

# COMMERCIAL AND INVESTMENT COMMITTEE



**Date: Friday, 15 December 2017**

**Democratic and Members' Services**

Quentin Baker

LGSS Director: Law and Governance

**10:00hr**

Shire Hall

Castle Hill

Cambridge

CB3 0AP

**Room 128**

**Shire Hall, Castle Hill, Cambridge, CB3 0AP**

## AGENDA

Open to Public and Press

### CONSTITUTIONAL MATTERS

1. **Apologies for absence and declarations of interest**

*Guidance on declaring interests is available at*

<http://tinyurl.com/ccs-conduct-code>

2. **Minutes and Action Log of the Commercial and Investment Committee held 24th November 2017** **5 - 16**

### OTHER DECISIONS

3. **Proposed Use of Hill Rise** **17 - 50**
- Portfolio sale of sites** **51 - 56**
5. **Process for declaring assets surplus to requirements** **57 - 62**

<b>6.</b>	<b>Commercial and Investment Committee Revenue and Capital Business Planning proposals for 2018-19 to 2022-23</b>	<b>63 - 114</b>
<b>7.</b>	<b>Finance and Performance Report - October 2017</b>	<b>115 - 130</b>
<b>8.</b>	<b>Programme Highlight Report</b>	<b>131 - 132</b>
<b>9.</b>	<b>Committee Agenda Plan and Appointments to Outside Bodies</b>	<b>133 - 138</b>
<b>10.</b>	<b>Smart Energy Grid - Business Case and European Regional Development Fund Update</b>	<b>139 - 144</b>
<b>11.</b>	<b>Exclusion of Press and Public</b>	

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

## **KEY DECISIONS**

### **12. County Council Headquarters and Local Service Delivery Model**

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

The Commercial and Investment Committee comprises the following members:

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

Councillor Ian Bates Councillor David Jenkins Councillor Linda Jones Councillor Lucy Nethsingha Councillor Paul Raynes Councillor Terence Rogers Councillor Mike Shellens and Councillor Tim Wotherspoon

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

Clerk Name: Dawn Cave

Clerk Telephone: 01223 699178

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## **COMMERCIAL AND INVESTMENT COMMITTEE: MINUTES**

Date: Friday 24<sup>th</sup> November 2017

Venue: Room 128, Shire Hall, Cambridge

Time: 10.00am – 11.25am

Present: Councillors I Bates, A Hay (Vice-Chairwoman), D Jenkins, L Jones, L Nethsingha, P Raynes, T Rogers, J Schumann (Chairman), M Shellens and T Wotherspoon

### **56. DECLARATIONS OF INTEREST**

Councillor Bates declared a non-pecuniary interest in item 3 as a County Council representative on the ESPO Board.

### **57. MINUTES AND ACTION LOG OF THE ASSETS AND INVESTMENT COMMITTEE HELD 20<sup>TH</sup> OCTOBER 2017**

The Committee resolved to approve the minutes of the Committee meeting held on 20<sup>th</sup> October 2017, with the following changes:

- Add bullet point to p7 “suggested a member/officer liaison group be established”.
- Delete the second recommendation on p8.
- On p12, delete as follows in relation to the Cottenham discussion “*Other Members noted that the site was in the Local Plan, and that As a result...*”

There was a discussion on the CREATE item, with a number of Members commenting that the Committee had been acting prematurely in declaring the St Luke’s Barn site as surplus to requirements. Officers advised that a report would be brought back to Committee in December, formalising that process. It was agreed that despite those ongoing issues, the minute, amended as above, was an accurate record of the CREATE item.

Item 39/Sawston Community Hub – an update had been circulated to the Committee by email.

Item 22/Energy Efficiency, Invest to Save fund for Council non-school buildings. Members were advised that monthly electricity and gas charges were matched and recharged to individual cost centres. Revenue savings from investments via the Energy Efficiency Fund will accrue to the relevant

cost centre. Over the past two years energy saving measures such as LED lighting upgrades had been carried out in six buildings, solar PV installations on seven buildings and heating system upgrades in Shire Hall and St Ives.

Item 51(1)/Request for schedule of assets, broken down by Division. The Deputy Chief Executive commented that the resources were not available to complete this task, but subject to the Committee's agreement, he would arrange for additional resource to be employed to undertake this task. He suggested that the total cost should be no more than around £1000. It was agreed to delegate this to the Chairman and Vice Chairwoman in discussion with the Deputy Chief Executive, on the understanding that the cost was reasonable. **Action required.** A Member commented that the vast majority of this information was easily available online which Members could check themselves, but there were some anomalies. Another Member observed that as officers were working to capacity, it was understandably more difficult to find the resource required for these type of tasks, and all Members needed to be aware of that.

It was resolved to note the Action Log.

## **58. ESPO TRADING COMPANY LTD**

A report was presented detailing the recommendations of the ESPO (Eastern Shires Purchasing Organisation) Management Committee and senior officers of the six member Councils concerning the establishment of a new company, ESPO Trading Ltd.

The background to ESPO was outlined. It was noted that ESPO was currently limited to trade with customers in local authorities and a restricted list of similar organisations, as set out in the Local Authorities (Goods and Services) Act 1970. As that core market was shrinking, due to reducing public sector budgets and increasing competition, especially from online retailers, ESPO was proposing to enhance its customer base by setting up a trading arm. This proposal had been agreed by the ESPO Management Committee on 20/09/17, on the proviso that the proposal needed to be agreed by each Member authority.

Members noted the proposed structure and operation of the new company, and that each shareholding authority would subscribe for an equal number of shares (600 x £1) which would be the limit of their liability. In terms of risk, ESPO has a number of loyal customers who are attracted by the current ESPO ethos, and the change in customer base could change the perception

of ESPO to those customers. There was also possible reputational and financial risk of trading with potentially unreliable clients.

A change to the original recommendation was tabled. It was noted that this provided a more simplified version of the lengthy recommendations on the original report.

Arising from the report, individual Members asked the following questions:

- Asked where the ESPO dividend was reported in the Council's accounts. Officers advised that this was included in a Miscellaneous category in the LGSS Managed budget. There was a debate as to whether this should be classed as Commercial Income – if this was the case, it should fall with the Commercial & Investment Committee's income: Officers agreed to explore bringing ESPO within the remit of this Committee. **Action required;**
- Asked what provision was being made for bad debts. Paul White agreed to provide Cllr Shellens with this information. **Action required.** It was suggested that the nature of the business, being focused on high volume/low cost transactions, was such that the nature of bad debts would be more manageable;
- Queried the lack of detailed figure work. Officers explained that these were with the detailed confidential Business Case for the proposal, which had been discussed at great length at the ESPO Management Board, which included representatives from all Member authorities. It was also confirmed that the expansion of business would be done within existing resources – no further staff would be employed;
- With reference to the governance arrangements of the Board of Directors, it was confirmed that each category of director must be present for the Board to be quorate. It was also confirmed that Non-Executive Directors had voting rights;
- Expressed concern over the tone and implications of the statement in the report that *"ESPO Trading Ltd is a cornerstone to ward off decline..."* and also queried the risk and resource implications of getting involved in a more risky pool of potential customers. Whilst it was suggested that those new customer would share ESPO's "public sector ethos", no definition was provided as to what a "public sector ethos" involved. Other Members shared similar concerns, pointing out that it was suggested that a £6M surplus would be achieved without

further resources, which did not sound credible. It was therefore agreed that as many concerns related to the strategy and detail set out in the Business Case, that the Business Case would be circulated on a confidential basis to Committee Members for their comments. Members would be asked to feed back any comments or concerns once they had considered it. **Action required;**

- Noting that one of the objectives of setting up the Trading Company was to achieve a £6M surplus, a Member observed that this was contrary to the ESPO objective of keeping costs low, and queried what the main driver was, i.e. achieving a surplus, or keeping costs low?
- Suggested that the Risk Register should include RAG ratings;
- One Member observed that the report was essentially focused on the governance model. Whilst Committee Members needed to be confident, through reviewing the Business Case, that the model proposed was credible, it was ultimately the responsibility of the ESPO Board to run the business, it was not the job of a Committee of one of the shareholding authorities. The Member suggested that whilst the information flows needed to be right, it would be wrong for the Committee to oppose the proposal due to vague unease regarding the business model;
- Noted how ESPO reports to its member authorities currently, through the nominated representatives and officers. It was confirmed that ESPO Joint Committee agendas and report were publically available, but papers for other meetings were not public documents;
- Noted that the current ESPO structure was different to the governance structure being proposed in the report. The investment being requested changed the relationship, between the Council as a shareholder, and ESPO. As a shareholder the Committee should consider what management information it would receive. It was agreed that Paul White and Cllr Bates would look at how the new trading company would report back to its constituent authorities **Action required;**
- A Member commented positively of her professional experience of ESPO over the years as a teacher purchasing supplies, but also pointed out that there had been significant changes in the way such procurement now takes places, and suggested that the ESPO business model may be out of date;

- A Member commented that the risk of the proposed company being unable to pay its suppliers, as set out in the Risk Assessment section of the report, and observed that this was a reputational risk to the County Council, by association.

It was clarified that the Business Case would be circulated, and subject to the Committee finding it be satisfactory, the Committee was content to proceed with the proposals.

It was resolved to:

- a. note the ESPO Joint Committee recommendation, following its meeting of 20 September 2017, to establish a new trading company 'ESPO Trading Limited';
- b. approve the establishment of a new trading company ESPO trading Limited' on the basis outlined in this report; and
- c. authorise the Chief Executive in consultation with the S151 Officer and Monitoring Officer to sign and complete on behalf of the Council such indemnities, agreements and documentation as shall be required to enable the Council to become a shareholder in ESPO trading Limited, subject to distribution of the ESPO Trading Ltd business case to Committee Members, and Members feeding back comments to the Chairman, Vice-Chairwoman or S151 Officer.

## **59. SERVICE COMMITTEE REVIEW OF THE DRAFT 2018-19 CAPITAL PROGRAMME**

The Committee received an overview of the draft Business Plan Capital Programme. Members noted the changes that had been made since the last Capital programme had been presented, specifically (i) Shire Hall relocation, (ii) addition of Sawston Community Hub from Corporate and Managed Services, and a -£2.6M variation budget to take into account those two changes. In addition, the housing model was currently undergoing extensive review and refinement, including the timing of sales. The results of this work would be included in the report submitted to the December Committee.

During discussion, the following points were made:

- Noting the recent update on Sawston Community Hub, the Chairman asked which Committee had responsibility for this scheme. It was confirmed that the original costings were approved by GPC. It was suggested that it was Commercial & Investment Committee's responsibility

as it had a property aspect, as had Barnwell, but it was noted that Barnwell had a strong commercial element, whereas the main component of Sawston Community Hub was a library. It was pointed out that the County Council's Constitution clearly stated that the Commercial and Investment Committee had delegated authority to make decisions relating to the Council's property and assets, and considering the potential commercial value of property assets was one of the Committee's key roles;

- Discussing the apparent conflict between Shire Hall disposal and ongoing maintenance of Shire Hall, it was noted that the proposed disposal was not until 2020, so maintenance was required in the intervening period;
- A Member commented that the suggested date for the Brampton Meadow View planning decision (January 2018) was very ambitious;
- It was confirmed that no change was proposed to the £3M net revenue from County Farms, although the Country Farms estate was the subject of an Outcome Focused Review;
- A Member commented that paper copies of Appendix 1 were only issued shortly before the meeting, which was unsatisfactory;
- A Member requested a breakdown of the £184M housing schemes. Officers agreed to provide this for the next meeting. **Action required.**

It was resolved unanimously:

- a) Note the overview and context provider for the 2018-19 Capital Programme;
- b) Comment on the draft proposals for the Committee's 2018-19's Capital Programme, and endorse their development.

## **60. FINANCE AND PERFORMANCE REPORT – SEPTEMBER 2017**

The Committee considered a report on the financial and performance information relating to the areas within the Commercial and Investment Committee's remit.

Members' attention was drawn to the revenue overspend figure in paragraph 2.2 of the report: it was noted that this should read £245K. There was one significant variance (over £500K) to report on capital funding for September, which was Sawston Community Hub.

Noting that the Revenue budget included service recently transferred in to the Committee's remit (i.e. Traded Services), a Member asked that future reports to separate out those items, so that Members could distinguish between pressures within the original budget and those from new service areas. Officers agreed to review the formatting of the report. **Action required.** It was confirmed that those Traded Services had been transferred to this Committee following a meeting of the General Purposes Committee in September. It was confirmed that the recommendations of the Outcome Focused Reviews on those areas would come back to this Committee.

It was resolved unanimously to review, note and comment on the report.

## **61. PROGRAMME HIGHLIGHT REPORT**

The Committee considered the Programme Highlight Report. It was proposed that a large number of properties would be transferred across to CHIC in March. It was also noted that as Members had requested at the last Committee meeting that all disposals be accompanied by Valuations, this added a delay into the reporting process.

The following items were highlighted:

- Russell Street (Cambridge) – the determination date had passed;
- Guilden Morden - this was expected this to go to the South Cambridgeshire District Council Planning Committee in January;
- Papworth Everard - discussions were ongoing with planners;
- Barnwell - the Planning application submission date had moved to January, with the City Council planners asking for further information;
- Soham Eastern Gateway – this was being withdrawn to allow for further public consultation;
- Cottenham – the application had been resubmitted.

A Member asked if a covering paper could be included in this report, noting and highlighting new additions, old schemes that had been removed, and any other points officers wished to draw to Members' attention. It was also agreed that the "Declaring Surplus Status" header across three of the columns should be removed. **Action required.**

It was resolved to:

note the Programme Highlight report.

**62. COMMITTEE AGENDA PLAN AND APPOINTMENTS TO OUTSIDE BODIES**

Members considered the forward agenda plan for Commercial & Investment Committee. A number of changes to the December agenda were noted, including the additional report on the CREATE project mentioned earlier in the meeting.

With regard to the Outcome Focused Review (OFR) recommendations being presented to the January Committee, officers agreed to confirm whether or not the OFRs for service areas such as Cambridgeshire Music would be presented to the Commercial & Investment Committee. **Action required.** It was confirmed that the oversight and operation of all property related service functions came under the remit of this Committee.

A Member requested that the Committee receive a Committee Training Plan, covering not only training but also the numerous Committee working groups and workshops. **Action required.**

It was resolved unanimously to note the agenda plan.



**COMMERCIAL &  
INVESTMENT  
COMMITTEE**

**Minutes-Action Log**



Cambridgeshire  
County Council

**Introduction:**

This is the updated action log as at **7<sup>th</sup> December 2017** and captures the actions arising from the most recent Commercial & Investment Committee meetings and updates Members on the progress on compliance in delivering the necessary actions.

**Minutes of 31<sup>st</sup> March 2017 (Assets & Investment Committee)**

<b>86.</b>	<b>Finance and Performance report</b>	Ellie Tod	Requested work be carried out to improve the presentation of the figures and improve the relationship between the narrative of the report and the figures provided.	A Member/officer workshop was held on the 27th November to discuss the format of the report. As a result, a new format is currently being drafted and is anticipated to be implemented for the November report, which will be presented to committee in January.	Ongoing
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**Minutes of 20<sup>th</sup> October 2017**

<b>51. (1)</b>	<b>Service Committee Review of the draft Revenue Business Plan proposals 2018-19 to 2022-2023 (and Item 57 – Action Log - on 24/11/17)</b>	Chris Malyon	In May there had been a request of all County Council assets by electoral division.	S151 officer to identify resource and cost to complete task and then consult Chair/Vice-Chair	Ongoing
<b>51. (2)</b>	<b>Service Committee Review of the draft Revenue Business</b>	Chris Malyon/ Tom Kelly	For the table showing total level of savings necessary for the next 5 years	This has been incorporated in the report	Completed

	<b>Plan proposals 2018-19 to 2022-2023</b>		(para 3.1 of report) include a total for overall saving requirement.	for December committee at section 2.8.	
<b>55. (2)</b>	<b>Programme Highlight Report</b>	John Macmillan/ David Bethell?	Agreed that there would be a workshop on how the reporting back from CHIC (re: progress with sites) would work in practice.		
<b>Minutes of 24<sup>th</sup> November</b>					
<b>58.(1)</b>	<b>ESPO Trading Company Ltd</b>	Chris Malyon	Officers agreed to explore bringing ESPO within the remit of this Committee.	This is being actioned and will be reflected in the November-period finance reports.	Completed
<b>58.(2)</b>	<b>ESPO Trading Company Ltd</b>	Paul White	Asked what provision was being made for (ESPO) bad debts. Paul White agreed to provide Cllr Shellens with this information.	Paul White provided info to Cllr Shellens on 05/12/17	Completed
<b>58.(3)</b>	<b>ESPO Trading Company Ltd</b>	Paul White	Circulate confidential ESPO Business Case to Committee for comments to S151 Officer, Chair or Vice-Chair.	Business Case circulated 24/11/17, with request for comments by 08/12/17	Completed
<b>58.(4)</b>	<b>ESPO Trading Company Ltd</b>	Paul White/ Cllr Bates	Paul White and Cllr Bates would look at how the new trading company would report back to its constituent authorities.		
<b>59.</b>	<b>Service Committee Review of the Draft 2018-19 Capital Programme</b>	Tom Kelly/ John Macmillan	A Member requested a breakdown of the £184M housing schemes. Officers agreed to provide this for the next meeting.	This will be provided ahead of the December meeting.	Completed
<b>60.</b>	<b>Finance and Performance Report</b>	Ellie Tod	A Member asked that future reports to separate out original budget pressures and those from new service areas: Officers agreed to review the formatting of the report.	This action is being incorporated into the review of the format of the report (item 86 above); as such it will be	Ongoing

				implemented for January committee.	
<b>61.(1)</b>	<b>Programme Highlight Report</b>	John Macmillan	Provide a covering report to Programme Highlight schedule.	This will be implemented for the January Committee.	
<b>61.(2)</b>	<b>Programme Highlight Report</b>	John Macmillan	Remove "Declaring Surplus Status" header from spreadsheet.		Completed
<b>62.(1)</b>	<b>Committee Agenda Plan and Appointments to Outside Bodies</b>	Chris Malyon/ Amanda Askham	Clarify whether OFRs from other Traded Services e.g. Cambridgeshire Music would be considered by C&I Committee.	These will be programmed in as and when they take place.	Completed
<b>62.(2)</b>	<b>Committee Agenda Plan and Appointments to Outside Bodies</b>	Dawn Cave	Develop a Training Plan and present regularly to Committee.	This will be implemented for the January Committee.	In progress



**PROPOSED USE OF HILL RISE**

**To:** Commercial and Investment Committee

**Meeting Date:** 15 December 2017

**From:** Chris Malyon, Chief Finance Officer

**Electoral division(s):** All

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

**Purpose:** The committee is being asked to consider the proposed refurbishment of Hill Rise Huntingdon to relocate the current 'No Wrong Door' model offer in Cambridgeshire

**Recommendation:** The committee is being asked to agree to the move from the current site at Victoria Road, Wisbech and renovations to the Hill Rise property at a cost of £169,000.

<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
<b>Name:</b>	Fiona Mackirdy	<b>Name:</b>	Councillor Josh Schumann
<b>Post:</b>	Head Of Countywide and Looked After Children's services	<b>Post:</b>	Committee Chairman
<b>Email:</b>	<a href="mailto:Fiona.mackirdy@cambridgeshire.gov.uk">Fiona.mackirdy@cambridgeshire.gov.uk</a>	<b>Email:</b>	<a href="mailto:joshua.schumann@hotmail.co.uk">joshua.schumann@hotmail.co.uk</a>
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## 1. BACKGROUND

- 1.1 In April 2017 Cambridgeshire received Transformation Funding to introduce North Yorkshire's 'No Wrong Door' model. The model aims to ensure the needs of children and young people in Cambridgeshire are addressed within a single team of trusted and skilled workers, which will support a young person throughout their care journey. Through this work it is aimed to improve young people's outcomes and reduce risks for looked after children and care leavers with complex needs. The model also reduces the number of children becoming looked after due to family breakdown, delivers a wrap-around service to children with complex needs who would otherwise require external agency placements, and reduce the need for emergency placements resulting from current placement breakdowns.
- 1.2 Transformation funding of £890k was received across two years commencing 2017-18 to deliver £1.5m savings across 3 years.

	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	TOTAL £000
Investment	497	393			
Saving	-559	-530	-389	-30	1,508

- 1.3 This paper is seeking approval to progress with development of Hill Rise in Huntingdon as the location for delivery of children's home element of The Hub. It is believed that The Hub model will struggle to deliver the outcomes for young people and the expected cost benefits without this project being approved.
- 1.4 The Children and Young People's Committee is fully appraised of the Hub development and the need to relocate the children's home to a location more central in the County.
- 1.5 The operation of children's homes is regulated by Ofsted who register and inspect any new provision against published standards. These standards have been considered in the feasibility study of the Hill Rise building.

## 2. MAIN ISSUES

- 2.1 The Hub is a countywide provision for our most complex young people in Cambridgeshire and brings together residential children's home provision alongside outreach services. Current accommodation in Wisbech is not sustainable given the location, capacity and future needs.
- 2.2 Members are advised that Hill Rise is more centrally located which will ensure that young people are more easily able to maintain and develop their relationships with family, friends and their community and therefore improve effectiveness and outcomes for children. This will enable greater join up between partners, delivery of better long term outcomes for children and therefore savings based on fewer children becoming looked after, reduction in costly interventions such as arrests, criminal behaviour, and fewer health interventions in high cost services.
- 2.3 Given the number of private looked after children's homes in the Fenland area, there are

concerns that continuing the Hub in this area will further add to community pressures and the associated challenges in managing these across partner agencies. Police already report significant pressure in this area from responding to incidents reported by private children's homes. The current building at Victoria Road is a Victorian Villa which is aesthetically pleasing but is problematic for young people who present with complex behaviour. It has a 'soft' infrastructure which is very easily damaged and there are a number of features in the house that need engineering solutions to resolve, e.g. ligature points

- 2.4 Hill Rise is a substantial building over two floors which is currently not being used to its full potential. It currently offers some space downstairs for looked after children to have supervised contact with their family members and office space upstairs which is currently being used by Hub Outreach staff. It is understood that supervised contact could move into local children's centre provision.
- 2.5 With the proposed programme of refurbishment, the aim is to provide a warm and inviting, yet robust and practical provision that acts as a residential home for children, a space to build and develop positive relationships with friends, family and community and an office base for The Hub outreach staff. Without the work to the property, it is not possible to deliver The Hub from this location and the desired outcomes for young people will not be achieved.
- 2.6 Other positive impacts associated with the project, which are dependent on this refurbishment, include;
  - Cost avoidance associated with the prevention of children becoming looked after as well as use of emergency placements. Childrens placements in private children's homes can cost between £3500 to in excess of £5000 per week.
  - Cost avoidance due to a reduction in young people's time being looked after due to intensive support to return them to the care of parents in 28 days.
- 2.7 A review of existing Council stock has been undertaken and the view from Property Services is that this is the most appropriate building to accommodate The Hub. There are no other identified alternatives, other than investing in a new build, the cost of which would be prohibitive.
- 2.8 A feasibility study of the property has been completed and this highlighted that it lends itself well to the proposed use. The building is generally in good condition, albeit in need of some cosmetic and aesthetic upgrading and the layout is easily adaptable.
- 2.9 An outlined costing schedule is detailed in **Appendix 1** Feasibility Study.
- 2.10 It is proposed that if the children's home were to move to Hill Rise, the Victoria Road building would be retained with the People and Communities portfolio for use as smaller move-on provision for older children or young adults.

### **3.0 ALIGNMENT WITH CORPORATE PRIORITIES**

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

N/A

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

Officers have identified the following bullet points as significant impact in this area:

- This model ensures that our children and young people's needs are addressed within a single team of trusted and skilled workers. This integrated team, through a key worker, will stay with the young person throughout their care journey.

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

Officers have identified the following bullet points as significant impact in this area:

- An improved and safer living environment would keep young people safe and improved facilities for intervention work to take place would lead to the young person reaching their potential.
- Better outcomes for children in respect of a range of areas including reducing risks from Child Sexual Exploitation, missing episodes and self-harm, reduction in offending, improvements in emotional well-being, more stable and sustained return home or prevention of becoming looked after, better care leaver outcomes such as improved rates of young people in education, employment and training, young parenting.

### **4. SIGNIFICANT IMPLICATIONS**

#### **4.1 Resource Implications**

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

- The details of refurbishment costs of £169k are included insignificant implications in Appendix 1 Feasibility Study. Based on the current property running costs of Victoria Road and planned usage of Hill Rise we could expect estimated running costs for the building of £20,000-£25,000 a year.

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

The following bullet point sets out the details of significant implications identified by officers:

- Any agreed refurbishment would be subject to the council's procurement rules and procedures.

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

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

- Through this work it is aimed to improve young people's outcomes and reduce risks for looked after children and care leavers with complex needs.



- The model also reduces the number of children becoming looked after due to family breakdown, delivers a wrap-around service to children with complex needs who would otherwise require external agency placements, and reduce the need for emergency placements resulting from current placement breakdowns.

#### 4.4 Equality and Diversity Implications

There are no significant implications in this area.

#### 4.5 Engagement and Communications Implications

There are no significant implications in this area.

#### 4.6 Localism and Local Member Involvement

There are no significant implications in this area.

#### 4.7 Public Health Implications

There are no significant implications in this area.

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

<b>Have any Public Health implications been cleared by Public Health</b>	Yes or No Name of Officer:
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<b>Source Documents</b>	<b>Location</b>
<b>CCC Hill Rise Feasibility Report (Appendix 1)</b>	The Hub CCC shared network area

# RIDGE

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PROPERTY & CONSTRUCTION CONSULTANTS



**FEASIBILITY STUDY FOR HILL RISE, BUTTSGROVE WAY,  
HUNTINGDON, CAMBRIDGESHIRE, PE29 1LY**

**Ref 17-09-13 PS170913**

13 October 2017

**Prepared for**

**Cambridgeshire County Council**  
Shire Hall  
Cambridge  
CB3 0AP

**Prepared by**

**Ridge and Partners LLP**  
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## 1. INTRODUCTION

Ridge and Partners LLP (Ridge) were instructed to undertake a feasibility study for Cambridgeshire County Council on the conversion / refurbishment to a 4/5 bed Care Home for Children. The study is to include a pre-tender estimate of costs.

We were provided with the following documents:-

- OS map of the location of building and site, (PDF format)
- Floor Plans (DWG format)
- Floor Plans, marked up with handwritten notes of the requirements

We were requested to visit site to carry out a survey, including M&E services, and also to meet members of the Children's Care Home Service team to agree the specification and quality based on the service requirements and Care Home Standard.

In addition to costs, our report needed to estimate the programme for planning and implementing the works.

A deadline for the delivery of the report was not confirmed in the project brief, however from our meeting on site it was requested for delivery on or before the 15<sup>th</sup> October in preparation of a meeting that was due to be held on the 17<sup>th</sup> October.

A meeting was arranged for Wednesday 4<sup>th</sup> October at 12pm. Attendees from Ridge were: -

- Gary Williamson – Building Surveyor
- Karen O'Brien – CAD Technician
- Kate Fry – M&E Engineer
- Nihaad Pooloo – M&E Technician

The meeting was held with:-

- Fiona Mackirdy
- Heidi Kailipaka
- Louise Drury

At the meeting, the general needs of the scheme were explained and a specification agreed. This is summarised in Section 2.

A full detailed inspection of the building followed, with all areas being made available. At the time of the survey the building was not occupied, other than the care staff.

## 2. GENERAL NEEDS AND AGREED SPECIFICATION

At the meeting, it was explained to us that the building is to be used as residential accommodation for children in their teens. They would only be staying at the property for a limited period of time, potentially up to 28 days, whilst other matters in their life are being resolved, for example discussions with their parents or arranging foster care.

The children who will be staying at the scheme will potentially have a troubled background and as such may exert their frustrations on the building. They are also at risk of self-harming. As such, all finishes will need to be robust and anti-ligature, however the staff would also like the building to be welcoming and warm so they feel at home during their stay. It would also hopefully make them respect the surroundings more.

A member of staff will be required to sleep at the scheme overnight, and as such a bedroom with en-suite needs to be established.

Offices need to be provided on the ground and first floor areas. Upstairs, the office only needs to be big enough for one desk and up to two people, but downstairs the office will need to accommodate up to eight members of staff. It is also hoped that these ground floor offices can be accessed through a separate entrance to minimise disruption to the residents. If space permits, a tea point should be provided.

Welfare facilities are to comprise of a minimum of two bathrooms for the five bedrooms, plus a kitchen capable of catering for all the occupants, a dining room big enough for ten to sit at once and a lounge. The hope is to finish these rooms to a pleasant standard, such as modern coloured tiling and feature walls. Lighting should be robust but also dimmable to allow a relaxed feeling in the evenings.

The bedrooms are to be simple in terms of finishes, and large enough to house a single bed, wardrobe, desk and a wash hand basin. A request was made to fit a shower in each room if possible. There should be no loft hatches in the rooms and all lighting should be recessed. Blinds can be vertical but avoid chains at the bottom edge as they will become broken or present a ligature risk. Doors are to have automatic closers and be fire rated, but not have vision panels.

The kitchen is to be replaced, ideally with a modern looking alternative. It will need to cater for up to ten people at once, therefore it will need two double ovens and two hobs. They already have two large fridge freezers which will need to be accommodated, however they would like these putting into a lockable cupboard to prevent food theft or the doors being wrenched off. A double sink will be required and a dishwasher. A separate sink for handwashing will also be required.

The Utility room is to have a sink within, and ideally two washing machines and tumble dryers. Shelving and worktops would also be required for the storage of detergents, etc. Lockable cupboards for these would be recommended.

