

ASSETS AND INVESTMENT COMMITTEE



Date: Friday, 16 September 2016

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

10:00hr

Shire Hall
Castle Hill
Cambridge
CB3 0AP

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

AGENDA

Open to Public and Press

CONSTITUTIONAL MATTERS

1. **Apologies for absence and declarations of interest**
Guidance on declaring interests is available at
<http://tinyurl.com/ccc-dec-of-interests>
2. **Minutes and Action Log of the Assets and Investment Committee** **5 - 16**
held 22nd July 2016

KEY DECISIONS

3. **Smart Energy Grid Demonstrator Project, St Ives Park & Ride -** **17 - 26**
Outline Business Case
4. **Cleaning re-tender of contract for Cambridgeshire County Offices** **27 - 32**

OTHER DECISIONS

- | | | |
|----|---|----------------|
| 5. | Council's approach to development for value of surplus land on Academy sites | 33 - 38 |
| 6. | Service Committee Review of the draft 2017-18 Capital Programme | 39 - 52 |
| 7. | Finance and Performance Report - July 2016 | 53 - 72 |
| 8. | Committee agenda plan | 73 - 76 |
| 9. | Exclusion of Press and Public | |

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

10. **Programme Highlight Report:**

- Milton Road (oral)
- Latest projects commissioned (oral)
- Financial Model - paper and spreadsheet (to follow)
- Soham Eastern (oral)
- Cottenham - briefing paper (to follow)
- Histon (oral)
- East Barnwell (oral)
- Template approach for report Financial Appraisals (to follow)

The Assets and Investment Committee comprises the following members:

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

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

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

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ASSETS AND INVESTMENT COMMITTEE: MINUTES

Date: Friday 22nd July 2016

Venue: Wisbech Castle

Time: 10.05am – 12.20pm

Present: Councillors Boden, Bullen (Vice Chairman), Dent, Harford, Hickford (Chairman), Jenkins and Sales

Apologies: None

A Member suggested that as the Committee had had the opportunity to tour Wisbech Castle immediately before the meeting, that the Wisbech Castle item be deferred. Due to the significance of the site, more work was needed, and the input of the community and Town Council sought. It was also noted that 2016 was the 200th anniversary of the current Castle building, and it was suggested that the Communications team should do something to promote this.

19. DECLARATIONS OF INTEREST

There were no declarations of interest.

20. MINUTES OF ASSETS AND INVESTMENT COMMITTEE HELD 24TH JUNE 2016

The Committee resolved to approve the minutes of the Assets and Investment Committee held 24th June 2016.

21. SECOND REVIEW OF INVESTMENT PRINCIPLES FOR ENERGY PROJECTS

Members received a report proposing a review of the set of investment principles and level of investment agreed at the General Purposes Committee (GPC) on 19th May 2015 for the Local Authority Fund investments into Energy Projects.

At the September 2014 GPC meeting, a set of principles was established for energy investments and a delegated decision process to facilitate investment on individual energy projects. This was reviewed by GPC in May 2015, and a further review was now proposed. The investment projects relate to schools,

other County Council buildings and sites. The intention was to set out principles so that the Committee did not have to consider every individual project, if the project met the principles. There had been further reductions in Feed In Tariffs for renewable/low carbon schemes, but also new incentives for Renewable Heat which may be worth exploring. One major impact was that solar PV no longer attracts finance incentives at the level that can make a significant contribution to help offset costs for new boiler for schools. This means there are some projects with boilers which can not be delivered within the payback period agreed with Members and an extension to this payback for such schemes needs to be extended if new boilers for schools are to be facilitated.

The officer explained that the current schools and County Council buildings programme, combined with the St Ives Park and Ride Smart Energy Grids Project would exceed the current loan facility of £10 million. As more projects were planned, an increase to £20 million was sought. Some of the larger projects brought a whole range of other issues e.g. insurance, risk, planning and programming.

Arising from the report, individual Members raised the following points:

- queried the assumption that where a school boiler needed replacing, it would be replaced with another boiler – why were ground source heat pumps not being considered as an alternative? The officer confirmed that they were looking at new technologies;
- asked why this was coming to Committee asking for just £10million additional loan facility when some of the bigger projects would need a lot more investment? The officer explained that the focus of the additional £10M was to facilitate the current project pipeline of a whole range of smaller projects, which still needed to be kept moving through the system and which required the delegated decision making process. To bring forward the larger projects, a broader debate was required as to how to facilitate these including setting investment return limits and other parameters that the business cases would need to deliver and how investment principles could apply to these larger projects. Once finalised this would form the strategy going forward and be included in the Constitution;
- commented that investment and funding decisions appeared to be getting confused. The decision to invest was the main issue – once that had been agreed, funding was a secondary consideration. The Member suggested that decisions to invest in smaller schemes e.g. less than £1M should be

delegated on the basis of a set of agreed principles. Projects over that amount should be brought to Committee;

- expressed some concerns about the acceptability of the methodologies used for payback periods. The Member suggested that in practical terms, it was very difficult to give any degree of assurance on payback schemes, especially as there would be significant changes taking place, both economically and technologically, over the periods in question. He further suggested that it was acceptable if the payback calculations were being used to differentiate between competing schemes, but not if it was being suggested that were being used to provide some sort of external validity. The officer explained that the service provider gave a guarantee on energy savings reduction i.e. these were engineer designed schemes and they were held to account over energy savings. There was clearly a challenge to predict future energy costs. The predicted energy costs used in the business case are based on the former Department for Energy and Climate Change (DECC) website. It was also explained that the benefits of the scheme were shared with schools and it was important for school to see positive cashflow from day one. The loan and fees charged by CCC were structured in the business case to facilitate this. It was agreed that the business case documents dealing with this process would be emailed to the Committee, and that the Finance Officer would also be happy to answer any detailed questions from Members. **Action required.**
- suggested that an entirely new approach was needed, especially given the reduction in government incentives. The Member suggested a more business like arrangement needed to be adopted to secure greater returns. The Member also expressed concern about the £2.3M investment in the St Ives Park & Ride project and asked whether there were customers for this electricity. The officer explained that customers had already expressed interest in being involved in the St Ives project, and she gave further details on how it would work as a demonstrator project to find solutions to connecting to the grid. Members are aware that the local grid network is at capacity at this is a significant constraint on green growth. Whilst accepting that the Council had responsibility for maintained schools, he queried why this was extended to Academies. It was noted that there were no loans to Academies, as they were funded directly by central government, and they were instead charged as part of a Managed Service Arrangement. This had a benefit to the academy and the se in that less money was being spent on energy, and more on education and that CCC benefits through charging for the energy reductions service

- noted that the total return to the team from schools investments was quite small which covered the team costs with a small surplus. It was agreed that the detailed financial figures would be provided to the Committee.
Action required. Some Members commented that it was important for the Committee to know exactly what the team was bringing in i.e. in terms of non-financial benefits/added value, given the small return and opportunity cost of investing that funding elsewhere, as these type of services could be provided by other organisations;

Whilst not wanting to delay current projects and those in the pipeline, Members felt that a more fundamental review of this work was needed to provide Committee with the detailed financial understanding of investments and how this needs to be reported to committee. Concerns were expressed about the low return from the team and the position on Academies. The Chairman suggested that the Committee accepts the recommendations as presented in the report for the short term, but on the proviso that a more in depth review was required between the Committee and the Chairman of the General Purposes Committee to agree the longer term approach.

In response to a question as to when the additional £10M needed to be in place, the officer confirmed that this needed to be in place by March 2017, by which point new projects would be contracted.

Councillor Bullen proposed an amendment as follows:

(f) that a minimum floor be put on future projects e.g. at least a 3% return.

This amendment was seconded by Councillor Dent, but on being put to the vote was lost.

Other Members agreed broadly that a floor needed to be put on the return on future projects, but that a wider discussion on the team's work needed to be had on future strategy. A Member also pointed out that the remit of the Committee was to maximise returns on the County's assets.

The Chairman concluded that the report recommendations should be put to the vote, with the proviso that the Committee seek a meeting with the Chairman of GPC to discuss concerns and thoughts as soon as possible. It was clarified that the Chairman of GPC was suggested, because although Assets & Investment Committee had the required powers on this matter, this matter had broader implications which touched on other Committees, so a debate with the chairman of GPC was needed, as that is the umbrella for all other Committees, in the first instance.

It was resolved, by a majority, on the condition that the Committee sought a meeting with the Chairman of General Purposes Committee to discuss Members' thoughts and issues as soon as possible:

- a) that the existing delegated authority to provide loan funding for individual projects for schools and County Council assets is updated to reflect Assets and Investment Committee's role in decisions and the delegated loan facility is extended from £10m to £20m to facilitate the next phase of projects in Appendix B&C.
- b) to extend the payback period for smaller projects on schools and CCC assets from 15 to 20 years.
- c) to extend project payback from 15 to 25 years for larger energy projects in line with the Authority's other infrastructure projects and to set development budgets in advance which are repaid through project delivery including sale of energy to local consumers.
- d) to support funding of demonstrator projects which can provide wider economic and policy benefits provided they are managed within the energy investment principles and supplemented by grants where possible to manage financial risk.
- e) that officers develop a corporate energy strategy to coordinate, unlock and manage larger energy projects from across CCC assets including proposals to facilitate the generation and selling of energy to local consumers, for decision by Members.

22. MANAGING AFFORDABLE HOUSING WITHIN THE PROPERTY PORTFOLIO

The Committee considered a report on possible property management approaches where the Council, or its Development Company, intended to retain ownership of allocations for affordable housing under Section 106 Agreements for housing development of Council owned sites. Such management was a specialist area i.e. managing tenants, allocations and buildings, and was usually managed by a registered provider.

The report set out three options for managing social housing:

1. Not to register as a Registered Provider of Social Housing (RP) and hold Social Housing managed from within existing resources in Strategic Assets, or the Company;
2. To register as an RP and manage from within Strategic Assets or the Company;
3. To employ a Local Housing Authority or an RP to manage retained Social Housing.

Option (3) was the officers' recommended option.

Councillor Harford declared a non-prejudicial interest as a South Cambridgeshire District Council (SCDC) Member in relation to this item, specifically the proposal at (3) above (SCDC being a Local Housing Authority).

