

COMMERCIAL AND INVESTMENT COMMITTEE



Date: Friday, 14 September 2018

Democratic and Members' Services

Fiona McMillan

Deputy Monitoring Officer

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 meeting held 20th July 2018** **5 - 18**
3. **Petitions and Public Questions**

OTHER DECISIONS

4. **Outline Business Cases for Clean Energy Projects at Woodston and Stanground closed landfill sites** **19 - 28**
5. **The future direction of and development strategy for Cambridgeshire Music and the CREATE project** **29 - 42**

| | | |
|------------|---|------------------|
| 6. | Asbestos Consultancy Re-tender | 43 - 46 |
| 7. | Loan to Estover Playing Field Community Interest Company (CIC) | 47 - 52 |
| 8. | Cambs 2020 Programme | 53 - 72 |
| 9. | Update on Building Inspections | 73 - 78 |
| 10. | New Leases at less than best rent - 17 Upherds Lane and 1a Upherds Lane, Ely | 79 - 84 |
| 11. | Finance and Performance Report - July 2018 | 85 - 106 |
| 12. | Committee Agenda Plan, Training Plan and Appointments to Outside Bodies | 107 - 110 |
| 13. | Property Services Outcome Focused Review - Options Appraisal | 111 - 126 |
| 14. | Exclusion of Press and Public | |

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

KEY DECISIONS

- | | |
|------------|--|
| 15. | Rural Estates Outcome Focused Review |
| | <ul style="list-style-type: none"> Information relating to the financial or business affairs of any particular person (including the authority holding that information); |
| 16. | Land Promotion Agreements |
| | <ul style="list-style-type: none"> 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 Lorna Dupre Councillor David Jenkins Councillor Linda Jones Councillor Lucy Nethsingha Councillor Terence Rogers 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

The County Council is committed to open government and members of the public are welcome to attend Committee meetings. It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens. These arrangements operate in accordance with a protocol agreed by the Chairman of the Council and political Group Leaders which can be accessed via the following link or made available on request: <http://tinyurl.com/ccf-film-record>.

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/ProcedureRules>.

The Council does not guarantee the provision of car parking on the Shire Hall site and you will need to use nearby public car parks <http://tinyurl.com/ccf-carpark> or public transport.

COMMERCIAL AND INVESTMENT COMMITTEE: MINUTES

Date: Friday 20th July 2018

Venue: Room 128, Shire Hall, Cambridge

Time: 10.00am – 2:00pm

Present: Councillors I Bates, L Dupré, J Gowing (substituting for Cllr Raynes), A Hay (Vice Chairman), D Jenkins, L Jones, L Nethsingha, T Rogers, J Schumann (Chairman) and T Wotherspoon

Apologies: Councillors Raynes (Cllr Gowing substituting)

127. DECLARATIONS OF INTEREST

There were no declarations of interest.

A Member queried whether the Chairman would be chairing the item on This Land Financing arrangements, as a section of the report covered land holdings and sites with the East Cambridgeshire District Council (ECDC) area, and the Chairman was also the Chairman of the ECDC Planning Committee. The Chairman advised that he did not feel that he should withdraw for that item: conversely, if a This Land application was presented to the District Council Planning Committee, he would declare an interest and would withdraw. The legal advisor agreed with this interpretation. Additionally, the report author commented that the section on future sites was not a key part of the report.

128. MINUTES AND ACTION LOG OF THE COMMERCIAL AND INVESTMENT COMMITTEE HELD 22ND JUNE 2018

The Committee resolved to approve the minutes of the Committee meeting held on 22nd June 2018.

Members noted the following updates to the Action Log:

Item 83/Second valuation – the second valuation was provided as an appendix to one of the items on the agenda, so this should be updated to 'completed'.

Item 96/Tri-LEP workshop – this had been set up for 13/09/18, and an invitation issued to Members.

Item 118/Disposal Policy flowchart – this would be circulated shortly. **Action required.**

Item 120/Finance query – it was agreed that if a written reply was sent to one Member, it should be sent to the whole Committee, as a general principle. **Action required.**

It was resolved to note the Action Log.

129. PETITIONS AND PUBLIC QUESTIONS

There were no petitions or public questions.

130. SMART ENERGY SYSTEMS – INNOVATE UK FUNDING BID SUPPORT

The Committee considered a report on the preparation of a 'Smart energy Systems Demonstrator Project' bid for submission to Innovate UK by 25th July 2018.

Members were reminded of the significant challenges faced by Cambridgeshire in terms of connecting energy generation projects to the distribution networks. There had been a number of recent policy changes, whereby the government was promoting renewable, decentralised energy, but the current energy distribution networks were not set up to deal with this. UK Power Networks (UKPN) require significant grid reinforcements, and the complexity and high cost of these effectively constrained the local energy distribution networks, most notably around Greater Cambridge. For example, Cambridge University had completed a Combined Heat & Power (CHP) plant two years ago, but it was not yet connected to the grid because this would cost £13M, as the first developer triggered the costs, and there was no guarantee that these costs would be recouped from other developers.

There was now wider recognition across government that energy infrastructure in the UK needed to change and modernise, and this had been incorporated in the UK's Industrial Strategy document, which set out ambitious plans to fundamentally change power networks by 2030, including the *Future Power Systems Architecture* initiative, which focused on utilising the latest technology and smart assets.

The County Council had been working with a range of partners including Cambridge University, UKPN, Cambridge City Council, Origami Energy and energy consultants to scope a smart local energy system that links electricity,

transport and heat assets across the Greater Cambridge area. The focus was on energy and developments projects that were already built or in the development pipeline, such as the County Council's St Ives, Babraham and Trumpington Smart Energy Grids and battery storage projects. In addition to the physical constraints on the network, the regulatory regime was a real challenge, so the Council and its partners were looking at these issues e.g. ways to support local trading. The benefits to the Council in coordinating the Smart Energy Systems Demonstrator project were explained, along with the funding requirements and grant opportunities. Should the bid be successful, and the investment grade proposals approved for Babraham and Trumpington, the Council would be able to draw down grant funding as part of its investment.

The first objective of the project was capacity management, which included balancing assets flexibly to deal with supply and demand. The second objective was to set up energy trading, which will in the long term reduce energy costs for businesses. The partners were already in discussion with a wide range of major local businesses, such as the Marshalls Group, Anglia Water, Addenbrookes, John Lewis/Waitrose and Hill, the lead developer in Cambridge North West. The bid needed to be submitted week commencing 23rd July, and the outcome would be known in September. Because the Council would be acting as a commercial developer, for an investment of £8.5M it could realise match-funding of 25% (i.e. around £2M). The Council would receive 100% match funding on the public sector element. The proposed financial commitments for the partners were noted. The Council would be leading the project, and supporting the work on the policy development and regulatory regime. This was currently costed at £311K over the next three years, and a project manager would need to be recruited. This element would be 100% grant funded.

Members noted the small amount of risk if the project should move out of scope. Currently there were discussions about how to adapt projects to realise the right capacity management, but if this did not work, officers would come back to Committee.

Arising from the report:

- a Member asked why the Council should lead on this project. Officers explained that the Council had a significant investment in the project, and that a number of partners were SMEs, and therefore did not have the processes in place to lead on a project of this scope, so the project needed to be led by either the Council or the University. The benefits of leading the project were set out, especially in terms of shaping policy and regulatory requirements. The costs would be covered by grant;

- in response to a Member question, it was confirmed that information gathered as part of the project lead would be shared and promoted widely through the “Energy Catapult”;
- noting the third recommendation stated “... *that match funding is made available for the Smart Energy Systems Demonstrator project, if the bid is successful*”, it was confirmed that whilst the intention was to submit the bid week commencing 23rd July, this would not constitute a contractual arrangement, and there would be an option to reconsider before reaching the contractual stage;
- whilst acknowledging that the report had been prepared quickly and a number of elements were not confirmed, a number of Members requested that more data, particularly financial data, be provided in this type of report in future, even if the figures were estimates;
- discussed the benefits for Cambridgeshire and Peterborough, noting that whilst the focus of these proposals was Greater Cambridge, there would be wider benefits, and this would serve as a flagship project;
- officers agreed to send all Members a paper detailing the figures, partners and risks with this project. **Action required.**

The Committee thanked Sheryl French for the enormous amount of work she had done in pulling together this submission to meet the government deadline.

It was resolved unanimously to:

- (a) support Cambridgeshire County Council coordinating and leading in a Smart Energy Systems Demonstrator Bid and its submission to Innovate UK;
- (b) support the inclusion of Babraham, Trumpington and St Ives Smart Energy Grid development projects within the bid;
- (c) agree that investment is committed to Babraham, Trumpington and St Ives Smart Energy grids following the agreement of the business cases, and that match funding is made available for the Smart Energy Systems Demonstrator project, if the bid is successful.

131. THIS LAND FINANCING ARRANGEMENTS, PORTFOLIO SALE AND CONSTRUCTION FUNDING

Members considered an update on matters related to the This Land companies, and the County Council's connected financial interests. The report set out proposed approaches to the revaluation of one site following the decisions by the relevant Planning Authority, the valuation methodology, construction financing proposals and potential future developments. The different elements of the loan were set out. A revised recommendation (a) was set out in confidential Appendix C.

Committee Members were reminded that at the December 2017 Committee meeting they had agreed a number of principles, including the overall envelope for lending, and this had been reconfirmed in the budget set by full Council earlier in the year. Currently £42.1M of that loan had been activated, with a further £77.68M identified for land acquisition, construction and associated costs, as per the December resolution. The Committee noted the difference in valuations following Planning Committee decisions. This followed the approach the Committee had set out about achieving best consideration.

Section 4 of the report covered the requests, and officers confirmed that they were satisfied that these were timed with This Land's upcoming cashflow needs. It was confirmed that the Council was acting not just as the shareholder of This Land but also as the financier with the necessary security for those loans. Section 5 of the report outlined potential future work avenues.

Arising from the report:

- a Member noted that the report alluded to the Council pursuing planning permission, but it had previously been suggested at the Committee that This Land were better placed to pursue planning permissions. It was noted that County officers were doing feasibility work on a number of sites, and there was expertise both within the Council and within This Land;
- a Member asked what type of sites were being considered for future developments, what impact these would have on farm land, and how this fitted in with the County Farms Working Group. It was suggested that the potential for County Council sites would be explored and then promoted in line with previously agreed policies;

As there were a number of question relating to the confidential appendices, the Chairman recommended to the Committee that they should move in to private session.

EXCLUSION OF PRESS AND PUBLIC

It was resolved, by a majority, that the press and public be excluded from the meeting for the following item on the grounds that it contained exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed information relating to any individual, and information relating to the financial or business affairs of any particular person (including the authority holding that information).

It was resolved, by a majority, to:

- a) approve revision of the disposal value and make available to This Land the corresponding increase in loan financing related to the property detailed in Appendix C to the report, and delegate to the Deputy Section 151 officer, in consultation with the Chairman of the Committee, authority to amend the site value further, to reflect any further revision by the external valuer following final technical review, within a +/-8% range of the figure included in Appendix C (and report to the Committee);
- b) approve provision of a “construction loan” to This Land, for up to £8M, and in accordance with Appendix B to the report;
- c) approve provision of a “bridging loan” to This Land, for up to £7.6M, and in accordance with Appendix B to the report;

Delegating the agreement of the final terms of these arrangements to the Deputy Section 151 Officer in consultation with the Chairman of the Committee.

The meeting moved back in to public session.

132. FINANCE AND PERFORMANCE REPORT – MAY 2018

The Committee considered a report on the financial and performance information relating to the areas within the Commercial and Investment Committee's remit, for May 2018.

Members noted that there were two main overspends predicted: £500K in the Commercial Activity budget, reflecting that there had been no commercial acquisitions made to date, and £449K due to the closure of CCS. The latter pressure was due to the non-delivery of the recurring surplus, but was likely to rise as the one-off costs of closure were quantified and confirmed.

In response to a Member question on whether there was the capacity and capability in-house to achieve the commercial acquisition objective, it was confirmed that this was the Committee's strategy going forward, and there had been no change to those plans to generate commercial income: indeed, a new Director of Business Improvement and Development had been appointed to help achieve this objective.

Members noted the following two areas of virement that the Committee was being asked to approve:

- £84M funding for schemes carried forward from 2017/18 which have been reviewed by the Capital Programme Board;
- £711K virement from the Shire Hall Maintenance budget to the Countywide Building Maintenance Budget.

With regard to the latter, it was confirmed that this was to incorporate the additional work needed for the Spokes in the Hub and Spokes model, bringing them up to purpose to support flexible working. Work was ongoing to establish the exact costs. A number of Members queried this, suggesting that the work should be included in the Cambs 2020 programme, not the Shire Hall Maintenance budget. Officers explained that two different types of maintenance budget were involved, and the £711K was less of a 'virement', but more about how the money was being spent. It was agreed that further information would be provided for the September meeting, and the decision on this virement would be taken there. **Action required.** It was clarified that the virement would not result in the wear and tear of Shire Hall in the short term, rather it would divert some of the funding originally allocated for long term maintenance to other sites.

For the Traded services to schools and parents, it was noted that the -£408K figure related to undistributed overheads for traded services to schools and parents. This was separate to the CCS overspend of -£449K. It was agreed that an explanatory note would be circulated explaining this. **Action required.**

A Member noted that the CCS closure was attributed to "a Committee decision" without further context being provided on the reasons for that decision, such as the deficit for that Service increasing year on year. It was agreed that it would be useful to provide that additional information in future reports. **Action required.**

There was a discussion on how grant funding was reported, noting that the presentation in the report was the same as to other Committees. Officers agreed to review how this how this information was presented in future. **Action required.**

It was confirmed that the percentages in the Budgetary Control Report were done on an absolute basis.

It was resolved to:

- 1) review, note and comment upon the report;
- 2) consider and approve the capital budget changes.

133. COMMITTEE AGENDA PLAN, TRAINING PLAN AND APPOINTMENTS TO OUTSIDE BODIES

Members considered the forward agenda plan and Training Plan for Commercial & Investment Committee.

It was resolved to:

- (i) note the Agenda Plan, including the updates provided orally at the meeting;
- (ii) note the Training Plan.

134. EXCLUSION OF PRESS AND PUBLIC

It was resolved, by a majority, that the press and public be excluded from the meeting for the following item on the grounds that it contained exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed information relating to any individual, and information relating to the financial or business affairs of any particular person (including the authority holding that information).

135. CAMBRIDGESHIRE CATERING AND CLEANING SERVICE

Members considered an update on arrangement for school currently using CCS for catering and cleaning services.

It was resolved to:

note the update on progress.

Although item 136 and 138 were being held in private session, the Legal Advisor confirmed that the Chairman could allow members of third party organisations to attend the meeting.

136. UPDATE ON RECRUITMENT FOR INDEPENDENT POSITIONS ON THIS LAND'S BOARD OF DIRECTORS

The Committee received an update on progress made in recruiting further members of This Land's Board of Directors.

It was resolved to:

note the progress made to date in recruiting further members of This Land's Board of Directors.

137. POTENTIAL ACQUISITION

Members considered a report on a property acquisition opportunity.

It was resolved, by a majority, to:

(a) approve the acquisition of the property in Cambridge on the basis of the terms set out in this report;

(b) delegate the conclusion of any of the final details of the contract to the Deputy Section 151 Officer in consultation with the Chairman of the Committee.

There was a request for a recorded vote on the above decision. Voting pattern: all Conservative Members voted in favour, all Liberal Democrats voted against, and the Labour Member abstained.

138. THIS LAND QUARTERLY REPORT

Members considered a quarterly performance report from This Land.

It was resolved to:

note the report.

Chairman

COMMERCIAL & INVESTMENT COMMITTEE

Minutes-Action Log



Agenda Item no. 2

Cambridgeshire
County Council

Introduction:

This is the updated action log as at **5th September 2018** and captures the actions arising from the most recent Commercial & Investment Committee meeting and updates Members on the progress on compliance in delivering the necessary actions.

Minutes of 23rd March

| | | | | | |
|------------|---|---------------|--|---|-------------|
| 96. | Tri-LEP Local Energy Investment and Delivery Strategy, and other strategic initiatives | Sheryl French | Set up a workshop with County Council, South Cambridgeshire and Cambridge City councillors to share the concept for a network of smart energy grids. | Workshop date is now booked for 13/09/18, 5-7pm at the Storey's Field Centre. The draft agenda has been agreed and includes presentations from UKPN, Origami Energy, Bouygues Energies and Services and Local Authorities. An invite and agenda will be sent shortly. | In progress |
|------------|---|---------------|--|---|-------------|

Minutes of 27th April

| | | | | | |
|-------------|---------------------------------------|-------------------------|---|---|-------------|
| 109. | Finance and Performance Report | Tom Kelly/ Ellie Tod | Agreed that the Committee needed to have a session to agree Performance Indicators. | Will be included in a Member session in September or October. | In progress |
|-------------|---------------------------------------|-------------------------|---|---|-------------|

Minutes of 25th May

| | | | | | |
|---------|---|--------------|---|--|------------|
| 118(1). | Disposals Policy | Chris Malyon | Include Local Member involvement as part of the Disposal Policy flowchart. | The flowchart has been updated and circulated to Officers as the final agreed process. At Committee on 22/06/18, it was agreed that the flowchart would be circulated to Committee members. The flowchart was published on Camweb and a link was sent to C&I Members on 21/08/18. | Completed. |
| 118(2). | Disposals Policy | Chris Malyon | Change term “ <i>surplus to requirements</i> ” in policy to “ <i>surplus to operational requirements</i> ”. | | |
| 120. | Finance and Performance Report – Outturn Report 2017/18 | Ellie Tod | Cllr Nethsingha asked for more detail on the reasons for the year-end overspend of £154K on the Property Services budget (Building Maintenance). It was agreed that this would be clarified and reported back | Email response sent to Cllr Nethsingha 12/07/18. Agreed to cc all Committee at meeting on 20/07/18 – emailed 13/08/18 | Completed. |

Minutes of 22nd June

| | | | | | |
|------|---|----------------|---|---------------------------------|-------------|
| 123. | Minutes/Action Log | John Macmillan | Members agreed that it would be helpful to have a report to future meetings on a strategy for inspections, given the pressure on officer resources. | Scheduled for September meeting | In progress |
| 125. | Programme Highlight report – progress of sales to This Land | tbc | It was agreed that it would be interesting for the Committee to visit a site in the future. | tbc | |

Minutes of 20th July

| | | | | | |
|-------------|--|-------------------------|---|---|-----------|
| 131. | This Land financing arrangements, portfolio sale and construction financing | Tom Kelly/ This Land | Identify whether This Land would pay for the construction of the access road. | | |
| 132. | Finance and Performance Report – May 2018 | Ellie Tod | Building Maintenance/Shire Hall maintenance budget – virement: provide further info at September Committee to enable decision to be taken | Further information has been emailed to the committee and also included within the July F&PR to be reviewed in the September Committee. | Completed |
| 132. | Finance and Performance Report – May 2018 | Ellie Tod | Explanatory note to be circulated on the Traded services to schools and parents and the CCS closure. | Information has been circulated to committee. | Completed |
| 132. | Finance and Performance Report – May 2018 | All | Provide further context on the CCS closure e.g. the reasons for the decision, in future reports. | Text within the F&PR has been updated to clarify the reasons for the closure and therefore in-year overspend. | Completed |
| 132. | Finance and Performance Report – May 2018 | Ellie Tod | Review how grant funding was reported in future. | This has been amended in the F&PR (grants have been included within the appropriate service line). | Completed |

OUTLINE BUSINESS CASES FOR CLEAN ENERGY PROJECTS AT WOODSTON AND STANGROUND CLOSED LANDFILL SITES

To: Commercial and Investment Committee

Meeting Date: 14th September 2018

From: Graham Hughes, Executive Director, Place and Economy

Electoral division(s): All

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

Purpose: To consider the high level assessments of Stanground and Woodston Closed Landfill sites for clean energy projects

Recommendation: Members are asked to:

a) agree the outline business cases; and

b) support the development budget of £150,000 for each site (totalling £300,000) to fund the development costs to the first stage of an Investment Grade Proposal.

| <i>Officer contact:</i> | | <i>Member contacts:</i> | |
|--------------------------------|--|--------------------------------|--|
| Name: | Cherie Gregoire | Names: | Councillors Schumann and Hay |
| Post: | Special Projects Manager, Energy Investment Unit | Post: | Chair/Vice-Chair |
| Email: | Cherie.Gregoire@cambridgeshire.gov.uk | Email: | joshua.schumann@cambridgeshire.gov.uk anne.hay@cambridgeshire.gov.uk |
| Tel: | 01223 715689 | Tel: | 01353 723 925 |

1. BACKGROUND

- 1.1 The County Council's corporate energy strategy sets out the need for a more ambitious and innovative approach in using and improving the efficient use of council assets. Improvements need to be made not only in the way energy is used, but also in the way it is supplied. The County Council has the opportunity to use those assets to generate or store electricity while generating revenues.
- 1.2 Across Cambridgeshire and Peterborough there are five County Council owned closed landfills located at Stanground, Woodston, Conington, Godmanchester and Thriplow. The Council is unable to repurpose the sites for development without significant investment to ensure the sites are no longer contaminated land. However, these sites have undergone initial screening for their potential to host clean energy projects. Of these sites the two closed landfill sites at Stanground and Woodston, located in Peterborough, are best placed in terms of topography, access to substations and proximity to customers for energy projects.