A meeting room is required, that can seat up to eight people and a table. Finishes are to be simple and robust.

There is a chill out room on the ground floor. This is to be finished in a similar manner to the bedrooms but within the sink or furniture.

Generally, floor finishes are to be carpet except for the Utility room, Bathrooms, WC's and the Kitchen / Dining area.

Wi-fi is already provided to the property, and this is to be maintained. Data points will only be required to the offices on the ground and first floor areas.

TV points are to be provided to all the bedrooms, lounge and chill out room. This is for Freeview only. There is no need for satellite or cable TV.

Power requirements are four double sockets to bedrooms, dado trunking to offices and then a suitable spread of sockets around the rest of the building. TV points in the bedrooms will be at high level.

Heating will be provided via the existing underfloor heating. Ideally each bedroom will have its own heating controls.

Fire detection is required to all bedrooms, welfare, offices, etc. It should be an addressable system.

There is no requirement for an intruder alarm.

Around the building, the garden areas are to be made available and opened up. An allowance should be made for landscaping and re-turfing. It may be beneficial for all if artificial turf is used to prevent maintenance issues or dirty shoes in the property. Some works are required to the gates and fencing to make it look less utilitarian.

To the front, additional car parking should be provided if possible. There is a large grassed area that could potentially be converted to provide the space.

The building itself should be tidied up externally.

When asked about the level of budget available, this was unknown.

The above, and the care home requirements will be used to form the proposals put forward in the rest of this report.

### 3. DESCRIPTION OF THE SITE AND CONDITION OF THE PROPERTY

#### 3.1 The Building

The property is a former care home for the elderly. It is over two storeys and was built circa 1980's. It is of traditional construction, with cavity walls and a pitched roof formed with timber trusses and covered with a concrete interlocking tile.

The windows are double glazed and of timber construction. The remaining joinery externally, including fascias, support posts, etc are also of timber construction. There is metal box guttering with a powder coating finish which falls to downpipes of the same construction.

The building is detached and surrounded by a mixture of gardens, paving and paths.

Vehicle access is shared with the neighbouring property, Butts Grove House, which is also owned by Cambridgeshire County Council. There are a few parking spaces available to the front boundary, but generally parking was very limited and also congested as it was used by the occupants of Butts Grove House as well.

All areas externally are looking tired and would benefit from a general wash down and redecoration. This includes the powder coated rainwater goods, windows, all other joinery, paving slabs, fencing, etc.

Internally, the building is set out to suit its former use. This includes a selection of rooms used for bedrooms, kitchen and dining area, lounge, utility room and entrance area. There is a large bathroom on the ground floor with specialist washing facilities to allow assisted bathing. A number of the bedrooms have wash hand basins within.

As with the outside of the building, the finishes are tired and in need of refreshing.

#### 3.2 M&E Services

The building is heated via a gas fired boiler located within the ground floor utility room. The boiler installation is new and servicing is up to date. There are two underfloor pumped heating manifolds which serve ten zones on the ground floor and nine on the first floor.

The building is predominantly naturally ventilated by openable windows with trickle vents. The hygiene room, WCs, & bathrooms have local through the wall extract ventilation controlled via light switch or PIR.

The incoming water main enters under the ground floor kitchen sink. There are four electric water heaters located around the building providing hot water. These units were inaccessible but appear to all be operational.

The existing drainage was mostly inaccessible. There were no staff comments concerning drainage issues.

The incoming electrical switch panel/distribution board is located in a cupboard in Group Room 0010. This distribution board appears to serve the whole building. The incoming electrical meter is 3 phase x 100A TP&N supply. The distribution board has approximately 25% spare capacity for additional circuits. The electricity supply capacity to the building has not been assessed.

The circulation lighting is a mixture of side wall lighting, circular ceiling lights, and emergency lighting consisting of outdated fluorescent lamps. The ground floor contact rooms have standard domestic lighting and emergency lighting. The first floor rooms have linear T8 fluorescent linear lighting.



The fire alarm system is a convention system and the fire alarm category is unknown. The panel is located in the ground floor corridor. The building is split into two zones: ground and first floor. All rooms have automatic door closers.

There are intruder alarm PIRs located in most rooms and a central alarm panel in the ground floor entrance. There is a door access system for the main entrance.

There is distributed TV aerial installation present although it appears its over capacity

There is no CCTV onsite.

There is no existing lightning protection on the building.

## 4. PROPOSALS

Ultimately the aim is to produce a warm and inviting, yet robust and practical facility that acts as a hub for the many carers working in the local community and provides short term accommodation for teenaged children.

From the discussions held, and the survey of the property, Hill Rise appears to lend itself very well to the proposed use. The building is generally in good condition, albeit in need of some cosmetic and aesthetic upgrading, and the layout is easily adaptable.

Within Appendix A, we have produced proposals for the ground and first floor areas which seem to provide all the necessary solutions to the brief set by the team at our meeting.

In order to achieve the proposals shown, including making the building a warm and inviting space, we consider that the following works need to be carried out.

### 4.1 Building Proposals

#### *Structural*

The proposals only require the removal of one structural wall, which is located on the ground floor. This wall will be supporting the first floor and therefore a beam will need to be introduced. The beam will need to be sized to cope with the wall between proposed bedrooms one and two and the loading of the floor. It is not thought that this wall is providing any particular support for the roof as they are potentially clear span trusses.

To form the staff room, the glazed screen with timber frame will need to be removed and blocked in, then a door opening formed. This is not thought to be load bearing and therefore easy to achieve.

We have suggested that the door and frame leading into the lounge are removed to allow better visibility from the kitchen. This is unlikely to be a structural wall and can be taken out and the area made good.

We have also shown two new sets of double di-fold doors between the lounge and the corridor. Again, this is to allow better visibility between rooms when required but will also allow the room to be closed off for the evenings to aid relaxation. The walls that need to be taken down for this are retrospectively fitted stud partitions and can easily be removed again between the columns and replaced with the door sets.

To the first floor, a request has been made to insert a window into the wall between the office and the corridor outside bedroom 5. Again, this is to improve visibility. This is a solid wall and will potentially require a small concrete lintel over the opening, but otherwise is quite straight forward. The window to be inserted will be circular to match the one already in the adjoining wall.

A request was made to consider moving the wall to Bedroom 5 where the corridor meets it, with a view of making the bedroom bigger. Upon review, this would block the window to the corridor and make it very dark. We also don't consider that it would gain much in the room, which is already one of the largest rooms. We have therefore not allowed for this.

*Internal walls and blocking up of door openings.*

In the kitchen, a wall is to be constructed to form a store where the fridges will be kept. This can be of timber stud construction and plaster boarded to both sides. There is no requirement to make it fire rated or have any particular thermal or acoustic properties therefore the construction can be basic and a standard door fitted, although we would still recommend a fire door is used as it has a solid core and is therefore tougher.

A wall will also need to be constructed to form bathroom 1 and the WC on the first floor. This wall will need to have a good acoustic rating and strong enough to support a wash hand basin, towel radiators, shower, etc. This can still be achieved via a stud partition, but the cavity will be filled with insulation and we would also suggest lining the wall with plywood to allow easy fixing. A new door and frame will need cutting through the wall to the corridor, which will require a lintel over.

There are a number of door openings that need blocking up. These are into the office, staff bedroom, former front door, kitchen and between bedroom 4 and bathroom 1. These can be infilled with blockwork or brickwork as required and plastered over. The doors could be re-used for the opening to the WC to save money and ensure they match.

A new staff entrance is to be formed on the rear elevation as shown on the drawing. The current door is not suitable for frequent use, therefore a replacement will be fitted. Likewise, the proposed new front door will need to be replaced as currently this is just a flush fire door.

Otherwise there is very little alteration to the layout required.

*Kitchen*

A new kitchen is to be fitted. Currently the kitchen is functional but dated. It is also adapted for disability use, however at our meeting it was confirmed that there would not be any disabled occupants therefore this would not be required any more. The kitchen would also potentially struggle to cater for up to ten people per sitting. We would therefore propose a new kitchen is fitted, which incorporates two double ovens, two hobs, a double sink and worktop space. It may be beneficial to fit a breakfast bar at the line between the kitchen and dining room to prevent people falling or getting pushed into the area where hot food will be. It would also aid serving.

*Utility*

The existing facility is functional but worn. A replacement would be relatively inexpensive and therefore recommended. The room should also be adapted to allow two standard washing machines to be installed and up to two tumble dryers to cope with the volume of washing likely from the number of occupants, including bedding, etc.

*Bathrooms*

The existing accessible bathroom on the ground floor will be removed completely and all services capped off or removed as this area will become the office. A small tea point could be fitted in the recess to allow a kettle and a small wash hand basin.

The staff bedroom can be re-fitted and a shower installed. If possible, a disabled WC with grabrails should remain to ensure the building complies with the current building regulation standards.

Currently the layout does not provide a WC on the ground floor that can be accessed without going through a bedroom or having to go up stairs. This is not ideal and other options could be considered such as a second door into the staff WC or a new WC fitted in a small room formed in the corner of the proposed office. This will of course take up space but should be considered.

To the first floor, two new bathrooms should be fitted out complete with WC, WHB, bath and shower over. The walls should be fully tiled and have vinyl flooring installed, complete with coved perimeter. Alternative wall finishes are available and could be explored, as often they are cheaper to install and are easier to maintain, such as Bushboard.

A suggestion was made to install showers within each of the bedrooms. From a review of the layout, there would not be room for showers as well as all the furniture that would be required. There would also be significant and expensive issues with drainage due to the underfloor electric heating. We have therefore discarded this option.

#### *Decoration.*

Internally, the finishes throughout the property are dirty and worn. A full redecoration should be carried out. We have only allowed to re-paint all areas. No allowance has been made for feature papered walls or similar.

Externally, all previously painted, stained or powder coated surfaces will require redecoration. This includes all fencing, the curved and rendered wall, shed and gates.

#### *Floor Coverings*

The floor finishes are mostly carpet. These are heavily marked and tracked and in need of replacement throughout. A robust carpet with a good stain guard should be used. As an alternative, carpet tiles could be considered as localised replacement is much easier however these can provide a more commercial feel.

Vinyl flooring should be fitted to the kitchen, dining room, bathrooms and utility area.

#### *Car parking.*

A proposal is to convert the grassed area at the front of the property into a car park to provide additional car parking. Based on the demand for the area at the time of our visit, we can fully understand this requirement. This can either be an area of tarmac, concrete or a more sympathetic product such as grassblock which provides hardstanding but allows grass to grow through. We consider that an additional six spaces could be added, however at least two will be lost off the road in order to provide access, therefore the net gain would be four spaces only.

Planning permission may be required for this.

#### *Landscaping*

The paths surrounding the building are dirty and covered with moss and lichen. We would recommend that they are pressure washed down which should lift the appearance dramatically. The slabs otherwise appeared in good order.

There was a length of fencing between the rear and the left-hand side gardens which would potentially be surplus to requirements. We have allowed to remove this.

There are small areas of lawn around the property which will provide a maintenance issue and during the winter months could result in muddy shoes coming into the property. We would recommend the areas are replaced with an artificial turf. This would allow all year round use of the space and reduce the maintenance liability.

A provisional sum has been included within the cost breakdown for general landscaping options, which may include raised beds for planting vegetables, or similar which may prove therapeutic for the residents.

#### *General building maintenance*

On the whole, the building appeared in good order, however when works commence and access is made available, small items of repair may be required. We have made a small provisional allowance for this within our schedule.

#### *Furniture, Fixtures and Equipment*

We assume that new furniture will be required and have therefore made an allowance for the furniture shown on the drawing. We have not allowed for bedding or other soft furnishings.

All windows will require curtains or similar. We have allowed £100 per window which should cover most options.

We have made an allowance of £1,000 for shelving, cupboards, etc.

## 4.2 Mechanical Proposals

### Heating

- Service & test existing heating system and investigate the locations and condition of existing underfloor heating zones.
- If in good condition, retain heating system as existing – gas fired low temperature hot water (LTHW) boiler serving 2No. underfloor heating (UFH) manifolds.
- Replace UFH zone thermostats with new wired analogue room stats
- Install electric panel heater in new staff bedroom with room thermostat – dependant on UFH zoning
- Install new LTHW pipe work and 3 port valve from boiler to domestic hot water (DHW) cylinder
- Install new boiler controls to include for DHW installation

### Ventilation

- Window openers in bedrooms to be replaced with anti-ligature openers
- Install new extract ventilation in WCs, bathrooms, laundry room, kitchenette, & fridge/freezer room. WCs & bathrooms control via PIR sensor, laundry & fridge/freezer room temperature controlled.
- Install new kitchen canopy extract hoods over kitchen hobs. Local manual control.

### Domestic Water

- Install new DHW cylinder with LTHW coil & backup immersion heater
- Install new DHW distribution pipe work (flow and return) to hot water outlets on first floor & new GF shower.
- Extend cold water pipe work to serve DHW cylinder
- Retain electric point of use water heaters in kitchen and staff bathroom
- Install new cold water pipe work to serve new cold water outlets
- Isolate and remove redundant cold water pipe work.

- Install TMV 3s on all wash hand basins. Mixer taps on showers.
- Water to be isolatable to each bedroom – access hatches required in 1F corridor ceiling to access isolation valves to rooms.
- Insulate all new cold and hot pipe work
- Install return valves on DHW return pipe work for balancing purposes

#### Above Ground Drainage

- Install new drainage from all new sanitary ware, appliances, and overflows/pressure relief. New drainage from first floor not to penetrate floor but to route externally then either go straight to drain or route back into building to join nearest available internal drain.
- SVP to be installed externally from new 1F WC.
- Isolate and remove all redundant drainage

### 4.3 Electrical Proposals

#### 4.3.1. LV Distribution

- Retain existing distribution board. Currently there are 9No. spare circuits available which should suffice for the building. However, the new electrical load of the kitchen appliances have not been taken in to account.
- Provide new earth bar with test link and check earthing.
- Provide labelling to all electrical items of equipment where missing

#### 4.3.2. Lighting

##### Bedrooms

- Provide antilegal lighting LED luminaire complete with dimmable function. Lighting to be controlled from 3-position switch to provide ON/OFF/DIMMING functions.

##### All Other Areas

- Replace existing lighting with new LED luminaires complete with lighting controls to achieve the following operations:-

Toilets/Stores: Presence - Auto ON/Auto OFF

Circulation/Breakout: Presence - Auto ON/Auto OFF Control. Circulation areas around bedrooms to adopt an reduced threshold lighting level during the dusk-to-dawn hours

Occupied Rooms: Absence Detection - Manual ON/OFF or Auto OFF

Plant Rooms: Manual ON/OFF

#### 4.3.3. Emergency Lighting

Provide new emergency lighting throughout the building to suite new layout and to include anti-panic emergency lighting in bedrooms.

#### 4.3.4. External Lighting

- Retain existing external lighting and controls.

## 4.3.5. Power

Bedrooms

- Provide 3No. double socket outlets for general use
- Provide 1No. double socket outlet mounted at high level for TV use

Kitchen

- Provide suitable supplies for 2No. double ovens
- Provide suitable supplies for 2No. electric hobs
- 1No. Fridge/Freezer supply
- 4No. 13A double socket outlets

All Other Areas

- Alter power points to suit new building layout changes
- Provide new electrical supplies to new mechanical services equipment

## 4.3.6. TV distributed installation

Provide a Freeview aerial point within each bedroom mounted at high level. A new distributed system shall be provided complete with a new digital antenna, amplifiers and signal distributors.

## 4.3.7. Fire Alarm

- Upgrade the existing fire alarm system with a new automatic addressable control panel throughout the building.

## 4.3.8. Security

- Retain existing intruder alarm system. This system is currently maintained and serviced by 1<sup>st</sup>-reaction.
- Re-position intruder detectors to suit new room layout changes.
- Retain existing door access control system

## 4.3.9. Other

- Retain existing accessible WC alarm system
- Remove redundant electrical items and associate cabling and containment.

## 5. CONCLUSION AND RECOMMENDATIONS

This feasibility covers the works required to convert Hill Rise into a care home for teenage children who will be staying at the property for limited periods of time. The aim is to make the scheme appealing and warm, yet robust due to the particular needs of the children who may be staying there.

The building lends itself well to the proposals and very little structural alterations will be required to achieve it.

Proposed floorplans have been produced and are included within Appendix B. We have dismissed the option of including showers within the bedrooms as there is only limited space in some of the rooms and it would be unfair to include showers in some rooms but not others. The underfloor heating would also make drainage very difficult and expensive.

The building is currently in reasonable order, although general minor maintenance and a full redecoration is required.

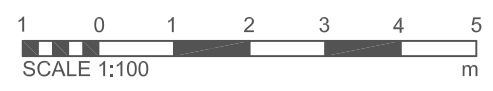
The cost for the works, based on the proposed drawing in appendix B, would be £169,000. This figure excludes VAT but includes professional fees. A contingency of £5k has been allowed for unforeseen works. A full breakdown of the figures is included within appendix C.

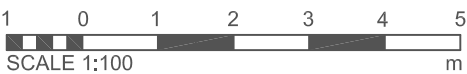
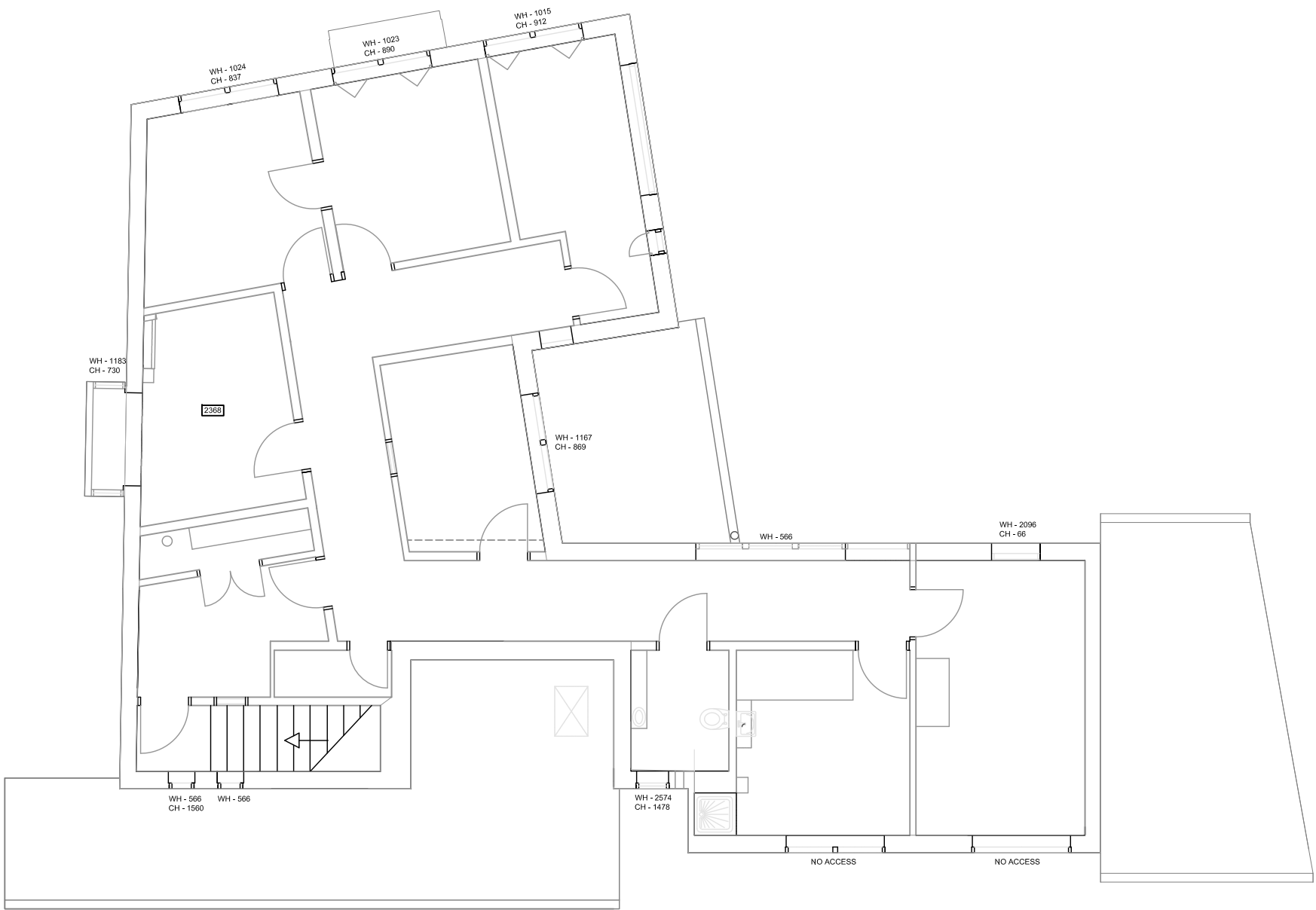
The layout does not allow for a WC on the ground floor, other than the one in the en-suite off the staff bedroom. This is not an ideal solution and consideration should perhaps be given to losing some of the office space and installing a small room for a WC and basin. This has not been allowed for in the costed proposal.





**APPENDIX A – EXISTING LAYOUT**





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CAMBRIDGE COUNTY COUNCIL

CONTRACTOR CLIENT:

PROJECT:

HILL RISE - REFURB FEASIBILITY

TITLE:

EXISTING FIRST FLOOR PLAN

DRAWN BY:	KOB	SCALE:	1:100	@	A3
CHECKED BY:	GW	DATE:	5/10/17		

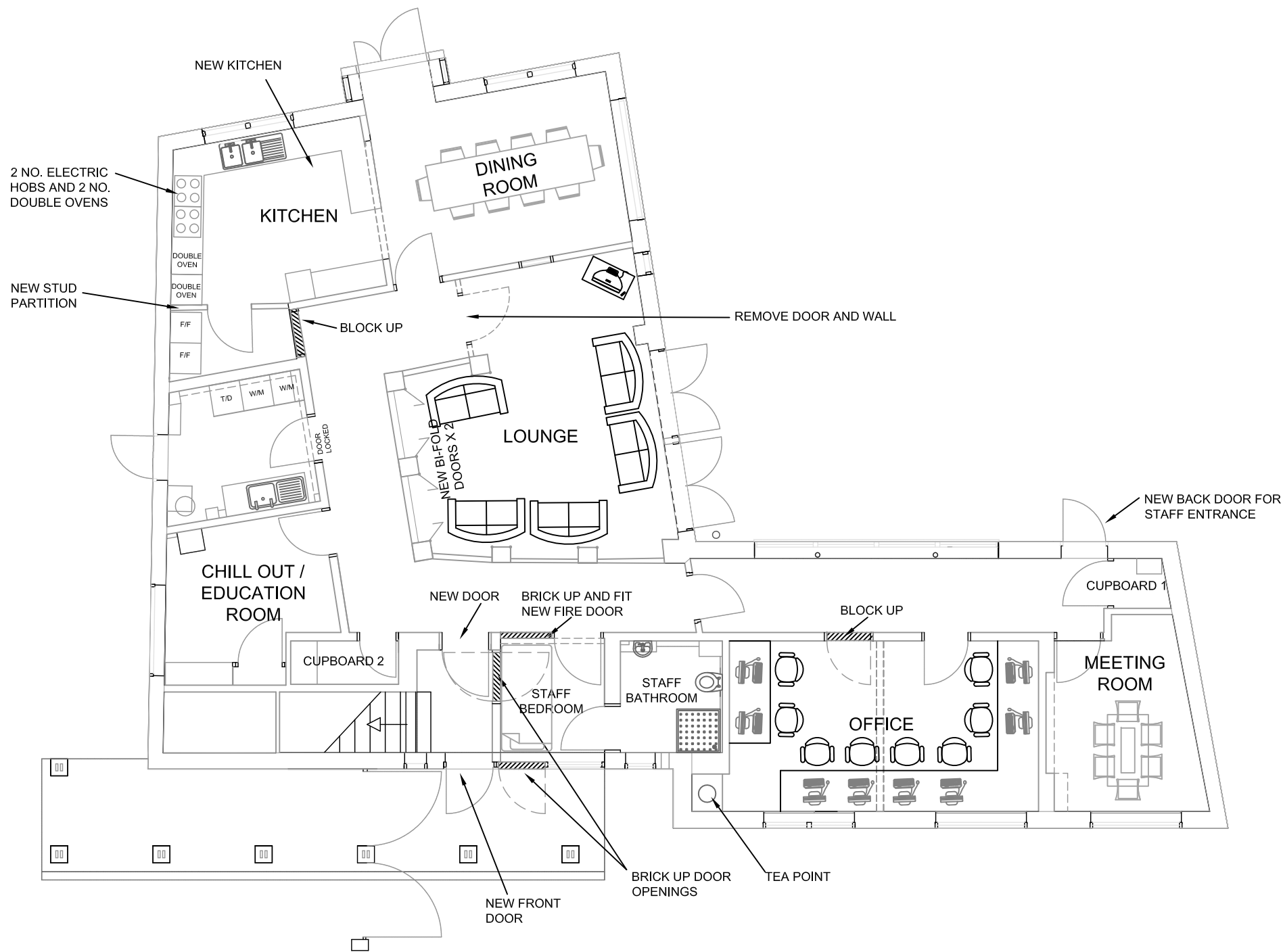
STATUS:

INFORMATION

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**APPENDIX B – PROPOSED LAYOUTS**



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A	UPDATES FROM GW	12/10/17	KOB	GW	
REV	DESCRIPTION	DATE	BY	CHKD	

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CONTRACTOR CLIENT:

PROJECT:

HILL RISE - REFURB FEASIBILITY

TITLE:

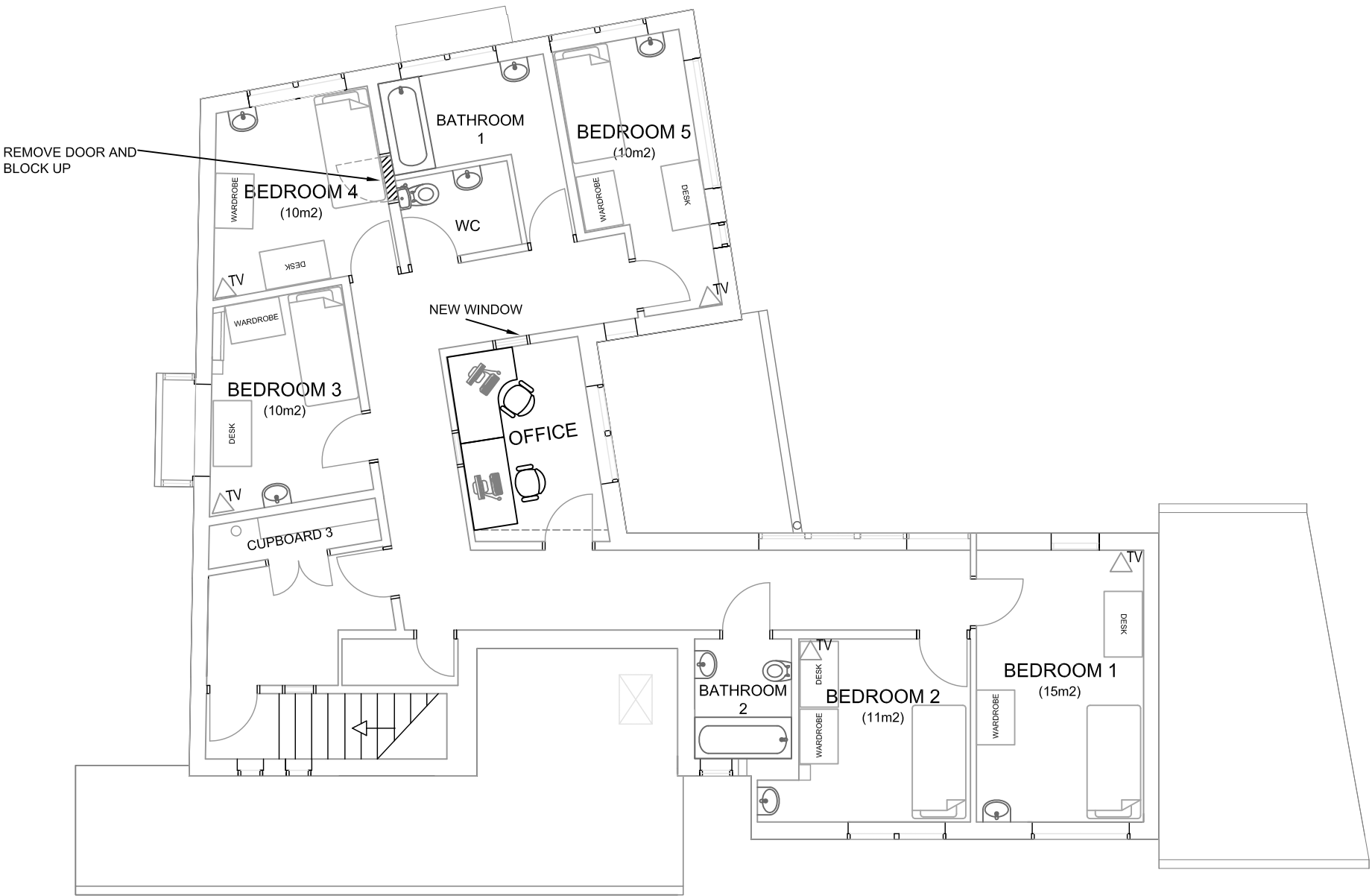
PROPOSED GROUND FLOOR PLAN

DRAWN BY:	KOB	SCALE:	1:100	@	A3
CHECKED BY:	GW	DATE:	5/10/17		

STATUS:

INFORMATION

DRAWING No:	-						
JOB No:	ORG:	ZONE:	LEVEL:	TYPE:	ROLE:	NUMBER:	REV:
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**DRAWING NOTES:**