It was noted that in the early stage, there may only be a few units to be managed. It was suggested that the arrangement be reviewed once the social housing portfolio reached a certain size – the key would be establishing when it would become economically viable not to outsource. It was also noted that securing a Registered Provider was not always an easy process, so this needed to be addressed at an early stage.

It was noted that in terms of nomenclature, the correct term was social housing, as opposed to affordable housing, and Members urged officers to be accurate and consistent so as not to leave the Council open to legal challenge. It was also agreed that the contract with the Registered Provider should specify that the Council or Company retained the right to review or cancel arrangements under specific circumstances. The Committee agreed unanimously that the following text should be added to recommendation (b): *“...on terms and conditions to be delegated to the Chief Finance Officer in consultation with the Chairman of Assets & Investment Committee, and reviews the position after an appropriate period of operation.”*

A Member observed that the risk of Right To Buy (RTB) was not explored in the report, and Members asked for a report back to a future meeting on RTB, to cover current legislation and future risks.

It was resolved unanimously to:

- a) the Council, or its Development Company, does not become a Registered Provider of Social Housing;
- b) the Council, or its Development Company uses the services of a Local Housing Authority or an existing Registered Provider to provide a full management service for any Social Housing in its ownership on terms and conditions to be delegated to the Chief Finance Officer in consultation with the Chairman of Assets & Investment Committee, and reviews the position after an appropriate period of operation.

23. DEVELOPMENT OF AN ACQUISITIONS AND INVESTMENT STRATEGY

Members considered a report on the development of a Property Acquisition and Investment policy.

Members were reminded that they had had discussions about developing this Strategy at their June Committee meeting, including the lack of specific resources and skills within the Council to progress such a strategy. The report sought Members' views and briefly outlined the rationale for an acquisition policy and the resources required.

In discussion, Members welcomed the direction of travel, and individual Members:

- suggested that the Farm Estates should be considered separately to other investments;
- suggested that more detail was required on the rate of return and discount factor to be used;
- stressed the importance of a consistent policy e.g. an acquisitions policy to top up estates;
- stressed the importance of being proactive rather than reactive in terms of what opportunities were available;
- commented that the statements in the report that *“properties acquired under the Policy should be managed solely for financial investment returns”* and *“investment property is acquired and managed through a Special Purpose Vehicle”* were absolutely fundamental to the Strategy;
- suggested that there needed to be some reference to the IPD and what had already been done, and acknowledge that such a venture would be established in competition to commercial businesses with large reservoirs of funds and skilled individuals;
- observed that the Council was at an advantage of having a significant landbank within the county, and there may be leverage opportunities on the basis of that;
- commented that there was a danger of creating something with a lot of debt, and care needed to be taken when looking at principal repayments,

and also tax implications (stamp duty, land tax, and potentially CGT and Corporation Tax liabilities);

- commented that specialist agents/consultants needed to be appointed in-house;
- noted that the Investment Review group had agreed in principle that sales income would be reinvested, to make sure there was not a shrinking portfolio.

The Chairman advised that he was setting up a meeting with officers and the Chief Finance Officer in August to review this, and he would extend this invitation to Members, if they were available. **ACTION: Councillor Hickford.**

It was resolved to:

- a) agree that a Property Acquisition and Investment Policy should be adopted on the basis set out in the report;
- b) a report be brought to a future for a Key Decision to approve delegation arrangements for authorising individual transactions.

24. COMMITTEE AGENDA PLAN

The Committee noted the agenda plan. Officers advised that the potential item on solar farms listed as a Key Decision for the August meeting was no longer required: there had been concerns that additional costs would push the Council below the threshold, but the latest review indicated that it was still above the 7% threshold. The other item identified for the August meeting could be deferred until the September meeting.

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

25. EXCLUSION OF PRESS AND PUBLIC

It was resolved unanimously that the press and public be excluded from the meeting during the consideration of the following reports on the grounds that it is likely to involve the disclosure of exempt information under paragraph 3 of Schedule 12A of the Local Government Act 1972 as it refers to information relating to the financial or business affairs of any particular person (including

the authority holding that information) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

ASSETS & INVESTMENT COMMITTEE

Minutes-Action Log



Introduction:

This is the updated action log as at **8th September 2016** and captures the actions arising from the most recent Assets & Investment Committee meeting and updates Members on the progress on compliance in delivering the necessary actions.

Minutes of 22nd July 2016

Item No.	Item	Action to be taken by	Action	Comments	Completed
21.	Second Review of Investment Principles for Energy Projects	S French	Energy Investment Business Case documents and detailed financial figures to be shared with the Committee	Emailed to Committee by Linda Cornwell 26/07/16.	26/07/16
21.	Second Review of Investment Principles for Energy Projects	D Cave	Meeting to be arranged between Cllr Count and A&I Committee to discuss this issue.	Meeting took place 16/08/16 (note circulated); follow up mtg on 06/09/16	16/08/16; follow up meeting on 06/09/16
22.	Managing Affordable Housing within the Property Portfolio	R Moore	Members asked for more info on Right to Buy (RTB), to cover current legislation and future risks.	Roger Moore to email info.	
23.	Development of an Acquisitions and Investment Strategy	D Cave	Meeting to be arranged between Chairman and Chief Finance Officer, and A&I Committee invited.	Meeting arranged for 09/08/16.	09/08/16
26.	Programme Highlight Report	A Burdett/ R Moore	Email Committee figures illustrating the impact of differing levels of affordable housing.	Emailed to Committee by Roger Moore 05/08/16	05/08/16
26.	Programme Highlight Report	R Moore	Send Committee Members invitation to the Building Research Establishment in Watford.		

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

Date of mtg	Action to be taken by	Action	Comments	Completed
16/08/16	S French	Establish whether Bouygues actively weighed up different options e.g. when replacing a school boiler, did they consider alternatives, or work on a like for like basis.		
16/08/16	S French	Clarify whether Bouygues guaranteed and underwrote their energy investment proposals, and the detail of that arrangement.		
16/08/16	M Rathbone/ R Moore	Provide a small glossary of terms so that all Members and officers were clear on terminology.		
09/06/16	C Malyon	CFO to make inquiries on the HDV staffing.		

**SMART ENERGY GRID DEMONSTRATOR PROJECT, ST IVES PARK AND RIDE –
OUTLINE BUSINESS CASE**

To: **Assets and Investment Committee**

Meeting Date: **16th September 2016**

From: **The Chief Finance Officer and Executive Director
Economy, Transport and Environment**

Electoral division(s): **St. Ives**

Forward Plan ref: **2016/054** *Key decision:* **Yes**

Purpose: **To consider a proposal to build a 1 MW smart energy grid
on the County Council owned Park and Ride site at St.
Ives.**

Recommendation: **The Committee is recommended to:**

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

<i>Officer contact:</i>	
Name:	Sheryl French
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Email:	Sheryl.french@cambridgshire.gov.uk
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1. BACKGROUND

- 1.1** This project will deliver a mini Smart Energy Grid Demonstrator project on the St.Ives Park & Ride site and a business support programme to build the capacity and capability of the supply chain to deliver these types of projects. The capital project includes construction of solar renewable energy (982 kW), battery storage, electric vehicle charging (EVC), on-site energy efficient lighting, cabling to supply electricity to local consumers and smarter management and control of decentralised renewable energy. A location plan and site map is shown at **Appendix A**.
- 1.2** The Energy Investment Unit submitted an outline application in August 2016 to the Department of Communities and Local Government requesting European Regional Development match funding to support delivery of the project. A degree of uncertainty on ERDF funding has been introduced following the EU Referendum. Projects secured ahead of the Autumn Statement will have a better chance of success, therefore on advice from the LEP we plan to submit a full application for funding by the end of September 2016.
- 1.3** The mini Smart Energy Grid aims to show how combining technologies and different sectors (energy and transport) along with selling energy locally to consumers is viable in areas where grid constraints are a significant market barrier to green growth. A business support programme will use the learning from the capital project to build capability and capacity in the supply chain and develop new business partnerships that can meet the challenges of complex, integrated technological solutions across the energy and transport sectors to deliver renewable energy projects where market failures exists.
- 1.4** A project development budget of £100,000 from ETE Reserves was supported by Economy and Environment Committee, May 2016 and endorsed at General Purposes Committee on 26th July 2016 to facilitate the project.
- 1.5** A planning application has been prepared and was submitted to Huntingdonshire District Council ahead of the ERDF outline application submission. The timeframe for a decision on the application is 8 – 12 weeks.
- 1.6** A grid connection will not be required as the site will not be exporting energy via the grid, but supplying electricity directly to a single customer, providing on-site energy usage and powering electric vehicle charging points.
- 1.7** The project is using the capacity and skills (technical, financial and legal) developed in the Authority as part of the Mobilising Local Energy Investment (MLEI) project, Bouygues Energies and Services Ltd, the procured service provider under REFIT 2 Framework and Local Partnerships, contract advisors for the Re:Fit 2 Framework.

2. MAIN ISSUES

- 2.1** If funding is granted, the capital project would be delivered through an established Framework arrangement known as Re:fit. This is administered by the Greater London Authority and has been widely used by Government Departments and London Boroughs. Under this Framework, Local Partnerships, a body jointly set up by the

Treasury and GLA will provide support and advice to the Authority on contracting and business case development.

- 2.2** Our Service Provider, Bouygues Energies and Services UK Limited (Bouygues), was procured under the Re:fit 2 Framework in August 2014 as part of a mini-competition. The framework expires on 18 November 2016 and under ERDF procurement we must have a signed construction contract in place by that date. Note that we will include break clauses in that contract to mitigate any risk to CCC should we subsequently not enter into a contract with DCLG.
- 2.3** This project is a demonstrator project which is looking to identify solutions to market failures currently faced by renewable electricity projects and provide broader policy and business benefits to Cambridgeshire communities. Currently no decentralised energy projects can connect to the local grid in parts of Cambridgeshire due to significant market failure, which is now impacting on green growth across Cambridgeshire.
- 2.4** This project is looking to demonstrate how projects can be developed, without the need of a local grid connection and to establish a business model that can be replicated across our park and ride and other assets should the Investment Grade Proposal stack up as expected. At this stage, the expected cost of the ERDF Project is £2.5M which includes development costs, the capital project, the business support programme and ERDF contract management and administration. The capital costs will be firmed up through the tendering stage and development of the Investment Grade Proposal.
- 2.5** The Assets and Investment Committee approved the recommendation at the meeting on 22 July 2016 for demonstrator projects and that larger projects could have a payback period of no more than 25 years. Assuming the ERDF match funding of 50% is in place, the expected £1.25 M investment could deliver:

Payback Period	17.43
Cash return expected over 25 years	£806,797

- 2.6** The July meeting of the Assets and Investment Committee also raised the current loan facility for energy investments to £20 million, therefore there are investment funds available for the required public match funding.
- 2.7** The Council's delivery partner, Bouygues have prepared an outline business case of the project for Assets and Investment Committee approval (see **Appendix B** and confidential **Appendix C**). This business case has been subject to rigorous challenge from CCC officers and Local Partnerships including the technical modelling that supports the business case.
- 2.8** Subject to approval of the outline business case, a fully costed and guaranteed Investment Grade Proposal (IGP) will be developed and according to the terms of the Re:fit Framework will provide an equal if not better financial position. Local Partnerships will support this process ensuring that the contracting arrangements are compliant with the Re:fit 2 framework terms and conditions.
- 2.9** The IGP will be completed on 31 October and, if acceptable, this will enable secure contracts to be signed by 18 November 2016 to satisfy Re:fit timescales. This allows no

room for slippage.

