

# COMMERCIAL AND INVESTMENT COMMITTEE



**Monday, 16 December 2019**

**Democratic and Members' Services**

Fiona McMillan  
Monitoring Officer

**10:00**

Shire Hall  
Castle Hill  
Cambridge  
CB3 0AP

**The Hall, The Incubator, Alconbury Weald Enterprise  
Campus, Alconbury Weald PE28 4WX  
[Venue Address]**

## **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 and the Action Log of the Committee meeting held 22nd November 2019** **5 - 18**
- 3. Petitions and Public Questions**

### **OTHER DECISIONS**

- 4. Commercial & Investment Committee Review of draft Revenue and Capital Business Planning proposals for 2020-21 to 2024-25** **19 - 46**
- 5. Performance Report - July to September 2019** **47 - 60**

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|------------|--|----------------|
| <b>6.</b>  | <b>Finance Monitoring Report - October 2019</b>  | <b>61 - 80</b> |
| <b>7.</b>  | <b>Proposed land swap at Swavesey - Cambridgeshire County Council and Mr J Shepperson</b>                | <b>81 - 86</b> |
| <b>8.</b>  | <b>Alconbury Weald Civic Hub Update</b><br><i>- to follow</i>  |                |
| <b>9.</b>  | <b>Commercial and Investment Committee Agenda Plan, Training Plan and Appointments to Outside Bodies</b> | <b>87 - 92</b> |
| <b>10.</b> | <b>Exclusion of Press and Public</b>   |                |

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

- 11. Revised proposed Business Case to fund the roof works at the Marwick Centre, March PE15 8PH**

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

The Commercial and Investment Committee comprises the following members:

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

Councillor Ian Bates Councillor Lorna Dupre Councillor John Gowing Councillor David Jenkins Councillor Linda Jones Councillor Terence Rogers Councillor Mike Shellens 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/CommitteeProcedure>

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**COMMERCIAL AND INVESTMENT COMMITTEE: MINUTES**

**Date:** 22 November 2019

**Time:** 10:00am – 11:40am

**Venue:** Kreis Viersen Room, Shire Hall, Cambridge

**Present:** Councillors: J Schumann (Chairman), I Bates, L Dupré, M Goldsack (substituting for Councillor Wotherspoon), J Gowing, A Hay (Vice-Chair), D Jenkins, L Jones, T Rogers and M Shellens

**Apologies:** Councillor T Wotherspoon

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

Apologies were presented on behalf of Councillor Wotherspoon (Substituted by Councillor Mark Goldsack).

There were no declarations of interest.

**289. MINUTES OF THE MEETING HELD ON 18 OCTOBER 2019 AND ACTION LOG**

The minutes of the meeting held on 18 October 2019 were agreed as a correct record.

The Action Log was noted and the following items were discussed:

- Minute 183 – A Member requested a time frame for this work. The Chief Finance Officer stated he would take this away to check and circulate to Members. **Action required.**
- Minute 274 (2) – The Chairman confirmed that he had sought legal advice from the Council's Monitoring Officer, once he had received a response he would circulate to Members. **Action required.**
- Minute 278 (1) – The Democratic Services Officer confirmed that this information would be circulated to Members shortly.
- Minute 281 (1) – The Senior Transformation Advisor informed the Committee that the Business Cases would be brought to the January 2020 Committee meeting. A Member queried what Officers would do to resolve the issue regarding not being able to input financial information into Verto. The Senior Transformation Advisor explained that they would have to put the data into the covering report instead.

- Minute 282 –it was confirmed that the Investment Strategy would be updated as part of the Business Plan scheduled for the General Purposes Committee (GPC) in January 2020.

**290. PETITIONS AND PUBLIC QUESTIONS**

There were no petitions or public questions.

**291. BABRAHAM SMART ENERGY GRID – OPTIONS APPRAISAL**

The Committee received a report that considered the technical options appraisal conducted for the Babraham park and Ride Smart Energy Grid project. The Project Manager, Energy Investment Unit, drew the Committees attention to contents of the report and outlined the details of the preferred options (A1+B2).

Individuals Members raised the following issues in relation to the report:

- sought clarification regarding whether the price per unit difference between the potential Power Purchase Agreement (PPA) and selling electricity through an electric vehicle charging was comparable. The Project Manager, Energy Investment Unit, confirmed that the tariff per unit of electricity was higher selling through an electric vehicle charger, but this could fluctuate depending on customer demand. The PPA customer would purchase all the electricity the site was producing and thus provide a more consistent stream of revenue. A Member advised that this topic had been analysed at the Energy Investment Group. She was supportive of the quick rollout of electric vehicle charges (Option B1) but suggested that they had to be more cautious. (as shown in Option B2)
- Asked, with regard to option B2, whether the rolling out of 20 electric vehicle chargers a year was negotiable. The Project Manager, Energy, confirmed that it was. The Chair suggested that the future rollout of electric vehicle charges could be reported to the Working Group if necessary, so that Members could review the number being installed.
- expressed concerns regarding the fact that one of the routes for the buried electrical connection cabling linking the Babraham Park & Ride site to the PPA customer traversed a wildlife corridor. The Project Manager, Energy informed the Member that this wire would connect the site to the grid, if the Committee approved option A1+B2, then this connection would not have to be installed. She clarified that if they needed to install this wire, it would be located 1.2metres below the surface and therefore unlikely for animals to dig down and cause themselves any damage.
- requested more information regarding the Community Engagement Officer post. The Project Manager, Energy confirmed that the position would not be

permanent. The Request for Quotation had specified that the position would end on April 30<sup>th</sup> 2020 and would cover Babraham, Stanground and North Angle. She stated that the post would assist Officers with communicating the projects to the public ahead of submitting the planning applications. The post would also provide the Council with a stronger presence in the community as they would be able to communicate the scheme to residents more effectively.

It was resolved unanimously to:

approve the preferred option (Option A1 + B2) for the smart energy grid project at Babraham Park and Ride as set out in Table 1 to be developed further through the Investment Grade Proposal process.

**292. THIRD QUARTERLY MONITORING REPORT, MOBILISING LOCAL ENERGY INVESTMENT**

The Committee considered the finance monitoring report up until the end of June 2019 on the energy investment programmes. The Project Director, Energy, drew the Committee's attention to the contents of the report, highlighting the 'Main Issues', 'Energy Efficient Fund' and 'Schools Programme' sections of the report.

Individual Members raised the following issues in relation to the report:

- expressed concerns regarding the possibility that future energy projects would not be able to cover the costs of asbestos removal during the retrofitting process in schools, therefore this cost would have to be picked up by the school. She suggested that this could cause less interest from schools in these types of projects.
- raised concerns regarding the suspension of the Trumpington Park and Ride project and the financial impacts this might have on the level of non-returnable income. The Project Director, Energy, explained that Officers had been waiting on a decision to be made on the Park and Ride Site before further progress was made. She stated that they were hoping to receive answers to these decisions by the summer of 2020. She confirmed that this suspension would not be indefinite.
- sought clarification regarding the reduction in CO<sub>2</sub> emission due to the Trumpington Park and Ride project and the Swaffham Prior Community Heat network. The Project Director, Energy, in relation to Swaffham confirmed that originally they had been looking to rely on oil boilers to support the new energy system, but this support was now going to originate from a number of different renewable technologies and therefore a reduction in CO<sub>2</sub> emissions. With regard to the Trumpington Park and Ride, she explained that the suspension would negatively impact the level of CO<sub>2</sub> reduction. The Chair with confirmation

from Officers stated that there would be a positive reduction in the production of CO<sub>2</sub>.

- expressed concerns regarding the out of date figures found in the report. The Project Director, Energy, confirmed that the figures in the report were from June 2019. She explained that the next quarterly report brought to the Committee in January 2020 would use data from the end of September 2019. A Member stated that this data would still be four months out of date and queried whether anything could be done to enable more up to date data to be reported in these reports. The Project Director, Energy, suggested that this would be difficult as they would have to wait for the project expenditure to impact the accounts to identify how much had been spent before creating the report. The Chair with agreement from the Project Director, Energy, suggested that the Working Group could be presented with more up to date information. He agreed that due to nature of the report cycle, the Committee would always be presented with slightly out of date figures. **Action required.**
- raised concerns regarding the suspension of the Woodston Battery Storage project due to the unviable connection cost and queried the necessary steps needed to progress this project. The Project Director, Energy stated that she had discussed this with Ofgem recently to try and identify where the infrastructure deficits were located and areas where they needed additional support.
- queried whether they could support District Councils in Cambridgeshire to implement low carbon energy projects in their buildings. The Project Director, Energy, confirmed that the District Councils were currently part of the Councils procurement and could therefore access Bouygues. She explained that they were currently undergoing a re-procurement process which Officers had asked all District Councils to participate in.
- sought an update on the St Ives Smart Energy Grid project. The Project Director, Energy, stated that a letter had been received from the Ministry of Housing, Communities & Local Government (MHCLG) outlining tight deadlines for securing the Land Title. She noted that this had been an ongoing challenge for the past five years. She suggested that the Land Title should be obtained after the legal fees had been paid and the lawyers signed the engrossment transfer. The Lawyer confirmed that they had the engrossment transfer. The Service Director, Highways and Transport then had to approve the legal fees before payment was made.
- raised concerns regarding the impact if the MHCLG decided to withdraw the European Regional Development Funding (ERDF). The Project Director, Energy, suggested that they was an inequitable process regarding the treatment of similar projects across the country. She confirmed that Officers were lobbying on this issue with the MHCLG as other projects in a less developed situation



were being granted funded. The Member suggested that Officers needed an alternative plan if the funding was withdrawn. The Project Director, Energy, confirmed that they had been looking at a possible alternative plan.

It was resolved unanimously to:

- a) Approve the third quarterly report;
- b) Approve the development of a strategic approach on asbestos management as described in paragraph 2.5;
- c) Approve the suspension of work on the clean energy projects at Woodston Closed Landfill and Trumpington Park and Ride as described in paragraphs 2.6 and 2.7;and
- d) Note the key challenges, opportunities and risk delivering the investment programmes.

## **293. UPDATE ON PROPERTY SERVICES**

The Committee received a report providing an update on Property Services. Members were reminded that an audit report had been carried out in 2018/19 identifying a number of deficiencies in the Property Services team, and identifying mitigating actions.

Individual Members raised the following issues in relation to the report:

- queried whether the procurement process would identify whether Technology Forge was the appropriate software for the Council to be using. The Interim Head of Property confirmed that it would, the procurement process would be run through the G-Cloud system where the system would be marked against a set of success criteria.
- The Chairman and Vice-Chairman of the Audit and Accounts Committee thanked the Interim Head of Property for the significant amount of work performed by him and his team.
- The Vice-Chairman of the Audit and Accounts Committee stated that they had faced audit challenges due to errors found within the process of valuing the Council's assets. He commented that the new auditors, EY might pressure them to provide more accurate asset data. The Interim Head of Property explained that the year-end asset valuation program was sent to an external organisation, which took a large amount of time. The procurement exercise for next financial year had already commenced, so the timetable for completion this year was earlier than last year. He confirmed that due to having a complete asset list they could now be more certain that the data collected was accurate.

- asked Officers whether they had undertaken a cost benefit analysis after the completion of the updated asset list. She commented that an updated list would lead to more effective intervention of assets and less hidden cost in the future. The Interim Head of Property commented that they needed to ensure that contractors were performing the work they were being paid to do, this would lead to less remedial actions being taken and less hidden expenditure as assets would be being maintained more effectively. He suggested that older assets posed more of a challenge as they needed more maintenance. This challenge also linked with the type of lease on the asset as sometimes the maintenance obligation was given to the tenants, who in some cases had not been maintaining the asset. He suggested that as the leases came up for renewal they would improve the robustness of the contract clauses.
- requested confirmation that the Council were ensuring maintenance requirements were met. The Interim Head of Finance confirmed that under the new contract the Council had with Team Q Maintenance, they had a schedule that outlined when assets should be inspected. He stated that under the clauses of the Councils leases, they had the right to enter a site and perform maintenance, previously this right had not been effectively exercised as it was resource intensive. He had tasked his team with a program to make sure that all 178 assets were inspected. Officers had prioritised inspection for assets that were leased to other organisation.
- sought clarification regarding whether there was any more significant work that had to be undertaken in order to resolve the issues raised at the Audit and Accounts Committee meeting. The Interim Head of Property clarified that two key pieces of work still had to be undertaken. The first was the implementation of the new software to make sure that all the asset data could be stored in one place. He noted that the software would take time to implement completely. The second was the finalisation of the new Property Services structure, and he confirmed that he had submitted a proposed structure to Human Resources (HR), the Chief Finance Officer and the Chairman for review. He commented that currently his team was heavily focused around administration rather than technical capacity. There had also been an advertisement published online regarding the employment of an Associate Director of Property, and he suggested that the successful candidate may have different views on these two key pieces of work.
- The Member followed on from this by asking the Chairman whether he was planning on receiving an update report outlining the work that had been completed and the work that was still outstanding. She commented that this would help track progress. The Chairman confirmed that he was, he stated that this report had effectively provided a foundation for future work. The Chief Finance Officer stated that he had been working with the Interim Head of Property to create a Service Improvement Plan that would assist with shaping

the Service going forward. He agreed to bring this Plan to the Committee meeting in February 2020. **Action required.**

- stated that Local Members would be interested in the information regarding the updated Urban Asset List found at Appendix 2 of the report. He commented that this could be circulated to County and District Councillors. The Interim Head of Property suggested that he could provide a description and a geographical breakdown of each assets owned by the Council. The Chairman suggested that this would be beneficial.
- queried whether all the assets were listed on mapping the public realm . The Chief Finance Officer confirmed that they were not, he stated that he would look into this. **Action required.**
- sought clarification regarding some acronyms found within the report. Officers confirmed that CTKR stood for Caretaker and MS/AS stood for Maintained Schools and Academy School respectively. Following on from this the Chairman sought more information regarding the Caretaker houses that were not marked as Academy or Maintained School. The Chief Finance Officer explained that if the caretaker's house was outside of the curtilage of the school then it would not show on either MS or AS and therefore was being maintained by the Council.

The Committee agreed to formally pass on their gratitude to the Interim Head of Property and his team for the work they had undertaken on this report.

It was unanimously resolved to:

Note the update.

## **294. FINANCE MONITORING REPORT – SEPTEMBER 2019**

The Committee considered a report on the financial information relating to the areas within the Commercial and Investment Committee's remit, for the period ending 30<sup>th</sup> September 2019.

The Strategic Finance Manager informed the Committee that Commercial and Investment services were forecasting an underachievement of income of £542k on the revenue budgets. This was mainly due to changes within Commercial Activity, Property Services and Traded Services. The Contract Efficiencies & Other Income budget was forecasted to underachieve by £350k due to the targets for savings and additional income not being expected to be met. The Facilities Management budget was forecasted an overspend of £241k due to additional works following service in operational buildings. Finally, the Outdoor Education budget was forecast an overspend of £229k, an increase of £127k due to a one-off cost relating to backdated pay for staff at Grafham Water Centre as a result of National Minimum Wage requirements.

The Capital budget was forecasting a £5m underspend. There was a forecasted underspend of £26m on the Housing Schemes budget due to a reprofiling of expected loans in relation to both overage and construction. This £26m had absorbed all of the variance budget and therefore a forecasted £5m underspend remained.

Individual Members raised the following issues in relation to the report:

- sought clarification regarding the change in forecasted underspend figure on the revenue budget. The Strategic Finance Manager drew the Member attention to Appendix 6 of the report, she stated that there were additional minor variances in some services areas that did not meet the financial threshold to be reported as a significant variance.
- welcomed the fact the proposed Cambridgeshire County Council (CCC) Lottery had been abandoned. The Chairman explained that the Lottery was assessed and it was identified that the impact and benefit to the Council would not have been significant enough.
- commented that they were not surprised that the Contract Efficiencies & Other Income had been difficult to manage. The Chair reminded the Committee that at the last meeting they had approved a new commercial team due to the Council's realisation that they could not deliver these sorts of projects without increased capacity and specialist expertise. Going forward they should be able to manage these contracts more effectively.
- sought more information regarding the change in receipts from This Land. The Chief Finance Officer informed the Committee that This Land had experienced a mixture of construction and planning delays, which had resulted in them reassessing their financial model and rebuilding their delivery program. The Chairman suggested that a report outlining these issues should be brought to the next shareholder meeting. **Action required.**
- Informed the Committee that last year the outturn for the Council had been affected by the outturn for this Committee and queried whether this was going to happen again this year. The Chairman stated that last year the outturn for the Committee had been significant due to assumptions made as to how quickly they could transfer land to This Land. He accepted that the figures in the report did show an increasing underachievement of income but not as significantly as last year. The Chief Finance Officer commented that this was due to the financing program, and that whilst this did have an impact on revenue, it was not to the same magnitude as last year. The Council had set some challenging targets which they had not been able to meet, but had now been achieved.

It was resolved unanimously to:

- a) Review, note and comment upon the report
- b) Recommend to General Purposed Committee to approve additional budget of £52m, funded by Prudential Borrowing, for Commercial Investments
- c) Recommend to General Purposes Committee to approve additional Prudential Borrowing of £21m for Commercial Investments, to replace Capital Receipts funding.

**295. COMMITTEE AGENDA PLAN, TRAINING PLAN AND APPOINTMENTS TO OUTSIDE BODIES**

Members considered the Agenda Plan and the Training Plan.

The next Quarterly Monitoring Report, Mobilising Local Energy Investment had been put on the Agenda Plan for January 2020.

The Committee were informed that the next Committee meeting in December 2019 would be held at Alconbury Weald, Huntingdon.

Members were reminded that they had a provisional training slot on the 24<sup>th</sup> January 2020, and were invited to send any ideas for the content of this training to the Democratic Services Officer.

A Member requested that a further update report on Property Services be scheduled. The Chief Finance Officer stated that he would check with the Interim Head of Property to see if it was feasible to put this on the agenda for January 2020.

It was resolved to note the Agenda Plan and Training Plan

**Chairman**



# COMMERCIAL & INVESTMENT COMMITTEE

## Minutes-Action Log



**Agenda Item no. 3**

Cambridgeshire  
County Council

### Introduction:

This is the updated action log as at **6<sup>th</sup> December 2019** and captures the actions arising from the most recent Commercial & Investment Committee meeting and updates Members on the progress on compliance in delivering the necessary actions.