2. MAIN ISSUES

- 2.1 The Council's Service Provider, Bouygues Energies & Services, has provided us with High Level Assessments and are proposing the following for the two closed landfills:
- 2.2 Stanground closed landfill-closed 1992
- 2.3 The site is roughly 11 hectares including a body of water to the south of the site, of this Bouygues estimate that only 3 hectares is usable land for an energy generation scheme. This is further reduced again by the pre-existing gas wells/vents. (See **Appendix A** for a map of the site).
- 2.4 Bouygues propose a 2.25MWp Solar PV ground mounted array on the site together with a 10MW 2C battery storage system for demand side response. The battery energy storage can be housed in containers which could be mounted on shallow depth foundations, lending themselves to installation on a sensitive site such as a closed landfill. It is proposed that the Solar PV will be mounted on pad foundations for minimal disruption.
- 2.5 Woodston Closed Landfill-closed 1985
- 2.6 The site is roughly 2.8 hectares, of which only 1.5 hectares is usable land available for a project (see **Appendix B** for a map of the site). The nearest grid connection is also relatively low capacity and therefore a tailored 3MW 2C Battery Storage for Demand Side Response (DSR) services is proposed. This would provide a steady revenue stream, while being respectful of the local environment in terms of disruption and visual amenity. The current grazing arrangement on site and associated revenue can still continue, as only a small proportion of the site will be utilised for this project.
- 2.7 Battery Storage Revenue
- 2.7 Battery storage is a cell used to facilitate local supply and demand of electrical energy. It is seen as crucial to the transition from fossil fuels to renewable energy. Battery storage

absorbs surplus electricity at times of excess generation and releases this when needed. The battery storage allows us to provide grid services to the National Grid to assist in their management of supply and demand of electricity. As additional renewable energy is exported to the grid, these services will be in more demand due to the intermittency of solar and wind against fossil-fuel powered generation.

- 2.8 The vast majority of the revenue from Stanground (£1.4M in year one) and all of the revenue for Woodston (£380,000 in year one) are derived from supplying these grid services.
- 2.9 It's important to note that grid services are an evolving market with uncertain revenue streams. However, market reports confirm that with a growing proportion of renewable energy on the grid, the necessity for a response to balance periods of high demand or high penetration of renewables is increasing. Thus, while there is some uncertainty about the timing and quantum of income that would be derived from grid services in the short term, there is a high degree of confidence that the need for grid services will continue in the longer term. National Grid are also proposing reforms to make the market to supply grid services more transparent and easier to tender. Ofgem has recently approved a change in regulation to make it easier to participate in the Balancing Mechanism (one of the sources of potential revenue).
- 2.10 When successfully delivered the utilisation of the two closed landfill sites have the potential to hit four of the six priorities for the Corporate Energy Strategy: energy generation, energy supply, selling energy and supporting sustainable growth.
- 2.11 Summary of business cases
- 2.12 A summary of the outline business case is included in Table 1 below and identifies the financial position for the two clean energy projects at this stage, ahead of further development work. The design of these schemes was intentionally developed without the requirements for a grant or subsidy, thus presenting a baseline financial position. This means, should grant schemes become available or funding contributions secured for the projects, the business cases would improve. The project at Stanground is predicated on selling electricity generated to the grid for a wholesale tariff. Should the electricity produced be sold to a customer, the tariff negotiated would be higher.

2.13 Table 1. Business case summary

| | Capital value | Payback period (years) | IRR (Internal Rate of Return) | NPV (Net Present Value) 4.4% discount rate | 25 year Net Return |
|--|----------------------|-------------------------------|--|---|---------------------------|
| Woodston CLF Battery storage | £2.5M | 9.4 | 12.5% | £3.5M | £9.0M |
| Stanground CLF Solar and battery storage | £9.7M | 8.9 | 13.1% | £14.8M | £36.9M |

Based on 21 August 2018 models.

2.14 There are a number of challenges facing this project which will impact on the final decision of whether to proceed to contract and these are outlined in Table 2.

2.15 Table 2. Key Risks

| Risk | Mitigation strategy |
|---|--|
| Securing a grid connection in a constrained area. | An application will be made to UK Power Networks to determine the basis on which a connection to the grid can be made. This connection is necessary in order to offer grid balancing services. UKPN will provide the cost of the connection and whether any reinforcement is required, which could impact the revenues and scale of the project. |
| Building an energy project on contaminated land | Geotechnical surveys will be completed to inform the design. The foundations for both batteries and Solar PV will be designed with a shallow depth as to avoid disrupting buried waste. |
| Uncertainty of future revenues from providing grid services | Bouygues Energies & Services Ltd are consulting with Aggregators, these are companies that will seek the best revenues from our projects. |
| Planning permission is not granted for all necessary components | Pre-application discussions will be held with the Local Planning Authority and with local residents. |

2.16 Design options

2.17 The development of clean energy projects is complex. The sizing of different elements of a scheme is dependent on a number of variables including:

- availability of a suitable grid connection;
- (if selling to customers) the energy demand of local consumers and interest from businesses to buy electricity directly from the scheme;
- the size of battery storage needed to manage supply and demand;
- regulatory restrictions;
- planning constraints; and
- community support.

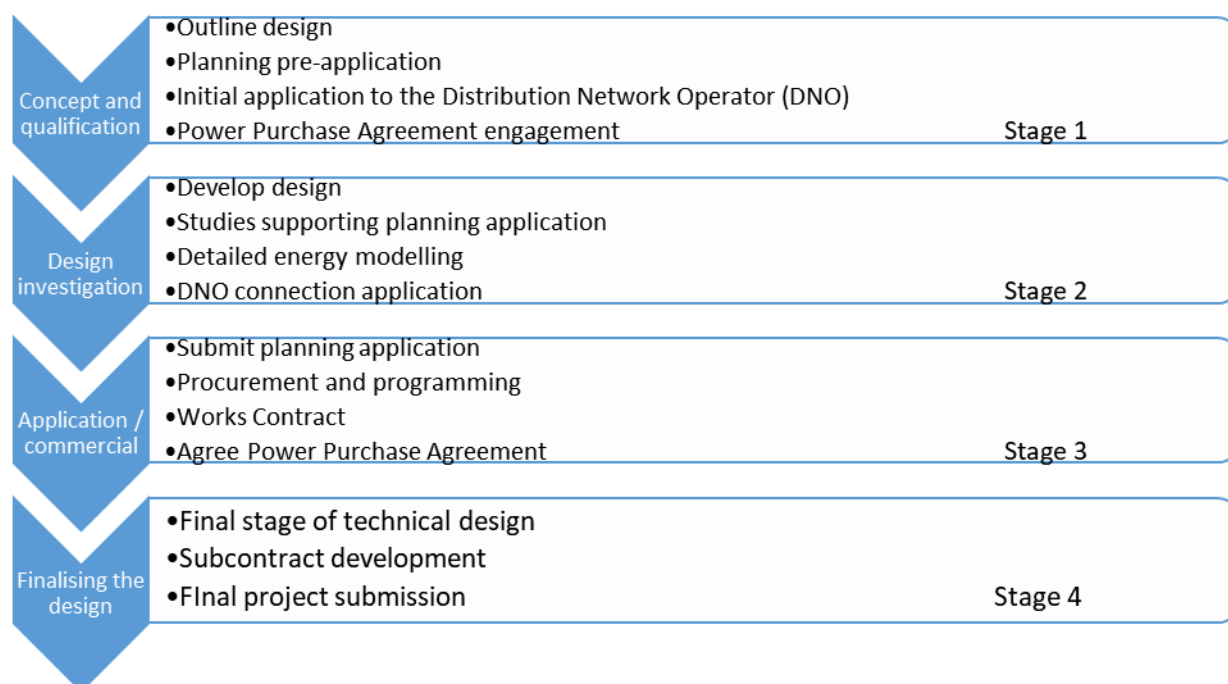
2.18 These options will become clear as further development work is undertaken and engagement with the Local Authorities, businesses, distribution network operator and communities is progressed in more detail. Further investigative works are required to determine the optimal combination and technology sizes for the schemes before a final design can be fully costed.

2.19 Development Approach

2.20 In previous Committee papers, the Energy Investment Unit (EIU) has requested permission to proceed to develop a full Investment Grade Proposal (IGP). For the schemes noted in this report, however, it is proposed to follow the same methodology used for the Babraham

and Trumpington Park & Ride projects. That is to split the IGP development into four phases as described in Diagram 1. The intention is to obtain the maximum level of certainty and security at the earliest stage of the development, in terms of cost and commitment. It is proposed that a prescribed scope of work is set for each stage of development, with a decision gateway between the stages.

2.21 Diagram 1. Investment Grade Proposal stages



2.22 Given the uncertainties at this early stage of development, we are requesting a budget of £150,000 for each project to proceed to the first stage of the IGP (Concept and Qualification). This is a way to de-risk the approach. This will cover internal staff and legal costs, pre-planning application discussion, and grid connection investigations. If the project proceeds this cost would be recovered as part of the overall project costs, but if the Council chose not to proceed to the next stage, this cost would be paid from the profits from other EIU energy projects.

2.23 If approved, the project will return to Committee at the end of Stage 1 to request funds to finalise the IGP. The EIU will manage the process to move through IGP stages 2 – 4. Assuming the final IGP is acceptable, the EIU will return to Committee a third time to request authorisation to proceed to the implementation phase. It is expected that the development of the full IGP for Stanground will take close to a year and 9 months for Woodston. Once the IGP is completed and accepted, the County Council could then enter into implementation contracts. The exact construction length is unknown at this stage.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

3.2 In many parts of Cambridgeshire, decentralised energy cannot connect to the local grid as it has reached capacity; also fault levels on existing networks are in danger of being breached. Without significant investment in Super Grid Transformers (approximately £10

million) and localised network upgrades, some decentralised energy projects cannot afford to connect to the grid. This is a significant market barrier for cleantech companies. New thinking and business models must be developed to overcome this challenge and to bring forward investment. In addition, the investment returns over the medium to long term will input finance to support Council services.

- 3.3 Locally generated electricity improves our energy security by reducing our reliance on imported energy and helps build a local energy economy that can benefit our communities.

3.4 Helping people live healthy and independent lives

- 3.5 The generation of low carbon electricity offsets dirtier forms of fossil-fuel generation and the associated impacts on air quality.

3.6 Supporting and protecting vulnerable people

- 3.7 There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

- 4.2 If, following the development of the detailed business case, CCC decide not to invest in one or both projects, the funding for the development of the detailed business cases will have to be paid. A buffer to protect against the failure of any individual project is managed through the development of a pipeline of projects. The current proposition is to offset any sunk costs against the revenues generated from the wider program of energy projects on our assets excluding the schools and corporate building energy projects.

- 4.3 There are no implications for Information and Communications Technologies or data ownership.

- 4.4 Impact on human resources: The costs for County Council staff involvement to deliver the project are included in the requested development budget.

- 4.5 Sustainable Resources: The project's goal is to generate low-carbon electricity and provide solutions to the grid capacity problems experienced across Cambridgeshire.

4.6 Procurement/Contractual/Council Contract Procedure Rules Implications

- 4.7 Bouygues Energies & Services was procured under a mini-competition run under the Refit 3 Framework. As the Framework does not expire until April 2020, there are no significant implications from a procurement or contractual standpoint.

4.8 Statutory, Legal and Risk Implications

- 4.9 There is the potential for State Aid implications even if we do not pursue grant funding. The EIU would need to demonstrate that neither Bouygues nor the potential customers received non-commercial treatment. At the moment, the business cases are not predicated on selling to a customer, instead electricity is fed onto the grid. Should the EIU contract to sell

electricity generated to a customer, it would improve the business case.

4.10 Equality and Diversity Implications

4.11 There are no significant implications.

4.12 Engagement and Communications Implications

4.13 The EIU has discussed the project with:

- Waste team staff;
- Peterborough planner Alan Jones;
- Peterborough staff Annette Joyce, Service Director – Environment and Economy, Growth and Regeneration; Peter Carpenter, Director of Finance and Resources; Richard Pearn, Head of Waste, Resources and Energy; and
- Local Councillors covering Woodston and Stanground.

4.14 Localism and Local Member Involvement

4.15 The Peterborough City Council Local Plan supports renewable and low carbon energy projects which produce energy. The Local Plan also provides guidance on projects sited on contaminated land which will be followed.

4.16 A meeting was held on 28 August with Local Members for Stanground where the projects, likely barrier and approach to community engagement was discussed.

4.17 Public Health Implications

4.18 There are no significant implications.

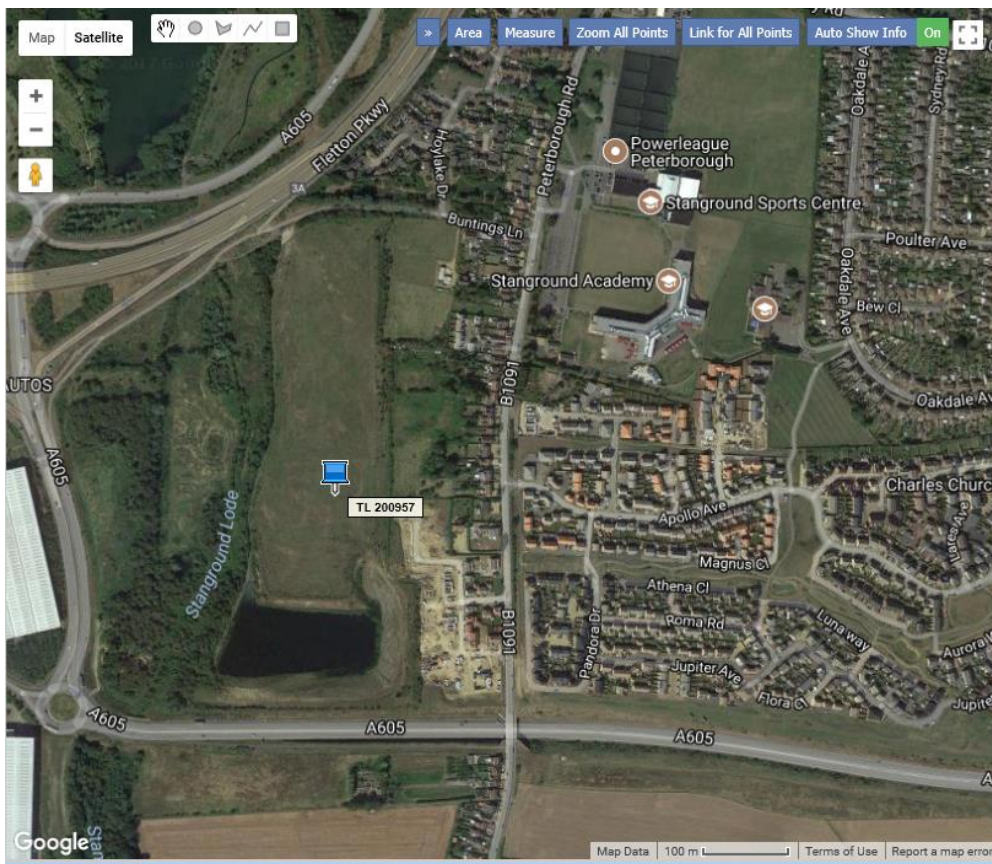
| Implications | Officer Clearance |
|--|--|
| | |
| Have the resource implications been cleared by Finance? | Yes Name of Financial Officer: Sarah Heywood |
| | |
| Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? | Yes Name of Officer: Paul White |
| | |
| Has the impact on statutory, legal and risk implications been cleared by LGSS Law? | Yes Name of Legal Officer: Debbie Carter-Hughes |
| | |
| Have the equality and diversity implications been cleared by your Service Contact? | Yes Name of Officer: Tamar Oviatt-Ham |
| | |
| Have any engagement and | Yes |

| | |
|--|--|
| communication implications been cleared by Communications? | Name of Officer: Joanna Shilton |
| | |
| Have any localism and Local Member involvement issues been cleared by your Service Contact? | Yes Name of Officer: Tamar Oviatt-Ham |
| | |
| Have any Public Health implications been cleared by Public Health | Yes Name of Officer: Stuart Keeble |

| Source Documents | Location |
|--|---|
| <ol style="list-style-type: none"> 1. High Level Assessment (business case), Woodston Closed Landfill site, July 2018 2. High Level Assessment (business case), Stanground Closed Landfill site, July 2018 3. High Level Assessment – Energy Opportunities with Cambridgeshire County Council Closed Landfill Sites, July 2018 4. Peterborough City Council, Peterborough Local Plan (Proposed Submission), January 2018 | <ol style="list-style-type: none"> 1. Energy Investment Unit 2. Energy Investment Unit 3. Energy Investment Unit 4. https://drive.google.com/file/d/1ZwkIR2mdq3nO-DrOWi5B0U05f_njxYeb/view |