- 2.10** Given that the final fully costed IGP cannot be produced until after approval is granted at the September A&I meeting and the tight timelines would preclude us from returning to A&I to seek agreement, it is requested that the final decision to agree a construction contract is delegated to the County's Chief Finance Officer and the Chairman of A&I. This delegation, however, shall be subject to the IGP having a payback period no longer than that shown in the outline business case.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

In many parts of Cambridgeshire, decentralised energy cannot connect to the local grid as it has reached capacity; also fault levels on existing networks are in danger of being breached. Without significant investment in Super Grid Transformers (approximately £10million) and localised network upgrades, decentralised energy projects cannot connect to the grid. This will be a significant market barrier for cleantech companies. New thinking and business models must be developed to overcome this challenge and to bring forward investment. The St Ives smart grid demonstrator project will work with local businesses to share the learning and knowledge developed on the project including the technical and financial modelling to help support businesses to find new ways of working, better integration of low carbon technologies and new business models. In addition, the investment returns over the medium to long term will input finance to support services.

Locally generated electricity also improves our energy security by reducing our reliance on imported energy.

3.2 Helping people live healthy and independent lives

The project will provide clean renewable energy to power the site usage, and local customers either directly or via electric vehicle charging, thereby reducing the Council's and Cambridgeshire's carbon footprint and mitigating climate change.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

There are a number of challenges facing this project (detailed in this report) which will impact on the final decision of whether to proceed to contract. However, at this stage it is proposed to continue the process to develop the Investment Grade Proposal (IGP) for the smart energy grid, and only proceed to contract dependent on the outcome. The full

expected costs of carrying out the project are £2.5M and the Authority is seeking 50% funding towards this from ERDF. The remaining £1.25M investment by the Authority would be recovered by income from the project.

The only cost that the Authority would be committed to by continuing to IGP would be £100k for the cost of producing the IGP, submitting the planning application and some costs from Local Partnerships. If the project proceeds this cost would be recovered as part of the overall project costs, but if the Authority chose not to proceed this cost would still need to be paid. These funds were approved as part of a £100k development budget described in paragraph 1.4 above.

During the IGP stage Bouygues would tender out the works as part of assuring Value for Money. The project would be developed under an Energy Performance Contracting model in which the energy generation is guaranteed, reducing the risk to the Authority. This model is available to us by virtue of using the Re:fit Framework.

The project will be built on one of our property assets to generate revenue streams without disturbing its original use. The project will reduce existing site mains usage starting at £3,300 per year and increasing annually. There are no implications for Information and Communications Technologies or data ownership.

Impact on human resources. The costs for CCC staff involvement to deliver the project are included in the business case.

Sustainable Resources. The project's goal is to generate low-carbon electricity, reduce electricity usage on-site and provide solutions to the grid capacity problems experienced across Cambridgeshire.

4.2 Statutory, Legal and Risk Implications

There are no statutory or legal implications.

Key risks include:

- As a result of the EU Referendum, there is some uncertainty with the length of the ERDF programme, however the project is not viable without match funding. Other funding streams have been scoped as alternatives to ERDF if needed.
- We need to secure the title to the St Ives site in time for the full application submission, which if not forthcoming from the previous land owner, will impact the project approval.
- The inability to secure a customer for the onsite electricity would threaten the project's financial viability. The commercial package is being assembled to secure commitment from local companies in parallel with business case development.
- Timescales for contracting within the REFIT 2 Framework timeline are short but essential to allow the existing framework contract with Bouygues under ERDF eligibility criteria.

Health and safety implications. The canopies could provide some potential cover for crime, therefore the CCTV cameras on site will be repositioned for better coverage.

4.3 Equality and Diversity Implications

There are no significant implications.

The electric vehicle charge points will be available to the entire community.

4.4 Engagement and Consultation

There are no significant implications.

The project has been discussed with relevant members of the Guided Busway and Park and Ride teams, at St Ives Town Council, potential customers for the electricity generated, RSPB, and with a planning officer at Huntingdonshire District Council. Overall there has been solid support with a few expressing concerns over construction noise, environmental impact and the potential for canopies to provide cover for crime. All of these are being explored and mitigation strategies put in place. Further public consultation events are planned for September.

An outline planning application has been submitted and two meetings arranged to discuss the planning application with the local community.

If funded by ERDF, a dedicated Communication Strategy will be developed.

4.5 Localism and Local Member Involvement

There are no significant implications.

As indicated in 4.4 above, the project was presented at a meeting of the St Ives Town Council on 8 June 2016. The Local Members, Cllrs Paul Bullen and Kevin Reynolds were notified of the project prior to the Town Council meeting. If the project goes ahead, the team will continue to update and consult local members.

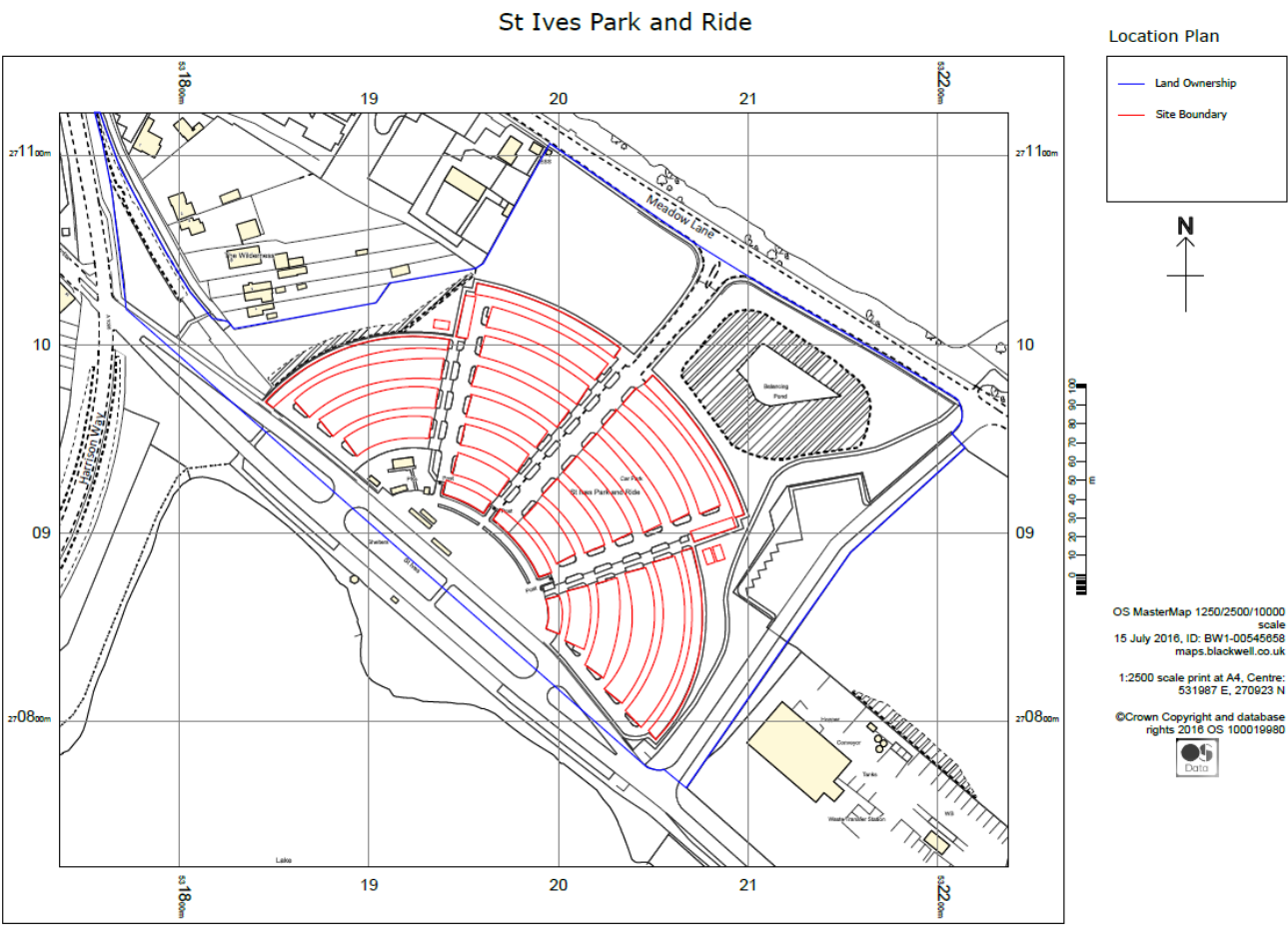
4.6 Public Health

Emissions from cars is associated with poorer air quality and the introduction of electric charging points for cars could therefore contribute to lower emissions and therefore result in positive health benefits through improved air quality. The Transport and Health JSNA 2015 states that new low emission vehicles are either fully electric with no emissions at the point of use or hybrid vehicles which have significantly reduced emissions for periods of the drive cycle and may be capable of some zero emission running. Therefore, with new low emission vehicle technology there is the potential for substantial real world cuts in emissions.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Sarah Heywood
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	Shared with Quentin Baker on Monday 15 th August
Are there any Equality and Diversity implications?	Clearance - Yes 22/08/16 Name of Officer: Emma Middleton There are no significant implications within this category.
Have any engagement and communication implications been cleared by Communications?	Clearance – Yes Name of officer: Mark Miller
Are there any Localism and Local Member involvement issues?	Clearance – Yes 22/08/2016 Name of Officer: Paul Tadd
Have any Public Health implications been cleared by Public Health	Yes Name of Officer: Tess Campbell