### Minutes of 14<sup>th</sup> December 2018

<b>183.</b>	<b>Disposal of ransom strip at St Ives</b>	John Macmillan/ Brian Howard/ Hazel Belchamber	The ownership of different parts of the site to be fully detailed in the revised report, and the planning application for the residential development be included in that report.  <b>Timeframe requested at Nov. 2019 meeting.</b>	The Education Capital team are carrying out feasibility work to extend school capacity at St Ives and are preparing a Justification of Need with regard to acquiring additional land at the St Ivo school which would include the Council's land. The initial education proposal was considered by the Capital Programme Board in July 2019 and will be reported to C&I and GPC in the spring of 2020. Valuation work commissioned by the Assets team will be completed by the end of January 2020.	Ongoing – Spring 2020
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### Minutes of 22<sup>nd</sup> March 2019

Item no.	Item	Action to be taken by	Action	Comments/Status	Estimated completion date/ Completed
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<b>211.</b>	<b>Milestone 3 Report for the Alconbury Weald Civic Hub: Cambs 2020 Programme</b>	Andy Preston/ Kim Davies	Project Risk Register would be shared as part of future reports.	This will be included in future C&I Committee papers as planned. Currently these are proposed for the end of MS4 (December 2019) and the end of MS6 (January 2021)	December 2019
<b>Minutes of 24th September 2019</b>					
<b>274 (2)</b>	<b>Resolutions for This Land AGM</b>	Cllr Schumann	Take legal advice on the representation on the This Land Board.	Legal advice to be circulated once received.	
<b>Minutes of 18<sup>th</sup> October 2019</b>					
<b>278.</b>	<b>Approval for Grid connection down payments for Energy Investment Projects</b>	Cherie Gregoire	Historic Environment report for North Angle Farm would be copied to Councillors Jones and Schumann.	The archaeology work has not yet begun. The scope of the works has been settled and the procurement has been done for the contractor. However the works and writing the report will not be ready until early 2020.	Early 2020
<b>Minutes of 22<sup>nd</sup> November 2019</b>					
<b>292.</b>	<b>Third Quarterly Monitoring Report, Mobilising Local Energy Investment</b>	Sheryl French	Working Group to be presented with more up to date information.	This has not yet been completed.	
<b>293.(1)</b>	<b>Update on Property Services</b>	Alex Gee	Interim Head of Property to bring a Service Improvement Plan to a future meeting.	Scheduled for June 2020.	June 2020.
<b>293.(1)</b>	<b>Update on Property Services</b>	Alex Gee	Interim Head of Property to check whether assets listed on 'mapping my public realm'.		



<b>294.</b>	<b>Finance Monitoring Report</b>	This Land	Receive a report regarding This Land's revised financial model and delivery programme at the next shareholder meeting.	A This Land meeting is taking place on 9 December to discuss the model and strategy.	Ongoing
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**COMMERCIAL & INVESTMENT COMMITTEE REVIEW OF DRAFT REVENUE AND CAPITAL BUSINESS PLANNING PROPOSALS FOR 2020/21 TO 2024/25**

**To:** Commercial & Investment Committee

**Meeting Date:** 16 December 2019

**From:** Director of Business Improvement and Development  
Chief Finance Officer

**Electoral division(s):** All

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

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

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

- a) Note the overview and context provided for the 2020/21 to 2024/25 Business Plan revenue proposals for the Service, updated since the last report to the Committee in October.
- b) Comment on the draft budget and savings proposals that are within the remit of the Commercial & Investment Committee for 2020/21 to 2024/25, and endorse them to the General Purposes Committee 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 & Investment Committee and endorse them to the General Purposes Committee as part of consideration for the Council's overall Business Plan.

<b><i>Officer contact:</i></b>	<b><i>Member contacts:</i></b>
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## **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 continuing resource pressures following a decade of sustained reductions in Government funding. To balance the budget whilst still delivering for communities we need to identify savings or additional income of £21.4m for 2020-21, and totaling £68.5m 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 2020/21 was £12.6m. 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
  - Incorporating revised forecasts of the grant funding which the Council expects to receive following the announcement of the 2019 Spending Round in September
- 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.
  - In collaboration with Cambridgeshire District Authorities and Peterborough City Council, we have submitted a joint bid for a business rates pooling arrangement which would allow the Council to share the benefit of a reduced levy on business rates growth in Cambridgeshire.
  - We are developing a growing portfolio of commercial investments which is expected to deliver a net benefit of £7.3m to the Council's budget by 2024/25 to support the delivery of frontline services.
  - We continue to work closely with care providers to manage the rising costs of care placements through outcomes based performance management, developing placement capacity to respond to the changing needs of

service users and exploring joint commissioning arrangements with Peterborough City Council.

- We are driving forward innovative cross-service approaches to delivering Adult Social Care through our Adults Positive Challenge Programme, helping us to address the challenge of growing demand for services.

- 2.4 Similar to councils nationally, cost pressures are being faced by adult social care services in Cambridgeshire. These are being faced most acutely within care for Older People, where the weekly costs of residential and nursing placements are increasing on average by around 10% per year. This is coupled with a national focus on reducing delayed transfers of care out of hospitals, resulting in higher numbers of placements as more people are discharged.

Care costs for working age adults are also increasing by more than expected. These are relatively static cohorts of people whose needs are increasing year on year, and there continues to be progress made in discharging people out of secure hospitals and into community placements as part of the Transforming Care agenda.

Good progress has been made with mitigating the increasing demand for services through the Adults Positive Challenge Programme, which is focusing on maximising the use of technology, Reablement and other preventative services to ensure people stay as independent as possible. We have also relied on government grant funding to offset care pressures similar to many councils, and have welcomed announcements that these will continue into 2020/21, but there remains uncertainty thereafter.

- 2.5 Within Children's services, although reducing, numbers of children in care remain higher than expected based on the performance of Cambridgeshire's statistical neighbours. This continues to place pressure on directly related budgets – those associated with placement costs, supervised contact and legal costs. Additionally, the foster placement capacity both in house and externally is very stretched by demand both locally and nationally. Over 18 unaccompanied asylum seeking children (UASC) also continues to be a pressure due to the increased number of children turning 18 and acquiring care leaver status and the ongoing disparity between the costs associated with supporting this group of young people and the level of grant received from the Home Office.
- 2.6 Within Education we have seen an 11% increase in pupils with Education, Health and Care Plans (EHCPs) between October 2018 and October 2019 and a continuing increase in pupils attending special schools and units over the same period. This continuing rise in numbers, and complexity of need, has increased pressures on the High Needs Block element of the Dedicated Schools Grant (DSG) and associated Special Educational Needs & Disability (SEND) budgets such as transport.

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.

- 2.7 The table below provides a summary of the various material (£100k or greater) changes since October in the overall business planning position for 2020/21. 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 £8.7m to £3.9m. 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	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000
<b>Remaining Unidentified Savings at October Committees</b>	<b>12,565</b>	<b>10,435</b>	<b>9,658</b>	<b>12,538</b>	<b>9,741</b>
Increased needs of working age adults with disabilities in previous years	600				
Increasing Home to School Transport - Special	210				
Children in Care - Secure Accommodation	190				
Coroner Service – increasing demand and complexity of cases	391	-37			
Impact of National Living Wage (NLW) on Contracts		920	920		
Guided Busway Defects – litigation delay	1,300	-1,300			
Winter Highway Maintenance – contractual pressure	463				
Repatriation of LGSS services, revised funding mechanism & loss of income, following agreement	400	750			
Updated estimate of nationally negotiated pay award (admin band)	250				
Updated calculation of pension contribution (vacant posts)		-480	-240	-240	-240
Miscellaneous pressures <£100k	-39				
<b>Subtotal revised pressures</b>	<b>16,330</b>	<b>10,288</b>	<b>10,338</b>	<b>12,298</b>	<b>9,501</b>
Investment in Social Care Capacity	2,600		-1,300		
Commercial Team		258			
<b>Subtotal new investments</b>	<b>18,930</b>	<b>10,546</b>	<b>9,038</b>	<b>12,298</b>	<b>9,501</b>
Home to School Transport savings as per GPC case	-600				
Review of commissioned domiciliary care	-300				
Learning Disabilities Commissioning	-250	-400			
Mental Health Commissioning	-144	-24	-24		
Improved Better Care Fund uplift	-170				
Income from utilisation of vacant block care provision by self-funders	-150				

Registration Service - Certificate Income (national price changes)	-140				
Review of commissioning approaches for accommodation based care		-175	-175		
Revised commissioning approach for interim bed provision		-150			
Adults Positive Challenge Programme		-100	-100	-100	
<b>Subtotal P&amp;C savings and income proposals</b>	<b>17,176</b>	<b>9,697</b>	<b>8,739</b>	<b>12,198</b>	<b>9,501</b>
Waste – demand management	-400				
Public Health – uplift in ring-fenced grant to fund Public Health directorate	-191				
Increase in ESPO (Purchasing Organisation) dividend	-250				
Soham Solar Farm	-118	-83	-29	-14	-13
Commercial income related to Commercial team	-105	-758	-500	-750	-750
Sharing with other Councils – updated to match pressure	110				
Cambis 2020: Spokes buildings net operating costs/savings	395	-605			
Revised income expectation from Energy projects		-401	1,418	-157	-249
Miscellaneous savings and income proposals <£100k	-135	196	-175	-96	
<b>Subtotal PH, P&amp;E, C&amp;I and CS savings and income proposals</b>	<b>16,482</b>	<b>8,046</b>	<b>9,453</b>	<b>11,181</b>	<b>8,489</b>
Social Care Grant Funding (Spending Round 2019)	-8,453				
Local taxation grants - updated assumptions	-1,050	-650			
Debt charges - cost of financing capital expenditure	-3,738	-1,555	-2,367	-330	1,804
Additional changes to funding forecasts and/or holding reserves at policy level	703	-851	1,277	-11	4
<b>Total Financing Adjustments</b>	<b>-12,538</b>	<b>-3,056</b>	<b>-1,090</b>	<b>-341</b>	<b>1,808</b>
<b>Revised Gap at December Committees</b>	<b>3,944</b>	<b>4,990</b>	<b>8,363</b>	<b>10,840</b>	<b>10,297</b>

2.8 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:

	2020-21 £'000	2021-22 £'000	2022-23 £'000	2022-24 £'000	2024-25 £'000
Total Saving Requirement	21,248	13,107	11,070	12,058	10,860
Identified Savings	-11,841	-3,991	-705	80	327
Identified additional Income Generation	-5,463	-4,126	-2,002	-1,298	-890
<b>Residual Savings to be identified</b>	<b>3,944</b>	<b>4,990</b>	<b>8,363</b>	<b>10,840</b>	<b>10,297</b>

2.9 The following funding options are available to the council to contribute towards closing the gap for 2020/21 and beyond:

Item	2020-21	2021-22	Recurring/ non-recurring	Confirmed/ unconfirmed
Further 2% Council tax increase	£5.8m	£0.4m	Recurring	Local Decision
Revenue investment of recurring MRP savings	£2.0m		Recurring but diminishing, at least £2m until 2025	Local Decision
<b>Subtotal - locally controlled/recurrent</b>	<b>£7.8m</b>	<b>£0.4m</b>		

In addition to the broad areas of focus set out in section 2.2, the following savings and income generation proposals are currently being developed to contribute towards closing the gap:

- **Horizons funding:** the Council may receive a small one-off revenue allocation from the Horizons Rolling Fund, subject to approval from the Horizons Board
- **Learning Disability Partnership (LDP):** General Purposes Committee will be asked to consider a transformation bid to fund a detailed case review of partner contributions to the LDP pooled budget. The work will ensure that LD clients eligible to receive free NHS healthcare consistently receive the support to which they are entitled.
- **Organisational and business support review:** an organisation-wide review of staffing and business support capacity is proposed to ensure that Council resources are deployed efficiently and effectively to support the delivery of frontline services

The revenue impacts of the above proposals will be included in the budget as work progresses to establish timeframes and expected income or savings.

### 3 ASSUMPTIONS AND RISKS

- 3.1 In the business planning tables the level of savings required is based on a 2% increase in Council Tax in 2020-21, through levying the Adult Social Care precept. The Council's Medium Term Financial Strategy assumes 2% increases in the Adult Social Care precept from 2021-22 onwards, however there has been no confirmation as yet that the precept will be available beyond 2020-21. For each 1% more or less that Council Tax is changed, the level of savings required will change by approximately +/-£2.9m.
- 3.2 There is currently a limit on the increase of Council Tax to 3.99%, above which approval must be sought from residents through a positive vote in a local referendum. The estimated cost of a referendum in May 2020 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 2020-21. This is particularly



relevant to demand led budgets such as children in care or adult social care provision.

- Public Sector pay inflation – the business plan assumes that staff pay will increase by 2% in 2020-21 and 2021-22 and by 1% thereafter. Pay awards across the public sector are widely in excess of 2% from 2020-21 and have followed an upward trajectory in recent years. It is therefore possible that the Council could face additional costs as a result of nationally negotiated pay settlements.
- The Government announced additional one-off funding allocations for Social Care in the 2018 Autumn Budget and more recently in the 2019 Spending Round. Due to the postponement of the Fair Funding Review, the funding outlook from 2021/22 remains unclear. The Council is assuming, in line with other Local Authorities, that the additional funding announced for Social Care will continue for the duration of the business plan period.
- From 2021/22, Local Authorities will retain 75% of locally generated income from 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 2021/22 onwards. The Council's future funding position will remain unclear until Government provides an indicative allocation of business rates in Spring 2021.

#### **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, 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 DRAFT REVENUE PROGRAMME**

- 5.1 This section provides an overview of the updated savings and income proposals within the remit of the Committee and those which have been added to the draft plan since the proposals were presented in October or where the business case has altered materially.

- 5.2 All of the proposals within the remit of the Committee are described in the business planning tables (Appendix 1) and business cases (Appendix 2). The October papers are available to view [here](#).
- 5.3 The Committee is asked to comment on these 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 2020 that proposals are finalised and become the Council's Business Plan.
- 5.4 The following table provides a summary of the various material (£100k or greater) changes to the C&I business plan proposals since October committee:

Proposal Description	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	Notes
Cambs 2020: Spokes buildings net operating costs/savings	395	-605				1
Commercial Team - operating costs		258				2
Commercial Team - additional income		-758	-500	-750	-750	2
Additional income from commercial property investments	-105					3
Increase in ESPO dividend	-250					4
Soham Solar Farm – income expectation	-118	-83	-29	-14	-13	5
Revised income expectation from Energy projects		-401	1,418	-157	-249	6
<b>Net changes to C&amp;I Budget Proposals</b>	<b>-78</b>	<b>-1,589</b>	<b>889</b>	<b>-921</b>	<b>-1,012</b>	

- 5.5 The following notes to the above should be considered:
1. The committee received a report in October which set out the operational costs and savings anticipated from the Cambs 2020 project. The amounts above are additional to the -£397k saving already included in the business plan relating to the surrender of the Babbage House lease in 2020-21.
  2. The committee endorsed a proposal to establish a new Commercial Team in October which was subsequently approved by GPC. The above proposals set out the operating costs of the new commercial team, to be funded from the C&I base budget from 2021-22, and the additional income which the team is expected to generate.
  3. This proposal reflects the increased return anticipated from existing and additional property investments in 2020-21.
  4. This proposal reflects the increased level of ESPO dividend that has been achieved in previous financial years.
  5. The Soham Solar Farm continues to exceed performance targets and this proposal recognises the additional income contribution.
  6. The business cases for the Energy Investment Projects at Babraham Park & Ride and Stanground Closed Landfill Site have been updated to reflect the preferred build options in light of current market conditions.

The following business cases can be found in Appendix 2:

- 5.4 **F/R.7.127 County Farms – commercial uses (-75k)**

5.5 **F/R.7.129 Pooled property fund investment (-420k)**

**6. TRANSFORMATION FUND INVESTMENTS**

- 6.1 A transformation programme of this scale requires additional investment and so services are identifying where transformation funding is needed to support delivery. GPC has responsibility for oversight and management of the Transformation Fund and will be asked to approve the necessary investments associated with the proposals at January committee.

**7. OVERVIEW OF COMMERCIAL AND INVESTMENT DRAFT CAPITAL PROGRAMME**

- 7.1 The capital programme is shown in full in Appendix 1 as part of the finance tables. Since the Capital programme was presented at Service Committee in October the following significant changes have been made:

**Commercial Investments** – additional £53m of budget in 2019-20 to be funded by prudential borrowing, as agreed by GPC in November 19, and £38m of additional budget in 2020-21 to be funded by Capital Receipts.

**Energy schemes** – Babraham Smart Energy Grid and Stanground Closed Landfill Energy Project updated to reflect revised business cases and rephased budget for Woodston Closed Landfill Energy Project

**Housing Schemes** – updated to reflect the revised profile of issuing loans for 2019-20 and 2020-21. The company is currently revising its business plan; as such this scheme will be updated further prior to January GPC.

**8. NEXT STEPS**

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

December	GPC will review the budget tables for all service areas for the first time  Local Government Financial Settlement Published, although there is a likelihood this could be delayed contingent on the outcome of the general election
January	GPC will review the whole draft Business Plan for recommendation to Full Council
February	Full Council will consider the draft Business Plan

**9. ALIGNMENT WITH CORPORATE PRIORITIES**

- 9.1 **A good quality of life for everyone**  
There are no significant implications for this priority.
- 9.2 **Thriving places for people to live**  
The impact of these proposals is summarised in the equality impact assessments, included within Appendix 1.
- 9.3 **The best start for Cambridgeshire's children**  
The impact of these proposals is summarised in the equality impact assessments, included within Appendix 1.

## **10. SIGNIFICANT IMPLICATIONS**

- 10.1 **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
- 10.2 **Procurement/Contractual/Council Contract Procedure Rules Implications**  
There are no significant implications within this category.
- 10.3 **Statutory, Legal and Risk implications**  
The proposals set out in this report respond to the statutory duty on the Local Authority to deliver a balanced budget.
- 10.4 **Equality and Diversity Implications**  
The Community Impact Assessments describe the impact of each proposal, in particular any disproportionate impact on vulnerable or minority groups.
- 10.5 **Engagement and Consultation Implications**  
Our Business Planning proposals are informed by the CCC public consultation on the Business Plan and will be discussed with a wide range of partners throughout the process (some of which has begun already). The feedback from consultation will continue to inform the refinement of proposals. Where this leads to significant amendments to the recommendations a report would be provided to the Commercial and Investment Committee.
- Draft Community Impact Assessments (CIAs) for the savings proposals are included within the business cases attached to this paper for consideration by the Committee, and where applicable these are developed based on consultation with service users and stakeholders.
- 10.6 **Localism and Local Member Involvement**  
As the proposals develop, we will have detailed conversations with Members about the impact of the proposals on their localities. We are working with members on materials which will help them have conversations with Parish Councils, local residents and other groups about where they can make an impact and support us to mitigate the impact of budget reductions.
- 10.7 **Public Health Implications**

We are working closely with Public Health colleagues as part of the operating model to ensure our emerging Business Planning proposals are aligned.