CDM REGULATIONS 2015

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A	UPDATES FROM GW	12/10/17	KOB	GW
REV	DESCRIPTION	DATE	BY	CHKD

ORIGINATOR:

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CLIENT:

**CAMBRIDGE COUNTY COUNCIL**

CONTRACTOR CLIENT:

PROJECT:

**HILL RISE - REFURB FEASIBILITY**

TITLE:

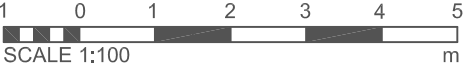
**PROPOSED FIRST FLOOR PLAN**

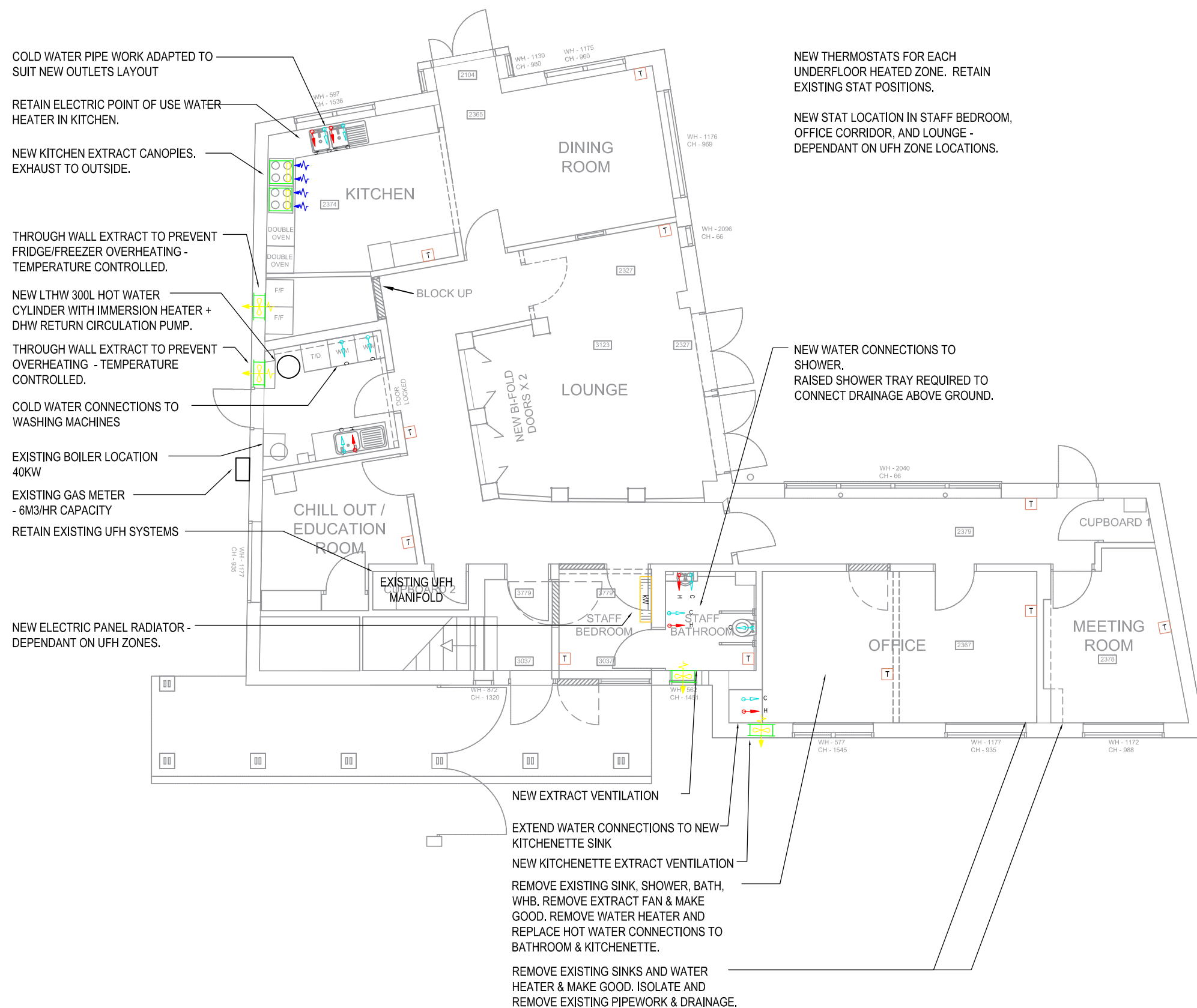
DRAWN BY:	KOB	SCALE:	1:100	@	A3
CHECKED BY:	GW	DATE:	5/10/17		

STATUS:

**INFORMATION**

DRAWING No:	-						
JOB No:	ORG:	ZONE:	LEVEL:	TYPE:	ROLE:	NUMBER:	REV:
5004721	RDG	XX	00	PL	B	99004	A





NEW STAT LOCATION IN STAFF BEDROOM,  
OFFICE CORRIDOR, AND LOUNGE -  
DEPENDANT ON UFH ZONE LOCATIONS.

NEW WATER CONNECTIONS TO  
SHOWER.  
RAISED SHOWER TRAY REQUIRED TO  
CONNECT DRAINAGE ABOVE GROUND.

COLD WATER PIPE WORK ADAPTED TO -  
SUIT NEW OUTLETS LAYOUT

RETAIN ELECTRIC POINT OF USE WATER  
HEATER IN KITCHEN.

NEW KITCHEN EXTRACT CANOPIES. —  
EXHAUST TO OUTSIDE.

THROUGH WALL EXTRACT TO PREVENT  
FRIDGE/FREEZER OVERHEATING -  
TEMPERATURE CONTROLLED.

NEW LTHW 300L HOT WATER  
CYLINDER WITH IMMERSION HEATER +  
DHW RETURN CIRCULATION PUMP.

THROUGH WALL EXTRACT TO PREVENT  
OVERHEATING - TEMPERATURE  
CONTROLLED.

## COLD WATER CONNECTIONS TO WASHING MACHINES

EXISTING BOILER LOCATION \_\_\_\_\_  
40KW

EXISTING GAS METER ————  
- 6M3/HR CAPACITY

RETAIN EXISTING UFH SYSTEMS ———

NEW ELECTRIC PANEL RADIATOR - ———  
DEPENDANT ON UFH ZONES.

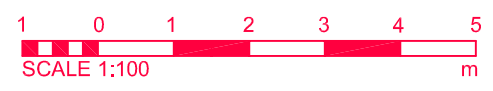
NEW EXTRACT VENTILATION

## EXTEND WATER CONNECTIONS TO NEW-KITCHENETTE SINK

NEW KITCHENETTE EXTRACT VENTILATION


REMOVE EXISTING SINK, SHOWER, BATH, WHB. REMOVE EXTRACT FAN & MAKE GOOD. REMOVE WATER HEATER AND REPLACE HOT WATER CONNECTIONS TO BATHROOM & KITCHENETTE.

REMOVE EXISTING SINKS AND WATER  
HEATER & MAKE GOOD. ISOLATE AND  
REMOVE EXISTING PIPEWORK & DRAINAGE



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-	-	00/00/15	XX	XX
REV	DESCRIPTION	DATE	BY	CHKD

ORIGINATOR:

**RIDGE**

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CLIENT:  
**CAMBRIDGE COUNTY COUNCIL**

CONTRACTOR CLIENT:

PROJECT:  
HILL RISE - REFURB FEASIBILITY

TITLE:

PROPOSED GROUND FLOOR PLAN  
MECHANICAL FEASIBILITY

DRAWN BY: KF		SCALE: 1:100 @ A3					
CHECKED BY: AH		DATE: 09/10/17					
STATUS:							
INFORMATION							
DRAWING No: -							
JOB No:	ORG:	ZONE:	LEVEL:	TYPE:	ROLE:	NUMBER:	REV:
5004721	RDG	XX	00	PL	M	0001	







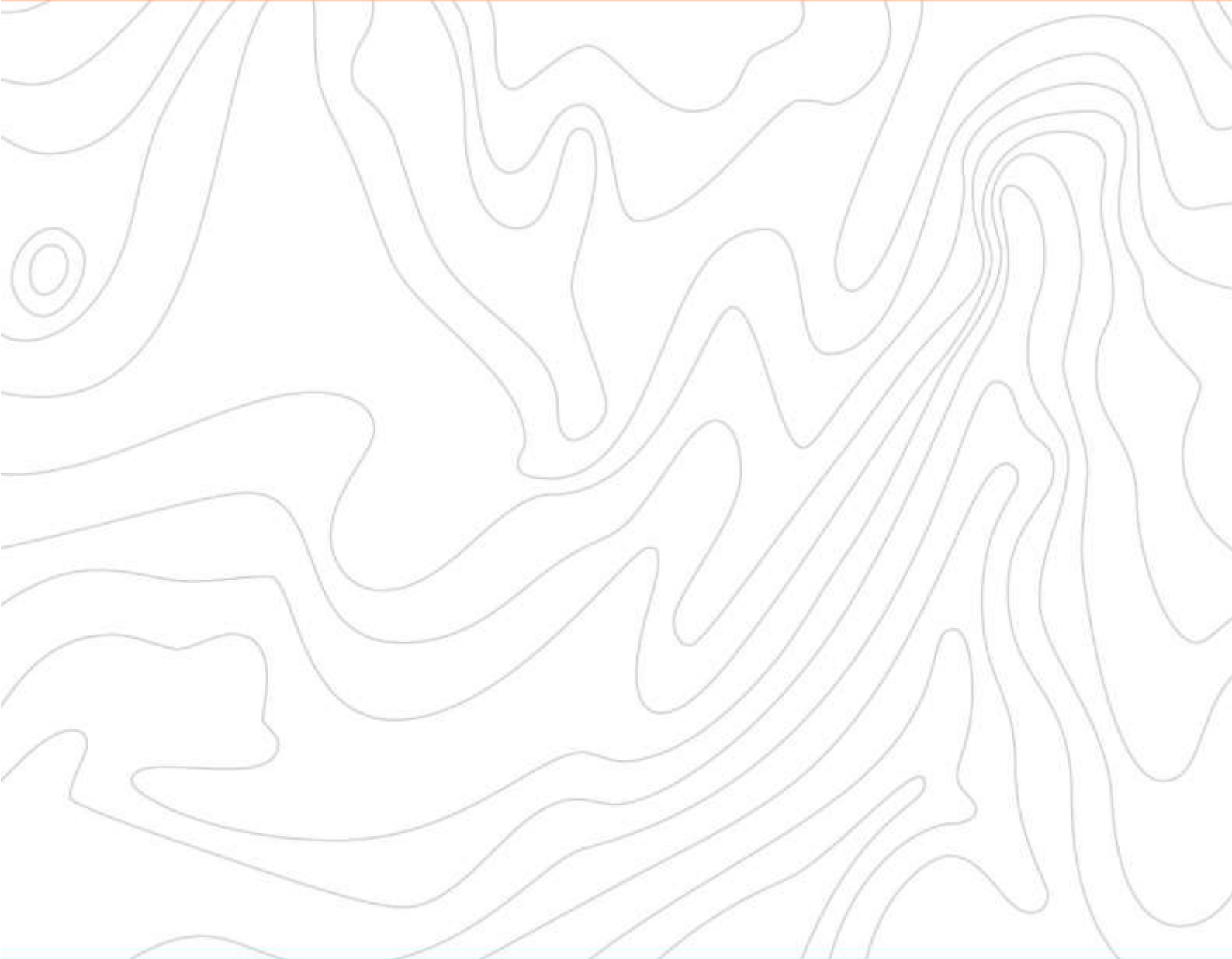
**APPENDIX C – PRICED SCHEDULE OF WORKS**

NO	DESCRIPTION	QTY	UNIT	RATE (£)	£
<b>1.0</b>	<b>Building Works</b>				
1.1	Remove wall to form offices. Allow to install structural beam to support floors and wall above	1	Item	2,500	2,500
1.2	Form staff bedroom from entrance foyer, including removal of walls, blocking up, new doors, etc	1	Item	2,500	2,500
1.3	Remove lounge door and surround. Make good and leave ready to receive decorations	1	Item	350	350
1.4	Remove sections of stud walls between columns between lounge and corridor. Supply and install 2no sets of bi-fold doors	2	No	1,000	2,000
1.5	Install circular window to office	1	No	750	750
1.6	Construct wall within kitchen, including door to form area for fridges. Use door from Lounge	1	item	1,000	1,000
1.7	Construct bathroom wall to first floor. Include plywood lining to fix sanitary ware to	1	Item	1,500	1,500
1.8	Form new entrance door to bathroom	1	Item	850	850
1.9	Block up 5 door openings, including plastering and leaving ready for redecoration. Retain doors where present to re-use	5	No	150	750
1.10	Supply and fit new kitchen, including 2no double ovens, 2no hobs, dishwasher, double sink, cupboards, worktops, tiling, etc	1	Prov sum	12,500	12,500
1.11	Supply and fit new utility, including 2 washing machines and 2 tumble dryers.	1	Prov Sum	6,000	6,000
1.12	Supply new front and rear doors	2	No	1,250	2,500
1.13	Fit tea point to office	1	No	900	900
1.14	Replace staff bathroom, to include new shower	1	No	2,250	2,250

NO	DESCRIPTION	QTY	UNIT	RATE (£)	£
1.15	Supply and fit 2no bathrooms, complete with shower, bath, wc and WHB. Walls to be tiled.	2	No	5,000	5,000
1.16	Full internal redecoration	1	Item	11,500	11,500
1.17	New floor covering throughout	302	M²	45	13,590
1.18	Redecorate externally	1	Item	5,000	5,000
1.19	Provide 6no new parking spaces	1	Item	7,500	7,500
1.20	Pressure wash all paths, etc	1	Item	700	700
1.21	Remove fence between rear and left side gardens	1	Item	350	350
1.22	Replace turf with artificial grass	1	Item	3,500	3,500
1.23	General building maintenance items – provisional sum	1	Prov sum	2,500	2,500
1.24	Allowance for other landscaping items	1	Prov sum	1,500	1,500
1.25	Furniture, fittings and equipment. Excludes all IT, telecoms, etc.	1	Item	7,500	7,500
1.26	Curtains to all windows	19	No	100	1,900
1.27	Shelving, storage, etc	1	Prov sum	£1,000	£1,000
<b>2.0</b>	<b>M&amp;E</b>				
2.1	Service & Test existing heating system – boiler & UFH systems	1	No	300	300
2.2	New Thermostats	1	No	2,850	2,850
2.3	Electric Panel Radiator for Staff Bedroom	1	No	350	350
2.4	New LTHW pipe work to new DHW cylinder coil	1	No	500	500

NO	DESCRIPTION	QTY	UNIT	RATE (£)	£
2.5	New boiler controls	1	No	750	750
2.6	Extract Ventilation Systems	7	No	450	3,150
2.7	Provide & Install new DHW cylinder with immersion heater	1	No	725	725
2.8	Provide & install new DHW flow and return pipe work. Including return valves.	1	No	250	250
2.9	Extend cold water pipe work to DHW cylinder and required outlets. Accessible isolation valves to each room.	1	No	150	150
2.10	Isolate & remove redundant pipe work	1	No	250	250
2.11	Install TMVs on all wash hand basins. Mixer taps on shower.	5	No	125	625
2.12	Insulation of pipe work.	1	Item	500	500
2.13	New drainage from new sanitary ware, appliances, & overflows.	1	Prov sum	2,500	2,500
2.14	Isolate and remove all redundant drainage.	1	Prov sum	500	500
2.15	Associated Builders' Work	1	Prov sum	1,000	1,000
2.16	LV distribution equipment alterations and labelling	1	No	450	450
2.17	Earthing and Bonding	1	No	450	450
2.18	General Lighting	1	Prov sum	2,000	2,000
2.19	New Emergency Lighting	1	Prov sum	1,100	1,100
2.20	Small Power alterations, generally to reflect building changes	1	No	1,500	1,500

NO	DESCRIPTION	QTY	UNIT	RATE (£)	£
2.21	New small power in bedrooms	5	No	175	875
2.22	TV Aerial system installation	1	No	650	650
2.23	New fire system upgrade	1	No	3,050	3,050
2.24	Security alarm alterations to suit new building layout	1	No	750	750
2.25	Electrical testing and inspection	1	No	300	300
<b>3.0</b>	<b>Other costs</b>				
3.1	Contractors Overheads and profit @15%				18,512
3.2	Professional Fees as 13%				18,450
3.3	Planning and Building Control Fees				800
3.4	Contingency				5,000
3.5	Provisional sum for asbestos survey and removal				2,500
<b>TOTAL (Excluding VAT) and rounded up</b>					<b>169,000</b>



**PORTFOLIO SALE OF SITES**

**To: Commercial & Investment Committee**

**Meeting Date: 15 December 2017**

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

**Electoral division(s): All**

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

**Purpose:** To consider the sale of a number of land and property assets to the Council's wholly owned development company (Cambridgeshire Housing and Investment Company) in a single sale process, known as the 'portfolio'.

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

**a) To authorise a loan facility to Cambridgeshire Housing and Investment Company for up to £120,000,000 for land acquisition, construction and associated costs.**

**b) Delegate the negotiation of the final terms of the sale and loan agreement to the deputy section 151 officer in consultation with the Chairman of the Committee, including the repayment and interest charging arrangements**

<b><i>Officer contact:</i></b>		<b><i>Member contacts:</i></b>	
Name:	<b>John Macmillan/Tom Kelly</b>	Names:	Councillors Joshua Schumann
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Email:	<a href="mailto:John.macmillan@cambridgeshire.gov.uk">John.macmillan@cambridgeshire.gov.uk</a> <a href="mailto:Tom.kelly@cambridgeshire.gov.uk">Tom.kelly@cambridgeshire.gov.uk</a>	Email:	<a href="mailto:Joshua.schumann@hotmail.co.uk">Joshua.schumann@hotmail.co.uk</a>
Tel:	07808 861 360	Tel:	01223 706398

## 1. BACKGROUND

- 1.1 The Council has established a wholly owned housing company to develop on land primarily owned by the Council in order to derive a financial return. The underlying objective of creating a commercial vehicle of this nature is provide new revenue sources to support the delivery of front line services to Cambridgeshire residents. Commercial & Investment Committee have been considering a pipeline of development opportunities since the establishment of the company in 2016.
- 1.2 The financial model that the Committee have previously agreed should be adopted is that the Council will make loans to Cambridgeshire Housing Investment Company (CHIC) at commercial rates in order to provide the funding to allow CHIC to purchase land from the Council and to finance the costs of construction. As the Council can borrow at less than commercial rates it will derive a financial margin on the loans. This margin has already been included as a revenue benefit within the Council's budget. The Council will receive capital receipts and eventually the Council will also receive dividends from the Company but this will not arise for a number of years given the debt ratios of the Company in the early years of trading.
- 1.3 Unfortunately progress on the sale of sites to CHIC has been slower than originally anticipated resulting in a net revenue shortfall: £750k in the current financial year, which has been forecast within the published monitoring reports throughout the Autumn. In the following years the anticipated net income in interest receivable from CHIC is:

2018/19	£4,346k
2019/20	£5,850k

- 1.4 Given the progress on getting sites transferred to CHIC and the consequential impact this is having on the Council's budget the Managing Director of CHIC outlined a "portfolio sale" approach at a workshop with Members on 20<sup>th</sup> October. This approach would be to bring forward a large proportion of the total pipeline in a single sale (the portfolio) within the current financial year, and secure the significant income expectations associated with the loans going into next year.

## 2. MAIN ISSUES

- 2.1 The Council is, by law, required to achieve best value in the disposal of any asset – even if this is to a company wholly owned by the Council. The Council also needs to ensure that any loan to the company reflects the value of the asset upon which the loan is made.
- 2.2 The portfolio approach would bring forward the proposed sales for 2017/18 and 2018/19 in to a single process. Values are currently being commissioned and will undertake RICS 'Red Book' valuations on all the sites within the portfolio.
- 2.3 If this approach is agreed CHIC will acquire a number of sites without planning approval. The Red Book valuations would therefore be based on current use which will include an element of hope value to reflect the potential uplift if planning consent is obtained. The more certainty of planning approval the higher the hope value will be. The main uplift in value will occur when planning is obtained and the Council will aim to recover this through the use of overage clauses. It is important for both the Council and CHIC to ensure that this



process is both a robust and transparent to ensure that best value is demonstrably achieved. In this way the Council will ensure that its policy that all surplus land and property should be disposed of at 'best consideration', to meet the requirements of s.123 of the Local Government Act 1972 will be adhered to.

- 2.4 CHIC and the County Council have sought legal advice from the solicitors Bevan Brittain LLP about a number of areas surrounding the portfolio sale approach. Bevan's advice was that the best approach to maintain an arm's length relationship, which is important to avoid state aid and procurement issues, is to sell at market value. In reality however the only way to be able to demonstrate market value is sell sites on the open market. Therefore any process other than that will be based on an opinion.
- 2.5 Quotations for carrying out independent valuations are due to be returned by 8<sup>th</sup> December and the work will take around 2 months in total. Valuations will vary in complexity. Those that are straightforward will be carried out first allowing solicitors to be instructed and the sale process to begin as soon as possible. Sales will be completed concurrently with loans being made before the end of March 2018. Specialist advice will be sought on overage clauses.
- 2.6 Valuations on two sites have already been undertaken and a third is imminent and they are now ready to be sold to CHIC:

Site	Units	Valuation
Russell Street, Cambridge	6	£970,000
Queens Street, March	22	£840,000
Milton Rd Library	7 and a library	Awaited.

### 3.0 LOANS AND FINANCING

- 3.1 The original business case for CHIC, as seen by the then Assets and Investment Committee in May 2016, sets out:
- the intention to create a revenue stream from housing development in preference to receiving one-off capital receipts from sale of surplus sites
  - the significant time lag from the point at which sites are identified until the point at which a revenue stream is created
- 3.2 To address the time lag, the business case envisaged that CCC would benefit from a revenue stream much earlier by establishing market loan(s) to CHIC. The Council can borrow at very competitive rates from the Public Works Loan Board, whereas any loans from the Council to CHIC must be at market rate. The difference is retained by the Council, and supports the Council's overall financial position from a relatively early stage in CHIC's development.
- 3.3 The major land acquisitions from the Council by CHIC, this financial year, entail a significant loan financing requirement. Once loan(s) are in place, interest is payable to the Council. As explained above it will not be known exactly what the value of land transfers, and corresponding loans, will be as these are contingent on an external valuation process, however it is expected that the maximum level of loan connected to the portfolio sale will be £120million.

- 3.4 Recommendation (b) in this report will enable the Council to negotiate and agree the detailed terms and timing of the loans related to the portfolio sale. The Council has received and is considering technical advice on a number of issues related to the loan(s), including those set out below.
- 3.5 As well as loan financing, the Council considers that it will be necessary to provide around 5% of the capital funding to CHIC by way of equity investment (i.e. a contribution into the business that is not a loan by the Council as the shareholder). From a taxation perspective, for CHIC, HMRC are unlikely to accept debt-only financing as interest paid is tax deductible for a company.
- 3.6 By its nature equity is “unsecured.” That is to say it is provided to CHIC without absolute guarantee or insurance of performance by the company. It is likely the loan arrangements to CHIC will also involve a degree of unsecured debt (debt without a legal charge on land in case of default) because the company will require construction loans before it can begin building homes (and creating assets). The Council is furthering its investment function by acting in this way. It is assessed that in order to maximise the financial reward from housing investment in Cambridgeshire, the risk is best retained, and mitigated, within a Council owned structure, through CHIC as a wholly owned limited company.
- 3.7 State aid rules prohibit the Council from providing selective financial subsidies to CHIC. Firstly, this is a consideration in relation to the land disposals, however it is anticipated that the market economy operator principle (MEOP) of state aid will be satisfied by the valuation mechanisms to achieve best consideration set out in section 2.4. This means CHIC will not be purchasing the sites on non-commercial terms.
- 3.8 Secondly, in setting the interest rates for lending to CHIC, the Council will need to comply with published reference rates, which vary according to the level of security and credit history of the loan recipient. Providing loans at market value further confirms that CHIC’s operations are “commercial in character” – an important determinant of the procurement regime relevant to the company.
- 3.9 Based on updated modelling and estimates received from CHIC and reviewed by the Council, it is anticipated that a loan facility of up to £120m will be required this financial year. The Council will receive payment from CHIC (using part of the loan) for land transferred as a capital receipt.

#### **4.0 GOVERNANCE**

- 4.1 Once sites are sold governance will be through the Council’s rights as shareholders and through the shareholder representatives that sit on the Board of Directors of the Company.
- 4.2 Given the legal advice that the Council has received it is necessary to maintain an arm’s length relationship with CHIC. As shareholder however the level, and frequency of, reporting will be different from that the Committee has been used to. However the Committee is, to a large extent, able to shape the nature of the reporting that it requires. .
- 4.3 A key issue for Council Members will be that the nature of the relationship with the programme will be different that if sites were being developed directly by the Council. Whilst

we anticipate that the level of engagement will be maintained local member's ability to influence CHIC will be limited.

## **5. ALIGNMENT WITH CORPORATE PRIORITIES**

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

Sites developed across the county will undoubtedly contribute to the local economy creating additional jobs in the house building industry. In turn those employed in the industry will create secondary spend in the localities where they work and live.

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

There are no significant implications for this priority.

### **5.3 Supporting and protecting vulnerable people**

There are no significant implications for this priority.

## **6. SIGNIFICANT IMPLICATIONS**

### **6.1 Resource Implications**

The sale of assets to CHIC are included within the Council's Business Plan. Delays to the original profile of sales is causing an in year pressure and this has already been report to GPC within the IRPR. This reports seeks to ensure that the sale of sites takes place within a portfolio sale within the current financial year thereby mitigating further capital and revenue implications. These are highlighted in the report.

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

Bevan Britain have advised on procurement, best consideration, lending and security, accelerating implementation and State Aid.

A procurement exercise is currently in hand to commission independent valuers to undertake 'red book' valuations of the sites within the proposed portfolio.

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

Specialist legal advice has been sought jointly from Bevan Brittain on procurement, best consideration, lending and security, accelerating implementation and State Aid. LGSS Law have also advised.

The legal requirement for the Council to achieve best value in the sale of its assets is set out in the report. In addition the legal requirement for the wholly owned commercial company to maintain independence from Council governance processes has been identified.

### **6.4 Equality and Diversity Implications**

There are no significant implications within this category.

### **6.5 Engagement and Communications Implications**

There are no significant implications within this category.

### **6.6 Localism and Local Member Involvement**

Officers will work with CHIC to ensure the protocol of local Member engagement on individual sites is maintained as part of the Company's modus operandi.

## 6.7 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Chris Malyon
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Yes Paul White
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	Yes. Fiona McMillan
Have the equality and diversity implications been cleared by your Service Contact?	Yes John Macmillan
Have any engagement and communication implications been cleared by Communications?	Yes Christine Birchall
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Yes John Macmillan
Have any Public Health implications been cleared by Public Health	Yes Tess Campbell

## 7. SOURCE DOCUMENTS

Source Documents	Location
None	

**PROCESS FOR DECLARING ASSETS SURPLUS TO REQUIREMENTS**

**To:** Commercial and Investment Committee

**Meeting Date:** 15<sup>th</sup> December 2017

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

**Electoral division(s):** All

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

**Purpose:** To review the governance process around the decision taken at the last meeting to dispose of St Luke's Barn and to assess the effectiveness of the current processes when considering assets deemed surplus to requirements.

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

- 1) Comment on the contents of this report;
- 2) Request officers to undertake a review of the current process for 'declaring assets surplus to requirements' and to propose a revised scheme for the Committee's approval by the end of the current financial year.

<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
Name:	<b>Chris Malyon</b>	Names:	Councillors Josh Schumann
Post:	Deputy Chief Executive and Chief Finance Officer	Post:	Chair of Commercial and Investment Committee
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Tel:	01223 699796		

## 1. BACKGROUND

- 1.1 General Purposes Committee of 21<sup>st</sup> March 2017 received a proposal for the investment of Council capital resources and a loan to support the development of the CREATE facility in Arbury. Members will be able to access the report which is available on the Council's website.
- 1.2 The minutes included the following extract:  
*"In considering the report, some Members commented as follows:*
- *queried whether the site which was a Council asset had been considered by Assets and Investments Committee. The Head of Cambridgeshire Music reported that it had not. The Chairman commented that there had therefore been a breakdown in the process. He stressed the need to ensure that all assets were considered by this Committee first before being identified for other uses. One Member commented that he felt he did not have sufficient information to take a decision and that it should be considered by Assets and Investments Committee."*
- 1.3 As a consequence the Committee approved the proposal with one of the following amendments:  
*h) Agree subject to approval of release of site by Assets and Investments Committee.*
- 1.4 Commercial and Investments Committee of 28<sup>th</sup> July 2017 received a report on the subject which included the following statement:-  
*The site behind the St Luke's Primary School on French's Road is managed by Cambridgeshire Music, using spaces for community activities, arts provision and therapy. The building is in poor repair. The site is not declared as "surplus to requirements".*
- 1.5 The Committee unanimously resolved the following:
- a) agree the continuation to the next phase of development, funded by the Arts Council of England's Stage 1 grant to secure remaining funding, carry out design and pre-planning application discussions to establish deliverability and further community and stakeholder engagement;*
  - b) as a priority, explore with other parties the options for a joint venture to develop a community arts facility as part of a mixed use development on site;*
  - c) agree that the Shire Hall Working Group plus the Local Member be involved in the project sponsor role, as requested by General Purposes Committee in March 2017;*
  - d) request that a further update on the project's progress be presented to the Commercial & Investment Committee in September 2017.*
- 1.6 A further report was presented to the Commercial and Investments Committee in October and this highlighted the work that had taken place since the July meeting. This highlighted that exploratory discussions had taken place with the owner of the adjacent site. The report provided feedback from those negotiations and given the requirements of the Council had resulted in the owner indicating that it would be difficult to create a financially viable joint development. The site owner did make a cash offer for the

Council's interest in the site but the value suggested did not meet the Council's view of the value.

