

# COMMERCIAL AND INVESTMENT COMMITTEE



**Date: Friday, 15 September 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/ccc-conduct-code>

2. **Minutes and Action Log of the Commercial and Investment Committee held 28th July 2017** **5 - 22**

### KEY DECISIONS

3. **Grounds Maintenance Cleaning and Arboricultural Contracts Reprocurement** **23 - 28**
4. **Sale of 35 & 37 Russell Street, Cambridge, to Cambridgeshire Housing & Investment Company** **29 - 34**
5. **Sale of March former Highways Depot, Queen Street, March PE15 8SL to Cambridgeshire Housing & Investment Company - for** **35 - 42**

merge

## OTHER DECISIONS

- |     |  |         |
|-----|--|---------|
| 6.  | Smart Energy Grid - Update on European Regional Development<br>Funding and risks                                   | 43 - 48 |
| 7.  | Service Committee Review of the draft 2018-19 Capital Programme  | 49 - 64 |
| 8.  | Finance and Performance report - July 2017   | 65 - 80 |
| 9.  | County Farms Estate Working Group  | 81 - 88 |
| 10. | Appointments to Outside Bodies, Internal Advisory Groups and<br>Panels and Partnership Liaison and Advisory Groups | 89 - 92 |
| 11. | Commercial and Investment Committee agenda plan  | 93 - 98 |
| 12. | Exclusion of Press and Public  |         |

*To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraphs 1 & 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)*

### 13. Programme Highlight Report

- 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

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

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Public speaking on the agenda items above is encouraged. Speakers must register their intention to speak by contacting the Democratic Services Officer no later than 12.00 noon three working days before the meeting. Full details of arrangements for public speaking are set out in Part 4, Part 4.4 of the Council's Constitution <https://tinyurl.com/CCCprocedure>.

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**COMMERCIAL AND INVESTMENT COMMITTEE: MINUTES**

Date: Friday 28<sup>th</sup> July 2017

Venue: Room 128, Shire Hall, Cambridge

Time: 10.00am – 12.45pm

Present: Councillors I Bates, P Downes (substituting for Cllr Nethsingha), L Dupre (substituting for Cllr Jenkins), A Hay (Chairwoman), P Raynes, T Rogers, M Shellens, J Whitehead (substituting for Cllr Jones) and T Wotherspoon

Also present: Councillors S Hoy and S Tierney

Apologies: Councillors D Jenkins (Cllr Dupre substituting), L Jones (Cllr Whitehead substituting), L Nethsingha (Cllr Downes substituting) and J Schumann

**20. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**21. MINUTES AND ACTION LOG OF THE ASSETS AND INVESTMENT COMMITTEE HELD 30<sup>TH</sup> JUNE 2017**

The Committee resolved to approve the minutes of the Committee meeting held on 30<sup>th</sup> June 2017, and note the Action Log.

Members discussed the following items on the Action Log:

Item 86/Finance and Performance report – Members had highlighted some issues earlier in the year around the presentation of the financial information. Over August officers would be looking at the standard format of the Finance & Performance reports presented to Service Committees. Members put forward the following suggestions:

- given the remit of the Commercial & Investment Committee, the report should reflect performance against commercial objectives;
- greater use of diagrams would be helpful;
- a simple statement of what the budget was and what had been spent to date would be very helpful. Officers commented that because the focus was on forward projections, actual expenditure to date was not included. However, the reports did need to better reflect profiling, which the new integrated ERP (financial system) would help with.

Item 17/Antiquities: information would be recirculated. **Action required.**

Item 17/Confidential items – it had been agreed that items on the Programme Highlight Report would be dealt with by exception, therefore reducing the quantum that comes to the Committee. Additionally, there would be fewer confidential items once sites had been sold to CHIC.

Item 19/Rural Payments Agency – there had been unofficial dialogue with the relevant Government Office, and John's team were working with tenants to gather evidence on the impact of the delays to payments.

## **22. ENERGY EFFICIENCY, INVEST TO SAVE FUND FOR COUNCIL NON-SCHOOL BUILDINGS**

A report was presented setting out the proposed scope and governance of the £1 million Invest to Save Energy Efficiency Fund for the Council's non-schools building portfolio. Members noted the background to the project, and officers' recommendations for Investment principles going forward, based on their experience of operating the fund to date:

- the scope of the fund would cover County Council retained buildings (non-school portfolio). This includes all directly owned and operated premises. For example, offices, libraries, care homes, community centres and highways depots;
- the overall fund would deliver an average payback in ten years or less, including borrowing costs. This allowed some flexibility at a project level to balance projects that deliver a quick payback with others that payback over a slightly longer period;
- Maintenance savings would be included as part of the business case; and
- Energy savings schemes with strong CO<sub>2</sub> reductions would be prioritised.

The Committee noted the challenges of developing a project pipeline, i.e. investing £250K per annum over four years, and the proposed way to achieve this. It was noted that it may be necessary to bring in some additional expertise to scope key projects for investment that would benefit the authority.

As the projects were likely to be in the region of £20K-£80K, it was proposed that the approval of individual business cases be delegated to the Chief

Finance Officer in consultation with the Chair of Commercial and Investment Committee.

Arising from the report, Members:

- queried the proportion of savings that would be made. Officers explained that as each individual project would be very different, it was difficult to estimate savings;
- in response to a question on the minimum percentage officers were looking for, for a scheme to be viable, officers advised that it was not possible to give a simple Internal Rate of Return (IRR). Investment in energy savings was viewed differently to commercial investment decisions i.e. some schemes were being progressed for non-financial reasons;
- a Member expressed some concern that the pipeline of projects would not be presented to Committee for decision. Officers commented that the relevant delegations were already in the Constitution, but a key driver was to reduce the volume of detailed work coming to Committee, albeit the Committee would retain control through the Chair's oversight and approval process;
- commented that the easiest way to save money and energy was to turn things off, and asked how staff could be encouraged to save more. Measures taken to date, especially in the larger office buildings, were noted, including how energy and related costs had been apportioned historically, and the issues that had arisen with that decentralised property function. It was suggested that information on that background may be helpful to Committee Members going forward  
**Action: Chris/John.** Saving energy and money had to be balanced against safety considerations e.g. lighting in stairwells and corridors. However, it was acknowledged that there may be limited scope to influence behaviour further;
- observed that this was an additional responsibility to be borne by the Chief Finance Officer, and asked if he had the capacity to take on this work. Chris commented that in addition to being robustly overseen by the Strategic Property Assets Board, the detail of any proposal would be considered by a member of his finance team, leaving him to make challenges at a high level;

- a Member suggested that the Business Case Template should include a box for audit review, and that a proportion of these should be audited  
**Action required;**
- in response to a Member question, it was confirmed that programmed spend for the current year was £250K, but projects identified to date only totalled around £100K, the two key projects being LED lighting upgrades at Central and Wisbech libraries. It was confirmed that it would be possible to carry forward any underspends against budget.

It was resolved unanimously to:

- a) agree the Investment principles for the Energy Efficiency, Invest to Save Fund, set out in section 2.1 of the report;
- b) agree that a portion of the savings made from the fund are used to purchase expertise to identify the project pipeline;
- c) agree that approval of individual business cases is delegated to the Chief Finance Officer, in consultation with the Chair of Commercial and Investment Committee.

**23. WISBECH CASTLE – TO CONSIDER A DISPOSAL (BY WAY OF THE GRANT OF A LONG LEASE) TO WISBECH TOWN COUNCIL AT LESS THAN BEST CONSIDERATION**

The Committee received a report on Wisbech Town Council's business case for taking a minimum of a 30 year lease of Wisbech Castle on a peppercorn rent, and their request for a 25 year loan of £150,000.

Wisbech Castle has been owned and managed for some years, and up until last year had been used primarily for educational purposes. However, the Service operating Wisbech Castle had declared it surplus to operational need. The Assets & Investment Committee visited the site last summer and considered possible future uses, but at that point there was no obvious use for the site, and it was proposed that the site was disposed of.

At that stage Councillor Hoy, as a Local Member and Member of Wisbech Town Council, had highlighted the desire locally to retain the site for community use, and the Assets and Investment Committee has asked Wisbech Town Council to present a detailed Business Case.

The Chairwoman invited Councillor Hoy to present the Town Council's Business Case.



Councillor Hoy explained that a great deal of work had gone into this issue, which the Town Council saw as both a short and long term priority, for which they were prepared to precept. Local people were very supportive of the project. Central to the whole case was maintaining this vital heritage asset, and keeping it open for public use. Even in the unlikely event that the Town Council was unsuccessful in running the Castle, and had to pass management back to the County Council, the asset would be enhanced as the vital repairs would have been carried out. There were many advantages for both parties in the proposed arrangements, not least the removal of a liability for the County Council. The arrangement would represent a real example of localism, which was especially pertinent as the County Council had signed up to the Wisbech 2020 vision, one of the aims of which was to “*secure investment in Wisbech heritage*”.

Councillor Steve Tierney spoke as both a local County Councillor, District Councillor, Town Councillor and Mayor of Wisbech. He briefly set out the historical importance of Wisbech Castle, which was the “beating heart” of Wisbech. He stressed that for the people of Wisbech, the Castle was not just a line on a balance sheet, but a vital part of the town and its history. The proposal put forward offered the opportunity for the County Council to do something amazing for the people of Wisbech, rather than selling to some unknown investor.

Arising from the report:

- it was clarified that legal colleagues had checked the legal documents relating to the original gifting of the Castle, and there were no restrictions to stop the County Council selling the site;
- a number of Members expressed strong support for the proposal, especially given the historic importance of the site and the commitment demonstrated by the Town Council to work with communities;
- asked why the Town Council were not applying for a Heritage Lottery Fund (HLF) grant. It was confirmed that there had been detailed discussion with Heritage Lottery Fund representatives, but those representatives would not commit at this stage, which was common practice. It was proposed that an application be made to the HLF specifically for the dungeons;
- commented that if the Committee was making a loan on a commercial basis, there would be the expectation of more detail and certainty, specifically around funding and future income. It was also suggested that applying for Trust status may open up more funding streams. The Chief

Finance Officer responded that this was not a commercial loan, which would indeed be much more stringent, but was the passporting of a loan. He was comfortable that the money would be repaid, and that the Town Council would not renege on the loan;

- noted that there was not a “do nothing” option, as the Castle represented an ongoing liability for the County Council, so if the Committee did not approve the proposal, the only option would be to sell on the open market;
- congratulated Councillor Hoy on developing and presenting the Business Case, and for her openness in saying that not everything could be predicted;
- asked why residential occupancy had been ruled out. It was confirmed by Councillors Hoy and Tierney that some residential usage may still be an option, but they were keen that it should be a community building first and foremost;
- supported the concept of local councils taking on responsibility for buildings in their area;
- noted that if in the event that the lessee fails to perform its responsibilities under the lease the landlord has the right to seek forfeiture.

It was resolved unanimously to:

- a) agree to lease Wisbech Castle to Wisbech Town Council at less than best consideration;
- b) agree the tenure length of that lease;
- c) delegate the agreement of the final Heads of Term to the Deputy Chief Executive in consultation with the Chairman of the Committee;
- d) agree the principle of the loan over a 25 year period.