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Yes Eleanor Tod
<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?</b>	Yes Gus De Silva
<b>Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?</b>	Yes Monitoring Officer: Fiona McMillan, LGSS Law
<b>Are there any Equality and Diversity implications?</b>	Covered in Business Case impact assessments. Owen Garling
<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 Iain Green

<b>Source Documents</b>	<b>Location</b>
October 2019 Committee Business Planning Papers	<a href="https://cambridgeshire.cmis.uk.com/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1026/Committee/4/Default.aspx">https://cambridgeshire.cmis.uk.com/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1026/Committee/4/Default.aspx</a>

**Appendix 1a C&I Revenue Finance Tables 1 - 3**

**Appendix 1b C&I Capital Finance Tables 4 & 5 (CONFIDENTIAL)**

**Appendix 2 C&I Draft Business Cases**

**Appendix 3 C&I Proposed Fees & Charges**



## Section 3 - F: Commercial & Investments

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

Budget Period: 2020-21 to 2024-25

Net Revised Opening Budget 2019-20 £000	Policy Line	Gross Budget 2020-21 £000	Fees, Charges & Ring-fenced Grants 2020-21 £000	Net Budget 2020-21 £000	Net Budget 2021-22 £000	Net Budget 2022-23 £000	Net Budget 2023-24 £000	Net Budget 2024-25 £000
	<b>Commercial Activity</b>							
-4,700	Property Investments	3,960	-8,765	-4,805	-4,848	-4,890	-4,933	-4,976
-206	Shareholder Company Dividends	96	-552	-456	-456	-456	-552	-552
-5,850	Housing Investment (This Land Company)	2,196	-7,992	-5,796	-6,063	-6,063	-6,063	-6,063
-449	Contract Efficiencies & Other Income	-249	-200	-449	-949	-1,449	-2,199	-2,949
-	CCLA Managed Investment	-	-420	-420	-420	-420	-420	-420
-874	Renewable Energy Investments	805	-1,099	-294	-902	-439	-440	-609
<b>-12,079</b>	<b>Subtotal Commercial Activity</b>	<b>6,808</b>	<b>-19,028</b>	<b>-12,220</b>	<b>-13,638</b>	<b>-13,717</b>	<b>-14,607</b>	<b>-15,569</b>
	<b>Property Services</b>							
5,369	Facilities Management	7,733	-2,156	5,576	4,875	4,877	4,877	4,877
655	Property Services	665	-	665	665	665	665	665
205	Property Compliance	250	-44	206	206	206	206	206
<b>6,229</b>	<b>Subtotal Property Services</b>	<b>8,648</b>	<b>-2,201</b>	<b>6,447</b>	<b>5,746</b>	<b>5,748</b>	<b>5,748</b>	<b>5,748</b>
	<b>Strategic Assets</b>							
-4,114	County Farms	736	-4,918	-4,182	-4,432	-4,607	-4,607	-4,607
813	Strategic Assets	824	0	824	824	824	824	824
<b>-3,301</b>	<b>Subtotal Strategic Assets</b>	<b>1,560</b>	<b>-4,917</b>	<b>-3,358</b>	<b>-3,608</b>	<b>-3,783</b>	<b>-3,783</b>	<b>-3,783</b>
	<b>Traded Services</b>							
0	Traded Services - Central	0	-	0	0	0	0	0
-200	ICT Service (Education)	1,741	-1,941	-200	-200	-200	-200	-200
-71	Professional Development Centres	55	-126	-71	-71	-71	-71	-71
5	Cambridgeshire Music	1,778	-1,773	5	5	5	5	5
-77	Outdoor Education (includes Grafham Water)	1,892	-1,969	-77	-77	-77	-77	-77
<b>-343</b>	<b>Subtotal Traded Services</b>	<b>5,466</b>	<b>-5,809</b>	<b>-343</b>	<b>-343</b>	<b>-343</b>	<b>-343</b>	<b>-343</b>
	<b>Future Years</b>							
-	Inflation	-	-	-	140	274	411	550
-	Savings	-	-	-				
<b>-9,493</b>	<b>COMMERCIAL &amp; INVESTMENTS TOTAL</b>	<b>22,482</b>	<b>-31,955</b>	<b>-9,473</b>	<b>-11,702</b>	<b>-11,820</b>	<b>-12,573</b>	<b>-13,396</b>

## Section 3 - F: Commercial & Investments

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

Budget Period: 2020-21

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>							
Property Investments	-4,700	-	-	15	3,945	-4,065	-4,805
Shareholder Company Dividends	-206	-	-	-	-	-250	-456
Housing Investment (This Land Company)	-5,850	-	-	-	-517	571	-5,796
Contract Efficiencies & Other Income	-449	-	-	-	-	-	-449
CCLA Managed Investment	-	-	-	-	-	-420	-420
Renewable Energy Investments	-874	-	-	4	594	-18	-294
<b>Subtotal Commercial Activity</b>	<b>-12,079</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>4,022</b>	<b>-4,182</b>	<b>-12,220</b>
<b>Property Services</b>							
Facilities Management	5,369	202	-	446	-	-441	5,576
Property Services	655	9	-	-	-	-	665
Property Compliance	205	1	-	-	-	-	206
<b>Subtotal Property Services</b>	<b>6,229</b>	<b>213</b>	<b>-</b>	<b>446</b>	<b>-</b>	<b>-441</b>	<b>6,447</b>
<b>Strategic Assets</b>							
County Farms	-4,114	7	-	-	-	-75	-4,182
Strategic Assets	813	11	-	-	-	-	824
<b>Subtotal Strategic Assets</b>	<b>-3,301</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-75</b>	<b>-3,358</b>
<b>Traded Services</b>							
Traded Services - Central	0	-	-	-	-	-	0
ICT Service (Education)	-200	-	-	-	-	-	-200
Professional Development Centres	-71	-	-	-	-	-	-71
Cambridgeshire Music	5	-	-	-	-	-	5
Outdoor Education (includes Grafham Water)	-77	-	-	-	-	-	-77
<b>Subtotal Traded Services</b>	<b>-343</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-343</b>
<b>COMMERCIAL &amp; INVESTMENTS TOTAL</b>	<b>-9,493</b>	<b>231</b>	<b>-</b>	<b>465</b>	<b>4,022</b>	<b>-4,698</b>	<b>-9,473</b>



## Section 3 - F: Commercial and Investments

**Table 3: Revenue - Overview**  
Budget Period: 2020-21 to 2024-25

		Detailed Plans	Outline Plans					
Ref	Title	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	Description	Committee
<b>1</b>	<b>OPENING GROSS EXPENDITURE</b>	<b>17,735</b>	<b>22,482</b>	<b>23,738</b>	<b>25,631</b>	<b>26,185</b>		
F/R.1.001	Base adjustments	425	-	-	-	-	Adjustment for permanent changes to base budget from decisions made in 2019-20.	C&I
F/R.1.003	Commercial Team	-	258	-	-	-	Establishment of a dedicated commercial resource to deliver the Council's Commercial Strategy; the Commercial Team will be base funded from 2021-22.	C&I
<b>1.999</b>	<b>REVISED OPENING GROSS EXPENDITURE</b>	<b>18,160</b>	<b>22,740</b>	<b>23,738</b>	<b>25,631</b>	<b>26,185</b>		
<b>2</b>	<b>INFLATION</b>							
F/R.2.001	Inflation	240	149	143	146	148	Forecast pressure from inflation, based on detailed analysis incorporating national economic forecasts, specific contract inflation and other forecast inflationary pressures.	C&I
<b>2.999</b>	<b>Subtotal Inflation</b>	<b>240</b>	<b>149</b>	<b>143</b>	<b>146</b>	<b>148</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.4.001	East Barnwell Community Centre	-	100	-	-	-	Operating costs for the proposed new community centre in East Barnwell, Cambridge.	C&I
F/R.4.007	LGSS Law dividend expectation	-	-	-	-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.	C&I
F/R.4.008	Spokes buildings operating costs	395	-	-	-	-	The acquisition, development and change of use of spokes buildings will lead to an increase in the operating costs of those buildings. This will be offset by the savings from the Cmabs 2020 programme in 2021-22.	C&I
F/R.4.009	Milton Road Library	51	-	-	-	-	Rent payable for the new library at Milton Road, Cambridge.	C&I
F/R.4.010	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.	C&I
F/R.4.011	Babraham Smart Energy Grid - operating costs	-	-	45	2	3	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.	C&I
F/R.4.012	Trumpington Smart Energy Grid - operating costs	-	-	-	63	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.	C&I
F/R.4.013	Stanground Closed Landfill Site - operating costs	-	120	3	3	3	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.	C&I
F/R.4.014	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.	C&I

## Section 3 - F: Commercial and Investments

**Table 3: Revenue - Overview**  
Budget Period: 2020-21 to 2024-25

August 19, 2024 11:13:20

		Detailed Plans	Outline Plans					
Ref	Title	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	Description	Committee
F/R.4.015	North Angle Solar Farm, Soham - operating costs	-	371	135	14	14	The Council is installing a solar park facility at North Angle Farm, Soham, capital project reference F/C.2.123. These are the expected operating costs.	C&I
F/R.4.016	Commercial Investments - operating costs	15	-	-	-	-	The Council is developing a portfolio of commercial property investments, capital project reference F/C.1.117. These are the expected operating costs.	C&I
F/R.4.903	Renewable Energy - Soham	4	5	40	6	6	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.	C&I
4.999	Subtotal Pressures	465	635	272	-6	31		
5	INVESTMENTS							
F/R.5.001	Invest to Save Housing Schemes - Interest Costs	-517	-79	-	-	-	- Revenue costs associated with the development of the Cambridge Housing and Investment Company in order to generate long-term income streams.	C&I
F/R.5.002	St Ives Smart Energy Grid - Interest 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.	C&I
F/R.5.003	Babraham Smart Energy Grid - Interest Costs	-	-	379	-5	-5	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.	C&I
F/R.5.004	Trumpington Smart Energy Grid - Interest Costs	-	-	-	507	-9	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.	C&I
F/R.5.005	Stanground Closed Landfill Site - Interest Costs	-	521	-8	-8	-8	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.	C&I
F/R.5.006	Woodston Closed Landfill Site - Interest Costs	-	-	162	-2	-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.	C&I
F/R.5.007	North Angle Solar Farm, Soham - Interest Costs	-	587	906	-24	-23	The Council is installing a solar park facility at North Angle 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.	C&I
F/R.5.008	Renewable Energy Soham - Interest Costs	594	-9	-10	-9	-10	The Council has invested in building a solar park at Triangle Farm, Soham. These are the borrowing costs associated with the scheme to be repaid using income from the sale of energy.	C&I
F/R.5.009	Commercial Investments - Interest Costs	3,945	-43	-42	-43	-43	The Council is developing a portfolio of commercial property investments. These are the associated borrowing costs to be repaid using rental income generated from the leases of these properties.	C&I
5.999	Subtotal Investments	4,022	1,015	1,476	414	-103		

## Section 3 - F: Commercial and Investments

**Table 3: Revenue - Overview**  
Budget Period: 2020-21 to 2024-25

		Detailed Plans		Outline Plans			Description	Committee
Ref	Title	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000		
<b>6</b>	<b>SAVINGS C&amp;I</b>							
F/R.6.003	Babbage House closure	-397	-198	-	-	-	- The lease on Babbage House is due to end in 2020-21, and will not be renewed.	C&I
F/R.6.108	Energy Efficiency Fund - Repayment of Financing Costs	-8	2	2	-	-	- Savings to be generated from Energy Efficiency Fund capital investment. Element to repay financing costs. Links to capital proposal B/C.5.029	C&I
F/R.6.109	Cambs 2020 Operational Savings	-	-605	-	-	-	- Savings to the running costs of corporate buildings as a result of the Cambs 2020 programme.	C&I
<b>6.999</b>	<b>Subtotal Savings</b>	<b>-405</b>	<b>-801</b>	<b>2</b>	<b>-</b>	<b>-</b>		
	<b>TOTAL GROSS EXPENDITURE</b>	<b>22,482</b>	<b>23,738</b>	<b>25,631</b>	<b>26,185</b>	<b>26,261</b>		
<b>7</b>	<b>FEES, CHARGES &amp; RING-FENCED GRANTS</b>							
F/R.7.001	Previous year's fees, charges & ring-fenced grants	-27,237	-31,955	-35,440	-37,451	-38,758	Previous year's fees and charges for the provision of services and ring-fenced grant funded rolled forward.	C&I
F/R.7.002	Increase in fees, charges & ring-fenced grants	-416	-	-	-	-	- Adjustment for changes to fees, charges & ring-fenced grants reflecting decisions made in 2019-20.	C&I
F/R.7.003	Fees and charges inflation	-9	-9	-9	-9	-9	- Uplift in external charges to reflect inflation pressures on the cost of services.	C&I
F/R.7.103	<b>Changes to fees &amp; charges</b> County Farms Investment (Viability) - Surplus to Repayment of Financing Costs	-4	-	-	-	-	- Increase in County Farms rental income resulting from capital investment. Element surplus to repaying financing costs.	C&I
F/R.7.104	County Farms Investment (Viability) - Repayment of Financing Costs	4	-	-	-	-	- Increase in County Farms rental income resulting from capital investment. Links to capital proposal F/C.2.101.	C&I
F/R.7.105	Renewable Energy Soham - Income Generation	-18	-13	-13	-14	-13	- Income generation resulting from capital investment in solar farm at Soham. Links to capital proposal C/C.2.102 in BP 2016-17.	C&I
F/R.7.106	Utilisation/commercialisation of physical assets	-36	-	-	-	-	- One Public Estate Asset plan Maximise the income generated from parking Venue request tool	C&I
F/R.7.110	Return on Commercial Property Investments	-4,065	-	-	-	-	- The Council is developing a portfolio of commercial property investments. This is the rental income generated from the leases of these properties.	C&I
F/R.7.113	Invest to Save Housing Schemes - Income Generation	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.	C&I
F/R.7.114	St Ives Smart Energy Grid - Income Generation	-	-117	-5	-6	-6	- 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 to be generated from the sale of energy.	C&I

## Section 3 - F: Commercial and Investments

**Table 3: Revenue - Overview**  
Budget Period: 2020-21 to 2024-25

		Detailed Plans		Outline Plans				
Ref	Title	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	Description	Committee
F/R.7.116	Babraham Smart Energy Grid - Income Generation	-	-	-304	-16	-18	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 to be generated from the sale of energy.	C&I
F/R.7.118	Trumpington Smart Energy Grid - Income Generation	-	-	-	-463	-15	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 to be generated from the sale of energy.	C&I
F/R.7.120	Stanground Closed Landfill Site - Income Generation	-	-510	-23	-24	-25	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 to be generated from the sale of energy and provision of grid services.	C&I
F/R.7.122	Woodston Closed Landfill Site - Income Generation	-	-	-380	50	12	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 to be generated from the sale of energy and provision of grid services.	C&I
F/R.7.125	North Angle Solar Farm, Soham - Income Generation	-	-1,640	-602	-75	-75	The Council is installing a solar park facility at North Angle Farm, Soham, capital project reference F/C.2.123. This is the expected income to be generated from the sale of energy.	C&I
F/R.7.127	County Farms - Commercial uses	-75	-250	-175	-	-	Conversion of barns on the County Farms Estate for non-agricultural commercial uses, including storage and distribution.	C&I
F/R.7.129	Pooled Property Fund Investment (CCLA)	-420	-	-	-	-	In accordance with the Council's treasury management strategy, the Commercial & Investment Committee has supported a pooled property fund investment. The Local Authorities' Pooled Property Fund, managed by CCLA, has over £1.1bn invested spread across property classes throughout the UK. The Council has funds available to invest with a long-term horizon and the expected net returns are shown on this line.	C&I
F/R.7.130	Increase in ESPO dividend	-250	-	-	-	-	Increase in ESPO dividend	C&I
F/R.7.131	Commercial Income	-	-758	-500	-750	-750	Commercial return from the Council's Commercial Strategy, to be generated by the newly developed Commercial Team.	C&I
7.999	<b>Subtotal Fees, Charges &amp; Ring-fenced Grants</b>	<b>-31,955</b>	<b>-35,440</b>	<b>-37,451</b>	<b>-38,758</b>	<b>-39,657</b>		
	<b>TOTAL NET EXPENDITURE</b>	<b>-9,473</b>	<b>-11,702</b>	<b>-11,820</b>	<b>-12,573</b>	<b>-13,396</b>		
<b>FUNDING SOURCES</b>								
8	<b>FUNDING OF GROSS EXPENDITURE</b>							
F/R.8.001	Budget Surplus	9,473	11,702	11,820	12,573	13,396	Net surplus from Commercial and Investment activities contributed to funding other Services.	C&I
F/R.8.003	Fees & Charges	-31,173	-34,658	-36,669	-37,976	-38,875	Fees and charges for the provision of services.	C&I
F/R.8.004	Arts Council Funding	-782	-782	-782	-782	-782	Ring-fenced grant from the Arts Council to part-fund Cambridgeshire Music	C&I
8.999	<b>TOTAL FUNDING OF GROSS EXPENDITURE</b>	<b>-22,482</b>	<b>-23,738</b>	<b>-25,631</b>	<b>-26,185</b>	<b>-26,261</b>		

# Business Case

## F/R.7.129 - Pooled property fund investment (CCLA)

### Project Overview

Project Title	F/R.7.129 - Pooled property fund investment (CCLA)		
Project Code	TR001528	Business Planning Reference	F/R.7.129
Business Planning Brief Description	Investment in the CCLA Local Authorities Property Fund to generate a revenue return.		
Senior Responsible Officer	Tom Kelly, Head of Finance		

### Project Approach

#### Background

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

The Council has ambitious targets for income from its commercial investments. Critical to the success of our investment portfolio will be to create a diversified investment portfolio that aligns to the inward economic objectives.

In February 2019, Commercial & Investments Committee agreed for an investment of up to £16.5million into the CCLA Property Fund. Investment in this pooled property fund offered important diversity in investment, a proven track record of yield and return to other local government bodies, as well as accounting advantages.

The Council invested £11million in this fund and is forecasting a net return of £330k/year based on a conservative estimate of previous returns. This is however only an estimate of future growth based on evidence from the past so should be treated with caution. Future growth will depend on how property markets and the fund assets perform.