- 1.7 The Committee resolved, by a majority, to:
  - a) *Designate the site as "surplus to requirements" and pursue a negotiated cash purchase of the site;*

## **2. MAIN ISSUES**

- 2.1 Subsequent to the decision of the Commercial and Investment Committee to declare the land surplus to requirements there was some discussion on whether the Committee had the constitutional responsibility to make that decision. The Monitoring Officer has confirmed that the decision is within the roles and responsibilities of this Committee.
- 2.2 St Luke's Barn is an asset that is owned by the County Council and was operated and maintained by Cambridge City Council. The City Council, in light of the need for further capital investment, decided that it no longer wished to manage the facility and for a period the primary school directly managed bookings and day to day maintenance of the facility. This appears to have been on an informal basis. In March of this year the school relinquished the management of the facility and it came back in to the direct management of the Council.
- 2.3 The Music Service have stated that they were asked to look at the site and its usage but it is not clear by whom and what governance process originally supported this request. The Operational Asset Board assigned the management of the site to the Music Service who took over the direct management of bookings, income and running costs of the facility. It is however clear that at the time of writing this report no income has been collected from users of the facility in the current year.
- 2.4 On reviewing the patronage in the current year the booking sheets identify that there have been 42 different external users of the facility in the first six months of 2017/18. 16 of these were badminton clubs and other users included community and faith groups. There was no evidence to suggest any existing users supported the delivery of arts or music services to the local community.
- 2.5 Although for planning purposes the sports and community group "loss" would have been substituted by the dance aspect of the CREATE proposal and would have been perfectly acceptable it does raise a more fundamental question over the internal governance over a significant 'change of use'.
- 2.6 Although this information would have been available to the various Boards/Committee meetings that have considered the proposal it certainly raises an important issue of why a significant change in use by a service is deemed any less important than declaring an asset surplus to requirements. A material change of use decision should have the same rigor as an acquisition or disposal decision as the Council is adopting a different approach for the use of public owned asset.

### **3. DECLARING ASSETS SURPLUS TO REQUIREMENTS**

- 3.1 An informal process appears to have been established by officers many years ago. The process is not published on the Council's intranet and it was not possible to identify any Member consideration/approval of this approach. The approach places 'control' of assets in the hands of the current users of those assets. This is not a strategic approach and takes no account of what is in the best interest of the Council at large. It is very much a model that is driven by the 'tenant' rather than the corporate landlord. Whilst any process needs to protect the needs of all stakeholders, effective asset utilisation is the responsibility of this Committee and not individual services.
- 3.2 The CREATE project illustrates some of the issues with the existing process. Without getting in to the merits of the actual project, the Council assumed responsibility for an asset without any Member engagement on the potential use of that asset. Management of the asset was 'given' to a service that had identified a potential use without a robust assessment of any alternative options even though the CREATE proposal required a significant change in use of the asset. The change of use wasn't challenged within the officer governance process and there was no engagement with Members on this matter. Whilst developing a facility to deliver music activities may be important the loss of sporting facilities in the area should equally have been considered as part of this process.
- 3.3 There is therefore a need to review existing arrangements in order to ensure that a more balanced approach is adopted to asset utilisation. This balance must ensure that it recognises the need to deliver services to the communities that we serve but also ensures that the corporate drive for effective use of assets is maintained. The process should also ensure Member engagement at an early stage to ensure that any proposals are developed with Member input.

### **4.0 ALIGNMENT WITH CORPORATE PRIORITIES**

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

A more thorough process could result in a better balance of facilities within the community.

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

As above.

#### **4.3 Supporting and protecting vulnerable people**

As above.

### **5. SIGNIFICANT IMPLICATIONS**

#### **5.1 Resource Implications**

A more thorough process would result in a more efficient use of resources and potential savings.

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

There are no significant implications in this area.



### 5.3 Statutory, Legal and Risk Implications

Any new process would incorporate appropriate checks to cover statutory obligations and legal/risk issues.

### 5.4 Equality and Diversity Implications

There are no significant implications in this area.

### 5.5 Engagement and Communications Implications

Officers would seek to improve engagement and communications with stakeholders in the new process.

### 5.6 Localism and Local Member Involvement

Officers would seek to improve Member involvement in the new process.

### 5.7 Public Health Implications

There are no significant implications in this area.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Chris Malyon
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	There are no significant implications in this area.
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	No
Have the equality and diversity implications been cleared by your Service Contact?	Yes Chris Malyon
Have any engagement and communication implications been cleared by Communications?	No
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Yes Chris Malyon
Have any Public Health implications been cleared by Public Health	There are no significant implications in this area.

## 6. SOURCE DOCUMENTS

Source Documents	Location
None other than that included as Appendix.	

## APPENDIX

### PROPERTY AND SPACE DECLARED SURPLUS

#### For sites and space declared surplus to Operational Asset Board (OAB)

<b>PROPERTY NAME</b>	<b>PROPERTY ADDRESS</b> and postcode	<b>USRN</b> (Unique property reference number for site)
<b>TITLE / TENURE</b> Freehold/leasehold	<b>Where leasehold</b> –lease terms/lease breaks etc.	
<b>APPROX AGE</b>		
<b>CURRENT USE / TENANTS</b>		
<b>CONDITION</b> - NB: where there is a recent condition survey please attach, otherwise please identify overall condition as: A – Excellent, B – Good, C – Satisfactory, D - Poor		
<b>SPACE AVAILABLE</b> (Please include information on the area/s becoming available for use by others).		
<b>AVAILABILITY DATE</b> When will the site/space be available for use by others?		
<b>OTHER COMMENTS</b> (including planning, notices served)		
<b>PHOTO</b> of site/space where available		
<b>PLAN / MAP</b> of site location		
<b>CONTACT (Service)</b>		
<b>Date notified to OAB</b>		
<b>CONTACT (Strategic Assets)</b>		

**COMMERCIAL AND INVESTMENT COMMITTEE REVIEW OF DRAFT REVENUE  
AND CAPITAL BUSINESS PLANNING PROPOSALS FOR 2018-19 TO 2022-23**

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

*Meeting Date:* **15<sup>th</sup> December 2017**

*From:* **Chris Malyon, Chief Finance Officer**

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

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

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

*Recommendation:*

- a) It is requested that the Committee note the overview and context provided for the 2018/19 to 2022/23 Business Plan revenue proposals for the Service, updated since the last report to the Committee in October.**
- b) It is requested that the Committee comment on the draft revenue savings proposals that are within the remit of the Commercial and Investment Committee for 2018/19 to 2022/23, and endorse them to the General Purposes Committee as part of consideration for the Council's overall Business Plan.**
- c) It is requested that the Committee comments on the changes to the capital programme that are within the remit of the Commercial and Investment Committee and endorse them to the General Purposes Committee as part of consideration for the Council's overall Business Plan.**

<b><i>Officer contact:</i></b>	<b><i>Chairman contact:</i></b>
<b>Name:</b> Chris Malyon <b>Post:</b> Chief Finance Officer <b>Email:</b> <a href="mailto:Chris.malyon@cambridgeshire.gov.uk">Chris.malyon@cambridgeshire.gov.uk</a> <b>Tel:</b> 01223 699241	<b>Name:</b> Councillor Josh Schumann <b>Post:</b> Committee Chairman <b>Email:</b> <a href="mailto:joshua.schumann@hotmail.co.uk">joshua.schumann@hotmail.co.uk</a>

## **1. PURPOSE AND BACKGROUND**

- 1.1 The Council's Business Plan sets out how we will spend the resources we have at our disposal to achieve our vision and priorities for Cambridgeshire, and the outcomes we want for people. This paper presents an overview of the proposals being put forward as part of the Council's draft revenue budget, with a focus on those which are relevant to this Committee. The report forms part of the process set out in the Medium Term Financial Strategy whereby the Council updates, alters and refines its revenue and capital proposals in line with new savings targets.
- 1.2 In developing our plan we are responding to a combination of cost increases and reduced Government funding which mean we have to make our resources work harder than ever before. To balance the budget whilst still delivering for communities we need to identify savings or additional income of £37.9m for 2018-19, and totalling £101m across the full five years of the Business Plan.

## **2. FINANCIAL OVERVIEW UPDATE**

- 2.1 In October, Committees received information about emerging draft proposals to respond to this challenge – at that point we had identified 85% of the savings required and the remaining budget gap for 2018/19 was £5,450k. More substantial gaps existed for the later years of the business plan.
- 2.2 Since October, work on the business plan has continued with a focus on;
- Developing new proposals to feed into the pipeline
  - Further exploring the existing schemes, refining the business cases and seeking to push schemes further wherever possible
  - Identifying mitigation measures for the identified pressures – aiming to minimise their impact on the savings requirement for the organisation
  - Updating funding projections based on the latest available information to provide a current picture of the total resource available to the Council.
- 2.3 We are continuing as an authority to explore every avenue to identify further efficiency or to bring in more funding to the local economy and public sector. In particular;
- We are driving forward our Fairer Funding Campaign – arguing for Cambridgeshire to receive a higher and fairer allocation of national funding for education, social care and a range of other services
  - We are applying to be a pilot area for the Government's Business Rates Retention Scheme – which would allow us to reinvest the output of local business growth in local public services and infrastructure
  - We are deepening public service reform across our partnership of organisations. We are working closely with the Combined Authority on the Public Service Reform Agenda and strengthening the partnership with

Peterborough City Council exploring further arrangements for shared and integrated services. There are already a number of shared roles and functions across the two Councils and there are likely to be further opportunities for reducing cost and improving outcomes through sharing expertise and services.

- We are driving forward major change initiatives – for example the Adults Positive Challenge Programme which is reviewing every aspect of our adult social care model and supporting us to develop a new approach which will be sustainable in the face of growing demand
- We have established a programme of Outcome Focused Reviews re-examining how we meet our outcomes by looking at what we do, why we do it, and how we do it. This approach offers us the chance to think creatively about our relationship with the people of Cambridgeshire and to consider working in entirely different ways.

2.4 However the number and scale of the pressures on the organisation which are not directly controllable continues to increase. In addition to the ongoing reductions in grant from Government, we continue to see demand for services and in particular the most vulnerable increasing significantly. As a result of this picture, a number of new pressures on the business have been identified and some of the existing pressures in demand-led budgets have worsened since the position reported to Committees in October.

2.5 In Children's Services the key pressure is emerging from numbers of children in care which have been rising nationally over recent years, with a particular spike in the last financial year observed across the majority of local authorities in England. This has also been true in Cambridgeshire creating significant pressure on budgets for care placements. Our rate of children in care is now higher than the average for our statistical neighbours – in effect we have 90 more children in care than we would if the rate were at the average for an authority of our type. The demand for placements far outstrips the current availability of foster carers with our in-house service meaning we are reliant on more costly independent agencies – further exacerbating the financial impact. A transformation proposal is included in the business plan to respond to this – reducing numbers over time and also changing the mix of placements - but will take time to impact and so for 2018/19 we are now projecting the need for an additional investment in the LAC placements budget.

2.6 In Adults Services the context for the demand picture is ever increasing numbers of older people in the County. The population of over 85s has risen nearly 20% since 2011 and is projected to increase even more quickly in the coming period. We have been successful through early help in constraining this demand and reducing the proportion of over 85s in service, but the demographics are significant and the acuity of need is rising amongst those who are in services. As a consequence the whole health and social care system (nationally and locally) is under very significant strain. In particular Cambridgeshire hospitals are receiving admissions for more and more older people which is then translating into more and more pressure on the hospital discharge pathway for social care. Rightly, our focus is on ensuring that we provide care for these people and alleviate the pressure on our hospital partners. We have invested significantly in the discharge pathway and intermediate tier care and have succeeded in significantly reducing the number of delayed transfers of care (DTOCs). However this is having a

considerable financial impact – with the much higher number of new and sizeable care packages being agreed for people leaving hospital showing as an additional pressure on care budgets. The other significant area of pressure in adults relates to learning disability where we continue to see greater complexity of needs and people living into later life and so requiring care for longer. As we move into the winter period these are emerging and potentially growing areas of pressure with the potential to widen the savings challenge presented below.

- 2.7 The table below provides a summary of the various material (£100k or greater) changes since October in the overall business planning position for 2018/19. It reflects both the positive impact of the new proposals and transformation agenda and the growing pressures we face as a sector. As shown the level of unidentified savings has reduced by £2,808k overall but still remains at £2,738k. Work to identify and work up further ideas to fill the gap is ongoing and the pressures emerging are still under review as we monitor the trends and develop mitigating strategies. In January we will provide Committees with updated information so that they can make final recommendations to Full Council about the level of pressure, mitigations and savings.

Description	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000
<b>Remaining Unidentified Savings at October Committees</b>	<b>-5,450</b>	<b>-19,074</b>	<b>-17,652</b>	<b>-3,080</b>	<b>-5,660</b>
Supported Housing Commissioning Review	1,000	-	-	-	-
Continuation of Client Financial Re-assessment programme	412	-	-	-	-
Increasing savings/income from property and facilities	100	-	-	-	-
Efficiencies in procurement spend under £100k – new frameworks	100	-	-	-	-
Delivering greater impact for troubled families income generation	150	-	-	-150	-
Identification of later years saving targets within P&C (business cases in development)	-	3,000	4,250	-	-
Identification of later years saving targets within Corporate services (business cases in development)		3,550	1,800		
Review of Adults fair cost of care pressures in years 2 and 3 to reflect latest estimate in light of recent funding to respond to living wage	-	500	500	-	-
Updated assumptions around Funding levels	-	-	-	3,000	-
Projected increase in Commercial investment returns	-	1,500	-	-	-
<b>Total of New Business Planning Savings/ Income Schemes since October</b>	<b>1,762</b>	<b>8,950</b>	<b>6,525</b>	<b>2,850</b>	<b>0</b>
Reduction in achievable saving on Charging Policy following Adults Committee Decision	-275	-	-	-	-

De-capitalisation of rolling laptop refresh programme from 2019-20	-	-1,100	-	-	-
Review of expected pressures due to Waste management contract	-	-500	-	-	-
Emerging P&C pressures* (this figure is subject to increase – see paragraphs 2.5 & 2.6 above)	-1,500	-	-	-	-
Reversal of avoided borrowing costs related to the role of Accountable Body (holding lower capital balances on behalf of other bodies)	-1,200	-	-	-	-
<b>Total of New and Increased Pressures*</b>	<b>-2,975</b>	<b>-1,600</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change in assumption of ASC precept after 2019-20	-	-	-5,671	-5,939	-6,043
Review of expected Better Care Fund levels and phasing.	-	2,300	-2,300	-	-
Dedicated schools grant contribution towards central services extended to 2018-19	3,112	-3,079	-	-	-
Update of debt charges associated with the ongoing capital programme	668	147	429	-454	-479
<b>Total of Other Changes to Business Plan Assumptions / Finance Adjustments</b>	<b>3,780</b>	<b>-632</b>	<b>-7,542</b>	<b>-6,393</b>	<b>-6,522</b>
Technical finance adjustments	145	-132	547	197	550
<b>Revised Gap at December Committees</b>	<b>-2,738</b>	<b>-12,488</b>	<b>-18,122</b>	<b>-6,426</b>	<b>-11,362</b>

*\*Work to model the level of pressure in Looked After Children, Learning Disability, Older People and Mental Health care budgets is ongoing and will be discussed with Service Committees before final recommendation to General Purposes Committee in January*

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

	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Total £'000
<b>Total Saving Requirement</b>	<b>38,646</b>	<b>25,056</b>	<b>20,103</b>	<b>7,701</b>	<b>11,621</b>	<b>91,506</b>
Identified Savings	-25,301	-9,556	-1,439	-1,074	-246	-37,616
Identified additional Income Generation	-10,607	-3,012	-542	-201	-13	-14,375
<b>Residual Savings to be identified</b>	<b>-2,738</b>	<b>-12,488</b>	<b>-18,122</b>	<b>-6,426</b>	<b>-11,362</b>	<b>-51,135</b>

### 3 ASSUMPTIONS AND RISKS

- 3.1 In the business planning tables the level of savings required is based on a 2% increase in Council Tax in 2018-19 and 2019-20, through levying the Adults

Social Care precept in the years for which Government has made this flexibility available, and a 0% general Council Tax increase. For each 1% more or less that Council Tax is changed, the level of savings required will change by approximately +/-£2.5m.

- 3.2 There is currently a limit on the increase of Council Tax to 1.99%, above which approval must be sought from residents through a positive vote in a local referendum. The estimated cost of a referendum in May 2018 would be £742k with further costs incurred if the public reject the proposal as new bills would need to be issued
- 3.3 There are also a number of risks which are not included in the numbers above, or accompanying tables. These will be incorporated (as required) as the Business Plan is developed and the figures can be confirmed:
- Movement in current year pressures – Work is ongoing to manage our in-year pressures downwards however any change to the out-turn position of the Council will impact the savings requirement in 2018-19. This is particularly relevant to demand led budgets.
  - Due to the level of reduction in Government grants in later years the Council did not take the multi-year settlement offered as part of the 2015 Spending Review. As such there is some uncertainty around the accuracy of our funding assumptions which will become clearer after the Local Government Finance settlement due in mid-December.
  - The Council has applied to be a pilot area for the Government's Business Rates Retention Scheme – if we are selected as a pilot areas this could potentially alter the level of income available to the County Council. The impact is expected to be financially positive in the pilot period, but it is important to note that if the pilot schemes lead to a permanent arrangement then this would be expected to be fiscally neutral in the long run
  - We are aware that some other local authorities are increasing their expectation around any national pay uplifts from April – should this be required it would create an additional pressure which is not currently accounted for

#### **4. OVERVIEW OF COMMERCIAL AND INVESTMENT COMMITTEE DRAFT REVENUE PROGRAMME**

- 4.1 This section provides an overview of the savings and income proposals within the remit of the Committee which have been added to the draft plan since the proposals were presented in October or where the business case has altered materially.
- 4.2 All of the proposals within the remit of the Committee, including those which are unaltered since October, are described in the business planning tables and business cases which form the appendices to this paper. The October papers are available to view here.  
<https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/556/Committee/31/Default.aspx>. Since October the



business cases for each proposal have been refined, providing further detail on the delivery approach, impacts, risks and modelling – however in some cases the workstreams are still in progress and so the business cases will continue to be updated in the coming months. In addition to the business cases attached as appendices there is further detailed work being overseen by members of the C&I Committee – in particular:

- The Commercial Investments Proposal is overseen by a dedicated member working group and supported by the Commercial Acquisitions Strategy which provides further detail of approach, governance and work plan
- The proposals in relation to Property Services and the County Farms Estate are both part of the member-led Outcomes Focussed Review Programme and so the detailed recommendations will be reported to the Committee separately as those reviews progress

4.3 The Committee is asked to comment on these revised proposals, and endorse them to General Purposes Committee for consideration as part of the Council's development of the Business Plan for the next five years. Although now well developed, the proposals are still draft at this stage and it is only at Full Council in February 2018 that proposals are finalised and become the Council's Business Plan.

4.4 Commercial Investments (-4700k Gross (-3000k net) in 2018/19 and -£1500k in 2019/20)

Since the October Committee work has progressed with this proposal with the Commercial and Investment working group currently working to finalise the Commercial Investment Strategy. The strategy provides the framework and a set of processes within which commercial acquisition decisions can be made. At this stage it has been agreed that we would invest using external investment vehicle(s) in primarily commercial properties, although provision has been made to allow for non-property investments if the opportunity arises. A procurement process is being planned to identify appropriate fund managers and this will be expedited. The fund manager(s) will be provided with a clear investment mandate allowing the Authority to specify the required criteria for each investment (including type of property / industry and yield). Whilst using fund managers will incur some cost, it is felt that at this stage we currently do not have the required expertise to proceed without this support. Therefore the £3000k projected income is net of any borrowing and external fees, thus we will be looking to generate a gross income of c£4700k during 18/19. It should be noted that we will continue to follow the existing processes for 'ad-hoc' commercial investments which will also contribute to the income target. The Committee is also asked to note that a figure of a further £1500k benefit has been included in the business plan for 2019/20 – based on the assumption that we continue to grow and expand the portfolio beyond year 1.

4.5 F/R.7.109 Commercial Income - Maximising Return on the County Farms Estate - (-500 K 2018/19)

The County Council has the largest county farms estate in the UK. The 2016 Strategic Review by Savills identified 'significant potential to review and increase the benefits already delivered'; it is therefore important that we are

assured that this high value asset is achieving maximum value for the Council and that no opportunities to do this are missed. The approach for this proposal has changed somewhat since October and will now follow the Outcome Focused Review (OFR) process. The OFR programme is a mechanism for the Council to conduct an in depth analysis of our activity, functions and processes for delivery through the lens of our Strategic Outcomes; this approach enables us to step away from considering our activities as discrete pieces of work and understand how collectively the work we do with the resources we have - or the potential work we could do in the future - contributes to the delivery of the outcomes we believe are important for people in Cambridgeshire. A range of options are being developed to drive the anticipated financial benefit - including additional rental income diversification of use and review of delivery model. The County Farms OFR started in October 2017, the options will be presented to the Commercial and Investment Committee in early 2018.

4.6 C/R.6.111 Review of spend below £100,000 (-100k in 2018/19)

A new proposal has been added since October Committee to review spend below £100k in specific areas, with a view to ensuring the best possible contract and commercial terms are in place. This will include whether frameworks, bulk purchasing with other LGSS partners or smarter invoicing should be considered. Purchasing below this level is currently done on a self-service basis allowing officers across CCC the flexibility to procure themselves. To reduce risk the Procurement Service provide standard documentation and guidance to assist officers and apply the Contract Procedure Rules that officers must follow such as advertising and competition and population of the Contract Register. This self-service arrangement does however leave a volume of relatively low value transactions that are not subject to the same level of scrutiny as higher value spend. Recent analysis across these spending categories has highlighted some opportunities for these contracts to be more cost effectively managed or joined up across service areas to drive out efficiency. The Procurement Service are providing dedicated capacity to review these areas and deliver the identified savings target.

4.7 F/R.6.109 Outcome Focussed Review of Property and Asset Services (-200k in 2018/19)

As part of the programme of outcome focussed reviews we are analysing our Property and Asset Services. The review is looking at opportunities to commercialise assets to create sustainable revenue streams, at where existing or new assets could be used to provide care solutions and create capacity in stretched markets and also at the assets we'll need in the future to support our staff teams to deliver in and for communities. In addition to this long term strategic re-shaping of the asset programme a range of shorter term opportunities exist to deliver benefits in 2018/19, including opportunities for income generation, maximising the efficiency of operating the property portfolio, improving the business processes required to deliver the property and assets activities and considering opportunities to share functions with partner organisations.

£100k of the £200k net benefit for 2018/19 has already been identified and will be delivered via additional income from car parking facilities on the Shire Hall

site, and high level analysis has indicated the remaining £100k is achievable via the shorter term opportunities detailed above, for example a 2% reduction in the overall running cost of the existing asset portfolio would yield £91k in savings. The benefits of the wider outcome-focussed review should then create a long term

#### 4.8 F/R.7.111 External Funding -200k in 2018/19

Given the reduction of funding available from central government, CCC are researching new ways to save money, drive better returns and increase income. This project invests into the future of residents by generating income to deliver CCC services or to fund services through other mechanisms and offset costs. A range of approaches are recommended;

- **Advertising** - The council currently has a number of assets that it uses for advertising including the roundabouts on the council's highway network and bus shelters at park and ride sites and on the busway. This project brings in resource to expand the portfolio of assets used for advertising and to help retender and renegotiate current advertising arrangements
- **Sponsorship**  
The council has a number of assets, services and events that could be sponsored by organisations or individuals. This project brings in resource which will make contact and build relationships with local businesses to see how the private sector can provide greater support, including financial support to the benefit of Cambridgeshire
- **Donations / Bequeathals**  
A system will be established to enable Cambridgeshire residents to donate money towards council services that they are passionate about supporting. There are currently donation boxes in libraries but this will enable residents to support a wider range of services and the option to donate online.
- **Cambridgeshire Lottery** - To help address the budgetary pressures facing the council and to enable the local voluntary and community sector to 'self-help' by gaining access to funding, this project proposes the setup of a local lottery in Cambridgeshire. Lotteries, which are regulated by the Gambling Act 2005, have long been a way of smaller organisations raising income. There are different types of lotteries available, however, in this proposal we are only discussing Society Lotteries. A Local Authority Lottery will help to support the local VCS to raise funds by encouraging all local charities that meet the criteria to sign up, but also towards a "Central Fund" which CCC can use to offset existing grants for good causes that meet our strategic vision, therefore creating a saving. All monies raised by the lottery go to good causes – the council in effect takes no funding, rather it defers its existing committed funding, thereby releasing general funds back to CCC.

#### 4.9 Fees and charges - Removed from Business Plan

An £80k target for additional income through fees and charges has been removed from the business plan. This is due to a risk of double counting as there are other lines in the business plan which relate to additional income through fees and charges. These other business cases include: Increase on

street parking fees (B/R.7.118); Library Service Transformation (B/R.6.208); and Highways Development Management - increase income forecast (B/R.7.120). For the last couple of years processes have been in place to enable services to make in-year changes to their charges. This has been positive development in allowing services to be more responsive to changes in the market and changes in legislation, however, this makes it more challenging to anticipate significant step-changes in income as part of the business planning process. A full review of fees and charges will take place early in 2018 in line with the Council's Fees and Charges Policy. Following this, Services will be expected to monitor their income and to propose changes to charging levels to maximise income.

## 5. TRANSFORMATION FUND INVESTMENTS

- 5.1 A transformation programme of this scale requires additional investment and so services have identified where transformation funding is needed to support delivery. General Purposes Committee (GPC) has responsibility for oversight and management of the Transformation Fund and so are asked to approve the necessary investments associated with the proposals. The November meeting of GPC received a paper summarising the proposed investments and the table below shows the draft investments which are linked to savings within the remit of this Committee.

Business Plan Proposals	Savings / Income 2018/19 (000s)	Transformation Fund Investments
C/R.7.101 External Funding	-200	<b>40k</b> Funding for advertising and sponsorship coordination capacity to develop Council-wide structures and processes – it is planned that role will be self-sustaining in future years
<b>Total</b>	<b>-200</b>	<b>40</b>

## 6. OVERVIEW OF COMMERCIAL AND INVESTMENT COMMITTEE'S DRAFT CAPITAL PROGRAMME

- 6.1 The capital programme is shown in full in the appendices as part of the finance tables. Commercial and Investment Committee received an updated paper in November regarding the capital schemes within their remit and there have been no significant changes to the programme since. The November paper is available here  
[https://cmis.cambridgeshire.gov.uk/ccs\\_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/557/Committee/31/Default.aspx](https://cmis.cambridgeshire.gov.uk/ccs_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/557/Committee/31/Default.aspx)
- 6.2 It is anticipated that the commercial investment strategy (referred to in section 4.4) will be backed by the capital receipts received from disposals of land to the Cambridgeshire Housing Investment Company.

## 7. NEXT STEPS

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

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

## 8. ALIGNMENT WITH CORPORATE PRIORITIES

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

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

### 8.2 Helping people live healthy and independent lives

*There are no significant implications for this priority*

### 8.3 Supporting and protecting vulnerable people

There are no direct implications for vulnerable people, however the strategy to secure additional income mitigates the need for service reductions – which could otherwise have an impact on vulnerable groups.

## 9. SIGNIFICANT IMPLICATIONS

### 9.1 Resource Implications

The proposals set out the response to the financial context described and the need to change our service offer and model to maintain a sustainable budget. The full detail of the financial proposals and impact on budget is described in the financial tables of the business plan, attached as an appendix. The proposals seek to ensure that we make the most effective use of available resources and are delivering the best possible services given the reduced funding.

### 9.2 Statutory, Legal and Risk Implications

The implications will be set out fully in the business cases associated with each of the proposals - fuller business cases are attached as an **appendix**. The legal and risk implications of developing a commercial acquisitions strategy are set out within the Strategy which was considered by the Committee at its July meeting 2017

### 9.3 Equality and Diversity Implications

No significant implications

#### 9.4 Engagement and Communications Implications

No significant implications

#### 9.5 Localism and Local Member Involvement

No significant implications

#### 9.6 Public Health Implications

No significant implications

Implications	Officer Clearance
<b>Have the resource implications been cleared by Finance?</b>	Yes Chris Malyon & Tom Kelly
<b>Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?</b>	Yes – Quentin Baker at SMT and on Acquisitions Strategy
<b>Are there any Equality and Diversity implications?</b>	Covered in individual business cases attached as appendices
<b>Have any engagement and communication implications been cleared by Communications?</b>	Covered in individual business cases attached as appendices
<b>Are there any Localism and Local Member involvement issues?</b>	Covered in individual business cases attached as appendices
<b>Have any Public Health implications been cleared by Public Health</b>	n/a

Source Documents	Location
Strategic Framework	<a href="https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/182/Committee/2/Default.aspx">https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/182/Committee/2/Default.aspx</a>
October Business Planning Revenue Paper	<a href="https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/556/Committee/31/Default.aspx">https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/556/Committee/31/Default.aspx</a>
November Business Planning Capital Programme Papers	<a href="https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/557/Committee/31/Default.aspx">https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/557/Committee/31/Default.aspx</a>

# Business Case

## Commercial Income - Maximising Return on the County Farms Estate F/R.7.109

### Project Overview

Project Title	Commercial Income - Maximising Return on the County Farms Estate F/R.7.109		
Income	£500K	Business Planning Reference	F/R.7.109
Business Planning Brief Description	The County Council has the largest county farms estate in the UK. The 2016 Strategic Review by Savills identified 'significant potential to review and increase the benefits already delivered'; this project therefore seeks to identify how the value of the estate can be maximised for the Council.		
Senior Responsible Officer	Chris Malyon		

### Project Approach

#### Background

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

The County Council has a requirement and a responsibility to ensure that the most efficient and effective delivery models are in place to deliver maximum value, and enable and contribute to the organisations strategic outcomes.