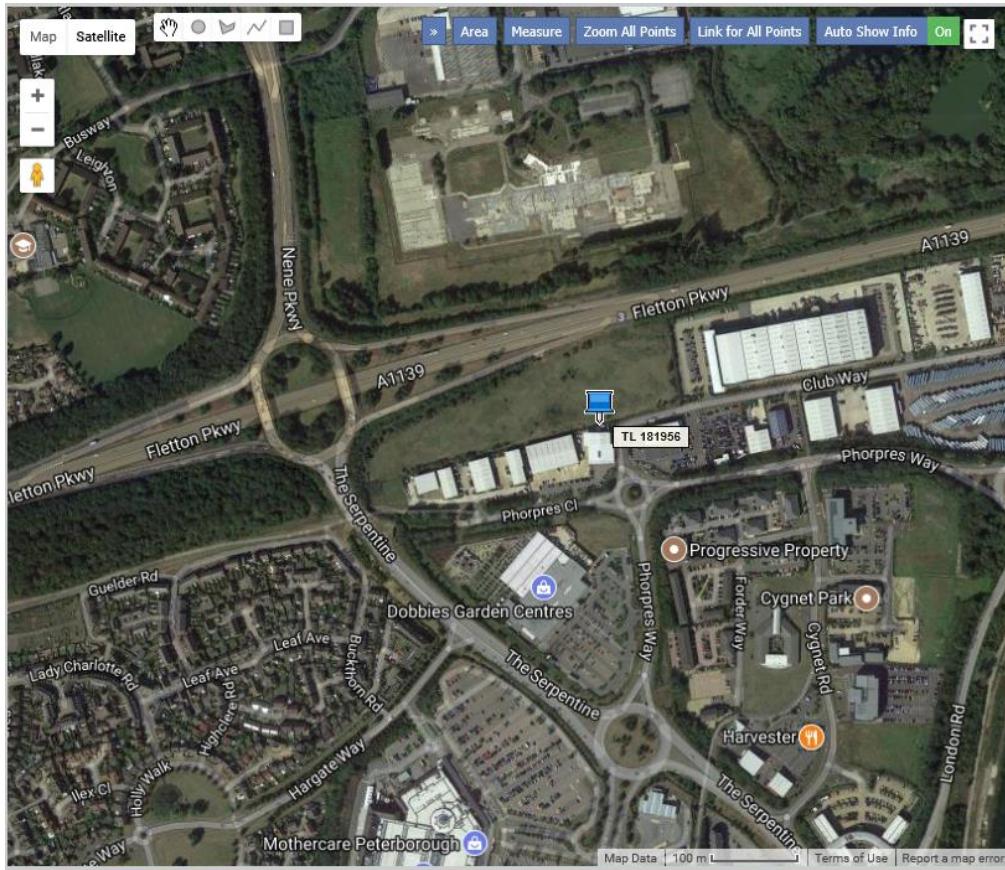
Appendix A

Aerial image of Stanground Closed Landfill



Appendix B

Aerial image of Woodston Closed Landfill



**THE FUTURE DIRECTION OF, AND DEVELOPMENT STRATEGY FOR,
CAMBRIDGESHIRE MUSIC AND THE CREATE PROJECT**

To: **Commercial and Investment Committee**

Meeting Date: **14 September 2018**

From: **Wendi Ogle-Welbourn, Executive Director: People & Communities**

Electoral division(s): **All**

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

Purpose: **To consider the outcome and recommendations of the Member Music Reference Panel on the future direction of, and development strategy for, Cambridgeshire Music and the CREATE project.**

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

- a) Note and comment on the outcome of Member Music Reference Panel review of the development strategy for Cambridgeshire Music and the CREATE project.**
- b) Approve the proposal that the future direction of, and development strategy for, Cambridgeshire Music and CREATE is determined as part of the Outcome Focused Review (OFR) process, taking account of the Member Reference Panel's ambitious vision for the development and delivery of music education and performing arts in Cambridgeshire. This will require a detailed business case to be developed, underpinned by a robust analysis and assessment of possible funding sources for delivering that vision.**
- c) Approve the proposal for continued Member engagement and involvement in the OFR process, and that the Committee receive a report on the outcome of this work.**
- d) Approve the proposal that the CYP Committee are provided with the opportunity to comment on and contribute to the development of the vision for the development and delivery of music education and the performing arts in Cambridgeshire.**
- e) Approve the proposal that the Chair of Committee write to inform the Arts Council that the Council will not be able to meet the conditions of their £1m capital grant towards the cost of the CREATE project, but remains committed to delivering high quality music education and the performing arts in Cambridgeshire.**

| <i>Officer contact:</i> | | <i>Member contact:</i> | |
|--------------------------------|--|-------------------------------|--|
| Name: | Hazel Belchamber | Name: | Councillor Joshua Schumann |
| Post: | Lead Education Officer | Post: | Chairman |
| Email: | Hazel.belchamber@cambridgeshire.gov.uk | Email: | Joshua.schumann@cambridgeshire.gov.uk |
| Tel: | 01223 699775 | Tel: | 01223 706398 |

1. BACKGROUND

- 1.1 In June 2017, Cambridgeshire Music was successful in securing an award of £1m from the Arts Council for capital investment in the CREATE project; specifically the proposed re-development of St Luke's Barn in Cambridge as a second hub for delivery of a wide range of music and performing arts teaching and learning activities and experiences. The award was made on the understanding that funding would need to be secured from a combination of sources, including external sponsors and prudential borrowing to meet the total project cost.
- 1.2 Cambridgeshire Music was one of a number of traded services to be included in an Outcome Focused Review (OFR) in autumn 2017.
- 1.3 In 2018 a, cross-party Member Reference Panel (the Panel) was established following a unanimously supported motion presented to full Council to review the development strategy for Cambridgeshire Music. The OFR work was put on hold whilst the Panel undertook its review.
- 1.4 The Panel has met 5 times and has been supported by the Head of Cambridgeshire Music, the Lead Education Officer (People & Communities) and the Transformation Team. The final meeting took place on 22 August 2018. The terms of reference for the Panel are attached as **Appendix 1**.
- 1.5 The Panel has considered a large amount of information, a high level site option appraisal, and met with the local area representative for the Arts Council. The Panel was, however, unable to reach a unanimous conclusion. The majority view was that the proposed re-development of St Luke's Barn should not be pursued further as doing so would limit the Council's ability to meet the Panel's ambitious vision for the future direction and strategic development of music education and the performing arts in Cambridgeshire. In reaching this view it was understood and appreciated that this would result in the Arts Council withdrawing the £1m capital funding awarded to the CREATE project.

2. MAIN ISSUES

- 2.1 Cambridgeshire Music has an operational base in Mayfield Road, Huntingdon. It offers a wide range of services to schools and families on a traded basis, which are delivered by a largely peripatetic teaching staff.
- 2.2 The Cambridgeshire Music Education Hub is rated highly nationally and is recognised by the Arts Council to be at the forefront of innovation particularly in respect of the use of digital technology to maximise learning and cultural engagement opportunities. However, its ability to continue to develop and extend those opportunities is limited by its current accommodation and venues of a sufficient size, with the right acoustics and the built-in technology necessary for high quality learning experiences and performances.
- 2.3 The findings from the OFR at the point at which the decision was taken to establish the Member Reference Panel were that:

- Cambridgeshire Music was making a strong contribution to the Council's outcomes, particularly in helping to ensure that children and young people reach their potential in settings and schools, but that opportunities to broaden and deepen the service's contribution were limited as noted in point 2.2 above.
- Music education should be recognised as an important part of children and young people's development.
- The Cambridgeshire Music service was committed to continuous improvement and development and should be supported in this.
- The current delivery model for music education worked well and there would be limited benefit from changing this.
- There were a number of opportunities in the service's developing approach to digital tuition which should be explored further.

2.4 In May 2018 the Panel received a high-level assessment of six possible sites for the development of CREATE undertaken by Councillor Peter Hudson, the OFR member representative and an officer from the Transformation Team. The sites were scored out of 5 against 20 criteria (**see Appendix 2**). The sites with the total scores awarded to them were:

1. Mayfield Road, Huntingdon (the current base for Cambridgeshire Music and the Music Education Hub) – score 70
2. St Luke's Barn, Cambridge – score 71
3. Phase 2 Civic and Community Hub, Northstowe – score 67
4. Waterbeach – score 77
5. Cambridge East (Marshall) – score 73
6. Horizons Centre, Cambridge – score 69

2.5 The Panel felt strongly that a location close to Cambridge was key to delivering their vision for the CREATE project.

2.6 In developing the detailed specification for the future direction and strategic development of music and cultural education, the Panel also identified the following priorities:

- Building on the very strong foundation already established by Cambridgeshire Music and the Music Education Hub.
- Creating a second hub which would significantly extend the opportunities for teaching, learning and performance currently available at the Huntingdon base and through hire of venues.
- Maximising digitally delivered learning opportunities and experiences.
- Securing a high quality, large performance venue accessible to Cambridgeshire children, young people and families.
- Providing equality of opportunity for children, young people and families irrespective of where they live in Cambridgeshire.
- Maximising opportunities for sponsorship from external partners and national organisations.
- Maximising opportunities to build on the very effective partnerships already in place.
- Generating income through sale of services and from lettings to be reinvested into project development and delivery, and to provide financial support or

subsidies to those families least able to meet the cost of music education.

- Continuing the dialogue with the Arts Council over capital grant funding.
- Continuing to develop high quality performing arts education, particularly dance and drama.

2.7 The majority view of the Panel was that the project should move to the next stage of the OFR process, and that Members should continue to be involved both as part of the OFR project group and through membership of the Education Music Hub Board. The Panel also felt the Children and Young People's Committee should be given the opportunity to consider and contribute to the vision for music education and the performing arts in Cambridgeshire.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

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

- The CREATE project has the potential to increase the level of investment in music education and the performing arts in Cambridgeshire from external sponsors and national organisations. This will enable the Service to offer a greater range of teaching and learning opportunities than is currently possible, providing a direct benefit to the local economy.

3.2 Helping people live healthy and independent lives

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

- Research demonstrates that engagement and involvement in music education and the performing arts has a direct benefit of people's wellbeing.

3.3 Supporting and protecting vulnerable people

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

- As stated in section 2.5, priorities identified include:
 - ensuring all children, young people and their families have equal access and entitlement to music education and the performing arts; and
 - supporting those who are least able to pay.
- Cambridgeshire Music has an established and well-regarded Music Therapy service. To date, this has focused on children and young people with additional needs, but the option of extending this to include work with adults is already being explored.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

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

- Cambridgeshire Music is a fully traded service. It receives no Council funding.
- Subject to the Committee's consideration and decision on the report

recommendations, the Council will need to write to the Arts Council to inform them that it is no longer in a position to meet the requirements of the award of £1m capital investment grant as this specifically named St Luke's Barn and it has been confirmed that the funding was only available for re-development projects, not new build.

- The strategy for the future development of music education and the performing arts in Cambridgeshire will need to be underpinned by a robust business case and associated action plan for securing the sponsorship and grant funding necessary to deliver the Council's vision.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

No implications have been identified at this stage.

4.3 Statutory, Legal and Risk Implications

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

- There is the potential of reputational risk as a result of a decision to inform the Arts Council that the Council is no longer in a position to meet the requirements of the £1m capital investment grant.
- The Arts Council has confirmed that there is no guarantee that capital grant funding would be available in future.

One of the members of the Panel felt very strongly that this was too great a risk and that the Council should commit to proceed with the plans for the re-development of St Luke's Barn for the CREATE project.

4.4 Equality and Diversity Implications

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

- As stated above, equality of access and entitlement has been identified as a key priority by the Panel for the future of Cambridgeshire Music and the CREATE project.

4.5 Engagement and Communications Implications

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

- The immediate priority is to inform the Arts Council of the outcome of the Council's consideration and decision on the report recommendations. It is proposed that that communication should be from the Chair of the Committee and should make clear the Council's on-going commitment to music education and performing arts in Cambridgeshire and to working with partners, including the Arts Council, to deliver its vision and strategy.
- Partners and stakeholders will need to be informed and given the opportunity to contribute to the next stage of the OFR process.
- The Governing Body of St Luke's Primary School and the Cambridge Schools Trust which owns part of the school site will need to be informed and advised of the arrangements for maintaining St Luke's Barn whilst it remains a County Council asset.

4.6 Localism and Local Member Involvement

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

- The Member Music Reference Panel comprised representatives from the Conservative, Labour and Liberal Democrat groups.
- As stated above, Members should continue to be involved through the OFR process and on the Music Education Hub Board.

4.7 Public Health Implications

No implications have been identified at this stage.

| Implications | Officer Clearance |
|--|---|
| | |
| Have the resource implications been cleared by Finance? | Yes Name of Financial Officer: Martin Wade |
| | |
| Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? | Yes or No Sent to: Paul White |
| | |
| Has the impact on statutory, legal and risk implications been cleared by LGSS Law? | Yes or No Sent to: Duncan Dooley-Robinson |
| | |
| Have the equality and diversity implications been cleared by your Service Contact? | Yes or No Sent to: Jonathan Lewis |
| | |
| Have any engagement and communication implications been cleared by Communications? | Yes or No Sent to: Jo Dickson |
| | |
| Have any localism and Local Member involvement issues been cleared by your Service Contact? | Yes or No Sent to: Jonathan Lewis |
| | |
| Have any Public Health implications been cleared by Public Health | Yes or No Sent to: Tess Campbell |

| Source Documents | Location |
|---|------------------------------|
| Grant application to the Arts Council and resulting decision letter. Feasibility study report on St Luke's Barn, Cambridge | Mayfield Road, Huntingdon |

Members Music Reference Panel

Terms of Reference

Terms of Reference

The purpose of the Members Music Reference Panel is to:

- Review Cambridgeshire Music's strategy and specifically its proposals related to digital music.
- Report back to the Commercial and Investment Committee before March 2018 on development strategy and any implications or actions to be considered by the committee in relation to existing and future operation, structure and pending projects.

Membership

Three members from each of the Children and Young People's Committee and the Commercial and Investment Committee will form the panel.

Relevant officers and senior management will provide information and advice as required

The group can co-opt additional members to secure required knowledge or expertise or invite attendance for specific purposes for an individual meeting.

Operation

The panel will be chaired by a member elected from the panel. A Vice Chair will be chosen by the panel from its membership should the Chair be unavailable for a meeting.

Quorum for the committee will be set as a simple majority of non-co-opted members.

The committee will meet three times until March 2018 unless otherwise agreed.

Site Assessment Criteria

1. Business Model Enables Development and Improves Resilience

The financial model for operation in the location(s) once created enables sufficient surplus to be created to support growth and reinvestment when appropriate in lower market areas plus where practical a return element to corporate body or equivalent - this is dependent on sufficient spaces to enable usage and population mass desiring usage.

2. Facilitates Funding

The location(s) enable(s) a significant level of fundraising to be created from non-commercial sources towards targeted groups and activities. This is dependent on cold spot proximity for arts and education development and government initiatives and types of activities that can be accommodated.

3. Revenue Market

The location(s) create a significant population access in the local accessible area(s) that can boost commercial operation returns. This is dependent on proximity to wealth and disposable income population and expectations of cultural education access.

4. Increases Peer Comparability

The location(s) enable the county to have an appropriate physically accessible structure for the population in line with similar counties. This is dependent on aspiration for service development and will for change - peer comparability with the biggest and most successful structures would include a major facility centre and satellite centres either owned or run in partnership with others.

5. Future Proofed Technical Creativity

The location(s) provide(s) a high confidence level in being able to respond quickly to technical developments that increase accessibility. This depends on proximity to technical hubs and networks and access to expertise and corporate development.

6. Local Physical Access

The location(s) is/are accessible in multiple transportation methods and proximity to population size to enable physical access. This depends on public transport, pedestrian, cycling, rail and road networks.

7. Virtual Access

The location(s) enable(s) the maximum potential network connections to provide virtual access. This depends on bandwidth available now and in the future.

8. Brand Marketing and National Identity

The location(s) support a high association of brand and identity to enable marketing and profile to the widest catchment area possible whilst ensuring appropriate coverage across the county. This depends on the marketing potential of the location and association with the international Cambridge brand.

9. Complement Provision

The location(s) and the activity that can be provided within add(s) to the current cross-county provision. This depends on the spaces that can be created for usage for multiple art forms and the technical infrastructure that can support the digital development.

10. Supports Growth Potential

The location(s) enable growth of provision to be supported across the county for the widest population within practical geographical parameters and financial investment opportunities. This depends on the ability to create additional surplus from the provision of the facility that can then be reinvested in access for areas of the county that would otherwise need subsidisation.

11. Available Owned Space

The location(s) is/are owned (either land or buildings and land) or can be developed without additional purchase investment required; this depends on the CCC ownership or the relationship with developers.

12. Partner Proximity

The location(s) enable(s) a close connection with key partners within music and other art form education development that supports joint project provision both with internal teams and external arts partnerships. This depends on the ability to closely work with and support other strategic cultural education infrastructures in the county and maximise joint working which may from experience require proximity for maximum benefit.

13. Meets Co-location of Resources in Single or Multiple Locations from Original Non-Financial Appraisal

The location meets the previously reviewed and updated appraisal of the benefits of single, split and multiple sites. This is dependent on the ability for the location to enable the efficient colocation of necessary resources at the most appropriate local level and the contribution it makes to the network of

facilities intended across the county.

14. Location Allows for Innovative Use

Developers are interested in innovative use or location is particularly good for an innovative development. This is dependent on developer attitude and progression to date of the development site.

15. Timescale for Development

Development is not yet at planning approved stage and able to be designed accordingly; change of use possible. This is dependent on the progress of the development site or the likelihood of planning being obtained for other uses of existing sites.

16. Funding Status

Location has available land allocation or existing convertible buildings for project. This is dependent on the progress of the development site, the interest from other parties in spaces and the likely needs of the particular development area.

17. Compliance with Local Development Status

Speed of development possible to have development in place by 2020; this depends on the progress of the development site and the availability of funding.