The Treasury Management Strategy states that we are able to invest up to £20m in this fund. As such, consideration is being given to investing up to a further £3m of capital into this fund as part of a diversified and strategic portfolio, with a potential further return of £90k.

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

The initial £11million investment has already been made into the fund but the timescales meant that it was not aligned to the business planning process and therefore the original £330k return was not included within the 2019-20 plan. This business case is therefore allocating the full £420k into the business plan from 2020/21 onwards.

#### Approach

##### Aims / Objectives

It is anticipated this fund will yield a return of £420k/year.

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

Investment of £11million has been made in the CCLA pooled property investment fund, with the potential for a further £3million of investment.

<b>What assumptions have you made?</b>
The £420k/year return is estimated based on returns that have been realised in previous years.
<b>What constraints does the project face?</b>
None

<b>Delivery Options</b>
<b>Has an options and feasibility study been undertaken?</b>
This investment contributes to our commercial ambitions and investment in the CCLA Fund is considered important diversification of our investment portfolio.

<b>Scope / Interdependencies</b>
<b>Scope</b>
<b>What is within scope?</b>
Medium to long term investment. It is anticipated that this investment should be retained for at least 3-5 years.
<b>What is outside of scope?</b>
Short term investment

<b>Project Dependencies</b>
<b>Title</b>

<b>Cost and Savings</b>
The Council invested £11million in this fund, with potential for a further £3million of investment and is forecasting a net return of £420k/year based on a conservative estimate of previous returns.
See accompanying financial information in Table 3

<b>Non Financial Benefits</b>
<b>Non Financial Benefits Summary</b>
None
<b>Title</b>
Return on investment

<b>Risks</b>
<b>Title</b>
Whilst the fund has historically yielded favourable returns, these returns cannot be guaranteed and, whilst the risks of this fund are low, they are subject to variations in the property market.

<b>Project Impact</b>
<b>Equality Impact Assessment</b>
<b>Who will be affected by this proposal?</b>
No direct impact on residents/ service user groups

<b>What positive impacts are anticipated from this proposal?</b>
Return on investment
<b>What negative impacts are anticipated from this proposal?</b>
Opportunity cost of not using this funding for other investments
<b>Are there other impacts which are more neutral?</b>
None

<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>
No direct impact on residents/ service user groups

# Business Case

## F/R.7.127 County Farms - Commercial uses

### Project Overview

Project Title	F/R.7.127 County Farms - Commercial uses		
Project Code	TR001551	Business Planning Reference	
Business Planning Brief Description	To assess the potential viability for increasing the revenue and capital returns from our County Farms Estate (CFE). This will include, but not limited to: Viability of converting buildings to non-agricultural uses to create additional revenue from the CFE. Develop a strategy for maximizing the release of capital receipts.		
Senior Responsible Officer	Hugo Mallaby		

### Project Approach

#### Background

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

The Council has an ambitious commercial strategy. Understanding our commercial opportunities from the CFE is fundamental to creating and informing our future strategy for revenue generation and to create a balanced revenue producing portfolio where viable. This work will also be important in providing increased resilience to tenants (where development ties in with diversification ideas) that will protect the overall income from the estate.

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

We would be unable to fully realise the capital and/or opportunity of the CFE. The CFE's total revenue may come under greater pressure, given the current uncertainties in the agricultural sector.

#### Approach

##### Aims / Objectives

To understand better where the potential opportunities lie on the estate to increase diversified revenue streams – either by working with tenants to create suitable on-farm diversifications or, where appropriate, to let directly to the market.

The approach will be determined by each site's potential, the desire for on-farm diversification by tenants and the Council's requirements for income generation, based on a managed risk approach.

To assess the viability of a new distribution hub on CFE land adjoining the A14 near Swavesey.

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

We have instructed external consultants to complete a desktop analysis of all farm buildings and to present a list of those sites most suitable for development. This list will then be used to inform our strategic direction for optimising revenue generation across the organisation and our assets.

The Distribution Hub is at the inception stage at present. A full business case will be presented as the project develops.

##### What assumptions have you made?

The sites must be potentially viable from a planning and finance perspective.



#### What constraints does the project face?

Potential planning issues – particularly re highways in some parts of the County and for the distribution hub particularly as the site adjoins the A14.

#### Delivery Options

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

The first stage of this has been instructed through external consultants.

#### Scope / Interdependencies

##### Scope

##### What is within scope?

All farm buildings on the CFE currently used for agriculture.  
CFE land at Swavesey adjoining the A14

##### What is outside of scope?

Existing buildings currently used for commercial non-agricultural uses and CFE farmhouses.

#### Project Dependencies

##### Title

#### Cost and Savings

As a result of this proposal, it is anticipated that additional income of £500k over three years (£75k in 2020-21) will be generated.

See accompanying financial information in Table 3

#### Non Financial Benefits

##### Non Financial Benefits Summary

The non-financial benefits of a proposal will be specific to the proposal itself. Typically, such proposals could reduce length of commute, provide alternative sites for businesses outside Cambridge (so helping to reduce traffic in Cambridge) and facilitate growth of SMEs and start-up businesses throughout the County.

##### Title

#### Risks

##### Title

#### Project Impact

##### Equality Impact Assessment

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

The level of impact on communities will vary on a site by site basis and will be addressed within the individual proposals being considered.

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

Local businesses may see more trade from converted sites; potentially staff/occupiers could move to the area and help rural schools and businesses survive/thrive; potential for greater age diversity in rural areas.

Potential additional employment opportunities
<b>What negative impacts are anticipated from this proposal?</b> Any decision to increase revenue generation or release capital receipts will be presented to Commercial and Investment Committee accompanied by a full business case analysis outlining any potential impacts specific to the proposal.
<b>Are there other impacts which are more neutral?</b> All proposals will be presented to Commercial and Investment Committee. The impact of these proposals will vary and will be considered within its evaluations.
<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> Not known at this stage.





## C&I: Schedule of Fees & Charges

Directorate	Policy Line	Service	Description of charge	Stat / non stat	2019-20 Current charge (£)	2020-21 proposed Charge(£) (Inflation rate 3%)	Full/Partial cost recovery?	Additional information
Learning	School Organisation and Planning	Cambridgeshire Music Tuition						
Learning	School Organisation and Planning	Cambridgeshire Music	Area Music Centres	Non-Statutory	£45 per term per student	Under review / tbc January 2020		Prices per academic year - new charges start September 2020
Learning	School Organisation and Planning	Cambridgeshire Music	Arts therapies	Non-Statutory	£51 per session per client	Under review / tbc January 2020		New prices start from 1 April
Learning	School Organisation and Planning	Cambridgeshire Music	Connect	Non-Statutory	£21 per one hour live video lesson (pro rata for shorter lessons)	Under review / tbc January 2020		New prices start from 1 April
Learning	School Organisation and Planning	Cambridgeshire Music	County Playing Day	Non-Statutory	£25 per weekend course per student	Under review / tbc January 2020		New prices start from 1 April
Learning	School Organisation and Planning	Cambridgeshire Music	County Youth Orchestra; County Youth Jazz Orchestra and County Youth Wind Orchestra	Non-Statutory	£70 per term per student	Under review / tbc January 2020		Prices per academic year - new charges start September
Learning	School Organisation and Planning	Cambridgeshire Music	CPD Conference	Non-Statutory	£30 per ticket	Under review / tbc January 2020		New prices start from 1 April
Learning	School Organisation and Planning	Cambridgeshire Music	Curriculum Music Lessons	Non-Statutory	£45 per one hour session per school	Under review / tbc January 2020		New prices start from 1 April
Learning	School Organisation and Planning	Cambridgeshire Music	Dust It Off Adult Orchestra	Non-Statutory	£115 per term per student	Under review / tbc January 2020		New prices start from 1 April
Learning	School Organisation and Planning	Cambridgeshire Music	Ensembles coaching	Non-Statutory	£40 per one hour session per school	Under review / tbc January 2020		New prices start from 1 April
Learning	School Organisation and Planning	Cambridgeshire Music	Hybrid Orchestra	Non-Statutory	£140 per academic year per student	Under review / tbc January 2020		New prices start from 1 April
Learning	School Organisation and Planning	Cambridgeshire Music	Instrumental and Vocal Studies	Non-Statutory	£37.50 per one hour lesson (pro rata for shorter lessons)	Under review / tbc January 2020		New prices start from 1 April
Learning	School Organisation and Planning	Cambridgeshire Music	Instrumental Loan	Non-Statutory	£36 per instrument per term	Under review / tbc January 2020		New prices start from 1 April
Learning	School Organisation and Planning	Cambridgeshire Music	Music Library	Non-Statutory	£10 per hire of set of music	Under review / tbc January 2020		New prices start from 1 April
Learning	School Organisation and Planning	Cambridgeshire Music	Music Live	Non-Statutory	£100 per live concert	Under review / tbc January 2020		New prices start from 1 April
Learning	School Organisation and Planning	Cambridgeshire Music	Octave and the orchestra for early years	Non-Statutory	£50 per one hour session	Under review / tbc January 2020		New prices start from 1 April

## C&I: Schedule of Fees & Charges

Directorate	Policy Line	Service	Description of charge	Stat / non stat	2019-20 Current charge (£)	2020-21 proposed Charge(£) (Inflation rate 3%)	Full/Partial cost recovery?	Additional information
Learning	School Organisation and Planning	Cambridgeshire Music	Room Hire - Studios 2-6	Non-Statutory	£15 per hour - Annexe; £10 per hour - Studio 1; £5 per hour - Studios	Under review / tbc January 2020		New prices start from 1 April
Learning	School Organisation and Planning	Cambridgeshire Music	School of Rock and Pop	Non-Statutory	£35 per student per term	Under review / tbc January 2020		Prices per academic year - new charges start September
Learning	School Organisation and Planning	Cambridgeshire Music	Sing Chat & Rhyme	Non-Statutory	£5 per one hour session per family	Under review / tbc January 2020		New prices start from 1 April
Learning	School Organisation and Planning	Cambridgeshire Music	SingFest	Non-Statutory	£675 per year per school	Under review / tbc January 2020		New prices start from 1 April
Learning	School Organisation and Planning	Cambridgeshire Music	Transitions	Non-Statutory	£39 per one hour session per client	Under review / tbc January 2020		New prices start from 1 April
Learning	Networking and Partnerships	<b>The ICT Service</b>						
Learning	Networking and Partnerships	The ICT Service	School ICT Consultancy and Training support	Non-Statutory	£515 £335 £240 £45 £60 £110 £190 £65 £50	£530 £345 £247 £35 £50 £95 £175 £67 £52/£67		Full Day Consultancy Half Day Consultancy Minimum 2 hours Consultancy 1 1/4 Hours Training Session 1 1/4 - 2 Hours Training Session 2 - 4 Hours Training Session 4+ Hours Training Session Remote MIS Support / Tutor Offsite/Onsite Labour for MIS Support
Learning	Networking and Partnerships	The ICT Service	ICT equipment installation support	Non-Statutory	£120 (per device) £89 £25 £65 £235 £415	£120 £89 £25 £67 £248 £442		Installations: Gold Installations: Silver Installations: Bronze 1st/2nd Line Remote Support per hour 1st/2nd Line Onsite Half Day 1st/2nd Line Onsite Full Day

**Agenda Item No: 5**

**PERFORMANCE REPORT – JULY TO SEPTEMBER 2019**

**To:** Commercial and Investments Committee

**Meeting Date:** 16<sup>th</sup> December 2019

**From:** Daniel Sage – Commercial Transformation Manager

**Electoral division(s):** All

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

**Purpose:** To provide Commercial and Investments Committee with the Key Performance Indicators associated with the delivery of the Commercial Strategy 2019-2021

**Recommendation:** To note and comment on performance information and take remedial action as necessary.

<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
Name:	Amanda Askham	Names:	Cllr Joshua Schumann
Post:	Director Business Improvement	Post:	Chair
Email:	<a href="mailto:Amanda.Askham@Cambridgeshire.gov.uk">Amanda.Askham@Cambridgeshire.gov.uk</a>	Email:	<a href="mailto:Joshua.Schumann@Cambridgeshire.gov.uk">Joshua.Schumann@Cambridgeshire.gov.uk</a>
Tel:	01223 703565	Tel:	01223 706398

## **1. COMMERCIAL STRATEGY 2019-2021**

- 1.1. This paper provides the Key Performance Indicators (KPIs) for July to September 2019, which are linked to the activity and ambitions outlined with the Commercial Strategy.
- 1.2. The dashboard (**Appendix 1**) being used to report these KPIs has been agreed by GPC and is the template being used by all Committees across the organisation.
- 1.3. As many of the indicators included within this report have not been measured before, unless there are clearly linked targets outlined in other strategies or plans, targets have not been set. In these instances, an initial baseline will need to be formed, which can then lead to a target being established which is challenging, relevant and rational.
- 1.4. These indicators have been selected to ensure that a robust performance system is in place for assessing performance against the Commercial Strategy. The KPIs should be frequently tested against this objective and can be adjusted as necessary, with approval from the Committee, to ensure it is being achieved.
- 1.5. The following RAG statuses are being used:
  - Red – current performance is 10% or more from target
  - Amber – current performance is off target by less than 10%
  - Green – current performance is on target or better by up to 4%
  - Very Green – current performance is better than target by 5% or more
- 1.6. Red and Very Green indicators will be reported to General Purposes Committee in a summary report.
- 1.7. The KPIs will be reported quarterly, although not all the indicators will be updated each reporting period, as more time is needed for any meaningful change to be evident.
- 1.8. Information about all performance indicators monitored by the Council Committees will be published on the internet at <https://www.cambridgeshire.gov.uk/council/finance-and-budget/finance-&-performance-reports/> following the General Purposes Committee meeting in each quarterly cycle.

## **2. ALIGNMENT WITH CORPORATE PRIORITIES**

- 2.1. The KPIs have been developed to inform the performance of activity against the objectives of the Commercial Strategy, which includes creating commercial returns to support the delivery of crucial frontline services, which drives positive impacts on all three Corporate Priorities.
  - A good quality of life for everyone
  - Thriving places for people to live
  - The best start for Cambridgeshire's children

## **3. SIGNIFICANT IMPLICATIONS**



### **3.1 Resource Implications**

The data that informs the KPIs being proposed are provided by Officers from finance, procurement, property and transformation. The report is generated by Business Intelligence. It is not anticipated that there will be any significant resource implications with providing these KPIs.

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

There are no significant implications within this category.

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

There are no significant implications within this category.

### **3.4 Equality and Diversity Implications**

There are no significant implications within this category.

### **3.5 Engagement and Communications Implications**

There are no significant implications within this category.

### **3.6 Localism and Local Member Involvement**

Members of the C&I Committee will be involved in reviewing the KPIs, setting targets and agreeing reporting frequency.

It is not envisaged that reporting the KPIs will have any direct impact in a particular locality. However, the delivery of the strategy may have a direct impact, and where this is reflected and noted within the KPIs, Local Members will be notified.

### **3.7 Public Health Implications**

There are no significant implications within this category.

*The KPIS has been agreed by the Joint Management Team as part of the Commercial Strategy.*

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	N/A
<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 LGSS Law?</b>	N/A
<b>Have the equality and diversity implications been cleared?</b>	N/A
<b>Have any engagement and communication implications been cleared by Communications?</b>	N/A
<b>Have any localism and Local Member involvement issues been cleared?</b>	N/A
<b>Have any Public Health implications been cleared by Public Health?</b>	N/A

<b>Source Documents</b>	<b>Location</b>

Produced on:

04 December 2019



# Corporate Performance Report

## Quarter 2

### 2018/19 financial year

Commercial and Investment Committee

Business Intelligence  
Cambridgeshire County Council  
[business.intelligence@cambridgeshire.gov.uk](mailto:business.intelligence@cambridgeshire.gov.uk)

Data Item	Explanation
<b>Target / Pro Rata Target</b>	The target that has been set for the indicator, relevant for the reporting period
<b>Current Month / Current Period</b>	The latest performance figure relevant to the reporting period
<b>Previous Month / previous period</b>	The previously reported performance figure
<b>Direction for Improvement</b>	Indicates whether 'good' performance is a higher or a lower figure
<b>Change in Performance</b>	Indicates whether performance is 'improving' or 'declining' by comparing the latest performance figure with that of the previous reporting period
<b>Statistical Neighbours Mean</b>	Provided as a point of comparison, based on the most recently available data from identified statistical neighbours.
<b>England Mean</b>	Provided as a point of comparison, based on the most recent nationally available data
<b>RAG Rating</b>	<ul style="list-style-type: none"> <li>• <b>Red</b> – current performance is off target by more than 10%</li> <li>• <b>Amber</b> – current performance is off target by 10% or less</li> <li>• <b>Green</b> – current performance is on target or up to 4% over target</li> <li>• <b>Blue</b> – current performance is over target by 5% or more</li> <li>• <b>Baseline</b> – indicates performance is currently being tracked in order to inform the target setting process</li> <li>• <b>Contextual</b> – these measures track key activity being undertaken, but where a target has not been deemed pertinent by the relevant service lead</li> </ul>
<b>Indicator Description</b>	Provides an overview of how a measure is calculated. Where possible, this is based on a nationally agreed definition to assist benchmarking with statistically comparable authorities
<b>Commentary</b>	Provides a narrative to explain the changes in performance within the reporting period
<b>Useful Links</b>	Provides links to relevant documentation, such as nationally available data and definitions

## Indicator 164: Annual forecast of the amount of commercial property income as a percentage of initial investment

Return to Index

December 2019

Target	Current Forecast (exc.)	Current Forecast (inc. borrowing)	Direction for Improvement	Change in Performance
6.0%	5.1%	3.9%	↑	Improving
Previous Quarter (exc. borrowing)	Previous Quarter (inc. borrowing)	RAG Rating (exc. borrowing)		
5.4%	3.7%	R		

## Indicator Description

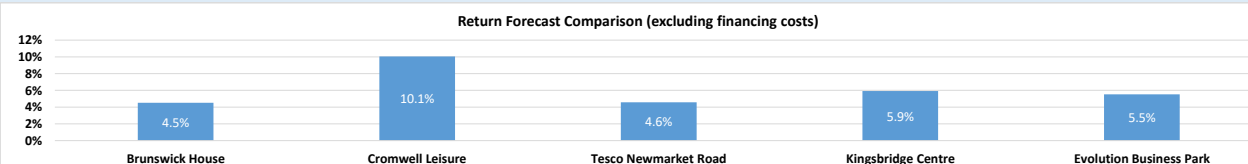
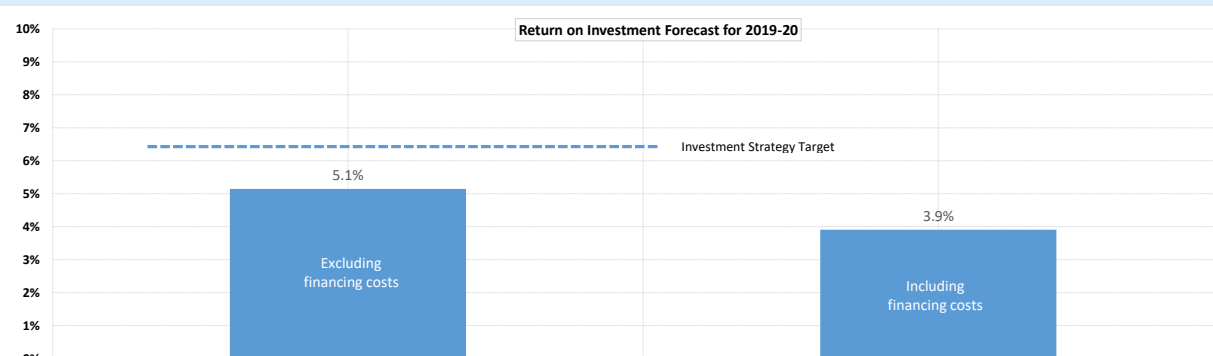
This indicator projects our expected net income from all commercial property income against the 6% target set within the non-financial Investment Strategy.