The County Farms Estate currently, consisting of 13,400 ha and 196 farm tenants, creates a net surplus of c£3.5m annually from a book valuation of the CFE of £129m. It is important that we are assured that this high value asset is achieving maximum value for the Council and that no opportunities to do this are missed. Undertaking an in depth review of the County Farms Estate through the Outcome Focused Review (OFR) process will enable the Council to make decisions about the future use of this asset, based on evidence, analysis and a sound business case.

In terms of the broader economic context, the 2016 Savills Review stated:

"The CFE generates a certain amount of economic value to the local community. However much of this value would still be generated if the land were in third party ownership. In other words, the ownership of the CFE does not generate any significant additional economic value for the local community, which is measurable. The best way to deliver the generation of additional economic value is by means of local diversification projects. For such projects to be viable there must be an active market requirement for which the location of the holding will be a key driver. The individual looking to diversify and generate additional economic value, must have a real interest and passion in the proposed project or it is likely this will result in failure. In most cases there will need to be capital investment in order to start any diversification project. In relation to the CFE a tenant is unlikely to be willing to make such a capital investment, without an appropriate term remaining on the tenancy, within which the tenant can recoup their investment".

Evidence also indicates that Councils and other third sector land owners are using a variety of approaches to increasing income generation from their rural estates which include:

- selling part of their portfolio to existing tenants so that the funds generated can contribute towards council savings targets
- using land assets for renewable energy initiatives (i.e. solar or wind farms)
- providing waste management services

- increasing income from rent through investment in the estate

The impact of the ongoing Brexit negotiations on the market for rural assets and production, and broader economic context, will also be considered throughout the review.

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

Potential missed opportunities to maximise revenue income / realise the full value of the Council's County Farms Estate asset.

## Approach

### Aims / Objectives

Increase the income generated through the Council's County Farms estate.

### Project Overview - What are we doing

The County Farms Outcome Focused Review (OFR) will identify opportunities and mechanisms for increasing and maximising income through the rural assets the Council owns, and how this asset can support the delivery of the organisations strategic outcomes.

The OFR programme is a mechanism for the Council to conduct an in depth analysis of our activity, functions and processes for delivery through the lens of our Strategic Outcomes; this approach enables us to step away from considering our activities as discrete pieces of work and understand how collectively the work we do with the resources we have - or the potential work we could do in the future - contributes to the delivery of the outcomes we believe are important for people in Cambridgeshire, which are for:

1. Older people live well independently
2. People with disabilities live well independently
3. Adults and children at risk of harm are kept safe
4. Places that work with children help them reach their potential
5. The Cambridgeshire economy prospers for the benefits of all residents
6. People live in a safe environment
7. People lead a healthy lifestyle, and stay healthy for longer

The County Farms OFR started in October 2017 and some of the options outlined above, whilst not an exhaustive list, are some of the key areas that are being looked into. The options will be presented to the Commercial and Investment Committee in early 2018.

### What assumptions have you made?

That there is further scope for income generation across existing and new markets, beyond the c.£3m p/a income already generated through the County Farms.

## Delivery Options

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

currently N/A

## Scope / Interdependencies

### Scope

### What is within scope?



Cambridgeshire County Council County Farms Estate

#### What is outside of scope?

Other County Council physical assets  
Rural assets of other local authority areas

#### Project Dependencies

Strategic Assets - Urban

#### Cost and Savings

See accompanying financial report

#### Non Financial Benefits

##### Non Financial Benefits Summary

The County Council's County Farms activity provides individuals with the opportunity to become business owners. This review is expected to deliver a better understanding of and potentially more significant impact on, the County Council's strategic outcomes beyond this benefit, and additional non-financial benefits will be identified throughout the review.

#### Risks

##### Title

The opportunities for increased income generation are not available across new and existing markets  
Lack of engagement from existing County Farms tenants

#### Project Impact

##### Community Impact Assessment

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

This proposal will affect everyone in the local authority area, particularly businesses who would be keen to invest in these assets (which in turn generates income for CCC)

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

- Greater use of our county farms assets to support the CCC outcomes
- CCC seen as a genuine commercial partner for businesses
- Income generation

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

None currently

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

None currently

##### Disproportionate impacts on specific groups with protected characteristics

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

N/A

# Business Case

## Commercial Investments

### Project Overview

<b>Project Title</b>	Commercial Investments		
<b>Income</b>	£ 4,700K (gross) £3,000K (net)	<b>Business Planning Reference</b>	F/R.7.110
<b>Business Planning Brief Description</b>	To create a commercial investment portfolio to focus on generating revenue to support the delivery of a balanced budget. This will require external support to advise on the investment options available, how to create a balanced portfolio and the best vehicle to use to undertake the investments.		
<b>Senior Responsible Officer</b>	Chris Malyon		

### Project Approach

#### Background

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

This project is being undertaken in order to drive a more commercial approach within the organisation. This will increase the revenue returns from the organisation's property and asset holdings as well as mitigating the implications of increasing budgetary pressures.

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

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

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

##### Spelthorne BC

- £200m+ commercial portfolio developed over 9yrs
- £360m investment in BP office park (considered high risk)
- Use of interim consultants to develop internal expertise

##### Sevenoaks DC

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

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

As an example;

- If £100m was invested using a 'Direct Approach' i.e. the organisation would own any property outright, you would (conservatively) expect a return of approx 5.31% (net of costs) with a moderate risk.
- If £100m was invested using a 'Multi-Portfolio Approach' i.e. the organisation invested in multiple

properties but would not own any outright, you would expect a return of approx 4.10% (net of costs) with a low risk.

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

Without a mix of service transformation and increase of revenue sources there is a risk that services levels will need to be reduced.

## Approach

### Aims / Objectives

The key objective of this project is to acquire investments that make a secure and increasing contribution to the Council's revenue streams in order to support the delivery of frontline services to our communities.

### Project Overview - What are we doing

Through this work we will:

- Develop and agree a new Commercial Investment Strategy - setting out our approach to investments and governance arrangements
- Commission external support to advise on appropriate portfolio approach
- Agree risk appetite and profile for investments
- Develop an investment portfolio / plans - this could include
  - Residential and Commercial properties (within and outside of Cambridgeshire)
  - Businesses (going concerns and start-ups)
- Commission support to provide advice and / or manage an agreed fund(s) on a short to medium term basis

### What assumptions have you made?

The following assumptions have been made;

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

### What constraints does the project face?

Whilst there are some limitations on the borrowing powers of local authorities to fund commercial acquisitions, this will not restrict our ability to deliver the Commercial Investment Strategy

Internally we have agreed a governance framework for this project that will facilitate efficient decision making whilst ensuring appropriate oversight is applied proportionately to the scale of the investment.

The governance framework is described in the Investment Strategy – the key points being;

#### Direct Investment / Direct Acquisitions / Joint Ventures

- Advisory mandate to be agreed by C&I Committee following external advice
- Decision making on these investments will be held by the Deputy Chief Executive/CFO in consultation with Chairman of C&I Committee
- Fund Manager to report (day to day basis) to the Deputy Chief Executive / Chairman of C&I Committee with quarterly performance reports being taken to the C&I Committee
- C&I Committee would be responsible for
  - Setting fund goals
  - Appointing / discharging of the Portfolio Manager

### Multi-manager Fund

- Investment mandate to be agreed by C&I Committee following external advice
- Fund Manager to report (day to day basis) to the Deputy Chief Executive / Chairman of C&I Committee with quarterly performance reports being taken to the C&I Committee
- C&I Committee would be responsible for
  - Setting fund goals
  - Appointing / discharging of the Portfolio Managers

### Non-standard investments

It is likely that there will be less time pressure on making decisions relating to the non-standard investments defined above. Therefore the decision making process for these investments will be;

- < £15m - Deputy Chief Executive/CFO in consultation with Chairman of C&I Committee
- £15m - £50m C&I Committee Investment Working Group
- >£50m – General Purposes Committee

## Scope / Interdependencies

### Scope

#### What is within scope?

All opportunities within the limitations on the borrowing powers of local authorities to fund commercial acquisitions are potentially in scope.

## Cost and Savings

See accompanying financial report

## Non Financial Benefits

### Non Financial Benefits Summary

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

### Title

## Risks

### Title

Market stability

Skills of the workforce to manage the portfolio

Identification of suitable investments- ability to act quickly

Increased financial risk to the Local Authority

Restrictions on Local Government borrowing

## Project Impact

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

Everybody in the Local Authority area and potentially beyond

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

Increased revenue generation to support frontline service  
Increased capital holdings

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

Increased financial risk to the Local Authority although this will be mitigated through the development of a diversified portfolio.

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

N/A

**Disproportionate impacts on specific groups with protected characteristics****Details of Disproportionate Impacts on protected characteristics and how these will be addressed**

n/a

# Business Case

## F/R.7.111 - External Funding

### Project Overview

Project Title	F/R.7.111 - External Funding		
Income	£200K	Business Planning Reference	F/R.7.111
Business Planning Brief Description	Identifying and leveraging in new external funding to support Cambridgeshire County Council (CCC) services and activities. This is likely to come from a range of approaches including advertising, sponsorship, a community lottery, crowdfunding, social finance, private investors, donations, bequeaths and timebanking.		
Senior Responsible Officer	Amanda Askham		

### Project Approach

#### Background

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

Given the reduction of funding available from central government, CCC are researching new ways to save money, drive better returns and increase income. This project invests into the future of residents by generating income to deliver CCC services or to fund services through other mechanisms and offset costs.

Early analysis shows a trend nationally to look to alternate funding streams.

##### Advertising

The council currently has a number of assets that it uses for advertising including the roundabouts on the council's highway network and bus shelters at park and ride sites and on the busway. This project brings in resource to expand the portfolio of assets used for advertising and to help tender and renegotiate current advertising arrangements. To date, small advertising agreements have been established in isolation. The new Advertising and Sponsorship Coordinator post will ensure that the council's advertising offer is coordinated, extensive and attractive to businesses. Following research, assets proposed for new advertising use include the council's website; Jigsaw Magazine and screens in CCC public buildings. It is anticipated that the new Advertising and Sponsorship Coordinator will also pro-actively identify and target new business opportunities, using bespoke packages relevant to the current market.

Based on the research and benchmarking undertaken so far, it is anticipated that advertising could generate at least £80k in year one.

##### Sponsorship

The council has a number of assets, services and events that could be sponsored by organisations or individuals. This project brings in resource which will make contact and build relationships with local businesses to see how the private sector can provide greater support, including financial support to the benefit of Cambridgeshire. There are a number of public events that the council runs that could be part or fully funded including Cambridgeshire Young People's Film Festival and events ran by Children Centres. There are a number of council services which could provide attractive sponsorship options for businesses including road safety services; bikeability; archive and historic environment services and others. To date, any sponsorship arrangements have been established in isolation. The new post will create a single point of contact for businesses and will ensure that there is a consistent approach to sponsorship across the organisation.

Early indications suggest that with the Advertising and Sponsorship Coordinator post in place, sponsorship could achieve an income in the region of £80k in year one.

### **Donations / Bequeathals**

A system will be established to enable Cambridgeshire residents to donate money towards council services that they are passionate about supporting. There are currently donation boxes in libraries but this will enable residents to support a wider range of services and the option to donate online.

### **Cambridgeshire Lottery**

Stronger Together is our strategy for building resilient communities and was endorsed by General Purposes Committee (GPC) in October 2015. Having strong communities at the heart of this vision is paramount and this strategy will support a vision for a stronger future for our communities where strengths are recognised and where people can easily find the information and advice they need to be happy and healthy citizens. In a changing climate, CCC aims to enable, support and encourage communities to utilise assets available at a local level and also become more reliant on themselves in order to reduce demand on services that are no longer funded in the same way. CCC recognise that funding is fundamental to the 'start-up' and the sustaining of the local Voluntary and Community Sector (VCS). To help address the budgetary pressures facing the council and to enable the local VCS to 'self-help' by gaining access to funding, this project proposes the setup of a local lottery in Cambridgeshire.

Lotteries, which are regulated by the Gambling Act 2005, have long been a way of smaller organisations raising income. There are different types of lotteries available, however, in this proposal we are only discussing Society Lotteries. A Local Authority Lottery will help to support the local VCS to raise funds by encouraging all local charities that meet the criteria to sign up, but also towards a "Central Fund" which CCC can use to offset existing grants for good causes that meet our strategic vision, therefore creating a saving. All monies raised by the lottery go to good causes – the council in effect takes no funding, rather it defers its existing committed funding, thereby releasing general funds back to CCC.

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

The Council would not generate additional income through external funding. Alternative sources of income or financial savings would need to be identified.

There would be an opportunity missed by not managing advertising and sponsorship in a more coordinated way. This would mean that the council would be able to offer packages of different assets to advertise on which would likely be a more attractive offer to many businesses and it would lead to a more consistent approach to sponsorship.

A lottery would be a step towards more innovative models of funding for Cambridgeshire to help maximise outcomes to residents. In addition to offsetting some existing CCC grants, the lottery also creates new funds for local VCS that were not there previously.

### **Advertising**

As with many other local authorities, CCC already uses a number of its assets to generate income through advertising. There is evidence that the County Council could expand its portfolio of assets and generate more income from the assets currently used for advertising.

In Cambridgeshire, and Cambridge City especially, the advertising and sponsorship market is buoyant with many large scale companies having healthy advertising budgets and needs.

Market changes which would have an impact on the income generated from advertising would include changes to:

- The number of organisations offering to manage advertising for Local Authorities.
- The number of assets owned by other organisations used for advertising in locations where the County Council has assets.
- The number of businesses looking to advertise their products or services in the locations in Cambridgeshire where that County Council has assets.

### **Sponsorship**

Charities and other local authorities have services and events sponsored by businesses. Increasingly other local authorities are having large assets (buildings, bridges and roads) sponsored.

Market changes which would have an impact on the income generated from sponsorship would include changes to:

- Performance of the economy is likely to impact the number of businesses with the finances to sponsor Council services, projects and events and the amount of sponsorship that they are willing to provide.
- The number of local charities also seeking sponsorship for similar outcomes.

### **Donations / Bequeathals**

Charities receive donations and bequeathals and museums have been particularly successful at generating income through donations and bequeathals. This is something that is less common in local authorities, particularly on a large scale however there are already donation boxes in all of the County Council's libraries. The performance of the local economy is likely to impact on the number of individuals willing to donate towards council services however, with a more outcome focused organisation individuals may be more likely to contribute to a specific cause.

### **Cambridgeshire Lottery**

Over 30 local authorities have now established local lotteries including Aylesbury District Council, Essex County Council, Gloucester City Council and Portsmouth City Council via an External Lottery Manager (ELM), Gatherwell. Peterborough City Council also approved a lottery with Gatherwell in July with the first prize draw expected to be in March 2018. If another community lottery were set up locally before the County Council introduces a lottery, this would significantly decrease the Council's ability to control which local causes the lottery supports and therefore CCC would not be able to offset costs.

There are a number of widely known national lotteries in England and Wales, such as the National Lottery, the Euro Millions, the Health Lottery and Postcode Lottery, however the odds of winning and the share of prizes that go to good causes in the aforementioned national models are lower than that of the local authority lotteries using the model described in this proposal. By launching a local authority lottery, CCC can offer local charities a larger percentage of funding, plus give customers a 1 in 50 chance of winning a prize, much higher than any of the above models. This has proved popular in other local authority areas and appears to be a big incentive for ticket buyers and local VCS groups to join the local authority lottery.

There may be small reputational risk to employing a lottery however, the proposed model is so intrinsically linked to outcomes, visible VCS and projects that this risk is minimal and outweighed by the benefits.

## **Approach**

### **Aims / Objectives**

The External Funding workstream will support CCC to become a more commercially astute organisation.

The objectives for the constituent parts are as follows:

### **Advertising**



- To generate more income through using current CCC assets for advertising.
- To have greater co-ordination and consistency with regards to advertising.
- To provide further opportunities for CCC to spread necessary messages.

### **Sponsorship**

- To have more services, assets and events funded through sponsorship arrangements.
- To have greater co-ordination and consistency to sponsorship arrangements.

### **Donations / Bequeathals**

- To generate more income through donations and bequeathals.

### **Cambridgeshire Lottery**

- To generate savings through offsetting existing CCC grants.
- To support local VCS to enable them to access to new funding streams that were not there previously; a significant investment that will help contribute to local charity services that will support community resilience and may reduce demand on CCC services.
- In future years, it is anticipated that grants, social finance and crowdfunding will also play more significant roles in generating funding.

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

### **Advertising**

- Identify Cambridgeshire County Council assets which could be used for advertising.
- Undertake a review of those assets to understand their value for advertising; this will include a benchmarking exercise.
- Retender contracts that are not generating as much income as the asset is worth and tender for new contracts where there is potential for new assets.

### **Sponsorship**

- Undertake a review of County Council assets, services and projects which have the potential to be sponsored by organisations.
- Design sponsorship packages and develop a portfolio to present to businesses and other interested individuals.
- Add capability on the County Council website for individuals to sponsor council services and events.
- Undertake communications campaign to reach potential sponsors.

### **Donations / Bequeathals**

- Set up capability for individuals and businesses to sponsor online and through the contact centre.
- Undertake communication campaign to attract potential donors.

### **Cambridgeshire Lottery**

- Identify grants or funding the County Council gives to local charities which could be replaced by lottery funding.
- Design model of lottery for Cambridgeshire (details provided below).
- Work with third party organisation to establish lottery for Cambridgeshire.

## Cambridgeshire Lottery Proposed Model

It is proposed to launch a Cambridgeshire local lottery with 60 per cent of proceeds supporting local good causes, which includes funds that can be used to offset some existing grants. A Cambridgeshire Lottery may also reduce demand on council services by creating funding streams to organisations that further support a community resilience approach and relieve pressure on services.

The launch is expected to be in mid-2018, and tickets would cost £1 with a maximum prize of £25,000. The draws would be weekly and all tickets would be sold online. All sales for the lottery would operate via a dedicated website hosted by the ELM (accessible on mobiles, tablets and desktop applications), with an expected return in year one of £165k, of which £30k could be used to offset existing CCC grants. The remaining £135k will go towards local good causes that would not have received this funding otherwise. Over a five year period, the lottery could bring in over £300k to the Central Fund to offset existing grants, which does not include a further £1.7m in the same period that would go directly to eligible good causes that sign up – a significant investment that will help contribute to local charity services that may reduce demand on CCC services.

This is based on a model whereby players can choose to buy a ticket to support either:

- The Central Fund (the default ticket type) – all 60% goes to the central fund to be distributed by the existing council processes.
- Specific Good Cause – 50% goes directly to the chosen good cause and the other 10% goes to the central fund.

Players can buy tickets for as many different causes (including the Central Fund) as they want.

### Proceeds Apportionment

	Specific Cambridgeshire Good Cause Ticket		Central Fund (no specific good cause selected)	
	% Allocation	£ Allocation per ticket	% Allocation	£ Allocation per ticket
Specific Good Cause	50	£0.50	n/a	n/a
Central Fund	10	£0.10	60	£0.60
Prizes	20	£0.20	20	£0.20
Gatherwell Ltd	17	£0.17	17	£0.17
VAT*	3	£0.03	3	£0.03
<b>Total</b>	<b>100</b>	<b>£1.00</b>	<b>100</b>	<b>£1.00</b>

\* The assumption is that any potential income will substitute the budget the Council is currently funding for such good causes and does not include a 3% VAT rebate. The VAT element is reclaimable, and could potentially be used to offset the costs of running the lottery if necessary. It is also assumed that the income will substitute any current grants and not new causes initially.

The income generated via the Cambridgeshire Lottery has been assumed on a staged uptake, based on AVDC's experience. A full breakdown of projections is shown below.

### Cambridgeshire Ticket Sales Projections

	£1 Ticket Price / 1 Ticket per week					
<i>Ticket Price</i>	<i>Number of players</i>	<i>% of Pop*</i>	<i>Gross Return</i>	<i>Central Fund (10%)</i>	<i>Good Causes (50%)</i>	
£1	6519	1	£339,009	£33,901	£135,604	Year 1 Target
£1	9779	1.5	£508,513	£50,851	£203,405	Year 2 Target
£1	13039	2	£678,018	£67,802	£271,207	Year 3 Target
£1	16299	2.5	£847,522	£84,752	£339,009	
£1	16299	2.5	£847,522	£84,752	£339,009	

\* Based on the mid-2016 estimates for Cambridgeshire of 651,940. Cambridgeshire and AVDC actually have similar demographic proportion of 16+ (who would be eligible to buy tickets), therefore we have confidence in this model being an approximate estimation of sales expected in Cambridgeshire.

Winning players are notified via email and will receive their prize directly into their nominated account or they can choose to donate their winnings to their chosen good cause. Good causes are paid their income automatically on a monthly basis.

The ELM provides the council with the day to day running of the lottery as well as proving marketing materials and expert support. The jackpot is an insured prize, i.e. if there is not enough money in the prize fund then the lottery is insured and the insurer will pay the prize(s). The prize fund is held in a Client Deposit Account. The ELM, Gatherwell, will set up this account and also underwrites the risk if the prizes won – other than the jackpot – exceed the monies held in the Client Deposit Account.

CCC will work with eligible good causes to raise awareness of the lottery so that they can sign up, and continue to work with Finance and Services to identify grants or funding the County Council gives to local charities which could be replaced by the lottery Central Fund.

### Project Costs and Resources

Aside from a one off small set up fee there is no ongoing payment to the ELM and all running costs are funded via the service charge at 17% of ticket sales (see breakdown of ticket sales in the proceeds apportionment table above).

In setting up a local lottery, the Council will need to be licensed by the Gambling Commission, a requirement of which is for the council to contribute to the support of problem gambling. The website will contain a section providing links to gambling support organisations, and there is a license fee to go towards problem gambling.

Ongoing resource to approve the good causes and market the lottery but we believe this will be integrated into business as usual. The 3% VAT element is reclaimable, and could potentially be used to offset the costs of running the lottery if necessary.

A full breakdown of costs and net revenue from 2018-23 is detailed below. This is a conservative estimate based on all ticket buyers donating 50p to a Specific Good Cause and 10p to the Central Fund. It is noted that any buyer can opt to donate the whole 60p to the Central Fund, therefore increasing income.

Item	Current Year	2018/19	2019/20	2020/21	2021/22	2022/23
	£000*	£000	£000	£000	£000	£000
Set up costs (one-off) (Gatherwell and		3				

Licensing)							
Licensing and Lotteries Council (Annually)		2	2	2	2	2	
Potential income through Central Cause Fund		-36	-50	-67	-84	-84	
<b>Net revenue implication</b>	<b>0</b>	<b>-30</b>	<b>-48</b>	<b>-65</b>	<b>-82</b>	<b>-82</b>	<b>over 5 years</b> <b>-308</b>

#### What assumptions have you made?

##### Advertising

- Assets that are not currently used for advertising will be attractive to businesses for advertisements.
- Assets that are currently used for advertising can generate significantly more income if retendered or renegotiated.
- The council will successfully recruit to the proposed Advertising and Sponsorship Coordinator post.

##### Sponsorship

- Businesses will be interested in sponsoring the council's services, assets and projects.
- The council will successfully recruit to the proposed Advertising and Sponsorship Coordinator post.

##### Donations / Bequeathals

- Individuals will be interested in donating or bequeathing money to fund existing or planned council services and assets.

##### Cambridgeshire Lottery

- 1% of Cambridgeshire's population will purchase lottery tickets each week. This is a conservative estimate based on actual figures for AVDC who exceeded this in their first year. There is also research to say that lotteries attract not only prize motivated supporters, but altruistic and optimistic supporters, covering a range of customer motivations.
- Charities that currently receive grants from CCC could be funded through the lottery instead. Work with both Finance and Service colleagues is ongoing to ensure these are identified for 2018/19.
- The council can source a suitable external lottery manager (ELM). Engagement with the ELM, Gatherwell, has so far been positive and with Committee approval we could seek to secure a competitive contract with only a one year minimum sign up.
- The funding achieved through the lottery far exceeds any costs of running the lottery. As shown above, the costs for setting up the lottery are minimal and the ongoing running costs are largely covered by the ticket sales.

#### What constraints does the project face?

##### Advertising

- Not all of the Council's assets will be suitable for advertising.
- The council will not partner with any advertiser that promotes activities or products which are contrary to the council's values or interests.

##### Sponsorship

- The council will not accept sponsorship from any individual or organisation that promotes activities or products that are contrary to the council's values or interests.

## Cambridgeshire Lottery

- There are various licensing requirements which dictate how a local authority lottery can operate. That said, licensing and lottery council membership will ensure that CCC are operating within a model that best contributes to gambling awareness and supports the prevention of problem gambling.

## Delivery Options

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

Do nothing for all options has been considered, but this was discounted on the basis that the External Funding workstream will deliver savings to the Council which would otherwise be lost.

### Overview

The creation of more consistent policies, websites and back-office processes.

### Lottery

Option: To create our own in-house lottery model or use an External Lottery Manager.

An in-house lottery has not been fully costed, but it was considered by Aylesbury Vale District Council to cost somewhere in the region of a £80k - 100k for set-up costs alone. This would include a lottery manager and the necessary development of software systems to run the lottery.

The decision to go with an ELM means that CCC will have expert support and advice from a market leader; the running costs for the ELM are covered by ticket sales; there is value in the lottery being at arm's length from CCC in that CCC can cease the one year contract if any unforeseen issues arise.

## Scope / Interdependencies

### Scope

#### What is within scope?

External funding refers to the following options for generating income:

Advertising  
Sponsorship  
Donations and Bequethals  
Cambridgeshire Lottery  
Crowdfunding  
Social Finance  
Grants

Only advertising, sponsorship, donations and bequethals and the lottery are expected to deliver income for 2018-19 at this stage. It is hoped that the other options will deliver further income in future years.

#### What is outside of scope?

Any external funding option that is not included in the list above.

## Project Dependencies

### Title

Successful recruitment of Advertising and Sponsorship Coordinator post

Contract with the External Lottery Manager
Good causes sign up to the lottery
Willingness of services to support the External Funding workplan

## Cost and Savings

See accompanying financial report

## Non Financial Benefits

### Non Financial Benefits Summary

#### Advertising

- Advertising will provide local businesses the opportunity to advertise using CCC assets. This will support the local economy.
- Having more CCC assets in place with the option to advertise allows the council to use some of these resources to support their own communication campaigns e.g. for adoption or healthy living.

#### Sponsorship

- Local businesses and residents will become more engaged with their communities and local public services.

#### Cambridgeshire Lottery

- Cambridgeshire residents will have direct input into solving issues that are important to them by being able to choose charities that receive donations.
- Benefits to Cambridgeshire through funding local charities that help build capacity locally, assisting our Social Value work. This may also help reduce demand for CCC services.
- CCC acts as an enabler, shifting residents' perceptions of the council from commissioner to enabler, with a more innovative way of thinking about services.
- Maximising benefits to the community. More proceeds go to good causes than any national lottery models.
- Enables other local organisations, e.g. local schools, to have access to a local lottery instead of funding the set-up of their own lottery.

## Risks

### Title

Advertising or Sponsorship arrangement exposes council to reputational damage
Advertising and Sponsorship offer is unattractive to businesses
The council fails to recruit to the Advertising and Sponsorship Coordinator post
Following recruitment, the Advertising and Sponsorship Coordinator post does not stay in post for whole year
External Funding is unable to achieve the income target
Reputational risk of CCC promoting gambling
People in deprived areas may be attracted to purchasing lottery tickets over any other demographic
If unsuccessful the set up cost of the lottery via the ELM is lost
If established the local lottery could impact on future national, health and other lottery bids

## Project Impact

### Who will be affected by this proposal?

#### Advertising

The assets proposed for advertising are spread across the whole county. Specific adverts will target particular groups as part of their advertising campaign but the assets for advertising should not result in one particular group being targeted more than any other.

#### Sponsorship

Sponsorship will be for services, assets and events across the whole county. It is anticipated that sponsorship will impact all groups equally.

#### Donations and Bequeathals

The option to donate or bequeath money towards services will be available county-wide. The option would be open for anyone to donate or bequeath money if they are of sound mind but it is anticipated that more older people will consider bequeathals.

#### Lottery

The lottery will be an opt-in model available to all adults over the age of 16, both inside and out of county. As this is opt-in and there are no statutory requirements to sign up, there is deemed no requirement for a public consultation.

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

#### Advertising

Advertising will generate funding that can be used to help maintain or improve service delivery. Advertising will help maximise the value of CCC assets.

#### Sponsorship

Sponsorship will generate funding that can be used to help maintain or improve service delivery. Sponsorship is likely to support local businesses and residents to feel more involved in local communities and local public services.

#### Donations / Bequeathals

Donations and bequeathals will generate funding that can be used to help maintain or improve service delivery. The option to donate or bequeath money towards services that residents feel passionate about creates a model where residents can play a greater role in shaping local public services.

#### Lottery

This will highlight a number of local Cambridgeshire charities to residents that can benefit from signing up to the lottery. These charities will receive additional funding that was not previously available to them, as well as providing CCC with a Central Fund to offset existing grants.