18. Enhanced Opportunity

The minimum size of building site was identified as 1300m²

ASBESTOS CONSULTANCY RE-TENDER

To: **Commercial and Investments Committee**

Meeting Date: **14th September 2018**

From: **Compliance Manager**

Electoral division(s): **All**

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

Purpose: **To consider re-procurement of the Asbestos Consultancy Framework to ensure Cambridgeshire County Council meets its statutory responsibilities in accordance with the Control of Asbestos Regulations (2012).**

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

a) Agree the re-tendering of the framework contract.

b) Delegate the authority to make the appointment to the Compliance Manager.

| <i>Officer contact:</i> | | <i>Member contact:</i> | |
|--------------------------------|--|-------------------------------|--|
| Name: | Philip Hill | Name: | Councillor Joshua Schumann |
| Post: | Compliance Manager | Post: | Chairman |
| Email: | philip.hill@cambridgeshire.gov.uk | Email: | Joshua.schumann@cambridgeshire.gov.uk |
| Tel: | 01223 699120 | Tel: | 01223 706398 |

1. BACKGROUND

- 1.1 Cambridgeshire County Council has a statutory responsibility to manage asbestos in its property portfolio including schools. Around 78 percent of these properties contain asbestos containing material. The Asbestos Consultancy framework supports the management of asbestos in these buildings to ensure compliance with the Control of Asbestos Regulations (2012).

2. MAIN ISSUES

- 2.1 The current framework contract ends in August 2018. An exemption is being sought to extend use of the framework until December 2018, or another possible alternative is to use individual quotations per piece of work for this short period of time.
- 2.2 The current framework contract was let in August 2014 and, as per procurement rules, extended by one year in August 2017.
- 2.2 The delay to re-procurement was due to a change in asbestos regulation and guidance in respect to asbestos surveying and resources in both the Compliance and Procurement teams.
- 2.3 The framework is for eight asbestos consultants to provide re-inspections, management surveys, refurbishment and demolition surveys, air reassurance monitoring and 4-stage clearance certification.
- 2.4 The framework not only supports Cambridgeshire County Council in its management of asbestos but provides the Compliance Team with support with its commercial activities in providing asbestos consultancy for many external customers, such as Central Bedfordshire Council, Chelmsford City Council, Writtle College (University of Essex), and Cambridgeshire Constabulary, Cambridgeshire Fire and Rescue and 37 academies over Cambridgeshire, Hertfordshire and Bedfordshire.
- 2.5 The external commercial activities do not take precedence over the statutory responsibilities and the management of asbestos in Cambridgeshire County Council.
- 2.6 The total value of the contract over 4 years is £390,000.

3. ALIGNMENT WITH CORPORATE PRIORITIES

- 3.1 Developing the local economy for the benefit of all**
There are no significant implications for this priority.
- 3.2 Helping people live healthy and independent lives**
There are no significant implications for this priority.
- 3.3 Supporting and protecting vulnerable people**
There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The estimated spend is in point 2.5. The framework supports income generation.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

LGSS Procurement are engaged in managing the tender process.

4.3 Statutory, Legal and Risk Implications

A failure to manage asbestos as per the required regulations may result in HSE prosecution, reputational damage and insurance claims.

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

The management of asbestos to the level required by the Control of Asbestos Regulations (2012) ensures that staff and pupils are safe from asbestos exposure and risk.

| Implications | Officer Clearance |
|--|--|
| | |
| Have the resource implications been cleared by Finance? | No (not required) |
| | |
| Have the procurement/contractual/Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? | Yes Name of Officer: Jon Collyns (Procurement Manager) |
| | |
| Has the impact on statutory, legal and risk implications been cleared by LGSS Law? | No (not required) |
| | |
| Have the equality and diversity implications been cleared by your Service Contact? | No (not required) |
| | |
| Have any engagement and communication implications been cleared by Communications? | No (not required) |

| | |
|--|-------------------|
| | |
| Have any localism and Local Member involvement issues been cleared by your Service Contact? | No (not required) |
| | |
| Have any Public Health implications been cleared by Public Health | No (not required) |

5. SOURCE DOCUMENTS

| Source Documents | Location |
|---|--|
| Control of Asbestos Regulations (2012) | www.hse.gov.uk |

LOAN TO ESTOVER PLAYING FIELD COMMUNITY INTEREST COMPANY (CIC)

To: **Commercial & Investment Committee**

Meeting Date: **14 September 2018**

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

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

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

Purpose: **To consider making a loan to Estover Playing Field CIC.**

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

- a) approve, in principle, a loan of £350,000 to Estover Playing Field CIC, subject to satisfactory due diligence and appropriate security/collateral being obtained**
- b) delegate the negotiation of the terms of the loan and the execution of all necessary contractual arrangements to the Chief Finance Officer, in consultation with the Chairman of Commercial & Investment Committee**

| <i>Officer contact:</i> | <i>Member contact:</i> |
|--|---|
| Name: Tom Kelly Post: Head of Finance Email: Tom.Kelly@cambridgeshire.gov.uk Tel: 01223 703599 | Name: Joshua Schumann Post: Chair of Commercial & Investment Committee Email: Joshua.schumann@cambridgeshire.gov.uk Tel: 01223 706398 |

1. BACKGROUND

- 1.1 March Town Council are developing Estover Playing Field and tenders have been accepted for provision of a pavilion. Groundworks will commence in the near future, funded by the Estover Playing Field CIC (EPF CIC). However, a loan of approximately £350,000, repayable over 6 years, is required to complete the pavilion to a fully usable condition. Over time, the EPF CIC will generate revenue from sporting and other activities at the playing fields, enabled by the development.

2. LOAN ARRANGEMENTS, ACCOUNTING AND MAIN ISSUES

- 2.1 The Council may borrow to make loans to third parties for the purpose of capital expenditure, as allowable under paragraph 25 (1)(b) of the Local Authorities (Capital Financing and Accounting) (England) Regulations 2003. The Council's treasury management strategy sets out that such loans, which are approved by Committee as appropriate, will usually be to support local economic development and to benefit some or all of the residents or visitors to a local authority's area. In determining whether to proceed with any loan arrangement the Council considers security, liquidity and yield (the loan interest). The Council, or its appointed agent, completes financial checks on third parties seeking loans and where necessary additional security will be sought through a mortgage, legal charge, or guarantee from a parent organisation.
- 2.2 The land on which the pavilion is to be built is leased from the County Council for the 99 years ending in 2114 (a diagram of the area loaned is shown in appendix 2).
- 2.3 March Town Council is supportive of guaranteeing any loan provided by the Council. The Town Council has recently written to the Deputy Chief Executive (see Appendix 1), re-confirming this commitment and that its funding will enable the EPF CIC to repay the loan.
- 2.4 As the loan is fully repayable over a set period in the relatively near future, the Council considers that it will be suitably prudent to account for full repayment of the capital monies expended in providing a loan rather than needing to charge a minimum revenue provision to CCC budgets in the meantime. In short this means that any net interest received (after costs of borrowing) is of financial benefit to the County Council.

3. CONCLUSION

- 3.1 Taking account of the plan to enhance the value of the underlying asset (where the County Council is a freeholder), the prospect of a small yield above Public Works Loan Board external borrowing rates, and a repayment over the medium term guaranteed by a local Council, Officers recommend the loan to Commercial and Investment Committee.

4. ALIGNMENT WITH CORPORATE PRIORITIES

- 4.1 **Developing the local economy for the benefit of all**
There are no significant implications for this priority.
- 4.2 **Helping people live healthy and independent lives**

There are no significant implications for this priority. The new sports facility will be available for residents to use thus supporting overall health.

4.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

The report above sets out details of significant implications in section 3.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

No significant implications.

5.3 Statutory, Legal and Risk Implications

The Council has followed its treasury management strategy in relation to third party loans, and in consideration of state aid implications. The Council considers that the support provided by the Town Council is a significant risk mitigation.

5.4 Equality and Diversity Implications

No significant implications.

5.5 Engagement and Communications Implications

No significant implications.

5.6 Localism and Local Member Involvement

No significant implications. The local Member is supportive of the development of the playing fields.

5.7 Public Health Implications

No significant implications. The new sports facility will be available for residents to use thus supporting overall health.

| Implications | Officer Clearance |
|--|--|
| | |
| Have the resource implications been cleared by Finance? | Yes Name of Officer: Tom Kelly |
| | |
| Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? | TBC before agreement |
| | |
| Has the impact on statutory, legal and risk implications been cleared by LGSS Law? | TBC before agreement |
| | |
| Have the equality and diversity implications been cleared by your Service Contact? | Yes Name of Officer: Tom Kelly |
| | |
| Have any engagement and communication implications been cleared by | Yes Name of Officer: Christine Birchall |

| | |
|--|----------------|
| Communications? | |
| | |
| Have any localism and Local Member involvement issues been cleared by your Service Contact? | |
| Have any Public Health implications been cleared by Public Health | Not applicable |

7. SOURCE DOCUMENTS

| Source Documents | Location |
|--|----------------------|
| March Town Council Planning Sub-Committee – Minutes of 27 April 2015 | Link |
| Treasury Management Strategy | Business Plan |

Appendix 1 - Letter From March Town Council



March Town Council

The Town Hall
Market Place
March
Cambridgeshire
PE15 9JF

Tel: 01354 653709

Mr Chris Malyon,
Deputy Chief Executive,
Cambridgeshire County Council,
Shire Hall,
Cambridge.

3rd September 2018.

Dear Chris,

Re Proposed Loan to Estover Playing Field 2015 CIC.

With reference to recent telephone conversations and e-mail exchanges between yourself and Clive Lemmon, March Town Council hereby confirms that it will act as full guarantor for any loan made by Cambridgeshire County Council to Estover Playing Field 2015 CIC.

In fact, March Town Council will be providing all the funding (capital and interest) necessary to satisfy the repayment of such loan because it is so supportive of providing community sporting facilities in a relatively deprived area of Fenland.

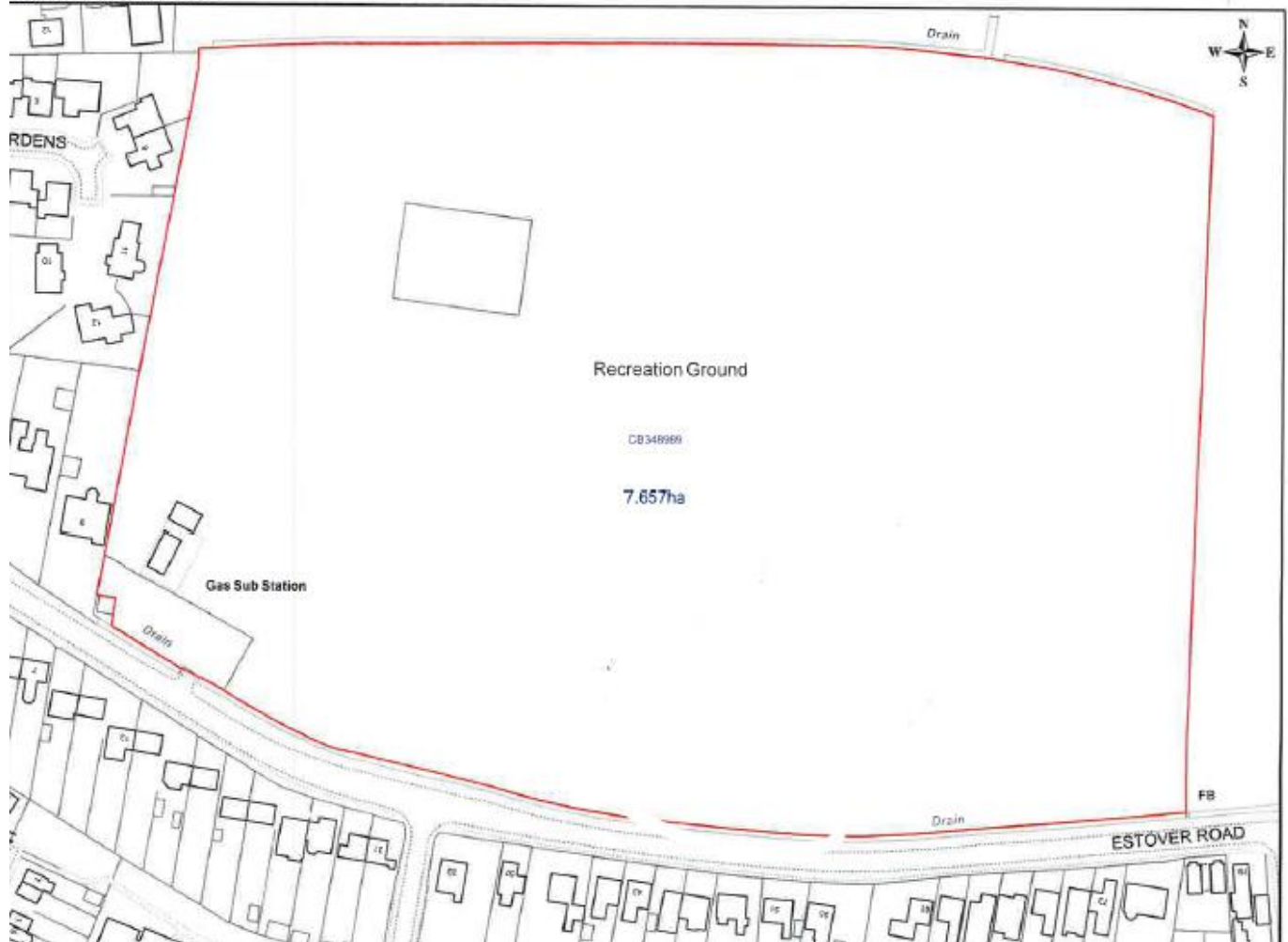
Your support in providing the essential loan capital for the project is both welcomed and guaranteed by March Town Council.

Yours sincerely,

Councillor Jan French, Mayor of March.

Appendix 2 – Area of Leased Land

ad, March. PE15 8SF



CAMBS 2020 PROGRAMME

To: **Commercial and Investments Committee**

Meeting Date: **14 September 2018**

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

Electoral division(s): **All**

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

Purpose: **To approve the necessary resources required to deliver the broader aspirations of a community based service delivery model for council services under the Cambs 2020 Programme.**

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

a) Approves the resources to facilitate the delivery of the infrastructure required to support a community based service delivery model as set out in this report;

b) Requests General Purposes Committee to approve the funding of the resources not currently within the Council's base budget from the Council's Transformation Fund as summarised within the table at paragraph 3.19.

| <i>Officer contact:</i> | | <i>Member contact:</i> | |
|--------------------------------|--|-------------------------------|--|
| Name: | Chris Malyon | Name: | Councillor Josh Schumann |
| Post: | Deputy Chief Executive | Post: | Committee Chairman |
| Email: | Chris.malyon@cambridgeshire.gov.uk | Email: | Joshua.schumann@cambridgeshire.gov.uk |
| Tel: | 01223 699796 | Tel: | 01223 706398 |

1. BACKGROUND

- 1.1 The relocation of the County Council headquarters has evolved from the initial 'bricks and mortar' proposal that was included within the first strategic business case that the Council considered. Understandably, Members wanted to ensure that this Programme should not just be about buildings but should be broadened to provide the necessary infrastructure to support a new community service based delivery model. The Programme's focus is now on the provision of delivering the infrastructure necessary to provide services around the communities that we serve, whilst rationalising the cost of that service provision.
- 1.2 This evolution has been developing around, and aligning to, other major change programmes, such as the Children's Change Programme and the Adults Positive Challenge Programme, that are fundamental to delivering services more efficiently and effectively. Although these transformation programmes have been resourced through the Council's Transformation Fund the infrastructure necessary, either direct or indirect, to support them has not always been adequately articulated as they do not sit within a single change programme. The Cambs 2020 Programme has therefore provided the necessary platform for bringing many of these requirements together through a single focus.
- 1.3 However, in order to support the successful delivery of the broader aspirations of this Programme some investment in skills and capacity will be required. As a consequence the programme team have reviewed the resources necessary within each project in order to deliver the broader aspirations of the Programme. This report sets out the investments that are necessary to deliver this corporate change programme. Some of this investment would have been required irrespective of whether the Council had embarked upon Cambs 2020 or not, for example investments such as the digitisation of records is something that has been put off for many years, but the Cambs 2020 Programme has provided the necessary catalyst for the Council to take a step change in its approach.

2. Design Principles

- 2.1 To ensure that a consistent methodology is adopted across all the workstreams of the Programme a set of design principles has been developed. These will be continually reviewed in order to ensure that they are fit for purpose but will provide a framework that should ensure that the Programme outcomes are considered as part of all Programme decisions. The Programme principles are attached as **Appendix A**.
- 2.2 The programme team has consulted regularly with the Member Working Group, as well as staff, to ensure views and requirements are fed into the design.

3. Programme Capacity

3.1 The Cambs 2020 Programme requires significant resourcing to ensure the effective coordination and successful delivery of the programme. As Members will know, the Programme consists of the following project streams:

- Shire Hall Disposal
- Civic Hub
- Spokes
- Workforce
- Communications
- Digital

3.2 A project sponsor has been identified for each area of activity and those individuals are responsible for the delivery of their projects, which include the identification of the necessary skills and resources to deliver them. All project leads are existing members of staff and are therefore undertaking this activity in addition to their day jobs.

3.3 In addition to the individual projects, there is a need to ensure that there is programme governance, structure and management. This is the only way that a programme of this nature can operate. It will reduce risk and ensure continuity and integration, not just across this programme but as a single conduit with other change programmes that will impact on this Programme.

3.4 The following paragraphs set out the roles that have been identified in order to support the delivery of this Programme. It attempts to summarise the key areas of activity and what these projects will add to the overall programme. Some of the costs shown are 'opportunity costs' as the funding for the individual resources are already within the base costs of the organisation, while others are additional funding requests. The summary of the position is shown within the table at paragraph 3.19.

3.5 Senior Responsible Officer/Commercial Sponsor

Role:

The Senior Responsible Officer has overall accountability for the programme. As Commercial Sponsor they will be responsible for coordinating the marketing and disposal of the Shire Hall site, and purchasing the land in Alconbury Weald.

Justification:

Due to the importance of this complex programme – organisationally, politically and financially – the Deputy Chief Executive & Chief Finance Officer has been selected to carry out this role.

Cost implications:

£38,700 based on ½ day per week for the duration of the programme. The cost is already within the base budget of the Council and therefore is an opportunity cost.

3.6 Programme Manager

Role:

The Programme Manager is accountable to the Senior Responsible Officer. They are responsible for the management of the programme through effective coordination of projects. The Programme Manager will ensure overall integrity and coherence of the programme, and its environment.

Justification:

A full time dedicated resource is required to coordinate this complex and important programme.

Cost implications:

P2 scale **£125,000**. Due to the nature of the work this post has been sourced from the Transformation Team, therefore there will be no additional cost implications assigned from the programme budget.