Source Documents	Location
1. Assets and Investment Committee – 22 July 2016 2. Outline Business Case, St Ives Park and Ride, Smart Energy Grid, July 2016	1. https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/464/Committee/31/SelectedTab/Documents/Default.aspx 2. Energy Investment Unit

Appendix A: Site Map



Appendix B: Outline Business Case summary

Category	
PV Capacity (kW)	982
Electricity Generated annually (MWh)	836.8
Costs	
- Expected	£2.5M ^a
Revenue (first year)	
- Via Power Purchase Agreement	£88,093
- Electric vehicle charging	£1,906 ^b
Savings	
- Site mains electricity (annual)	£3,078
Payback period (years)	17.43 ^c
<p>a. The costs will be confirmed as part of the IGP with a maximum of £2.9M</p> <p>b. This revenue source is predicted to increase over time as the percent of electric vehicles increases.</p> <p>c. Assumes estimated generation and costs, average DECC prices.</p>	

CLEANING RE-TENDER OF CONTRACT FOR CAMBRIDGESHIRE COUNTY OFFICES

To: **Assets and Investment Committee**

Meeting Date: **16th September 2016**

From: **Chief Finance Officer**

Electoral division(s): **Countywide**

Forward Plan ref: **2016/045** *Key decision:* **Yes**

Purpose: **To provide Committee with sufficient information to consider whether to approve the recommendations.**

Recommendation: **Authorise the re-tender of cleaning contract:**

a) Approves the commencement of the re-procurement of the Cleaning FM Framework Contract for a term of three years from 1 April 2017 to 31 March 2020 with the option to extend a further one year;

b) Delegates authority to the Director of Finance, Property and Governance LGSS and Head of Property Services to appoint contractors following a competitive process and complete all necessary contractual documents in accordance with Council procedures.

<i>Officer contact:</i>	
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Tel:	07826 511093

1. BACKGROUND

- 1.1 The Council's non-school properties require regular statutory cleaning to keep the buildings healthy, safe and operational.
- 1.2 There is currently a contract in place to carry out this work. This contract comes to an end in March 2017.
- 1.3 The strategy for the re-procurement of the Cleaning FM Framework Contract will be by Restricted Tender due to the potential for a high degree of market interest, and will be advertised in the OJEU (Official Journal of the European Union) as required by EU Legislation for tenders of this value.

2. MAIN ISSUES

2.1 ISSUES

- 2.1.1 The rationale is to bundle all aspects of cleaning together jointly with Northamptonshire County Council, to create two Single-Supplier Framework Agreements, from which the cleaning services described above will be contracted for a term of three-years, with an option to extend for a further term of 1 year.
- 2.1.2 The total value of the contracts is likely to be £3 million per annum, the Cambridgeshire County Council (CCC) proportion being £1.2 million per annum.
- 2.1.3 The strategy for the re-procurement of the Corporate Cleaning Contract will be by Restricted Tender due to the potential for a high degree of market interest, and will be advertised within, OJEU (Official Journal of the European Union) as required by EU Legislation for tenders of this value.
- 2.1.4 The procurement process will be a single process but in two lots or packages, one for Cambridgeshire and the other for Northamptonshire (and with the option for customers and partners of LGSS to call off the relevant framework via an Access Agreement and for a fee). Bidders shall have the option to bid for either or both lots.
- 2.1.5 The contract specification will be based on outputs to encourage cost saving through innovation, such as using new technologies, (fingerprint recognition time recording, vehicle trackers, and PDA for site audits).
- 2.1.6 Those bidders bidding for both lots will be strongly encouraged to offer two pricing models, one for the individual lots and then one if they are successful in both, and this latter option should see the benefits of economies of scale of areas such as overheads, etc. However whether it is the same provider or two different ones, there shall be two separate contracts.

2.2 MULTI-TIER SUPPLY-CHAIN MANAGEMENT

- 2.2.1 LGSS has a strategy to achieve vital cost efficiencies for its founding Authorities by creating economies of scale in their back office management and by leveraging their aggregated buying power.
- 2.2.2 Aggregating tender packages produces cost efficiencies through a number of mechanisms: (a) by reducing the number of procurement exercises and therefore the procurement administration and time, (b) by increasing the value of the tender to leverage buying power and obtain more competitive unit rates, and (c) by reducing the management resources within LGSS and across the supply chain.
- 2.2.3 The application of this strategy to LGSS Property Services requires that, wherever practicable, tender packages are aggregated to create a vertically-integrated bundle of interrelated services that maximise their commercial value and therefore the market interest. The nature of the bundle and the service specification will require the management of often irregular and seasonal demands and compliance with minimum response times that can only be reliably achieved through a network of subcontractors with a high capacity local workforce.
- 2.2.4 The Authority has a localism agenda to ensure that local Small and Medium Enterprises (SMEs) have equal and fair access to its contracts to enable them to grow the local economy.
- 2.2.5 Multi Tier Supply Chain Management balances these two priorities by awarding a Single Supplier Framework Agreement with a main-contractor (Tier 1 supplier) for calling off a bundle of interrelated services and critically, grants only the Authority the power to approve subcontractors (Tier 2 suppliers) and sub-subcontractors (Tier 3 suppliers) used by the main-contractor. The evaluation of the competence of Tier 2 and Tier 3 suppliers will be the sole responsibility of the main-contractor (Tier 1 supplier).
- 2.2.6 The use of the Single Supplier Framework Agreement allows other Local Authorities and public-sector organisations to purchase an Access Agreement from LGSS to also call off services.
- 2.2.7 The main contractor will be incentivised to have sufficient local capability and capacity in their supply chain to meet the service specification. Performance, particularly response times and compliance to programme, will be assured by directly linking it to a payment mechanism.
- 2.2.8 Payment terms at all tiers of the supply chain will be regulated and monitored by the Authority and will not be permitted to exceed the standard term of 30 days from receipt of a valid invoice. This requirement ensures that the main contractor and subcontractors are unable to extract a cash flow advantage at the cost of the deeper supply chain.
- 2.2.9 Multi Tier Supply Chain Management provides the main contractor the operational scale to recruit and employ a cohort of apprentices from local schools and to manage their work placements with not only the main contractor but their subcontractors and their sub-subcontractors too. The apprentices will benefit from an exceptionally broad range of experience gained from a variety of organisations. The benefit to the hosting

organisations is that they only contribute to the cost of an apprenticeship when the apprentice is working for them - giving local SMEs access to apprentices that they may not have previously had the scale or stability to employ.

2.3 ALTERNATIVE OPTIONS CONSIDERED

- 2.3.1 The alternative option for meeting the cleaning requirements at the Council's properties is to consider an in-sourced service. This is not a core function of the authority and would be an expensive change to implement, would result in the TUPE transfer of all existing staff to the Council, and would remove the opportunity to regularly test the competitiveness of the service

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

The contract is unlikely to be won by an SME (Small Medium Enterprise) due to its high value and number of operatives required. There is the opportunity for SMEs to subcontract to the main contractor for specialist work.

3.2 Helping people live healthy and independent lives

Regular cleaning of property facilities will promote a healthy and productive working environment.

3.3 Supporting and protecting vulnerable people

See wording under 3.2 above.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

It should be noted that there are significant increases related to the increase in the Living Wage, pension scheme and Apprentice Levy.

- National Living Wage (old minimum wage) – 1st April 17 – the increase is predicted to be in the region of £7.61 (5.7% - £0.41).
- Auto Enrolment Pension –it is currently 1%, however it is worth noting that as of 1st October 17, this will again increase to 2%.
- New Government Apprenticeship Levy – as of 1st April 17 companies will need to increase their labour costs by 0.5% as this new levy will be charged at a rate of 0.5% of an employer's payroll. "Payroll" for this purpose will be based on total employee earnings subject to Class 1 secondary NICs.

4.2 Statutory, Risk and Legal Implications

Risk(s) associated with not undertaking the proposal:

Risk	Risk Rating
Risk to employee and visitor health & safety	Red
Reduction to employee morale	Amber
Reduction to employee care and respect afforded to other aspects of the facilities	Amber

4.3 Equality and Diversity Implications

There are no significant implications for this priority

4.4 Engagement and Consultation Implications

To be Increase accessibility to all our contracts being procured through the development of slimmed-down PQQ (Pre-Qualification Questionnaires) and tactical use of tender lots.

4.5 Localism and Local Member Involvement

See 3.1

Note – TUPE transfer would apply

There are no significant implications for this priority. 2.2.9 above sets out the expectation to increase SME engagement and investment in apprenticeships for local residents.

4.6 Public Health Implications

Buildings to be clean and compliant in accordance with Health & Safety at Work Act.

Source Documents	Location
None	None

Implications	Team	Name of Officer Consulted
Resource	Finance	Chris Malyon
Statutory, Legal and Risk	Legal	Nicola Molloy
Equality and Diversity	HR	
Engagement and Consultation	CS&T	
Localism and Local Member Involvement	CS&T and Democratic Services	
Public Health	Public Health	

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

To: **Assets and Investment Committee**

Meeting Date: **16th September 2016**

From: **Head of Strategic Assets/Head of 0-19 Place Planning and
Organisation Service**

Electoral division(s): **All**

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

Purpose: **To consider the need for a policy approach where the
Council's residual freehold land ownership in Academy
sites is promoted for development**

Recommendation: **That the Committee confirms that the Council should
adopt Option 2.4.4 as its policy when agreeing the
disposal of land subject to leases granted pursuant to the
Academies Act 2010**

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

- 1.1 Under the Academies Act 2010, the governing body of a maintained school in England may apply to the Secretary of State for an Academy Order to be made in respect of the school, giving the schools greater independence from local authorities, and including the transfer of property assets
- 1.2 In addition, the 2011 Education Act requires local authorities to seek proposals for an Academy or Free School whenever they identify the need to establish a new school in their area of responsibility
- 1.3 In the case of existing schools which convert to become Academies, the transfer of assets is carried out through the grant of a 125 year lease of the land in use for the delivery of the school functions at the time of the application. The lease from the Council to the new Academy Trust is generally on standard terms, including a peppercorn rental, and a restriction on use to education and ancillary purposes
- 1.4 An assessment is made at the date of transfer as to the extent of land and buildings in use by the school, and the Council has the ability to exclude land not used in the delivery of school from the lease. In reality, if there is any dispute over the extent of the land to be transferred, these are determined by the Secretary of State. To date, in Cambridgeshire, it has not proved necessary to secure a resolution in this way, although experience from other authorities would indicate that if needed, the Secretary of State would be likely to support the Academy Trust, either because of the configuration of the site, or because the degree of use test required is low. As a result, schools can convert to Academy status with more land than is strictly required by Department for Education (DfE) standards.
- 1.5 As Academy Trusts control the future of their education provision, they are able to decide whether they wish to expand the school, develop new buildings, or even move sites, and they are responsible for providing their own business cases and securing funding from the Education Funding Agency (EFA). The exception to this is where a local authority has an identified basic need for an Academy to increase in size in response to demand for places within its catchment area. The authority would expect to fund this from its basic need allocation and/or from S106 or Community Infrastructure Levy (CIL) contributions where the need for additional places results from planned housing development.
- 1.6 One route for funding is the potential to release value from surplus land. However, in this aspect the Academy Trust does not have full control, because it requires the Council's agreement as landowner to amend the terms of the lease, and to the sale of its reversionary freehold interest in the land.

