

# COMMERCIAL AND INVESTMENT COMMITTEE



**Friday, 10 July 2020**

**Democratic and Members' Services**

Fiona McMillan  
Monitoring Officer

**10:00**

Shire Hall  
Castle Hill  
Cambridge  
CB3 0AP

## **COVID-19**

During the Covid-19 pandemic Council and Committee meetings will be held virtually for Committee members and for members of the public who wish to participate. These meetings will be held via Zoom and Microsoft Teams (for confidential or exempt items). For more information please contact the clerk for the meeting (details provided below).

## **AGENDA**

**Open to Public and Press**

### **CONSTITUTIONAL MATTERS**

1. **Apologies for absence and declarations of interest**  
*Guidance on declaring interests is available at <http://tinyurl.com/ccc-conduct-code>*
2. **Minutes of the Meeting held 19th June 2020 and Action Log** **3 - 4**
3. **Petitions and Public Questions**

### **KEY DECISIONS**

4. **Cambridge South West Travel Hub, Greater Cambridge Partnership and land proposals** **5 - 10**

## **OTHER DECISIONS**

- |            |  |                |
|------------|--|----------------|
| <b>5.</b>  | <b>COVID-19 Update</b>   |                |
|            | - report to follow   |                |
| <b>6.</b>  | <b>Multi-Class Credit Fund Manager Selection</b>                               | <b>11 - 18</b> |
| <b>7.</b>  | <b>Alconbury Weald Civic Hub - Covid-19 Update</b>                             | <b>19 - 32</b> |
| <b>8.</b>  | <b>Update on Options for Hinchingsbrooke Country Park</b>                      | <b>33 - 48</b> |
| <b>9.</b>  | <b>Finance Monitoring Report - May 2020</b>                                    | <b>49 - 64</b> |
| <b>10.</b> | <b>Committee Agenda Plan, Training Plan and appointments to Outside Bodies</b> | <b>65 - 70</b> |

The Commercial and Investment Committee comprises the following members:

Councillor Mark Goldsack (Chairman) Councillor Chris Boden (Vice-Chairman)

Councillor Ian Bates Councillor John Gowing Councillor David Jenkins Councillor Linda Jones Councillor Peter McDonald Councillor Terence Rogers Councillor Mike Shellens and Councillor Tim Wotherspoon

*For more information about this meeting, including access arrangements please contact*

Clerk Name: Dawn Cave

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

# COMMERCIAL & INVESTMENT COMMITTEE

## Minutes-Action Log



**Agenda Item no. 3**

Cambridgeshire  
County Council

### Introduction:

This is the updated action log as at **2<sup>nd</sup> July 2020** and captures the actions arising from the most recent Commercial & Investment Committee meeting and updates Members on the progress on compliance in delivering the necessary actions.

### Minutes of 22<sup>nd</sup> November 2019

293.(1)	Update on Property Services	Tony Cooper	Head of Property to bring a Service Improvement Plan to a future meeting.	Rescheduled for Sept 2020.	Sept 2020
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### Minutes of 16<sup>th</sup> December 2019

303.(1)	Commercial and Investment Committee Review of Draft Revenue and Capital Business Planning proposals for 2020-21 to 2024-25	John Macmillan	The Committee had previously indicated that if any Council owned agricultural land that was sold or redeployed it should be replaced in the Council's property portfolio. It was agreed this was best identified through the County Farms Working Group.	This will be considered at the next meeting of the County Farms Working Group on <b>26/06/20 (originally scheduled for April but deferred due to Covid-19 priorities)</b> .	Completed
307.	Milestone 4 and 5 Report for the Alconbury Weald Civic Hub – Cambs 2020 Programme	Andy Preston/ Kim Davies	It was agreed that the totality of the Business Case, including some information that was commercially confidential, should be brought back to a future meeting, so that	The full Cambs 2020 Business Case will be considered by C&I Committee later in the year (Nov/Dec.)	Nov/Dec 2020

			Members could establish the overall financial position.		
<b>Minutes of 21<sup>st</sup> February 2020</b>					
<b>322.</b>	<b>Construction of Northstowe Heritage Facility</b>	Quinton Carroll	Request that Longstanton be included in the name of the Heritage Facility.	This request has been communicated to all parties and has been well received in Longstanton. It will be actioned in due course.	In progress.
<b>Minutes of 19<sup>th</sup> June 2020</b>					
<b>353.</b>	<b>COVID-19 Update</b>	Amanda Askham/ Chloe Rickard	Append HMRC data on furloughing to future COVID-19 update reports.		<b>Completed</b>
<b>358.</b>	<b>Shire Hall Disposal Update</b>	Chris Malyon	Carry out further sensitivity testing around office rental with respect to COVID-19.		



**CAMBRIDGE SOUTH WEST TRAVEL HUB, GREATER CAMBRIDGE  
PARTNERSHIP LAND PROPOSALS**

**To:** Commercial and Investment Committee

**Meeting Date:** 10<sup>th</sup> July 2020

**From:** Chris Malyon, Deputy Chief Executive and Chief Finance Officer

**Electoral division(s):** Trumpington, Sawston and Shelford

**Forward Plan ref:** 2020/042      **Key decision:** Yes

**Outcome:** To consider proposals by the Greater Cambridge Partnership to procure the land needed for the Cambridge South West Travel Hub scheme.

**Recommendation:** The Commercial and Investment Committee is recommended to agree that Cambridgeshire County Council should acquire the land parcels needed for the Cambridge South West Travel Hub scheme (a scheme being funded and project managed by Greater Cambridge Partnership)

<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
Name:	Tim Watkins	Name:	Councillor Mar Goldsack
Post:	Senior project manager	Post:	Committee Chairman
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Tel:	01223 706575	Tel:	01223 706398

## **1. BACKGROUND**

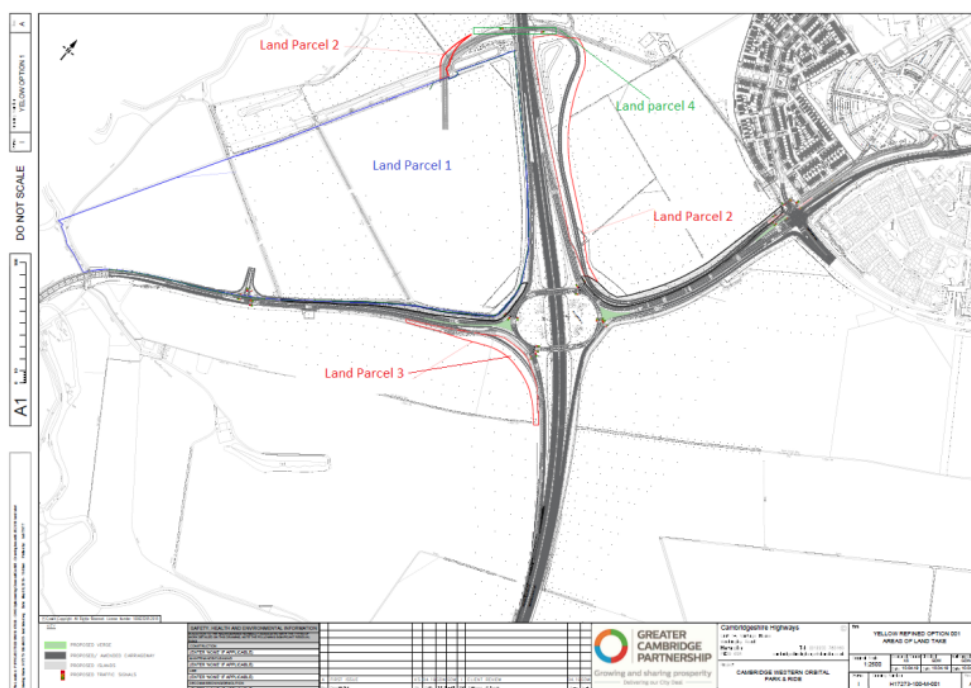
- 1.1 The West of Cambridge area is one of the key routes in to Cambridge. It suffers from considerable congestion, particularly at the Cambridge end and the junction with the M11. There are some large development sites on this corridor and it provides a key access route to the Cambridge Biomedical Campus (CBC). Cambridge South West Travel Hub (CSWTH) proposals support the Greater Cambridge Partnership's (GCP) transport vision of creating better, greener transport networks, connecting people to homes, jobs and study, and supporting economic growth.
- 1.2 The CSWTH scheme has been the subject of two public consultations regarding the development and the site options. The project has followed the Department for Transport guidance on the development of major transport schemes. In line with this guidance the project has developed a Strategic Outline Business Case (SOBC) and an Outline Business Case (OBC). At each stage the GCP executive Board, of which Cambridgeshire County Council (CCC) is a member, have recommended that the project proceeds to the next stage of development.
- 1.3 The GCP Executive Board considered a report on the CSWTH on 27<sup>th</sup> June 2019. Amongst other recommendations made the GCP Executive Board resolved unanimously to:
  - Endorse the recommendation to develop a new site and associated infrastructure necessary for access to the site west of the M11;
  - Approve the preparation and submission of a planning application for the recommended scheme at the new site to the West of the M11 and associated access infrastructure
  - Approve the negotiation of land and rights required for the early delivery of the scheme
- 1.4 The proposed site for the CSWTH is located to the south of M11 Junction 11 and to the west of the A10, and approximately 800m to the south of Trumpington Park & Ride. The site is located within the administrative area of South Cambridgeshire District but close to the border with Cambridge City District. The existing site on which Cambridge South West Travel Hub is proposed to be built, is largely agricultural, comprising fields with drainage ditches, and bounded by vegetation and hedgerows.
- 1.5 The CSWTH will provide dedicated public transport connections to the existing Trumpington Park & Ride (P&R) and the guided bus network into the city and Cambridge Biomedical Campus. The scheme proposals will lead to reduced congestion entering Cambridge from the west. It provides better connections between where people live in villages and where they work. The facility will serve the Addenbrookes Biomedical Campus and Cambridge City Centre.

## **2 MAIN ISSUES**

- 2.1 The existing Trumpington Park and Ride site is located approximately 0.82 kilometres to the north-east of the proposed Travel Hub site. GCP have completed work to expand the facility providing a total 1,614 parking spaces. As outlined above, due to significant growth within the surrounding area, there is now the requirement for an additional park and ride site to reduce the number of cars travelling into the city & to Cambridge Biomedical Campus. The

existing Trumpington Park and Ride site to the north east will be run alongside the new facility.

- 2.2 Following the June 2019 recommendation from the GCP Executive Board officers have begun negotiations with land owners and have now submitted a planning application for the site and are seeking to complete the negotiation of land and rights required for a new site and associated infrastructure necessary for access to the site west of the M11.
- 2.3 Cambridgeshire County Council is the Accountable Body for the GCP, and the GCP as a non-executive body and cannot purchase or own land in its own right, Therefore, although GCP are funding the land purchase, Cambridgeshire County Council is required to purchase the land on behalf of the scheme, and which is why this report is coming to Commercial & Investment Committee. GCP will fully fund the land purchase and build costs and will then transfer responsibility to CCC who will become responsible for the maintenance and operation costs of the site
- 2.4 GCP officers working in conjunction with CCC Strategic Assets have commissioned an independent valuation of the land required for the scheme and negotiate with the landowners. As part of the process the agreed land values have been authorised by the GCP Project Board of which CCC's Assistant Director: Infrastructure & Growth, Infrastructure & Growth and the Strategic Finance Business Partner are senior members. Land owners have agreed the principle of selling the land required to deliver the scheme.
- 2.5 The CSWTH requires 4 separate parcels of land in order to deliver the scheme:
  - Land Parcel 1 – Grosvenor land, with historical land option agreement
  - Land Parcel 2 – Grosvenor land, without land option agreement
  - Land Parcel 3 – Pemberton land
  - Land Parcel 4 – Highways England land



**Figure 1: Land required for CSWTH scheme**

- 2.6 The terms for acquiring Land Parcel 1 are set out in the Option Agreement between CCC and Grosvenor which completed in 2009. The Option Agreement sets out the basis of the terms (valid for a 15 year period) should CCC wish to acquire the site including the calculation of the purchase price. The Option Agreement transaction was agreed by committee on 22 January 2008 and the authority to subsequently purchase this land has been agreed at the GCP Transport Programme Board on 10 February 2020. Notice to acquire the land has been served in accordance with the Option Agreement. Before the site is built on the land will be farmed under the existing agreement in place.
- 2.7 Land Parcel 2 sits outside the land option area as it allows for public transport to enter the Travel Hub site with minimal interaction with the public highway. This option was chosen as the best performing option as part of the government Outline Business Case (OBC) process which involves extensive public and stakeholder consultation. Whilst the remaining land is in the Green Belt, it has arguably a greater development potential as the majority is adjacent to the existing built boundary of the City. It is against this backdrop that CGP are negotiating to acquire the land on behalf of CCC required for the revised bus route.
- 2.8 Land Parcel 3 allows the extension and widening of the Highways England slip road in order that traffic can be suitably and safely managed exiting the M11 onto the A10 in a westerly direction.
- 2.9 Land Parcel 4 covers the current Highways England agricultural bridge and only requires an approval in principle from Highways England for buses to operate over the Highways England asset.
- 2.10 For the purposes of this report there is only a requirement to seek approval for land parcels 2 and 3. The independent valuation of Land Parcel 2 is such that it constitutes a key decision by this committee. Without all 4 parcels of land it is not possible to build the scheme for which GCP has submitted for planning approval. Once the land is acquired CCC will become the freeholder of all the parcels of land.
- 2.11 The GCP will meet all the costs involved in developing and implementing the proposed scheme including the land costs. The work will be led by GCP working in partnership with the CCC officers and will therefore be done to the standards that CCC would use if undertaking the work itself. Once the works are complete the additional capacity will be operated and managed by the CCC as part of the normal site management.