## **24. COMMERCIAL ACQUISITIONS STRATEGY**

The Committee considered a report which sought to establish the Committee's appetite for acquiring commercial assets as a mechanism for delivering financial returns. Those returns would be used to mitigate the financial challenges facing the Council and thereby reduce the impact on services provided to Cambridgeshire residents.

Officers explained that the Assets and Investment Committee had reviewed a few ad hoc investment opportunities over the previous twelve months. These

opportunities had consumed significant officer and Member time, and had ultimately not resulted in an acquisition. This was partly due to the lack of a framework by which to consider the proposals. Such a commercial framework with associated governance arrangements needed to be established in order for the Committee and officers to operate and discharge this area of their work. This framework would then need to be agreed by the General Purposes Committee.

The investments would be financed by borrowing from the Public Works Loan Board (PWLB) at much lower rates than those available to the commercial sector. If business growth was one of Members' key corporate objectives, this borrowing power could be used to invest in opportunities within the county. Ultimately, pursuing any such investment opportunities would result in further and significant indebtedness by the Council.

One of the problems was that rates of return were significantly lower in Cambridgeshire than elsewhere in the country, because the economy in the county was so buoyant, but this in turn pushed returns down, meaning that it may be necessary to consider investment opportunities outside the county. CHIC would be used as the investment vehicle to acquire and manage these investments.

In terms of governance, there were currently delegations to the Chief Finance Officer in consultation with the Chairman of Commercial and Investments Committee, up to £250K. It was proposed to establish a tiered decision making arrangement, with those individuals able to authorise Investment/Loan Values up to £10M.

Arising from the report:

- in response to a Member question, it was confirmed that the returns were definitely there to be had, as the market was buoyant. Whilst there would be market downturns, Members acknowledged that the benefits of investing in tangible assets, and noted that many organisations e.g. Cambridge colleges, had used property investments to safeguard their financial security, and many local authorities were going down this route;
- a Member observed that Section 13 of the Strategy explored the various risks involved, but the tiered decision making arrangements only referred to the loan values and not the degree of risk. She asked if there was a way of factoring in the level of risk e.g. comparatively low financial investments may have a higher degree of risk. Officers commented that once the principles had been agreed, they would be happy to tailor the governance arrangements in line with Member comments;

- it was suggested that the Committee could set up a Working Group to explore the Strategy further;
- a Member queried if venture capital had been considered. Members agreed that venture capital was high risk, and unlike property, there was no guarantee of an asset at the end of the process;
- a Member queried the relationship between commercial acquisitions and the budgeting process. It was confirmed that the borrowing costs would be included in the revenue budget, and these would be netted off against income projections. The idea was to develop a portfolio, along similar lines to the Energy Efficiency fund, where the fund could be used for property investment opportunities;
- a Member asked if there was an opportunity for joint working with other authorities locally, given that jointly authorities would have bigger sums to invest and could take advantage of greater purchasing power. Whilst this was a possibility, officers commented that sharing the risk also meant sharing the reward; moreover supply of funding was not an issue;
- a Member queried whether market saturation would be an issue, and commented that the Council's role was to provide services and respond to public need – this could be seen as a distraction to the real purpose of local government. The Chief Finance Officer commented that this type of investment was a means to an end, to support front line services;
- a Member commented that reputational risk also need to be taken into consideration, which was not referenced at all in the Strategy, and used the example of Estover playing fields in March: Members needed to explore the risk of being perceived to be a bad neighbour;
- a Member observed that by investing in or developing Care Homes, the Council could potentially benefit by saving costs, and asked if that type of investment would be considered. Officers advised that the Committee would be considering a business case on Care Homes at a future meeting, and that a lot of work was going on in that area, but that was not relevant to this particular aspect of the Committee's investment work;
- it was confirmed that the borrowing required for these acquisitions would impact on the prudential borrowing in the Treasury Strategy;

- it was noted that with many local authorities borrowing from the PWLB for the same reason, there was a risk that in future the PWLB would change its criteria for loans and this type of investment would no longer be feasible, therefore time was of the essence;
- it was confirmed that the costs of employing any consultants or new officers would have to be set against the returns;
- a Member commented that paragraph 8.2 of the strategy, detailing how returns would be generated, through using CHIC as a vehicle to develop the housing portfolio, was confusing, and it was agreed to reword this;
- it was agreed that the Working Group on the Commercial Acquisition Strategy would comprise Councillors Shellens, Whitehead, Raynes, Schumann and Hay.

It was resolved unanimously to:

- a) endorse the Strategy as set out in the appendix to the report, subject to the Working Group's approval;
- b) request that General Purposes Committee agree the proposed governance arrangements, following the findings of the Working Group.

## **25. RESOLUTION ON THE ARTICLES OF ASSOCIATION FOR CAMBRIDGESHIRE HOUSING AND INVESTMENT COMPANY LIMITED**

The Committee considered a report which set out the revised Articles of Association for Cambridgeshire Housing and Investment Company (CHIC). Members were advised that these Articles had been the subject of considerable discussion between officers and the Executive Officer of CHIC. It was further noted that the Chief Finance Officer and the Monitoring Officer were also non-Executive Directors who sat on the CHIC Board.

Members were also reminded that the Articles would effectively become the constitution and *modus operandi* of CHIC, setting out how the company was run, governed and owned, and putting the company on a more commercial footing, rather than as a company controlled by a local authority.

In response to a question on any differences to usual commercial Articles, officers drew attention to Article 11 (Appointment of Independent Chairman) and the distinction between Executive and Non-Executive Directors. It was confirmed that there was a Non-Executive Director fee payable to the Chief

Finance Officer and Monitoring Officer, but that was payable to their employer, i.e. it was not a personal payment.

In response to a Member question, it was confirmed that the purpose of setting up CHIC was primarily to derive an income stream, partly through the margin on loans provided by the Council, and that providing key worker housing was not a main driver. Whilst schemes delivered by CHIC would provide affordable housing under the relevant planning laws, the company was primarily a commercial company, with profits as the main driver.

It was resolved unanimously to:

agree, as the Shareholder's representative, the Resolution to adopt the Articles of Association of the Company (as attached to the report) in substitution for and to the exclusion of the current Articles of Association.

## **26. DISPOSAL POLICY: LEASEHOLD AND FREEHOLD**

The Committee considered a report which considered future policy approaches for whether disposals should be freehold or leasehold.

There was currently no formal policy position on whether disposals should be freehold or leasehold, or whether capital or revenue returns should be sought. Whilst most disposals by the County Council were freehold, the report set out examples of where the Council has opted for leasehold e.g. Estover Road playing field, Castle Court, and the rationale behind these decisions. The conclusion was that the current approach of determining the most appropriate method of disposal being made on a case by case basis should continue.

It was resolved unanimously that the most appropriate method of disposal for property assets should continue to be determined on a case by case basis.

*With the Committee's agreement, the Chairwoman agreed to reorder the agenda to take the Finance and Performance Report and Agenda Plan before the CREATE report, as the latter report would be considered partly in public session and partly in private session.*

## **27. FINANCE AND PERFORMANCE REPORT – JUNE 2017**

The Committee considered a report on the financial and performance information relating to the areas within the Commercial and Investment Committee's remit. The Chief Finance Officer advised that there was little to

report currently, but gave advance notice that the baselined pipeline, sales opportunities would be coming to the Committee, and the phasing impact on financial modelling undertaken 18 months ago would be reported to the next meeting.

It was noted that the £112M identified in the 2017/18 Capital Programme revised budget for Housing Schemes, the majority would be pushed back due to various planning issues, and would be backloaded in financial year.

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

## **28. COMMITTEE AGENDA PLAN**

Members considered the forward agenda plan for Commercial & Investment Committee. It was noted that the dates for reports on schemes identified in the Programme Highlight Report to be considered at Committee would be added to the Agenda Plan. **Action required.**

It was noted that the Audit & Accounts Committee had recently received a report which stated that considerable tracts of land – up to 350 hectares – which had been purchased for highway use between the 1930s and 1990s was not being used in the current highways extent. Some of these parcels of land were quite significant and could present additional sale or development opportunities. Officers confirmed that this issue was being actively progressed.

It was resolved unanimously to note the agenda plan.

## **29. CREATE UPDATE REPORT**

The Committee considered a report on the proposal to convert a Council-owned community arts building in North Cambridge into a state-of-the-art National Centre for Research and Engagement in Arts, Technology and Education (CREATE). Officers apologised for the late publication of the report, and it was noted that the Chairman had indicated at the time of publication that he was willing to accept the report on the following grounds:

1. Reason for Lateness: The report had only just been finalised and signed off for publication.
2. Reason for Urgency: Decision required from the Committee given timescales.

It was noted that the Children and Young People (CYP) Committee had already given its approval in principle to the proposal, but that General Purposes Committee had requested that Commercial and Investment Committee consider the proposal from its perspective.

It was confirmed that the majority of finance for the project was already in place and it would be advantageous to release the site as soon as possible.

A number of Members commented that the project had strong support from the CYP Committee, for the reasons set out in the report. Given the pressures on the arts sector generally over the last few years, it would be imprudent to miss this opportunity.

A Member queried the sequencing between the hiatus in progressing the project and the search for commercial contributions, sponsorship, etc. Officers confirmed that the whole scheme had been paused whilst clarity was sought on site issues, because it was difficult to secure financial contributions from sponsors when the site issues were unresolved. Whilst strong expressions of interest had been given by various partners, no firm commitment to sponsorship had been given. However, partners acknowledged that as a County Council scheme, it was essentially “low risk”, especially given the goodwill of all involved.

A Member queried the work with media partners. It was noted that the BBC may be supporting the project in terms on the technical and skills side.

It was noted that the feasibility study would take up to a year, and the costings included an inflationary element for that period, and some slippage had also been included.

*The Committee agreed to move into private session to consider some commercially sensitive information relating to the CREATE project.*

### **30. EXCLUSION OF PRESS AND PUBLIC**

It was resolved unanimously that the press and public be excluded from the meeting during the consideration of the following reports on the grounds that it is likely to involve the disclosure of exempt information under paragraph 3 of Schedule 12A of the Local Government Act 1972 as it refers to information relating to the financial or business affairs of any particular person (including the authority holding that information) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.



It was resolved unanimously to:

- 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.

### **31. PROGRAMME HIGHLIGHT REPORT**

Members considered a schedule of the development programme, plus a report on Milton Road Library redevelopment.

It was resolved unanimously to approve a Letter of Intent for Stage 2 investigation and design work expenditure relating to the redevelopment of Milton Road Library by Cambridgeshire Housing & Investment Company should the Council not proceed with the sale to them.

Chairman



# COMMERCIAL & INVESTMENT COMMITTEE

## Minutes-Action Log



**Agenda Item no. 2**  
Cambridgeshire  
County Council

### Introduction:

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

### Minutes of 11<sup>th</sup> November 2016

Item No.	Item	Action to be taken by	Action	Comments	Completed
56.	Programme Highlight Report	John Macmillan	County Farms Estate Strategic Review Working Group  <b>(Updated 30/06/17): invites/ documents to be forwarded to Cllr Nethsingha.</b>	Dates to be agreed for December/January.  New membership appointed in May 2017. Invitations sent to Cllr Nethsingha.  Terms of Reference paper on 15/09/17 agenda.	Ongoing.