It is important to note that not all investments will achieve 6% from the outset, however over the medium to longer term it is expected that the portfolio will meet the target. Any specific variances will be explained within the commentary.

This indicator should be used to judge the performance of our investment portfolio/commercial property income as a whole. It should not be used to predict any variances of actual income against budget - this is detailed within the Finance Report.

The return figure includes investment that has already been made, as well as investment that is expected to be made, up to the end of March 2020.

## Useful Links



## Commentary

The return on investment forecast for 2019-20 is 5.14% (excluding financing costs). This is based on the forecast return for the year had the properties been held by the Council for the entire year. CCC have only just entered this market and it is critical that consideration is not only given to yield, but also to building a balanced portfolio and the spreading of risk. The intention is that the 6% target will be achieved in the long-term from a balanced portfolio. Returns can vary across properties, depending on the level of income being achieved and the risk profile of the investment.

The forecast percentage return has decreased since Q1 due to an expectation of underachievement of income on Brunswick House as a result of occupancy being below target for the current academic year. There is a brand new competing property in the vicinity of Brunswick House, however, the Council is confident the offer and location of Brunswick House overall will remain very appealing to students for the years ahead, and active/varied marketing activity is continuing via the operator of the accommodation.

## Indicator 165: Annual forecast of the net amount of income from our energy investments as a percentage of initial investment

[Return to Index](#)

December 2019

Target	Current Forecast	Previous Quarter	Direction for Improvement	Change in Performance
TBC	2.8%	N/A	↑	

RAG Rating  
(inc. borrowing)

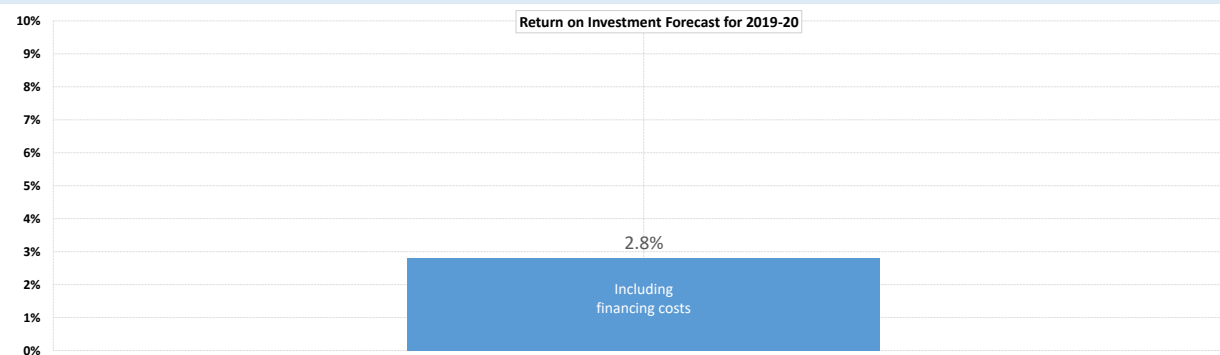
## Indicator Description

This indicator projects our expected net income from our energy investments. At present, there is no target for the net percentage return on our energy investments, however discussions are taking place to understand how this can be calculated.

This indicator contains income from Triangle Solar Farm as this project is yielding an income. The remaining projects are in the pipeline and are being investigated.

The indicator should be used to judge the performance of our energy investment portfolio as a percentage of income. It should not be used to predict any variances of actual income against budget - this is detailed within the Finance Report.

## Useful Links



## Commentary

For 2018-19, the expected returns for Triangle Solar Farm show electricity generation of 12,226 MWh with an associated income of £1,061,081. Based on generation, the solar farm performed better than expected, by a margin of 1.4%.

## Indicator 167: Percentage return on loan from 'This Land'

[Return to Index](#)

December 2019

Target	Current Forecast	Previous Quarter	Direction for Improvement	Change in Performance
N/A	4.7%	5.5%	↑	Declining

RAG Rating

Contextual

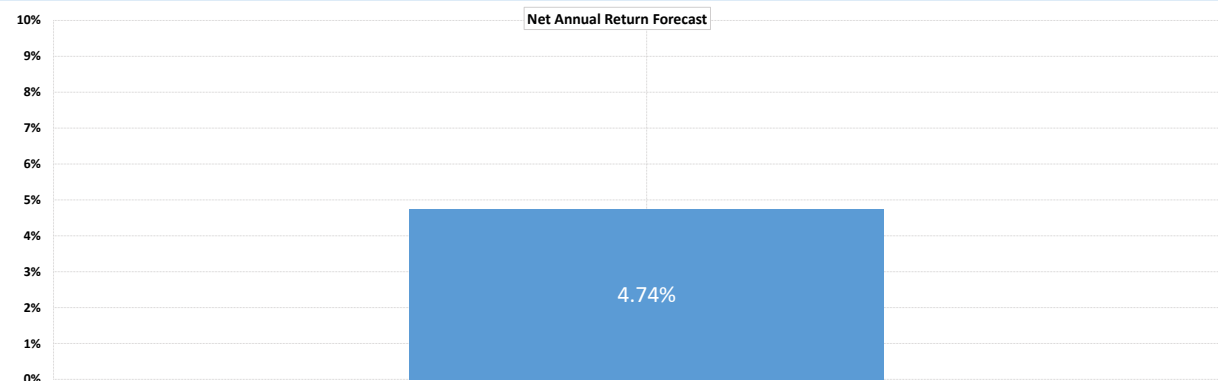
**Indicator Description**

'This Land' is the property company owned by Cambridgeshire County Council. Through this arrangement, CCC loans money to This Land which is borrowed at a rate set by CCC, based on risk exposure and the expected return to be achieved from the investment.

It should be recognised that the other loans (mostly for construction) are considered to be a higher risk than property loans, as they are not asset-backed. As such, our other loans to This Land often yield a higher rate of return compared with property loans.

This indicator does not include any other loans provided to organisations other than This Land. These other loans are detailed in Indicator 168 (Percentage return on other loans).

The net return figure includes loans that have already been made, as well as those expected to be made, up to the end of March 2020.

**Useful Links****Commentary**

Interest rates are set based on a variety of factors, including whether the loan is asset backed, issues around state aid and also the level of underlying interest rates that the Council is borrowing at. As such, it is not feasible or appropriate to set a target for this indicator.

The individual percentage returns for Property and Other loans have not changed since Q1, however, the timing of issuing some of the loans has been revised. This means the split between Property / Other loans has changed, and as such the overall percentage has decreased (as there is now a higher proportion of property loans than previously, which has a lower interest rate).

## Indicator 168: Percentage return on other loans (excluding This Land)

[Return to Index](#)

December 2019

Target	Current Forecast	Previous Quarter	Direction for Improvement	Change in Performance
N/A	1.7%	1.1%	↑	Improving

RAG Rating

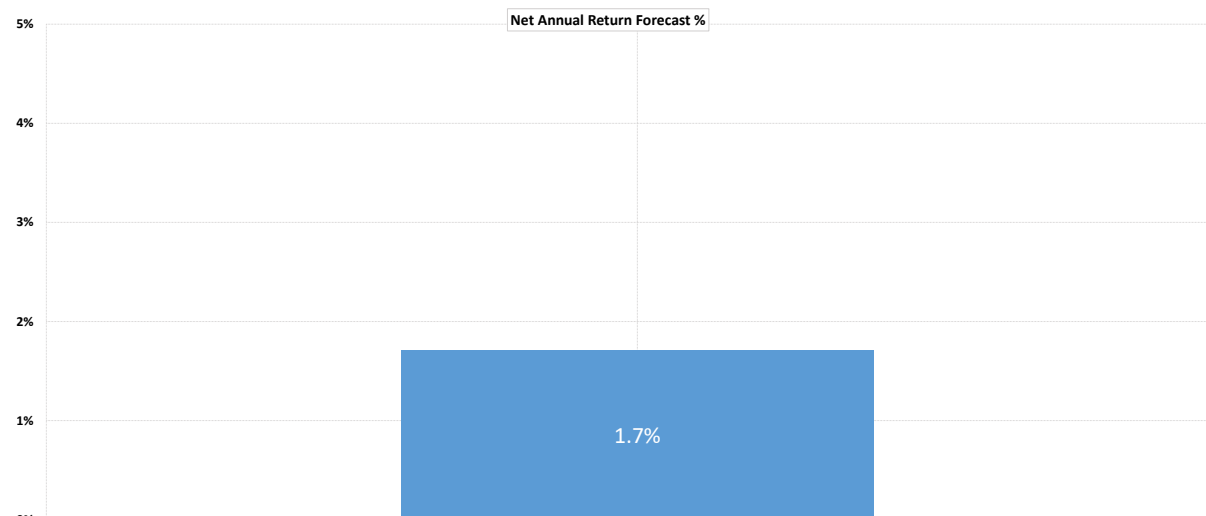
Contextual

**Indicator Description**

As part of the Council's business, it may wish to loan money to third parties. This indicator demonstrates the return on investment from the loans issued to third parties.

When viewing this indicator it is important to recognise that returns to third parties are often provided for reasons other than just financial return, as the loan will be contributing to social benefits that directly support the delivery of our strategic outcomes.

Third party loans are made with the primary aim of supporting the operations of the counterparty, who will be a Not for Profit Organisation that is using the loan to fund infrastructure to support the delivery of services that are aligned to the Council's core objectives and priorities. Making money from these loans is not the key priority.

**Useful Links****Commentary**

The Council currently has third party loans of £4.1m outstanding to three organisations within Cambridgeshire, with a fourth loan due to be issued in November. In addition, the Council issues loans to schools as part of the Schools' Retrofit Programme, which have now been included within this indicator. As of 1st Apr 19, there were £8.0m of loans outstanding to schools. The total forecast return takes into account PWLB borrowing, although the third party loans are managed within the Council's overall cash flows.

The rate of return has increased since the last forecast, due to the addition of the school loans.

Interests rate are set based on a variety of factors, including whether the loan is asset backed, issues around state aid and also the level of underlying interest rates that the Council is borrowing at. As such, it is not feasible or appropriate to set a target for this indicator (however, the minimum required is for the Council to break even).



## Indicator 169: Number of contract waivers submitted without adequate time for procurement

[Return to Index](#)

December 2019

Target	Current Quarter	Previous Year's Quarter	Direction for Improvement	Change in Performance
TBC	4		↓	N/A

RAG Rating

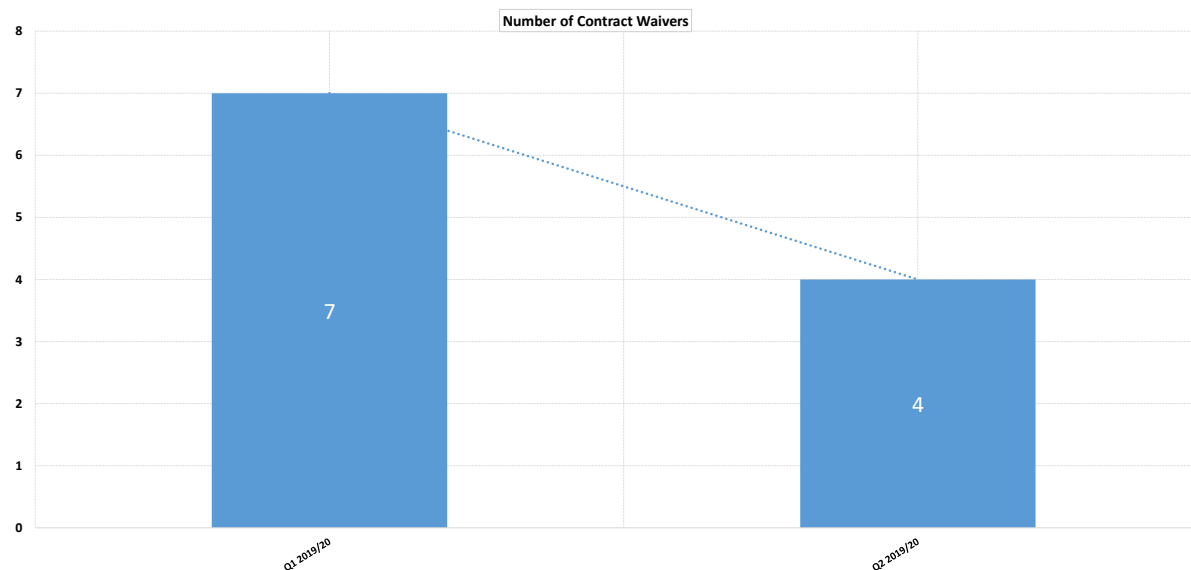
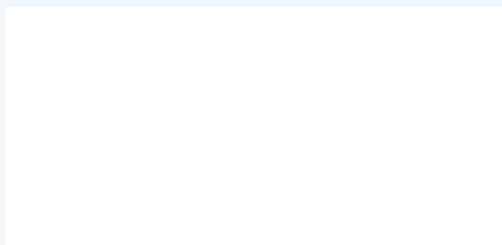
**Indicator Description**

The Council's Contract Procedure Rules allow the Council to bypass the rules in certain instances (such as lack of suppliers in the market or that going to market does not offer any benefit). In such instances, a request is made to Procurement to seek agreement to 'waive' the rules. These approvals are known as Waivers.

Adequate time should be given to seek the waiver, so that alternative options can be considered. Where requests are presented to procurement that has not allowed time for a procurement exercise to be undertaken, this could indicate that the expiry of the contract has not been managed as well as it could (however, there could be valid reasons for normal timescales to be unachievable).

The tracking of this KPI is to give a reasonable indication of whether we are planning our procurements better. This has been applied to all contract values and has been extracted from the contract database. Any waivers above £500k will not be recorded on the contracts database as this is a committee decision.

This validity of this indicator will be reviewed to ensure that it is relevant and functional.

**Useful Links****Commentary**

During this period there were 25 contracts (compared with 43 last quarter) where waivers were sought (excluding waivers for children's social care). Of these, 4 were submitted without adequate time for a procurement process to have been undertaken. The total value of the four contracts that sought waivers was £68k (compared with 2.7m for the previous quarter).

The Commercial Team, in partnership with Procurement, are reviewing the contract register to identify any contracts which are reaching their renewal date but have not been updated on the contract register to advise of future procurement plans.

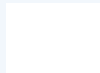
## Indicator 170: Percentage of eligible workforce that completed commercialisation training

[Return to Index](#)

December 2019

Target	Current Quarter	Previous Quarter	Direction for Improvement	Change in Performance
33.0%			↑	

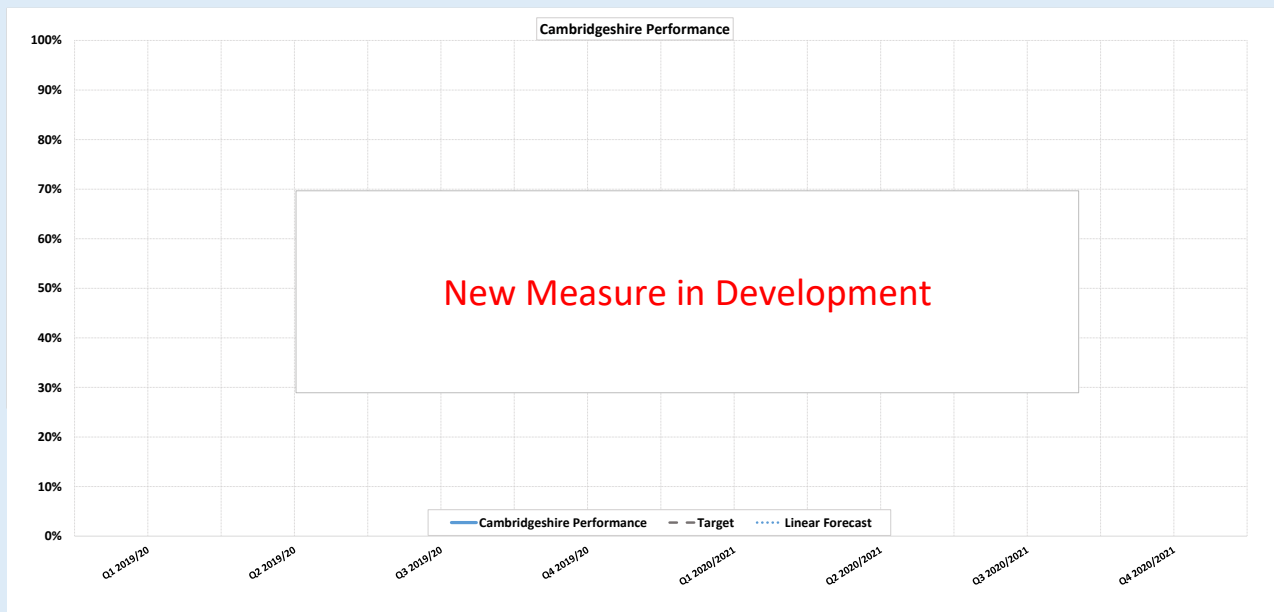
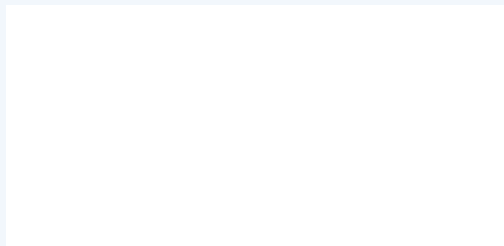
RAG Rating

**Indicator Description**

A key part of the Council's Commercial Strategy is to upskill the workforce in commercial acumen. Officers have been developing a specific, modular e-learning programme that is designed to train staff in commercial skills (contract management, negotiation, business planning).