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

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

- 3.1.1 The proposed development includes substantial new landscaping, including woodland planting around the perimeter of the site. A substantial new biodiversity enhancement area has also been provided to the west of the Travel Hub site. Overall the proposals deliver a 38% Biodiversity Net Gain above the existing site, which is substantially in excess of the 10% DEFRA target requirement.

- 3.1.2 In the Cambridgeshire and Peterborough Combined Authority (CPCA) Local Transport Plan (LTP) for the CPCA area, a travel hub is considered to be “a flexible transport interchange that will allow people greater access to sustainable transport networks.” The CPCA LTP specifically highlights the importance of improving journey time reliability along the A10 / M11 corridors into Cambridge City Centre and, in Policy Theme 13 - delivering a seamless public transport system, explicitly supports the delivery of new and improved integrated, multi-modal transport hubs.
- 3.1.3 The Transport Strategy for Cambridge and South Cambridgeshire (2014) plans for vehicular trips to be intercepted along the A10 through the provision of a new park and ride site. A core ambition of the strategy document, outlined in Policy TSCSC 15, is for the majority of car traffic accessing Cambridge city centre to use travel hubs or park and ride site, to help reduce congestion on the strategic and local road network. The document specifically outlines the need for “New, replacement or improved park and ride capacity and facilities at or near to the existing ring of five sites serving the city”
- 3.2 **Thriving places for people to live**  
There are no significant implications for this priority.
- 3.3 **The best start for Cambridgeshire’s children**  
There are no significant implications for this priority.
- 3.4 **Net zero carbon emissions for Cambridgeshire by 2050**
- 3.4.1 The inclusion of PV Panels within the design of the site will result in a 38% reduction in carbon emissions across the site. The proposed Electric Vehicle Charging spaces, also promote the use of sustainable mode of travel and all car parking spaces are proposed to be fitted with ducting to allow further electric vehicle charging spaces to be added in the future if demand requires.
4. **SIGNIFICANT IMPLICATIONS**
- 4.1 **Resource Implications**  
GCP will fully fund the land purchase and build costs and will then transfer responsibility to CCC who will become responsible for the maintenance and operation costs of the site.
- 4.2 **Procurement/Contractual/Council Contract Procedure Rules Implications**  
There are no significant implications within this category.
- 4.3 **Statutory, Legal and Risk Implications**  
GCP will be responsible for all permissions and approvals.
- 4.4 **Equality and Diversity Implications**  
If CCC acquire the land an Equality Impact Assessment should be undertaken to consider any potential impact to protected groups.
- 4.5 **Engagement and Communications Implications**  
GCP has already undertaken community engagement and will be responsible for all future engagement and communications.

#### 4.6 Localism and Local Member Involvement

There are no significant implications within this category.

#### 4.7 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Officer: Sarah Heywood
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Yes Name of Legal Officer: Gus De Silva
Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law?	Yes Name of Legal Officer: Fiona McMillan
Have the equality and diversity implications been cleared by your Service Contact?	Yes Name of Officer: Elsa Evans
Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Tom Bennett
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Yes Name of Officer: Peter Blake
Have any Public Health implications been cleared by Public Health	Yes Name of Officer: Iain Green

Source Documents	Location
The Greater Cambridge Partnership (GCP) Executive Board, 27 <sup>th</sup> June 2019.	<a href="https://www.greatercambridge.org.uk/">https://www.greatercambridge.org.uk/</a>

**MULTI-CLASS CREDIT FUND MANAGER SELECTION**

**To:** Commercial and Investment Committee

**Meeting Date:** 10 July 2020

**From:** Amanda Askham, Director Business Improvement and Development

**Electoral division(s):** All

**Key decision:** No

**Outcome:** The appointment of an ESG-focused investment manager who is likely to generate strong long-term income and prospective capital growth through investments in Multi-Class Credit.

To agree the appointed fund manager, using the parameters set, deploys the £20m investment noting that returns may be temporarily reduced if market conditions suggest a staggered investment deployment is necessary.

**Recommendation:**

- a. Committee are asked to agree to the appointment of Fund 1, being short listed and recommended by C&I Investment Group and our Investment Advisors.
- b. Committee are asked to agree to use the expertise of the Fund Manager to inform the profile of the investment into the fund to maximise return whilst minimising our risk exposure.

<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
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Tel:	01223 699717	Tel:	01223 706398

## 1. BACKGROUND

- 1.1. Acknowledging the Committee's desire to increase our portfolio, in January 2020 it was agreed to invest £20million into a Multi-Class Credit fund, which met our investment goals of diversification (to reduce the overall portfolio risk), increase income and liquidity.
- 1.2. Since its approval, the key activity relating to this investment has been overseen by C&I Investment Group. The next step within the process is to appoint a Fund Manager who will be responsible for managing our investment within their Multi-Class Credit fund. This paper provides an overview of this process and its recommendation, supported by a detailed document (**Appendix 1**) produced by our investment advisors, Redington.

## 2. FUND MANAGER CRITERIA

- 2.1. Working with Redington, an Expressions of Interest was developed that sought interest from funds that would deliver a Multi-Class Credit fund that met our key requirements and objectives. A table of the key requirements and objectives is included below, which were outlined to the managers in the Request for Information ("RFI"):

Objectives and Requirements	
Yield	3-5% (distributed at least quarterly)
Assets invested	Corporate debt
Risk profile	Investment Grade and High Yield
ESG	Strong level of ESG integration Exclusions on tobacco, arms and fossil fuels
Structure	UCITS











- 2.2. As noted in the table above, one of the key requirements is that the fund holds a UCITS status, as this is a requirement necessary to allow us to invest through our Treasury Management Powers.
- 2.3. UCITS provides the opportunity to access the wide range of different investment strategies within a liquid and highly regulated structure with independent oversight of the management, functioning and administration of the fund. There are other investment structures that could be used to invest (such as Real Estate Investment Trusts and Investment Trusts within the UK) but UCITS provides the best range of investments in the strategies we require.
- 2.4. UCITS are used by UK and European investors and feature in individual, pension and wealth management portfolios. It is not possible to predict how the UK or Europe may regulate funds and client investments following the UK's departure from the EU, however, given how widely UCITS funds are used in the UK, we would expect any regulatory changes to be fully communicated and consulted upon in advance. Furthermore, the daily liquidity of this investment allows that in the event this fund no longer meets our requirements we can withdraw and re-invest our money in an alternative fund.



- 2.5. Having a strong level of ESG integration was also featured as part of our requirement following detailed discussions with Investment Group. The Multi-Class Credit Fund will allow investment in international companies and it was considered that investing in ethical funds was aligned to our objectives and values for this investment. Having a liquid fund does allow for this to be reviewed in the future and for our money to be withdrawn and reinvested in an alternative fund if our priorities change.
- 2.6. Typically, when selecting an exclusive ESG fund with regards to fossil fuels (coal and gas), many of the other exclusions such as tobacco, nuclear weapons and pornography have already been prohibited.

### 3. FUND MANAGER SELECTION

- 3.1. Redington's research process began with screening a universe of 100 strategies, built from all Multi-Asset and Unconstrained credit funds on eVestment and additional funds added based on Redington's existing knowledge of the universe. Initially, 54 managers were excluded from the process for not having a vehicle available that would meet Cambridgeshire's requirements.
- 3.2. This universe was screened against Redington's 10 screening factors (as detailed below):

STAGE 1: SCREENING	
	Business alignment
	Commitment to product
	AUM
	Team
	Transparency
	Capacity available
	Fee level and structure
	Portfolio analysis
	Performance & risk analysis
	Product appropriateness

- 3.3. The RFI was sent to 14 firms who passed this screening stage. The remaining managers were disregarded based on the following screening factors, many due to product appropriateness:

Screening factor	Number of Strategies Screened Out
Business alignment	2
Commitment to product	6
Assets under Management (AUM)	2
Team	5

<b>Transparency</b>	2
<b>Capacity available</b>	1
<b>Fee level and structure</b>	1
<b>Portfolio analysis</b>	3
<b>Performance &amp; risk analysis</b>	4
<b>Product appropriateness</b>	20

- 3.4. Once Redington received responses to the RFI from the 14 managers, these were analysed to identify key elements of the manager's process as well as commitment to product, commerciality and business alignment.
- 3.5. Redington's manager research team then completed detailed analysis, the key being the integration of ESG in the investment process. This further reduced the universe to 4 prospective investment managers.
- 3.6. Investment due diligence and follow up VCs/calls were then conducted by Redington over a two-week period with the 4 managers. Additionally, Redington were able to leverage their analysis from existing work within the Multi-Class Credit and High Yield universe, which took place in late 2019. The managers were assessed against 10 selection factors and a checklist of softer factors.
- 3.7. Four managers were selected by Redington as suitable for an investment by the Council. The names of the Fund Managers are included within the confidential appendix. For the purposes of this paper, the funds will be referred to as; Fund 1, Fund 2, Fund 3 and Fund 4.
- 3.8. Redington then discussed and challenged their individual conclusions to arrive at the most appropriate solution based on the parameters initially outlined for this search.
- 3.9. The report produced by Redington provides detail on the assessment that was undertaken with the four remaining firms, all of which have attractive qualities that align to the Council's priorities. These are compared in a summary table on Page 6 of the appended report, with further details of each fund and Redington's assessment of them found on Pages 7-10. Cumulative returns of all 4 strategies can be found on Page 12, with Funds 1 and Fund 3's performance over a longer track record on Page 11.

#### **4. FUND MANAGER RECOMMENDATION**

- 4.1. Redington believe all four managers are valid options to Cambridgeshire but the recommendation from Officers and Investment Advisors is to invest in the Fund 1 as it is most closely aligned to our stated requirements.
- 4.2. The key points that validate Fund 1 as our recommendation are:
- 4.2.1. Fund 1 is managed by an experienced investment team with an average of 19 years in the industry. The Global Fixed Income team manage £25bn in assets in total (2019), with £1bn specifically in the Global Multi Asset Class strategy, and have a

strong investment track record. These factors and the highest ESG ranking make it a high conviction recommendation for Cambridgeshire.

4.2.2. Fund 1 has the highest level of ESG integration with strictest level of exclusions of companies involved in the production/extraction of tobacco, alcohol, gambling, pornography, coal and weapons.

4.2.3. Fund 1 has achieved an attractive income closely matching our investment objectives. The managers stated investment objective is to achieve a return of Cash + 3% gross of fees over the investment cycle.

4.3. They highlighted that Fund 3 could be considered as a viable alternative to Fund 1, should the ESG criteria be softened – i.e. full exclusion of coal be removed and softened to a stance inclusive of reductions in usage of fossil fuels.

4.4. The strategy of Fund 3 is run in accordance with the Norges Bank Exclusion list, which leads to a strong level of ESG integration however does not employ explicit exclusions on fossil fuels. That said, the exposure to Energy within the strategy has been lower than the market for quite some time and continues to fall. The Norges Bank Exclusion List is dynamic and promotes change in corporate decisions and governance.

4.5. Fund 3 has provided greater returns than Fund 1 historically, however this is not guaranteed to continue into the future.

#### Funds Comparison Table

<b>Fund 1</b>	<b>Fund 3</b>
<b>ESG:</b> the highest level of ESG integration with strictest level of exclusions	<b>ESG:</b> a strong level of ESG integration however does not employ explicit exclusions on fossil fuels.
<b>Historic Returns*:</b> 0.4%	<b>Historic Returns*:</b> 3.4%
<b>Volatility*:</b> 6.1%	<b>Volatility*:</b> 6.9%
<b>Domiciled:</b> UK	<b>Domiciled:</b> Ireland

#### **Forecast Returns**

4.6. The strict ESG exclusions of this fund limit the investment opportunity set and marginally impacts the expected income yield achievable from the fund (i.e. the lower end of the indicated target range). The distribution yield over the past 12-months for Fund 1's core strategy of 2.9% stated on page 6 of the report is lower than the stated range of 3-5% in the Objectives and Requirements table above. This is due to the highest yielding bonds historically being from sectors which are negative from an ESG perspective, such as Fossil Energy. However, our investment advisors have high conviction in the investment process for the strategy of Fund 1 and its suitability for the long term.

4.7. The historical net annualised return of 1.7% p.a. (since inception) for Fund 1 quoted on Page 11 of the report is lower than the Redington's expected return of 5.0% p.a. (March 2019) quoted in the paper titled "Multi-Class Credit Investment – Impact of COVID-19". Fund 1's historical return was impacted heavily by the market sell-off induced by the COVID-

19 outbreak, as can be seen on the chart on Page 11 of the report. However the capital appreciation of the investment is expected to have a more significant rise in the early years.