2. MAIN ISSUES

- 2.1 As outlined in section 1.5, there are circumstances in which an Academy may wish to promote the development of part of its site in order to generate a capital receipt:-
 - For school-identified purposes (e.g. to address condition needs or to

enhance curriculum delivery)

- To generate value to invest in school buildings or curriculum development
- For additional capacity (this may even be promoted or commissioned by the Council if it supports Basic Need provision)

- 2.2 Because any of these motives would support the general provision of education in the county, it is likely that the Council will be asked by the Academy to release land for development without taking either cost or value. A recent example is the approach made by the Abbey College in Ramsey to the Council to sell part of their site to fund replacement of the school buildings.
- 2.3 The Council could consider each case on its merits, as at the moment, instances of this happening are low. However, dealing with requests on a case-by-case basis will make it harder for the Council to evidence consistency and transparency of approach, especially if it requires a share of any receipts for use to support its wider services
- 2.4 It would be preferable for the Council to have an agreed policy, detailing how it will treat applications for Landlord's Consent to develop surplus land on Academy school sites. In all cases it would be important to engage early with the EFA to determine whether an Academy's proposals would align with their priorities and whether the DFE itself would declare a site surplus to education need. The following alternative policy options have been identified:-
- 2.4.1 **Presumption in favour of consent where proceeds are re-invested in the School to improve teaching and learning** - this would incentivise Academies to release land for development, but the money would be spent at the discretion of the Trust on the Trust's site only, and may fund projects which are not the Council's priority.
- 2.4.2 **Presumption in favour of consent only where proceeds being re-invested in the School to meet a Basic Need requirement** – this would meet dual aspirations for Trusts and the Council, but may not incentivise Trusts to release land. The capital released would only be spent on the Trust's site, but may release pressure on the Council's overall Basic Need funding
- 2.4.3 **Setting a fixed % share of any enhanced value or receipt to be returned to the Council to be re-invested in wider education needs across the county** – there would still be an incentive for Trusts to release land for development, and whilst the full value may not be spent on Council priorities, part would be available to help support education provision across the county
- 2.4.4 **Setting a fixed % share of any enhanced value or receipt to be returned to the Council to be re-invested in wider Council services across the county** – as 2.4.3 above, but a proportion of the funds would be available to support council budgets
- 2.5 Officers' recommendation is that, as land remains a corporate asset, Option 2.4.4 should be adopted as the Council's policy position. This would be

consistent with the Council's broader objectives to maximise the value of its assets to support the delivery of frontline services

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The report above sets out details of significant implications in paras 1.5 and 1.6 above

4.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

4.3 Equality and Diversity Implications

There are no significant implications within this category.

4.4 Engagement and Consultation Implications

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

- No consultation has been undertaken with Academy Schools or the Schools Forum, on the basis that this is policy issue for the Council to consider

4.5 Localism and Local Member Involvement

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

- No consultation has been undertaken with Local Members or Childrens and Young Persons Committee, on the basis that this is property policy issue for the Council to consider

4.6 Public Health Implications

There are no significant implications within this category.

Source Documents	Location
None	

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes or No Name of Financial Officer: Martin Wade
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	Yes or No Name of Legal Officer: Kim Farebrother
Are there any Equality and Diversity implications?	No Name of Officer: Roger Moore
Have any engagement and communication implications been cleared by Communications?	Yes or No Name of Officer: Mark Miller
Are there any Localism and Local Member involvement issues?	No Name of Officer: Roger Moore
Have any Public Health implications been cleared by Public Health	Yes or No Name of Officer: Tess Campbell

SERVICE COMMITTEE REVIEW OF THE DRAFT 2017-18 CAPITAL PROGRAMME

To: **Assets and Investments Committee**

Meeting Date: **16 September 2016**

From: **Chief Finance Officer**

Electoral division(s): **All**

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

Purpose: **This report provides the Committee with an overview of the draft Business Plan Capital Programme for Assets and Investments Committee**

Recommendation: **a) It is requested that the Committee note the overview and context provided for the 2017-18 Capital Programme for Assets and Investments Committee**

b) It is requested that the Committee comment on the draft proposals for Assets and Investments Committee's 2017-18 Capital Programme and endorse their development

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1. CAPITAL STRATEGY

- 1.1 The Council strives to achieve its vision through delivery of its Business Plan. To assist in delivering the Plan the Council needs to provide, maintain and update long term assets (often referred to as 'fixed assets'), which are defined as those that have an economic life of more than one year. Expenditure on these long term assets is categorised as capital expenditure, and is detailed within the Capital Programme for the Authority.
- 1.2 Each year the Council adopts a ten year rolling capital programme as part of the Business Plan. The very nature of capital planning necessitates alteration and refinement to proposals and funding during the planning period; therefore whilst the early years of the Business Plan provide robust, detailed estimates of schemes, the later years only provide indicative forecasts of the likely infrastructure needs and revenue streams for the Council.
- 1.3 This report forms part of the process set out in the Capital Strategy whereby the Council updates, alters and refines its capital planning over an extended planning period. New schemes are developed by Services and all existing schemes are reviewed and updated as required before being presented to the Capital Programme Board and subsequently Service Committees for further review and development.
- 1.4 An Investment Appraisal of each capital scheme (excluding committed schemes and schemes with 100% ring-fenced funding) is undertaken / revised, which allows schemes within and across all Services to be ranked and prioritised against each other, in light of the finite resources available to fund the overall Programme and in order to ensure the schemes included within the Programme are aligned to assist the Council with achieving its outcomes.

2. DEVELOPMENT OF THE 2017-18 CAPITAL PROGRAMME

- 2.1 Prioritisation of schemes (where applicable) is included within this report to be reviewed individually by Service Committees alongside the addition, revision and update of schemes. Prioritisation of schemes across the whole programme will be reviewed by General Purposes Committee (GPC) in October, before firm spending plans are considered by Service Committees in November. GPC will review the final overall programme in November/December, in particular regarding the overall levels of borrowing and financing costs, before recommending the programme in January as part of the overarching Business Plan for Full Council to consider in February.
- 2.2 The introduction of the Transformation Fund for the 2017-18 planning process has not impacted on the funding sources available to the Capital Programme as any Invest to Save or Earn schemes will continue to be funded over time by the revenue payback they produce via savings or increased income. This is the most financially sensible option for the Council due to the ability to borrow money for capital schemes and defray the cost of that expenditure to the Council over the life of the asset. However, if a scheme is transformational, then it should also move through the governance process agreed for the Transformation Delivery Model, in line with all other transformational schemes, but without any funding request to the Transformation Fund.

2.3 There are several schemes in progress where work is underway to develop the scheme, however they are either not sufficiently far enough forward to be able to include any capital estimate within the Business Plan, or a draft set of figures have been included but they are, at this stage, highly indicative. The following are the three main schemes that this applies to:

- The Adult's Committee considered the Older People's Accommodation Strategy earlier in 2016. As discussed at that time, the Council has identified that there is a shortfall in the availability of affordable care home beds within Cambridgeshire and this is likely to have a growing impact on price levels and care provision over the medium and longer term. As part of a range of responses to the needs identified within the Strategy, the Council has been exploring where greater intervention by the local authority in the supply of care home beds may be economic in the years ahead.

After preliminary work and investigations, the Council has engaged independent consultants to prepare a Business Case outlining and appraising options and sensitivities for the Council in securing increased delivery of affordable care home beds. The options considered include utilisation of the Council's assets (principally land) and could lead onto significant requests for capital funding.

Both the Adults and Assets & Investment Committee are due to consider the full proposal for next steps, after the consultants review has reported in October 2016. At this point, it is too early to include a capital funding request for the immediate future, however this will be kept in review until the Business Plan is agreed in February, and as options are selected and the next stages are scheduled.

- Developing a single multi-skilled service offer that is based in communities continues to be a key plank of both the library and children centres transformation programmes. This is also believed to be an appropriate vehicle for supporting the Council's approach to community resilience. A significant amount of work has been undertaken to date in assessing potential demand for services and considering how these initial core services could be integrated. There has however been a slight delay in the programme in order to provide the opportunity for the new Director of Children's Social Care to undertake a service review of the strengths and development needs of that Department. Given the critical nature of this service, on the most vulnerable in our communities, it was important that the approach to community hubs aligned to the outcomes of that service review.

The Service Director has undertaken this review and is now setting out the future vision for that service that includes an assessment of the universal service offer that can be provided from within the community hubs. This proposal will be coming to Members in the Autumn and the implementation programme of this service transformation and the community hubs programme will brought together to create a single delivery plan.

- The Council is in the fortunate position of continuing to be a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. This will, however, require the Council to move from being a seller of sites to being a developer of sites, through a Housing Company. In the future, the Council 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. This will generate capital receipts to support site development and create significant revenue and capital income to support services and communities.

The Assets & Investment Committee have agreed to the creation of a Special Purpose Vehicle, which has now been established, and work is ongoing regarding the workstreams associated with this. Previously approved projects are being progressed by the Council, ahead of the Company becoming fully operational. A comprehensive 10-year pipeline of development projects has now been identified and a capital funding request has therefore been included in the Draft Business Plan, although the figures are still being refined with the initial projections expected to be confirmed by September 2016.