### Minutes of 31<sup>st</sup> March 2017

86.	Finance and Performance report	Chris Malyon	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.	Officers will be working with Members to try and develop the information they need to support their decision making.	
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89.	<b>Programme Highlight Report</b>	Chris Malyon/ John Macmillan	Requested a report for a future meeting regarding the financial implications of the Community Land Trust model and provision of affordable housing.	The Combined Authority has commissioned a piece of work on the same subject so it is suggested that this report is deferred until the CA report has been prepared.	Ongoing
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### Minutes of 30<sup>th</sup> June 2017

17.	<b>Committee Agenda Plan</b>	Sass Pledger	Reason why report on the Establishment of an Antiquities Conservation Unit to support development in Cambridgeshire withdrawn from agenda plan.	Included due to administrative error, subsequently withdrawn.	Completed.
17.	<b>Committee Agenda Plan</b>	Chris Malyon	Chris to look at how confidential items are dealt with, particularly with regard to the Programme Highlight Report.	Items on the Programme Highlight Report to be dealt with by exception.	Ongoing.
19.	<b>Programme Highlight Report</b>	Chris Malyon	Delays in payments from Rural Payments Agency – Chris to look to ask a question in parliament, given the problems that this had caused both farmers and the Council.	There had been informal dialogue with the relevant Government Office, and the Rural Estates team were working with tenants to gather evidence on the impact of delays to payments.	Ongoing.

### Minutes of 28<sup>th</sup> July 2017

22.	<b>Energy Efficiency, Invest to Save Fund for Council non-school buildings</b>	Chris Malyon	Circulate to Members background info on how energy and related costs had been apportioned historically, the issues with that decentralised function, etc.		
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<b>22.</b>	<b>Energy Efficiency, Invest to Save Fund for Council non-school buildings</b>	Sheryl French /Claire Julian-Smith	Business Case Template should include a box for Audit Review.	Business Case Template updated accordingly.	Completed.
<b>28.</b>	<b>Committee Agenda Plan</b>	Dawn Cave	Add dates for reports on schemes identified in the Programme Highlight Report.		



**GROUNDS MAINTENANCE CLEANING AND ARBORICULTURAL CONTRACTS  
REPROCUREMENT**

*To:* **Commercial & Investment Committee**

*Meeting Date:* **15 September 2017**

*From:* **Deputy Chief Executive**

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

*Forward Plan ref:* **2017/043** *Key decision:* **Yes**

*Purpose:* **The committee is being asked to consider a proposal for the reprocurement of the Council's cleaning, grounds maintenance and arboriculture service contracts.**

*Recommendation:* **It is recommended that the Committee agree that officers to the retendering of the three existing contracts for cleaning, grounds maintenance and arboricultural services via an OJEU compliant competitive procurement process resulting in a single supplier framework agreement covering all services allowing CCC, other LGSS clients and local districts and boroughs the option to call off individual contracts as required over the 4 year framework term.**

<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
Name:	Chris Malyon	Name:	Councillor Joshua Schumann
Post:	Deputy Chief Executive	Post:	Chairman of Commercial & Investment Committee
Email:	<a href="mailto:Chris.malyon@cambridgeshire.gov.uk">Chris.malyon@cambridgeshire.gov.uk</a>	Email:	<a href="mailto:joshua.schumann@hotmail.co.uk">joshua.schumann@hotmail.co.uk</a>
Tel:	01223 699796	Tel:	07841 524007

## **1. BACKGROUND**

- 1.1 The Council currently have three separate contracts for the delivery of grounds maintenance, arboricultural and cleaning services.
- 1.2 The existing cleaning services framework expired in December 2016 however CCC have a call-off contract in place until 31<sup>st</sup> December 2017. The contract value is approximately £1.1m pa.
- 1.3 The grounds maintenance contract has expired with an interim contract now in place under the exemption process. This contract also expires on 31<sup>st</sup> December 2017. The contract value is estimated at £75k pa.
- 1.4 A separate framework is in place for the delivery of arboricultural and major tree works. This contract expires on 28<sup>th</sup> February 2018. The value of this contract is c£140k pa.
- 1.5 The total value for all three contracts is estimated at £1,315,000 per annum.
- 1.6 This proposal recommends the Council aggregate these three service elements into one single procurement exercise in order to provide the best opportunity of securing value for money and to reduce the costs of procurement compared of having three separate procurement exercises. By awarding a Framework Agreement, there is an additional benefit to the neighbouring public sector contracting authorities as they too will have the option to call off from the Framework, thus avoiding procurement costs and benefiting from better economies of scale.

## **2. MAIN ISSUES**

- 2.1 The Council's existing, separate contracts, for both cleaning services and grounds maintenance have expired and whilst interim arrangements have been put in place they too will conclude on 31<sup>st</sup> December 2017. A contract for arboricultural services expires in February 2018. If a contract is not awarded prior to the end date of the existing contract the Council will be exposed to unacceptable contract risk which may result in disruption to service and commercial implications.
- 2.2 The Council therefore needs to plan for the continued delivery of these services beyond these dates and market analysis has identified an opportunity to aggregate these three services into one single procurement process. This recognises established practice in this service sector and recognises a strong market exists for services packaged in this way.
- 2.3 Additionally if procured separately two of the three contracts would be subject to full OJEU tender processes, it is therefore the case that a single procurement would reduce costs to the Council.
- 2.4 External contractors have provided these service areas for some years, so there are no TUPE implications that will affect the Council however, the staff may have to transfer from the existing contractor to the successful provider.
- 2.5 The Council has managed the cleaning contract (the larger of the two contracts) well over the years and has worked with the incumbent provider to ensure Council buildings have a



high standard of cleanliness and the cleaning staff largely go unnoticed as they go about their duties with an efficient and polite manner. This high level of service is to be maintained with any new provider.

2.7 The adoption of a procurement strategy to consolidate requirements increasing the size of a contract with a single provider can seem to be counter to the Council's responsibility to making contracts available to SMEs. In this instance, the tender has been designed such that a sub-contracting arrangement can be put in place to allow local SMEs to bid as consortia or have the option of working as a sub-contractor to the primary contractor. The main contractor may also employ from the local labour market. A larger employer can offer better job security and benefits of training and social value back into the community, having a broader regional operational footprint also increases the opportunity for staff to work across the region.

2.8 Set out below is the proposed procurement time table.

Target Date	Activity
25/08/2017	OJEU notice published with SQ made available to Potential Providers.
08/09/2017	Deadline for Clarification Questions
25/09/2017	Deadline for SQ Return Date
9/10/2017	Evaluation of SQs completed
16/10/2017	Invitation to tender issued to qualified Potential Providers
tbc	Site Visits
14/11/2017	Tender Return Date
30/11/2017	Evaluation of tenders completed.
11/12/2017	Alcatel 10 day standstill period
12/12/2017	Contract Award.

### 3. ALIGNMENT WITH CORPORATE PRIORITIES

Report authors should evaluate the proposal(s) in light of their alignment with the following three Corporate Priorities.

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

Whilst a higher contract value and expanded scope may lift smaller local firms' appetite to bid the following points are of note:

- The tender can be drafted to allow sub-contracting arrangements to be available which would allow local firms to take part
- Larger firms will recruit from the local workforce to deliver contracts
- Larger firms typically have a higher level of investment in staff development and community value

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

There are no significant implications for this priority

**3.3 Supporting and protecting vulnerable people**  
There are no significant implications for this priority

**4. SIGNIFICANT IMPLICATIONS**

**4.1 Resource Implications**

The Chief Finance Officer has been engaged in the development of this approach to procurement and has provided guidance and support. It is anticipated that by creating a broader basket of services within the single procurement process that this will lead to an overall saving in the cost of these services. Furthermore the on-going contract management of the contract will be more efficient.

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

This procurement will be over the applicable threshold as set out in the Public Contracts Regulations (PCR15) for services. Therefore the procurement procedure must comply with these regulations. The creation of a framework agreements set out within Section 4, regulation 33 of PCR15. The proposed procurement plan will comply with all relevant legislation.

Currently the contractual arrangements are covered by existing contracts or approved exemptions to the contract procedures. In the event of the existing arrangements lapsing, or the procurement procedure being delayed, the Council will be operating "out of contract" which may breach the Council's contract procedures and poses an operational and financial risk.

**4.3 Statutory, Legal and Risk Implications**

LGSS Law have been engaged in the development of the relevant contractual documentation.

**4.4 Equality and Diversity Implications**

There are no significant implications for this priority

**4.5 Engagement and Communications Implications**

There are no significant implications for this priority

**4.6 Localism and Local Member Involvement**

There are no significant implications for this priority

**4.7 Public Health Implications**

There are no significant implications for this priority

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Chris Malyon

<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?</b>	Yes Name of Financial Officer:
<b>Has the impact on statutory, legal and risk implications been cleared by LGSS Law?</b>	Yes Name of Legal Officer: Karen White
<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:

Please include the table at the end of your report so that the Chief Executive/Executive Directors/Directors clearing the reports and the public are aware that you have cleared each implication with the relevant Team.

<b>Source Documents</b>	<b>Location</b>
<b>Existing contract documents and supporting specification for the Grounds Maintenance, Cleaning and Arboricultural Services.</b>	Property Services Octagon Floor 2 Shire Hall, Cambridge



**SALE OF 35 & 37 RUSSELL STREET, CAMBRIDGE TO CAMBRIDGESHIRE  
HOUSING & INVESTMENT COMPANY**

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

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

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

*Electoral division(s):* **Petersfield**

*Forward Plan ref:* **2017/049** *Key decision:* **Yes**

*Purpose:* **To declare 35 and 37 Russell St surplus and agree the sale to Cambridgeshire Housing & Investment Company.**

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

- (1) The Committee approve the disposal of land and property at 35 & 37 Russell Street, Cambridge to CHIC at ‘best consideration’**
- (2) The final terms of the disposal be delegated to the Deputy Chief Executive in consultation with the Chair of the Committee**
- (3) The Committee receive feedback on the effectiveness of the disposal process at the next meeting.**

**To ratify the disposal of land and property at 35 & 37 Russell St to CHIC at ‘best consideration’ following the grant of planning consent for six flats.**

<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
Name:	John Macmillan	Name:	Councillor Joshua Schumann
Post:	Group Asset Manager	Post:	Chairman of Commercial & Investment Committee
Email:	<a href="mailto:John.macmillan@cambridgeshire.gov.uk">John.macmillan@cambridgeshire.gov.uk</a>	Email:	<a href="mailto:joshua.schumann@hotmail.co.uk">joshua.schumann@hotmail.co.uk</a>
Tel:	07808 861360	Tel:	07841 524007

## 1. BACKGROUND

- 1.1 35 & 37 Russell Street are two semi-detached 4-bed houses with parking and gardens. The site is shown edged red below.



- 1.2 The houses are in average condition and are of a poor layout. Both would require refurbishment before re-letting at market rents but the present housing does not make best use of the site and thus redevelopment at significantly higher density is to be preferred.
- 1.3 No 37 is vacant and No 35 is let to King Street Housing who had indicated that they wished to give up the tenancy. They have served notices on their sub tenant who had been informed of the Council's plans earlier in the year.
- 1.4 The houses were considered by Assets & Investment Committee in June 2016 for use as Looked after Children accommodation but development was preferred as this is a prime central Cambridge site.
- 1.5 Carter Jonas were appointed to submit a planning application and positive discussions have taken place with City Council planning officers. An earlier planning application was submitted in April 2017 but was withdrawn to allow modifications to the design. A revised application has now been submitted for the demolition of the two semi-detached dwellings and their replacement with six 2-bed flats over three floors. The determination date is 27<sup>th</sup>

October 2017. Full details are available on the City Council planning portal reference 17/1483/FUL.