- 4.8. Redington's expected return has reduced to 4.3% p.a. as of 19<sup>th</sup> June, as credit spreads have tightened during the market's recovery post the large sell-off in March – the expected return also attributes return from capital appreciation, as well as income received from the bonds. Redington's expected return is a long-term metric of expected returns for the broad Multi-Class Credit asset class over the next 10 years and is not manager specific.. Redington expect Fund 1's historical return to come closer in line with their expected return for the asset class over the long term.
- 4.9. As this investment is being made through treasury management powers, there would be scope to realise capital appreciation gained from time to time to bring overall returns more in line with the 4.3% expected return and the upper 5% target . Any drawn down of this capital appreciation would be done so in consultation with the Fund Manager to ensure conditions favoured such a decision (i.e. there were strong fundamental that supported an increase in bond values).

## **5. Staggering Investment**

- 5.1. When the investment was approved in January 2020, financial markets were stable compared with how the markets have reacted following the pandemic. As such, whilst volatility presents opportunities as well as risks, consideration is being given to staggering our investment to avoid our exposure to unforeseeable future events that may impact on financial markets.
- 5.2. The current market conditions are indicating that the market is stabilising compared with what has been experienced in recent months, although we are still some way from reaching the stability experienced prior to the pandemic.
- 5.3. By not committing to making our initial investment our full investment, we could exploit the opportunities that the current liquidity crisis has created, as highlighted by our investment advisors and explained in papers to Investment Group. But at the same time, spreading our investment throughout the year to reduce our market exposure and prospective return. However, staggering our investment will have a short-term impact on the income from this fund and therefore the profile of investment will be informed by the expertise of the Fund Manager. The Fund Manager can use their skills and experience within this asset class, to review the key indicators within the market to provide us with intelligence and alongside Redington provide advice when our investments could be made.
- 5.4. This recommendation is taking a cautious approach reflective of the volatile conditions (and also being considerate to the Treasury Management principles of security, liquidity and yield). Redington believe that this is a rational approach, however they made the point that our investments allocation and decisions should be for the long term. Spreading the investment over a longer period of time does reduce the Council's exposure to short-term volatility and shocks in the market.

## **6. ALIGNMENT WITH CORPORATE PRIORITIES**

**Developing the local economy for the benefit of all  
Helping people live healthy and independent lives  
Supporting and protecting vulnerable people**

The Council's Corporate Strategy, with these priorities at its core, identifies a number of key objectives that are directly linked to commercial activity, with this proposal supporting the implementation of that strategy.

## **7. SIGNIFICANT IMPLICATIONS**

### **Resource Implications**

The report demonstrates a favourable investment both with the potential level of return and risk along with the benefits of liquidity.

### **Procurement/Contractual**

Guidance has been secured from our Treasury Management Advisors, LINK, to enable the use of Treasury Management Power through accessing a UCITS investment structure.

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

We do have the legal power to undertake this investment but there will be a level of risk associated with the deployment of cash in this way. There is the possibility that the value of the investment could increase or decrease over a particular time horizon. Active monitoring /governance and appointment of best-in-class managers will help manage this risk.

### **Equality and Diversity Implications**

There are no significant implications in this area.

### **Engagement and Consultation Implications**

There are no significant implications in this area.

### **Localism and Member Involvement**

Environmental, social and governance (ESG) factors have been used in selecting an appropriate investment fund.

### **Public Health Implications**

There are no significant implications in this area.

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	YES Chris Malyon
<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?</b>	YES Tom Kelly under Treasury Management Powers
<b>Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law?</b>	n/a
<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	n/a
<b>Have any engagement and communication implications been cleared by Communications?</b>	n/a
<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	n/a
<b>Have any Public Health implications been cleared by Public Health</b>	n/a

<b>Source Documents</b>	<b>Location</b>
<i>Deployment of Investment Funds</i> report to Commercial & Investment Committee 17/01/20 and minutes	<a href="https://tinyurl.com/y86pxpdj">https://tinyurl.com/y86pxpdj</a>

**ALCONBURY WEALD CIVIC HUB – COVID-19 UPDATE**

**To:** Commercial & Investments Committee

**Meeting Date:** 10<sup>th</sup> July 2020

**From:** Chris Malyon (Deputy Chief Executive)

**Electoral division(s):** All

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

**Outcome:** An understanding of construction progress since the last report in December 2019 and the potential programme and cost implications caused by the Covid-19 pandemic.

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

- a) Note construction progress and development to date which remains within the approved budget.
- b) Note the current additional cost (£125k) and delay [7 weeks] resulting from the Covid-19 pandemic and potential for further impacts, which were not allowed for when setting the current risk contingency budget.
- c) Support the recommended provision of a separate specific £400k Covid-19 risk contingency budget to General Purposes Committee, funded by Prudential Borrowing

<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
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## **1. BACKGROUND**

- 1.1 In December 2019 milestone four and five updates were presented to Commercial and Investments Committee. This presented details of the design of the building that remained within the available approved £18.337m budget and outlined a construction programme with completion planned in spring 2021.
- 1.2 Work commenced in earnest that month and good progress was made with construction of the foundations and erection of the structural steel frame achieved on programme in March 2020.
- 1.3 The outbreak of the Covid-19 pandemic in March 2020 saw the introduction of government lockdown restrictions on 23<sup>rd</sup> March 2020. This resulted in the introduction of new legislation in the form of the Coronavirus Act 2020 that granted the government emergency powers to handle the pandemic.
- 1.4 Whilst this gave the government such powers as to restrict or prohibit public gatherings, control or suspend public transport, order businesses such as shops and restaurants to close, it placed no restrictions on or required the closure of construction sites.
- 1.5 The introduction of two metre social distancing requirements, although a recommendation and not law, was widely applied to construction sites to protect the workforce and minimise the risk of spread of infection. It was incorporated into national construction site operating procedures issued by the Construction Leadership Council on 24<sup>th</sup> March 2020.
- 1.6 Due to the stage of construction of the Civic Hub project the application of these procedures was able to be implemented successfully, primarily due to the type of activities and relative open space available across the site.

## **2. MAIN ISSUES**

### **2.1 Covid-19 Impact**

- 2.1.1 The Council's Contractor, RG Carter (RGC) has continued to keep the site open and operating by following the various iterations of the national guidance. Additional measures have been implemented as required by RGC to achieve the recommended guidance.
- 2.1.2 Whilst the construction site has remained operational, subcontract organisations and suppliers have taken different approaches to the Government guidance, and as a result the availability of labour and materials has been variable. Two particular supply chain subcontractors closed down all operations during the initial 6 week period of lockdown, leading to delays to the provision of metal decking to the first floor and roof and the provision of concrete flooring to the ground floor. Several Early Warning Notices (EWN's) have been raised by the Contractor highlighting the potential impact of this as areas of concern.
- 2.1.3 It has since become apparent that the supply of the curtain walling installation and glazing will be delayed due to manufacturers closing down during lockdown. This will have a direct impact on the programme and at present RGC are reporting a 7-week delay to the contract completion date. This would still see the building complete in spring 2021.



2.1.4 If the project delay is contained to within the current 7 week delay, an indicative cost for this is likely to be approximately £125k, and a high level breakdown is shown below:

○ Weekly Site Prelims (7 weeks)	£92,000
○ Subcontractor costs	£12,000
○ Plant & Materials	£15,000
○ Overhead (Insurances etc.)	£6,000
○ Total	£125,000

It must be noted that these are high level estimates and subject to change

2.1.5 The project team continue to explore mitigation strategies where possible in order to reduce the delay on site. Weekly risk review meetings have been held to understand the implications of Covid-19 on the project.

2.1.5 The risk register and related contingency allowance for this project understandably did not account for the outbreak of a pandemic and allowances were therefore not made. The risk of Covid-19 impacting the project further remains live and the cost and programme impact to the end of the project cannot be fully quantified at this stage. However, based on an estimate of the potential reductions in productivity through to completion and an allowance for further supply chain issues, it is proposed that a specific Covid-19 project risk budget allowance of £400k now be provided. This will be funded by prudential borrowing; the annual cost of this additional prudential borrowing if required will start at £21k per annum, decreasing each year thereafter over 35 years.

2.1.6 This will provide an approved budget to fund any specific Covid-19 impacts and allow the project to progress within the limits of this additional funding.

## 2.3 General Construction Phase Update

2.3.1 During milestone stage (MS) 6 (Construction Stage) there have been several minor internal changes to the design. The building footprint remains within the 3600sqm maximum area and is currently planned to accommodate 350 desks along with flexible breakout areas, formal meeting rooms and ancillary spaces (toilets, tea points etc.), a public reception, a multi-function room and Party-Political rooms.

2.3.2 A review of the design and specification of the building is currently underway in light of the measures now required to control the spread of the Covid-19 pandemic. The opportunity is therefore being taken now to review the operation of the building before it is commissioned and becomes fully operational next year.

2.3.3 **Appendix A** of this report includes updated floor plans which highlight minor amendments since the last report to this committee.

2.3.4 The key amendments from MS4/5 to MS6 are outlined below:

- The central internal staircase on the office side has been removed from the floorplans to provide more space to suit the required desk layouts.
- The gas supply has been removed from the building and replaced with an air source heat pump located within the car park at an additional cost £161k and was funded from the Client Change Contingency.

- Additional ducting and external power requirements have been included to future proof the building, including for the Solar Array project.
- Amendments to the reception and server layouts have been required to better reflect their likely usage and operation.

2.3.5 The construction progress on site has been good considering the recent challenges faced with Covid-19. The steel frame of the building has now been erected and the concrete decking and stairs are progressing. External cladding is due to commence shortly.

2.3.6 **Appendix B** of this report includes recent images of the building and construction progress on site.

## 2.4 Cost Update

2.4.1 The overall approved project budget of £18.337m remains unchanged. Actual expenditure to date currently totals £5.262m. A project budget update which reconciles back to the position at the end of MS5 is shown below;

Budget Item	Agreed MS5 Budget	Actual Spend to Date	July 2020 Forecast
<b>Feasibility</b>	<b>0.137</b>	<b>0.137</b>	<b>0.137</b>
<b>Estimated Construction cost</b>	<b>13.282</b>	<b>2.824</b>	<b>13.933</b>
<b>ICT &amp; FF&amp;E</b>	<b>1.6</b>	<b>0.041</b>	<b>1.6</b>
- ICT	0.80	0.017	0.80
- FF&E	0.80	0.024	0.80
<b>Land</b>	<b>1.474</b>	<b>1.541</b>	<b>1.541</b>
<b>Other</b>	<b>0.779</b>	<b>0.339</b>	<b>0.639</b>
- Legal fees	0.04	0.021	0.04
- Move management	0.08	0	0.08
- F&G	0.393	0.286	0.409
- Planning fees	0.06	0.032	0.06
- Internal fees	0.206	0	0.05
<b>Sub total</b>			<b>17.85</b>
Construction risk allowance	0.863		0.437
Employers Change Contingency	0.202		0.05
<b>Total</b>	<b>18.337</b>	<b>5.262</b>	<b>18.337</b>

### 2.4.2 Key Notes:

1. *Estimated Construction Cost.* The increased cost from MS5 (£0.565m) is predominantly associated with additional non-hazardous waste material disposal from the site, in addition to the client changes in this period.
2. *Internal Fees.* This budget was reallocated following a review and £156k of the monies allocated to this budget was split between the Construction Risk Allowance and the Client Change Contingency.
3. *Construction Risk Allowance.* This has reduced accordingly to reflect the realised risks during the construction period. However, as mentioned in section 2.1.5 there is currently no risk allowance allocated for Covid-19.
4. *Client Change Contingency.* This has reduced in line with the amendments to the

design and instructed changes. **Appendix C** provides a list of the client instructed changes to date.

## **2.5 Social Value Update**

- 2.5.1 The agreed KPI on local spend has identified the location of RG Carter's supply chain in relation to the construction site that fall within a radius of 50 miles. A target of over 70% of subcontractor orders has been set and the first £9.8million of committed supply chain orders have achieved 76% within a 50 mile radius of the site.

## **2.6 Vacating the Shire Hall Site**

- 2.6.1 Covid-19 has impacted most sectors; and although this report pertains to the potential impact on the Civic Hub programme, it is noted that there is also an expected delay to the vacant possession date of the Shire Hall site.
- 2.6.2 Some of the staff currently based at Shire Hall in Cambridge are set to move to existing offices closer to the communities they serve in a phases throughout 2020 and early 2021, and this process has already begun. Approximately 600 staff will have their office base at Alconbury Weald and are due to move from Shire Hall and other council offices.
- 2.6.3 The Council is working closely with Brookgate, who are to redevelop Shire Hall, to consider how the new programme for Alconbury Weald can align with its plans to start work on a high quality apart-hotel on the Shire Hall site.
- 2.6.4 More information about this will be available later this year once there is a clearer understanding of the likely completion date for the Council's new Alconbury Weald HQ, and alongside the contractual agreement for the Shire Hall site which is due to return to Commercial and Investments Committee in October 2020.

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

The Cambs 2020 Programme is an opportunity to change the ways and places we deliver services to support the Council in the delivery of its corporate objectives by providing fit for purpose infrastructure, technology and a workplace that is equipped to face the organisational challenges that lie ahead.

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

Through the distribution of services across the County, the Council will support economies in a more disbursed manner than at present.

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

Placing services in the heart of the communities they support will facilitate more citizens living independent lives by keeping them in their own homes with appropriate support networks wrapped around them.

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

See wording under 3.1 above.