3.7 Civic Hub Sponsor

Role:

The Civic Hub Sponsor will be accountable for the successful delivery of the new hub and managing the relocation of staff moving from the Shire Hall site. They will coordinate resources and be responsible for highlighting and mitigating risks as and when required.

Justification:

Dedicated resource to coordinate and manage this workstream is required to ensure successful delivery.

Cost implications:

£57,800 based on estimated time requirement of 20% of a Director D band post. This post is funded within the base revenue budget and is therefore an opportunity cost.

3.8 Spokes Sponsor

Role:

The Spokes Sponsor will be accountable for the successful management of staff moving to alternative sites and refurbishments required to spokes buildings. They will coordinate resources and be responsible for highlighting and mitigating risks as and when required.

Justification:

Dedicated resource to coordinate and manage this workstream is required to ensure successful delivery.

Cost implications:

£73,853 based on 20% of a Director B scale post. This post is funded within the base revenue budget and is therefore an opportunity cost.

3.9 Digital Sponsor

Role:

The Digital Sponsor will be accountable for ensuring the IT infrastructure, tools, and available systems support the flexible workforce.

Justification:

Dedicated resource to coordinate and manage this workstream is required to ensure successful delivery.

Cost implications:

£45,649 based on 20% of a P6 scale post for 28 months.

3.10 Communications Lead

Role:

The Communications Workforce Lead will be accountable for ensuring the workforce, Members and the key stakeholders are engaged and informed throughout the programme. They will support staff to ensure minimal impact and arrange for training, guidance and advice to support the transition. They will coordinate resources and be responsible for highlighting and mitigating risks as and when required.

Justification:

Dedicated resource to coordinate and manage this workstream is required to ensure successful delivery.

Cost implications:

£27,978 based on 20% of a P3 scale post over 28 months. This post will be funded from the Communications Services budget, and not from the overall programme budget.

3.11 Accommodation Lead

Role:

The Accommodation Lead will have extensive organisational and CCC property knowledge and be able to support in the planning of team allocation to buildings, as well as coordinating the physical moves. They will also plan and implement refurbishments to spokes buildings as required.

Justification:

Expertise does exist in-house, however there is insufficient capacity within the team – therefore the role would need to be backfilled to carry out business as usual responsibilities.

Cost implications:

£139,988 based on a full time P3 scale post for 28 months, including on-costs. This is not funded from within the base budget and therefore is an additional cost.

3.12 Digital Lead

Role:

The Digital Lead will be responsible for the planning and coordination of IT infrastructure installation in the new hub and upgrades to existing buildings. They will also plan and deliver flexible working tools to promote agile working across the workforce.

Justification:

There is expertise within the IT Digital Team, however there is not sufficient capacity to support a programme of this breadth, therefore if a member of the team were to be seconded to the role full time, their current position/responsibilities would need to be backfilled.

Cost implications:

£110,000 based on backfilling an estimated P1 scale post. This is not funded from within the base budget and therefore is an additional cost.

3.13 Workforce Lead

Role:

This will be a major change programme, therefore a workforce lead to provide change management is essential. Carry out staff engagement and ensure this is fed back into the design of the programme and future engagement opportunities. Engage with Members to keep them aware of the plans and give opportunities to feedback outside of the democratic process. Coordinate the HR and Comms elements of the work to ensure the workforce are engaged and informed about the changes. Create community impact assessments for the hub and spokes locations, to understand the impact on staff and communities. Support in the development of training and guidance to staff in the new ways of working, and for Managers in how to support flexible workers.

Justification:

Due to the importance of this workstream and the need to take the workforce with us on this journey, a full time role with certain skills is required.

Cost implications:

£125,000 based on P2 scale. This post has been sourced from the Transformation Team due to the nature of the work, and is therefore funded from within the base budget.

3.14 Records Management Project Manager

Role:

To manage/co-ordinate the project and complete a survey of physical records and options appraisal for digitalising or storing physical records as well as managing the move of the records.

Justification:

There is expertise in-house but full time dedicated capacity would be required to manage this project effectively.

Cost implications:

£125,000 based on estimated P2 scale. This is not funded within the base budget and is therefore an additional cost.

3.15 **Communications Advisor**

Role:

This role will carry out the practical activities as directed by the Communications Lead. Delivering key parts of the communications strategy over the next two years to staff, members and general public across both Cambridgeshire and Peterborough; specifically by regularly updating intranet pages with information and case studies, developing these materials for distribution via other regular communications channels including external where necessary, filming & editing events and blogs, supporting staff engagement activities, producing materials for workshops, supporting work stream leads communications needs, managing and updating FAQs, managing staff enquiry mailboxes.

Justification:

Capacity does not currently exist in house. Recognise the importance of getting this right, communication is key to the programme.

Cost implications:

£42,800 based on 50% of a scale SO1 post. This role is not funded within the base budget, however the total cost of the post (£85,600) will be split between the Cambs 2020 and Shared Services programmes. The cost to this programme is therefore half of the total.

3.16 **HR Manager**

Role:

Work with teams to determine where they would be best located, using the opportunity to also address concerns and questions and promote the positive messages. Support the engagement sessions with staff throughout the lifespan of this project. Develop and roll out a culture change programme to support the move to agile working in some teams and further exploit opportunities in those whose teams already work flexibly. Pick up all employment related queries in relation to the physical moves and contractual changes required. Act as HR lead on all consultation activity.

Justification:

This project will require input above and beyond what the HR and Learning and Development teams are resourced to provide as business as usual. This provides an opportunity to provide a systematic approach to working with teams across the organisation to tackle both employment related and cultural matters that will arise from this project.

Cost implications:

£181,769 based on a P4 scale post over 28 months. This post is funded within the base budget and is therefore an additional cost of the programme.

3.17 **Additional Overall Programme Support**

Transformation Advisor

Role:

Provide ongoing support to the overall programme as and when required.

Justification:

A considerable amount of organisation, administration and support will be required throughout the programme. Estimate of 2 days per week for the duration of the programme.

Cost implications:

£37,300 based on an estimated SO2 scale post. This post has been sourced from the Transformation Team due to the nature of the work, and is therefore funded within the base budget.

Graduate Trainee

Role:

Provide support for a 6 month period to the overall programme.

Justification:

This is a great opportunity for a graduate trainee to gain experience and understanding of the organisation whilst developing numerous skills. In addition, having an additional dedicated resource with a fresh pair of eyes would be incredibly useful.

Cost implications:

Graduate trainees have a starting salary of £25,000pa, and the placement would be for a 6 month period. However, this post will continue to be paid from the Graduate Trainee programme LGA budget, therefore there will be no cost implications for the programme budget.

3.18 **Independent Chair**

Role:

This individual will chair the Cambs 2020 Programme Board and will bring additional external focus to the programme by holding Officers to account.

Justification:

To provide independent challenge from outside of the organisation to this key programme.

Cost implications:

£46,000 based on approximately £20,000pa for 28 months. This post is funded within the base budget and is therefore an opportunity cost.

3.19 Cost implications Summary

| Role | Funded Costs £ | Unfunded Costs £ |
|---|-----------------|------------------|
| SRO/Commercial Sponsor | 38,625 | |
| Programme Manager | 124,998 | |
| Civic Hub Sponsor | 57,801 | |
| Spokes Sponsor | 73,853 | |
| Digital Sponsor | 45,649 | |
| Communications Lead | 27,978 | |
| Digital Lead | | 110,110 |
| Accommodation Lead | | 139,988 |
| Workforce Lead | 124,998 | |
| Records Management Project Manager | | 124,998 |
| Communications Advisor | | 42,802 |
| HR Manager | | 181,769 |
| Transformation Advisor | 37,317 | |
| Graduate Trainee (6 month period) | 12,500 | |
| Independent Chair | | 46,000 |
| Consultancy costs | | 100,000 |
| Contingency – additional resources as and when required | | 100,000 |
| Total | £543,719 | £845,667 |

Note:

1. These are currently known resource requirements – as the programme progresses further investments could be required. Any such requests for funding will be supported with a proposal that sets out the investment, the opportunity, and the benefits both operational and financial. These requests will be brought back to Commercial and Investments Committee for approval.
2. The above roles are estimated for 2 years and 4 months, at which point they would be evaluated to understand if any further investment is required.

4. ALIGNMENT WITH CORPORATE PRIORITIES

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

4.1 Developing the local economy for the benefit of all

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

4.2 Helping people live healthy and independent lives

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

4.3 Supporting and protecting vulnerable people

As above.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

The financial implications are set out in this report.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications arising directly from this report.

5.3 Statutory, Legal and Risk Implications

There would be risks associated with insufficiently resourcing this important programme, which this paper sets out to mitigate by outlining the resources required.

5.4 Equality and Diversity Implications

There are no significant implications arising directly from this report.

5.5 Engagement and Communications Implications

There are no significant implications arising directly from this report.

5.6 Localism and Local Member Involvement

There are no significant implications arising directly from this report.

5.7 Public Health Implications

There are no significant implications arising directly from this report.

| Implications | Officer Clearance |
|---|--|
| | |
| Have the resource implications been cleared by Finance? | Yes Name of Financial Officer: Chris Malyon |
| | |
| Have the procurement/contractual/Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? | Not applicable |
| | |
| Has the impact on statutory, legal and risk implications been cleared by LGSS Law? | No |
| | |
| Have the equality and diversity | Not applicable |

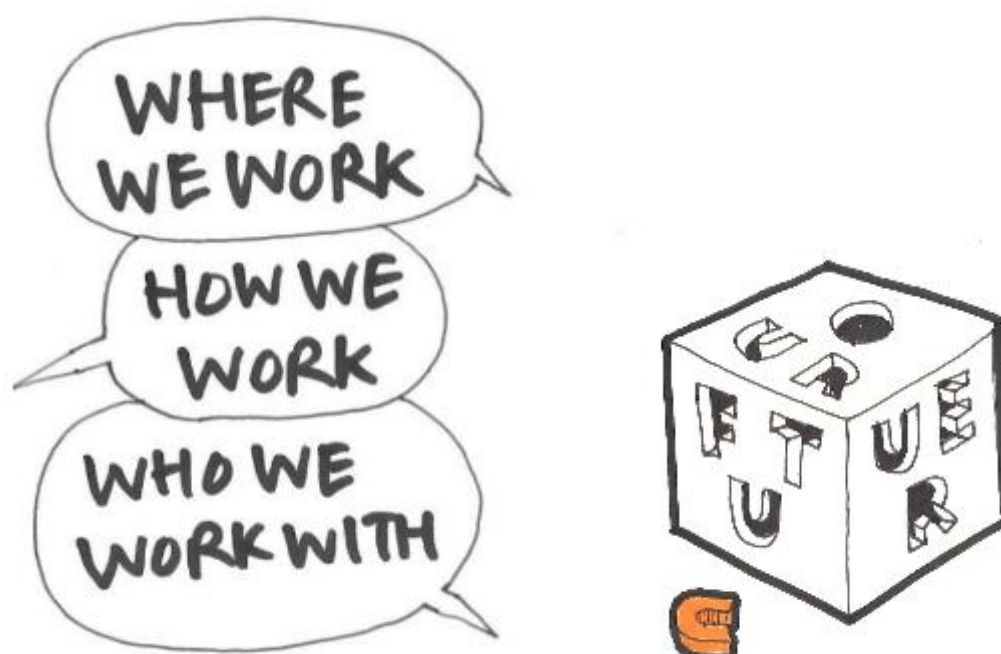
| | |
|--|----------------|
| implications been cleared by your Service Contact? | |
| | |
| Have any engagement and communication implications been cleared by Communications? | Not applicable |
| | |
| Have any localism and Local Member involvement issues been cleared by your Service Contact? | Not applicable |
| | |
| Have any Public Health implications been cleared by Public Health | Not applicable |

SOURCE DOCUMENTS

| Source Documents | Location |
|--|----------------------|
| Cambs 2020 Governance report at C&I April 2018 | Link |

Cambs 2020

Programme vision & design



WHAT DOES SUCCESS LOOK LIKE?

- A network of offices and working practices that facilitate:
 - Closer delivery of Council services to service users;
 - Greater community engagement; and
 - Better integration and joint working with the Council's partners.
- Every building is accessible by all staff members and chosen partners;
- All buildings can accommodate any staff member;
- All staff members are able to work in an efficient and effective manner in any Council accommodation;
- Flexible working is understood and embraced by all levels of staff;
- Staff are equipped with the tools, skills and confidence to operate in the hub and spoke model;
- Staff members have been consulted and are engaged;
- A coherent and consistent narrative that is well communicated and understood;
- Outcomes based performance management;
- An operational IT and digital infrastructure that supports the new ways of working;
- Comprehensive understanding that Cambs 2020 is the beginning of the process not the end; and
- A solution that is consistent with and contributes to the broader organisational strategy.

PROGRAMME DESIGN PRINCIPLES

The scope of this programme is an opportunity to consider how and from where our services will be delivered in the future and as such re-designing our operating model. Therefore design principles have been developed to help inform the programme throughout both in terms of the design of our spaces but also our workforce strategy. There are two main areas:

Our organisation – thinking about the future ways of working and the culture, behaviours and brand values we want to see in our organisation

Our assets – design features of the buildings and how that can support new and more effective ways of working

Examples include; no longer having private office spaces to encourage greater collaboration and transparency, training/support to build greater trust through flexible working, and communication and more system-based working through co-location.

“A DYNAMIC ACCOMMODATION SOLUTION THAT FACILITATES THE DELIVERY OF BETTER AND INTEGRATED SERVICES CLOSER TO OUR COMMUNITIES; A SOLUTION THAT EMBRACES CHANGE AND EQUIPS A FLEXIBLE WORKFORCE TO DELIVER EFFICIENTLY AND EFFECTIVELY FROM MULTIPLE, WELCOMING LOCATIONS.”

Cambs 2020 - Programme Design Principles

Our Organisation

- As a workforce we are trusted and equipped to do our best work from anywhere
- As a workforce we feel part of the organisation and strive to achieve our shared outcomes
- As a workforce we look outwards and apply best practice from what is happening in the public sector and private sector
- As a workforce we work closely with communities to design services around their needs

- We make the best use of our assets and partner assets
- Our buildings, team practices and environment support collaborative working
- Our buildings are welcoming for all
- Our buildings, team practices and environment enable staff to feel part of the wider organisation whilst building strong networks at a

Our Assets

- The hub and spoke model ensures services are delivered from the right places and spaces
- Our buildings support the health and wellbeing of staff
- Our buildings provide different working environments to suit the needs of the workforce, and appropriate technologies to support a flexible workforce and facilitate collaboration

ACTION PLAN

Behind the design principles for the programme it is important that an action plan is established to identify:

- **Inputs** - what is the high level activity being undertaken
- **Outputs** - what is created through the workstream activities
- **Outcomes** – the changes that result from the outputs
- **Impacts** - measurable improvements that fulfil the programme objectives

The below table starts to map out this high-level action plan for the design principles:

| Input | Output | Outcomes | Impacts | How this can be measured? |
|--|---|--|--------------------------------|---|
| 1. As a workforce we are trusted and equipped to do our best work from anywhere | | | | |
| Moving to a hub and spokes model | We have the technology and permission to enable us to do our work from anywhere | An empowered workforce that can work flexibly, with a better work/life balance | Increased staff retention | Data on staff sickness |
| Training for managers r.e. flexible working | | A happier and healthier workforce that is measured through outputs | Reduced sickness | Recruitment/agency spend |
| Providing the right IT/tools to support a flexible workforce | | | Higher employee satisfaction | Shape Your Place Survey |
| | | | Reduced need for agency staff | Cambs 2020 survey |
| | | Our organisation is built on trust | Reduction in mileage claims | Improvement in appraisal ratings |
| 2. As a workforce we feel part of the organisation and strive to achieve our shared outcomes | | | | |
| Introduction of more collaborative tools and new communication techniques | Systems are in place to support internal, collaborative working and information sharing | Staff are proud to work for the organisation | Improved employee satisfaction | Shape Your Place Survey - particularly on staff advocacy. |
| Encourage greater information sharing with partners | | Staff are aware of the organisational outcomes and how they affect their role & the role they have in achieving them | | |
| Promotion of the CCC brand | | | | |

| 3. As a workforce we look outwards and apply best practice from what is happening in the public sector and private sector | | | | |
|---|--|--|--|---|
| Training to managers r.e. flexible working Communication techniques to encourage and enable new ways of thinking | Staff are committed and encouraged to research best practice externally Staff visit other organisations to learn about different approaches and models of delivery | Staff are innovative and forward thinking - enhancing how we deliver our services | Increased number of ideas generated, both for cost saving and commercialisation Increased spend in new technologies | Cambs 2020 survey Increased use in collaborative tools Reporting from Transformation Team on idea generation |
| 4. As a workforce we work closely with communities to design services around their needs | | | | |
| Moving to a hub and spokes model | We use intelligence to understand where our communities are, and where their need is greatest. Staff have a greater understanding of co-production, and are better placed to consider it when undertaking projects. | (ACTION) – to discuss with Emma Cooper & Adrian r.e. what realistic success in this area would look like | Increased number of co-produced projects Increased community satisfaction? | Increase in co-production champions What reporting can we use from transformation's work on co-production? What community surveys do we currently do? |
| 5. We make the best use of our assets and partner assets | | | | |
| Moving to a hub and spokes model Implement new BAU property processes | A process is in place to regularly evaluate building usage to ensure this approach continues | Staff have a better oversight of our property portfolio ensuring it's working hard for us | Increased sharing of spaces with partners Optimum building capacity achieved Optimum meeting usage | Partner sharing agreements (both ways) Meeting room usage becoming an annual analysis (QUESTION) How can we monitor building usage? |
| 6. Our buildings, team practices and environment support collaborative working | | | | |
| Introduction of more collaborative tools and new | We have the technology to enable us to | An empowered workforce that can work flexibly, with | Staff report greater ability to collaborate | Cambs 2020 survey |

| | | | | |
|---|--|---|--|--------------------------------------|
| communication techniques | collaborate both internally and externally | a better work/life balance | | Increased use in collaborative tools |
| Training to managers r.e. flexible working | We have a rationalised and manageable suite of | | | |
| Providing the right IT/tools to support a flexible workforce | IT products that are used widely across the organisation, and not in silos. | | | |
| 7. Our buildings are welcoming for all | | | | |
| Introduction of a building directory guide | All of our buildings are welcoming and provide effective working space for all staff | Staff and visitors feel welcomed in our buildings and are able to work across several locations at ease | Optimum building capacity achieved | Reporting from BUG meetings |
| Training to staff and managers r.e. flexible working | | | Staff report on ability to work flexibly | Cambs 2020 survey |
| | | | Reduction in mileage | Reduction in mileage costs |
| 8. Our buildings, team practices and environment enable us to feel part of the wider organisation whilst building strong networks at a community level | | | | |
| Introduction of more collaborative tools and new communication techniques | Greater awareness of the CCC brand and our brand values | An empowered workforce that can work flexibly, with a better work/life balance | Improved employee satisfaction and pride | Health & wellbeing survey |
| Encourage greater information sharing with partners | | Our buildings bring us closer to our communities and allow us to work collaboratively | | Shape Your Place survey |
| Promotion of the CCC brand | | | | Community surveys? |
| Investment made to our buildings to enhance service delivery | | | | |

| 9. The hub and spoke model ensures services are delivered from the right places and spaces | | | | |
|---|---|--|---|--|
| Staff engagement process – driven by service delivery and business intelligence | We use known intelligence not just on current, but also on future predicted needs within our communities. | Our buildings act as an enabler for our service delivery | <p>Staff report an improvement in service delivery due to office moves</p> <p>Improvement in service user feedback</p> <p>A number of services delivered in new and innovative ways</p> | <p>Shape Your Place Survey</p> <p>Cambs 2020 survey</p> <p>Decision making process for our Operational/Strategic Asset Boards</p> <p>(QUESTION) Where do we currently get service user feedback?</p> |
| 10. Our buildings support the health and wellbeing of staff | | | | |
| <p>Engagement with health champions in design</p> <p>Staff Equality Assessments</p> | Building design and support reflects staff need | The health and wellbeing of staff is improved due to the spaces we work in – both in terms of their design but also how staff are able to work | <p>Reduction in staff sickness</p> <p>More Health and Wellbeing Champions within our spoke locations</p> <p>Improved employee satisfaction</p> | <p>Data on staff sickness</p> <p>Shape your place survey</p> |
| 11. Our buildings provide different working environments to suit the needs of the workforce and appropriate technologies that support a flexible workforce and facilitate collaboration | | | | |
| <p>Engagement with health champions in design</p> <p>Moving to a hub and spokes model</p> <p>Staff engagement through focus groups on design of spaces</p> <p>Research on</p> | | Staff are able to work flexibly and collaboratively due to the design of the spaces and the different working environments | <p>Staff report greater ability to collaborate</p> <p>Improved employee satisfaction</p> | Cambs 2020 survey |

| | | | | |
|--------------------------------|--|--|--|--|
| effective working environments | | | | |
| Investment in buildings | | | | |