This indicator relates to percentage of the eligible workforce that has completed at least one module of the commercialisation e-learning programme.

Whilst this indicator demonstrates the percentage of the workforce that has completed the training, once the training has been embedded within the organisation, officer will be seeking to understand whether the training is resulting in more business cases, which can demonstrate the impact the training has.

**Useful Links****Commentary**

Due to a delay with finalising the programme, the training is yet to be launched across the organisation. It is anticipated this will happen in December. Whilst the training has been delayed, the reason for the delay is not significant and officers are confident that it can be resolved swiftly. As such, this indicator is showing as amber, however the ability to achieve this target will be dependent on the success of the communications for encouraging staff to complete the training.

## Indicator 171: Percentage change in value of income obtained from agricultural farmland

[Return to Index](#)

December 2019

Target	Current Forecast	Previous Month	Direction for Improvement	Change in Performance
4.0%	3.1%	3.1%	↑	Unchanged

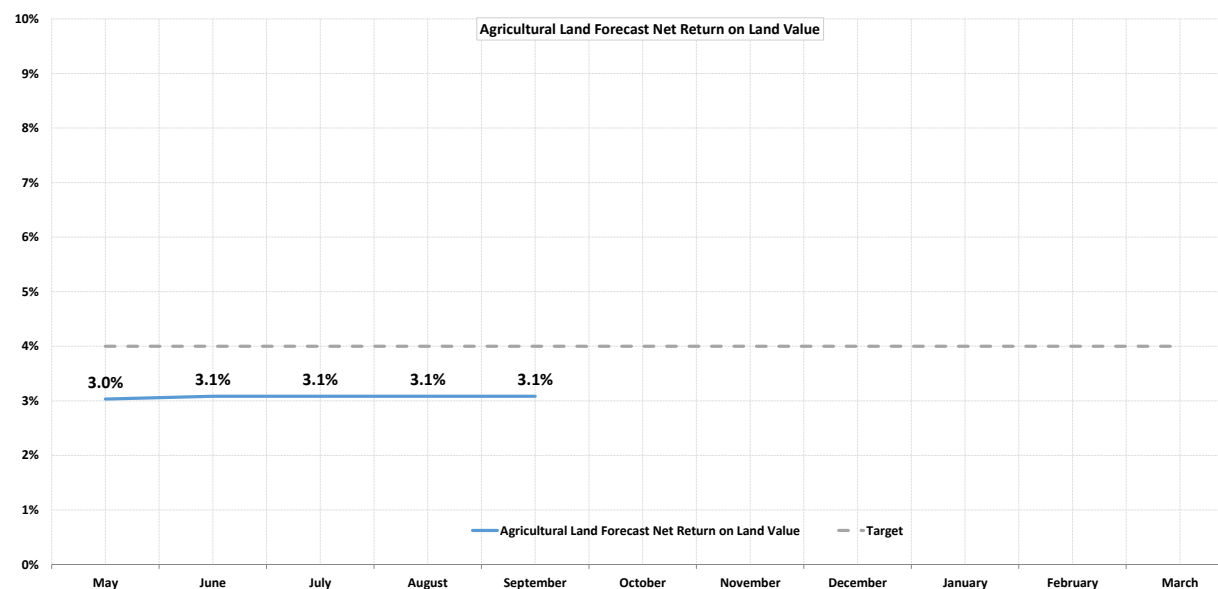
RAG Rating

R

**Indicator Description**

The council owns £127.8m of agricultural farm land across Cambridgeshire. This indicator demonstrates the forecast net return on the income received from renting out this land to tenants. It is recorded as a percentage of the value of the farm's estate that is used for agricultural purposes.

This indicator should be used to understand whether the overall agricultural land is achieving the percentage of returns being targeted.

**Useful Links****Commentary**

These figures exclude the return generated by the solar farm, as this is making a return on a commercial basis and should therefore be evaluated independently (see Indicator 165). Currently, the solar farm is forecast to generate a return of 6.19% (excluding financing costs), making the overall forecast return on the county farm's estate 3.39%. The 4% target return that was proposed previously included the solar farm, so the target may need to be revised following work being undertaken to refresh the County Farms Estate Strategy by the member working group.

## Indicator 172: Change in value of income obtained from traded services

[Return to Index](#)

December 2019

2018/19 Year End Income	Current Forecast	Previous Month Forecast	Direction for Improvement	Change in Performance
-£132,312	-£113,855	-£260,347	↓	Declining

RAG Rating

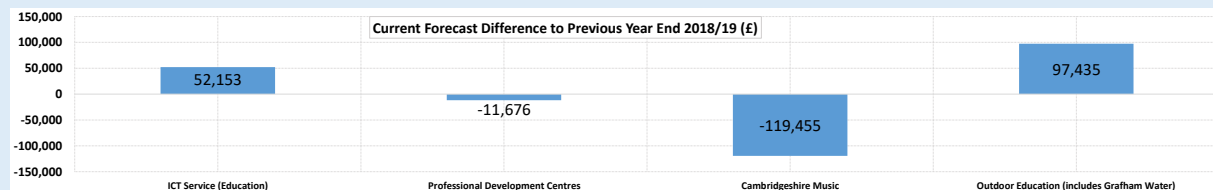
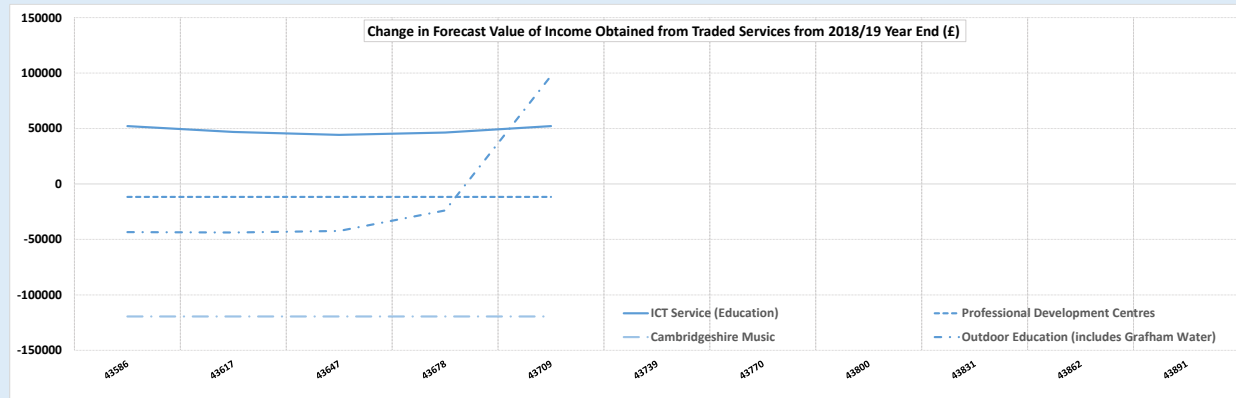
Contextual

## Indicator Description

There are four services that we describe as Traded Services, which provide income through charging for their services. This indicator demonstrates any changes in the annual net income received from traded services, comparing the forecast outturn for the current year with the actual outturn position for the previous year. An increase in the net income position is demonstrated by a negative change.

The purpose of this indicator is not to understand whether a particular traded service is expecting to achieve its forecast budget position (this is monitored through the Finance Monitoring Report), instead this indicator shows the variance in profit being made against its forecast position last year. Put simply, it shows whether a traded service is expected to make more or less profit compared to last year allowing for a direction of travel to be established.

## Useful Links



## Commentary

It is important to recognise that with this indicator, where there are positive values, this means that the forecast profit is expected be less than the previous year. And conversely, a negative value indicates a forecast increase in profit. Therefore, only the Professional Development Centres and Cambridgeshire Music are expecting to generate more profit than the previous year. However, it should be recognised that The ICT Centre overachieved against its income target last year by a larger amount than it is forecasting to achieve this year, which explains why the direction of travel indicates lower profit.

As part of the Commercial Strategy, there is considerable activity taking place across the key traded services. The ICT Service, Cambridgeshire Music and the Outdoor Centres are developing more robust business plans. These business plans, amongst other things, are identifying risks to income and growth and putting in place measures (such as more targeted sales and marketing plans, improved products and better pricing strategies) to mitigate these challenges. In addition, where a traded services is providing social value, the business plan will outline the procedures that will be put in place to gather more robust evidence on the reach and impact of its services on areas of society that would benefit most.

The Outdoor Education budget is expected to overspend by £229k in 2019/20, which is an increase of £127k from the previous forecast. This is due to a one-off cost relating to backdated pay for staff at Grafham Water Centre.

**FINANCE MONITORING REPORT – OCTOBER 2019**

**To:** Commercial and Investment Committee

**Meeting Date:** 16<sup>th</sup> December 2019

**From:** Chief Finance Officer

**Electoral division(s):** All

**Forward Plan ref:** N/a

**Key decision:** No

**Purpose:** To present to Commercial and Investment (C&I) Committee the October 2019 Finance Monitoring 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 2019.

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

- review, note and comment upon the report

<b>Officer contact:</b>		<b>Member contacts:</b>
Name:	Eleanor Tod	Cllrs Schumann and Hay
Post:	Strategic Finance Manager	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	01223 706398

## **1. BACKGROUND**

- 1.1 Commercial and Investment Committee will receive the Commercial and Investment Finance Monitoring Report at all of its meetings (except June, as there is no April report), 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 for which the Committee has responsibility remain on target.

## **2. MAIN ISSUES**

- 2.1 Attached as **Appendix A**, is the October 2019 Finance and Performance report.
- 2.2 **Revenue:** At the end of October, Commercial and Investment Committee is forecasting an overspend of £877k on revenue budgets. There are two new significant forecast outturn variances by value (over £100k) to report since the last report that Committee received for September 2019.
- 2.4 **Capital:** At the end of October, Commercial and Investment Committee is forecasting an underspend of £4,995k on the capital programme budget. There are no new significant forecast outturn variances by value (over £250k) to report.

## **3. ALIGNMENT WITH CORPORATE PRIORITIES**

### **3.1 A good quality of life for everyone**

There are no significant implications for this priority.

### **3.2 Thriving places for people to live**

There are no significant implications for this priority.

### **3.3 The best start for Cambridgeshire's children**

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 Procurement/Contractual/Council Contract Procedure Rules Implications**

There are no significant implications within this category.

#### 4.3 Statutory, Risk and Legal 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 Consultation 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?	Yes Eleanor Tod
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
Are there any Equality and Diversity implications?	N/A
Have any engagement and communication implications been cleared by Communications?	N/A
Are there any Localism and Local Member involvement issues?	N/A
Have any Public Health implications been cleared by Public Health	N/A

Source Documents	Location
C&I Finance Monitoring Report (September 19)	1 <sup>st</sup> Floor, Octagon, Shire Hall, Cambridge





<b>Service</b>	Commercial & Investment
<b>Subject</b>	Finance Monitoring Report – October 2019
<b>Date</b>	16 <sup>th</sup> December 2019

## **KEY INDICATORS**

<b>Previous Status</b>	<b>Category</b>	<b>Target</b>	<b>Current Status</b>	<b>Section Ref.</b>
<b>Amber</b>	Revenue position by Directorate	Balanced year end position	<b>Amber</b>	1.2
<b>Green</b>	Capital Programme	Remain within overall resources	<b>Green</b>	2

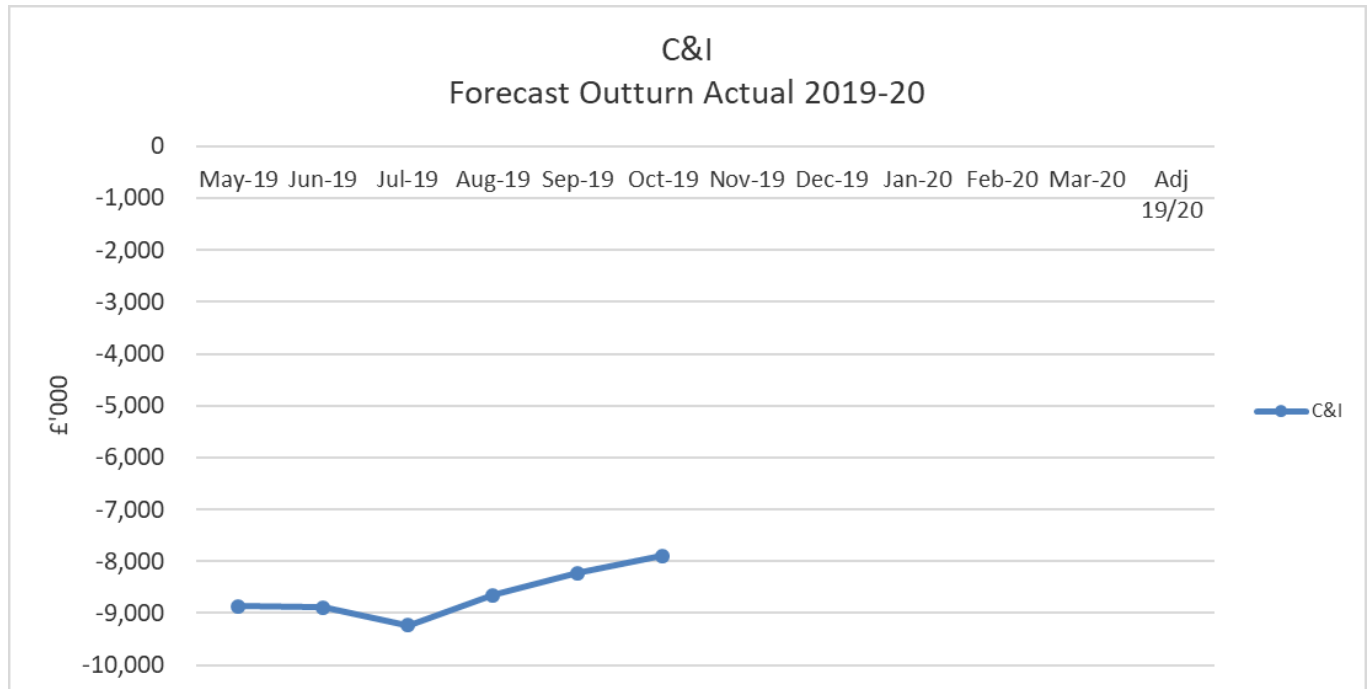
## **CONTENTS**

<b>Section</b>	<b>Item</b>	<b>Description</b>	<b>Page</b>
1	Revenue Executive Summary	High level summary of information by Directorate Narrative on key issues in revenue financial position	2
2	Capital Executive Summary	Summary of the position of the Capital programme within Commercial & Investment	3
3	Savings Tracker Summary	Summary of the latest position on delivery of savings	4
4	Technical Note	Explanation of technical items that are included in some reports	4
Annex 1	Service Level Financial Information	Detailed financial tables for Commercial & Investment's main budget headings	5
Annex 2	Service Commentaries	Detailed notes on financial position of services that are predicting not to achieve their budget	6
Annex 3	Capital Position	This will contain more detailed information about Commercial & Investment's Capital programme, including funding sources and variances from planned spend.	8
<i>The following appendices are not included each month as the information does not change as regularly</i>			
Annex 4	Savings Tracker	Each quarter, the Council's savings tracker is produced to give an update of the position of savings agreed in the business plan.	13
Annex 5	Technical Appendix	Twice yearly, this will contain technical financial information for Commercial & Investment showing: <ul style="list-style-type: none"> <li>• Grant income received</li> <li>• Budget virements into or out of Commercial &amp; Investment</li> <li>• Service reserves</li> </ul>	15

## 1. Revenue Executive Summary

### 1.1 Overall Position

Commercial & Investment (C&I) is forecasting an underachievement of income of £877k at the end of October, which is an increase of £335k from the previous forecast. C&I has a negative budget as it has an income target for 2019/20 of -£8,768k. As such, the forecast outturn variance of £877k means that C&I is expecting to achieve a net income position of -£7,891k by year-end as demonstrated in the following chart:



### 1.2 Summary of Revenue position by Directorate

Outturn Variance (Previous) £000	Directorate	Budget 2019/20 £000	Actual £000	Outturn Variance (Oct) £000	Outturn Variance %
155	Commercial Activity	-11,354	-2,852	335	3.0%
224	Property Services	6,229	4,271	322	5.2%
-66	Strategic Assets	-3,301	-2,218	-64	1.9%
229	Traded Services	-343	-475	283	82.5%
<b>542</b>	<b>Total</b>	<b>-8,768</b>	<b>-1,275</b>	<b>877</b>	<b>10.0%</b>

A service level budgetary control report for Commercial and Investment Committee can be found in Annex 1.

### **1.3 Significant Issues**

At the end of October 2019, the overall position for C&I is an underachievement of £877k.

Significant issues are detailed below:

#### **Property Investments**

The Property Investments budget is forecast to underachieve by £180k, which is an increase of £180k from the previous forecast. This will mean that over £4.5m in net income will be generated from Commercial Property investments this financial year. There are two potential likely adverse pressures facing this area:

- The occupancy of Brunswick House (student accommodation) is below target for the current academic year. There is a brand new competing property in the vicinity of Brunswick House, however, the Council is confident the offer and location of Brunswick House overall will remain very appealing to students for the years ahead, and active/varied marketing activity is continuing via the operator of the accommodation.
- A further commercial property investment anticipated in South Cambridgeshire has not yet completed, due to delays in receiving information as part of the purchase process.