### **3.4 Net zero carbon emissions for Cambridgeshire by 2050**

The Civic Hub is working to achieve as much renewable energy as possible on site by undertaking the following;

- 20 electric charging points installed in the car park; with the underground infrastructure to enable simple expansion to all spaces in the future
- No use of gas within the building.
- Maximised the number of Solar PV's on the roof of the building
- Installation of a Solar Array in the car park
- Air Source heat pump power generation.

The on-site renewable energy generation is expected to meet up to 40% of the building's expected energy use.

## **4. SIGNIFICANT IMPLICATIONS**

### **4.1 Resource Implications**

The Covid-19 impact on the Civic Hub Project has been detailed in this report, resulting in a process to seek approval for a specific Covid-19 project risk contingency.

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

There are no significant implications arising directly from this report.

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

There are no significant implications arising directly from this report.

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

An Equality Impact Assessment for the programme has been completed, and regular engagement continued with the Council's Equality and Diversity Action Group to develop the design. The most recent development was the suggestion of the Changing Places Toilet; which has now been introduced to the design of the building. Standard accessible toilets do not meet the needs of all people with a disability. People with profound and multiple learning disabilities, as well people with other physical disabilities such as spinal injuries, muscular dystrophy and multiple sclerosis often need extra equipment and space to allow them to use the toilets safely and comfortably. These needs are met by Changing Places toilets.

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

Updates on the progress of the construction of the Alconbury Weald HQ and the changes to the layout and environmental performance of the building as set out in this paper will continue to be shared with staff and other key stakeholder groups.

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

There are no significant implications arising directly from this report.

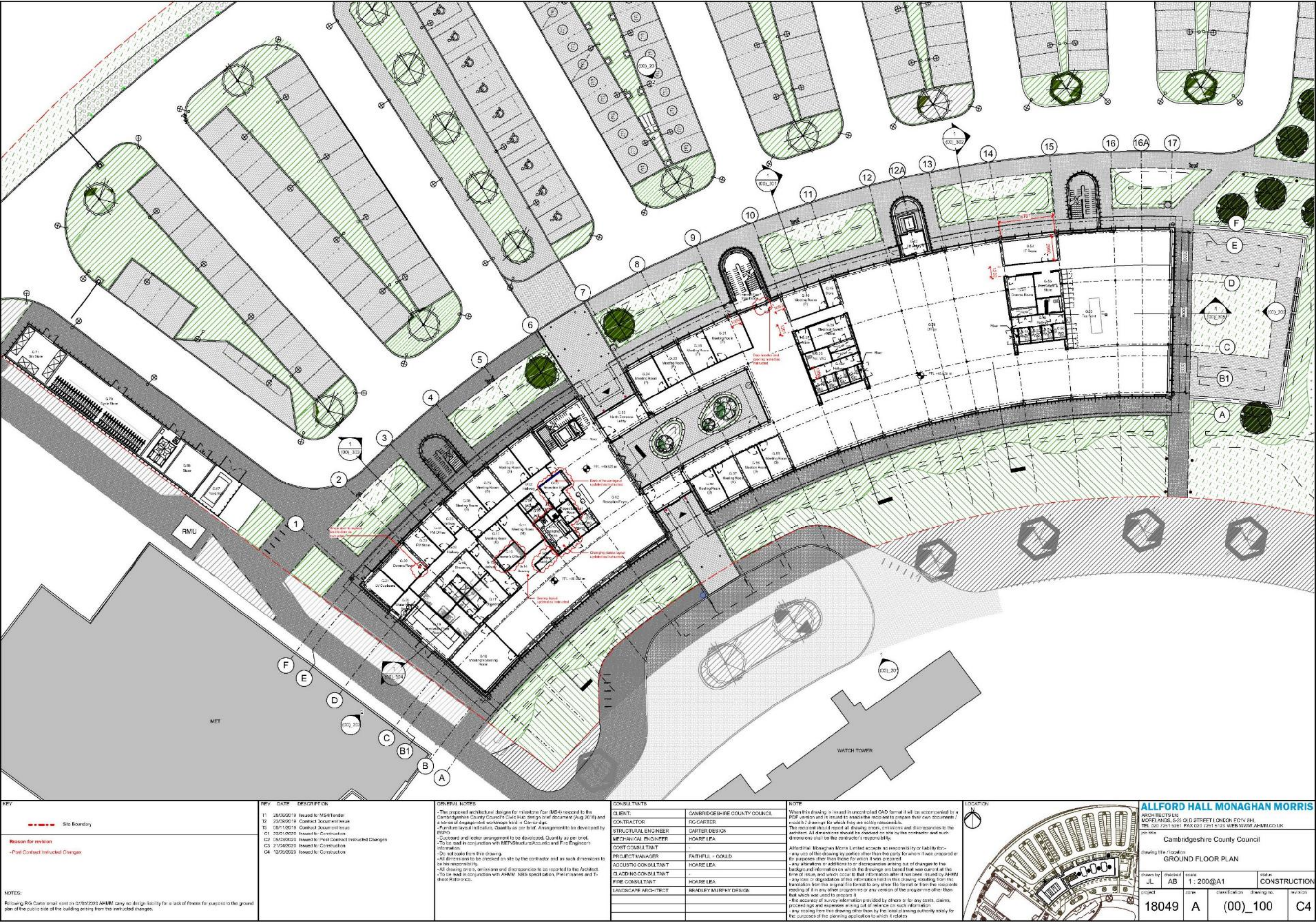
#### 4.7 Public Health Implications

There are no significant implications arising directly from this report. Details of Social Value has been included in section 2.6 of this report.

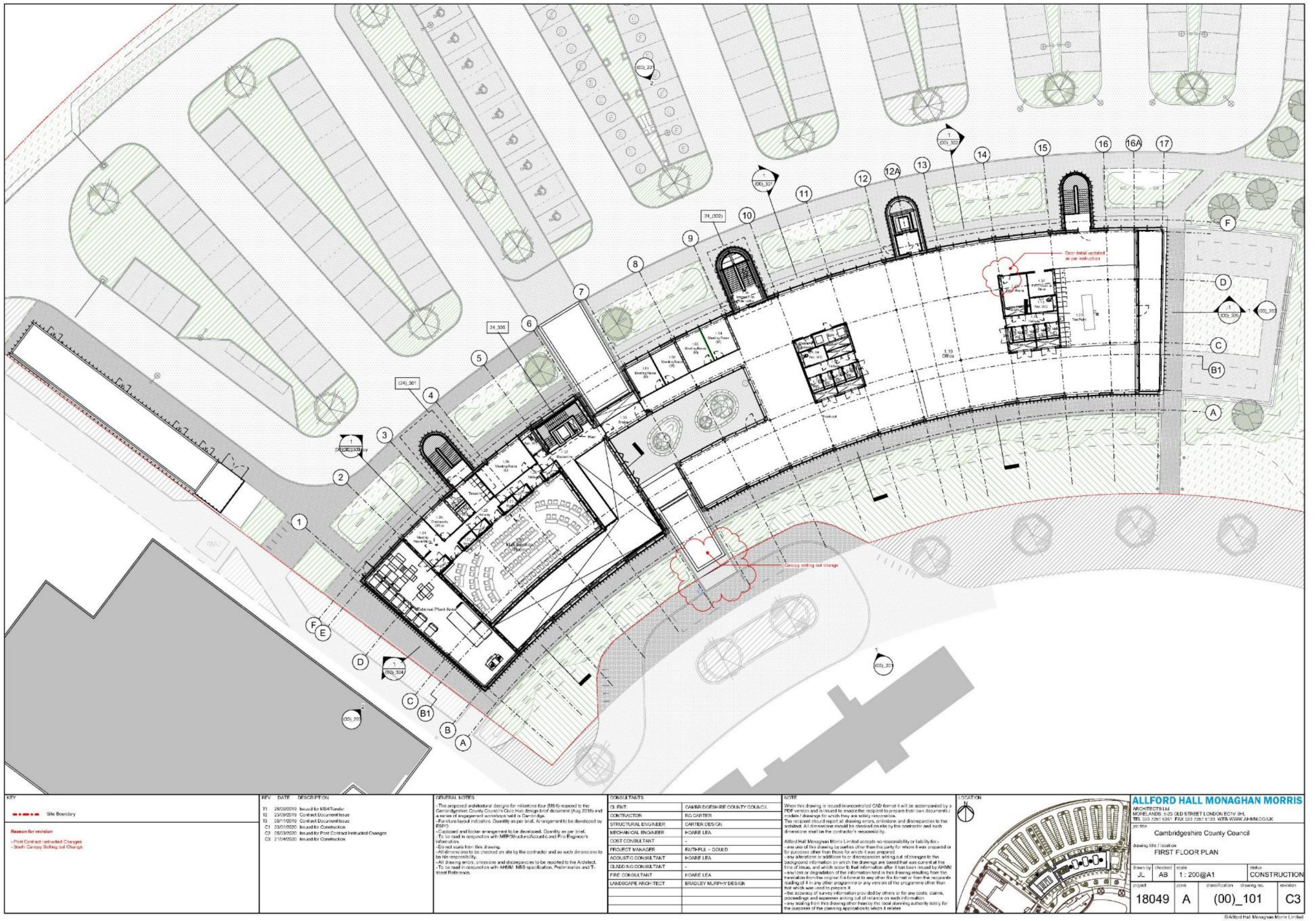
Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Ellie Tod
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Yes Name of Officer: Gus De Silva
Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law?	No
Have the equality and diversity implications been cleared by your Service Contact?	Yes Name of Officer: Beatrice Brown
Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Joanne Dickson
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Yes Name of Officer: Andrew Preston
Have any Public Health implications been cleared by Public Health	Yes Name of Officer: Iain Green

Source Documents	Location
Milestone 4 & 5 Report for the Alconbury Weald Civic Hub – Cambs 2020 Programme (16 December 2019)	<a href="#">Meeting Documents Link</a>



















Appendix C – Risk Register

WHERE IMPACT OF RISK x LIKELIHOOD OF RISK OCCURRING = DEGREE OF RISK

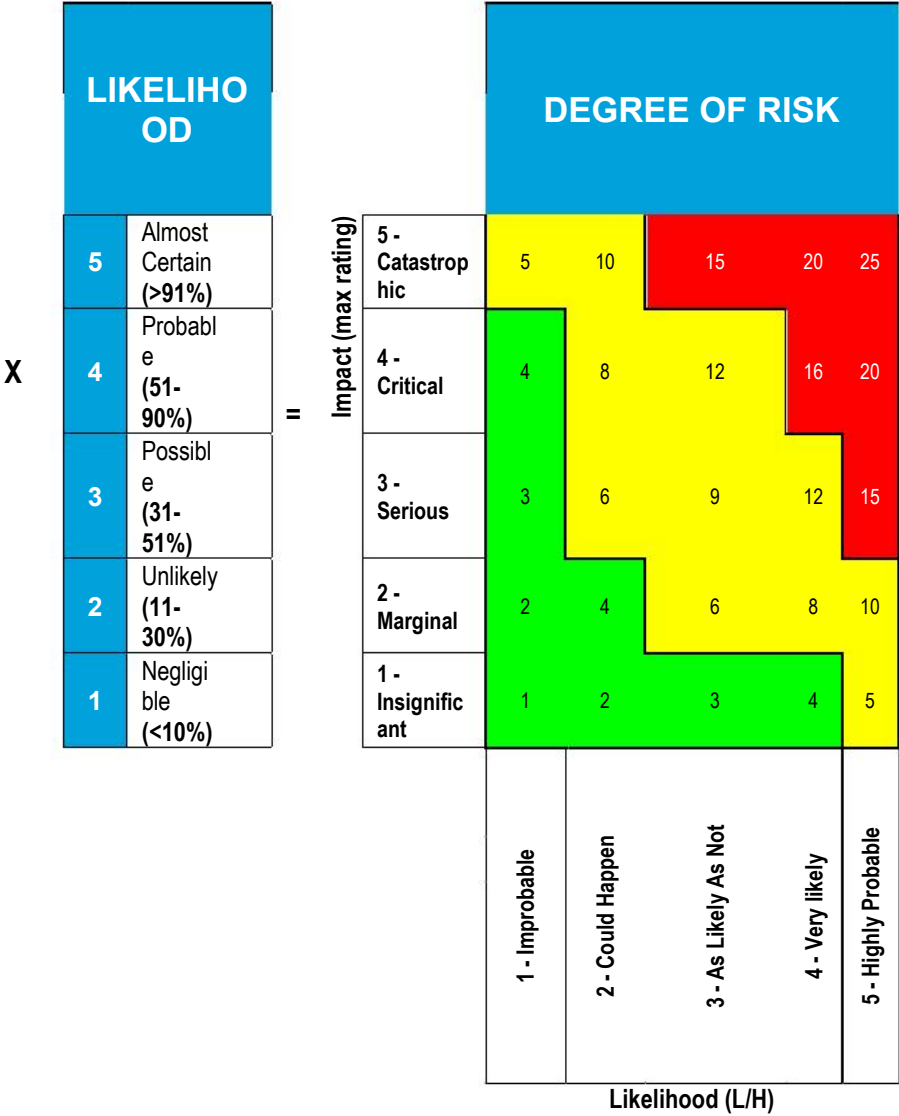
Impact			
Rating	Programme (P)	Budget (B)	Safety/Health/Environmental (SME)
5	Client/Business stakeholder interests severely damaged	Budget overrun which impacts on client's programme of works	Multiple fatality  Major environmental incident involving threat to public or safety  Criminal liability
4	Programme overrun resulting in penalties and additional audits	Significant and non-recoverable impacts in budget spend	Worker/Public fatality  Environmental incident leading to breach  Criminal liability and compensation costs
3	Minor and recoverable programme overrun that impacts critical path	Minor and recoverable budgetary fluctuations	Major injury to worker or third party  Operation likely to cause damage, complaint or nuisance
2	Minor delays not impacting on critical path	Minor budgetary fluctuations within allowance given by client	Minor injury to worker or third party  Environmental impact requiring management response to recover
1	Negligible impact	Negligible impact	Negligible impact