3. REVENUE IMPLICATIONS

- 3.1 All capital schemes can have a potential two-fold impact on the revenue position, relating to the cost of borrowing through interest payments and repayment of principal and the ongoing revenue costs or benefits of the scheme. Conversely, not undertaking schemes can also have an impact via needing to provide alternative solutions, such as Home to School Transport (e.g. transporting children to schools with capacity rather than investing in capacity in oversubscribed areas).
- 3.2 The Council is required by the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Prudential Code for Capital Finance in Local Authorities 2011 to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to ensure that it achieves this, GPC recommends an advisory limit on the annual financing costs of borrowing (debt charges) over the life of the Plan. In order to afford a degree of flexibility from year to year, changes to the phasing of the limit is allowed within any three-year block (starting from 2015-16), so long as the aggregate limit remains unchanged.
- 3.3 For the 2017-18 Business Plan, GPC has agreed that this should equate to the level of revenue debt charges as set out in the 2014-15 Business Plan for the next five years (restated to take into account the change to the MRP Policy agreed by GPC in January 2016), and limited to around £39m annually from 2019-20 onwards.

4. SUMMARY OF THE DRAFT CAPITAL PROGRAMME

- 4.1 The revised draft Capital Programme is as follows:

Service Block	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	Later Yrs £'000
Children, Families and Adults	75,473	70,103	65,149	66,188	30,308	121,305
Economy, Transport and Environment	63,986	27,243	26,112	20,928	21,660	31,901
Public Health	-	-	-	-	-	-
Assets and Investment Committee	94,564	32,474	-3,340	3,158	5,983	-118,176

Corporate and Managed Services	1,541	4,491	460	460	460	-
LGSS Operational	-	-	-	-	-	-
Total	235,564	134,311	88,381	90,734	58,411	35,030

4.2 This is anticipated to be funded by the following resources:

Funding Source	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	Later Yrs £'000
Grants	80,564	55,017	35,122	35,619	33,140	83,699
Contributions	43,905	24,811	30,225	24,645	5,700	46,750
Capital Receipts	2,225	2,534	2,727	7,113	6,122	6,936
Borrowing	9,164	17,149	29,257	18,460	16,495	64,130
Borrowing (Repayable)*	99,706	34,800	-8,950	4,897	-3,046	-166,485
Total	235,564	134,311	88,381	90,734	58,411	35,030

* Repayable borrowing nets off to zero over the life of each scheme and is used to bridge timing gaps between delivery of a scheme and receiving other funding to pay for it.

4.3 The following table shows how each Service's borrowing position has changed since the 2016-17 Capital Programme was set:

Service Block	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	Later Yrs £'000
Children, Families and Adults	3,643	-2,495	-2,937	10,647	21,568	-1,588	1,494
Economy, Transport and Environment	-6,557	-11,397	-362	80	-2,895	-6,588	-895
Public Health	-	-	-	-	-	-	-
Corporate and Managed Services / Assets and Investments Committee*	-11,190	64,057	-17,131	-45,472	-15,261	-5,347	-16,437
LGSS Operational	-1,104	-	-	-	-	-	-
Corporate and Managed Services – relating to general capital receipts	-	-	-	-	-	-	-
Total	-15,208	50,165	-20,430	-34,745	3,412	-13,523	-15,838

* Assets and Investments Committee schemes were previously contained within Corporate and Managed Services and therefore in order to calculate the change, these two areas have been amalgamated in the above table.

4.4 The table below categorises the reasons for these changes:

Reasons for change in borrowing	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	Later Yrs £'000
New	592	3,196	2,275	2,125	2,225	3,125	12,300
Removed/Ended	-9,308	1,044	85	-85	-85	-	-
Minor Changes/Rephasing*	-1,365	-512	2,736	2,143	250	250	604
Increased Cost (includes rephasing)	-3,747	-210	-1,239	16,895	10,344	-6,239	1,314
Reduced Cost (includes rephasing)**	-2,208	90,471	-8,181	-47,267	-15,432	-4,811	-45,981
Change to other funding (includes rephasing)	828	-3,846	3,567	-50	16,063	2,274	1,479

Variation Budget	-	-39,978	-19,673	-8,506	-9,953	-8,122	14,446
Total	-15,208	50,165	-20,430	-34,745	3,412	-13,523	-15,838

**This does not off-set to zero across the years because the rephasing also relates to pre-2016-17.*

***This includes rephasing of the Housing schemes*

4.5 The revised levels of borrowing result in the following levels of financing costs:

Financing Costs	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
2016-17 agreed BP	38.0	40.5	42.1	42.1	-
2016-17 agreed BP RESTATE	29.3	32.4	34.6	35.3	-
2017-18 draft BP	28.4	32.3	33.1	33.1	33.1
CHANGE (+) increase / (-) decrease	-0.9	-0.2	-1.5	-2.2	33.1

4.6 Invest to Save / Earn schemes are excluded from the advisory financing costs limit – the following table therefore compares revised financing costs excluding these schemes. In order to afford a degree of flexibility from year to year, the limit is reviewed over a three-year period – based on the revised programme, the advisory limit is not exceeded for either of these 3 year blocks.

Financing Costs	2015-16 £m	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m0	2020-21 £m
2017-18 draft BP (excluding Invest to Save / Earn schemes)	34.1	32.8	28.3	29.3	30.3	31.6
Recommend limit	30.3	35.3	36.8	37.9	38.6	39.2
HEADROOM	3.8	-2.5	-8.5	-8.6	-8.3	-7.6
Recommend limit (3 years)	102.4			115.7		
HEADROOM (3 years)	-7.2			-24.5		

4.7 Although the limit hasn't been exceeded, the Business Plan is still under review and as such adjustments to schemes and phasing will continue over the next two to three months. However, as there is significant headroom available, it is not expected that any further revisions will cause a breach of the advisory limit.

5. OVERVIEW OF ASSET & INVESTMENTS DRAFT CAPITAL PROGRAMME

5.1 The revised draft Capital Programme for Asset & Investments is as follows:

Capital Expenditure	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	Later Yrs £'000
Assets and Investment Committee	94,564	32,474	-3,340	3,158	5,983	-118,176

5.2 This is anticipated to be funded by the following resources:

Funding Source	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	Later Yrs £'000
Prudential Borrowing	-20,973	-5,848	3,055	631	-76	33,074
Prudential Borrowing (Repayable)	115,537	38,322	-6,395	1,927	1,859	-151,250
Ring-Fenced Capital Receipts						
Total	94,564	32,474	-3,340	3,158	5,983	-118,176

5.3 The full list of Asset & Investments capital schemes are shown in the draft capital programme at appendix one. Table 4 lists the schemes with a description and with funding shown against years. Table 5 shows the breakdown of the total funding of the schemes, for example whether schemes are funded by capital receipts or prudential borrowing.

5.4 The following changes have been made to existing schemes in the 2017-18 Business Plan:

- **Assets and Investment schemes**
These schemes were previously shown in the 2016-17 Business Plan within the Corporate and Managed Services report.
- **County Farms Investment (Viability)**
The investment for this scheme has been extended to match the first 5 years of this programme.
- **Consolidation of Housing schemes**
The following schemes have now been consolidated into one line for all housing schemes:-
C/C.2.115 Worts Causeway 230 Homes Invest to Save
C/C.2.116 Shepreth 7 Homes Invest to Save
C/C.2.117 Cottenham 200 Homes Invest to Save
C/C.2.118 Redevelopment of Milton Road Library, Cambridge

5.5 **Housing Schemes**
All potential housing schemes are shown as one line within the appendix. The line for Housing Schemes, F/C.2.240 shows the net cost of all Housing schemes, rather than the gross cost as with other capital schemes. All of the Housing schemes will be managed as part of a Housing SPV (Special Purpose Vehicle). The costs for this programme for this is just a snap shot in time and is regularly evolving.

6. ALIGNMENT WITH CORPORATE PRIORITIES

6.1 Developing the local economy for the benefit of all

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

6.2 Helping people live healthy and independent lives

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

6.3 Supporting and protecting vulnerable people

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

7. SIGNIFICANT IMPLICATIONS

7.1 Resource Implications

The Committee is asked to consider the resource implications outlined in the overview and context provided for the 2016-17 Capital Programme for Corporate and LGSS Managed Services and the resource implications of the draft proposals for the Corporate and LGSS Managed Services' 2016-17 Capital Programme.

7.2 Statutory, Risk and Legal Implications

As in 7.1 the Committee is asked to consider issues which could have statutory, risk and legal implications.

7.3 Equality and Diversity Implications

As in 7.1 the Committee is asked to consider issues which could have equality and diversity implications.

7.4 Engagement and Consultation Implications

On 12 March GPC agreed the formation of a Member 'Consultation Working Group'. This Group has worked with officers to develop and implement the consultation activity that will support this year's business planning process. Specific proposals will continue to be subject to focused engagement and consultation, which GPC will consider alongside any specific decisions required to implement that proposal.

7.5 Localism and Local Member Involvement

The Services discussed in this report contribute to localism and local Member involvement.