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

For all options there could be a reputational risk to CCC, however to counteract this CCC will undertake comprehensive due diligence before entering into any contracts with either local businesses or local charities, with clear break clauses on all contracts.

The income generated via these options will be used to maximise outcomes to Cambridgeshire residents will funding that was not previously available.

#### Lottery

There is a risk that a lottery being set up by a local council could be seen as encouraging gambling. However

there are number of actions that CCC will take on to help mitigate against this:

- CCC will pay towards the Lotteries Council which will help support and raise awareness of problem gambling. CCC will signpost to gambling help pages on the lottery website.
- There is no instant gratification or instant reward to taking part.
- Being only payable via pre-arranged sign up and non-cash methods means there is reduced risk of impulse gambling. No player can have more than 50 tickets, plus they can only buy 10 tickets at a time so practically very few buyers do that.
- This is compliant with the Gambling Commission.

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

##### **Advertising**

No other neutral impacts are anticipated.

##### **Sponsorship**

No other neutral impacts are anticipated.

##### **Donations / Bequeathals**

No other neutral impacts are anticipated.

##### **Lottery**

No other neutral impacts are anticipated.

#### **Disproportionate impacts on specific groups with protected characteristics**

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

No disproportionate impacts on protected characteristics are anticipated for advertising, sponsorship, donations / bequeathals or the lottery service.

Any public engagement with sponsorship, donations / bequeathals and the lottery would be optional for residents. None of the campaigns listed above would be specifically targeted at any group with protected characteristics.



# Business Case

## A/R.7.107 - Traded Services (Learning)

### Project Overview

Project Title	A/R.7.107 - Traded Services (Learning)		
Income	£500K	Business Planning Reference	A/R.7.107
Business Planning Brief Description	Reviewing and repositioning Learning 'traded' services		
Senior Responsible Officer	Keith Grimwade		

### Project Approach

#### Background

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

Although some of these traded services already have budgets which return a small operational surplus to the Council, the real costs (support from HR, Finance, property, line management and assets) may not be fully reflected. It is likely that some could have greater commercial potential to maximise return with different operating models, process efficiencies, access and delivery to different customers and changes to some products. Suggest service based outcome focused reviews are undertaken with an increased focus on commercial business models.

(Cambridgeshire Catering and Cleaning, Outdoor Centres, Professional Centre Services, Education ICT, Cambridgeshire Music)

The services currently in scope are largely education market focused. This market has changed significantly over the last five years with the academisation and school funding reforms. There have been many new competitor entrants to the marketplace now that schools, whether maintained, academy or independent, have more financial autonomy.

Other local authorities are tending to develop either arms length delivery models (such as Local Authority Trading Companies or Community Interest Companies) or a packaged approach to deliver cross-service support in a more bespoke way.

This market continues to evolve as more competitors and products enter. The main impact has been the large market share CCC have secured in past years is at risk with more choice, lower cost models achieved by non-LA organisations and the ever-increasing pressures on strained education budgets.

Increasingly other settings, community groups and identifiable customers are wanting greater access to activities, such as those delivered by the services in scope, outside of the traditional routes of schools and the standard term-time only, nine-to-five working week.

There is opportunity in both the education market and the wider economic environment in Cambridgeshire but these need to be assessed and achieved at pace.

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

We will not maximise the full potential for these income generating services or true cost recovery within the council.

Some activities may reduce through inefficiencies or not responding to marketplace opportunities

## Approach

### Aims / Objectives

To review the current position of learning income generating "traded" services with a view to identifying increased outcomes including but not limited to:

- cost recovery
- commercial efficiency
- increased surplus
- alternative delivery models
- sustainability
- increasing market share
- securing of new markets

Reviewing and Repositioning Learning 'traded' services

### Project Overview - What are we doing

Outcome focused reviews will be undertaken for:

Cambridgeshire Music

- Review the existing offer and links with wider music hubs
- Research potential market possibilities, including customer, offer and capacity
- Propose appropriate changes to confirm most efficient operations for outcomes achieved

Outdoor centres

- Review the existing options appraisal (dated Dec 2016) and current contribution to outcomes
- Identify appropriate efficiencies to maintain income generating model during OFR period
- Research potential market possibilities, including customer, offer and capacity
- Update the options appraisal where appropriate to identify up to 3 clear proposals

The ICT Service (Education ICT)

- Review the existing operations and previous draft options appraisal (dated Dec 2016)
- Identify appropriate efficiencies to maintain income generating model during OFR period
- Research potential market possibilities, including customer, offer and capacity
- Investigate links and synergies to other ICT focused activities / services
- Produce clear costed options for developing the service to increase surplus

### Professional Centre Services (PCS)

- Review the existing operations and confirm opportunities
- Investigate links and synergies to other building, facilities and event management focused activities / services
- Produce clear recommendations for future operation

Other income generating services to be reviewed below to conclude whether savings can be made in 18/19 or beyond:

- Education Well-being
- CREDS
- Further income generating activities across Schools Intervention, School Admissions and Early Years to be assessed through a strategic review of Learning

Outcome focused reviews briefing document available to view in the document folder

## What assumptions have you made?

### Cost reductions

- Greater and more combined purchasing to achieve economies of scale.
- Some staffing models, including terms of conditions, are not reflective of the market or activities delivered.
- Detailed review of purchasing and procurement operations.
- Resource reduction could be achieved through building customer-focused organisations and activities, thus joining up or co-locating of some activities
- The organisational infrastructure which supports these services (support from HR, Finance, property and assets) will be reviewed as part of the OFR process, maximising any opportunities to reduce overhead costs.
- Streamline management across services with a reduction in full time equivalents.

### Income generation

- Sale of efficient and well regarded products to non-Cambridgeshire markets to enable surplus
- Reflect true cost and update pricing strategies

### Commercial efficiency

- Development of better customer-focused relationships to package suite of products not constrained by hierarchical structures
- Digitisation of some delivery resulting in more far-reaching and time efficient delivery

## What constraints does the project face?

### Market

Competitors achieving increased market share

Customers' available funds reducing

### Reputation

Some customers and viewers of the LA may feel a more commercial focused organisation is unnecessary or against traditional values

### Acumen

Commercial acumen is relatively low across the organisation. This needs to be increased significantly to achieve real business-like delivery, decisions and achievements

## Scope / Interdependencies

### Scope

#### What is within scope?

- Cambridgeshire Music
- Outdoor Centres
- ICT Service (Education ICT)
- Cambridgeshire Catering and Cleaning Services
- Professional Centre Services
- Education Well-being

#### What is outside of scope?

Statutory learning services

## Cost and Savings

See accompanying financial report

## Non Financial Benefits

### Non Financial Benefits Summary

Benefits will be identified through the outcome focused reviews, these are likely to be around:

- Improved customer offer
- Sustainability of services
- Increased market share
- Employment for local people

## Risks

### Title

Customers purchase elsewhere

Slow pace of implementation of recommendations

Cost recovery too expensive for market to bear

Current operational staff not able to operate more commercial focused models

## Project Impact

### Community Impact Assessment

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

- Customers including: education settings, businesses, residents
- Staff

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

- CCC have increased market share
- Increased surplus
- Better outcomes for residents and education provision through improved offer
- Best use of CCC assets (physical and resources)

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

- Potential redundancies or changes in staff terms and conditions
- Reduction in CCC offer if best option financially

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

### Disproportionate impacts on specific groups with protected characteristics

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

# Business Case

## Review of Property Services Delivery

### Project Overview

Project Title	Review of Property Services Delivery		
Saving	£200k	Business Planning Reference	F/R.6.109
Business Planning Brief Description	Improving service delivery and increasing efficiency to make savings and to generate new income.		
Senior Responsible Officer	Chris Malyon		

### Project Approach

#### Background

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

This direction of this project will be determined by the findings of the Outcome Focused Review (OFR) for the Property and Asset service. The rationale for the OFR is explained as follows:

Members and SMT have asked the Transformation Service to develop and help the organisation to deliver a series of Outcome Focused Reviews. These reviews are an opportunity for us to have a deep look at **what** we do, **why** we do it, and **how** we do it. We are using our outcomes as a focus for these reviews so that we can look at our organisation in a way that is broader than just considering each service in turn, and helps us to understand how what we do contributes towards the achievement of our outcomes.

##### Our Outcomes

- Older people live well independently
- People with disabilities live well independently
- People at risk of harm are kept safe
- People lead a healthy lifestyle
- Children and young people reach their potential in settings and schools
- The Cambridgeshire economy prospers to the benefit of all Cambridgeshire residents
- People live in a safe environment

Underpinning the Outcome Focused Reviews are the following principles:

- We will focus on looking at what we do from the perspective of our **citizens** and use this to look at designing what we do from the outside-in.
- We will look to harness the **opportunities** that are presented to us from working differently be that through automation, designing with communities, or working across organisational boundaries.
- We will see ourselves as part of the **system** in Cambridgeshire. We need to understand that we are only one part of the whole and how working with others can improve what we do.

Early indications from the Property and Asset service OFR demonstrate potential to improve service delivery and increase efficiency which will lead to savings. There is also the opportunity to generate new income.

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

The OFR for the Property and Asset Service is expected to lead to improvements in service delivery for our customers, increased efficiency, and the identification of opportunities to make savings and to generate new income. Identifying and beginning to work on Page 97 of 144 opportunities at an early stage means the

benefits can be derived as soon as possible. Without this project the service and financial benefits will be delayed.

## Approach

### Aims / Objectives

The project has the following objectives:

- To improve service delivery.
- To work more efficiently.
- To generate new income.

### Project Overview - What are we doing

Four workstreams have been identified:

- To improve efficiencies within the business processes of the property team.
- To improve efficiencies within the annual running cost of the property portfolio.
- To generate new income.
- To share teams/function with other partner organisations.

Each of these workstreams will be developed in line with information gained from the Property and Asset Service OFR. The focus of this work is to improve service delivery and efficiency with the aim of making savings and generating new income. The combined finance from this work will be part of the 2018-19 business plan with a target figure of £200k. This figure is derived from a combination of £100k savings and £100k income from car parking on the Shire Hall site.

The actual running cost of the property portfolio for 2016-17 was £5,296,954 not including staffing costs such as first aiders and project management. The budget for 2017-18 is £4,567,906 but this does not include maintenance. For more detail see the budget spreadsheet which is saved in the “documents” section of Verto.

The 2017-18 staffing budget across the Property and Asset Services is £1,497,570 and it is anticipated that by sharing teams and functions with partner organisations this figure could be reduced. A reduction of 5% would produce savings of £74,878. A reduction of 10% would produce savings of £149,757. In 2018-19 these illustrative savings may not be fully realised due to the costs of re-structure, but there would be an ongoing savings in subsequent years.

### What constraints does the project face?

Finance and time resources will be required to facilitate service improvements and to enable savings to be made and new income to be generated.

## Cost and Savings

See accompanying financial report

## Non Financial Benefits

### Non Financial Benefits Summary

Improvements in service delivery.

Increased efficiency.

Project Impact
Community Impact Assessment
<b>Who will be affected by this proposal?</b>
Council officers working in the Property and Asset Service will be affected by this proposal. Customers of the service could also be affected.
<b>What positive impacts are anticipated from this proposal?</b>
Improved service delivery and increased efficiency.
<b>What negative impacts are anticipated from this proposal?</b>
There is likely to be a reduction in FTE.
<b>Are there other impacts which are more neutral?</b>
Possible changes in work location for council officers working in the Property and Asset Service.
Disproportionate impacts on specific groups with protected characteristics
<b>Details of Disproportionate Impacts on protected characteristics and how these will be addressed</b>

# Business Case

## Review of spend below £100,000

### Project Overview

Project Title	Review of spend below £100,000		
Saving	£100k	Business Planning Reference	C/R.6.111
Business Planning Brief Description	To review spending below £100,000 in specific areas, with a view to ensuring the best possible contract and commercial terms are in place. This will include whether frameworks, bulk purchasing with other LGSS partners or smarter invoicing should be considered.		
Senior Responsible Officer	Paul White		

### Project Approach

#### Background

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

The current mandate for LGSS Procurement is to focus on high value procurement activity with the Council's Contract Procedure Rules mandating that Procurement only become involved where the total value of the procurement is anticipated to be over £100,000 with a strict tender process. Purchasing below this level is currently done on a self-service basis allowing officers across CCC the flexibility to procure themselves. To reduce risk Procurement provide standard documentation and guidance to assist officers and there are rules in the Contract Procedure Rules that officers must follow such as advertising and competition and population of the Contract Register. This self-service arrangement does however leave a large volume of relatively low value transactions that are not subject to the same level of scrutiny as higher value spend. Therefore there are potential opportunities for these contracts to be more cost effective.

We do have:

- The spend analysis tools, systems and data, and also the practical experience of understanding where the real opportunities lie rather than applying generic percentage saving estimates.
- Understanding of the council governance and council best practices of procuring at this threshold.
- The opportunity to combine this work across other LGSS Partners that will in some areas expand the scope of the opportunity.
- To build on the practical experience of the LGSS Quotation team in Milton Keynes Council (MKC) who already provide a quotation service to MKC for transactions below £100k.
- Joined up offering via close working with P2P team in LGSS to identify ways of reducing overall processing costs.

Whilst the spend in this area does only represent a relatively small percentage of overall expenditure, with an initial estimate of c£20m that could benefit from intervention, this should not be ignored given the financial pressures faced .

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

We would fail to streamline spend under £100K, resulting in avoidable spend and duplication of effort continuing

### Approach



## Aims / Objectives

To review all spending below £100,000 with a view to ensuring that there are appropriate and robust contracts in place for goods and services.

To ensure best value for low level contracts.

## Project Overview - What are we doing

Our initial Stage 1 review will focus on the following:

- Identify key categories of spend where greatest opportunity exists within our existing classification of spend over the last financial year (see below for list)
- This spend will be interrogated to test if it was secured against existing framework contracts or spot purchased.
- For those goods, services or works not secured via existing framework contracts we will test to see if improved value can be obtained via the contract and take steps to ensure any future spend is directed to the existing contract providing a future direct saving.
- Where the redirection of off contract spend to existing framework contracts increases spend on the existing contract we would aim to secure additional price reductions based on the additional volumes
- Where areas of expenditure with individual suppliers or with multiple suppliers for common goods, works or services are not covered by existing contracts we will review the benefit of putting in new common arrangements to leverage our spend.
- Where we identify numerous low value invoices against individual suppliers we will work with LGSS P2P to implement alternative solutions such as consolidated billing, web based ordering or a lodge Purchasing Card.

The initial work done by V4 Services on spend under £100k in 2014/15 identified c£20m of spend in scope and procurement's initial review of more recent spend indicated this figure is broadly correct, although some of the spend may be one off and not repeated. Whilst at this early stage it is not realistic to put figures on the potential savings but procurement feel the experience their MKC quotations team have will put them in a strong position to identify and deliver against any opportunities.

Further detail of the areas of focus

### Stage 1 One off exercise:

- Spend Analysis by LGSS Procurement team- End Jan 2018
- Review scope of high level opportunities by Business transformation lead and other stakeholders as appropriate. Agree which to proceed with- Agreement by end February 2018
- Opportunity 1 – Off Contract spend that can be routed by existing framework contracts where they offer better value, Includes comms with requestors and removal of non-approved suppliers where applicable. Link existing framework contracts to future requisitions once new ERP goes live-For agreed areas from February to May 2018
- Opportunity 2a – Identification of spend areas where no current contract cover. We will review this across all 3 LGSS Partners to maximise the scope of any future framework contract-For agreed areas Procurement plans complete
- Opportunity 2b – Advertise, procure and implement new contracts and link future requisitions to new contracts into new ERP solution to address risk of future off contract spend- March 18 to end August 2018
- Opportunity 3 – Spend with suppliers where multiple low value invoices. We will investigate the scope to reduce the volume of requisitions, purchase orders and invoices including consolidated billing, lodge cards etc.- March to end August 2018
- Opportunity 4 - we will as part of the spend analysis review identify areas of spend where subject to confirmation by CCC there may be an opportunity to reduce demand by changes or re confirming

existing policies- Identify high level opportunities for review by CCC by end February 2018. Agree plans to implement changes by end March 2018

- Opportunity 5 – We will as part of the spend review identify any areas of spend that whilst not justifying the creation of a new framework may benefit from requisitions for these goods or services being subject to additional scrutiny via the ERP process (see stage 2)- Identify high level opportunities by end March 2018 with change once ERP implemented

As part of the review we will review whether a different permanent approach towards the handling of low value spend is appropriate (stage 2), the outline options include:

- doing nothing
- providing extra support, guidance and /or training to those requisitioning at lower values
- reducing the value at which central intervention by a dedicated team
- reviewing the process at which below £100k procurement should operate at CCC such as selecting specific categories of spend that would benefit from central intervention

The initial areas identified for further investigation are:

- Training and conferences
- Catering and food supplies
- Furniture and soft furnishing
- Venue hire
- Travel
- Mail and courier services
- Cleaning supplies
- Subscriptions
- Interim workers
- Clothing
- Office supplies
- Vehicle Hire

The project team will work closely with the Outcome Focused Review teams to ensure double counting does not happen and information sharing happens appropriately.

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

Assumptions are that there will be resource available to support this work and that there will be some flexibility in terms of changing the requirements and or procurement process for selecting suppliers.

#### **What constraints does the project face?**

Procurement regulations, time, cost and quality

## **Scope / Interdependencies**

### **Scope**

#### **What is within scope?**

All spend under £100k, specifically where reoccurring payments have been made.

#### **What is outside of scope?**

Spend over £100k and one off costs.

## **Cost and Savings**

See accompanying financial report

## Non Financial Benefits

### Non Financial Benefits Summary

In addition to the financial savings increased streamlined procurement, such as an increase in the number of frameworks and a reduction in the number of invoices, should also save officer time and allow us to be more responsive to customers.

## Risks

### Title

Volume of data may cause timescales to slip

Timescales may slip due to lack of resources

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

More detailed investigation identifies greater/fewer savings than anticipated

## Project Impact

### Community Impact Assessment

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

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

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

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

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

No negative impacts are anticipated

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

Levels of service for the contracts should remain the same.

### Disproportionate impacts on specific groups with protected characteristics

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

No disproportionate impacts have been identified.



## Section 4 - F: Commercial and Investments

**Table 4: Capital Programme**

Budget Period: 2018-19 to 2027-28

Summary of Schemes by Start Date	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
Ongoing	12,257	6,870	-1,314	301	800	800	800	4,000
Committed Schemes	193,277	114,991	45,658	6,657	-	11,251	-	14,720
2017-2018 Starts	10,289	89	10,200	-	-	-	-	-
<b>TOTAL BUDGET</b>	<b>215,823</b>	<b>121,950</b>	<b>54,544</b>	<b>6,958</b>	<b>800</b>	<b>12,051</b>	<b>800</b>	<b>18,720</b>

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000	Committee
<b>F/C.</b>	<b>Commercial &amp; Investments</b>												
F/C.2.101	County Farms investment (Viability)	To invest in projects which protect and improve the County Farms Estate's revenue potential, asset value and long term viability.	C/R.7.104	Ongoing	4,820	1,820	300	300	300	300	300	1,500	C&I
F/C.2.103	Local Plans - representations	Making representations to Local Plans and where appropriate following through to planning applications with a view to adding value to County Farms and other Council land, whilst meeting Council objectives through the use / development of such land.		Ongoing	1,000	-	100	100	100	100	100	500	C&I
F/C.2.109	Community Hubs - East Barnwell	Creation of a community hub in the Abbey ward by renovating and extending East Barnwell community centre and adjoining preschool. To accommodate a library, a base for the South City locality team, to extend the childcare facility to address insufficiency in local provision, as well as provide flexible community facilities with dedicated space for young people.		Committed	1,950	31	1,919	-	-	-	-	-	C&I
F/C.2.111	Shire Hall	This budget is used to carry out essential maintenance and potentially limited improvements required to occupy Shire Hall for a further 10 years, in accordance with the previous Cabinet decision in November 2009.		Ongoing	6,150	5,050	550	550	-	-	-	-	C&I
F/C.2.112	Building Maintenance	This budget is used to carry out replacement of failed elements and maintenance refurbishments.		Ongoing	6,000	-	600	600	600	600	600	3,000	C&I
F/C.2.114	MAC Joint Highways Depot	The Joint Highways Depot Project will facilitate the physical co-location of partner organisations to a single depot site, with joint-working practices implemented initially, with an aspiration to develop shared services in the future.		Committed	5,198	482	100	4,616	-	-	-	-	C&I
F/C.2.115	Community Hubs - Sawston	To develop a community hub in Sawston combining the library, children's centre, locality team and flexible community meeting facilities, in close association with Sawston Village College.		Committed	1,502	1,002	500	-	-	-	-	-	C&I
F/C.2.116	Shire Hall Relocation	The Council plans to vacate Shire Hall and relocate to outside of Cambridge.		2017-18	10,289	89	10,200	-	-	-	-	-	C&I

## Section 4 - F: Commercial and Investments

**Table 4: Capital Programme**

Budget Period: 2018-19 to 2027-28

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000	
F/C.2.240	Housing schemes	The Council is in a position of continuing to be a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. This will require CCC to move from being a seller of sites to being a developer of sites, through a Housing Company. In the future, CCC will operate to make best use of sites with development potential in a co-ordinated and planned manner to develop them for a range of development options, generating capital receipts to support site development and significant revenue and capital income to support services and communities.	G/R.5.002, G/R.7.002	Committed	184,493	113,476	43,086	1,960	-	11,251	-	14,720	C&I
	<b>Total - Commercial &amp; Investments</b>				<b>221,402</b>	<b>121,950</b>	<b>57,355</b>	<b>8,126</b>	<b>1,000</b>	<b>12,251</b>	<b>1,000</b>	<b>19,720</b>	
F/C.3.001	<b>Capital Programme Variation</b> Variation Budget	The Council has decided to include a service allowance for likely Capital Programme slippage, as it can sometimes be difficult to allocate this to individual schemes due to unforeseen circumstances. This budget is continuously under review, taking into account recent trends on slippage on a service by service basis.		Ongoing	-5,713	-	-2,864	-1,249	-200	-200	-200	-1,000	C&I
F/C.3.002	Capitalisation of Interest Costs	The capitalisation of borrowing costs helps to better reflect the costs of undertaking a capital project. Although this budget is initially held on a service basis, the funding will ultimately be moved to the appropriate schemes once exact figures have been calculated each year.		Committed	134	-	53	81	-	-	-	-	C&I
	<b>Total - Capital Programme Variation</b>				<b>-5,579</b>	<b>-</b>	<b>-2,811</b>	<b>-1,168</b>	<b>-200</b>	<b>-200</b>	<b>-200</b>	<b>-1,000</b>	
	<b>TOTAL BUDGET</b>				<b>215,823</b>	<b>121,950</b>	<b>54,544</b>	<b>6,958</b>	<b>800</b>	<b>12,051</b>	<b>800</b>	<b>18,720</b>	

## Section 4 - F: Commercial and Investments

**Table 4: Capital Programme**

Budget Period: 2018-19 to 2027-28

Funding	Total Funding £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
Government Approved Funding								
<b>Total - Government Approved Funding</b>	-	-	-	-	-	-	-	-
<b>Locally Generated Funding</b>								
Agreed Developer Contributions	260	-	260	-	-	-	-	-
Capital Receipts	123,298	84,348	13,384	4,362	4,498	13,706	500	2,500
Prudential Borrowing	10,645	5,475	8,265	-1,497	-3,698	300	300	1,500
Prudential Borrowing (Repayable)	-107,823	31,977	32,635	4,093	-13,542	-6,155	-2,706	-154,125
Ring-Fenced Capital Receipts	4,800	-	-	-	600	4,200	-	-
Other Contributions	184,643	150	-	-	12,942	-	2,706	168,845
<b>Total - Locally Generated Funding</b>	<b>215,823</b>	<b>121,950</b>	<b>54,544</b>	<b>6,958</b>	<b>800</b>	<b>12,051</b>	<b>800</b>	<b>18,720</b>
<b>TOTAL FUNDING</b>	<b>215,823</b>	<b>121,950</b>	<b>54,544</b>	<b>6,958</b>	<b>800</b>	<b>12,051</b>	<b>800</b>	<b>18,720</b>

## Section 4 - F: Commercial and Investments

**Table 5: Capital Programme - Funding**

Budget Period: 2018-19 to 2027-28

Summary of Schemes by Start Date					Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000	
Ongoing					12,257	-	-	150	15,405	-3,298	
Committed Schemes					193,277	-	260	184,493	112,693	-104,169	
2017-2018 Starts					10,289	-	-	-	-	10,289	
<b>TOTAL BUDGET</b>					<b>215,823</b>	<b>-</b>	<b>260</b>	<b>184,643</b>	<b>128,098</b>	<b>-97,178</b>	

Ref	Scheme	Linked Revenue Proposal	Net Revenue Impact	Scheme Start	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000	
<b>F/C.</b>	<b>Commercial &amp; Investments</b>										
F/C.2.101	County Farms investment (Viability)	C/R.7.104	-3,116	Ongoing	4,820	-	-	-	422	4,398	C&I
F/C.2.103	Local Plans - representations		-	Ongoing	1,000	-	-	-	-	1,000	C&I
F/C.2.109	Community Hubs - East Barnwell		-	Committed	1,950	-	260	-	31	1,659	C&I
F/C.2.111	Shire Hall		-	Ongoing	6,150	-	-	150	2,273	3,727	C&I
F/C.2.112	Building Maintenance		-	Ongoing	6,000	-	-	-	-	6,000	C&I
F/C.2.114	MAC Joint Highways Depot		-183	Committed	5,198	-	-	-	4,800	398	C&I
F/C.2.115	Community Hubs - Sawston		-	Committed	1,502	-	-	-	39	1,463	C&I
F/C.2.116	Shire Hall Relocation		17,674	2017-18	10,289	-	-	-	-	10,289	C&I
F/C.2.240	Housing schemes	G/R.5.002, G/R.7.002	-	Committed	184,493	-	-	184,493	107,823	-107,823	C&I
	<b>Total - Commercial &amp; Investments</b>		<b>14,375</b>		<b>221,402</b>	<b>-</b>	<b>260</b>	<b>184,643</b>	<b>115,388</b>	<b>-78,889</b>	
<b>F/C.</b>	<b>Capital Programme Variation</b>										
F/C.3.001	Variation Budget		-	Ongoing	-5,713	-	-	-	-	-5,713	C&I
F/C.3.002	Capitalisation of Interest Costs		-	Committed	134	-	-	-	-	134	C&I
	<b>Total - Capital Programme Variation</b>		<b>-</b>		<b>-5,579</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-5,579</b>	
F/C.9.001	Excess Corporate Services capital receipts used to reduce total prudential borrowing			Ongoing	-	-	-	-	12,710	-12,710	GPC
	<b>TOTAL BUDGET</b>				<b>215,823</b>	<b>-</b>	<b>260</b>	<b>184,643</b>	<b>128,098</b>	<b>-97,178</b>	



## Section 3 - F: Commercial & Investments

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

Budget Period: 2018-19 to 2022-23

Net Revised Opening Budget 2018-19 £000	Policy Line	Gross Budget 2018-19 £000	Fees, Charges & Ring-fenced Grants 2018-19 £000	Net Budget 2018-19 £000	Net Budget 2019-20 £000	Net Budget 2020-21 £000	Net Budget 2021-22 £000	Net Budget 2022-23 £000
	<b>Commercial &amp; Investments</b>							
1,111	Building Maintenance	1,225	-89	1,136	1,136	1,136	1,136	1,136
-4,404	County Farms	-456	-4,449	-4,905	-4,913	-4,922	-4,930	-4,903
4,569	County Offices	6,411	-1,834	4,577	4,558	3,997	3,999	4,001
521	Property Services	322	-197	125	125	125	125	125
106	Property Compliance	151	-45	106	106	106	106	106
453	Strategic Assets	802	5	807	807	807	807	807
-	Commercial Investments	-	-4,700	-4,700	-6,200	-6,200	-6,200	-6,200
-208	Traded Services to Schools and Parents	582	-1,238	-656	-656	-656	-656	-656
-200	ICT Service (Education)	360	-560	-200	-200	-200	-200	-200
-71	Professional Development Centre Services	71	-142	-71	-71	-71	-71	-71
-187	Cambs Music	942	-1,320	-378	-378	-378	-378	-378
-77	Outdoor Education (including Grafham Water)	1,440	-1,517	-77	-77	-77	-77	-77
-449	Cambridgeshire Catering & Cleaning Services	7,121	-7,570	-449	-449	-449	-449	-449
-1,424	Cambridgeshire Housing Investment Company	2,577	-6,923	-4,346	-5,850	-5,796	-6,063	-6,063
-260	<b>Subtotal Commercial &amp; Investments</b>	<b>21,548</b>	<b>-30,579</b>	<b>-9,031</b>	<b>-12,062</b>	<b>-12,578</b>	<b>-12,851</b>	<b>-12,822</b>
	<b>- UNIDENTIFIED SAVINGS TO BALANCE BUDGET</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Future Years</b>							
-	Inflation	-	-	-	141	286	429	572
-	Savings	-	-	-	-	-	-	-
-260	<b>COMMERCIAL &amp; INVESTMENTS TOTAL</b>	<b>21,548</b>	<b>-30,579</b>	<b>-9,031</b>	<b>-11,921</b>	<b>-12,292</b>	<b>-12,422</b>	<b>-12,250</b>