Project Number:

5168511

Project Location:

Civic Hub Building



Date Issued:	21/05/2020
Current Milestone	6
Issue Number:	28
Design Team Partners Ref:	Project

Contract Risk Assessment

Item No.	Risk	Risk Owner	Consequence	Calculation of risk					Risk mitigation / control measure / comments	Min. cost £	Max cost £	Weighted cost £	Close-out date
				Impact			x Likelihood	Degree of Risk (max)					
				P	B	SME							
4	Final costs associated with the land purchase re suspended slab reconciliation	CCC	Additional cost due to delay	4	4	1	4	16	U&C, CCC and F+G to agree final e/o costs for suspended slab solution/details				MS5
2	On site remediation by U&C is not undertaken sufficiently and contaminated land is	CCC	Delay to programme and additional cost	4	4	1	4	16	Resolution of remediation compliance has been agreed in principle between U&C and CCC and forms part of the revised land deal. RGC are to continue to monitor site works during MS6 activities			80,000	MS5

	discovered which impacts construction progress.												
3	Obstructions in ground/poor ground conditions not reasonably established during pre-construction phase.	RGC/CC	Programme and Cost	4	3	4	3	12	RGC to undertake ground investigations to mitigate risk as far as practical, site works are now being monitored.			15,348	MS6
4	Hazardous materials/contaminated land discovered during site activities which impact on cost/programme	RGC/CC	Effect on programme and cost	3	4	4	3	12	Potential for contamination issues on site to be established as part of design stage geotechnical investigations. U&C responsible for site remediation. Classification of material on site is to be determined and monitored during construction.			21,329	MS6
5	Potential for unexploded ordnance to be discovered on site plus the risk that a Watching Brief during construction may be imposed on the project	RGC	Increased project costs and delay.	3	1	4	2	8	RGC have instructed a watching brief during construction to monitor works. The classification of the site can be re-assessed following the excavation works on site.			3,106	MS6
6	Delivery of permanent utility connections (electricity, gas, water, drainage)	RGC/CC	Delay and additional cost	3	4	3	3	12	RGC has agreed the temporary and permanent services requirements with U&C. U&C have suggested that there should be no delay to temporary or permanent services connections. Interface meeting with U&C is to be arranged to monitor the requirements.			20,000	MS6
7	ICT/FFE Specification impact on design proposals (layouts, ventilation etc.)	CCC/RGC	Cost implications	4	3	1	3	12	Team to continually review FFE/ICT specifications throughout MS4. A furniture specialist has now been appointed by CCC and an AV specialist may be appointed in the near future. Any amendments need to be firmed up early MS6.			12,000	MS6
8	Amendments are required to the design post contract due to the uncertainty of the staff members and teams that will be occupying the building.	CCC	Cost implications	4	3	1	3	12	CCC to confirm any required changes as early in the construction process as practical and regular client interface meetings are to be scheduled with the project team to monitor this.			39,027	MS6
9	Amendments required to the internal finishes quantity/standard are required due to the limited engagement during MS4. enhancements are confirmed post contract e.g. finishes	CCC	Cost implications	4	3	1	3	12	CCC to confirm any required changes as early in the process as practical			224,971	MS6

10	FFE Scope creep / overspend	CCC	Cost implications	3	3	1	3	9	CCC to scope and budget FFE deliverables in MS4 and then monitor/firm up during MS4/6	-	-	0	MS6
11	ICT Scope creep / overspend	CCC	Cost implications	3	3	1	3	9	RGC are to establish the extent of the IT scope by the time MS4 concludes. There are certain elements which cannot be confirmed by CCC at this stage (AV requirements) and these will need to be finalised during early MS6.	-	-	0	MS6
12	Late completion of temporary and permanent access road by U&C	CCC	Potential delay and additional cost	3	2	3	3	9	Project team to continue to engage with U&C re design and site logistics programme			10,000	MS6
13	EU Referendum results affect purchase of goods	RGC	Impact on design and cost	3	3	1	3	9	RGC to establish key components early and progress associated procurement	-	-	0	MS6
14	Unforeseen activities require funding that were not included within the original business case – such as removal of records, disposal of furniture, data centre relocation etc.	CCC/RGC	Increased project costs and delay.	3	3	1	3	9	RGC are to liaise with CCC to understand their expectations in relation to the decant from their existing offices	-	-	0	MS6
15	U&C offsite works impact on the Civic Hub programme relating to the RMU and the Turning Circle	CCC/RGC	Delay and additional cost	4	3	3	2	8	U&C are to confirm their programme and the detail of any works surrounding the Civic Building site throughout the duration of construction.			12,000	MS6
16	Risks associated with the COVID-19 pandemic based on EWNs issued by RGC from impact to supply chain and work	CCC/RGC	Delay, additional cost and health and safety impact	4	4	4	4	16	Carrying out a risk reduction meeting to identify how risks related to the Pandemic can be mitigated			0	MS6
												437,781	

**UPDATE ON OPTIONS FOR HINCHINGBROOKE COUNTRY PARK**

**To:** Commercial and Investment Committee

**Meeting Date:** 10 July 2020

**From:** Strategic Assets

**Electoral division(s):** Huntingdon West, Brampton and Buckden

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

**Purpose:** To consider the granting a new lease for Hinchingsbrooke Country Park to Huntingdonshire District Council for a term of 99 years at a peppercorn rent.

**Recommendation:** The Committee is recommended to approve Option B: granting the lease to Huntingdonshire District Council, but requiring that all surpluses generated from the Park be retained for investment in country parks within the District.

<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
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Tel:		Tel:	01223 706398

## 1. BACKGROUND

- 1.1 A Commercial & Investment Committee report on Hinchingsbrooke Country Park dated 24<sup>th</sup> May 2019 (provided in the Source Documents) considered a request from Huntingdonshire District Council (HDC) to agree a new lease for the 170 acre Hinchingsbrooke Country Park (the Park) for a term of 99 years at a peppercorn rent. HDC have an existing lease for the Park which was for a term of 30 years from March 1996 to April 2026. Since the beginning of the lease HDC estimate that the County Council has saved between £2.4m and £4.5m through not having to run the park itself.
- 1.2 Option A under the previous committee report involved granting a new 99 year lease at a peppercorn rent which would be unfettered by any restrictions on surpluses generated was discounted by the Committee.
- 1.3 The decision from the May 2019 Committee was to review Options B and C in more detail, working in conjunction with HDC.
- 1.4 Option B involves granting the new lease but on the basis that all surpluses generated from the Park are retained by HDC for investment in country parks within the District.
- 1.5 Option C involves undertaking an evaluation of whether the option for CCC to take back ownership of the Park is worthy of consideration and then run the operation themselves in partnership with another provider.
- 1.6 There have been delays as a result of COVID due to cancelled meetings at HDC and also in collating information.

## 2. MAIN ISSUES

- 2.1 Council officers have considered both options in more detail and the findings are as follows:

### **Option B - Granting the lease to HDC but requiring that all surpluses generated from the Park be retained for investment in country parks within the District**

Having reviewed the information provided by HDC on their current and future plans for the management of the Park, it is clear that running the Park is not currently a profitable exercise and is unlikely to be in the future. HDC currently bears the cost and liability of running the Park under the existing lease agreement and it has been necessary for them to subsidise the running costs of the Park on an annual basis by approximately £100,000 in any given year. This is after the income that is generated from the park has been taken into consideration.

HDC have plans to make a significant capital investment in the Park and in order to do this they require greater certainty of tenure under a longer lease. An investment programme totalling £1.5M was agreed by HDC in January 2019 with the aim of reducing the subsidy which HDC currently funds to operate the park so that it would reach a break-even point (a zero subsidy) in the future and effectively pay for itself. In doing so, HDC will secure the future provision and safe stewardship of this non-statutory

community asset, which is beneficial to the local and wider community, and which would otherwise be at financial risk. An outline business case is included as **Appendix 1**. A detailed business case has not been provided by HDC as it is considered commercially sensitive.

In agreeing to extend the lease for a further period, CCC should however stipulate that if the Park does reach a position in the future where it generates a significant surplus revenue, that any funds generated are only to be used for investment in country parks within the District and not elsewhere.

### **Option C - CCC taking back ownership of the Park and running the operation in partnership with another provider**

A review has also been carried out of other comparable parks in the region to assess whether there is an opportunity to generate additional revenue if the County Council did decide to take back ownership of the Park. In particular, a review has been carried out to benchmark Milton Country Park (MCP) for comparative purposes with Hinchingsbrooke Country Park (HCP). The comparison report is included as Appendix 2.

The key finding from this assessment was that MCP has only recently reached a break-even trading position after a number of years of active management and this break-even point has only been achieved by leveraging funds from corporate and other external organisations; donations and by being heavily reliant on volunteers to staff and manage the park at Milton.

Further work has also been done to consider whether there is any evidence of other similar parks that are being run at a profit and which do generate significant revenue streams. In particular, the information provided for Nene Park in Peterborough has shown that this park has not generated any significant excess revenue and for most recent accounting year, it only generated a very small surplus of funds. In terms of the retail activities that have been established at this park in more recent years, they actually operated at a net loss of £5,000 in FY 19/20. Again, as was the case with Milton Park, the Trust which runs Nene Park are heavily reliant on grants, lottery funding and donations in order to achieve the break-even position.

- 2.2 The overall conclusion is therefore that taking back ownership and the management of Hinchingsbrooke Country Park in order to benefit from future revenue does not warrant further consideration.

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

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

There are no significant implications for this priority.

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

There are no significant implications for this priority.

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

There are no significant implications for this priority.

### **3.4 Net zero carbon emissions for Cambridgeshire by 2050**

There are no significant implications for this priority.

## **4. SIGNIFICANT IMPLICATIONS**

### **4.1 Resource Implications**

There are no significant implications within this category.

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

There are no significant implications within this category.

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

There are no significant implications within this category.

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

There are no significant implications within this category.

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

There are no significant implications within this category.

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

There are no significant implications within this category.

### **4.7 Public Health Implications**

There are no significant implications within this category.

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Report sent 30/06/20 - no comments received to date. Name of Financial Officer: Eleanor Tod
<b>Have the procurement/contractual/Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?</b>	Report sent 30/06/20 - no comments received to date. Name of Officer: Gus De Silva



<b>Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law?</b>	Report sent 30/06/20 - no comments received to date. Name of Legal Officer: Fiona McMillan
<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	Report sent 30/06/20 - no comments received to date. Name of Officer: Elsa Evans
<b>Have any engagement and communication implications been cleared by Communications?</b>	Report sent 30/06/20 - no comments received to date. Name of Officer: Tom Bennett
<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	Report sent 30/06/20 - no comments received to date. Name of Officer: Peter Blake
<b>Have any Public Health implications been cleared by Public Health</b>	Report sent 30/06/20 - no comments received to date. Name of Officer: Kate Parker

<b>Source Documents</b>	<b>Location</b>
Reports and minutes of the Commercial & Investment Committee meeting held 24 <sup>th</sup> May 2019	<a href="https://tinyurl.com/y62ddoey">https://tinyurl.com/y62ddoey</a>



## Milton Country Park: Executive Summary

The Summary Paper provides a case review of Milton Country Park (MCP) for comparative purposes with Hinchingsbrooke Country Park (HCP). MCP extends to approximately 95 acres and the site comprises three main character areas with woodland and grassy meadows alongside the main waterbodies which cover more than one third of the area of the park. The main visitor experience is based around a café, play (new), lakes / landscape and a small-scale watersports offer (sessions are pre-booked and supporting facilities are limited). The park represents a valuable and sizeable greenspace albeit with a limited range of facilities. There is no Green Flag status for the park and it does not have a management plan. Its primary focus is on recreation but with low levels of site management and upkeep.