7.6 Public Health Implications

The Services discussed in this report contribute to Public Health Outcomes

Source Documents	Location
The 2016/17 Business Plan, including the Capital Strategy	http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/90/business_plan_2016_to_2017
Capital Planning and Forecast: financial models	c/o Group Accountants 1st Floor Octagon Shire Hall Cambridge

Section 4 - F: Assets and Investments

Table 4: Capital Programme

Budget Period: 2017-18 to 2026-27

Summary of Schemes by Start Date	Total Cost £000	Previous Years £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	Later Years £000
Ongoing	18,132	8,667	-21,371	-5,848	3,055	631	-76	33,074
Committed Schemes	-	-	-	-	-	-	-	-
2017-2018 Starts	5,198	-	115,935	38,322	-6,395	2,527	6,059	-151,250
TOTAL BUDGET	23,330	8,667	94,564	32,474	-3,340	3,158	5,983	-118,176

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	Later Years £000	Committee
F/C.	Assets & Investments												
F/C.2.101	County Farms investment (Viability)	To invest in projects which protect and improve the County Farms Estate's revenue potential, asset value and long term viability.	C/R.7.104	Ongoing	4,104	1,604	500	500	500	500	500	-	A&I
F/C.2.103	Local Plans - representations	Making representations to Local Plans and where appropriate following through to planning applications with a view to adding value to County Farms and other Council land, whilst meeting Council objectives through the use / development of such land.		Ongoing	4,284	1,634	350	350	300	300	300	1,050	A&I
F/C.2.111	Shire Hall	This budget is used to carry out essential maintenance and potentially limited improvements required to occupy Shire Hall for a further 10 years, in accordance with the previous Cabinet decision in November 2009.		Ongoing	6,209	4,559	550	550	550	-	-	-	A&I
F/C.2.112	Building Maintenance	This budget is used to carry out replacement of failed elements and maintenance refurbishments.		Ongoing	6,000	600	600	600	600	600	600	2,400	A&I
F/C.2.113	Equality Act Works in Corporate Offices	This budget is used to provide "reasonable adjustments" for Council employees with disabilities.		Ongoing	200	20	20	20	20	20	20	80	A&I
F/C.2.114	MAC Joint Highways Depot	The Joint Highways Depot Project will facilitate the physical co-location of partner organisations to a single depot site, with joint-working practices implemented initially, with an aspiration to develop shared services in the future.		2017-18	5,198	-	482	482	4,234	-	-	-	A&I
F/C.2.119	Energy Efficiency Fund	Establish a funding stream (value £250k per year, for four years) for investment in energy and water efficiency improvement measures in Council buildings.		Ongoing	1,000	250	250	250	250	-	-	-	A&I

Section 4 - F: Assets and Investments

Table 4: Capital Programme

Budget Period: 2017-18 to 2026-27

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	Later Years £000	
F/C.2.240	Housing schemes	The Council is in the fortunate position of continuing to be a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. This will require CCC to move from being a seller of sites to being a developer of sites, through a Housing Company. In the future, CCC will operate to make best use of sites with development potential in a co-ordinated and planned manner to develop them for a range of development options, generating capital receipts to support site development and significant revenue and capital income to support services and communities.	F/R.5.002	2017-18	-	-	115,453	37,840	-10,629	2,527	6,059	-151,250	A&I
	Total - Assets & Investments				26,995	8,667	118,205	40,592	-4,175	3,947	7,479	-147,720	
F/C. F/C.3.001	Capital Programme Variation Variation Budget	The Council has decided to include a service allowance for likely Capital Programme slippage, as it can sometimes be difficult to allocate this to individual schemes due to unforeseen circumstances. This budget is continuously under review, taking into account recent trends on slippage on a service by service basis.		Ongoing	-3,665	-	-23,641	-8,118	835	-789	-1,496	29,544	A&I
	Total - Capital Programme Variation				-3,665	-	-23,641	-8,118	835	-789	-1,496	29,544	
	TOTAL BUDGET				23,330	8,667	94,564	32,474	-3,340	3,158	5,983	-118,176	

Funding	Total Funding £000	Previous Years £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	Later Years £000
Locally Generated Funding								
Capital Receipts	3,313	3,313	-	-	-	-	-	-
Prudential Borrowing	15,057	5,194	-20,973	-5,848	3,055	631	-76	33,074
Prudential Borrowing (Repayable)	-	-	115,537	38,322	-6,395	1,927	1,859	-151,250
Ring-Fenced Capital Receipts	4,800	-	-	-	-	600	4,200	-
Other Contributions	160	160	-	-	-	-	-	-
Total - Locally Generated Funding	23,330	8,667	94,564	32,474	-3,340	3,158	5,983	-118,176
TOTAL FUNDING	23,330	8,667	94,564	32,474	-3,340	3,158	5,983	-118,176

Section 4 - F: Assets and Investments

Table 5: Capital Programme - Funding

Budget Period: 2017-18 to 2026-27

Summary of Schemes by Start Date					Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000
Ongoing					18,132	-	-	160	3,313	14,659
Committed Schemes					-	-	-	-	-	-
2017-2018 Starts					5,198	-	-	-	4,800	398
TOTAL BUDGET					23,330	-	-	160	8,113	15,057

Ref	Scheme	Linked Revenue Proposal	Net Revenue Impact	Scheme Start	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000
F/C.	Assets & Investments									
F/C.2.101	County Farms investment (Viability)	C/R.7.104	-3,116	Ongoing	4,104	-	-	-	422	3,682
F/C.2.103	Local Plans - representations		-	Ongoing	4,284	-	-	10	618	3,656
F/C.2.111	Shire Hall		-	Ongoing	6,209	-	-	150	2,273	3,786
F/C.2.112	Building Maintenance		-	Ongoing	6,000	-	-	-	-	6,000
F/C.2.113	Equality Act Works in Corporate Offices		-	Ongoing	200	-	-	-	-	200
F/C.2.114	MAC Joint Highways Depot		-183	2017-18	5,198	-	-	-	4,800	398
F/C.2.119	Energy Efficiency Fund		-550	Ongoing	1,000	-	-	-	-	1,000
F/C.2.240	Housing schemes	F/R.5.002, F/R.7.002	-	2017-18	-	-	-	-	-	-
	Total - Assets & Investments		-3,849		26,995	-	-	160	8,113	18,722
F/C.	Capital Programme Variation									
F/C.3.001	Variation Budget		-	Ongoing	-3,665	-	-	-	-	-3,665
	Total - Capital Programme Variation		-		-3,665	-	-	-	-	-3,665
	TOTAL BUDGET				23,330	-	-	160	8,113	15,057

Capital Investment Appraisals

Prioritised List of Schemes

Priority Score (/100)	Class	Service Area	Ref	Title	Total Scheme Cost £000	Total Prudential Borrowing £000	Flexibility in Phasing	Alternative Methods of Delivery
F	Fully Funded	A&I	F/C.3.001	Variation Budget	-3,665	-3,665		-
65	Invest to Save	A&I	F/C.2.240	Housing Schemes	-	-		-
48	Invest to Save	A&I	F/C.2.114	MAC Joint Highways Depot	5,198	398		Reduced Quality / Scope of Project - Quality: Existing depots have to be used, resulting in a lower-quality depot, with restricted functionality being provided. The location of which may not be as appropriate for all stakeholders. Output: Outputs would be reduced - particularly around delivering capital receipts/redevelopment sites. Outputs associated with running cost savings would also be reduced/removed, as would efficiencies/savings through co-location and joint working, as the ability to deliver these would be reduced. Value for money: Whilst saving capital investment, in the long-term revenue costs would be higher, and joint working/co-location opportunities less, with a resulting negative impact on service delivery. Revenue costs: Running costs are likely to be higher than if the proposal was developed. Overall costs to the Council: Whilst capital costs would be less, capital receipts would be negatively affected, as would running costs, there is a cost of reputational damage to the Council if statutory obligations are reduced due to revenue budget pressures.
43	Statutory	A&I	F/C.2.111	Shire Hall	6,209	3,786		-
43	Statutory	A&I	F/C.2.112	Building Maintenance	6,000	6,000		-
28	Statutory	A&I	F/C.2.113	Equality Act Works in Corporate Offices	200	200		-

Priority Score (/100)	Class	Service Area	Ref	Title	Total Scheme Cost £000	Total Prudential Borrowing £000	Flexibility in Phasing	Alternative Methods of Delivery
25	Other	A&I	F/C.2.103	Local Plans - representations	4,284	3,656	The timing of the development of allocated sites is very flexible but it is essential that consultations on Local Plans are responded to in the required time frames or the opportunities are invariably lost for some 3-5 years. Once a site is allocated it makes sense to secure a planning consent as soon as is practical unless market conditions are such that development is unviable, although even then the Council may take the view that it was to stimulate economic growth.	-
19	Invest to Save	A&I	F/C.2.101	County Farms investment (Viability)	4,104	3,682		-
16	Invest to Save	A&I	F/C.2.119	Energy Efficiency Fund	1,000	1,000		-

FINANCE AND PERFORMANCE REPORT – JULY 2016

To: **Assets and Investments Committee**

Meeting Date: **16 September 2016**

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

Electoral division(s): **All**

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

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

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

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

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

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

1. BACKGROUND

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

2. MAIN ISSUES

- 2.1 Attached as **appendix A**, is the July 2016 Finance and Performance report.
- 2.2 **Revenue:** At the end of July, Assets and Investments Committee is forecasting a year-end overspend on revenue of £31k.
- 2.3 **Capital:** At the end of July, Assets and Investments Committee is forecasting that the capital budget will be overspent by £232k in 2016-17 due to the phasing of schemes.
- 2.4 Assets and Investments Committee is asked to approve rephasing of the budget for the following housing schemes that have progressed to the planning application stage in advance of the original schedule. Funding is requested to be brought forward from 2017/18 into 2016/17 as detailed below. This rephasing will not affect the total scheme costs.

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

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

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

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

- 2.7 Assets and Investments Committee has two **performance indicators**, both of which are currently at green status.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

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

4.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

4.3 Equality and Diversity Implications

There are no significant implications within this category.

4.4 Engagement and Consultation Implications

There are no significant implications within this category.

4.5 Localism and Local Member Involvement

There are no significant implications within this category.

4.6 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Sarah Heywood
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	Yes Fiona McMillan
Are there any Equality and Diversity implications?	Yes Dan Thorpe
Have any engagement and communication implications been cleared by Communications?	
Are there any Localism and Local Member involvement issues?	
Have any Public Health implications been cleared by Public Health	Yes Kate Parker

Source Documents	Location
There are no source documents for this report	.