- 1.6 CHIC has been set up as an investment company to generate revenue for CCC through its borrowing arrangement as well as capital receipts and all its profits benefit the CCC as its only shareholder.

## **2. MAIN ISSUES**

- 2.1 The redevelopment of this site by CHIC at higher density offers significant gains for the County and the Company in a highly sustainable location close to Cambridge railway station. Carter Jonas have confirmed that the new apartments will be highly desirable either for rent or sale.
- 2.3 CHIC will acquire the land at 'best consideration' as previously agreed at the C&I meeting on 30<sup>th</sup> June 2017. A Registered Valuer has been appointed and they will carry out an inspection on the 11th September 2017.
- 2.4 CHIC are well placed to take on the redevelopment of this central Cambridge asset and if planning consent is granted they will be acquiring the land at 'best consideration' - achieved through an independent valuation by a Registered Valuer.
- 2.5 The best consideration purchase price to be agreed with CHIC will be based on the independent valuation.
- 2.6 LGSS Legal have been appointed to handle the sale with work on the draft contracts progressing with the aim to move to exchange and completion within a set time after planning consent.
- 2.7 The scale of the development does not meet the City Council's threshold for affordable housing which is 10.

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

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

The following points set out details of the positive implications identified by officers in the development of this site for six flats:

- The 6 apartments will help meet demand for housing in central Cambridge.
- Redevelopment of this prime central site will generate construction jobs for the duration of the demolition and build.
- More residents will be living in the area spending money at local shops, bars, restaurants etc.

**2 Helping people live healthy and independent lives**

The site is in a highly sustainable location close to the station, university, and all daily needs and it is likely that some of the purchasers will rely solely on public transport, walking or bike.

**3.3 Supporting and protecting vulnerable people**

There are no identified implications.

**4. SIGNIFICANT IMPLICATIONS**

**4.1 Resource Implications**

The sales to CHIC are important in generating important revenue to support County Council services and have been built into the Council's budget plans.

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

There are no significant implications within this category.

**4.3 Statutory, Legal and Risk Implications**

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

Refer to the Disposal Process of Property Assets that was agreed at the Committee's meeting on 30th June this document sets out all the legal considerations for disposing of council land to the CHIC.

**4.4 Equality and Diversity Implications**

None identified.

**4.5 Engagement and Communications Implications**

The planning application has been subject to full consultation.

**4.6 Localism and Local Member Involvement**

The local member is Linda Jones who is a member of the Commercial & Investment Committee and has been asked for comments in advance.

**4.7 Public Health Implications**

No comments received to date.



<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Financial Officer: Chris Malyon
<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?</b>	Yes No implications raised. Name of Officer: Paul White
<b>Has the impact on statutory, legal and risk implications been cleared by LGSS Law?</b>	Yes Reference made to the Disposal Process of Property Assets that was agreed at the Committee's meeting on 30th June Name of Legal Officer: Fiona Macmillan
<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	Yes Name of Officer: John Macmillan
<b>Have any engagement and communication implications been cleared by Communications?</b>	Yes Name of Officer: Christine Birchall Head of Communications and Information
<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	Yes Name of Officer: John Macmillan
<b>Have any Public Health implications been cleared by Public Health</b>	No response yet received Name of Officer: Tessa Campbell



**SALE OF MARCH FORMER HIGHWAYS DEPOT, QUEEN STREET, MARCH PE15  
8SL TO CAMBRIDGESHIRE HOUSING & INVESTMENT COMPANY**

*To:* **Commercial & Investment Committee**

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

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

*Electoral division(s):* **March North and Waldersey**

*Forward Plan ref:* **2017/050** *Key Decision:* **Yes**

*Purpose:* **To declare the March Former Depot, Queen Street surplus and agree the disposal sale to Cambridgeshire Housing & Investment Company (CHIC).**

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

- 1. The Committee approve the disposal of land at the former Highways Depot to CHIC at 'best consideration' (subject to signed S106 and contamination assessment);**
- 2. The final terms of the disposal be delegated to the Deputy Chief Executive in consultation with the Chair of the Committee;**
- 3. The Committee receive feedback on the effectiveness of the disposal process at the next meeting.**

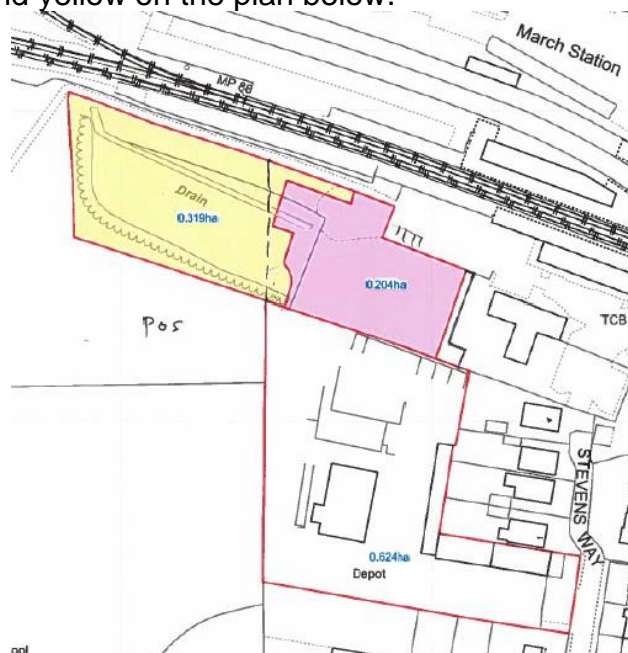
<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
Name:	John Macmillan	Name:	Councillor Joshua Schumann
Post:	Group Asset Manager	Post:	Chairman of Commercial & Investment Committee
Email:	<a href="mailto:John.macmillan@cambridgeshire.gov.uk">John.macmillan@cambridgeshire.gov.uk</a>	Email:	<a href="mailto:joshua.schumann@hotmail.co.uk">joshua.schumann@hotmail.co.uk</a>
Tel:	07808 861360	Tel:	07841 524007

## 1. BACKGROUND

- 1.1 Cambridgeshire County Council (CCC) own the freehold of the Former Highways Depot at Queen Street, March PE15 8SL. The depot has been vacant since 1996 when the service function relocated to Hostmoor Avenue, March.
- 1.2 The parcel of land is approximately 0.624 hectares off Queens Street and is within a short walking distance of March Railway Station to the north of the town centre. Outline of the site shown in the plan below.



- 1.3 Adjacent land owner Mike Smith owns land along the northern boundary of the depot shown coloured pink and yellow on the plan below.



- 1.4 Planning consent for a residential development on the depot site was previously granted in 2005 but the approval period has since lapsed. There had been little interest in the site when marketed at the time.
- 1.5 A revised residential scheme which is a joint collaboration with adjacent land owner Mike Smith which incorporates his parcel of land in the proposal was submitted for planning and recommended for approval in March 2017, subject to the S106 agreement being signed by 29 September 2017. Mike Smith's land represents 20% of the overall application area. The main advantage is a direct link into the railway station.
- 1.6 The site and buildings are currently in a dilapidated state and overgrown with vegetation. There is evidence that people have gained access to the site and have been fly tipping and others causing damage to the buildings.
- 1.7 CHIC has been set up as an investment company to generate revenue for CCC through its borrowing arrangement as well as capital receipts and all its profits benefit the CCC as its only shareholder.

## **2. MAIN ISSUES**

- 2.1 Following an earlier desk top environmental survey carried out by MLM Consulting Engineers, a detailed contamination assessment is being carried out which will identify the extent of any remedial work which may be required and the associated costs to factor into the valuation. The asbestos element of the report has only identified a "low to very low risk". This remainder will be available towards the end of September.
- 2.2 The results of the contamination assessment will provide an indication of any remedial costs such as the removal of asbestos, which will then have to be factored into the valuation and purchase price.
- 2.3 The planning application incorporates a joint scheme with adjacent landowner Mike Smith and CHIC are negotiating directly with him. The parcel of land owned by Mike Smith will link to and create access to March Railway Station which will make the development more attractive to buyers. There is good demand for dwellings in the area.
- 2.4 The planning application submitted and pending the S106 agreement, was for the erection of 34 single-storey, 2 and 3-storey dwellings comprising of 8 x 4-bed, 18 x 3-bed and 8 x 2-bed with garages or parking (the proposed layout plan is detailed in **Appendix A**).
- 2.5 CHIC are in a position to progress the redevelopment of both the CCC asset and Mike Smith's adjacent parcel of land to maximise the development potential.
- 2.6 CHIC will acquire the land at 'best consideration' as previously agreed at the Commercial & Investment Committee meeting on 30<sup>th</sup> June 2017. A Registered Valuer has been appointed and they will carry out an inspection week commencing 11 September 2017. The valuation will have to make a provision for any remedial costs identified in the contamination survey available at the end of September.

- 2.7 LGSS Legal have been appointed to handle the sale with work on the draft contracts progressing with the aim to move to exchange and completion within a set time after planning consent and the s106 have been determined.

### **ADDITIONAL REQUIREMENTS FOR CONDITIONS OF SALE**

- 2.8 The valuation will factor in the remedial costs required as a result of the contamination assessment findings and other assumptions may be made which will be reflected in the valuation figure.
- 2.9 The best consideration purchase price to be agreed with CHIC will be based the valuation and subject to the contamination remedial costs. Depending on the findings and remedial recommendations they could impact the final purchase price.

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

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

- Development of a brown field site that is currently vacant and overgrown.
- The development will regenerate the area around the Railway Station.
- Additional jobs will be created during the demolition and construction phases. This will also boost spending in the local economy.
- There is a provision within the S106 for funding to be provided for the benefit of Community services.

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

- The site is in a sustainable location close to the railway station, bus links and within walking distance of the town centre and all daily needs. Some of the potential purchasers may rely on public transport will benefit from additional housing being available in this location.
- The existing open green public space will be enhanced with additional trees and hedgerows being planted and the water body/reeds beds being retained within the redevelopment scheme, a pedestrian and cycle path will link the development to the open space.

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

- N/A

## **4. SIGNIFICANT IMPLICATIONS**

### **4.1 Resource Implications**

The sales to CHIC are important in generating important revenue to support County Council services and have been built into the Council's budget plans.

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

There are no significant implications within this category.

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

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

- Refer to the Disposal Process of Property Assets that was agreed at the Committee's meeting on 30th June this document sets out all the legal considerations for disposing of council land to the CHIC.

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

There are no significant implications within this category.

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

There are no significant implications within this category.

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

Both local members are supportive.

Councillor Count comments: "I support this application which has been modified from original proposals to make it much more of a quality and less dense development than originally submitted. The location will give direct access to the railway station for those wishing to walk so I believe it is likely to be occupied by families with low car usage."

Councillor French comments: "have no objections but I am aware that there has been repeated refusals by Fenland District Council planning committee and March Town Council have in the past objected to the application."

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

No comments received to date.