### The physical assets

- MCP is smaller in acreage than HCP and a considerable area is taken up by water
- Its access point and main carpark is closer to the main waterbodies. The visitor centre also enjoys a lakeside position
- The sense of arrival / first impression similar to HCP faces a number of challenges e.g. urban edge site in close proximity to residential and other commercial areas
- HCP has more extensive facilities for staff and volunteers reflecting a higher volume of activity
- Milton presents a limited range of pre-booked watersports opportunities for visitors with no indoor service areas. Currently, watersport activities do not appear to be a key focus of the Trust
- Water access is closer to the main carpark arrival point at Milton which presents a greater opportunity for watersports activities
- HCP has more restrictive environmental designations and is a higher flood risk
- The lean staffing structure at Milton Country Park appears to have impacted on the quality of the environment in terms of the visual appearance of some areas

### Market review

- MCP has a far greater residential catchment audience within its core market areas
- The socio-economic profile is even stronger for the Milton catchment than HCP
- HCP generates a higher volume of visits from a smaller local catchment
- Both HCP and Milton CP enjoy a 'market-leading position' within their core catchment with limited competition of comparable greenspace and recreational facilities
- Milton CP is a popular and well received facility serving a mainly local audience
- Both parks enjoy a strong local user base and largely positive profile on online feedback sites

### Trading operation

- The Trust structure does allow any income and surpluses to be ring-fenced and channelled back into the park where appropriate
- MCP does not have any statutory environmental designations so there are no specific obligations in terms of land management
- HCP benefits from a strong local support network in terms of the long-established Friends' Group, volunteers and long-standing user groups and clubs
- MCP operates a break-even budget with a low staffing compliment. The staff operate on a very flexible basis requiring multiple skillsets
- As a Trust, MCP has been able to leverage funds from corporate and other external organisations on an ad hoc basis
- Cambridge Sport Lakes Trust has as its main raison d'être to develop a major nationally important watersports centre, The Cambridge Sport Lakes Project, with a 2km rowing lake, car parking, visitor hub and overnight guest accommodation on the adjoining site (this has been a long-term ambition for the Trust)

### Key points

It is important to acknowledge the guiding principle for both country parks to perform the key role in connecting greenways in an area faced with expanded housing stock which is strengthening demand (and need) for open spaces. At Milton Country Park, it is clear that a driving force for the operating trust centres on a long-term strategy to create a flagship watersports centre on the adjoining site. There is a strong fit between the long-term plans to develop a rowing centre of national importance and the historic link to rowing in Cambridge notably through its university.

Hinchingbrooke Country Park has a more extensive and comprehensive offer with a stronger programme of volunteering. HCP represents a long-established valuable greenspace serving a diverse and loyal user base with a substantial and very active group of volunteers and Friends who represent important stakeholders in the facility. It has employed high standards of management and guardianship over a long period and is acknowledged as achieving Green Flag status on a continuing basis. It also has a more restrictive regime in terms of statutory and other environmental designations on large parts of its site. Despite the strategic differences, the process to reach an optimum operational position is broadly similar at both parks (aiming to balance commerciality with community service and contributions to social wellbeing) in looking to present and manage an appropriate range of services in an affordable, low risk way. MCP has reached a (more or less) break-even trading position over a number of years which is to be applauded as a major achievement in the sector. The plans for Hinchingbrooke will help to move the park towards a stronger financial footing, optimising commercial opportunities while enhancing the overall experience of visitors, the range of activities and the quality of the service offered. The forecast low level of ongoing deficit at HCP represents an efficient use of funds based on cost per user and the wider community benefits afforded.

# Evolving Our Country Parks



## Operational Subsidy

- As visitor sites they operate at a net cost



## Future Sustainability

- Addressing neglect, establishing sustainable investment
- Attracting Tourism



## Volunteering

- Maintaining strong volunteer groups
- Community operations



## Green Assets

- Healthy open spaces
- Protecting our valued wildlife
- Long term security for Huntingdonshire



# Hinchingbrooke Country Park



# Operational and Financial Context



## **Site and Lease**

180 acres including wildlife lakes

County Council Owned

Long Lease 1996 for a period of 30 years to 2026

HDC aim to gain tenure of site, needs development plan.

## **Finance**

HDC bears liability and cost – average annual subsidy £100,000

Cost controls exhausted, no further practical measures possible

Non-sustainable commuted sums (payment in lieu for affordable housing)

Café income up but restricted by existing building and car park capacity



## **Facilities**

Approximately 160,000 - 170,000 visitors a year

Car Park of 60 spaces, charges go to general fund (£45,000)

Car Park inadequate for large events causing parking problems

Café/toilets - struggle at peak visitor times and for events



# Key Market Opportunities



## Potential Visitors

- Within 30 minute drive - potential market is over 100,000 households = ¼ million potential visitors
- Within 1 hour drive – potential market 800,000 households = 2 million potential visitors
- Affluent households with disposable income



## Parking

- Parking currently £2 for 6 hours
- Parking capacity very limited for visitor numbers at 60 spaces



## Café Spend

- Current offer has reached constraints, limited and average spend per head estimated at £1.00 per visitor
- Potential uplift beyond £1.50 per head anticipated with enhanced offer
- Capacity limited currently adversely impacting spend at peak and during events



# Key SWOT



## Strengths

Natural habitat, flat, accessible, great reputation, strong volunteer base, accredited park, Green Flag.



## Weaknesses

Parking, Hidden Site, Poor Catering Offer and Seating, Disjointed and poor capacity facilities, flood plain in winter



## Opportunities

Car park, combined facilities, large affluent market, events, play facilities, health activities, hub for outdoor access cycling and walking



## Threats

Ownership, lease terms, current dilapidation, need to maintain natural focus, growing visitors - housing

# Options



## **Do Nothing**

- Subsidy £100,000
- No ownership/tenure – hand back
- Retain existing car park and separate visitor



## **Combine and Expand**

- 800,000 – 1,000,000 capital investment
- £40,000 subsidy to £10,000 surplus (conservative)
- Long term tenure/ownership
- Extend Countryside Centre, remove existing café/toilets, expand car parking



## **New Custom Built Visitor Centre**

- 3,000,000 – 4,000,000 capital investment
- High risk, return on capital limited by site size, visitor numbers, wildlife goals
- Long term ownership critical
- Remove all existing facilities and replace with one new building, expand car parking

# Recommended Option for Detailed Business Case

**Development linked to Option Two, most likely to deliver return on investment:**

- Hub for outdoor/sustainable travel options e.g. cycle route hub/walking hub
- Play based and activities
- Play trail and natural play
- Enhance existing play offer : sand and water play
- Bushcraft and other outdoor area
- Boulders
- External infrastructure
- Wildlife hut
- Outdoor shelter
- Viewing tower
- Interpretation
- External deck and tensile structure

Enhanced cafe and small indoor play are incorporated within the building estimates

# Potential Return

Investment - £800,000 - £1m Capital

	<b>Pessimistic Returns</b>	<b>Potential Returns</b>
Visitors	170,000 to 200,000	170,000 to 220,000
Parking Additional Income through capacity	£25,000	£40,000
Parking Additional Income through charges	£10,000	£20,000
Café Spend up from £1.00/head	£25,000	£50,000
Total potential return	£60,000	£110,000

Excludes: soft play facility, events income enabled by new infrastructure

**FINANCE MONITORING REPORT – MAY 2020**

**To:** Commercial and Investment Committee

**Meeting Date:** 10<sup>th</sup> July 2020

**From:** Chief Finance Officer

**Electoral division(s):** All

**Forward Plan ref:** N/a

**Key decision:** No

**Outcome:** To present to Commercial and Investment (C&I) Committee the May 2020 Finance Monitoring Report for C&I Committee.

The report is presented to provide C&I Committee with an opportunity to comment on the projected financial and performance outturn position, as at the end of May 2020.

**Recommendation** The Committee is asked to:

1. review, note and comment upon the report
2. recommend to General Purposes Committee to approve the roll forward and rephasing of capital budgets as set out in Appendix A, section 2.2
3. recommend to General Purposes Committee to approve additional Prudential Borrowing of £352k for the Building Maintenance scheme
4. recommend to General Purposes Committee to approve additional Prudential Borrowing of £330k for the Mill Rd – Former Library scheme

<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
Name:	Eleanor Tod	Councillor Mark Goldsack	
Post:	Strategic Finance Manager	Committee Chairman	
Email:	<a href="mailto:Eleanor.Tod@cambridgeshire.gov.uk">Eleanor.Tod@cambridgeshire.gov.uk</a>	<a href="mailto:Mark.goldsack@cambridgeshire.gov.uk">Mark.goldsack@cambridgeshire.gov.uk</a>	
Tel:	01223 715333	01223 706398	

## **1. BACKGROUND**

- 1.1 Commercial and Investment Committee will receive the Commercial and Investment Finance Monitoring Report when there is a recommendation to consider, and will be asked to review, note and comment on the report and to consider and approve recommendations as necessary, to ensure that the budgets for which the Committee has responsibility remain on target.

## **2. MAIN ISSUES**

- 2.1 Attached as **Appendix A**, is the May 2020 Finance and Performance report.
- 2.2 **Revenue:** At the end of May, Commercial and Investment Committee is forecasting an overspend of £1,874k on revenue budgets. There are four significant forecast outturn variances by value (over £100k) to report.
- 2.4 **Capital:** At the end of January, Commercial and Investment Committee is forecasting a balanced position on the capital programme budget. There are three budget amendment requests.

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

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

There are no significant implications for this priority.

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

There are no significant implications for this priority.

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

There are no significant implications for this priority.

### **3.4 Net zero carbon emissions for Cambridgeshire by 2050**

There are no significant implications for this priority.

## **4. SIGNIFICANT IMPLICATIONS**

### **4.1 Resource Implications**

This report sets out details of the overall financial position for Commercial and Investment for this Committee.

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

There are no significant implications within this category.

#### 4.3 Statutory, Risk and Legal Implications

There are no significant implications within this category.

#### 4.4 Equality and Diversity Implications

There are no significant implications within this category.

#### 4.5 Engagement and Consultation Implications

There are no significant implications within this category.

#### 4.6 Localism and Local Member Involvement

There are no significant implications within this category.

#### 4.7 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Eleanor Tod
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	N/A
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	N/A
Are there any Equality and Diversity implications?	N/A
Have any engagement and communication implications been cleared by Communications?	N/A
Are there any Localism and Local Member involvement issues?	N/A
Have any Public Health implications been cleared by Public Health	N/A

Source Documents	Location
C&I Finance Monitoring Report (May 20)	1 <sup>st</sup> Floor, Octagon, Shire Hall, Cambridge





<b>Service</b>	Commercial & Investment
<b>Subject</b>	Finance Monitoring Report – May 2020
<b>Date</b>	10 <sup>th</sup> July 2020

## **KEY INDICATORS**

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

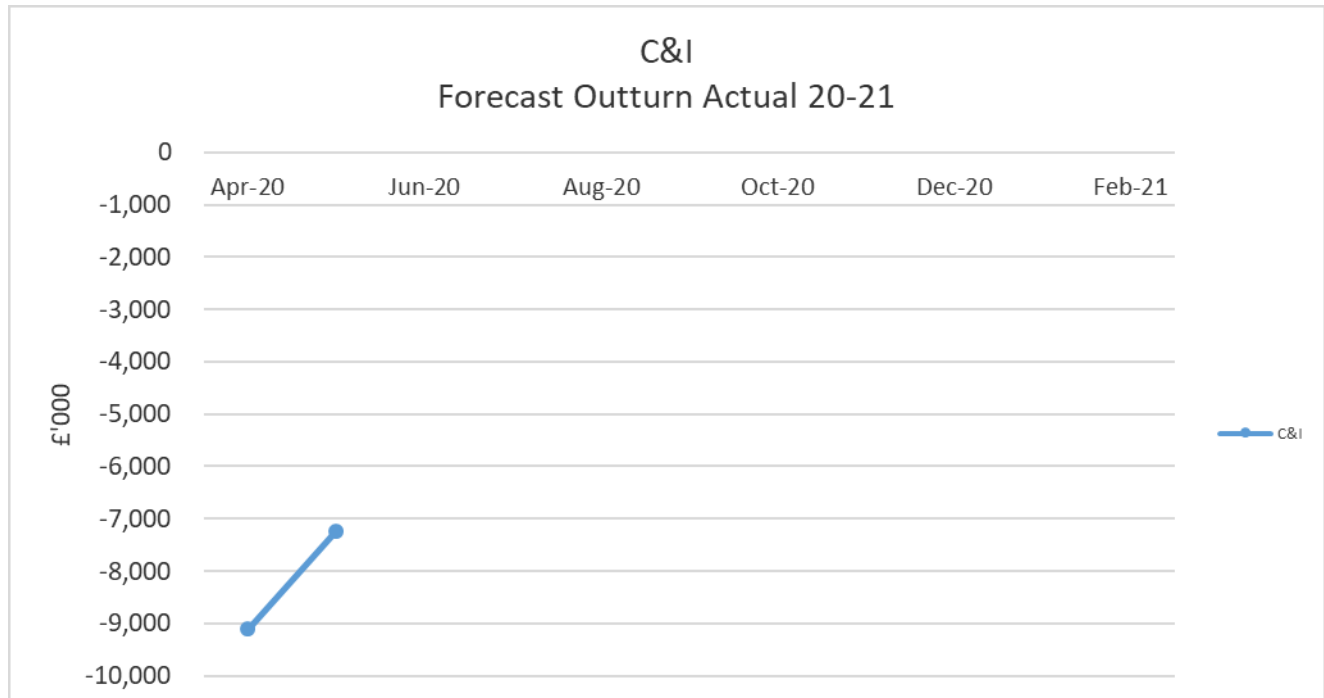
## **CONTENTS**

<b>Section</b>	<b>Item</b>	<b>Description</b>	<b>Page</b>
1	Revenue Executive Summary	High level summary of information by Directorate Narrative on key issues in revenue financial position	2
2	Capital Executive Summary	Summary of the position of the Capital programme within Commercial & Investment	4
3	Savings Tracker Summary	Summary of the latest position on delivery of savings	6
4	Technical Note	Explanation of technical items that are included in some reports	6
Annex 1	Service Level Financial Information	Detailed financial tables for Commercial & Investment's main budget headings	7
Annex 2	Service Commentaries	Detailed notes on financial position of services that are predicting not to achieve their budget	8
Annex 3	Capital Position	This will contain more detailed information about Commercial & Investment's Capital programme, including funding sources and variances from planned spend.	10
Annex 4	Savings Tracker	Each quarter, the Council's savings tracker is produced to give an update of the position of savings agreed in the business plan.	N/A
Annex 5	Technical Appendix	This contains technical financial information for Commercial & Investment showing: <ul style="list-style-type: none"> <li>• Grant income received</li> <li>• Budget virements into or out of Commercial &amp; Investment</li> <li>• Service reserves</li> </ul>	12

## 1. Revenue Executive Summary

### 1.1 Overall Position

Commercial & Investment (C&I) has a negative budget as it has an income target for 2020/21 of -£9,108k. As such, the forecast outturn variance of £1,874k means that C&I is expecting to achieve a net income position of -£7,234k as demonstrated in the following chart:



### 1.2 Summary of Revenue position by Directorate

Outturn Variance (Previous) £000	Directorate	Budget £000	Actual £000	Outturn Variance £000	Outturn Variance %
N/A	Commercial Activity	-12,068	-37	1,889	16%
N/A	Property Services	6,726	1,103	-132	-2%
N/A	Strategic Assets	-3,494	-733	20	-1%
N/A	Traded Services	-271	-980	97	36%
<b>N/A</b>	<b>Total</b>	<b>-9,108</b>	<b>-648</b>	<b>1,874</b>	<b>21%</b>

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

### 1.3 Significant Issues

At the end of May 2020, C&I is forecasting an underachievement of £1,874k. This is mainly due to under achievement of income in relation to Commercial Activity.