Assets and Investments

Finance and Performance Report – July 2016

1. SUMMARY

1.1 Finance

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

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

Monthly Indicators	Red	Amber	Green	Total
July (Number of indicators)	0	0	2	2

2. INCOME AND EXPENDITURE

2.1 Overall Position

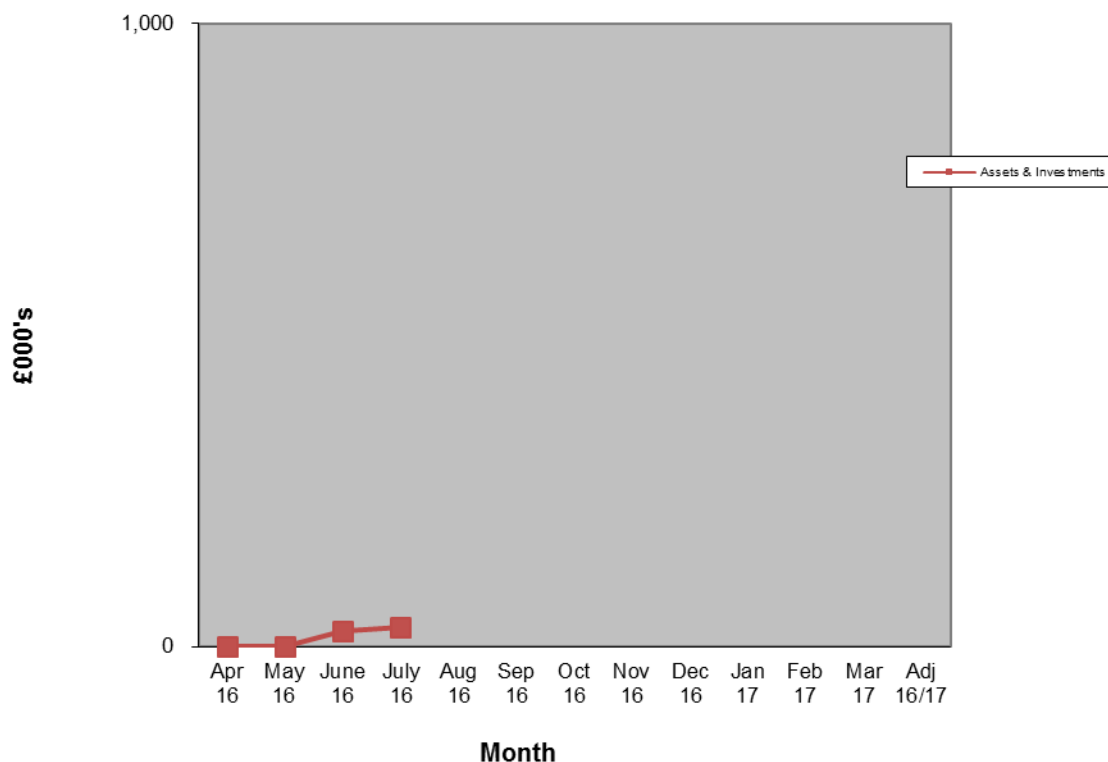
Original Budget as per BP ¹	Directorate	Current Budget	Forecast Variance - Outturn (June)	Forecast Variance - Outturn (July)	Forecast Variance - Outturn (July)	Current Status	DoT
£000		£000	£000	£000	%		
2,711	Assets & Investments	2,714	25	31	0	Amber	↓
2,711	Total	2,714	25	31	0		

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

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

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

Assets & Investments Outturn 2016/17



2.2.1 Significant Issues – Assets and Investments

- Assets and Investments Committee is currently predicting a year-end overspend of £31k.
- There are no exceptions to report this month.

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

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

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

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

	£'000	Notes
Transfer of LGSS Managed budgets to Assets and Investments Committee	2,714	
Non material virements (+/- £30k)	0	

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

3. **BALANCE SHEET**

3.1 **Reserves**

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

3.2 **Capital Expenditure and Funding**

Expenditure

- Assets and Investments Committee has a capital budget of £12.4m in 2016/17 and there is £432k spend to date. It is currently expected that the programme will be overspent by £232k at year-end due to the phasing of schemes, and the total scheme variances over the lifetime of the schemes will amount to an underspend of £1.7m.

There are no exceptions to report for July.

Funding

- Assets and Investments Committee has capital funding of £12.4m in 2016/17. As reported above, the Assets and Investments budget is expected to overspend by £232k, which will result in an increased funding requirement of this amount.
- Assets and Investments Committee is asked to approve rephasing of the budget for the following housing schemes that have progressed to the planning application stage in advance of the original schedule. Funding is requested to be brought forward from 2017/18 into 2016/17 as detailed below. This rephasing will not affect the total scheme costs.

Scheme	£000
Housing - Shepreth 7 Homes Invest to Save	55
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Housing - Redevelopment of Milton Road Library, Cambridge	20
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- Assets and Investments Committee is asked to approve £455k of additional funding in 2016/17 for the following building maintenance costs at Shire Hall and other County Council sites. This represents the roll forward of funding approved for 2015/16 that was not spent in year due to unavoidable delays in completing condition surveys, meaning that works earmarked for 2015/16 could not be completed. The 2016/17 budget is already fully allocated as shown below. This additional funding relates to prudential borrowing, however this will not have a significant impact on the Debt Charges budget.

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

4. PERFORMANCE

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

Measure	Reporting frequency	What is good	Unit	Data last entered	Target	Actual	RAG status	Direction of travel	Comments
Assets and Investments									
Strategy and Estates – capital receipts target managed and achieved	Half-yearly	High	%	28/07/16	1 January - 31 March 2016 (Q4)	98% (£250k gross)	Green	↓	Data reported against cumulative quarterly targets
Strategy and Estates – farm estates income demanded and collected on time	Half-yearly	High	%	28/07/16	1 January - 31 March 2016 (Q4)	95% (£3.9m gross)	Green	↑	To be next reported on in October 2015 for Q1 and Q2 2015/16

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

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

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

Corporate Directorates

Budgetary Control Report 2016/17

The variances to the end of July 2016/17 for the Corporate Directorates are:

Original Budget as per BP £000	Service	Current Budget for 2016/17 £000	Forecast Variance - Outturn (June) £000	Forecast Variance - Outturn (July) £000	%
<u>Assets & Investments</u>					
1,122	Building Maintenance	1,121	0	0	0
-3,453	County Farms	-3,453	0	0	0
5,052	County Offices	5,045	25	31	1
-10	Effective Property Asset Management	0	0	0	0
0	Grant Income	0	0	0	0
2,711		2,714	25	31	1
2,711	ASSETS & INVESTMENTS TOTAL	2,714	25	31	1
MEMORANDUM - Grant Income					
0	Other Assets & Infrastructure Grants	0	0	0	0
0		0	0	0	0

A&I APPENDIX 2 – Commentary on Forecast Outturn Position

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

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

A&I APPENDIX 3 – Grant Income Analysis

There is no additional grant income to report.

A&I APPENDIX 4 – Virements and Budget Reconciliation

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

A&I APPENDIX 5 – Reserve Schedule

1. Assets and Investments Reserves

Fund Description	Balance at 31 March 2016	Movements in 2016-17	Balance at 30/07/16	Forecast Balance at 31 March 2017	Notes
	£'000	£'000	£'000	£'000	
Other Earmarked Funds					
Manor school site demolition costs	233	47	280	327	1
subtotal	233	47	280	327	
Short Term Provisions					
SPV provision	50	0	50	50	
subtotal	50	0	50	50	
SUBTOTAL	283	47	330	377	
Capital Reserves					
MAC - One Public Estate	230	0	230	230	
General Capital Receipts	0	85	85	0	2
subtotal	230	85	315	230	
TOTAL	513	132	645	607	

Notes

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

A&I APPENDIX 6 – Capital Expenditure and Funding

Capital Expenditure

Assets & Investments Capital Programme 2016/17						TOTAL SCHEME	
Original 2016/17 Budget as per BP £000	Scheme	Revised Budget for 2016/17 £000	Actual Spend 2016/17 £000	Forecast Spend - Outturn (July) £000	Forecast Variance - Outturn (July) £000	Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
550	A&I - Shire Hall Campus	765	(86)	765	-	6,424	-
-	A&I - Fenland	20	(9)	20	-	6,596	(1,115)
400	A&I - Local Plans Representations	400	2	400	-	4,284	-
500	A&I - County Farms Viability	500	52	500	-	2,604	-
600	A&I - Building Maintenance	840	73	840	-	6,240	-
20	A&I - Other Committed Projects	120	35	133	13	2,243	(237)
8,251	A&I - Renewable Energy Soham	10,225	250	10,225	-	10,336	-
-	A&I - Housing Schemes	1,088	102	1,307	219	197,084	272
481	A&I - MAC Market Towns Project	481	-	481	-	1,481	-
345	Office Portfolio Rationalisation	345	-	345	-	345	-
-	Carbon Reduction	214	14	214	-	1,673	(650)
250	Energy Efficiency Fund	250	-	250	-	1,000	-
-	Capital Programme Variations	(2,850)	-	(2,850)	-	-	-
11,397	TOTAL	12,398	432	12,630	232	240,310	(1,730)

Previously Reported Exceptions

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

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

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

Capital Funding

Assets and Investments Capital Programme 2016/17					
Original 2016/17 Funding Allocation as per BP £000	Source of Funding		Revised Funding for 2016/17 £000	Forecast Spend Outturn (July) £000	Forecast Funding Variance Outturn (July) £000
10,268	Capital Receipts	A&I	10,268	6,249	(4,019)
1,129	Prudential Borrowing	A&I	2,130	6,381	4,251
11,397	TOTAL		12,398	12,630	232

Previously Reported Exceptions

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

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

A&I Appendix 7 – Performance Scorecard

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

ASSETS AND INVESTMENT COMMITTEE AGENDA PLAN

Published – 1st September 2016
Updated – 8th September 2016



Cambridgeshire
County Council

Notes

Committee dates shown in bold are confirmed.

Committee dates shown in brackets and italics are **provisional/reserve** dates.

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

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

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

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

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

Programme Status Report closed session

Committee Date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
16/09/16 10.00am	+ Programme Status Report:	Chris Malyon/Roger Moore	Not applicable	05/09/16	07/09/16
	LGSS Cleaning Contract Renewal	Catherine Kimmet	2016/045		
	Smart Energy Grid Demonstrator Project, St Ives Park and Ride – outline business case	Sheryl French	2016/054		
	County Council policy on Academy land sales	Roger Moore/ Hazel Belchamber	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		

Committee Date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
21/10/16 10.00am	+ Programme Status Report	Chris Malyon/Roger Moore	Not applicable	11/10/16	13/10/16
	Oasis Centre, Wisbech	Chris Malyon			
	Right to Buy Information paper	Roger Moore	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		
11/11/16 10.00am	+ Programme Status Report	Chris Malyon/Roger Moore	Not applicable	31/10/16	02/11/16
	Agenda Plan	Dawn Cave	Not applicable		
16/12/16 10:00am	Care Home Development Programme Business Case	Roger Moore/Claire Barrett	Not applicable		

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

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

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

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

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

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

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

To be programmed: Acquisitions and Investment Policy Delegations, County Farms Estate Strategy update, Implications of digital strategy on property assets (review of Telecoms Strategy; Housing design) (Noelle Godfrey), Asset Management Strategy update, Existing Residential Portfolio management