UPDATE ON BUILDING INSPECTIONS

To: **Commercial and Investments Committee**

Meeting Date: **14 September 2018**

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

Electoral division(s) **All**

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

Purpose: **Update Members on building inspection approach to included Listed Buildings and Leased Buildings**

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

- (1) Members note proposed actions**

| <i>Officer contact:</i> | | <i>Member contact:</i> | |
|--------------------------------|--|-------------------------------|--|
| Name: | John Macmillan | Names: | Cllr Schumann |
| Post: | Group Asset Manager | Post: | Chair of C&I |
| Email: | John.macmillan@cambridgeshire.gov.uk | Email: | Joshua.schumann@cambridgeshire.gov.uk |
| Tel: | 076808861360 | Tel: | 01223 706398 |

1. BACKGROUND

- 1.1 Commercial & Investments Committee on the 25th May 2018 considered the lease of the former Mill Road Library, a Grade 2 listed building, which has a backlog of repairs that are the responsibility of the tenant, the Indian Community and Culture Association (ICCA). This highlighted that Listed Building liabilities could transfer to the Landlord if the tenant was not able to meet their responsibilities and the need to review the Council's building inspection programme.

2 CURRENT INSPECTION PROGRAMME

- 2.1 Compliance, Property Services and Strategic Assets are all part of the Resources Directorate which were part of LGSS until last year.
- 2.2 Property services are responsible for carrying out building repairs, maintenance checks and inspections. This work is outsourced to term contractors or specialist surveyors.
- 2.3 **Buildings occupied by the County Council or let on short leases** are inspected as part of a rolling programme of condition surveys every 5 years. Property staff also check buildings on an ad hoc basis, for example when they have to visit to check completed repairs. 50% of the buildings that Property Services are responsible for have been inspected with the intention to inspect all as part of a rolling programme 20% each year.
- 2.4 **Buildings let on long leases** (>25 years) are usually, but not always, let on Full Repairing and Insuring terms (FRI) with the tenant responsible for repairs and maintenance. These include a large number of schools let to Academy Trusts. There are 7 non schools long leases.
- 2.5 **Listed Buildings.** The Council has over 70 Listed Building listings, several on the same site. Over 40 of these are the responsibility of Highways who are investigating how they look after these. The remainder are the responsibility of Property. (See **Appendix 1**) These require statutory consent for alterations and repairs and put a statutory duty on the owners to maintain them. If let and the tenant is responsible for repairs and maintenance, but not able to meet their Listed Building repairing responsibilities these responsibilities would transfer to the Council as owner.
- 2.6 Seven of the Listed buildings are Academy schools let on average for 125 years. These are considered to be of less risk to the Council. A substantial repair liability that would be difficult for the school to fund would lead to an application for a Department of Education funding grant.
- 2.7 Five of the Listed buildings are let but the repairing liability is the responsibility of the tenant in only 2, the former Mill Rd Library and Wisbech Castle.
- 2.8 Listed buildings that are not let are included by Property in the rolling 5 year programme of condition surveys although inspections may not always have taken into account specific Listed Building liabilities.

- 2.9 The cost of inspecting buildings varies and is based on a lump sum for each report together with an area based charge. In 2016-17 the cost of inspecting 20% was £20,000 and in 2017 -2018 the cost was £44,000. The cost of inspecting Listed Buildings is approximately 20% more.

3 ACTIONS

- 3.1 With the exception of Academy schools it is proposed that Listed Buildings will be inspected by specialist surveyors every 5 years as part of the Council's rolling programme.
- 3.2 In between specialist surveys, in-house staff will inspect the Listed Buildings each year.
- 3.3 The 10 buildings let on long leases where repairs are the tenant's responsibility should be inspected by Property every 5 years to ensure that buildings are being maintained by the tenant.

5.0 ALIGNMENT WITH CORPORATE PRIORITIES

5.1 Developing the local economy for the benefit of all

There are no significant implications for this priority

5.2 Helping people live healthy and independent lives

There are no significant implications for this priority

5.3 Supporting and protecting vulnerable people

There are no significant implications for this priority

6. SIGNIFICANT IMPLICATIONS

6.1 Resource Implications

The report above sets out the implications for this priority in 2.9

6.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

6.3 Statutory, Legal and Risk Implications

The report above sets out details of significant implications above

6.4 Equality and Diversity Implications

There are no significant implications within this category.

6.5 Engagement and Communications Implications

There are no significant implications within this category.

6.6 Localism and Local Member Involvement

There are no significant implications within this category.

6.7 Public Health Implications

There are no significant implications within this category.

| Implications | Officer Clearance |
|---|---|
| | |
| Have the resource implications been cleared by Finance? | Yes Name of Financial Officer: Tom Kelly |
| | |
| Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? | N/A |
| | |
| Has the impact on statutory, legal and risk implications been cleared by LGSS Law? | Yes Name of Legal Officer: LGSS Law |
| | |
| Have the equality and diversity implications been cleared by your Service Contact? | N/A |
| | |
| Have any engagement and communication implications been cleared by Communications? | N/A |
| Have any Public Health implications been cleared by Public Health | N/A |

| Let properties | Tenants Repairing obligation | Listed | Current Inspection responsibility |
|-------------------------------|------------------------------|--------|-----------------------------------|
| Bellerbys 1 | FRI | no | Property |
| Bellerbys 2 | Internal only | no | Property |
| Sackville House | Internal only | no | Property |
| Parsonage Close day centre | FRI | no | |
| Former Littleton House school | FRI | no | |
| King Edward Community Centre | FRI | no | |
| Marwick Centre | FRI | no | |
| Wisbech Castle | FRI | yes | |
| Former Mill Rd Library | FRI | yes | |
| Little Chishill windmill | None | yes | Property/Archaeology |
| 42 Castle St | Internal repair only | yes | Property |
| Littlington Farm house | N/a | yes | Farms |
| In house properties | | | |
| Old Police station | N/a | yes | Property |
| Great Gransden windmill | N/a | yes | Property/Archaeology |
| Ramsey Ice house | N/a | yes | Property/Archaeology |
| Stibington outdoor centre | N/a | yes | Property |
| Cromwell museum, Huntingdon | N/a | yes | Property |
| Lawrence Court | N/a | yes | Property |
| Schools | | | |
| Hinchingbrooke | FRI | yes | Academy |
| Eynesbury CE | FRI | yes | Academy |
| Ramsey Abbey | FRI | yes | Academy |
| Gamlingay First & No10 | FRI | yes | Academy |
| Barrington CE | FRI | yes | Academy |
| Fowlmere | FRI | Yes | Academy |
| Roger Ascham school | FRI | yes | Academy |

| Proposed Inspection responsibility |
|---------------------------------------|
| Property |
| Property |
| Property |
| Property |
| Property |
| Property |
| Property |
| Property |
| Property |
| Property/Archaeology |
| Property |
| Farms |
| |
| Property |
| Property/Archaeology |
| Property/Archaeology |
| Property |
| Property |
| Property |
| |
| Academy |
| Academy |
| Academy |
| Academy |
| Academy |
| Academy |
| Academy |

NEW LEASES AT LESS THAN BEST RENT: 17 UPHERD'S LANE & 1a UPHERD'S LANE, ELY

To: **Commercial and Investments Committee**

Meeting Date: **14th September 2018**

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

Electoral division(s) **Ely South**

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

Purpose: **To consider two new leases at less than best rent.**

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

- a) Members approve the lease of both properties at Upherd's Lane, Ely to Cambridge Housing Society at less than best market rents.**

| <i>Officer contacts:</i> | <i>Member contact:</i> |
|---|--|
| Name: John Macmillan Post: Group Asset Manager Email: John.macmillan@cambridgeshire.gov.uk Tel: 01223 699092 <u>Cambridge & East Cambs Accommodation Service (Respite Supportive Living Team):</u> Name: Emily Wheeler Post: Operations Manager Emily.wheeler@cambridgeshire.gov.uk | Names: Cllr Schumann Post: Committee Chairman Email: Joshua.schumann@cambridgeshire.gov.uk Tel: 01223 706398 |

1. BACKGROUND

- 1.1 Cambridge Housing Society (CHS) Group is a non-profit making social enterprise. It provides homes and community support to over 9,000 people in Cambridgeshire, particularly providing caring services to adults at risk.
- 1.2 17 Upherd's Lane and 1a Upherd's Lane (also known as Jasmine House) are supported living establishments, housing three and six service users respectively. The occupants are adults with learning difficulties, some of whom have lived in these properties for some time.
- 1.3 The supported living service is provided by Cambridge and East Cambs Accommodation Services (CEAS) which is part of Cambridgeshire County Council's People and Communities Directorate. Up to 10 CCC staff support the adults living at these properties with some staff in attendance 24/7.
- 1.4 CEAS have well developed links with CHS as a lease partner. These leases allow them to support the service users to maintain as much independence as possible, while providing a safe and stable home for each of them, while avoiding any Right to Buy issues which might arise if the Council was the direct provider to the occupants.
- 1.5 S123 of the Local Government Act 1972 require disposals of leases to be for "best consideration" unless Members approve otherwise.

2. MAIN ISSUES

- 2.1 Cambridge Housing Society (CHS) Group currently occupies both properties under 5 year contracted out leases since 2013 with a rent payable of £6,000 and £9,500 respectively. The leases are due for renewal.
- 2.2 The current market rent estimate for No 17 Upherd's Lane is £6,800 pa and for No 1a £10,800 pa.
- 2.3 CHS Group have proposed a rent of £2,470 pa for No 17 and a rent of £4,600pa for No 1a which would mean a shortfall of £10,530 on market estimates and would be less than "best consideration" and require Member approval.
- 2.4 The proposed rent is the rent surplus after costs are taken into account. See Appendix 1 for more detail on the lease projections and business plan assumptions made by CHS. In support of the reduced rent CHS say that they ran the properties at a loss in 2016/17.
- 2.5 CHS income at these properties is from the tenants who receive Local Housing Allowance (LHA) which is how Housing Benefit is paid to private sector tenants. LHA rates are based on lower levels of market rents in the area and tenants do not get paid more if the actual rent is higher, which is the case with these two properties. The Government has not yet clarified how to fund the additional costs of rents and housing related services above Local Housing Allowance level.
- 2.6 Seven year leases contracted out of the security of tenure provisions of the Landlord and Tenant Act 1954 are proposed, with break clauses after 3 and 5 years. The tenant would

not have an automatic right to renew the leases and it would enable the required break clauses to be effective.

- 2.7 **Building Condition.** Both properties are in a reasonable state of repair and condition for their age, current and future use with CHS are responsible for all internal repairs and maintenance and all outgoings for the provision of the services from the two properties. The Council is responsible for the exterior and structure and lifts.
- 2.8 No 1a has a lift to the first floor which is in need of renewal. The Council currently maintains and services this lift but it has been out of action for a total of 30 days during 2016 and more than 40 days in 2017 and it is considered more economical in the long term to replace this lift rather than continue to repair it. Replacement would cost approximately £20,000.
- 2.9 If the Council provides a new lift CHS Group would take over the responsibility to maintain and service it.
- 2.10 **CCC Service support.** CEAS have confirmed that they wish to support CHS to continue to operate from these two properties at less than best rents as this will allow the Council to continue to provide supported living for 9 adults with learning difficulties.
- 2.11 The rent that CHS pay has been used by CEAS to fund its service at Upherd's Lane. The reduced rent will impact the CEAS budget.

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

The report above sets out the implications for this priority in 2.10

3.3 Supporting and protecting vulnerable people

The report above sets out the implications for this priority in 2.10

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The report above sets out details of significant implications above.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

4.3 Statutory, Legal and Risk Implications

If this proposal is not approved an alternative will be required to continue to provide supported living for 9 adults with learning difficulties.

4.4 Equality and Diversity Implications

If this proposal is not approved an alternative will be required to continue to provide supported living for 9 adults with learning difficulties.

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. The local member Cllr Anna Bailey has been contacted, acknowledged and has not registered any concerns.

4.7 Public Health Implications

The report above sets out details of significant implications in 2.11

| Implications | Officer Clearance |
|---|--|
| | |
| Have the resource implications been cleared by Finance? | Yes Name of Financial Officer: Tom Kelly |
| | |
| Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? | Yes Name of Officer: Paul White |
| | |
| Has the impact on statutory, legal and risk implications been cleared by LGSS Law? | Yes or No Name of Legal Officer: Debbie Carter-Hughes |
| | |
| Have the equality and diversity implications been cleared by your Service Contact? | Yes Name of Officer: John Macmillan |
| | |
| Have any engagement and communication implications been cleared by Communications? | Yes or No Name of Officer: Christine Birchall |
| | |
| Have any localism and Local Member involvement issues been cleared by your Service Contact? | Yes. Local member has been contacted. Name of Officer: John Macmillan |
| | |
| Have any Public Health implications been cleared by Public Health | Yes or No Name of Officer: Tess Campbell |

Period: 01/04/18 to 31/03/2025

| | Total All Years | | Average Per Year | |
|---|-----------------|-----------------|------------------|----------------|
| | JMH | UHL | JMH | UHL |
| INCOME | | | | |
| Rent | £170,696 | £85,348 | £24,385 | £12,193 |
| Void: Rent Loss | -£1,707 | -£853 | -£244 | -£122 |
| Service Charges | £75,700 | £40,046 | £10,814 | £5,721 |
| Total Income | £244,690 | £124,541 | £34,956 | £17,792 |
| COSTS | | | | |
| Lease fees | £32,200 | £17,290 | £4,600 | £2,470 |
| Scheme Management | £95,170 | £55,972 | £13,596 | £7,996 |
| Lift Maintenance | £14,947 | | £2,135 | £0 |
| Internal Redecoration | £12,019 | £2,504 | £1,717 | £358 |
| Maintenance - Responsive & Void Repairs | £59,845 | £33,206 | £8,549 | £4,744 |
| Total Costs | £214,180 | £108,972 | £30,597 | £15,567 |
| Contribution | £30,509 | £15,569 | £4,358 | £2,224 |
| As Percentage of Turnover | 12.5% | 12.5% | 12.5% | 12.5% |

Contribution: This is towards CHS central services and costs, including Community Support Services management team, Legal expenses, Finance Services (purchase ledger, banking, payroll, sales ledger, etc.) Insurance, IT (hardware, software, security, telephones, helpdesk, etc.) HR, Risk Management, GDPR/Data Protection and Executive Management Team, Board.

Scheme Management: These costs include - Gas - Communal & Personal Use, Electricity - Communal & Personal, Window Cleaning, Gardening, Water, Renew/Replace misc items/furnishings, Depreciation of equipment, Service Charge Administration, Council Tax, etc.
(Note: all costs **except** council tax recovered through service charge)

| <u>Business Plan Assumptions</u> | | | | | | | | | | |
|----------------------------------|------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
| RPI | | 3.35% | 3.15% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% |
| CPI | | 2.60% | 2.40% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Repairs & Maintenance inflation | RPI+ | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| | Assumption | 4.4% | 4.2% | 3.8% | 3.8% | 3.8% | 3.8% | 3.8% | 3.8% | 3.8% |
| General Cost Inflation | CPI+ | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% |
| | Assumption | 3.1% | 2.9% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| Void: Rent Loss | | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |

RISKS

1. Void percentage higher than 1% assumption
2. General Costs, including council tax, increase above CPI inflation - impact of Brexit
3. Maintenance Costs increase above assumption of RPI + 1%
4. Lift Maintenance costs are new and based on estimate, rather than known history.
5. Tenant misuse of properties lead to higher costs, and/or more frequent redecoration/responsive/void repair costs

FINANCE AND PERFORMANCE REPORT – JULY 2018

To: **Commercial and Investment Committee**

Meeting Date: **14th September 2018**

From: **Chief Finance Officer**

Electoral division(s): **All**

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

Purpose: **To present to Commercial and Investment (C&I) Committee the July 2018 Finance and Performance Report for C&I Committee.**

The report is presented to provide C&I Committee with an opportunity to comment on the projected financial and performance outturn position, as at the end of July 2018.

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

- **review, note and comment upon the report**
- **consider and approve the virement of £711k from Shire Hall Maintenance budget to the County wide Building Maintenance budget.**

| <i>Officer contact:</i> | | <i>Member contact:</i> | |
|--------------------------------|--|--|--|
| Name: | Eleanor Tod | Cllr Schumann | |
| Post: | Group Accountant | Committee Chairman | |
| Email: | Eleanor.Tod@cambridgeshire.gov.uk | Joshua.schumann@cambridgeshire.gov.uk | |
| Tel: | 01223 715333 | | |

1. BACKGROUND

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

2. MAIN ISSUES

- 2.1 Attached as **appendix A**, is the July 2018 Finance and Performance report.
- 2.2 **Revenue:** At the end of July, Commercial and Investment Committee is forecasting an overspend of £4,163k on revenue budgets. The last report the Committee has reviewed was the May 18 report; since then there have been three 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.