#### Commercial Activity

At the end of May 20 an underachievement of income of £1,889k is forecast. This is due to:

- The expected loss of rental income of £970k on some properties due to the Covid-19 pandemic.
- Delayed and staggered investment into a multi-class credit fund, reducing the forecast return by £523k.
- A delay in Contract Efficiencies will result in the saving of £249k not being achievable.
- A reduced return on investment of £147k on the annual return from the CCLA fund due to the pandemic.

#### Traded Services

At the end of May 2020 an underachievement of income of £97k is forecast for Professional Development Centres. The Professional Development Centre at Cambridge Professional Development Centre (CPDC) will be closing in 2020/21 as part of Cambs 2020, causing a £45k pressure due to reduced income in-year. Provision for the loss of income of this closure has been included in the Business Plan for 2021/22, and as such this will be a one-off pressure.

The service has also seen a loss of £52k income due to being unable to trade as expected in the early months of the year as a result of Covid-19.

#### Property Services

The 2020/21 revenue budget for the Alconbury Weald Civic Hub is £175k. Based on the expected completion date for the building (Spring 2021), this budget should no longer be required during 2020/21, therefore creating a -£175k underspend.

The Shire Hall Car Park Income budget is forecasting to underachieve by £44k in 2020/21. This is based on not charging for the car park for 4 months.

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

#### Covid-19 – Financial Impact

The current projected financial costs associated with managing the implications of the Coronavirus pandemic, including any loss of income:

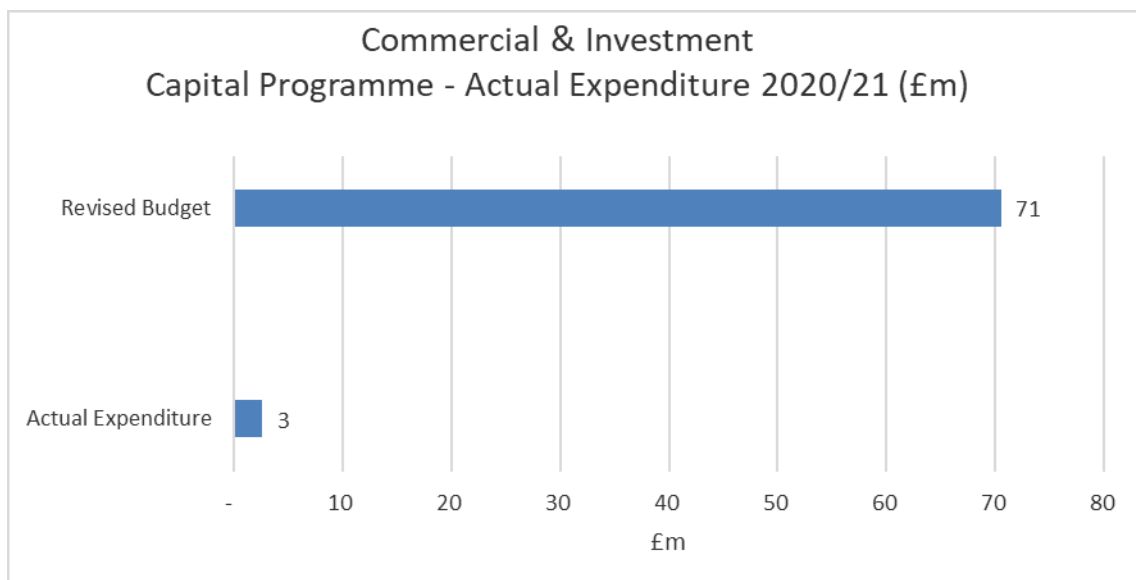
Service Area	Details	Estimated cost 2020-21 £000	April & May impact £000
Property Services	Loss of income from Shire Hall & Castle Court Car park (based on 4 months)	44	22
CCLA Managed Investment	Anticipate a 35% reduction on annual return from CCLA fund	147	50
Contract Efficiencies & Other Income	There is expected to be a delay in contract negotiations during this time	249	42

<b>Property Investments</b>	Cambs 2020 programme removal costs with regards to H&S	20	-
<b>Property Investments</b>	Reduction in rent received from commercial properties	970	568
<b>Traded Services</b>	Reduction in income due to CPDC being closed	52	52
<b>Multi-Class Credit</b>	Anticipate reduction in the return in investment	523	-

## 2. Capital Executive Summary

### 2.1 Expenditure

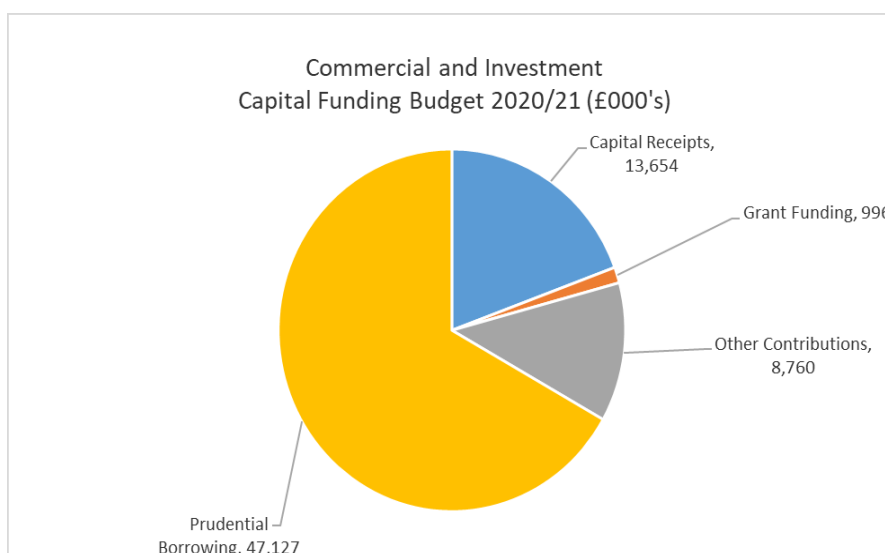
Commercial and Investment Committee has expenditure of £2.6m to date on the Capital Programme, against a revised budget of £70.5m:



In-year, a balanced position is forecast. The total scheme forecast is also on budget.

### 2.2 Funding

Commercial and Investment Committee has a capital budget of £70.5m in 2020/21. This includes £28m of funding carried forward from 2019/20, which has been reviewed by Capital Programme Board.



Commercial and Investment Committee is asked to consider and recommend to General Purposes Committee to approve the carry forward of funding from 2019/20 into 2020/21 and rephasing budgets for the following schemes:

Scheme	Carry Forward/Rephasing Amount 20-21	
	Prudential Borrowing £'000	Capital Receipts £'000
Commercial Investments (carry forward 11,323 & reduction in budget -4,101)		7,222
Housing Schemes (carry forward 10,089 & budget increase 161)	9,000	1,250
Building Maintenance	90	
Office Portfolio Rationalisation	11	
Investment in the CCC Assets Portfolio	1,440	
Community Hubs - East Barnwell	699	
Shire Hall Relocation	3,955	
St Ives Smart Energy Grid - rephasing	-1,098	-1,098
Babraham Smart Energy Grid - rephasing	-241	
Trumpington Smart Energy Grid - rephasing	87	
Stanground Closed Landfill Energy Project - rephasing	-7,536	
North Angle Solar Farm - rephasing	-20,331	
Swaffham Prior Energy Project	96	441
Cambridgeshire Outdoor Centres	56	
LGSS Law Equity – rephasing (spent in 19-20)	-475	

Additional capital funding requests over £250k have also been received for consideration:

Building Maintenance	- Essential work from surveys	£352k
Mill Rd – Former Library	- Essential repairs	£330k
Investment in the CCC Assets Portfolio	- Acquisition (Library Service)	£330k

## Building Maintenance

Additional funding of £352k is requested in 2020/21 for Building Maintenance. This request is in order to undertake statutory works to various CCC buildings, highlighted in condition



surveys. The request relates to level 1 works such as accessible toilet compliance and roof repairs. The scheme will be funded by borrowing; the estimated annual cost of borrowing for this scheme will start in 2021/22 at £20k, and decreases each year thereafter.

Commercial and Investment Committee is asked to consider and recommend to General Purposes Committee to approve the additional budget.

### **Mill Rd – Former Library**

Mill Road Former Library Building is a Grade II listed building that was vacated in January 2020 when the tenancy was brought to an end. It was returned in a state of disrepair due to the tenants neglect and inability to fund repairs. Throughout the tenancy, it was regularly inspected on behalf of CCC as freeholder and appropriate steps were taken against the tenant to force them to address the condition issues. Urgent works are now required in order to rectify problems with the structure to ensure that it is safe, wind and water tight at an estimated cost of £330k; Cambridge City Conservation officers will serve a notice on CCC if these works are not carried out. The cost is based on detailed inspections carried out by conservation architects Donald Insall Associates who are currently obtaining quotations for the work.

The Cambs 2020 Board is considering if the building is required partially/wholly for CCC office use; further fit out costs will be required depending on the final use. If the building is not required for the Cambs 2020 Programme, the proposal would be to dispose of the asset on the open market to generate a capital receipt – there have been approaches from several parties. The scheme will be funded by borrowing; the estimated annual cost of borrowing for this scheme will start in 2021/22 at £18k, and decreases each year thereafter.

Commercial and Investment Committee is asked to consider and recommend to General Purposes Committee to approve the additional budget.

### **Investment in the CCC Assets Portfolio**

A paper was approved at the June C&I Committee to increase the Investment in the CCC Assets Portfolio budget by £330k in order to purchase St Ives Industrial Unit.

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

## **3. Savings Tracker Summary**

The savings tracker is produced three times a year. The first quarter will be reported in the July FMR.

## **4. Technical note**

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

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

## ANNEX 1 – Service Level Financial Information

### C&I Service Level Finance & Performance Report Finance & Performance Report for C&I - May 2020

Previous Forecast Outturn Variance		Budget 2020/21	Actual May 2020	Forecast Outturn Variance	
£000's		£000's	£000's	£000's	%
<b>Commercial Activity</b>					
0	Property Investments	-4,683	-412	1,493	32%
0	Shareholder Company Dividends	-456	480	0	0%
0	Housing Investment (This Land Company)	-5,796	166	0	0%
0	Contract Efficiencies & Other Income	-449	0	249	55%
0	CCLA Managed Investment	-420	0	147	35%
0	Renewable Energy Investments	-265	-272	0	0%
<b>0</b>	<b>Commercial Activity Total</b>	<b>-12,068</b>	<b>-37</b>	<b>1,889</b>	<b>16%</b>
<b>Property Services</b>					
0	Facilities Management	5,855	1,051	-132	-2%
0	Property Services	665	119	0	0%
0	Property Compliance	206	-67	0	0%
<b>0</b>	<b>Property Services Total</b>	<b>6,726</b>	<b>1,103</b>	<b>-132</b>	<b>-2%</b>
<b>Strategic Assets</b>					
0	County Farms	-4,211	-120	0	0%
0	Strategic Assets	717	-613	20	3%
<b>0</b>	<b>Strategic Assets Total</b>	<b>-3,494</b>	<b>-733</b>	<b>20</b>	<b>-1%</b>
<b>Traded Services</b>					
0	Traded Services - Central	0	0	0	0%
0	ICT Service (Education)	-200	-1,005	0	0%
0	Professional Development Centres	-71	25	97	137%
<b>0</b>	<b>Traded Services Total</b>	<b>-271</b>	<b>-980</b>	<b>97</b>	<b>36%</b>
<b>0</b>	<b>Total</b>	<b>-9,108</b>	<b>-648</b>	<b>1,874</b>	<b>21%</b>
<b>Grant Funding</b>					
0	Non Baselined Grants	0	0	0	0%
<b>0</b>	<b>Grant Funding Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>0</b>	<b>Overall Total</b>	<b>-9,108</b>	<b>-648</b>	<b>1,874</b>	<b>21%</b>