#### **Property Services**

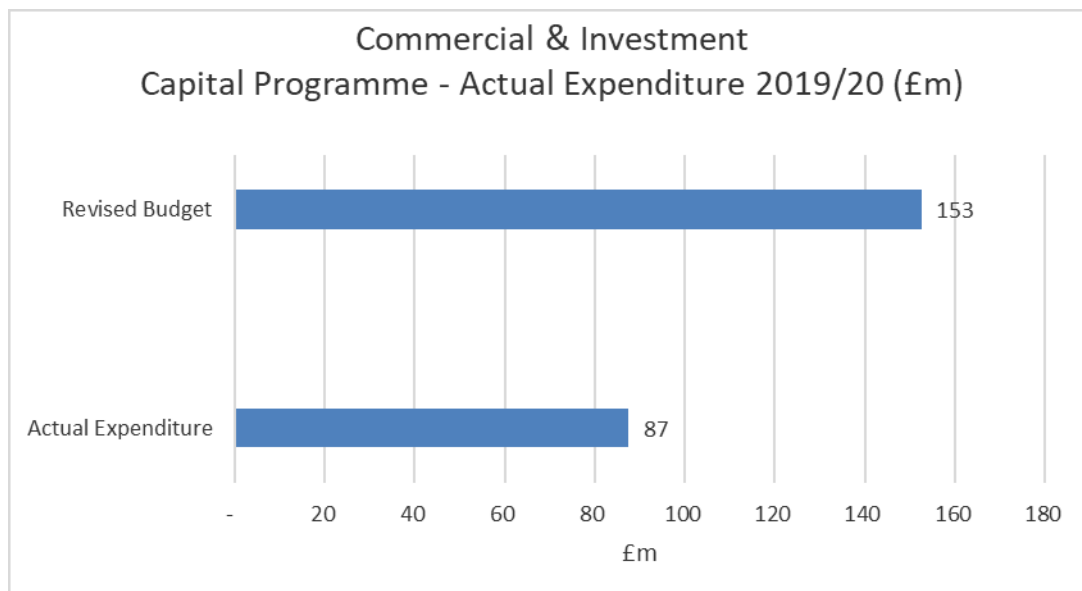
The Property Services budget is forecast to overspend by £322k in 2019/20, which is an increase of £98k from the previous forecast. This is mainly due to overspends on Facilities Management as a result of additional reactive maintenance required to corporate buildings, which are necessary for those buildings to meet required standards.

A detailed explanation of the revenue position for Commercial and Investment Committee can be found in Annex 2.

## **2. Capital Executive Summary**

### **2.1 Expenditure**

Commercial and Investment Committee has expenditure of £87.4m to date on the Capital Programme, against a revised budget of £152.6m:

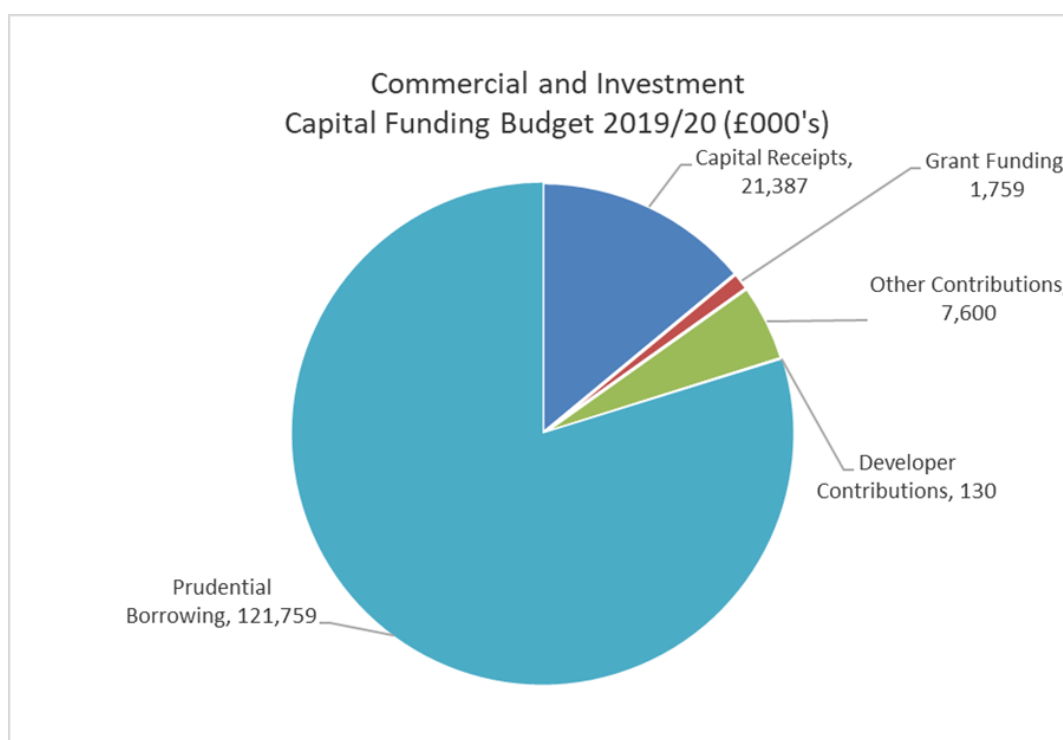


In-year, an underspend of £4,995k is forecast. The total scheme forecast is on budget.

There are no new material variances to report this month.

## 2.2 Funding

Commercial and Investment Committee has a capital budget of £152.6m in 2019/20, which is funded by the following capital resources:



A detailed explanation of the capital programme position for Commercial and Investment Committee can be found in Annex 3.

There are no new material budget movements to report this month.

### **3. Savings Tracker Summary**

The savings tracker is produced quarterly, and the latest savings tracker can be found in Annex 4.

### **4. Technical note**

A technical financial appendix is included as Annex 5, which covers:

- Grants that have been received by the service, and where these have been more or less than expected
- Budget movements (virements) into or out of Commercial & Investment from other services (but not within Commercial & Investment), to show why the budget might be different from that agreed by Full Council
- Service reserves – funds held for specific purposes that may be drawn down in-year or carried-forward – including use of funds and forecast draw-down

## ANNEX 1 – Service Level Financial Information

Forecast Outturn Variance (Sept)		Budget 2019/20	Actual October 2019	Forecast Outturn Variance	
£000's		£000's	£000's	£000's	%
<b>Commercial Activity</b>					
0	Property Investments	-4,700	-2,498	180	4%
-250	Shareholder Company Dividends	-206	530	-250	-121%
401	Housing Investment (This Land Company)	-5,728	74	401	7%
350	Contract Efficiencies & Other Income	-449	0	350	78%
-335	CCLA Managed Investment	0	-117	-335	0%
-11	Renewable Energy Investments	-271	-841	-11	-4%
<b>155</b>	<b>Commercial Activity Total</b>	<b>-11,354</b>	<b>-2,852</b>	<b>335</b>	<b>3%</b>
<b>Property Services</b>					
241	Facilities Management	5,369	3,759	341	6%
0	Property Services	655	442	0	0%
-17	Property Compliance	205	70	-19	-9%
<b>224</b>	<b>Property Services Total</b>	<b>6,229</b>	<b>4,271</b>	<b>322</b>	<b>5%</b>
<b>Strategic Assets</b>					
-66	County Farms	-4,114	-2,160	-64	-2%
0	Strategic Assets	813	-58	0	0%
<b>-66</b>	<b>Strategic Assets Total</b>	<b>-3,301</b>	<b>-2,218</b>	<b>-64</b>	<b>2%</b>
<b>Traded Services</b>					
0	Traded Services - Central	0	11	0	0%
0	ICT Service (Education)	-200	-872	-18	-9%
0	Professional Development Centres	-71	-62	0	0%
0	Cambridgeshire Music	5	251	0	0%
229	Outdoor Education (includes Grafham Water)	-77	197	301	391%
<b>229</b>	<b>Traded Services Total</b>	<b>-343</b>	<b>-475</b>	<b>283</b>	<b>83%</b>
<b>542</b>	<b>Total</b>	<b>-8,768</b>	<b>-1,275</b>	<b>877</b>	<b>10%</b>

## ANNEX 2 – Service Commentaries on the Revenue Forecast Outturn Position

Narrative is given below where there is an adverse/positive variance greater than 2% of annual budget or £100,000 whichever is greater for a service area.

Service	Current Budget £000	Forecast Outturn Actual £000	Forecast Outturn Variance	
			£000	%
<b>Property Investments</b>	<b>-4,700</b>	<b>-4,520</b>	<b>180</b>	<b>4</b>
<p>The Property Investments budget is forecast to underachieve by £180k, which is an increase of £180k from the previous forecast. This will mean that over £4.5m in net income has been generated from Commercial Property investments this financial year. There are two potential likely adverse pressures facing this area. The occupancy of Brunswick House (student accommodation) is below target for the current academic year. There is a brand new competing property in the vicinity of Brunswick House, however, the Council is confident the offer and location of Brunswick House overall will remain very appealing to students for the years ahead, and active/varied marketing activity is continuing via the operator of the accommodation. Additionally, a further commercial property investment anticipated in South Cambridgeshire has not yet completed, due to delays in receiving information as part of the purchase process.</p>				
<b>Shareholder Company Dividends</b>	<b>-206</b>	<b>-456</b>	<b>-250</b>	<b>-121</b>
<p>The Shareholder Company Dividends budget is forecast to overachieve by £250k in 2019/20. This is due to the estimate for the dividend to be received from ESPO, which is higher than the budget.</p>				
<b>Housing Investment (This Land Company)</b>	<b>-5,728</b>	<b>-5,327</b>	<b>401</b>	<b>7</b>
<p>An underachievement of income of £401k is forecast on Housing Investment. This relates to interest received on loans made to This Land, and the underachievement is a result of delays in making those loans.</p>				
<b>Contract Efficiencies &amp; Other Income</b>	<b>-449</b>	<b>-99</b>	<b>350</b>	<b>78</b>
<p>The Contract Efficiencies &amp; Other Income budget is forecast to underachieve by £350k in 2019/20. This is due to the targets for savings and additional income not being expected to be met in the year. However, work is underway to achieve this target in future years, and is expected to be taken forward by the Commercial Team once the team is in place. In addition, it has been concluded that whilst there may be some financial benefit for charities of creating a CCC lottery, this could be outweighed by the possibility of losing support through direct contributions and anxieties about control and financial burden. Resources will therefore be refocused to support other commercial initiatives.</p>				
<b>CCLA Managed Investment</b>	<b>-</b>	<b>-335</b>	<b>-335</b>	<b>-</b>
<p>An investment in the CCLA Managed Investment Fund was approved by Commercial &amp; Investment Committee in February 2019. The investment in this fund is expected to make a return of £335k in 2019/20.</p>				
<b>Facilities Management</b>	<b>5,369</b>	<b>5,710</b>	<b>341</b>	<b>6</b>
<p>The Facilities Management budget is forecast to overspend by £341k in 2019/20. This is due to</p>				

Service	Current Budget £000	Forecast Outturn Actual £000	Forecast Outturn Variance £000	Forecast Outturn Variance %
additional works following service in operational buildings, which are required for those buildings to meet required standards.				
<b>Outdoor Education</b>	<b>-77</b>	<b>224</b>	<b>301</b>	<b>391%</b>
<p>A structural pressure of £113k has been identified at Grafham Water Centre during budget preparation and has been reported from the beginning of 2019/20. This has been partially offset by underspends elsewhere in the service. A Business Development Plan is underway to address the financial sustainability of the service.</p> <p>In addition to this, there is a one-off cost in this year which is estimated at £114k, which relates to backdated pay for staff at Grafham Water Centre as a result of National Minimum Wage requirements.</p> <p>Some underachievement of income is expected at Grafham Water due to staff turnover in year which has caused numbers of bookings outside peak times to fall.</p>				



## ANNEX 3 – Capital Position

### 3.1 Capital Expenditure

Commercial & Investment Capital Programme 2019/20						
Total Scheme Revised Budget £000	Original 2019/20 Budget as per BP £000	Scheme	Revised Budget for 2019/20 £000	Actual Spend 2019/20 £000	Forecast Spend - Outturn £000	Forecast Variance 2019/20 £000
144,068	51,907	<u>Commercial Activity</u>				
		Commercial Investments	104,605	73,614	104,605	-
153,009	43,067	Housing Schemes	56,847	10,048	30,372	(26,475)
3,645	3,280	St Ives Smart Energy Grid	3,378	17	202	(3,176)
11,399	383	Babraham Smart Energy Grid	452	11	350	(102)
6,969	292	Trumpington Smart Energy Grid	314	1	-	(314)
9,745	397	Stanground Closed Landfill Energy Project	454	8	291	(163)
2,526	246	Woodston Closed Landfill Energy Project	285	2	100	(185)
23,219	672	North Angle Solar Farm	695	23	908	213
354,580	100,244		167,030	83,724	136,828	(30,202)
		<u>Property Services</u>				
6,000	600	Building Maintenance	1,338	1,222	1,338	-
6,150	-	Shire Hall Campus	81	7	81	-
345	-	Office Portfolio Rationalisation	47	28	47	-
550	550	Investment in the CCC asset portfolio	550	1	550	-
13,045	1,150		2,016	1,258	2,016	-
		<u>Strategic Assets</u>				
1,000	100	Local Plans Representations	100	15	100	-
3,000	300	County Farms Investment	300	44	216	(84)
-	4,616	MAC Joint Highways Project	-	-	-	-
1,950	910	Community Hubs - East Barnwell	1,041	-	200	(841)
18,326	5,633	Shire Hall Relocation	7,971	2,397	7,971	-
113	-	Marwick Centre Roof Repairs	113	-	113	-
295	-	Meads Farm House Replacement	295	-	115	(180)
24,684	11,559		9,820	2,456	8,715	(1,105)
134	81	Capitalisation of Interest Budget	81	-	81	-
(40,969)	(22,591)	Capital Programme Variations Budget	(26,312)	-	-	26,312
<b>351,474</b>	<b>90,443</b>	<b>TOTAL</b>	<b>152,635</b>	<b>87,438</b>	<b>147,640</b>	<b>(4,995)</b>

### 3.3 Capital Variation

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.

2019/20					
Service	Capital Programme Variations Budget £000	Forecast Outturn Variance (Oct 2019) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Outturn Variance (Oct 2019) £000
C&I	-26,312	-31,307	-26,312	100%	-4,995

### 3.4 Capital Funding

Commercial and Investment Capital Programme 2019/20				
Original 2019/20 Funding Allocation as per BP £000	Source of Funding	Revised Funding for 2019/20 £000	Actual Spend £000	Actual Variance £000
42,077	Capital Receipts	21,387	23,409	2,022
2,309	Grant Funding	1,759	-	(1,759)
7,600	Other Contributions	7,600	7,600	-
130	Developer Contributions	130	-	(130)
38,327	Prudential Borrowing	121,759	116,631	(5,128)
<b>90,443</b>	<b>TOTAL</b>	<b>152,635</b>	<b>147,640</b>	<b>(4,995)</b>

### 3.2 Service Commentaries on the Capital Position

The schemes with significant variances (>£250k) either due to changes in phasing or changes in overall scheme costs can be found in the following table:

Revised Budget for 2019/20 £'000	Forecast Spend - Outturn (Oct) £'000	Forecast Variance (Oct) £'000	Variance Last Month (Sep) £'000	Movement £'000	Breakdown of Variance	
					Underspend/ Overspend £'000	Rephasing £'000
104,605	104,605	-	-	-	-	-
Commercial Investments						
Commercial & Investment Committee recommended to GPC in November the approval of an additional £52m budget for Commercial Investments, but an additional £73m of Prudential Borrowing. The Council has spent, or has committed to spend, £105m on commercial property						

Revised Budget for 2019/20	Forecast Spend - Outturn (Oct)	Forecast Variance (Oct)	Variance Last Month (Sep)	Movement	Breakdown of Variance	
					Underspend/ Overspend	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
<p>investments in 2019/20. This also requires an amendment to the capital funding for Commercial Investments. This will reduce funding from Capital Receipts by £21m and increase the Prudential Borrowing requirement by £73m.</p> <p>The reduction in available capital receipts is due to rephasing of the timing of expected overage payments from This Land.</p>						
<b>Housing Schemes</b>						
56,847	30,372	-26,475	-26,475	-	-	-26,475
<p>The Housing Schemes budget is forecast to underspend by £26m in 2019/20. This follows reprofiling of expected loans in relation to both overage and construction.</p> <p>This will reduce the prudential borrowing requirement in year by £26m.</p>						
<b>Community Hubs – East Barnwell</b>						
1,041	200	-841	-841	-	-	-841
<p>The Community Hubs – East Barnwell scheme is expected to underspend by £841k. This is due to difficulties in obtaining the relevant planning permission, which means that the only costs in 2019/20 will be related to planning, and any construction costs will be in future years.</p> <p>This will reduce the developer contributions applied this year by £130k and the prudential borrowing requirement in year by £711k.</p>						
<b>St Ives Smart Energy Grid</b>						
3,378	202	-3,176	-3,176	-	-	-3,176
<p>The St Ives Smart Energy Grid scheme is expected to underspend by £3.2m in 2019/20. Commencement of work on this project has been delayed due to prolonged negotiations over securing the land title, settling the State Aid position, customer negotiations, retendering the works, and discharging planning conditions.</p> <p>This will reduce the grant funding applied in this year by £1,759k and will reduce the prudential borrowing requirement in year by £1,417k.</p>						
<b>Babraham Smart Energy Grid</b>						
452	350	-102	-102	-	-	-102
<p>The Babraham Smart Energy Grid scheme is expected to underspend by £102k in 2019/20. Development work on the Investment Grade Proposal for the Babraham Smart Energy Grid Project has been slower than anticipated due to uncertainties in the battery energy storage market and the simultaneous development of several large energy projects in 2018/19.</p> <p>This will reduce the prudential borrowing requirement in year by £102k.</p>						

Revised Budget for 2019/20	Forecast Spend - Outturn (Oct)	Forecast Variance (Oct)	Variance Last Month (Sep)	Movement	Breakdown of Variance	
					Underspend/ Overspend	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Trumpington Smart Energy Grid</b>						
314	-	-314	-314	-	-	-314
<p>The Trumpington Smart Energy Grid scheme is expected to underspend by £314k in 2019/20. Pending guidance from the Property team and Members on whether the site will be put forward for housing in the Local Plan, work on any clean energy project at the existing Trumpington Park and Ride site has been suspended.</p> <p>This will reduce the prudential borrowing requirement in year by £314k.</p>						
<b>Investment in the CCC Asset Portfolio</b>						
550	550	-	-	-	-	-
<p>This scheme was reported in the 2019/20 Business Plan as funded from Capital Maintenance Grant. The scheme will actually be funded from Prudential Borrowing, and the revised funding has been updated to reflect this.</p>						
<b>Meads Farm House Replacement</b>						
295	115	-180	-180	-	-	-180
<p>Commercial and Investment Committee recommended to General Purposes Committee the approval of £295k capital budget for the demolition and rebuilding of the house at Meads Farm which has been deemed structurally beyond economic repair. This project will preserve the value of the asset and the rental income received from it, and will meet the Council's current obligation as a landlord but will not generate any additional income.</p> <p>This will increase the prudential borrowing requirement in year by £295k.</p>						

## ANNEX 4 – Savings Tracker

Reference	Title	Committee	Original Saving 19-20	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 19-20	Variance from Plan £000	% Variance	RAG	Forecast Commentary
F/R.6.001	BP 19/20 Contract Efficiency	C&I	-200	0	0	0	0	0	200	100.00	Black	Any savings made in 2019/20 will go towards the savings target carried forward from 2018/19 which was not met in that year.
F/R.6.108	Energy Efficiency Fund - Repayment of Financing Costs	C&I	-19	0	0	0	-19	-19	0	0.00	Green	
F/R.7.103	County Farms Investment (Viability) - Surplus to Repayment of Financing Costs	C&I	16	0	0	0	0	16	0	0.00	Green	
F/R.7.104	County Farms Investment (Viability) - Repayment of Financing Costs	C&I	-16	0	0	0	0	-16	0	0.00	Green	
F/R.7.105	Renewable Energy Soham - Repayment of Financing Costs	C&I	-8	0	0	0	0	-8	0	0.00	Green	
F/R.7.106	Utilisation/commercialisation of physical assets	C&I	-21	0	0	0	0	-21	0	0.00	Green	

Reference	Title	Committee	Original Saving 19-20	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 19-20	Variance from Plan £000	% Variance	RAG	Forecast Commentary
F/R.7.113	Invest to Save Housing Schemes - Income Generation	C&I	-1,483	0	0	0	0	-1,183	300	20.23	Red	Dependent on land values and This Land's readiness for construction loans.
F/R.7.127	Renewable Energy Soham - Surplus to Repayment of Financing Costs	C&I	-5	0	0	0	0	-5	0	0.00	Green	

## ANNEX 5 – Technical Note

### 1. Grant Income Analysis

There is no additional grant income recorded in 2019/20.

