

**COMMERCIAL ACQUISITIONS STRATEGY**

*To:* **Commercial and Investments Committee**

*Meeting Date:* **28<sup>th</sup> July 2017**

*From:* **Deputy Chief Executive and Chief Financial Officer**

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

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

*Purpose:* **This report seeks to establish the Committee's appetite for acquiring commercial assets as a mechanism for delivering financial returns. Such returns would be used to mitigate the financial challenges facing the Council and thereby reduce the impact on services provided to Cambridgeshire residents.**

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

- a) The Committee endorses the Strategy as set out in the Appendix;**
- b) General Purposes Committee be requested to agree the proposed governance arrangements.**

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## 1. BACKGROUND

- 1.1 The financial challenges facing the Council are well known. In order to mitigate the implications on the services that the Council provides to its communities the Council is attempting to transform the way it delivers those services. It has also agreed that it should create a more commercial culture in the way that it does business. At its meeting in May 2017 the Council agreed to add more focus to the role of the Assets and Investment Committee by extending the focus of the Committee and by giving it a new name to reflect this.
- 1.2 The newly named Commercial and Investment Committee now has additional responsibilities to drive all commercial opportunities, not just those related to property transactions, but all aspects of a wide and diverse portfolio. The Council established the Cambridgeshire Housing and Investment Company primarily to deliver a housing investment programme in order to create a significant revenue stream for the Council.
- 1.3 The Committee has reviewed a couple of ad-hoc investment opportunities but although these opportunities consumed a significant amount of Officer and Member time in their consideration, they did not result in an acquisition. Part of the reason for this was caused by the fact that the Committee had no structure, or framework, within which to consider the proposals. If there is an appetite to consider acquisitions in order to create a broad and diverse portfolio then there must be a commercial framework and governance arrangements within which the Committee and Officers can operate.

## 2. MAIN ISSUES

- 2.1 The **Appendix** to this report proposes a strategy with which the Committee can incrementally develop a portfolio of investments. The strategy establishes a rationale for why the Council should seek to make such investments, the risks associated with this approach, and proposes a governance framework that will facilitate fast decision making, which can often be an essential requirement of a potential acquisition.
- 2.2 The draft strategy covers a number of potential issues for the consideration of the Committee including:-
  - Risk appetite
  - Risk mitigations
  - Funding acquisitions
  - Delivery vehicles
  - Acquisition resources
  - Delegated decision making/governance arrangements
- 2.3 What is clear is that the Council cannot develop a broad portfolio without some professional support. This support will be required whether the Council develops an investment portfolio within its own balance sheet or whether it does so through the Council's Housing and Investment Company, as it will be the financing vehicle for the latter.

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

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

Whilst this corporate priority is not a key driver for the development of an acquisitions strategy it is likely that a by-product of developing a commercial portfolio will be the continued success of the local economy.

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

No significant implications

#### **3.3 Supporting and protecting vulnerable people**

No significant implications

### **4. SIGNIFICANT IMPLICATIONS**

#### **4.1 Resource Implications**

There are no direct resource implications arising from this report. However if the Committee agrees to the Commercial Acquisitions Strategy it will lead to the development of individual investment proposals. Each proposal will contain significant resource implications and financial risks but each proposal will be individually evaluated.

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

No significant implications

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

The legal and risk implications of developing a commercial acquisitions strategy are set out within the Strategy.

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

No significant implications

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

No significant implications

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

No significant implications

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

No significant implications

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Financial Officer: Chris Malyon
<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?</b>	Yes Name of Financial Officer: Chris Malyon
<b>Has the impact on statutory, legal and risk implications been cleared by LGSS Law?</b>	Yes or No Name of Legal Officer:
<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	Yes Name of Officer: Chris Malyon
<b>Have any engagement and communication implications been cleared by Communications?</b>	Yes or No Name of Officer:
<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	Yes Name of Officer: Chris Malyon
<b>Have any Public Health implications been cleared by Public Health</b>	Yes Name of Officer: Tess Campbell

## **SOURCE DOCUMENTS**

<b>Source Documents</b>	<b>Location</b>
<b>Minutes of May 2017 Full Council</b>	<a href="#"><u>Link to Council minutes</u></a>