart Energy Grid – Grant Funding and Prudential Borrowing</b>	<b>3,330</b>	<b>50</b>	<b>-3,280</b>
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.			
<b>Capital Programme Variations Budget – Capital Receipts</b>	<b>-15,888</b>	<b>-</b>	<b>15,888</b>
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.			
<b>Capital Programme Variations Budget – Prudential Borrowing</b>	<b>-17,917</b>	<b>-</b>	<b>17,917</b>
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 3rd December 2018  
Updated on 6<sup>th</sup> December 2018



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
<b>14/12/18</b>	Update on marketing and disposal of Shire Hall	Julia Carroll		05/12/18	06/12/18
	St Ives Football club – ransom strip benefit for CCC	John Macmillan			
	Revisions to This Land Articles of Association	Chris Malyon			
	Committee review of draft revenue and capital Business Planning proposals for 2019-20 to 2023-24	Amanda Askham			
<b>18/01/19</b>	Smart Energy Grid, Power Purchase Agreement	Sheryl French	2017/030	09/01/19	10/01/19

<b>Committee Date</b>	<b>Agenda item</b>	<b>Lead officer</b>	<b>Reference if key decision</b>	<b>Deadline for draft reports</b>	<b>Agenda despatch date</b>
	Outline Business Case for Solar Farm on Rural Estate Land at Mere Farm	Sheryl French Cherie Gregoire	2019/004		
<b>22/02/19</b>	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
	First phase results of energy projects on Closed Landfill sites	Cherie Gregoire			
<b>22/03/19</b>				13/03/19	14/03/19
<b>26/04/19</b>				15/04/19	16/04/19
<b>24/05/19</b>				15/05/19	16/05/19
<b>21/06/19</b>	Trumpington Park & Ride Smart Energy Grid			12/06/19	13/06/19
<b>12/07/19</b>				03/07/19	04/07/19
<b>16/08/19</b>				07/08/19	08/08/19
<b>13/09/19</b>				04/09/19	05/09/19
<b>18/10/19</b>				09/10/19	10/10/19
<b>22/11/19</b>				13/11/19	14/11/19
<b>13/12/19</b>				04/12/19	05/12/19
<b>17/01/20</b>				08/01/20	09/01/20
<b>21/02/20</b>				12/02/20	13/02/20
<b>20/03/20</b>				11/03/20	12/03/20



<b>Committee Date</b>	<b>Agenda item</b>	<b>Lead officer</b>	<b>Reference if key decision</b>	<b>Deadline for draft reports</b>	<b>Agenda despatch date</b>
<b>24/04/20</b>				15/04/20	16/04/20
<b>22/05/20</b>				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 <sup>th</sup> April 2019 (12:00)		C&I
2.	<i>To be confirmed – provisional training session</i>		17 <sup>th</sup> January 2019 (10:00)		C&I
3.	Finance/KPIs		3 <sup>rd</sup> December 2018 (1pm)	Tom Kelly/Ellie Tod/Amanda Askham/Sue Grace	C&I
4.	Commercial Strategy		9 <sup>th</sup> November 2018 (12.30pm)	Amanda Askham	C&I
5.	Members' duties and obligations in considering Promotion Agreements.		2 <sup>nd</sup> November 2018 (12.30pm)	Chris Malyon	C&I
6.	Future Smart Energy Systems Demonstrator Project		18 <sup>th</sup> October 2018 (13.30)	Sheryl French/Emily Bolton	C&I
7.	Finance/Performance Indicators		tbc	Tom Kelly/Ellie Tod	C&I
8.	This Land Performance Workshop		12 <sup>th</sup> March 2018	David Gelling/David Bethell /Chris Malyon/John Macmillan	C&I
9.	Asset & Risk Workshop	<ul style="list-style-type: none"> <li>• Asset Strategy</li> <li>• CHIC</li> <li>• Risk approach and risk register</li> <li>• Site tenure mix and retention of rental housing</li> <li>• Affordable housing</li> <li>• Community Land Trusts</li> </ul>	20 <sup>th</sup> October 2017	Chris Malyon/Stephen Conrad/ David Gelling	C&I
10.	Business Planning Session		15 <sup>th</sup> September 2017	Chris Malyon/ James Wilson	C&I
11.	CHIC Workshop		27 <sup>th</sup> June 2017	Chris Malyon/ David Gelling/ David Bethell/ John Macmillan	C&I

12.	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
-----	--	---	---------------	---------------------------------	-----