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Financial Officer: Chris Malyon
<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?</b>	Yes No implications raised. Name of Officer: Paul White
<b>Has the impact on statutory, legal and risk implications been cleared by LGSS Law?</b>	Yes Reference made to the Disposal Process of Property Assets that was agreed at the Committee's meeting on 30th June Name of Legal Officer: Fiona Macmillan
<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	Yes Name of Officer: John Macmillan
<b>Have any engagement and communication implications been cleared by Communications?</b>	Yes Name of Officer: Christine Birchall Head of Communications and Information
<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	Yes Name of Officer: John Macmillan Councillors Count & French
<b>Have any Public Health implications been cleared by Public Health</b>	No response yet received Name of Officer: Tessa Campbell

<b>Source Documents</b>	<b>Location</b>
<b>Full Development Planning Proposal Layout</b>	<b>Appendix A</b>



### Proposed development layout plan





**SMART ENERGY GRID – UPDATE ON EUROPEAN REGIONAL DEVELOPMENT  
FUNDING AND RISKS**

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

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

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

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

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

*Purpose:*

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

- **Note the revised status of the European Regional Development Fund bid for the Smart Energy Grid demonstrator project at the St Ives Park and Ride site.**
- **Support the continued development of the project, to secure the ERDF grant funding.**

<b><i>Officer contact:</i></b>	
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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 European Regional Development Funds in August 2016 for a Smart Energy Grid Project at the St Ives Park and Ride site.
- 1.2 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 a local customer. Additional electric vehicle charging points will be added which will also be powered by the low-carbon electricity generated.
- 1.3 As part of the project, new 'under canopy' lighting will be added to provide adequate lighting for car park users. The remaining lighting will be upgraded and CCTV cameras will be relocated to accommodate the new structures. An artist's impression of what the finished project should look like is attached at **Appendix A**.
- 1.4 In November 2016, the County Council was notified that its outline application for ERDF grant funding had passed the selection process, and it was invited to progress to the full application stage. The full application was submitted in March 2017.
- 1.5 Approval of the outline application meant that half of eligible project development costs could be claimed providing that approval of the full application was gained. Full application approval will allow access to a grant with Department for Communities and Local Government (DCLG). If the project does not achieve full approval then the Council will not be offered an agreement by DCLG, and the project development costs to date could not be reclaimed. However, the expectation is that a project approved at the outline application phase should go on to be offered funding as long as it can demonstrate that it is compliant with ERDF guidance.
- 1.6 The initial target date for approval of the full application from DCLG was 4th July 2017. In a meeting with DCLG on 17<sup>th</sup> July, DCLG explained they could not complete their review of the full application owing to a number of clarification points highlighted in section 2.

## **2. MAIN ISSUES**

### **2.1 Procurement**

DCLG has been reviewing the County Council's procurement of Bouygues Energies and Services Ltd under the Re:fit 2 Framework since December 2016. The local DCLG ERDF team assessed the procurement as being compliant, but the national compliance team must also review the procurement. The outcome of this national level compliance check should be known soon.

## 2.2 Planning permission

On DCLG's request the County Council submitted the full planning application in March 2017. Planning permission for the project was granted on 6th July 2017, and this evidence was supplied to DCLG. It is now understood that DCLG cannot award ERDF grant funding until all planning conditions have been discharged. We estimate discharging of the planning conditions will take until the end of October 2017. In the meantime project costs will be incurred.

## 2.3 Power Purchase Agreement (PPA)

A major source of revenue for the project is through the sale of electricity via a Power Purchase Agreement (PPA). As a result of DCLG's review process on the application, the County Council has been advised that a PPA will need to be agreed before approval for funding is granted. The reason is that DCLG cannot finalise its finance assessment until the income is fully clarified. Realistically, a PPA will not be signed until end of October/November 2017 as the County Council is in the early stages of negotiating the PPA with customers.

## 2.4 State Aid

DCLG would like clarification in two areas of State Aid to help them determine eligibility for the 50% state aid intervention rate we requested. These clarifications could impact the intensity of state aid agreed for the project reducing the grant available from 50% to 45%.

## 2.5 Project development costs

To discharge planning conditions, continue PPA negotiations, provide updated costs and state aid justifications to DCLG work needs to continue on the project until the County Council can enter into a grant agreement. Current estimates are that the project will reach the total project development costs of around £262,000 by the end of November 2017. The project development expenditure is shown in table1.

<b>Expenditure type</b>	<b>Total £</b>	<b>Budget</b>	<b>Eligible for ERDF Yes/No</b>
Submission of outline application  (Expenditure pre-DCLG outline approval)	£ 61,500	Staff time* currently paid by Energy Investment Unit but to be recompensed from project profits	N
Submission of Full application including legal, financial, staff and Local Partnerships charges	£ 27,390	Currently picked up by EIU budget but will be recharged from the project profits	N
Project development expenditure including Investment Grade Proposal, legal costs and Local Partnerships	£ 173,000	£100K project development contribution, ETE operational savings budget	Y

fees, discharge of planning conditions, and actual and forecast staff costs etc		(Approved EE Committee, 2016)	
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\* Not including overhead rate

**Table 1. Project development expenditure**

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

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

As part of the project, we will be operating a Business Support Program to share the lessons learned in developing and designing the scheme with the cleantech community. We will be providing 12 hours of business support for a minimum of 40 companies. The expectation is that the support will reduce barriers for other companies to develop energy projects.

This project is a pilot to test a new commercial model in areas of significant grid connection constraint to help to develop a local market for buying and selling of 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. For the vulnerable, it is hoped that the local generation and selling of energy will help with rising fuel costs.

### **4. SIGNIFICANT IMPLICATIONS**

#### **4.1 Resource Implications**

If successful, the grant supplies roughly half of the required funding (£1.6M), the other half (£1.6M) will be borrowed by the Council from the Public Works Loan Board. This approach was detailed in a business case that was submitted and approved by Assets and Investment Committee on 16 September 2016.

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

There are no significant implications within this category.

#### **4.3 Equality and Diversity Implications**

There are no significant implications within this category.

#### 4.4 Engagement and Consultation

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
N/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: Sarah Silk and Eleanor Bell
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 Name of Officer: Tess Campbell



## Appendix A: Smart Energy Grid – image of final project

The Guided Busway runs along the southern edge of the site, shown here in the upper left hand corner. The forest green battery storage containers are shown in the lower centre of the image.





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

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

*Meeting Date:* **15th September 2017**

*From:* **Chief Finance Officer**

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

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

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

*Recommendation:* **a) It is requested that the Committee note the overview and context provided for the 2018-19 Capital Programme for Commercial and Investments Committee**

**b) It is requested that the Committee comment on the draft proposals for Commercial and Investments Committee's 2018-19 Capital Programme and endorse their development**

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## **1. CAPITAL STRATEGY**

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

## **2. DEVELOPMENT OF THE 2018-19 CAPITAL PROGRAMME**

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

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

- The Adults Committee first considered the Older People's Accommodation Strategy in 2016. Following consideration of outline modelling and a business case to increase the availability of affordable care home beds in the County through more direct intervention in the market by the Council, the Adults Committee is due to receive an update in September on market engagement and next steps towards a more detailed business case and procurement. Amongst a number of options, there is potential for implications for the Council's capital plans through provision of land, other assets or involvement with construction. The Council is engaged with health partners on these challenges, and plans are also in development for an investment in housing for vulnerable people using improved better care fund monies.
- The Council is in the fortunate position of being a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. This has, however, required the Council to move from being a seller of sites to a developer of sites, through a Housing Company. A Special Purpose Vehicle has been established, the Cambridgeshire Housing Investment Company (CHIC), through which the Council will operate to make best use of sites with development potential in a co-ordinated and planned manner, in order to progress those sites for a range of development options. This will generate capital receipts to support site development and create significant revenue and capital income for the Council which will help support services and communities.

A comprehensive 10-year pipeline of development projects has been identified and the initial model is currently being reviewed, refined and developed by both the Housing Company and the Council. As such, it is expected that the figures within the Business Plan will continue to be refined as the model evolves over the next few months.

### **3. REVENUE IMPLICATIONS**

- 3.1 All capital schemes can have a potential two-fold impact on the revenue position, relating to the cost of borrowing through interest payments and repayment of principal and the ongoing revenue costs or benefits of the scheme. Conversely, not undertaking schemes can also have an impact via needing to provide alternative solutions, such as Home to School Transport (e.g. transporting children to schools with capacity rather than investing in capacity in oversubscribed areas).
- 3.2 The Council is required by the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Prudential Code for Capital Finance in Local Authorities 2011 to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to ensure that it achieves this, GPC recommends an advisory limit on the annual financing costs of borrowing (debt charges) over the life of the Plan. In order to afford a degree of flexibility from year to year, changes to the phasing of the limit is allowed within any

three-year block (starting from 2015-16), so long as the aggregate limit remains unchanged.

- 3.3 For the 2017-18 Business Plan, GPC agreed that this should continue to equate to the level of revenue debt charges as set out in the 2014-15 Business Plan for the next five years (restated to take into account the change to the MRP Policy agreed by GPC in January 2016), and limited to around £39m annually from 2019-20 onwards. GPC will be asked to reconfirm this decision for the 2018-19 process as part of the Capital Strategy paper, also being presented at the September meeting.

## 4. SUMMARY OF THE DRAFT CAPITAL PROGRAMME

- 4.1 The revised draft Capital Programme is as follows:

Service Block	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Later Yrs £'000
People and Communities	87,573	121,024	78,846	37,229	25,992	85,353
Economy, Transport and Environment	34,250	25,232	17,631	18,561	20,098	19,182
Public Health	-	-	-	-	-	-
Commercial and Investment Committee *	46,162	6,920	720	11,971	810	19,220
Corporate and Managed Services	7,136	460	460	460	-	-
LGSS Operational	-	-	-	-	-	-
<b>Total</b>	<b>175,121</b>	<b>153,636</b>	<b>97,657</b>	<b>68,221</b>	<b>46,900</b>	<b>123,755</b>

\* All the tables within this section have been updated just for Commercial and Investment Committee

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

Funding Source	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Later Yrs £'000
Grants	53,009	32,373	33,046	29,716	31,712	78,020
Contributions	19,927	44,375	54,545	14,164	8,160	196,305
Capital Receipts	21,676	5,252	6,615	19,536	1,909	9,556
Borrowing	51,026	72,442	20,259	12,290	9,265	2,676
Borrowing (Repayable)*	29,533	-806	-16,808	-7,485	-4,146	-162,802
<b>Total</b>	<b>175,121</b>	<b>153,636</b>	<b>97,657</b>	<b>68,221</b>	<b>46,900</b>	<b>123,755</b>

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

- 4.3 The following table shows how each Service's borrowing position has changed since the 2017-18 Capital Programme was set:

Service Block	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Later Yrs £'000
People and Communities	1,832	15,545	37,793	3,022	3,903	-6,486	-2,333
Economy, Transport and Environment	10,712	2,976	-1,665	-2,859	-3,055	-6,484	-1,723
Public Health	-	-	-	-	-	-	-
Corporate and Managed Services	958	438	-	-	-	-	-

LGSS Operational	-100	-	-	-	-	-	-
Commercial and Investment Committee	-650	1,049	-565	-417	-396	52	2,508
Corporate and Managed Services – relating to general capital receipts	-	-	-	-	-	-	-
<b>Total</b>	<b>12,752</b>	<b>20,008</b>	<b>35,563</b>	<b>-254</b>	<b>452</b>	<b>-12,918</b>	<b>-1,548</b>

4.4 The table below categorises the reasons for these changes:

Reasons for change in borrowing	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Later Yrs £'000
New	580	12,806	20,957	5,761	2,630	300	3,850
Removed/Ended	-6,054	180	200	30	-100	-9,300	11,965
Minor Changes/Rephasing*	-3,757	8,639	5,198	-9,318	5,741	3,370	-7,942
Increased Cost (includes rephasing)	-2,002	4,096	12,050	2,667	901	-839	-420
Reduced Cost (includes rephasing)	2,822	-3,741	-2,574	-2,220	-2,285	-3,182	0
Change to other funding (includes rephasing)	4,978	-459	5,715	5,373	-4,092	-254	-6,752
Variation Budget	16,185**	-1,513	-5,983	-2,547	-2,343	-3,013	-2,249
<b>Total</b>	<b>12,752</b>	<b>20,008</b>	<b>35,563</b>	<b>-254</b>	<b>452</b>	<b>-12,918</b>	<b>-1,548</b>

\*This does not off-set to zero across the years because the rephasing also relates to pre-2017-18.