### 2. Virements and Budget Reconciliation

	£'000	Reported
<b>Budget as per Business Plan</b>	<b>-9,502</b>	
Movement of Contract Efficiency saving target from Corporate Services	-49	May 2019
Clear Traded Services Central income target from Central Services Risks budget	58	May 2019
Deployment of budget to Housing Investment to mitigate overspends, as agreed by GPC July 2019	122	June 2019
Transfer budget from Debt Charges and Interest for the debt charges relating to the Triangle solar farm	603	August 2019
<b>Revised Budget</b>	<b>-8,768</b>	

### 3. Reserve Schedule

Fund Description	Balance at 01 April 2019	Movements in 2018/19	Balance at 31 October 2019	Forecast Balance at 31 March 2020	Notes
	£'000	£'000	£'000	£'000	
<b><u>Equipment Reserves</u></b>					
The ICT Service (Education)	56	0	56	0	1
subtotal	56	0	56	0	
<b><u>Other Earmarked Funds</u></b>					
North Cambridge Academy site demolition costs	600	0	600	679	2
subtotal	600	0	600	679	
<b><u>Capital Reserves</u></b>					
General Capital Receipts	20,415	13,549	33,964	0	3
subtotal	20,415	13,549	33,964	0	
<b>TOTAL</b>	<b>21,070</b>	<b>13,549</b>	<b>34,619</b>	<b>679</b>	

#### Notes

- 1 ICT Equipment Reserve will to be used to replace critical equipment in 2019/20
- 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 General Capital Receipts received during 2019/20 will be used to fund the capital programme at year-end, and This Land Capital Receipts will be used for Commercial Investment.





**PROPOSED LAND SWAP AT SWAVESEY : CAMBRIDGESHIRE COUNTY  
COUNCIL AND MR J SHEPPERSON**

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

*Meeting Date:* **16<sup>th</sup> December 2019**

*From:* **Strategic Assets**

*Electoral division(s):* **Papworth and Swavesey**

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

*Purpose:* **The Committee is being asked to consider the “swap” of a parcel of CCC’s Rural Estate for a parcel of land with Commercial Development potential.**

*Recommendation:* **The Committee is being asked to agree to the Land Swap, as per the Heads of Terms attached as a Confidential Appendix.**

<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
Name:	Jane Webster	Councillor Joshua Schumann	
Post:	Principal Urban Surveyor	Committee Chairman	
Email:	<a href="mailto:Jane.Webster@Cambridgeshire.gov.uk">Jane.Webster@Cambridgeshire.gov.uk</a>	<a href="mailto:Joshua.schumann@cambridgeshire.gov.uk">Joshua.schumann@cambridgeshire.gov.uk</a>	
Tel:	07812 915085	01223 706398	

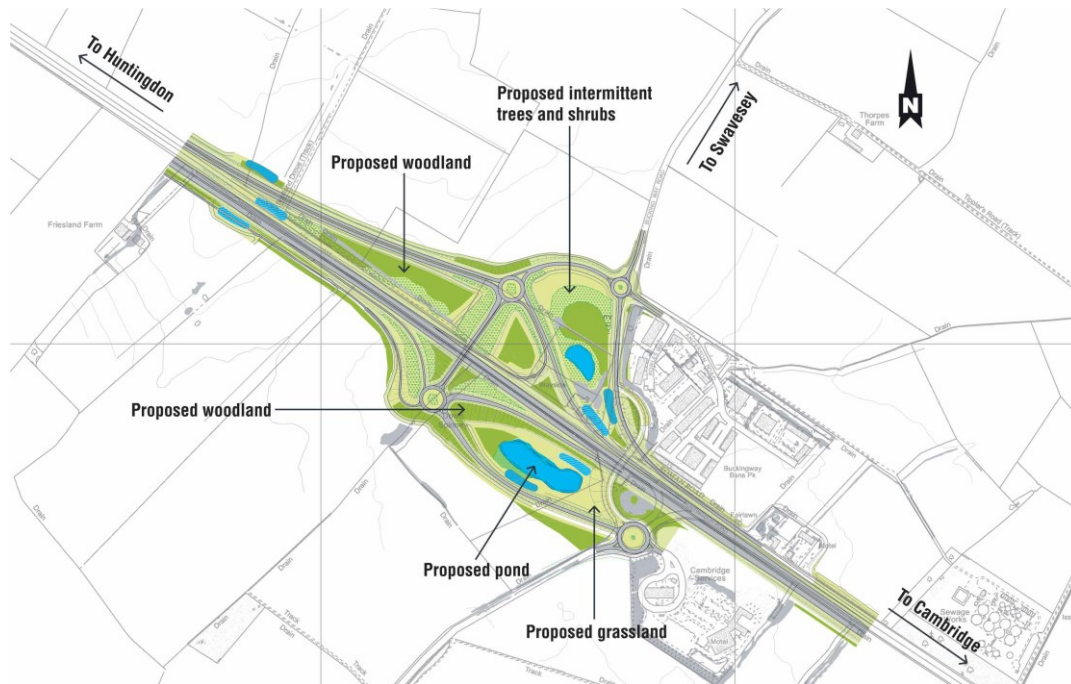
## 1. BACKGROUND

- 1.1 Cambridgeshire County Council own a parcel of grassland part of Thorpes Farm, Swavesey, close to the Buckingham Business Park in Swavesey, Cambridgeshire (coloured pink and orange on the attached plan). An approach was made to Strategic Assets proposing a “swap” of part of this land (coloured orange) with a parcel of land with potential for commercial development adjacent the Buckingham Business Park (coloured purple on the attached plan, 5.21 acres). The proposed swap would provide CCC with a parcel of land of circa 20 acres (coloured pink and purple), adjacent the A14, with greater scope to promote and develop as a Commercial investment over coming years.
- 1.2 In line with CCC’s Disposal Policy, an RICS Red Book Valuation was commissioned of both parcels, and negotiations have taken place with the advice of the Valuers as well as CCC’s Solicitors, to put forward Heads of Terms proposing the “Swap”. Brown & Co were commissioned to provide the Valuation Report.
- 1.3 The Valuation of the Parcels advised that the third party land has a current Market Value of £440,000 and the CCC Land a value of £450,000. The parcels have been agreed to have parity in value, therefore there will be no receipt or expenditure (other than legal costs), linked with the swap (purchase and disposal.)

## 2. MAIN ISSUES

- 2.1 Cambridgeshire County Council have considered the following options available to them, in order to propose the recommendation below.
- 2.2 **Do nothing:** Cambridgeshire County Council own a large Rural portfolio, providing a stable and reliable income. The proposed land to be swapped currently brings in an annual rent of £5,680 (£61/ acre). The current Agricultural Holdings Act Tenancy will end in October 2020, when the current Tenant turns 65. The parcel would then be advertised in the open market for re-let on a Farm Business Tenancy for a term of 5 years initially, applicants to Tender. CCC would benefit from the stable income over future years.
- 2.3 There is little scope for the Rental income to increase significantly over future years, and the Valuation Report provided advises “the market is unlikely to attribute any hope value to any of the CCC land within the 73.7 acres”.
- 2.4 **Dispose of CCC’s Land and acquire third Party Land (“Swap”):** Buckingham Business Park has been developed and expanded since the late 1980’s and the third party parcel proposed to be swapped would form a natural extension to the Estate. The land has been put forward by Mr. Shepperson’s Agents as part of the Greater Cambridge Partnership Call for Sites, with a decision on sites for consultation being expected in December 2019. The Council put forward our adjacent parcel (coloured pink) also.
- 2.5 Neither parcel of land has been actively marketed but there have been speculative approaches from third party developers.
- 2.6 The Swap would provide CCC with a parcel of land, to link to its existing land, with

significant hope value for commercial development in future years. The Valuation Report advised “with recent development of the Buckingham Business Park having reached the eastern boundary of its site, expansion of this type of development on the subject site can be regarded as having a relatively high degree of likelihood, and the question is perhaps not one of if, but when, assuming generally accepted town planning principles.” An updated Valuation Report, completed in October 2019 to take into account the Terms agreed, reinforced the positive view of the market and Values attributed to the parcel. In addition the land is next to the newly improved A14 running south of Huntingdon and which opens in December 2019. The new road greatly increases the strategic value of this land. (See plan)



- 2.7 There are a number of risks involved in the swap. Negotiations have mitigated a number of Title Issues, and proposals for the remainder and how these are to be dealt with are contained within the Heads of Terms. CCC also runs the risk of holding the property for a period of time, whilst the site is promoted for development, and planning permission obtained. This may incur holding costs – which can be mitigated by the short term letting of the property for agricultural use and maintained by the Tenant. The costs to promote the site, alongside our existing (pink) land are unknown. Upon completion of the acquisition a strategic plan will be put in place, and advisors appointed in relation to this. This will provide an estimate of expected costs and timescales.
- 2.9 Given the existing Industrial uses at the adjacent Buckingham Business Park, and the location of the property is expected that the land will be developed for commercial distribution and storage uses. Once acquired, as described at 2.7, a strategic plan will be put in place and relevant advisors appointed to assist in this. If allocated in the local plan it could be sold with outline planning consent or the Council could develop the site itself.
- 2.8 There is a low risk that the CCC rural parcel of which we are disposing may increase in value, after obtaining planning permission, for example; although this is unlikely. The proposed Swap includes an overage provision of 40% in CCC's favour for 100 years, to ensure that CCC would share any future uplift should the rural parcel be developed in the future. The overage of 40% was negotiated up from an initial offer of 20% and is the best

that can be achieved. 100 years is considered a long overage window given the proximity of the land to the improved A14 and the Buckingway Business Park.

### **3. ALIGNMENT WITH CORPORATE PRIORITIES**

#### **3.1 A good quality of life for everyone**

The proposed swap will enable CCC to realise future receipts to support the delivery of Council services.

#### **3.2 Thriving places for people to live**

The proposed swap will enable CCC to realise future receipts to support the delivery of Council services.

#### **3.3 The best start for Cambridgeshire's children**

The proposed swap will enable CCC to realise future receipts to support the delivery of Council services.

### **4. SIGNIFICANT IMPLICATIONS**

#### **4.1 Resource Implications**

Legal costs will be incurred to execute the proposed swap. Each party will bear their own legal costs. Later, as mentioned above there will be resources required in the form of Advisors and legal costs and staff costs to implement the project and to promote the site for development.

#### **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**

Councillor Mandy Smith 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>	No Name of Officer: Gus De Silva contacted 04.11.19 No response.
<b>Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law?</b>	No Name of Legal Officer: Fiona McMillan contacted 04.11.19 No response
<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	No Equality and Diversity Team emailed 04.11.19 No response.
<b>Have any engagement and communication implications been cleared by Communications?</b>	No Communications Team emailed 04.11.19 no response.
<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	Yes Name of Officer: Councillor Mandy Smith
<b>Have any Public Health implications been cleared by Public Health</b>	Yes Name of Officer: Iain Green



# COMMERCIAL AND INVESTMENT COMMITTEE AGENDA PLAN

Published on 2nd December 2019  
Updated on 6th December 2019



Cambridgeshire  
County Council

## Notes

Committee dates shown in bold are confirmed.

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

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

+ indicates items expected to be confidential, which would exclude the press and public.

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

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

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

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

Committee Date			Reference if key decision	Deadline for draft reports	Agenda despatch date
<b>16/12/19</b>	Alconbury Civic Hub	Kim Davies/ Andy Preston		04/12/19	05/12/19
	Revised proposed Business Case to fund the roof works required at the Marwick Centre, March PE15 8PH	Julia Carroll			
	Proposed land swap at Swavesey: Cambridgeshire County Council and Mr J Shepperson	Jane Webster			
	Draft Revenue and Capital Business Planning Proposals for 2020-21 to 2024-2025	Chris Malyon			

<b>Committee Date</b>			<b>Reference if key decision</b>	<b>Deadline for draft reports</b>	<b>Agenda despatch date</b>
	Quarterly performance reporting against Commercial Strategy KPIs and Risk Register	Amanda Askham			
<b>17/01/20</b>	<i>This Land – Strategic Financing: Construction and Acquisitions</i>	<i>Tom Kelly</i>		08/01/20	09/01/20
	<i>Financing and progress at LGSS Law</i>	<i>Tom Kelly</i>			
	Northstowe Heritage Facility – partnership with Highways England & Homes England	Quinton Carroll			
	East Cambridgeshire Adult Social Care Service Development	Amanda Roach			
	Hinchingbrooke Country Park	Alex Gee			
	Deployment of Investment Funds	James Gemmell			
<b>21/02/20</b>	Mobilising Local Energy Investment: Quarterly finance and progress update	Sheryl French		12/02/20	13/02/20
	High Level Assessment for Longstanton Park and Ride energy project	Cherie Gregoire			
	Cambridgeshire Music OFR	Cllr Hudson/ Matthew Gunn/ Sarah Rust			
<b>20/03/20</b>	Quarterly performance reporting against Commercial Strategy KPIs and Risk Register	Amanda Askham		11/03/20	12/03/20
<b>24/04/20</b>	Loans to Voluntary Organisations	Tom Kelly		15/04/20	16/04/20
<b>22/05/20</b>	Confirmation of Chairman/Vice Chairman	Dawn Cave		13/05/20	14/05/20
	Mobilising Local Energy Investment: Quarterly finance and progress update	Sheryl French			
<b>21/06/20</b>	Cambridgeshire Music OFR	Cllr Hudson/ Matthew Gunn/ Sarah Rust			
	Update on Property Services	Alex Gee			



<b>Committee Date</b>			<b>Reference if key decision</b>	<b>Deadline for draft reports</b>	<b>Agenda despatch date</b>
	Quarterly performance reporting against Commercial Strategy KPIs and Risk Register	Amanda Askham			
<b>12/07/20</b>					
<b>16/08/20</b>					
<b>13/09/20</b>	Quarterly performance reporting against Commercial Strategy KPIs and Risk Register	Amanda Askham			
<b>18/10/20</b>					
<b>22/11/20</b>					
<b>13/12/20</b>	Quarterly performance reporting against Commercial Strategy KPIs and Risk Register	Amanda Askham			
<b>17/01/21</b>					
<b>21/02/21</b>					
<b>20/03/21</b>	Quarterly performance reporting against Commercial Strategy KPIs and Risk Register	Amanda Askham			
<b>24/04/21</b>					
<b>22/05/21</b>					

To be programmed: St Ives Football club – ransom strip benefit for CCC (John Macmillan) ICT Future Delivery Options (John Chapman); Oasis Centre, Wisbech (Hazel Belchamber); Property Services OFR (Paul Tadd); Trumpington Park & Ride Smart Energy Grid (Sheryl French)



# COMMERCIAL AND INVESTMENT COMMITTEE TRAINING PLAN

Ref	Subject	Desired Learning Outcome/Success Measures	Date	Responsibility	Attendance by:
1.	Provisional training slot		24 <sup>th</sup> April 2020 (12-3pm)	Tbc	C&I
2.	<b>Provisional training slot</b>		<b>24<sup>th</sup> January 2020 (10am-1pm)</b>	<b>Tbc</b>	C&I
3.	Presentation on Shire Hall site plans		22 <sup>nd</sup> November 2019	Chris Malyon	C&I
4.	Committee Training: MLEI/Energy projects		18 <sup>th</sup> October (12-3pm)	Sheryl French	C&I
5.	Nearly Zero Energy Buildings members/officers workshop		24 <sup>th</sup> May 2019(1-2.30pm)	Sarah Wilkinson/Sheryl French	C&I and GPC
6.	Commercialisation training (all Members)		26 <sup>th</sup> April 2019 (1-4pm)	Amanda Askham	All Members
7.	Finance/KPIs		3 <sup>rd</sup> December 2018 (1pm)	Tom Kelly/Ellie Tod/Amanda Askham/Sue Grace	C&I
8.	Commercial Strategy		9 <sup>th</sup> November 2018 (12.30pm)	Amanda Askham	C&I
9.	Members' duties and obligations in considering Promotion Agreements.		2 <sup>nd</sup> November 2018 (12.30pm)	Chris Malyon	C&I
10.	Future Smart Energy Systems Demonstrator Project		18 <sup>th</sup> October 2018 (13.30)	Sheryl French/Emily Bolton	C&I
11.	Finance/Performance Indicators		tbc	Tom Kelly/Ellie Tod	C&I
12.	This Land Performance Workshop		12 <sup>th</sup> March 2018	David Gelling/David Bethell /Chris Malyon/John Macmillan	C&I
13.	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

14.	Business Planning Session		15 <sup>th</sup> September 2017	Chris Malyon/ James Wilson	C&I
15.	CHIC Workshop		27 <sup>th</sup> June 2017	Chris Malyon/ David Gelling/ David Bethell/ John Macmillan	C&I
16.	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	26 <sup>th</sup> May 2017	Chris Malyon/ John Macmillan	C&I

Updated 10/10/19