## ANNEX 2 - Service Commentaries on the Revenue Outturn Position

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

Service	Current Budget £000	Outturn Actual £000	Outturn Variance	
			£000	%
<b>Property Investments</b>	<b>-4,683</b>	<b>-3,190</b>	<b>1,493</b>	<b>32</b>
<p>The Property Investments budget is forecast to underachieve by £1,493k for the following reasons:</p> <ul style="list-style-type: none"> <li>• The current expected loss from rental income for two of the Council's properties due to the impact of the Covid-19 pandemic is forecast to be £970k.</li> <li>• A £20m investment into a multi-class credit fund was scheduled to take place in April/May 2020, however due to the impact of Covid-19 on the financial markets, it was necessary to reassess the viability of this fund to ensure that it still met the Council's investment objectives. Furthermore, due to market volatility the investment will now be staggered as opposed to a single lump investment. As a result, the forecast return has reduced by £523k.</li> </ul>				
<b>Contract Efficiencies &amp; Other Income</b>	<b>-449</b>	<b>-200</b>	<b>249</b>	<b>55%</b>
<p>The Contract Efficiencies &amp; Other Income budget is forecasting to underachieve by £249k in 2020/21. This is due to the targets for savings and additional income not being met.</p> <p>Covid-19 has impacted on all of the Council's suppliers across the organisation. Some of these suppliers are seeking relief under the PPN 02/20 guidance. It is likely that these businesses will be very much focused on recovering from the impacts of this pandemic and will not be open (or capable) of negotiating contracts.</p>				
<b>CCLA Managed Investment</b>	<b>-420</b>	<b>-273</b>	<b>147</b>	<b>35%</b>
<p>A reduced return on investment of £147k on the annual return from the CCLA due to the pandemic fund is forecast.</p>				
<b>Professional Development Centres</b>	<b>-71</b>	<b>26</b>	<b>97</b>	<b>137%</b>
<p>The Professional Development Centre budget is forecasting to underachieve by £97k. The centre at CPDC will be closing in 2020/21 as part of Cambs 2020, causing a £45k pressure due to reduced income in-year. Provision for the loss of income of this closure has been included in the Business Plan for 2021/22, and as such this will be a one-off pressure.</p> <p>The service have seen a further loss of £52k income due to being unable to trade as expected in the early months of the year as a result of Covid-19.</p>				
<b>Property Services</b>	<b>5,855</b>	<b>5,723</b>	<b>-132</b>	<b>-2%</b>
<p>The 2020/21 revenue budget for the Alconbury Weald Civic Hub is £175k. Based on the expected completion date for the building (Spring 2021), this budget should no longer be</p>				

required during 2020/21, therefore creating a -£175k underspend.

The Shire Hall Car Park Income budget is forecasting to underachieve by £44k in 2020/21. This is based on not charging for the car park for 4 months.

## ANNEX 3 - Capital Position

### 3.1 Capital Expenditure

Commercial & Investment Capital Programme 2020/21						
Total Scheme Revised Budget £000	Original 2020/21 Budget as per BP £000	Scheme	Revised Budget for 2020/21 £000	Actual Spend 2020/21 £000	Forecast Spend - Outturn £000	Forecast Variance 2020/21 £000
206,393	4,101	<u>Commercial Activity</u>				
158,222	32,050	Commercial Investments	11,323	0	11,323	-
200	-	Housing Schemes	42,300	1,011	42,300	-
3,645	3,306	Development Funding	200	-	200	-
6,306	563	St Ives Smart Energy Grid	1,110	-	1,110	-
6,969	-	Babraham Smart Energy Grid	322	0	322	-
8,267	8,027	Trumpington Smart Energy Grid	87	-	87	-
2,526	-	Stanground Closed Landfill Energy Project	491	(4)	491	-
26,258	25,345	Woodston Closed Landfill Energy Project	-	(11)	-	-
40	20	North Angle Solar Farm	5,014	(273)	5,014	-
643	-	Light Blue Fibre	20	-	20	-
907	-	Swaffham Prior Energy Project	537	20	537	-
-	-	Cambridgeshire Outdoor Centres	864	12	864	-
		Marwick Centre Roof Repair	-	59	-	-
420,376	73,412		62,267	815	62,267	-
6,352	600	<u>Property Services</u>				
345	-	Building Maintenance	1,042	30	1,042	-
6,365	2,965	Office Portfolio Rationalisation	11	(6)	11	-
90	-	Investment in the CCC asset portfolio	4,753	191	4,753	-
15,000	3,000	Property Asset Database	90	-	90	-
200	200	Decarbonisation Fund	3,000	8	3,000	-
		Electric Vehicle Chargers	200	0	200	-
28,352	6,765		9,096	223	9,096	-
1,000	100	<u>Strategic Assets</u>				
3,000	300	Local Plans Representations	100	-	100	-
1,981	885	County Farms Investment	300	88	300	-
18,326	9,721	Community Hubs - East Barnwell	1,584	-	1,584	-
295	-	Shire Hall Relocation	13,676	1,439	13,676	-
330	-	Meads Farm House Replacement	272	60	272	-
		Mill Rd - Former Library	330	-	330	-
24,932	11,006		16,262	1,587	16,262	-
669	603	Capitalisation of Interest Budget	603	-	603	-
(32,137)	(17,692)	Capital Programme Variations Budget	(17,692)	-	(17,692)	-
<b>442,192</b>	<b>74,094</b>	<b>TOTAL</b>	<b>70,537</b>	<b>2,625</b>	<b>70,537</b>	<b>-</b>



### 3.2 Capital Variation

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

2020/21					
Service	Capital Programme Variations Budget £'000	Outturn Variance 2020/21 £'000	Capital Programme Variations Budget Used £'000	Capital Programme Variations Budget Used %	Revised Outturn Variance 2020/21 £'000
C&I	-17,692	0	0	0%	0

### 3.3 Capital Funding

Commercial and Investment Capital Programme 2020/21					
Original 2020/21 Funding Allocation as per BP £000	Source of Funding		Revised Funding for 2020/21 £000	Forecast Spend £000	Variance £000
6,432	Capital Receipts	C&I	13,654	13,654	-
1,653	Grant Funding	C&I	996	996	-
8,760	Other Contributions	C&I	8,760	8,760	-
57,724	Prudential Borrowing	C&I	47,127	47,127	-
<b>74,569</b>	<b>TOTAL</b>		<b>70,537</b>	<b>70,537</b>	<b>-</b>

## ANNEX 5 – Technical Note

### 1. Grant Income Analysis

There is no additional grant income to record in 2020/21.

### 2. Virements and Budget Reconciliation

	£'000	Reported
<b>Budget as per Business Plan</b>	<b>-9,205</b>	
Transfer of budget to Shire Hall Relocation, as agreed for the Babbage House move.	15	May 2020
Transfer of the Ely Archive Centre budget from P&C to Property Services	83	May 2020
<b>Revised Budget</b>	<b>-9,108</b>	

### 3. Reserve Schedule

Fund Description	Balance at 01 April 2020	Movements in 2020/21	Balance at 31 May 2020	Forecast Balance at 31 March 2021	Notes
<b><u>Other Earmarked Funds</u></b>					
North Cambridge Academy site demolition costs	705	0	705	705	1
<b>subtotal</b>	<b>705</b>	<b>0</b>	<b>705</b>	<b>705</b>	
<b><u>Capital Reserves</u></b>					
General Capital Receipts	11,632	0	11,632	0	2
<b>subtotal</b>	<b>11,632</b>	<b>0</b>	<b>11,632</b>	<b>0</b>	
<b>TOTAL</b>	<b>12,337</b>	<b>0</b>	<b>12,337</b>	<b>705</b>	

#### Notes

- 1 Rental income from Bellerbys buildings on the North Cambridge Academy site is being held to offset demolition costs when the lease expires in 2021.
- 2 General Capital Receipts received during 2020/21 will be used to fund the capital programme at year-end, and This Land Capital Receipts will be used for This Land equity or Commercial Investment.

# COMMERCIAL AND INVESTMENT COMMITTEE AGENDA PLAN

Published on 1st July 2020  
Updated 2<sup>nd</sup> July 2020



Cambridgeshire  
County Council

## Notes

Committee dates shown in bold are confirmed.

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

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

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

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

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

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

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

Committee Date	Report title	Report author	Reference if key decision	Deadline for draft reports	Agenda despatch date
<b>10/07/20</b>	Commercial & Investment – Covid-19 Update	Chris Malyon/ Amanda Askham/ Chloe Rickard		30/06/20	02/07/20
	Multi-Class Credit Fund Manager Selection	Daniel Sage			
	Land Purchase for Trumpington Park and Ride	Tim Watkins	2020/042		
	Hinchingbrooke Country Park	Tony Cooper			
	Alconbury Weald Civic Hub	Kim Davies/ Andy Preston			
	Finance Monitoring Report	Eleanor Tod			

Committee Date	Report title	Report author	Reference if key decision	Deadline for draft reports	Agenda despatch date
<b>14/08/20</b>	Commercial & Investment – Covid-19 Update	Chris Malyon/ Amanda Askham/ Chloe Rickard		04/08/20	06/08/20
<b>11/09/20</b>	Quarterly performance reporting against Commercial Strategy KPIs and Risk Register	Amanda Askham		01/09/20	03/09/20
	Loans to Voluntary Organisations	Tom Kelly			
	Commercial & Investment – Covid-19 Update	Chris Malyon/ Amanda Askham/ Chloe Rickard			
	Insourcing the delivery of overnight short breaks and residential children's homes for young people with disabilities	Clare Rose			
	+This Land	Tom Kelly	2020/038		
	Finance Monitoring Report	Eleanor Tod			
	Property Services Update	Tony Cooper			
<b>16/10/20</b>	Finance Monitoring Report	Eleanor Tod		06/10/20	08/10/20
	Commercial & Investment – Covid-19 Update	Chris Malyon/ Amanda Askham/ Chloe Rickard			
	Swaffham Prior Community Heat Project	Sheryl French	2020/032		
<b>20/11/20</b>	Finance Monitoring Report	Eleanor Tod		10/11/20	12/11/20
	Commercial & Investment – Covid-19 Update	Chris Malyon/ Amanda Askham/ Chloe Rickard			
	Cambs 2020 full Business Case	Andy Preston/ Kim Davies			

Committee Date	Report title	Report author	Reference if key decision	Deadline for draft reports	Agenda despatch date
	2020 CUSPE Policy Challenge #4	Dustin McWherter			
<b>18/12/20</b>	Quarterly performance reporting against Commercial Strategy KPIs and Risk Register	Amanda Askham		08/12/20	10/12/20
	Commercial & Investment – Covid-19 Update	Chris Malyon/ Amanda Askham/ Chloe Rickard			
	Finance Monitoring Report	Eleanor Tod			
<b>22/01/21</b>	Finance Monitoring Report	Eleanor Tod		12/01/21	14/01/21
<b>19/02/21</b>	Finance Monitoring Report	Eleanor Tod		09/02/21	11/02/21
<b>19/03/21</b>	Quarterly performance reporting against Commercial Strategy KPIs and Risk Register	Amanda Askham		09/03/21	11/03/21
	Finance Monitoring Report	Eleanor Tod			
<b>16/04/21</b>	Finance Monitoring Report	Eleanor Tod		06/04/21	08/04/21
<b>11/06/21</b>	Finance Monitoring Report	Eleanor Tod		01/06/21	03/06/21

To be programmed: ICT Future Delivery Options (John Chapman); Trumpington Park & Ride Smart Energy Grid (Sheryl French); Oasis Centre (Adrian Chapman)





## COMMERCIAL AND INVESTMENT COMMITTEE TRAINING PLAN

Ref	Subject	Desired Learning Outcome/Success Measures	Date	Responsibility	Attendance by:
1.	<b>Redington Investment training session</b>		<del>19th June 2020 (12-3pm)</del> <b>Rescheduled for 10<sup>th</sup> July at 2pm</b>	Amanda Askham/Dan Sage	C&I
2.	Performance reporting		17 <sup>th</sup> January 2020	Amanda Askham	C&I
3.	Presentation on Shire Hall site plans		22 <sup>nd</sup> November 2019	Chris Malyon	C&I
4.	Committee Training: MLEI/Energy projects		18 <sup>th</sup> October (12-3pm)	Sheryl French	C&I
5.	Nearly Zero Energy Buildings members/officers workshop		24 <sup>th</sup> May 2019(1-2.30pm)	Sarah Wilkinson/Sheryl French	C&I and GPC
6.	Commercialisation training (all Members)		26 <sup>th</sup> April 2019 (1-4pm)	Amanda Askham	All Members
7.	Finance/KPIs		3 <sup>rd</sup> December 2018 (1pm)	Tom Kelly/Ellie Tod/Amanda Askham/Sue Grace	C&I
8.	Commercial Strategy		9 <sup>th</sup> November 2018 (12.30pm)	Amanda Askham	C&I
9.	Members' duties and obligations in considering Promotion Agreements.		2 <sup>nd</sup> November 2018 (12.30pm)	Chris Malyon	C&I
10.	Future Smart Energy Systems Demonstrator Project		18 <sup>th</sup> October 2018 (13.30)	Sheryl French/Emily Bolton	C&I
11.	Finance/Performance Indicators		tbc	Tom Kelly/Ellie Tod	C&I