## Section 3 - F: Commercial & Investments

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

Budget Period: 2018-19

Policy Line	Net Revised Opening Budget £000	Net Inflation £000	Demography & Demand £000	Pressures £000	Investments £000	Savings & Income Adjustments £000	Net Budget £000
<b>Commercial &amp; Investments</b>							
Building Maintenance	1,111	25	-	-	-	-	1,136
County Farms	-4,404	-	-	4	-	-505	-4,905
County Offices	4,569	155	-	-	-	-147	4,577
Property Services	521	4	-	-	-	-400	125
Property Compliance	106	-	-	-	-	-	106
Strategic Assets	453	5	-	349	-	-	807
Commercial Investments	-	-	-	-	-	-4,700	-4,700
Traded Services to Schools and Parents	-208	-	-	53	-	-500	-656
ICT Service (Education)	-200	-	-	-	-	-	-200
Professional Development Centre Services	-71	-	-	-	-	-	-71
Cambs Music	-187	-	-	-	-	-191	-378
Outdoor Education (including Grafham Water)	-77	-	-	-	-	-	-77
Cambridgeshire Catering & Cleaning Services	-449	-	-	-	-	-	-449
Cambridgeshire Housing Investment Company	-1,424	-	-	-	1,301	-4,223	-4,346
<b>Subtotal Commercial &amp; Investments</b>	<b>-260</b>	<b>189</b>	<b>-</b>	<b>406</b>	<b>1,301</b>	<b>-10,666</b>	<b>-9,031</b>
<b>UNIDENTIFIED SAVINGS TO BALANCE BUDGET</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>COMMERCIAL &amp; INVESTMENTS TOTAL</b>	<b>-260</b>	<b>189</b>	<b>-</b>	<b>406</b>	<b>1,301</b>	<b>-10,666</b>	<b>-9,031</b>

## Section 4 - F: Commercial and Investments

**Table 3: Revenue - Overview**

Budget Period: 2018-19 to 2022-23

Detailed Plans	Outline Plans
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Ref	Title	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
<b>1</b>	<b>OPENING GROSS EXPENDITURE</b>	<b>10,505</b>	<b>21,548</b>	<b>21,654</b>	<b>20,725</b>	<b>20,796</b>	
F/R.1.001	Base adjustments	-1,715	-	-	-	-	- Adjustment for permanent changes to base budget from decisions made in 2016-17.
F/R.1.002	Movement of Traded Services from P&C to C&I in 2017-18	9,934	-	-	-	-	- Movement of gross expenditure on Traded Services moved from P&C into C&I in 2017-18.
F/R.1.003	Movement of Housing company costs to C&I per decision in 2017-18	1,276	-	-	-	-	-
<b>1.999</b>	<b>REVISED OPENING GROSS EXPENDITURE</b>	<b>20,000</b>	<b>21,548</b>	<b>21,654</b>	<b>20,725</b>	<b>20,796</b>	
<b>2</b>	<b>INFLATION</b>						
F/R.2.001	Inflation	188	141	145	143	143	Forecast pressure from inflation, based on detailed analysis incorporating national economic forecasts, specific contract inflation and other forecast inflationary pressures.
<b>2.999</b>	<b>Subtotal Inflation</b>	<b>188</b>	<b>141</b>	<b>145</b>	<b>143</b>	<b>143</b>	
<b>3</b>	<b>DEMOGRAPHY AND DEMAND</b>						
<b>3.999</b>	<b>Subtotal Demography and Demand</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>4</b>	<b>PRESSURES</b>						
F/R.4.001	Childrens Innovation and Development Service	50	-	-	-	-	- Pressure from previous year unmade saving.
F/R.4.002	Professional and Management Pay Structure	3	-	-	-	-	- Final stage of implementing new management pay structure.
F/R.4.003	Property Services Pressure	349	-	-	-	-	- To fund a pressure created by the the ending of shared service arrangements for Property and Asset services with LGSS. As the equalisation between LGSS partners no longer applies for this service area, Cambridgeshire no longer receives the benefit of savings made at other partners.
F/R.4.903	Renewable Energy - Soham	4	5	4	5	40	Operating costs associated with the capital investment in Renewable Energy, at the Soham Solar Farm. Links to capital proposal C/C.2.102 in BP 2016-17.
<b>4.999</b>	<b>Subtotal Pressures</b>	<b>406</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>40</b>	

## Section 4 - F: Commercial and Investments

**Table 3: Revenue - Overview**

Budget Period: 2018-19 to 2022-23

		Detailed Plans	Outline Plans				
Ref	Title	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
<b>5</b>	<b>INVESTMENTS</b>						
F/R.5.001	Invest to Save Housing Schemes - Interest Costs	1,301	-21	-517	-79	-	- The Council is a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. This will require CCC to move from being a seller of sites to being a developer of sites, through a Housing Company. In the future, CCC will operate to make best use of sites with development potential in a co-ordinated and planned manner to develop them for a range of development options, generating capital receipts to support site development and significant revenue and capital income to support services and communities.
<b>5.999</b>	<b>Subtotal Investments</b>	<b>1,301</b>	<b>-21</b>	<b>-517</b>	<b>-79</b>	<b>-</b>	
<b>6</b>	<b>SAVINGS</b>						
	<b>C&amp;I</b>						
F/R.6.107	Rationalisation of Property Portfolio	-	-	-553	-	-	- Savings generated by the more efficient use of Council properties.
F/R.6.108	Energy Efficiency Fund - Repayment of Financing Costs	-19	-19	-8	2	2	2 Savings to be generated from Energy Efficiency Fund capital investment. Element to repay financing costs. Links to capital proposal F/C.2.119
F/R.6.109	Outcome Focussed Review of Property Services Delivery	-200	-	-	-	-	- Savings arising from Outcome Focused Review of property services approaches including: o Generating new income o Sharing teams/function with other partner organisation o Efficiencies within our business processes of the property team o Efficiencies within the annual running cost of our property portfolio
F/R.6.110	Children's Centres - Building a new service delivery model for Cambridgeshire Communities	-128	-	-	-	-	- We want every child in Cambridgeshire to thrive and will target our prioritised targeted services for vulnerable children and young people. As an integral part of the Early Help Offer, our redesigned services will provide support to families when they really need them. We will provide a range of flexible services that are not restricted to delivery from children's centre buildings, in order to provide access to services when they are needed. We will also work in a more integrated way with partners across the 0-19 Healthy Child Programme, to provide comprehensive targeted support to vulnerable families. All of this will be supported by an effective on line resource tool as part of an improved on line offer for families. The saving will be achieved by re-purposing some existing children's centre buildings and streamlining both our management infrastructure and back office, associated service running and overhead costs. We intend to maintain the current level of front line delivery. A total saving of £900k is planned, with £249k from Buildings and Infrastructure costs. Of the £249k saving, £128k will be attributable to annual running costs of internally managed buildings and this budget is held by Corporate and Managed Services. The remaining element of the total saving, £772k, is shown in Table 3 for People and Communities, business plan reference A/R.6.224.
<b>6.999</b>	<b>Subtotal Savings</b>	<b>-347</b>	<b>-19</b>	<b>-561</b>	<b>2</b>	<b>2</b>	
	<b>TOTAL GROSS EXPENDITURE</b>	<b>21,548</b>	<b>21,654</b>	<b>20,725</b>	<b>20,796</b>	<b>20,981</b>	

## Section 4 - F: Commercial and Investments

**Table 3: Revenue - Overview**

Budget Period: 2018-19 to 2022-23

		Detailed Plans	Outline Plans				
Ref	Title	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
<b>7</b>	<b>FEES, CHARGES &amp; RING-FENCED GRANTS</b>						
F/R.7.001	Previous year's fees, charges & ring-fenced grants	-8,202	-30,579	-33,575	-33,017	-33,218	Previous year's fees and charges for the provision of services and ring-fenced grant funded rolled forward.
F/R.7.002	Increase in fees, charges & ring-fenced grants	-12,058	-	-	-	-	- Adjustment for changes to fees, charges & ring-fenced grants reflecting decisions made in 2017-18.
F/R.7.003	Fees and charges inflation	-	-	-	-	-	- Uplift in external charges to reflect inflation pressures on the cost of services.
	<b>Changes to fees &amp; charges</b>						
F/R.7.103	County Farms Investment (Viability) - Surplus to Repayment of Financing Costs	37	16	-4	-	-	- Increase in County Farms rental income resulting from capital investment. Element surplus to repaying financing costs.
F/R.7.104	County Farms Investment (Viability) - Repayment of Financing Costs	-37	-16	4	-	-	- Increase in County Farms rental income resulting from capital investment. Links to capital proposal F/C.2.101.
F/R.7.105	Renewable Energy Soham - Repayment of Financing Costs	-1	-8	100	70	16	Income generation resulting from capital investment in solar farm at Soham. Element to repay financing costs. Links to capital proposal C/C.2.102 in BP 2016-17.
F/R.7.106	Renewable Energy Soham - Surplus to Repayment of Financing Costs	-4	-5	-113	-83	-29	Income generation resulting from capital investment in solar farm at Soham. Element to surplus to repaying financing costs.
F/R.7.107	Solar PV - Repayment of Financing Costs	1	-	-	1	-	- Income generation resulting from installation of solar PV at a further 5 CCC non-school sites. Element to repay financing costs.
F/R.7.108	Solar PV - Surplus to Repayment of Financing Costs	-1	-	-	-1	-	- Income generation resulting from installation of solar PV at a further 5 CCC non-school sites. Element surplus to repayment of financing costs.
F/R.7.109	Additional commercial return on the Farms Estate	-500	-	-	-	-	- We will Invest further in our farms estates to achieve additional income from commercial opportunities
F/R.7.110	Commercial Investments	-4,700	-1,500	-	-	-	- Develop a portfolio of strategic investments which able to provide an income return. Will be developed through commercial research into options available, appropriate balanced portfolio and the extent of risk
F/R.7.111	External Funding	-200	-	-	-	-	- Identifying and leveraging in new external funding to support CCC initiatives. This might come from a range of approaches, e.g. - Advertising - Sponsorship - Lottery - Crowdfunding - Social Finance - Private Investors - Timebanking  We also know that our business partners, and especially the Cambridge Ahead group, are keen to invest in Cambridgeshire. They are particularly interested in initiatives which support families (i.e. their staff) or which increase the range of skills in the local workforce, or which have demonstrable social value.

## Section 4 - F: Commercial and Investments

**Table 3: Revenue - Overview**

Budget Period: 2018-19 to 2022-23

		Detailed Plans	Outline Plans				
Ref	Title	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
F/R.7.112	Reviewing and Repositioning Existing Traded Services	-500	-	-	-	-	- Service Reviews have been initiated in a number of existing traded services areas to identify greater profit potential with different operating models. The reviews cover the existing Cambridgeshire Catering and Cleaning, Outdoor Centres, Professional Centre Services, Education ICT and Cambridgeshire Music Services
F/R.7.113	Invest to Save Housing Schemes - Income Generation	-4,223	-1,483	571	-188	-	- The Council is a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. This will require CCC to move from being a seller of sites to being a developer of sites, through a Housing Company. In the future, CCC will operate to make best use of sites with development potential in a co-ordinated and planned manner to develop them for a range of development options, generating capital receipts to support site development and significant revenue and capital income to support services and communities.
F/R.7.201	<b>Changes to ring-fenced grants</b> Increase in Arts Council Funding from P&C	-191	-	-	-	-	- This is a ring-fenced grant which was moved into C&I in 2017-18 along with Cambridgeshire Music as part of the Traded Services.
7.999	<b>Subtotal Fees, Charges &amp; Ring-fenced Grants</b>	<b>-30,579</b>	<b>-33,575</b>	<b>-33,017</b>	<b>-33,218</b>	<b>-33,231</b>	
	<b>TOTAL NET EXPENDITURE</b>	<b>-9,031</b>	<b>-11,921</b>	<b>-12,292</b>	<b>-12,422</b>	<b>-12,250</b>	
<b>FUNDING SOURCES</b>							
8	<b>FUNDING OF GROSS EXPENDITURE</b>						
F/R.8.001	Budget Surplus	9,031	11,921	12,292	12,422	12,250	Net surplus from Commercial and Investment activities contributed to funding other Services.
F/R.8.003	Fees & Charges	-29,797	-32,793	-32,235	-32,436	-32,449	Fees and charges for the provision of services.
F/R.8.004	Arts Council Funding	-782	-782	-782	-782	-782	Ring-fenced grant from the Arts Council to part-fund Cambridgeshire Music
8.999	<b>TOTAL FUNDING OF GROSS EXPENDITURE</b>	<b>-21,548</b>	<b>-21,654</b>	<b>-20,725</b>	<b>-20,796</b>	<b>-20,981</b>	

**FINANCE AND PERFORMANCE REPORT – OCTOBER 2017**

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

*Meeting Date:* **15 December 2017**

*From:* **Chief Finance Officer**

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

*Forward Plan ref:* **N/a**

*Key decision:* **No**

*Purpose:* **To present to Commercial and Investment Committee (C&IC) the October 2017 Finance and Performance Report for Commercial and Investment Committee.**

**The report is presented to provide C&IC with an opportunity to comment on the projected financial and performance outturn position, as at the end of October 2017.**

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

- a) review, note and comment upon the report in the appendix**
- b) approve a loan facility to Cambridgeshire Housing & Investment Company, of up to £2.040m, for the scheme set out in section 3 of this report; authorising the deputy section 151 officer to agree detailed terms in consultation with the Chairman of the Committee.**

<b><i>Officer contact:</i></b>		<b><i>Chairman contact:</i></b>	
Name:	Eleanor Tod	Name:	Councillor Josh Schumann
Post:	Group Accountant	Post:	Committee Chairman
Email:	<a href="mailto:Eleanor.Tod@cambridgeshire.gov.uk">Eleanor.Tod@cambridgeshire.gov.uk</a>	Email:	<a href="mailto:joshua.schumann@hotmail.co.uk">joshua.schumann@hotmail.co.uk</a>
Tel:	01223 715333		

## 1. BACKGROUND

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

## 2. MAIN ISSUES

- 2.1 Attached as **appendix A**, is the October 2017 Finance and Performance report.
- 2.2 **Revenue:** Following the transfer to C&I of budgets relating to Traded Services to Schools and Parents, there is a favourable change of £144k reported this month. At the end of October, Commercial and Investment Committee is forecasting an overspend of £101k on revenue budgets. There is one material variance reported for October.
- 2.3 **Capital:** Predicted in-year variances of £905k have been netted off against the Capital Programme Variations budget. This does not exceed the variations budget, therefore at the end of October Commercial and Investment Committee is forecasting that the capital programme budget will be in balance at year-end. There are no new significant variances (over £500k) to report on capital for October.
- 2.4 There are no Commercial and Investment Committee **performance indicators** reported for October 2017.

## 3. FINANCING OF A PROPOSED LAND PURCHASE BY CAMBRIDGESHIRE HOUSING AND INVESTMENT COMPANY (CHIC) FROM A THIRD PARTY

- 3.1 CHIC has approached the Council requesting a loan in order that the company can acquire a 0.35 hectare site in the Abbey division of the county (CB5). The site has detailed planning consent for the construction of individual dwellings. This acquisition would differ from the arrangements considered elsewhere at this Committee meeting (portfolio sale) in that the vendor is a third party rather than the County Council itself.
- 3.2 In order to finance the purchase, CHIC is requesting a loan of up to £2.040m to cover the costs of the purchase and associated taxes and fees. The CHIC business model does not envisage that the company will generate surpluses for reinvestment for some time, meaning that the company's main source of financing at this stage is borrowing from the County Council. The Council charges interest on monies loaned to CHIC at a commercially competitive rate.
- 3.3 Council finance officers have reviewed the development appraisal submitted by CHIC in support of the loan request. Overall costings and other assumptions are judged to be reasonable and the appraisal demonstrates a favourable financial return against performance measures, in line with industry norms. Modelling assumes a loan period of up to three and half years to reach the stage where dwellings are occupied.
- 3.4 At this stage, CHIC only requests to borrow to finance the site acquisition, where



costs are known but have some commercial and time-constrained sensitivity. A further request is expected in due course to fund construction. It is therefore likely that the Council will seek to secure this land acquisition loan against the value of the site by way of a legal charge, meaning that there is an asset the Council can recover in the unlikely event of non-repayment of the loan in future. Once the loan is in place, CHIC will begin interest payments to the Council, creating an additional revenue stream in the relatively near term. The interest rate charged by the Council needs to be at a commercial level, and in accordance with national reference levels for loans of this type and risk.

- 3.5 The board of directors of CHIC is responsible for taking the decision about the acquisition of the site and progress of the proposed scheme, as well as entering into a loan agreement on behalf of the company. Owing to the time and commercial sensitivity of the proposed purchase, and that the detailed arrangements of the loan offered by the Council will reflect professional advice, **it is recommended that the Committee approve provision of the loan by the Council, with a delegation to agree more detailed terms to the deputy section 151 officer in consultation with the Chairman.**

#### **4. ALIGNMENT WITH CORPORATE PRIORITIES AND SIGNIFICANT IMPLICATIONS**

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

There are no significant implications for this priority.

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

There are no significant implications for this priority.

##### **4.3 Supporting and protecting vulnerable people**

There are no significant implications for this priority.

##### **4.4 Resource Implications**

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

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

There are no significant implications within this category.

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

There are no significant implications within this category, apart from those set-out in section 3.

##### **4.7 Equality and Diversity Implications**

There are no significant implications within this category.

##### **4.8 Engagement and Consultation Implications**

There are no significant implications within this category.

#### 4.9 Localism and Local Member Involvement

There are no significant implications within this category.

#### 4.10 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	T Kelly
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?	N/A
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	M McMurtry
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 & Performance Report (October 17)	1 <sup>st</sup> Floor, Octagon, Shire Hall, Cambridge

## **Commercial and Investment**

### **Finance and Performance Report – October 2017**

#### **1. SUMMARY**

##### **1.1 Finance**

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

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

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

<b>Original Budget as per BP <sup>(1)</sup></b>	<b>Directorate</b>	<b>Current Budget</b>	<b>Forecast Variance - Outturn (Sept) <sup>(2)</sup></b>	<b>Forecast Variance - Outturn (Oct)</b>	<b>Forecast Variance - Outturn (Oct)</b>	<b>Current Status</b>	<b>DoT</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>		
2,712	Commercial & Investment	1,632	245	101	6	Amber	↑
<b>2,712</b>	<b>Total</b>	<b>1,632</b>	<b>245</b>	<b>101</b>	<b>6</b>		

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

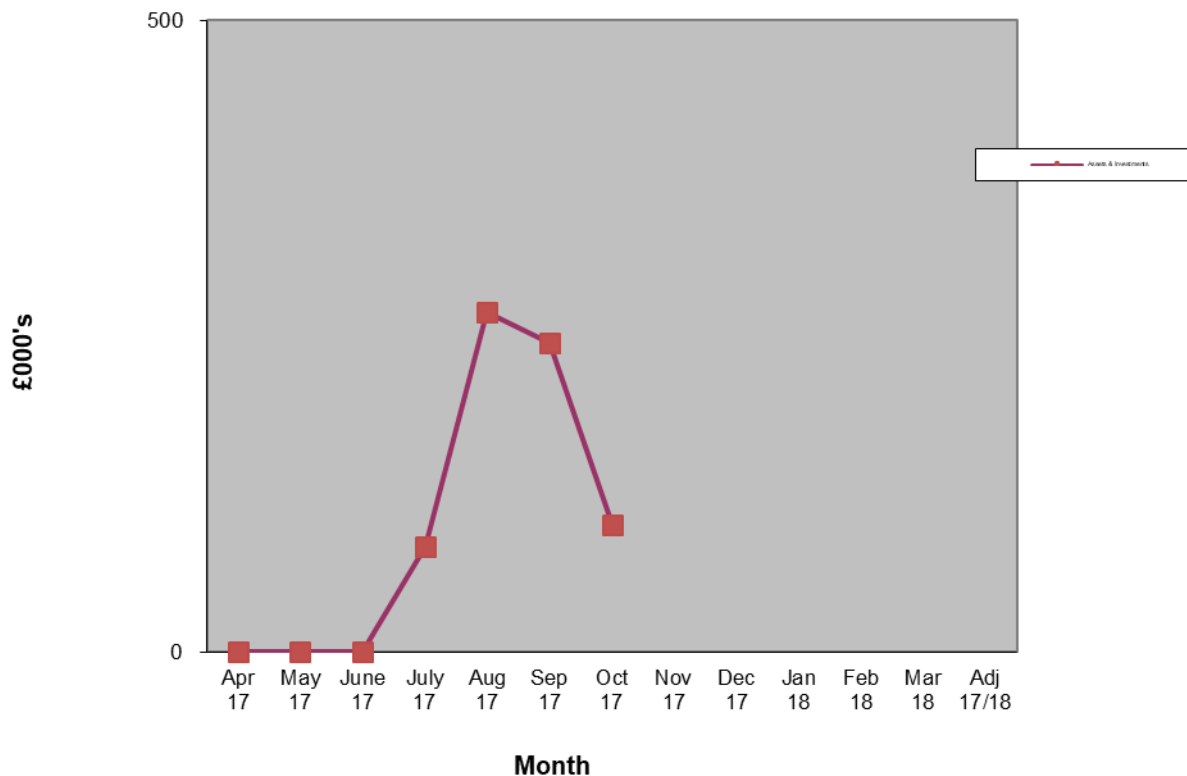
<sup>2</sup> The September forecast outturn variance in the table has been adjusted to reflect September forecasts for new budgets transferred in from Children and Young People Committee.

The service level budgetary control report for Commercial and Investment Committee for October can be found in [C&I appendix 1](#).

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

## Commercial & Investment - Outturn 2017/18 \*

\* Previous months' forecast outturn variances have been adjusted to reflect new budgets transferred in from Children and Young People Committee.



### 2.2 Significant Issues – Commercial and Investment

Following the transfer of budgets relating to Traded Services to Schools and Parents from the Children and Young People Committee to C&I, there is a favourable change of £144k reported this month. This reflects a review of likely income achievable in the remainder of this year and the related utilisation of equipment replacement reserves, in the Education ICT and Cambridgeshire Music Services. C&I budgets are currently forecasting an overspend of £101k for 2017/18.

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

No new items were recorded during October 2017.

A full list of additional grant income for Commercial and Investment Committee can be found in [C&I appendix 3](#).

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

The following virements were recorded this month to reflect changes in responsibilities:

	£	Notes
Transfer of Head of Service – Traded Services budgets from C&YP to C&I	68,097	
Non material virements (+/- £30k)	0	

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

### **3. BALANCE SHEET**

#### **3.1 Reserves**

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

#### **3.2 Capital Expenditure and Funding**

##### Expenditure

Commercial and Investment Committee has a capital budget of £116m in 2017/18 and there is £2.3m spend to date. Predicted in-year variances of £905k have been netted off against the Capital Programme Variations budget; as a result it is currently expected that the programme will be in balance at year-end 2017/18. Total scheme variances of £290k underspent are expected over the lifetime of the schemes.

There are no new material variances to report for October.

##### Funding

Commercial and Investment Committee has capital funding of £116m in 2017/18.

As reported above, projected in-year variances remain within the allowance made in the capital variation budget. The programme budget is therefore expected to be in balance at year-end, with the expectation that this funding will continue to be required in line with the revised budget proposals.

There are no new material funding variances to report for October.

A detailed explanation of the position for Commercial and Investment Committee can be found in [C&I appendix 6](#).

### **4. PERFORMANCE**

#### **4.1 Performance data for Commercial and Investments is not currently available.**

## C&I APPENDIX 1 – Commercial and Investment Budgetary Control Report

The variances to the end of October 2017 for Commercial and Investment are as follows:

Original Budget as per BP £000	Service	Current Budget for 2017/18 £000	Forecast Variance - Outturn (Sept) £000	Forecast Variance - Outturn (Oct) £000	Forecast Variance - Outturn (Oct) %
<u>Commercial &amp; Investment</u>					
1,111	Building Maintenance	1,111	0	2	0
-4,404	County Farms	-4,404	0	0	0
4,500	County Offices	4,568	-450	-452	-10
718	Property Services	521	0	0	0
22	Property Compliance	106	0	0	0
-11	Capital Team	0	0	0	0
766	Strategic Assets	803	349	349	43
10	Traded Services to Schools and Parents	68	0	-150	-220
0	ICT Service (Education)	-200	0	0	0
0	Professional Development Centre Services	-71	0	0	0
0	Cambs Music	789	0	0	0
0	Outdoor Education (includes Grafham Water)	-77	104	113	146
0	Cambridgeshire Catering & Cleaning Services	-449	243	239	53
0	Grant Income	-1,134	0	0	0
<b>2,712</b>		<b>1,632</b>	<b>245</b>	<b>101</b>	<b>6</b>
<b>2,712</b>	<b>COMMERCIAL &amp; INVESTMENT TOTAL</b>	<b>1,632</b>	<b>245</b>	<b>101</b>	<b>6</b>
<b>MEMORANDUM - Grant Income</b>					
0	Music Education Hub Grant	-784	0	0	0
0	One Public Estate Grant	-350	0	0	0
<b>0</b>		<b>-1,134</b>	<b>0</b>	<b>0</b>	<b>0</b>

## C&I APPENDIX 2 – Commentary on Forecast Outturn Position

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

Service	Current Budget £'000	Forecast Variance - Outturn	
		£'000	%
<b>County Offices</b>	<b>4,568</b>	<b>-452</b>	<b>-10</b>
County Offices budgets are forecast to underspend by £452k at year-end. Members will be aware that the Council has increased public access to pay and display parking at the Shire Hall Campus and following successful implementation and marketing, this is now generating significant additional revenue income (£105k). The balance of the underspend is due to a rebate (£345k) for business rate costs following the leasing of the Castle Court office building to a student accommodation provider.			
<b>Strategic Assets</b>	<b>803</b>	<b>349</b>	<b>43</b>
Strategic assets budgets are predicting a £349k overspend at year end. This is due to the ending of shared service arrangements for Property and Asset services with LGSS. Whilst shared service arrangements applied the Council benefitted from savings made across partners. At the ending of the arrangements, budgets were disaggregated to the partners. As the equalisation between LGSS partners no longer applies for this service area, Cambridgeshire no longer receives the benefit of savings made at other partners and has a remaining deficit on the delivery of these services compared to the budget.			
<b>Traded Services to Schools and Parents</b>	<b>68</b>	<b>-150</b>	<b>-220</b>
Following the transfer of budgets relating to Traded Services to Schools and Parents from the Children and Young People Committee to C&I, there is a favourable change of £144k reported this month. This reflects a review of likely income achievable in the remainder of this year and the related utilisation of equipment replacement reserves, in the Education ICT and Cambridgeshire Music Services.			
<b>Outdoor Education (includes Grafham Water)</b>	<b>-77</b>	<b>113</b>	<b>146</b>
<p>Traded Services to Schools and Parents have been transferred from the Children and Young People Committee and are reported within the C&amp;I tables. The following services have transferred:</p> <ul style="list-style-type: none"> <li>• ICT</li> <li>• Professional Development Centre Services</li> <li>• Cambs Music</li> <li>• Outdoor Education (includes Grafham Water)</li> </ul> <p>There is an ongoing pressure of £104k against Grafham Water which was identified during budget build. The budget includes an internal loan of £97k in 17/18 relating to building and improvement works carried out a number of years ago. Although prices have been increased for all user groups and the centre is running at high capacity, the</p>			



Service	Current Budget £'000	Forecast Variance - Outturn £'000	%
<p>centre is currently unable to generate sufficient income to cover the additional costs of the loan as well as a targeted £27k over-recovery.</p> <p>This long standing issue will be addressed through a review of options for Grafham Water going forwards, with the aim of achieving a realistic and sustainable budget. We will look to mitigate the pressure in the short term via any emerging underspends elsewhere within the service.</p> <p>Further, a £9k under recovery is now being forecasted against Stibbington Centre which has an overall income target of £18k. Under recovery here will also be addressed as part of the ongoing review of Outdoor Education services</p>			
<b>Cambridgeshire Catering &amp; Cleaning Services</b>	<b>-449</b>	<b>239</b>	<b>53</b>
<p>As part of recent internal re-organisations within People and Communities and CCS, the service is currently being led by the Resources directorate, and the financial contribution this service makes to the Council, and associated variances, are now reflected within the C&amp;I tables. The Commercial &amp; Investment Committee will oversee the service going forward, and as part of the transformation underway to ensure alignment to the Council's commercial interests.</p> <p>CCS is currently forecasting an under recovery of £239k. The forecast has increased from the £216k pressure identified at budget build, and is a further £4k better than the £243k reported in September. The outturn will largely be determined by the service's success in achieving the targets for meal take-up and staffing costs by managing the staffing resources to maintain service provision through the winter period.</p> <p>The movement in month primarily relates to a marginal reduction in provisions costs when compared to the September forecast. CCS commenced catering services at three new schools in September; all are new schools with good growth potential. Conversely, the Diamond Learning Trust have concluded a tender process with the result that CCS will no longer supply catering at three schools from January 2018.</p> <p>Plans are being progressed with the Transformation Team to develop strategies in which the service can be competitive on price, make efficiencies to the service, and increase customer engagement. The Management Team are considering a number of additional actions for potential delivery in year, alongside wider considerations for long term model and structure. As a result of support from Transformation Team and the wider considerations, the HoS and Client Development posts have been held vacant since June, enabling an in year saving of £70k to be held whilst appropriate structure and future model discussions take place.</p> <p>The mothballed C3 cook freeze unit has a potential £500k cost, including annual £80k lease/rates costs and approximately £250k dilapidations costs to resolve before the 2020 break clause.</p>			

### C&I APPENDIX 3 – Grant Income Analysis

The table below outlines the additional grant income, which was not built into base budgets.