\*\*This reflects removal of this budget for 2017-18, as it is a rolling budget that is refreshed every year

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

Financing Costs	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000
2017-18 agreed BP	18.6	18.9	22.0	22.9	-
2018-19 draft BP	16.6	17.4	21.6	23.6	25.1
<b>CHANGE (+) increase / (-) decrease</b>	<b>-2.0</b>	<b>-1.5</b>	<b>-0.4</b>	<b>0.7</b>	<b>25.1</b>

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

Financing Costs	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
2018-19 draft BP (excluding Invest to Save / Earn schemes)	26.5	28.8	32.2	34.4	36.1	36.1
Recommend limit	37.9	38.6	39.2	39.7	40.3	40.8
<b>HEADROOM</b>	<b>-11.4</b>	<b>-9.8</b>	<b>-6.9</b>	<b>-5.3</b>	<b>-4.2</b>	<b>-4.8</b>
Recommend limit (3 years)	115.7			120.8		

<b>HEADROOM (3 years)</b>	<b>-28.1</b>	<b>-14.3</b>
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- 4.7 Although the limit hasn't been exceeded, the Business Plan is still under review and as such adjustments to schemes and phasing will continue over the next two to three months. However, as there is significant headroom available, it is not expected that any further revisions will cause a breach of the advisory limit.

## 5. OVERVIEW OF COMMERCIAL & INVESTMENT SERVICE'S DRAFT CAPITAL PROGRAMME

5.1 The revised draft Capital Programme for the Council's Commercial & Investments Service is as follows:

<b>Capital Expenditure</b>	<b>2018-19 £'000</b>	<b>2019-20 £'000</b>	<b>2020-21 £'000</b>	<b>2021-22 £'000</b>	<b>2022-23 £'000</b>	<b>Later Yrs £'000</b>
Commercial & Investment	46,162	6,920	720	11,971	810	19,220

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

<b>Funding Source</b>	<b>2018-19 £'000</b>	<b>2019-20 £'000</b>	<b>2020-21 £'000</b>	<b>2021-22 £'000</b>	<b>2022-23 £'000</b>	<b>Later Yrs £'000</b>
Developer Contributions	260					
Capital Receipts	10,551	2,483		13,206		
Borrowing	2,716	344	720	720	810	4,500
Borrowing (Repayable)	32,635	4,093	-13,542	-6,155	-2,706	-154,125
Ring-Fenced Capital Receipts			600	4,200		
Other Contributions			12,942		2,706	168,845
<b>Total</b>	<b>46,162</b>	<b>6,920</b>	<b>720</b>	<b>11,971</b>	<b>810</b>	<b>19,220</b>

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

5.4 The following changes have been made to existing schemes in the 2018-19 Business Plan:

- **County Farms investment viability**  
The required investment has been reduced to £300k per annum. If this is insufficient in future a business case will be made.
- **Local Plans – representations**  
This budget has been reduced to £100k per annum based on the fact that more of the costs are now being charged to Housing.
- **Community Hubs – East Barnwell**  
This scheme was originally included within the Housing scheme proposal but has been split out again as the costs are more service specific.

- **Energy Efficiency Fund**  
The scheme is now shown within the ETE tables as the team managing this scheme have transferred to ETE.
- **MAC Joint Highways Depot**  
This scheme has been rephased as work will be related to planning applications for both sites and spend is not expected to be more than £100k in 2018-19.
- **Housing Schemes**  
The profile of spend for these schemes is being continually reviewed and are likely to change. However at present the profile matches the 2017/18 business plan.

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

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

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

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

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

### **6.3 Supporting and protecting vulnerable people**

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

## **7. SIGNIFICANT IMPLICATIONS**

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Officer: Tom Kelly
<b>Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?</b>	Yes or No Name of Legal Officer: Fiona McMillan
<b>Are there any Equality and Diversity implications?</b>	Yes Name of Officer: Tom Barden
<b>Have any engagement and communication implications been cleared by Communications?</b>	Yes Name of Officer: Christine Birchall
<b>Are there any Localism and Local Member involvement issues?</b>	Yes Name of Officer: Tom Barden

<b>Have any Public Health implications been cleared by Public Health</b>	Yes Name of Officer: Tess Campbell
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## **7.1 Resource Implications**

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

- There may be revenue implications associated with operating new or enhanced capital assets but equally capital schemes can prevent the need for other revenue expenditure.
- The overall scale of the capital programme has been reduced to limit the impact on the Council's revenue budget and this in turn will have beneficial impacts on the services that are provided from that source

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

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

- Regulations for capital expenditure are set out under Statute. The possibility of capital investment, from these accumulated funds, may ameliorate risks from reducing revenue resources.
- At this stage, there are no proposals with significant risk arising from "pay-back" expectations.

## **7.3 Equality and Diversity Implications**

There are no significant implications within this category.

## **7.4 Engagement and Consultation Implications**

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

- Consultation is continuous and ongoing between those parties involved to ensure the most effective use of capital funding.

## **7.5 Localism and Local Member Involvement**

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

- Local Members will be engaged where schemes impact on their area and where opportunities for strategic investment arise.

## **7.6 Public Health Implications**

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

- Strategic investment in some of the schemes outlined may have potential to improve Public Health outcomes. This includes schemes that encourage active travel through cycling, walking and use of public transport.



Source Documents	Location
<p>The 2017/18 Business Plan, including the Capital Strategy</p> <p>Capital Planning and Forecast: financial models</p>	<p><a href="https://www.cambridgeshire.gov.uk/council/finance-and-budget/business-plans/">https://www.cambridgeshire.gov.uk/council/finance-and-budget/business-plans/</a></p> <p>c/o Group Accountants 1st Floor Octagon Shire Hall Cambridge</p>



# Appendix A

## 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	Committee
Ongoing					14,887	6,870	1,004	263	720	720	810	4,500	
Committed Schemes					191,775	113,989	45,158	6,657	-	11,251	-	14,720	
<b>TOTAL BUDGET</b>					<b>206,662</b>	<b>120,859</b>	<b>46,162</b>	<b>6,920</b>	<b>720</b>	<b>11,971</b>	<b>810</b>	<b>19,220</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
F/C.	<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

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## 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>209,611</b>	<b>120,859</b>	<b>46,655</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	-3,083	-	-546	-1,287	-280	-280	-190	-500	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>-2,949</b>	<b>-</b>	<b>-493</b>	<b>-1,206</b>	<b>-280</b>	<b>-280</b>	<b>-190</b>	<b>-500</b>	
	<b>TOTAL BUDGET</b>				<b>206,662</b>	<b>120,859</b>	<b>46,162</b>	<b>6,920</b>	<b>720</b>	<b>11,971</b>	<b>810</b>	<b>19,220</b>	

## Appendix A

### 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	110,549	84,309	10,551	2,483	-	13,206	-	-
Prudential Borrowing	14,233	4,423	2,716	344	720	720	810	4,500
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>206,662</b>	<b>120,859</b>	<b>46,162</b>	<b>6,920</b>	<b>720</b>	<b>11,971</b>	<b>810</b>	<b>19,220</b>
<b>TOTAL FUNDING</b>	<b>206,662</b>	<b>120,859</b>	<b>46,162</b>	<b>6,920</b>	<b>720</b>	<b>11,971</b>	<b>810</b>	<b>19,220</b>

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## 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	14,887	-	-	150	2,695	12,042
Committed Schemes	191,775	-	260	184,493	112,654	-105,632
<b>TOTAL BUDGET</b>	<b>206,662</b>	<b>-</b>	<b>260</b>	<b>184,643</b>	<b>115,349</b>	<b>-93,590</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	Committee
<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.2.240	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>-3,299</b>		<b>209,611</b>	<b>-</b>	<b>260</b>	<b>184,643</b>	<b>115,349</b>	<b>-90,641</b>	
<b>F/C.</b>	<b>Capital Programme Variation</b>										
F/C.3.001	Variation Budget			- Ongoing	-3,083	-	-	-	-	-3,083	C&I
F/C.3.002	Capitalisation of Interest Costs			- Committed	134	-	-	-	-	134	C&I
	<b>Total - Capital Programme Variation</b>				<b>-2,949</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2,949</b>	
	<b>TOTAL BUDGET</b>				<b>206,662</b>	<b>-</b>	<b>260</b>	<b>184,643</b>	<b>115,349</b>	<b>-93,590</b>	

## Appendix A

### Capital Investment Appraisals

#### Prioritised List of Schemes

Priority Score (/100)	Class	Service Area	Ref	Title	Total Scheme Cost £000	Total Prudential Borrowing £000	Flexibility in Phasing	Alternative Methods of Delivery
F	Fully Funded	C&I	F/C.3.001	Variation Budget	-3,083	-3,083		-
F	Fully Funded	C&I	F/C.3.002	Capitalisation of Interest Costs	134	134		-
C	Committed	C&I	F/C.2.114	MAC Joint Highways Depot	5,198	398		
65	Invest to Save	C&I	F/C.2.240	Housing Schemes	184,493	-107,823		-
49	Statutory	C&I	F/C.2.111	Shire Hall	6,150	3,727		-
43	Statutory	C&I	F/C.2.112	Building Maintenance	6,000	6,000		-
25	Other	C&I	F/C.2.103	Local Plans - representations	1,000	1,000	The timing of the development of allocated sites is very flexible but it is essential that consultations on Local Plans are responded to in the required time frames or the opportunities are invariably lost for some 3-5 years. Once a site is allocated it makes sense to secure a planning consent as soon as is practical unless market conditions are such that development is unviable, although even then the Council may take the view that it was to stimulate economic growth.	-
19	Invest to Save	C&I	F/C.2.101	County Farms investment (Viability)	4,820	4,398		-
17	Other	C&I	F/C.2.109	Community Hubs - East Barnwell	1,950	1,659		-





**FINANCE AND PERFORMANCE REPORT – JULY 2017**

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

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

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

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

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

*Purpose:* **To present to Commercial and Investment Committee (C&IC) the July 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 July 2017.**

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

- review, note and comment upon the report**

<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
Name:	Chris Malyon	Name:	Councillor Joshua Schumann
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Tel:	01223 699796	Tel:	07841 524007

## 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 July 2017 Finance and Performance report.

- 2.2 **Revenue:** At the end of July, Commercial and Investment Committee is forecasting an underspend of £101k on revenue budgets. There are two new significant forecast outturn variances by value (over £100,000) to report.