Commercial and Investment Committee is asked to approve the virement of £711k from Shire Hall Maintenance budget to the County wide Building Maintenance budget.

There are no exceptions to report for July.

- 2.4 There are no Commercial and Investment Committee **performance indicators** reported for July 2018.

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 |
|--|---|
| C&I Finance & Performance Report (July 18) | 1 st Floor, Octagon, Shire Hall, Cambridge |

Commercial and Investment

Finance and Performance Report – July 2018

1. SUMMARY

1.1 Finance

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

2. INCOME AND EXPENDITURE

2.1 Overall Position

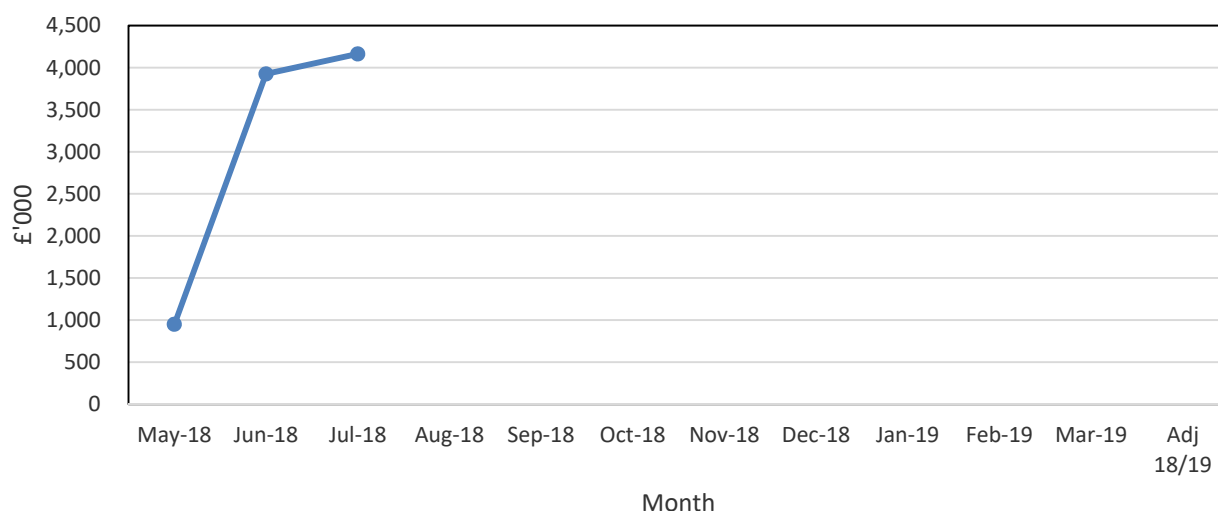
To ensure financial information is presented in a consistent way to all Committees a standardised format has now been applied to the summary tables and service level budgetary control reports included in each F&PR. The same format is also applied to the Integrated Resources and Performance Report (IRPR) presented to General Purposes Committee (GPC). The data shown provides the key information required to assess the financial position of the service and provide comparison to the previous month.

| Outturn Variance (June) £000 | Directorate | Budget £000 | Actual £000 | Outturn Variance (July) £000 | Outturn Variance (July) % |
|---|--|------------------------|------------------------|---|--|
| 2,900 | Commercial Activity | -9,446 | 427 | 2,950 | 31.2% |
| -106 | Property Services | 6,086 | 1,579 | -24 | -0.4% |
| 0 | Strategic Assets | -4,098 | -874 | 0 | 0.0% |
| 1,130 | Traded Services to Schools and Parents | -1,200 | 265 | 1,237 | 103.1% |
| 3,925 | Total | -8,658 | 1,397 | 4,163 | 48.1% |

The service level budgetary control report for Commercial and Investment for July 2018 can be found in [C&I appendix 1](#).

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

Commercial & Investment Forecast Outturn 2018/19



2.2 Significant Issues – Commercial and Investment

At the end of July 2018, Commercial and Investment is forecast to overspend by £4.163m in 2018/19. This represents an increase of £0.2m from the previous forecast, due to increases in predicted overspends in Outdoor Education, and a decrease in the predicted underspend in County Offices.

Traded Services

The Outdoor Education service is forecasting an overspend of £137k in 2018/19, which is an increase of £107k from the previous forecast. This is due to under-recovery of income at Stibbington (£30k) and an ongoing structural pressure at Grafham Water (£107k).

The Grafham Water budget includes an internal loan of £95k in 2018/19 relating to building and improvement works carried out a number of years ago. Although prices have been increased for all user groups and the centre is running at high capacity, the centre is currently unable to generate sufficient income to cover the additional costs of the loan as well as a targeted £42k over-recovery.

The pressures at both centres are being addressed as part of the ongoing Outdoor Centres Outcome Focussed Review, and in-year mitigations are being sought.

Property services

County Offices budgets are forecast to underspend by £24k in 2018/19. The favourable variance reported in June has been partially offset by overspends on maintenance work elsewhere.

2.3 Additional Income and Grant Budgeted this Period

(De minimis reporting limit = £30,000)

No new items were recorded during July 2018.

A full list of additional grant income for Commercial and Investment 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)**

No virements were recorded in July.

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

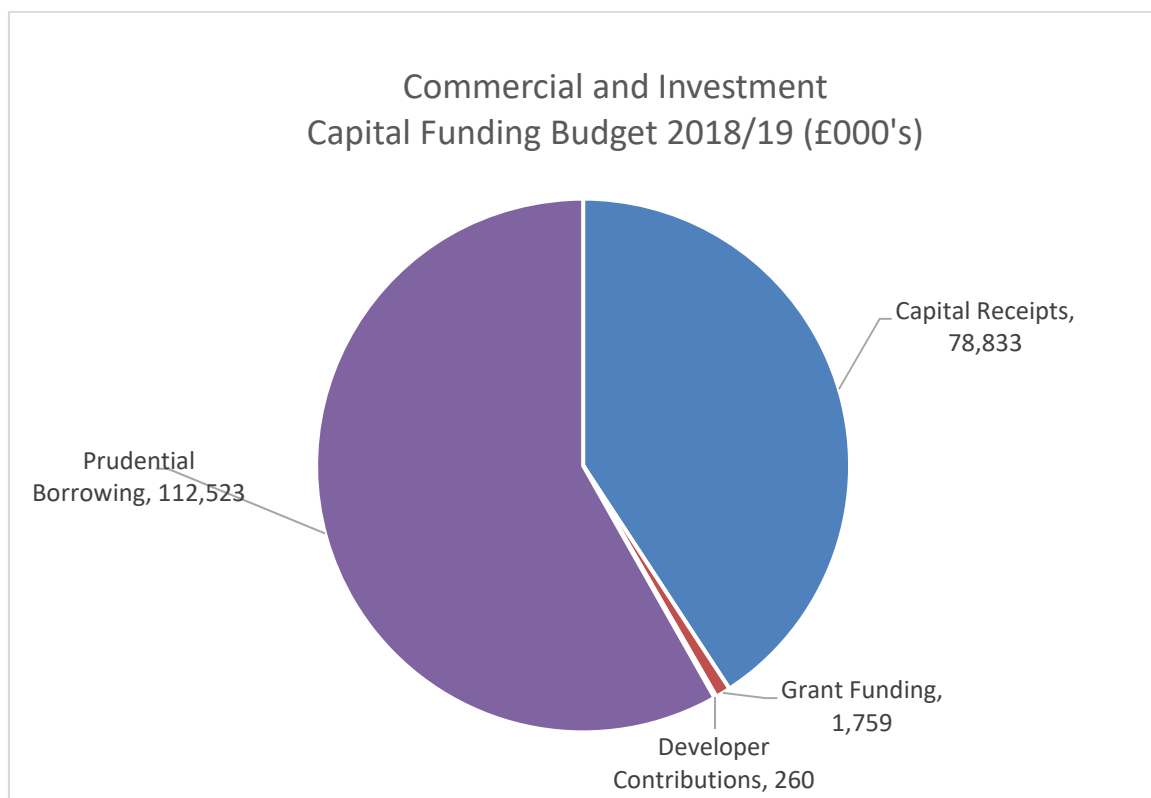
3. **BALANCE SHEET**

3.1 **Reserves**

The Commercial and Investment reserves contain various earmarked reserves and funds held for specific purposes, and capital reserves. The schedule of these reserves can be found in [C&I appendix 5](#).

3.2 **Capital Expenditure and Funding**

Commercial and Investment Committee has a capital budget of £193m in 2018/19, which is funded by the following capital resources:



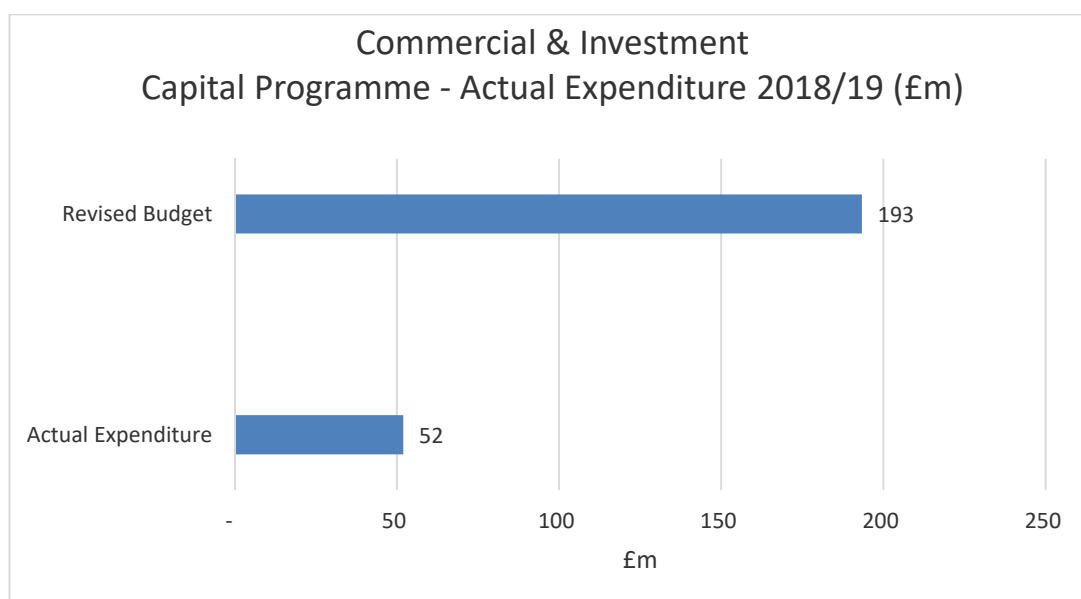
Variations Budget

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

| Service | Capital Programme Variations Budget £000 | Forecast Variance - Outturn (July) £000 | Capital Programme Variations Budget Used £000 | Capital Programme Variations Budget Used % | Revised Forecast Variance - Outturn (Feb) £000 |
|-------------------|---|--|--|---|---|
| C&I – Non-Housing | -16,737 | 0 | 0 | 0% | 0 |

Expenditure

Commercial and Investment Committee has expenditure of £52m to date on the Capital Programme, against forecast expenditure of £193m:



In-year variances of £0k are predicted and a balanced position at year-end is currently forecast for 2018/19. Total scheme variances of £147k underspent are expected over the lifetime of the schemes.

There are no new exceptions to report this month.

Funding

Commercial and Investment Committee has capital funding of £193m in 2018/19.

In addition to the carry forward of funds, the July 2018 C&I Committee was asked to approve a virement of £711k from the Shire Hall Building Maintenance budget to the countywide Building Maintenance budget. The Committee's decision was postponed awaiting further information to be provided in this Finance & Performance Report (to be discussed in September committee).

The Property Services team have undertaken a series of conditions surveys across the whole portfolio, including Shire Hall and countywide sites. This has enabled the team to develop a prioritised schedule of works that needs to be completed across the whole portfolio (see Appendix 8 for the schemes already programmed to be delivered in 2018-19). The team's current focus is mainly on mechanical and electrical works that are critical to complete.

The schedule for 2018-19 requires more work to be completed on countywide sites than the Shire Hall site, therefore Commercial and Investment Committee is requested to consider and approve an in-year virement of £711k between the two building maintenance budgets in order to reflect where the most urgent spend is required. Neither of the two budgets are yet fully committed, which is to allow for further review of proposed works and also reactive work to take place if required – if no reactive work is required, then the team will be able to complete more of the schemes on the prioritised schedule of works.

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 Investment Committee is not currently available as performance indicators have not yet been set for the committee; work to review all indicators is still ongoing. As the committee starts to undertake commercial investment, relevant indicators will be developed in conjunction with the committee and subsequently exceptions will be reported against these.

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

The variances to the end of July 2018 for Commercial and Investment are as follows:

| Forecast Outturn Variance (June) | | Budget 2018/19 | Actual July 2018 | Forecast Outturn Variance | |
|---|---|-------------------|------------------------|---------------------------------|-------------|
| £000's | | £000's | £000's | £000's | % |
| Commercial Activity | | | | | |
| 2,400 | Commercial Investments | -5,100 | 425 | 2,450 | 48% |
| 500 | Housing Investment (This Land Company) | -4,346 | 2 | 500 | 12% |
| 2,900 | Commercial Activity Total | -9,446 | 427 | 2,950 | 31% |
| Property Services | | | | | |
| 0 | Building Maintenance | 1,136 | 499 | 0 | 0% |
| -106 | County Offices | 4,145 | 812 | -24 | -1% |
| 0 | Property Services | 645 | 235 | 0 | 0% |
| 0 | Property Compliance | 160 | 34 | 0 | 0% |
| -106 | Property Services Total | 6,086 | 1,579 | -24 | 0% |
| Strategic Assets | | | | | |
| 0 | County Farms | -4,905 | -435 | 0 | 0% |
| 0 | Strategic Assets | 807 | -439 | 0 | 0% |
| 0 | Strategic Assets Total | -4,098 | -874 | 0 | 0% |
| Traded Services to Schools and Parents | | | | | |
| 0 | Traded Services to Schools and Parents | -408 | 34 | 0 | 0% |
| 0 | ICT Service (Education) | -200 | -361 | 0 | 0% |
| 0 | Professional Development Centres | -71 | -37 | 0 | 0% |
| 0 | Cambridgeshire Music | 5 | 496 | 0 | 0% |
| 30 | Outdoor Education (includes Grafham Water) | -77 | 199 | 137 | 178% |
| 1,100 | Cambridgeshire Catering & Cleaning Services | -449 | -66 | 1,100 | 245% |
| 1,130 | Traded Services Total | -1,200 | 265 | 1,237 | 103% |
| 3,925 | Total | -8,658 | 1,397 | 4,163 | 48% |

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 | % |
| Commercial Investments | -5,100 | 2,450 | 48% |
| <p>Commercial Investment budgets are expected to overspend by £2.4m in 2018/19. The Council has considered and bid on a number of real estate / property acquisition opportunities, and was in the process of making its first investment acquisition, for £38m, as at end of July. Consideration is being given to wider opportunities and procurement of external investment advice is being progressed. A £2.4m pressure against target is considered to be the minimum non-delivery in 2018/19, with the potential for this to rise, although the longer term plan to generate commercial investment income in this way remains sound.</p> | | | |
| Housing Investment (This Land Company) | -4,346 | 500 | 12% |
| <p>A pressure of £500k is reported on Housing budgets, due to the assessed value of properties at the point of transfer to This Land, which reflects progress through the planning system (and therefore market value) to date. A series of further loan advances are in progress around a site with a major re-valuation now that planning has been granted as well as construction and cashflow arrangements, although these are unlikely to fully bridge the gap to a balanced position. The company will also be concerned to borrow broadly in line with its needs.</p> | | | |
| County Offices | 4,145 | -24 | -1% |
| <p>County Offices budgets are forecast to underspend by £24k at year-end 2018/19. This is mainly due to the following favourable variances which were first reported during the last financial year:</p> <ul style="list-style-type: none"> • £240k surplus following a reassessment of historic business rates liabilities for children's centres. • £350k saving due to the reduction in rates liability for Shire Hall, £114k of which has been applied to meet the £200k savings target set for Property Services in Business Planning. • £65k saving due to The Meadows, St Ives having been vacated; this is based on the annual budget of £115k less £10k running costs and an estimate of £40k for dilapidations. <p>However, these are largely off-set against the follow overspends:</p> | | | |

| Service | Current Budget £'000 | Forecast Variance - Outturn £'000 | % |
|--|-------------------------|---|-------------|
| <ul style="list-style-type: none"> • There is a predicted £32k shortfall in 2018/19 against the planned savings from the Children's Centre Review, due to delays in vacating the premises; it is anticipated that this shortfall will be mitigated by staff vacancies within P&C Committee. • £400k dilapidation costs for the Cambridgeshire Catering and Cleaning Services cook freeze unit. • £150k pressure due to new security systems required in County Offices. | | | |
| Outdoor Education | -77 | 137 | 178% |
| <p>Outdoor Education is currently reporting a £137k overspend. This is a combination of an anticipated £30k under-recovery of income at Stibbington and an ongoing structural pressure of £107k at Grafham Water.</p> <p>The Grafham Water budget includes an internal loan of £95k in 2018/19 relating to building and improvement works carried out a number of years ago. Although prices have been increased for all user groups and the centre is running at high capacity, the centre is currently unable to generate sufficient income to cover the additional costs of the loan as well as a targeted £42k over-recovery.</p> <p>The pressures at both centres are being addressed as part of the ongoing Outdoor Centres Outcome Focussed Review, and in-year mitigations are being sought.</p> | | | |
| Cambridgeshire Catering & Cleaning Services | -449 | 1,100 | 290% |
| <p>As previously reported, Cambridgeshire Cleaning and Catering Services is to close during 2018/19, following a decision in 2017/18 based on the long term decline in prospects for the service and an increasing cost base driven by rising salaries. As the service winds down, approximately 33% of SLAs are phased to end in August 2018, with the remainder ending in October 2018. This pressure therefore represents the non-delivery of a full-year service as well as one-off costs related to closing the service. There is potential for this figure to increase as the one-off costs of closure are further refined and temporary 'diseconomies of scale' come to fruition.</p> | | | |

C&I APPENDIX 3 – Grant Income Analysis

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

| Grant | Awarding Body | Expected Amount £000 | Reported |
|------------------------------------|----------------|-------------------------|----------|
| Grants as per Business Plan | | 783 | |
| One Public Estate | Cabinet Office | 515 | May 18 |
| Total Grants 2018/19 | | 1,298 | |

C&I APPENDIX 4 – Virements and Budget Reconciliation

| | £000 | Reported |
|--|---------------|----------|
| Budget as per Business Plan | -8,188 | |
| Transfer of Traded Services salary and recharge budgets to C&I | -74 | May 18 |
| Transfer of P&C ICT SLA budget to Director of Education from Head of Traded Services | -134 | May 18 |
| Transfer of ESPO dividend budget from LGSS Managed to C&I | -200 | May 18 |
| Transfer balance of Cleaning Contract saving from C&I to Corporate Services. | -26 | May 18 |
| Transfer Cleaning Contract saving from C&I to Corporate Services budgets. | -36 | June 18 |
| Current Budget 2018/19 | -8,658 | |

C&I APPENDIX 5 – Reserve Schedule

1. Commercial and Investment Reserves

| Fund Description | Balance at 31 March 2018 | Movements in 2018/19 | Balance at 31 July 2018 | Forecast Balance at 31 March 2019 | Notes |
|--|--------------------------------|-------------------------|-------------------------------|--|-------|
| | £'000 | £'000 | £'000 | £'000 | |
| <u>Equipment Reserves</u> | | | | | |
| The ICT Service (Education) | 680 | 0 | 680 | 0 | 1 |
| subtotal | 680 | 0 | 680 | 0 | |
| <u>Other Earmarked Funds</u> | | | | | |
| North Cambridge Academy site demolition costs | 468 | 105 | 573 | 573 | 2 |
| Cambs Music Reserve | 84 | 0 | 84 | 84 | 3 |
| subtotal | 552 | 105 | 658 | 657 | |
| <u>Capital Reserves</u> | | | | | |
| General Capital Receipts | 0 | -28,535 | -28,535 | 0 | 4 |
| subtotal | 0 | -28,535 | -28,535 | 0 | |
| TOTAL | 1,232 | -28,430 | -27,197 | 657 | |

Notes

- 1 ICT Equipment Reserve will to be used to replace critical equipment in 2018-19
- 2 Rental income from Bellerbys buildings on the North Cambridge Academy site is being held to offset demolition costs when the lease expires in 2021.
- 3 Annual reserve agreed by GPC to develop and support the Cambridgeshire Music CREATE program which will look to create new purpose-built accommodation.
- 4 Capital Receipts received during 2018/19 will be used to fund the capital programme at year-end.