Grant	Awarding Body	Expected Amount £000
<b>Grants as per Business Plan</b>		0
One Public Estate	Cabinet Office	350
Music Education Hub Grant		784
<b>Total Grants 2017/18</b>		<b>1,134</b>

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

	£000	Notes
<b>Budget as per Business Plan</b>	<b>2,702</b>	
Business Plan adjustments	44	
Transfer of Apprenticeship Levy from CS to C&I	6	
Transfer of Energy Team from C&I to ETE	-58	
Transfer of LGSS savings from C&I to LGSS Cambridge Office	-349	
Transfer of CCS budgets to C&I from C&YP	-449	
Transfer from C&YP to C&I of Traded Services to Schools and Parents	-343	
Non-material virements (+/- £30k)	11	
Head of Service – Traded Services	68	
<b>Current Budget 2017/18</b>	<b>1,632</b>	

## C&I APPENDIX 5 – Reserve Schedule

### 1. Commercial and Investments Reserves

Fund Description	Balance at 31 March 2017	Movements in 2017/18	Balance as at 31 October 2017	Forecast Balance at 31 March 2018	Notes
	£'000	£'000	£'000	£'000	
<b>Equipment Reserves</b>					
The ICT Service (Education)	726	0	726	0	1
subtotal	726	0	726	0	
<b>Other Earmarked Funds</b>					
Manor school site demolition costs	362	53	415	468	2
Cambs Music Reserve	80	0	80	0	3
subtotal	442	53	495	468	
<b>Short Term Provisions</b>					
SPV provision	24	0	24	24	
subtotal	24	0	24	24	
<b>SUBTOTAL</b>	<b>1,192</b>	<b>53</b>	<b>1,245</b>	<b>492</b>	
<b>Capital Reserves</b>					
General Capital Receipts	0	3,076	3,076	0	4
subtotal	0	3,076	3,076	0	
<b>TOTAL</b>	<b>1,192</b>	<b>3,129</b>	<b>4,322</b>	<b>492</b>	

#### Notes

- 1 The reserve is committed to the replacement of essential equipment, which will be implemented before the end of March 2018.
- 2 Rental income from Bellerbys buildings on Manor School site is being held to offset demolition costs when the lease expires in 2021.
- 3 Annual reserve agreed by GPC to develop and support the Cambridgeshire Music CREATE program which will look to create new purpose-built accommodation.
- 4 Capital Receipts will be used to fund the capital programme at year-end.

## C&I APPENDIX 6 – Capital Expenditure and Funding

### Capital Expenditure

Commercial & Investment Capital Programme 2017/18						TOTAL SCHEME	
Original 2017/18 Budget as per BP £000	Scheme	Revised Budget for 2017/18 £000	Actual Spend 2017/18 £000	Forecast Spend - Outturn £000	Forecast Outturn Variance £000	Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
550	Shire Hall Campus	550	236	550	-	5,502	-
350	Local Plans Representations	350	140	200	(150)	3,902	(150)
500	County Farms Viability	621	311	621	-	3,353	-
600	A&I - Building Maintenance	600	314	600	-	5,579	-
-	Other Committed Projects	20	20	20	-	225	-
-	Renewable Energy Soham	775	486	520	(255)	9,994	(140)
113,476	Housing Schemes	112,209	711	112,209	-	183,226	-
482	MAC Joint Highways Project	482	-	482	-	5,198	-
-	Office Portfolio Rationalisation	200	9	200	-	345	-
1,068	Sawston Community Hub	1,401	77	901	(500)	1,502	-
(550)	Capital Programme Variations	(1,000)	-	(95)	905	(767)	-
<b>116,476</b>	<b>TOTAL</b>	<b>116,208</b>	<b>2,305</b>	<b>116,208</b>	<b>-</b>	<b>218,059</b>	<b>(290)</b>

### Previously Reported Exceptions

- As previously reported, the Local Plans and Representations budget is predicted to underspend by £150k in 2017/18, and this will reduce the total cost of the scheme by the same amount. There will be a reduced budget requirement for this function in future years as more projects are developed by CHIC; this change is being addressed in the Business Planning proposals for 2018/19.
- The Renewable Energy Soham scheme is currently predicted to underspend by £255k in 2017/18. Of this underspend, £140k represents a reduction in the expected final cost of the project, leading to a predicted underspend against the total scheme budget, and £116k budget will be required to meet retention costs in 2018/19.
- The Commercial and Investment capital programme budget reduced by £250k due to the removal of the Energy Efficiency Fund budget, which transferred to Economy, Transport and Environment Committee.
- The Sawston Community Hub scheme is forecasting an underspend of £500k in 2017/18. This is due to delays in the build start date which may push some works back into 2018/19 and retention costs which will now be due in 2018/19; the total scheme cost is not affected. The scheme transferred from LGSS Managed to Commercial & Investment with a budget of £1.4m. Alongside this transfer, the capital programme variations budgets for Commercial & Investment and LGSS Managed were realigned, so the variations budget for Commercial & Investment returned to 20% of its budget (excluding housing schemes).

The Sawston Community Hub scheme was placed on hold in 2016/17, following delays arising from prolonged negotiations with the parish council and the village college, before the planning application could be submitted. The scheme has since

been reviewed, and following market testing the total scheme costs have now been re-assessed at £1.502m. This represents an increase of £178k over the estimated total scheme costs at Milestone 3+ (£1.324m), and an increase of £193k in the total scheme budget as recorded in the Business Planning proposals for 2017/18 (£1.309m); the programme budget had previously remained at the original estimate of £1.309m pending further review of the scheme. This cost increase is due to the actual cost inflation of materials over the period the project was delayed and issues arising from detailed design work.

General Purposes Committee was asked to approve the revised budget of £1.502m at its meeting on 19th September. This revision required an increase of £193k to the Prudential Borrowing requirement.

- The Housing Scheme budgets reflect the proposals included in the Business Plan 2017/18. The CHIC financial model is currently under review and any changes will be reported when further information becomes available. Planning permission is being actively progressed on schemes in order to maximise asset values.
- As previously reported the capital programme figures include a revised Capital Programme Variations target, which effectively reduces the programme budget. As forecast underspends start to be reported, these are netted off against the forecast outturn for the variation budget, resulting in a forecast balanced budget up until the point when slippage exceeds the variation budget.

### Capital Funding

Commercial and Investment Capital Programme 2017/18				
Original 2017/18 Funding Allocation as per BP £000	Source of Funding	Revised Funding for 2017/18 £000	Forecast Outturn Spend (Oct) £000	Forecast Outturn Funding Variance (Oct) £000
81,583	Capital Receipts	81,583	83,122	1,539
33,825	Prudential Borrowing	34,625	33,086	(1,539)
<b>115,408</b>	<b>TOTAL</b>	<b>116,208</b>	<b>116,208</b>	<b>-</b>

### Previously Reported Exceptions

- The capital receipts forecast for 2017/18 has been increased by £1.9m to reflect additional monies received, including a £3m receipt in respect of land at Bassenhally (Phase 2). This increase is partly offset by a £350k reduction in capital receipts funding for C&I schemes, which is replaced by an increase in borrowing. This reduction is as a result of a capital funding adjustment relating to the Mosaic project within Corporate Services, which necessitates £350k of Mosaic expenditure to be funded from capital receipts.

- Following a review of the Mosaic project, it has been determined that £350k of Mosaic revenue costs can be classified as transformation work and is therefore eligible to be charged to capital and funded from capital receipts in 2017/18. These costs can only be classified as capital under the government directive on flexible use of capital receipts; therefore they must be funded by capital receipts rather than any other source of capital funding. This adjustment removes a pressure on the Mosaic revenue budget, bringing both revenue and capital budgets in on target. The overall level of funding through capital receipts and borrowing across the two committees is unchanged by this adjustment.
- The Energy Efficiency Fund budget of £250k transferred to Economy, Transport and Environment Committee, therefore the Commercial and Investment Committee borrowing requirement reduced by this amount.
- The Sawston Community Hub scheme transferred to the Commercial & Investment Committee with an approved budget of £1.2m; General Purposes Committee was asked to approve an increase of £193k in budget for the scheme, resulting in an increased borrowing requirement of this amount.
- The capital programme budget incorporates the following funding adjustments:
  - £1.1m funding for schemes carried-forward from 2016/17.
  - A reduction of £1.3m in respect of Housing Scheme funding which was brought forward from 2017/18 to fund expenditure in 2016/17.
  - £133k increase in the Capital Variation budget.
- Commercial and Investment Committee was asked to approve the carry forward of funding from 2016/17 into 2017/18 for the following schemes:

Scheme	£000	Notes
County Farms Viability	121	Carry forward £121k re Bettys Nose & Whitehall farm shop.
OtherCommitted Projects - K2	20	Roll forward balance of K2 funding (£20k) to fund continuing work on CCC implementation
Soham Solar Farm	775	Final network and consruction costs of £315k and a retention payment of £460k are due in 17/18. A scheme underspend of £340k is forecast.
Office Rationalisation	200	Ongoing work on office rationalisation, moves and co-location projects - including Sawtry, Hill Rise, Shire Hall, Hereward Hall, Buttsgrove, Scott House/Stanton House and Meadows closure.
	1,116	

- The Capital Programme Variations target included in the Business Plan was updated based on 2016/17 slippage and to allow for other funding sources in addition to borrowing.

The Capital Programme variation target reduces the overall capital budget, resulting in a reduced funding requirement.

# Programme Status Report: December 2017

Date 01/12/2017

Project Information			Pre-disposal (CCC) indicative milestones							
Project	Scheme/Project Description	Indicative units	Planning Status			To C&I for Disposal	RAG Status	Exception update for C&I	Local Member	Scheme/Project Lead
		Planning app submitted	Planning app ref	Planning consent anticipated/granted						
		1724								
Cambridge, 35 & 37 Russell Street	6 apartments	6	submitted	17/1483/FUL	Jan-18	Sep-17	AMBER	City Council determination 27 October 17 without a decision. Further information provided to planners on shading.	Linda Jones	CHIC
March, Former Highways Depot Queen St	34 units	34	submitted	F/YR16/0364/O	Completed (subject to s106)	Sep-17	GREEN		Steve Count, Janet French	CHIC
Cambridge, Milton Rd Library	New library/community rooms with 7 appartments.	7	submitted	16/2060/FUL	Granted	Oct-17	GREEN		Jocelynn Scutt	CHIC
Guilden Morden, Dubbs Knoll Rd	16 homes	16	submitted 17 March 2017	S/0937/17/OL	Dec-17	Mar-18	RED	Recommended for refusal. Committee date not set yet.	Sebastian Kindersley	CHIC
Guilden Morden, Trap Rd	8 homes	8	Dec-17		Apr-18	Mar-18	GREEN			CHIC
Papworth Everard, The Old School House	6 homes	6	submitted	S/1594/17/FL		Mar-18	AMBER	SCDC planners want number of units reduced.	Mandy Smith	CHIC
March, 34a Station Rd	10 apartments	10	Dec-17		Apr-18	Feb-18	GREEN		Steve Count, Janet French	CHIC
Ramsey St Mary's, Herne Road	10 homes	10			Feb-18		GREEN	CHIC not buying.	Adela Costello	CHIC
Whittlesford, Parsonage Farm	2 homes	2	submitted		Feb-18	Feb-18	GREEN		Peter Topping	CHIC
Cambridge, East Barnwell Community Centre	New library, childrens nursery, Council offices, sports hall, church and circa 52 appartments and mews houses	52	Jan-18		Jun-18		AMBER	Planning application submission date moved after meetings with City planners to allow further finessing of design and parking.	Joan Whitehead	Stephen Conrad
Brampton, Meadow View	Provision of maximum 32 homes + potential care facility	32	Dec-17		Mar-18	Mar-18	GREEN		Peter Downes	CHIC
Cambridge, 1 Fitzwilliam Road Hostel	3 homes	3				Feb-18	GREEN		Linda Jones	CHIC
Soham Eastern Gateway	553 homes, new allotments, school playing field, Medical Centre/extension	553	submitted	17/01167/ESO			RED	Withdrawn Nov 17 to allow further public consultation after concerns about access into the town through the development.	Paul Raynes (Bill Hunt)	CHIC
Bassingbourn, Clear Farm	26 homes	26	Dec-17		Feb-18	Mar-18	GREEN		Susan van de Ven	CHIC
Burwell, Newmarket Rd	350 homes	350	submitted	15/01175/OUM	Granted subject to s106	Mar-18	GREEN		Josh Schumann	Stephen Conrad
Wicken, Land off Church Road	6 homes	6	submitted	17/01945/OUT	Feb-18	Feb-18	GREEN		Bill Hunt	Anna Hicks
Cambridge, Former Police Station and Registrar's Office	6 appartments (old police station); 11 units (registrar's office)	17	Apr-18		Oct-18	Mar-18	GREEN		Claire Richards	CHIC
Foxton, Foxton PRU	7 units.	7	Apr-18		Oct-18	Feb-18	GREEN		Peter Topping	CHIC
Hartford, Hartford PRU	5 units.	5	Apr-18		Oct-18	Feb-18	GREEN		Michael Shellens	CHIC
Horningsea, Northgate Farm	2 units.	2	Apr-18		Oct-18	Feb-18	GREEN		Anna Bradnam	Tom Sims
Landbeach, Beach Farm, Green End Rd	5 homes	5	Apr-18		Oct-18	Feb-18	GREEN		Anna Bradnam	CHIC
Cambridge, Camfields 137-139 Ditton Walk	25 units	25	Jun-18		Jan-19	Feb-18	GREEN		Joan Whitehead	CHIC
Soham Northern Gateway	20 units/some employment	20	Jul-18		Mar-19		AMBER	May be subject to a Commons land claim. Counsel's opinion has been sought.	Paul Raynes (Bill Hunt)	Stephen Conrad
March, Hereward Hall & surrounding undeveloped land	Circa 60 units.	60	Apr-19		Oct-19	Feb-18	GREEN		Steve Count, Janet French	CHIC
Cambridge, Malta Road	10 units	10	Apr-18		Aug-18	Feb-18	GREEN		Noel Kavanagh	CHIC
Cambridge, Worts Causeway	Circa 230 homes	230	Sep-20		Jun-21		GREEN		Amanda Taylor	Stephen Conrad
March, Norwood Road land	25-56 units + possible 60-bed care facility.	25	Apr-21		Dec-21	Feb-18	GREEN		Steve Count, Janet French	CHIC
Cottenham, Rampton Rd	154 homes		submitted	S/2876/16/OL			RED	Planning consent refused. Appeal Submitted 16 Oct 2017. Revised application submitted.	Tim Wotherspoon	Stephen Conrad
Cottenham, Rampton Rd	125 homes	125	submitted	S/3551/17/OL	Jan-18	Mar-18	GREEN		Tim Wotherspoon	Stephen Conrad

Willingham, Belsar Farm	25 homes	25	submitted	S/3145/16/FL	Granted subject to s106	Feb-18	GREEN		Tim Wotherspoon	Stephen Conrad / HDA
Shepreth, Meldreth Rd	25 homes	25	submitted	S/3052/16/FL	Granted subject to s106	Feb-18	GREEN		Peter Topping	Stephen Conrad / HDA
Litlington, Sheen Farm	22 homes	22	submitted	S/2927/17/FUL	Jan-18	Mar-18	GREEN		Sebastian Kindersley	Stephen Conrad / HDA



# COMMERCIAL AND INVESTMENT COMMITTEE AGENDA PLAN

Published on 1st December 2017

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. Additional information about confidential items is given at the foot of this document.

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

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

Committee Date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
<b>15/12/17</b>	Programme Status Report	Chris Malyon/John Macmillan	Not applicable		
	+ Shire Hall Re-location Project	Chris Malyon	2017/051		
	Finance and Performance Report	Chris Malyon	Not applicable		
	Hill Rise Refurbishment	Fiona McKirdy	Not applicable		
	Portfolio Sale to CHIC	Chris Malyon/John Macmillan	Not applicable		
	Process for declaring assets surplus	Chris Malyon	Not applicable		
	Revised Business Case for the Smart Energy Grid	Sheryl French/ Cherie Gregoire	Not applicable		

<b>Committee Date</b>	<b>Agenda item</b>	<b>Lead officer</b>	<b>Reference if key decision</b>	<b>Deadline for draft reports</b>	<b>Agenda despatch date</b>
	Business Planning – final draft of Full Business Plan tables for recommendation to General Purposes Committee	Chris Malyon	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		
<b>26/01/18</b>	Programme Status Report	Chris Malyon/John Macmillan	Not applicable		
	Finance and Performance Report	Chris Malyon	Not applicable		
	Meadow View, Brampton - to declare surplus and agree the disposal sale to CHIC (subject to planning)	Chris Malyon/John Macmillan	2018/006		
	Fitzwilliam Road, Cambridge - to declare surplus and agree the disposal sale to CHIC (subject to planning)	Chris Malyon/John Macmillan	2018/007		
	Outcomes Focused Reviews - phase two recommendations for: <ul style="list-style-type: none"> <li>- Cambridgeshire Catering and Cleaning Service (CCS)</li> <li>- Professional Centre Services (PCS)</li> <li>- Property Services</li> <li>- County Farms</li> </ul>	Amanda Askham	2018/018		
	<i>Business Planning</i>	<i>Chris Malyon</i>			
	Agenda Plan	Dawn Cave	Not applicable		
<b>23/02/18</b>	Programme Status Report	Chris Malyon/John Macmillan	Not applicable		
	Finance and Performance Report	Chris Malyon	Not applicable		
	Smart Energy Grid, Power Purchase Agreement	Sheryl French	2017/030		

<b>Committee Date</b>	<b>Agenda item</b>	<b>Lead officer</b>	<b>Reference if key decision</b>	<b>Deadline for draft reports</b>	<b>Agenda despatch date</b>
	Clear Farm, Bassingbourn- to declare surplus and agree the disposal sale to CHIC (subject to planning)	Chris Malyon/John Macmillan	2018/009		
	Agenda Plan	Dawn Cave	Not applicable		
<b>23/03/18</b>	Programme Status Report	Chris Malyon/John Macmillan	Not applicable		
	Finance and Performance Report	Chris Malyon	Not applicable		
	Newmarket Road, Burwell	Chris Malyon/John Macmillan	2018/010		
	Agenda Plan	Dawn Cave	Not applicable		
<b>27/04/18</b>	Programme Status Report	Chris Malyon/John Macmillan	Not applicable		
	Finance and Performance Report	Chris Malyon	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		
<b>25/05/18</b>	Programme Status Report	Chris Malyon/John Macmillan	Not applicable		
	Finance and Performance Report	Chris Malyon	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		
<b>22/06/18</b>	Programme Status Report	Chris Malyon/John Macmillan	Not applicable		
	Finance and Performance Report	Chris Malyon	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		
<b>20/07/18</b>	Programme Status Report	Chris Malyon/John Macmillan	Not applicable		
	Finance and Performance Report	Chris Malyon	Not applicable		

<b>Committee Date</b>	<b>Agenda item</b>	<b>Lead officer</b>	<b>Reference if key decision</b>	<b>Deadline for draft reports</b>	<b>Agenda despatch date</b>
	Agenda Plan	Dawn Cave	Not applicable		
<b>17/08/18</b>	Programme Status Report	Chris Malyon/John Macmillan	Not applicable		
	Finance and Performance Report	Chris Malyon	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		
<b>14/09/18</b>	Programme Status Report	Chris Malyon/John Macmillan	Not applicable		
	Finance and Performance Report	Chris Malyon	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		
<b>19/10/18</b>	Programme Status Report	Chris Malyon/John Macmillan	Not applicable		
	Finance and Performance Report	Chris Malyon	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		
<b>23/11/18</b>	Programme Status Report	Chris Malyon/John Macmillan	Not applicable		
	Finance and Performance Report	Chris Malyon	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		
<b>14/12/18</b>	Programme Status Report	Chris Malyon/John Macmillan	Not applicable		
	Finance and Performance Report	Chris Malyon	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		
<b>18/01/19</b>	Programme Status Report	Chris Malyon/John Macmillan	Not applicable		

<b>Committee Date</b>	<b>Agenda item</b>	<b>Lead officer</b>	<b>Reference if key decision</b>	<b>Deadline for draft reports</b>	<b>Agenda despatch date</b>
	Finance and Performance Report	Chris Malyon	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		
<b>22/02/19</b>	Programme Status Report	Chris Malyon/John Macmillan	Not applicable		
	Finance and Performance Report	Chris Malyon	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		
<b>22/03/19</b>	Programme Status Report	Chris Malyon/John Macmillan	Not applicable		
	Finance and Performance Report	Chris Malyon	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		
<b>26/04/19</b>	Programme Status Report	Chris Malyon/John Macmillan	Not applicable		
	Finance and Performance Report	Chris Malyon	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		
<b>24/05/19</b>	Programme Status Report	Chris Malyon/John Macmillan	Not applicable		
	Finance and Performance Report	Chris Malyon	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		

To be programmed: Oasis Centre, Wisbech (Hazel Belchamber); Old School House, Papworth Everard - to declare surplus and agree the disposal sale to CHIC (subject to planning) (Chris Malyon/John Macmillan Key Decision no. 2017/021); Land fronting Dubbs Knoll Road, adjacent Number 33, Guilden Morden, Royston, SG8 0LA - to declare surplus and agree the disposal sale to CHIC (subject to planning) (Chris Malyon/John Macmillan) (Key Decision No. 2017/053)

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

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

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

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

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

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

For further information, please contact Quentin Baker on 01223 727961 or [Quentin.Baker@cambridgeshire.gov.uk](mailto:Quentin.Baker@cambridgeshire.gov.uk) or [Quentin.Baker@cambridgeshire.gov.uk](mailto:Quentin.Baker@cambridgeshire.gov.uk)

**SMART ENERGY GRID – BUSINESS CASE AND EUROPEAN REGIONAL DEVELOPMENT FUND UPDATE**

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

*Meeting Date:* **15<sup>th</sup> December 2017**

*From:* **Executive Director - Economy Transport and Environment**

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

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

*Purpose:* **A timetable to secure European Regional Development Fund Grant (ERDF) funding has been agreed with DCLG for February 2018. An updated business case and agreement the Council will match fund the project must be submitted. The business case reflects the changes and opportunities arising on the project during the last year.**

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

- **Approve an additional £362,453.50 investment by the Council towards the updated business case as summarised in section 2.2 for the extended Smart Energy Grid project.**
- **Approve the Council's overall commitment of 50% match funding for the Smart Energy Grid to draw down the ERDF grant.**
- **Delegate to the Chief Finance Officer in consultation with the Chairman of Commercial and Investment Committee, the detailed negotiations and contracting with all parties involved to ensure the overall parameters of the business case, agreed in section 2.2, can be brought together and closed.**

<b><i>Officer contact:</i></b>	
Name:	Sheryl French
Post:	Project Director
Email:	<a href="mailto:Sheryl.french@cambridgeshire.gov.uk">Sheryl.french@cambridgeshire.gov.uk</a>
Tel:	01223 728552

## **1. BACKGROUND**

- 1.1 Cambridgeshire County Council submitted an outline application for ERDF in August 2016 for a Smart Energy Grid Project at the St Ives Park and Ride site. On approval of the outline application a full application was submitted to the Department for Communities and Local Government (DCLG) in March 2017.
- 1.2 A timetable to secure the ERDF grant funding has been agreed with DCLG for February 2018. To deliver to this timetable the Council needs to finalise costs of the Smart Energy Grid; confirm Committee agreement to the total match funding; negotiate the State Aid position with DCLG; discharge planning conditions; and obtain the title of the land that has been purchased.
- 1.3 At its 16 September 2016 meeting, the Assets and Investment Committee gave delegated decision making powers to the Chief Financial Officer in consultation with the Chairman of Assets and Investment Committee to enter into a construction contract for the smart energy grid. This would be subject to the project meeting minimum financial returns of 17.43 year payback and a cash return over 25 years amounting to £806,000. In that paper, the maximum cost of the project was forecast as £2.9M including development costs, the capital project costs, the business support programme and ERDF contract management and administration.
- 1.4 The Smart Energy Grid will combine solar panels installed on canopies over the car parking spaces, with battery storage to power the site after dark or when there is insufficient sunlight. The electricity generated will serve all the electricity demand of the site and all excess electricity will be sold to local industrial customers. Additional electric vehicle charging points will be added which will also be powered by the low-carbon electricity generated.

## **2. MAIN ISSUES**

- 2.1 The original business case for the Smart Energy Grid (SEG) is now a year old and has been updated to account for changes arising from market pricing, discharging of planning conditions and new business opportunities. These are summarised below:
  - 2.1.1 Solar module prices have fallen, resulting in a cost saving to the project.
  - 2.1.2 The park and ride site was built on a former landfill site. To address the potential environmental risks, significant sections of the car ports have been redesigned which has added approximately £100,000 to the costs.
  - 2.1.3 The Smart Energy Grid will now look to sell electricity to more than one main customer. The additional cost of the new connection is approximately £300,000 plus supplementary enabling works. The additional cost will allow an increase in the total amount of electricity sold.
  - 2.1.4 Provision for electric bus charging infrastructure is now included in the business case at an additional cost of £220,000. The infrastructure



would charge electric buses on the guided bus route into Cambridge. This is the subject of a feasibility study being commissioned by the Greater Cambridge Partnership, City Access Team.

- 2.2 To reflect the above changes, Bouygues have updated the business case which is attached in a confidential **Appendix A**. The additional cost of the scheme is £724,907. This means the Council will need to invest a further £362,453.50, as the project expects 50% match funding. The business case figures are valid for 3 months. If we are unable to give notice to proceed to Bouygues within the 3 months, exchange rate and inflation changes could apply. As a result of the factors referred to in paragraph 2.1. The overall impact on the business case of the changes is summarised below.

	Cost	Payback, years	IRR	% yield on initial investment	Cash return over 25 years, £	NPV over 25 years *
1. Original approved scheme	Up to £2,900,000	17.43	3.6%	65.9%	£806,000	£53,949**
2. Expected cost of new updated scheme (including EV bus charging***)	£3,624,907	17.37	4.2%	99.5%	£1,803,976	£86,810
3. Total cost to the Council of the new scheme assuming 50% ERDF Match Funding	£1,812,453.50 (an additional £362,453.50 Council investment)	-	-	-	-	-

*\*based on discount rate of 3.9% (comprising interest rate of 1.88%, which is the cost of a PWLB equal instalments of principal loan for 15 years, and 2% projected inflation)*

*\*\*The net present value (NPV) for the original business case has been stated above based on the current discount rate (reflecting some increase in interest rates since the business case was first produced). This shows that the NPV for the original business case would now have given a negative NPV as the discount rate is now higher than the original internal rate of return (IRR). The changes to the current business case have slightly improved the IRR, hence the positive NPV now shown.*

*\*\*\*The EV bus charging infrastructure is the subject of a feasibility study which will determine whether it should remain part of the business case. If it cannot provide an appropriate contribution to the overall SEG business case it can be removed from the scheme without damaging the remaining business case.*

- 2.3 The success of the project is predicated on securing customers for electricity trading for which negotiations are underway.

- 2.4 The submission of the Council's Full Application for ERDF funding, included our position on State Aid, which was prepared by lawyers, Bevan Brittan. The Department for Communities and Local Government (DCLG) is currently assessing this submission to determine eligibility for 50% state aid intervention. There is a risk that the state aid intensity could be reduced.

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

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

As part of the project, a Business Support Program will be delivered to share the lessons learned in developing and designing a Smart Energy scheme. Twelve hours of business support for a minimum of 40 companies will be delivered and this is costed as part of the overall business case. The expectation is that the support will reduce barriers for other companies to develop complex energy projects like this.

This is a demonstrator project to test a new commercial model in areas of significant grid connection constraint and to help build the local market for buying and selling energy.

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

The project will assist in expanding low-carbon, emission-free electricity generation in the County, as well as paving the way for other similar projects. This is key for tackling air pollution and the causes of climate change, providing health benefits for our communities.

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

Supporting the development of local energy markets will help manage the costs of energy in the medium term. It is hoped that local energy markets can benefit the vulnerable in the medium term as this will help manage rising fuel costs.

### **4. SIGNIFICANT IMPLICATIONS**

#### **4.1 Resource Implications**

As described above in section 2.2, the ERDF grant is expected to supply roughly half of the overall scheme funding of £3,624,907. The Council will invest in 50% of the project through borrowing from the Public Works Loan Board.

Electricity trading is subject to negotiation with customers. The outcomes of these negotiations will directly impact the business case.

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

Lawyers, Bevan Brittan have prepared our State Aid position. For new innovations, such as Smart Energy Grids, there is a level of interpretation on

the exemptions and state aid intensities that can be implied. The initial risk is around the interpretation of State Aid guidance.

#### 4.3 Equality and Diversity Implications

There are no significant implications within this category.

#### 4.4 Engagement and Consultation

There are no significant implications within this category. Public consultation on the project was held in December 2016 and the St Ives parish magazine published a significant article in February 2017 on the project. Recent publicity stemming from the granting of planning permission includes coverage by BBC Look East on the 6<sup>th</sup> of July, an article in the Cambridge Independent, an article in the online publication Solar Power Portal and a BBC Radio Cambridgeshire interview.

#### 4.5 Localism and Local Member Involvement

The Local Councillors have been informed of the project. In addition, St Ives Town Council have been updated regularly, and the project has their full support.

#### 4.6 Public Health

There are no significant implications within this category. To the extent the project offsets fossil fuel powered generation, there would be a small improvement in public health.

Source Documents	Location
16 September 2016 Assets and Investment Committee meeting minutes	<a href="http://tinyurl.com/yac7g35z">http://tinyurl.com/yac7g35z</a>

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Sarah Heywood
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	Yes Name of Legal Officer: Fiona McMillan
Are there any Equality and Diversity implications?	No Name of Officer: Tamar Oviatt-Ham
Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Joanna Shilton
Are there any Localism and Local Member involvement issues?	No Name of Officer: Tamar Oviatt-Ham
Have any Public Health implications been cleared by Public Health	Yes – no significant implications Name of Officer: Tess Campbell