- 2.3 **Capital:** At the end of July, Commercial and Investment Committee is forecasting that the capital programme budget will be in balance at year-end.

There are no exceptions to report for July.

- 2.4 Commercial and Investment Committee **performance indicator** is not currently available for July 2017.

## 3. ALIGNMENT WITH CORPORATE PRIORITIES

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

There are no significant implications for this priority.

### 3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

### 3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

## 4. SIGNIFICANT IMPLICATIONS

### 4.1 Resource Implications

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

#### 4.2.1 Statutory, Risk and Legal Implications

There are no significant implications within this category.

#### 4.3 Equality and Diversity Implications

There are no significant implications within this category.

#### 4.4 Engagement and Consultation Implications

There are no significant implications within this category.

#### 4.5 Localism and Local Member Involvement

There are no significant implications within this category.

#### 4.6 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	N/A
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	N/A
Are there any Equality and Diversity implications?	N/A
Have any engagement and communication implications been cleared by Communications?	N/A
Are there any Localism and Local Member involvement issues?	N/A
Have any Public Health implications been cleared by Public Health	N/A

Source Documents	Location
Commercial & Investment Committee Finance & Performance Report (July 17)	1 <sup>st</sup> Floor, Octagon, Shire Hall, Cambridge



**Commercial and Investment****Finance and Performance Report – July 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>Green</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**

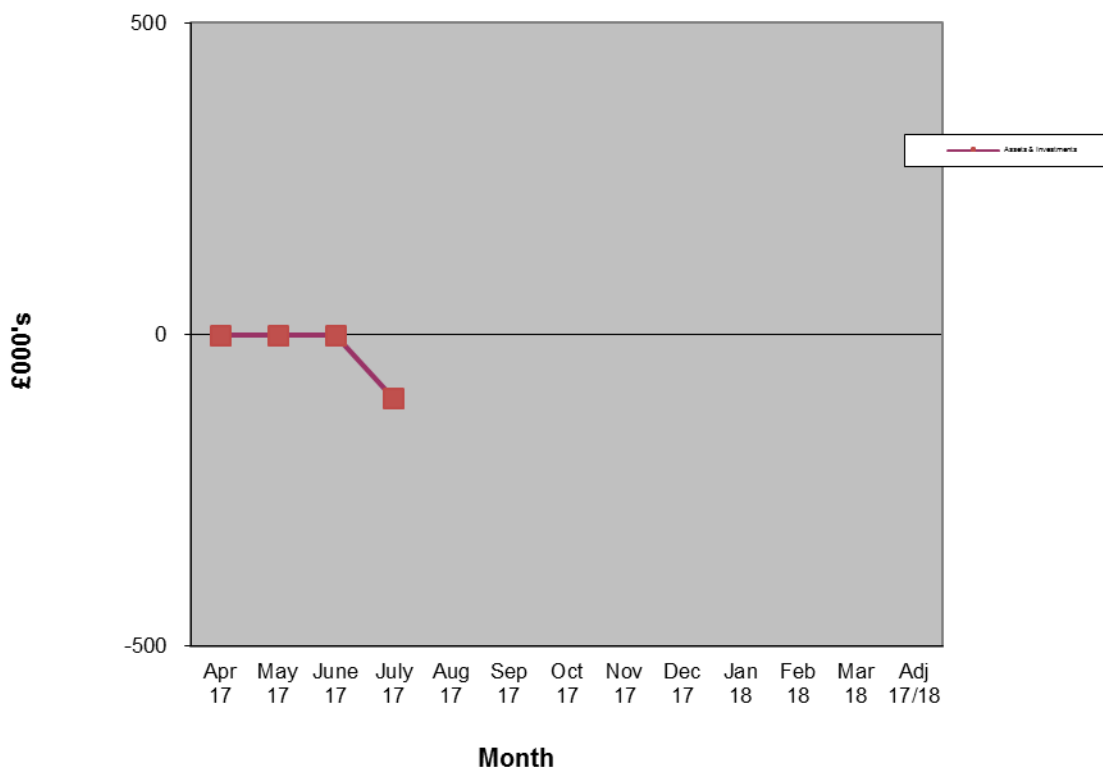
<b>Original Budget as per BP <sup>1</sup></b>	<b>Directorate</b>	<b>Current Budget</b>	<b>Forecast Variance - Outturn (June)</b>	<b>Forecast Variance - Outturn (July)</b>	<b>Forecast Variance - Outturn (July)</b>	<b>Current Status</b>	<b>DoT</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>		
2,702	Commercial & Investment	2,356	0	-101	-4	Green	↑
<b>2,702</b>	<b>Total</b>	<b>2,356</b>	<b>0</b>	<b>-101</b>	<b>-4</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.

The service level budgetary control report for Commercial and Investment Committee for July 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



### 2.2 Significant Issues – Commercial and Investment

- Commercial and Investment Committee is currently predicting an underspend of £101k at year-end, compared to a predicted break-even position as reported last month.
- County Offices budgets are forecast to underspend by £450k 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 leasing of the Castle Court office building to a student accommodation provider.
- 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.

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

The following items above the de minimis reporting limit were recorded during July 2017.

<b>Grant</b>	<b>Awarding Body</b>	<b>Expected Amount £</b>
One Public Estate	Cabinet Office	260,000
Non-material grants (+/- £30k)		0

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:

	<b>£</b>	<b>Notes</b>
Transfer from C&I to LGSS Cambridge	-349,000	Transfer of budget re LGSS savings following Property demerger
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 £1.0m spend to date. It is currently expected that the programme will be in balance at year-end, and there will be £0 total scheme variances over the lifetime of the schemes.
- The Commercial and Investment capital programme budget has been reduced by £250k, due to the removal of the Energy Efficiency Fund budget, which has transferred to Economy, Transport and Environment Committee.
- The Sawston Community Hub scheme has transferred from LGSS Managed to Commercial & Investment. It has a budget of £1.4m; alongside this the capital programme variations budgets for Commercial & Investment and LGSS Managed have been realigned, so the variations budget for Commercial & Investment has 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 will be asked to approve the revised budget of £1.502m at its meeting on 19<sup>th</sup> September. This revision will mean an increase of £193k to the Prudential Borrowing requirement.

##### Funding

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



- As reported above, the Energy Efficiency Fund budget of £250k has transferred to Economy, Transport and Environment Committee, therefore the Commercial and Investment Committee borrowing requirement has reduced by this amount.
- As reported above, the Sawston Community Hub scheme has transferred to the Commercial & Investment Committee. It has an approved budget of £1.2m. Prudential Borrowing and General Purposes Committee has been asked to approve an increase of £193k in budget for the scheme, which will result in an increased borrowing requirement of this amount.
- As reported above, the programme budget is 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.

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 for July 2017 is not currently available.

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

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

Original Budget as per BP £000	Service	Current Budget for 2017/18 £000	Forecast Variance - Outturn (June) £000	Forecast Variance - Outturn (July) £000	Forecast Variance - Outturn (July) %
<u>Commercial &amp; Investment</u>					
1,111	Building Maintenance	1,111	0	0	0
-4,404	County Farms	-4,404	0	0	0
4,500	County Offices	4,568	0	-450	-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	713	0	349	49
0	Grant Income	-260	0	0	0
<b>2,702</b>		<b>2,356</b>	<b>0</b>	<b>-101</b>	<b>-4</b>
<b>2,702</b>	<b>COMMERCIAL &amp; INVESTMENT TOTAL</b>	<b>2,356</b>	<b>0</b>	<b>-101</b>	<b>-4</b>
 <b>MEMORANDUM - Grant Income</b>					
0	One Public Estate Grant	-260	0	0	0
<b>0</b>		<b>-260</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>-450</b>	<b>-10</b>
County Offices budgets are forecast to underspend by £450k 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>713</b>	<b>349</b>	<b>49</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.			

### 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	260
<b>Total Grants 2017/18</b>		<b>260</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	
Non-material virements (+/- £30k)	11	
<b>Current Budget 2017/18</b>	<b>2,356</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 July 2017	Forecast Balance at 31 July 2017	Notes
	£'000	£'000	£'000	£'000	
<b>Other Earmarked Funds</b>					
Manor school site demolition costs	362	26	389	389	1
subtotal	362	26	389	389	
<b>Short Term Provisions</b>					
SPV provision	24	0	24	24	
subtotal	24	0	24	24	
<b>SUBTOTAL</b>	<b>386</b>	<b>26</b>	<b>413</b>	<b>413</b>	
<b>Capital Reserves</b>					
General Capital Receipts	0	3,072	3,072	0	2
subtotal	0	3,072	3,072	0	
<b>TOTAL</b>	<b>386</b>	<b>3,098</b>	<b>3,485</b>	<b>413</b>	

#### Notes

- 1 Rental income from Bellerbys buildings on Manor School site is being held to offset demolition costs when the lease expires in 2021.
- 2 Capital Receipts 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	192	550	-	5,502	-
350	Local Plans Representations	350	101	350	-	3,902	-
500	County Farms Viability	621	139	621	-	3,353	-
600	A&I - Building Maintenance	600	204	600	-	5,579	-
-	- Other Committed Projects	20	1	20	-	225	-
-	- Renewable Energy Soham	775	1	775	-	9,994	-
113,476	Housing Schemes	112,209	385	112,209	-	183,226	-
482	MAC Joint Highways Project	482	-	482	-	5,198	-
-	- Office Portfolio Rationalisation	200	4	200	-	345	-
1,068	Sawston Community Hub	1,401	9	1,401	-	1,502	-
(550)	Capital Programme Variations	(1,000)	-	(1,000)	-	(767)	-
<b>116,476</b>	<b>TOTAL</b>	<b>116,208</b>	<b>1,035</b>	<b>116,208</b>	-	<b>218,059</b>	-

### Previously Reported Exceptions

As previously reported the capital programme figures include a revised Capital Programme Variations target, which effectively reduces the programme budget. This budget is forecast to be fully achieved at this stage, but as forecast underspends start to be reported, these will be 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.

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.

## 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 (July) £000	Forecast Outturn Funding Variance (July) £000
81,583	Capital Receipts	81,583	81,583	-
33,825	Prudential Borrowing	34,625	34,625	-
<b>115,408</b>	<b>TOTAL</b>	<b>116,208</b>	<b>116,208</b>	-

## Previously Reported Exceptions

As previously reported, 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, Buttsgrrove, 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.





**COUNTY FARMS ESTATE WORKING GROUP**

*To:* **Commercial & Investments Committee**

*Meeting Date:* **15 September 2017**

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

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

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

*Purpose:* **To formalise a Member working group to review issues relating to the County Farms Estate.**

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

- a) Agree the Working Group's Terms of Reference;**
- b) Agree the Working Group's membership;**
- c) Consider whether it appropriate to nominate a Member Champion for the County Farms Estate**

<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
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Post:	Asset Manager (Rural)	Post:	Chairman
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Tel:	01223 728359	Tel:	01223 706398

## **1. BACKGROUND**

- 1.1 Following a strategic review of the County Farms Estate in 2016, the then Assets & Investment Committee held a series of workshops in February and March 2017 to explore the options raised by the review.
- 1.2 Following the workshops, the Committee agreed the estate objectives in principle, with policies the following aspects of the review accepted:
  - Applications for tenancies;
  - Farm Size;
  - Tenancy Length;
  - Retirement
  - Agricultural sub-letting; and
  - Tenant Selection Criteria
- 1.3 Due to the changes to the Committee's membership, in May Commercial & Investment Committee agreed to appoint three Members to a County Farms Estate Strategic Review Working Group, consisting of Cllrs Schumann (Chair), Hay (Vice Chair) and Rogers. Subsequently Cllr Nethsinga has been co-opted into the Group.

## **2. MAIN ISSUES**

- 2.1 The purpose of the Working Group is to review and update, where necessary, the stated objectives and policies relating to the County Farms Estate, prior to a formal paper being submitted to the Committee for its approval.
- 2.2 A suggested Terms of Reference is attached as Appendix 1. This covers purpose, membership arrangements, meeting arrangements, decision making, duties, and reporting arrangements.
- 2.3 The Working Group does not currently represent the political balance of the Committee and the Committee are asked to consider whether this should be revisited.
- 2.4 There has also been some difficulty in ensuring that sufficient Members are available in order for meetings to proceed. Whilst this has been exacerbated by the summer period it is suggested that the number of Members on the Working Group could be expanded to provide a larger pool and therefore increase the likelihood that meetings could proceed.
- 2.5 The Committee are also asked to consider whether it is appropriate to establish a Member Champion for the Farms Estate. This would provide a focus for officers in developing papers for consideration at the Working Group. If deemed appropriate this could be a member of the existing Working Group, appointed by the Group, or could be a nomination from the Committee.

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

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

The County Farms Estate makes a significant contribution to Cambridgeshire's economy. The Working Group will seek to maximise revenue and development opportunities, thus strengthening it further.

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

There are no significant implications for this priority.

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

There are no significant implications for this priority.

### **4. SIGNIFICANT IMPLICATIONS**

#### **4.1 Resource Implications**

*There are no significant implications within this category.*

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

*There are no significant implications within this category.*

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

*There are no significant implications within this category.*

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

*There are no significant implications within this category.*

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

*There are no significant implications within this category.*

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

*There are no significant implications within this category.*

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

*There are no significant implications within this category.*

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	No
<b>Have the procurement/contractual/</b>	No

<b>Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?</b>	
<b>Has the impact on statutory, legal and risk implications been cleared by LGSS Law?</b>	No
<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	No
<b>Have any engagement and communication implications been cleared by Communications?</b>	No
<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	No
<b>Have any Public Health implications been cleared by Public Health</b>	No

<b>Source Documents</b>	<b>Location</b>
<b>Briefing papers submitted to the Asset &amp; Investments Committee working group.</b>	Hugo Mallaby, Shire Hall, 2 <sup>nd</sup> Floor Octagon.

## **County Farms Estate Working Group**

### **Terms of Reference**

**September 2017**

#### **1 Purpose**

- 1.1 The County Farms Estate Working Group (EWG) has been established as a sub-group of Commercial & Investments Committee (C&I) to review and update, where necessary, the stated objectives and policies of the Estate.
- 1.2 The duties of EWG are as follows:
  - Review briefing papers and reports produced by Officers and external consultants.
  - Review the new Estate objectives and policies agreed in principle by the then Assets & Investments Committee.
  - Debate and recommend proposed amendments to existing policies not previously agreed in principle, prior to their formal reporting to C&I.
  - Recommend proposed changes to C&I for formal approval.

#### **2 Membership**

- 2.1 The EWG will consist of no fewer than four and no more than six Members representing a political balance in line with C&I Committee.
- 2.2 One Member will be designated as Chair/Lead Member.
- 2.3 Membership will be reviewed upon any changes to C&I Membership.
- 2.4 Membership will be approved by C&I Committee.

#### **3 Arrangements for the Conduct of Business**

- 3.1 *Chairing the meetings:*  
The Lead Member will chair Working Group meetings, supported by the Lead Officer for the County Farms Estate.
- 3.2 *Quorum:*  
For the meetings to be quorate the following representatives are required to be present:
  - Chair or Vice Chair plus two Members
- 3.3 *Urgent matters arising between meetings:*  
Any urgent matters arising between meetings will be dealt with through email correspondence and when required, ad hoc meetings.  
Any non-urgent matters arising will likewise be dealt with through email and ad-hoc meetings or delayed until the next available meeting.

#### **4 Decision Making**

- 4.1 The Working Group will have the authority to shape and make decisions regarding the County Farms Estate's strategic objectives and policies as part of the review for the benefit of the Council and the Estate.
- 4.2 Where a decision cannot be reached, the Working Group will proceed by simple majority. The Group's Chair, or Vice Chair in the Chair's absence, shall have the final say in the event of a tied vote.
- 4.3 The Lead Officer, with the support of the Working Group, will be ultimately responsible for ensuring decisions are taken forward.

#### **5 Relationships and Reporting**

- 5.1 A report to the Committee setting out the proposed objectives and policies for the C&I's formal approval will be submitted for its meeting of 24<sup>th</sup> November 2017.

**Approved by:** C&I Committee

**Date:** 15 September 2017

## Appendix 1: Membership of the County Farms Estate Working Group

Working Group Members	
Name	Role
Cllr J Schumann	Chair
Cllr A Hay	Vice Chair
Cllr T Rogers	
Cllr L Nethsinga	





**APPOINTMENTS TO OUTSIDE BODIES, INTERNAL ADVISORY GROUPS AND  
PANELS AND PARTNERSHIP LIAISON AND ADVISORY GROUPS**

*To:* **Commercial & Investment Committee**

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

*From:* **Democratic Services Officer**

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

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

*Purpose:* **To consider an appointment to a partnership body.**

*Recommendation:* **It is recommended that the Commercial & Investment Committee:**

- (i) review and agree the appointments to the partnership liaison and advisory group as detailed in Appendix 1;**
- (ii) delegate, on a permanent basis between meetings, the appointment of representatives to any outstanding outside bodies, groups, panels and partnership liaison and advisory groups, within the remit of the Commercial & Investment Committee, to the Deputy Chief Executive in consultation with the Chairman of the Commercial & Investment Committee.**

<b><i>Officer contact:</i></b>	
Name:	Dawn Cave
Post:	Democratic Services Officer
Email:	<a href="mailto:dawn.cave@cambridgeshire.gov.uk">dawn.cave@cambridgeshire.gov.uk</a>
Tel:	01223 699178

## 1. BACKGROUND

- 1.1 The County Council's Constitution states that the General Purposes Committee has
- Authority to nominate representatives to Outside Bodies other than the Cambridgeshire and Peterborough Fire Authority, the County Councils' Network Council and the Local Government Association.
  - Authority to determine the Council's involvement in and representation on County Advisory Groups. The Committee may add to, delete or vary any of these advisory groups, or change their composition or terms of reference.
- 1.2 General Purposes Committee refers appointments to relevant groups to the relevant policy and service committee.

## 2. APPOINTMENTS

- 2.1 The partnership liaison and advisory group where an appointment is required is set out in **Appendix 1** to this report.

## 3. ALIGNMENT WITH CORPORATE PRIORITIES

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

There are no significant implications for this priority.

### 3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

### 3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

## 4. SIGNIFICANT IMPLICATIONS

- 4.1 There are no significant implications within these categories:

- Resource Implications
- Procurement/Contractual/Council Contract Procedure Rules Implications
- Statutory, Risk and Legal Implications
- Equality and Diversity Implications
- Engagement and Consultation Implications
- Localism and Local Member Involvement
- Public Health Implications

Source Documents	Location
Full schedule of Outside Bodies, Internal Advisory Groups and Panels, and Partnership Liaison and Advisory Groups	Room 117, Shire Hall

Partnership body	Number of meetings per year	Number of appointees	Appointee	Officer contact
<p><b>Mobilising Local Energy Investment (MLEI) in Cambridgeshire and Peterborough – Project Advisory Board</b></p> <p>The Partnership includes Cambridgeshire County Council, Peterborough City Council, Cambridge City Council, South Cambridgeshire District Council, Huntingdonshire District Council and Cambridge University. The project provides capacity in the local authorities involved to pilot public sector projects to deliver energy-generating schemes and retrofit projects.</p>		1	<b>To be confirmed.</b>	<p>Sheryl French Project Director, Energy Investment Unit (EIU) Cambridgeshire County Council</p> <p>01223 728552 <a href="mailto:sheryl.french@cambridgeshire.gov.uk">sheryl.french@cambridgeshire.gov.uk</a></p>



# COMMERCIAL AND INVESTMENT COMMITTEE AGENDA PLAN

Published on 1st September 2017  
Updated 7<sup>th</sup> September 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>15/09/17</b>	+ Programme Status Report	Chris Malyon/John Macmillan	Not applicable	05/09/17	07/09/17
	Smart Energy Grid - update on European Regional Development Fund Funding & Risks	Sheryl French	Not applicable		
	Cleaning and Grounds Maintenance Contract Re-procurement	Chris Malyon/ Paul Welbourn	2017/043		
	Finance and Performance Report	Chris Malyon	Not applicable		
	Farms Estate Working Group	Chris Malyon	Not applicable		
	Agree sale of March Former Highways Depot, Queens Street, March PE15 8SL to CHIC	Stephen Conrad	2017/050		
	Agree sale of 35 and 37 Russell Street, Cambridge, CB2 1HT to CHIC	Julia Carroll	2017/049		

<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>
	Service Committees: Service Committee Review of Draft Revenue Business Planning Proposals for 2018-19 to 2022-2023	Chris Malyon	Not applicable		
	Appointment to Partnership Body	Dawn Cave	Not applicable		
	Agenda Plan	Dawn Cave	Not applicable		
<b>20/10/17</b>	+ Programme Status Report	Chris Malyon/John Macmillan	Not applicable		
	Finance and Performance Report	Chris Malyon	Not applicable		
	CREATE Update	Matthew Gunn	Not applicable		
	Future Options for Community Greenspaces	Elaine Matthews	Not applicable		
	Cambridgeshire Archives	Louise Clover/ Alan Akeroyd	2017/040		
	Business Planning	Chris Malyon			
	Agenda Plan	Dawn Cave	Not applicable		
<b>24/11/17</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		
	Business Planning	Chris Malyon			
	ESPO Trading Company	Gus de Silva	2017/048		
	Agenda Plan	Dawn Cave	Not applicable		
<b>15/12/17</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		
	<i>Business Planning</i>	<i>Chris Malyon</i>			
	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		
	<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		
	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		
	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		

Committee Date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
	Agenda Plan	Dawn Cave	Not applicable		

To be programmed: Relocation of Ely Registration Office to Cambridgeshire Archives (Louise Clover), Acquisitions and Investment Policy Delegations, Green Spaces (Elaine Matthews), Oasis Centre, Wisbech (Hazel Belchamber)

**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



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

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

6. 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.
7. 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)**

8. 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.
9. Compliance with the requirements for the giving of public notice has been impracticable in relation to the business detailed below.
10. 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

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