C&I APPENDIX 6 – Capital Expenditure

1. Capital Expenditure Summary 2018/19

| Commercial & Investment Capital Programme 2018/19 | | | | | | TOTAL SCHEME | |
|--|----------------------------|---|------------------------------------|--|--|--|---|
| Original 2018/19 Budget as per BP £000 | Scheme | Revised Budget for 2018/19 £000 | Actual Spend 2018/19 £000 | Forecast Spend - Outturn £000 | Outturn Variance 2018/19 £000 | Total Scheme Revised Budget £000 | Total Scheme Forecast Variance £000 |
| 76,000 | <u>Commercial Activity</u> | 76,000 | 38,003 | 76,000 | - | 100,000 | - |
| 43,086 | Commercial Investments | 126,376 | 13,781 | 126,376 | - | 184,493 | - |
| 119,086 | Housing Schemes | 202,376 | 51,784 | 202,376 | - | 284,493 | - |
| | <u>Property Services</u> | | | | | | |
| - | Office Portfolio | 184 | 114 | 184 | - | 345 | - |
| 600 | Rationalisation | 1,471 | 29 | 1,471 | - | 6,290 | - |
| 550 | Building Maintenance | 100 | - | 100 | - | 4,791 | - |
| | Shire Hall Campus | | | | | | |
| 1,150 | | 1,755 | 143 | 1,755 | - | 11,426 | - |
| | <u>Strategic Assets</u> | | | | | | |
| 100 | Local Plans | 100 | - | 100 | - | 618 | - |
| 300 | Representations | 362 | 50 | 362 | - | 4,820 | - |
| - | County Farms | 117 | - | 117 | - | 9,994 | (87) |
| | Investment | | | | | | |
| 100 | Renewable Energy | 100 | - | 100 | - | 5,198 | - |
| | Soham | | | | | | |
| 1,919 | MAC Joint Highways | 1,919 | - | 1,919 | - | 1,950 | - |
| | Project | | | | | | |
| - | Community Hubs - | - | - | - | - | 16,606 | - |
| | East Barnwell | | | | | | |
| 3,330 | Shire Hall Relocation | 3,330 | - | 3,330 | - | 3,645 | (60) |
| | St Ives Smart Energy | | | | | | |
| - | Grid | - | - | - | - | - | - |
| | Other Committed | | | | | | |
| | Projects | | | | | | |
| 5,749 | | 5,928 | 50 | 5,928 | - | 42,831 | (147) |
| 53 | Capitalisation of | 53 | - | 53 | - | - | - |
| (2,764) | Interest Budget | (16,737) | - | (16,737) | - | (19,903) | - |
| | Capital Programme | | | | | | |
| | Variations Budget | | | | | | |
| 123,274 | TOTAL | 193,375 | 51,977 | 193,375 | - | 318,847 | (147) |

2. Previously Reported Amendments – Capital Expenditure Budgets 2018/19

| Capital Scheme | Original Budget 2018/19 £000 | Revised Budget 2018/19 £000 |
|---|-------------------------------------|------------------------------------|
| Housing | 43,086 | 126,376 |
| This reflects the roll forward of £83m underspends from 2017/18 into 2018/19. It is expected that further rephasing over the remainder of the scheme will be included within the August 18 report. | | |
| Shire Hall Building Maintenance | 550 | 100 |
| In July C&I Committee approved carry forward of £261k funding from 2017/18 into 2018/19, being required to support the general building maintenance programme. In addition to the carry forward of funds, C&I Committee was asked to approve the virement of £711k from Shire Hall Building Maintenance budget to the Countywide Building Maintenance budget, comprising the £261k roll forward, plus a further 450k of the 2018/19 budget. This decision was postponed - see Building Maintenance below for further details. | | |
| Building Maintenance | 600 | 1,471 |
| <p>The budget comprises £160k carry forward £160k from 2017/18 into 2018/19, funding a schedule of works to maintain County Office premises to compliance standards that will not interrupt delivery of Council services.</p> <p>In addition to the carry forward of funds, the July 2018 C&I Committee was asked to approve a virement of £711k from the Shire Hall Building Maintenance budget to the countywide Building Maintenance budget. The Committee's decision was postponed awaiting further information to be provided in July's Finance & Performance Report (to be discussed in September committee).</p> <p>The Property Services team have undertaken a series of conditions surveys across the whole portfolio, including Shire Hall and countywide sites. This has enabled the team to develop a prioritised schedule of works that needs to be completed across the whole portfolio (see Appendix 8 for the schemes already programmed to be delivered in 2018-19). The team's current focus is mainly on mechanical and electrical works that are critical to complete.</p> <p>The schedule for 2018-19 requires more work to be completed on countywide sites than the Shire Hall site, therefore Commercial and Investment Committee is requested to consider and approve an in-year virement of £711k between the two building maintenance budgets in order to reflect where the most urgent spend is required. Neither of the two budgets are yet fully committed, which is to allow for further review of proposed works and also reactive work to take place if required – if</p> | | |

| Capital Scheme | Original Budget 2018/19 £000 | Revised Budget 2018/19 £000 |
|---|---|--|
| no reactive work is required, then the team will be able to complete more of the schemes on the prioritised schedule of works. | | |
| County Farms Investment | 300 | 362 |
| C&I Committee approved carry forward of £62k funding from 2017/18 into 2018/19, to fund ongoing planned works. | | |
| Renewable Energy - Soham | 0 | 117 |
| The budget comprises the carry forward of £117k funding from 2017/18 into 2018/19 to fund the retention costs for the Solar Park, which are now due to be paid in 2018/19. | | |
| Office Rationalisation | 0 | 184 |
| Carry forward of £184k funding from 2017/18 into 2018/19 was approved, for work on office rationalisation, moves and co-location projects - including Sawtry, Hill Rise, Shire Hall, Hereward Hall, Buttsgrove, Scott House/Stanton House and Meadows closure. | | |
| Capital Programme Variations Budget | -2,764 | -16,737 |
| In June Capital Programme Variations budgets were recalculated following the rephasing exercise to take account of budgets carried forward from 2017/18. The C&I Capital Programme Variations budget was adjusted by £-14m to £-16.7m. This has reduced the prudential borrowing requirement by £14m. | | |

3. Previously Reported Amendments - Total Scheme Expenditure Budgets

| Capital Scheme | Total Scheme Original Budget £000 | Total Scheme Revised Budget £000 |
|-----------------------|--|---|
| None reported. | | |

4. Previously Reported Exceptions – Capital Expenditure 2018/19

| Capital Scheme | Current Budget 2018/19 £000 | Forecast Variance - Outturn £000 |
|----------------|-----------------------------------|---|
| None reported. | | |

C&I APPENDIX 7 – Capital Funding

1. Capital Funding Summary 2018/19

| Commercial and Investment Capital Programme 2018/19 | | | | |
|---|-------------------------|---|---------------------------|------------------------------|
| Original 2018/19 Funding Allocation as per BP £000 | Source of Funding | Revised Funding for 2018/19 £000 | Forecast Spend £000 | Forecast Variance £000 |
| 78,833 | Capital Receipts | 78,833 | 78,833 | - |
| 1,759 | Grant Funding | 1,759 | 1,759 | - |
| 260 | Developer Contributions | 260 | 260 | - |
| 42,422 | Prudential Borrowing | 112,523 | 112,523 | - |
| 123,274 | TOTAL | 193,375 | 193,375 | - |

2. Previously Reported Amendments – Capital Funding Budgets 2018/19

| Capital Scheme | Original Budget 2018/19 £000 | Revised Budget 2018/19 £000 |
|--|------------------------------------|--------------------------------------|
| Housing | 43,086 | 126,376 |
| As reported above, this reflects the roll forward of £83m underspends from 2017/18 into 2018/19. It is expected that further rephasing over the remainder of the scheme will be included within the August 18 report. | | |
| Shire Hall Campus | 550 | 100 |
| As reported above, carry forward of £261k funding from 2017/18 into 2018/19, being required to support the general building maintenance programme. In addition to the carry forward of funds, Commercial and Investment Committee in July was asked to approve the virement of £711k from Shire Hall Campus to the Countywide Building Maintenance budget. The Committee's decision was postponed awaiting further information to be provided in the July Finance & Performance Report (to be discussed in September committee). | | |
| Building Maintenance | 600 | 1,471 |
| | | |

| Capital Scheme | Original Budget 2018/19 £000 | Revised Budget 2018/19 £000 |
|---|---|--|
| As reported above, carry forward of £160k from 2017/18 into 2018/19, funding a schedule of works to maintain County Office premises to compliance standards that will not interrupt delivery of Council services. In addition to the carry forward of funds, Commercial and Investment Committee in July was asked to approve the virement of £711k from Shire Hall Campus to the Countywide Building Maintenance budget. The Committee's decision was postponed awaiting further information to be provided in the July Finance & Performance Report (to be discussed in September committee). | | |
| County Farms Investment | 300 | 362 |
| As reported above, carry forward of £62k funding from 2017/18 into 2018/19, to fund ongoing planned works. | | |
| Renewable Energy - Soham | 0 | 117 |
| As reported above, carry forward of £117k funding from 2017/18 into 2018/19 to fund the retention costs for the Solar Park, which are now due to be paid in 2018/19. | | |
| Office Rationalisation | 0 | 184 |
| As reported above, carry forward of £184k funding from 2017/18 into 2018/19, for work on office rationalisation, moves and co-location projects. | | |

3. Previously Reported Amendments - Total Scheme Funding Budgets

| Capital Scheme | Total Scheme Original Budget £000 | Total Scheme Revised Budget £000 |
|-----------------------|--|---|
| None reported. | | |

4. Previously Reported Exceptions – Capital Funding 2018/19

| Capital Scheme | Current Budget 2018/19 £000 | Forecast Variance - Outturn £000 |
|-----------------------|--|---|
| None reported. | | |

C&I APPENDIX 8 – Schedule of building maintenance works

| Building Maintenance | | | |
|---------------------------------------|------------------------------------|------------------|---------------------|
| Property | Works | Total (£) | Proposed Budget (£) |
| Ely Library | Lift Replacement | 117,000 | |
| Lawrence Court | Structural Works | 100,000 | |
| St Neots Library | Lift Replacement | 103,000 | |
| Sawtry Youth Centre | Condition Survey & Roof | 104,961 | |
| CCS Close Down | Dilapidations | 250,000 | |
| Stanton House | Alterations | 19,000 | |
| Caretaker William Westley Primary | Kitchen Refurbishment | 15,000 | |
| Caretaker Shirley Primary | Kitchen Refurbishment | 10,000 | |
| Rock Rd Library | Boiler Plant / Controls / Oil Tank | 18,786 | |
| Jasmine House | Lift | 25,000 | |
| Signet Court | Distribution Board | 18,000 | |
| Butts Grove Day Centre | Drains Paths | 40,000 | |
| | | 820,747 | |
| Proposed additional work under review | | 708,400 | |
| | | 1,529,147 | 1,471,000 |
| Shire Hall | | | |
| Property | Works | Total (£) | Proposed Budget (£) |
| Shire Hall | Redecorations | 17,149 | |
| Shire Hall | Boiler Repair | 15,000 | |
| PS Project Manager | Project Management | 13,000 | |
| Babbage House | Ventilation & Boiler Replacement | 20,691 | |
| | | 65,841 | |
| Proposed additional work under review | | 52,972 | |
| | | 118,812 | 100,000 |

COMMERCIAL AND INVESTMENT COMMITTEE AGENDA PLAN

Published on 3rd September 2018
Updated 6th September 2018



Cambridgeshire
County Council

Notes

Committee dates shown in bold are confirmed.

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

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

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

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

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

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

- Minutes of previous meeting and Action Log;
- Finance and Performance Report;
- Agenda Plan, Appointments to Outside Bodies and Training Plan;
- Programme Status Report.

| Committee Date | Agenda item | Lead officer | Reference if key decision | Deadline for draft reports | Agenda despatch date |
|-----------------|---|----------------------------------|---------------------------|----------------------------|----------------------|
| 14/09/18 | High Level Assessment of Closed Landfill Sites x2 | Cherie Gregoire | n/a | 05/09/18 | 06/09/18 |
| | Inspection Process for Leased Properties (inc Listed Buildings) | John Macmillan/ Paul Welbourn | n/a | | |
| | New Leases at Less Than Best Rent | John Macmillan | n/a | | |
| | Cambridgeshire Music Member Reference Panel | Hazel Belchamber | n/a | | |
| | Cambs 2020 Update | Nikitta Vanterpool | n/a | | |

| Committee Date | Agenda item | Lead officer | Reference if key decision | Deadline for draft reports | Agenda despatch date |
|-----------------|---|----------------------------------|---------------------------|----------------------------|----------------------|
| | Asbestos Consultancy Re-tender | Phil Hill | n/a | | |
| | Loan to Estover Playing Fields CIC | Tom Kelly | n/a | | |
| | + Land Promotion Agreements | Chris Malyon | n/a | | |
| | Outcome Focused review - Assets | Paul Tadd | n/a | | |
| | + Outcome Focused Reviews (Rural assets – confidential) | Alan Scott | 2018/062 | | |
| 19/10/18 | Smart Energy Grids for Trumpington and Babraham Park and Ride Sites | Sheryl French Cherie Gregoire | n/a | 10/10/18 | 11/10/18 |
| | <i>Connecting Cambridgeshire project</i> | Mark Andrews/ Noelle Godfrey | n/a | | |
| | Decision Making Process for Acquisitions | Chris Malyon | n/a | | |
| | Smart Energy Grid, Power Purchase Agreement | Sheryl French | 2017/030 | | |
| 23/11/18 | Swaffham Prior community energy project-outline business case | Sheryl French | 2018/063 | 14/11/18 | 15/11/18 |
| 14/12/18 | | | | 05/12/18 | 06/12/18 |
| 18/01/19 | | | | 09/01/19 | 10/01/19 |
| 22/02/19 | | | | 13/02/19 | 14/02/19 |
| 22/03/19 | | | | 13/03/19 | 14/03/19 |
| 26/04/19 | | | | 15/04/19 | 16/04/19 |
| 24/05/19 | | | | 15/05/19 | 16/05/19 |

To be programmed: Oasis Centre, Wisbech (Hazel Belchamber); Outline business case for battery storage project (Cherie Gregoire)

COMMERCIAL AND INVESTMENT COMMITTEE TRAINING PLAN

| Ref | Subject | Desired Learning Outcome/Success Measures | Date | Responsibility | Attendance by: |
|-----|--|---|---------------------------------------|---|----------------|
| 1. | Introductory Session for the Commercial & Investment Committee | The Committee's remit, focus on work areas e.g. CHIC, Strategic Estates, Facilities Management and Horizon Scanning | 26th May 2017 | Chris Malyon/ John Macmillan | C&I |
| 2. | CHIC Workshop | | 27 th June 2017 | Chris Malyon/ David Gelling/ David Bethell/ John Macmillan | C&I |
| 3. | Business Planning Session | | 15 th September 2017 | Chris Malyon/ James Wilson | C&I |
| 4. | Asset & Risk Workshop | <ul style="list-style-type: none"> • Asset Strategy • CHIC • Risk approach and risk register • Site tenure mix and retention of rental housing • Affordable housing • Community Land Trusts | 20 th October 2017 | Chris Malyon/Stephen Conrad/ David Gelling | C&I |
| 5. | This Land Performance Workshop | | 12 th March 2018 | David Gelling/David Bethell /Chris Malyon/John Macmillan | C&I |
| 6. | Finance/Performance Indicators | | 13 th Sept 2018 (12:00) | Tom Kelly/Ellie Tod | C&I |
| 7. | <i>To be confirmed – provisional training session</i> | | 18 th October 2018 (13.30) | | C&I |
| 8. | <i>To be confirmed – provisional training session</i> | | 17 th January 2019 (10:00) | | C&I |
| 9. | <i>To be confirmed – provisional training session</i> | | 26 th April 2019 (12:00) | | C&I |

PROPERTY SERVICES OUTCOME FOCUSED REVIEW: OPTIONS APPRAISAL

To: Commercial and Investment Committee

Meeting Date: 14 September 2018

From: Councillor Joshua Schumann

Electoral division(s): All

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

Purpose: The Committee is being asked to consider the best way for Cambridgeshire County Council's Property Services to be delivered.

Recommendation: For the Committee to recommend which option(s) from the list below they wish to be investigated further or discount at this stage.

a) Deliver service improvements in-house with associated revenue investment

b) Enter into a shared services agreement with Peterborough City Council through a Joint Venture (JV) with NPS.

c) The commissioning of Property Services through an external provider via an open market competition.

| <i>Officer contacts:</i> | | <i>Member contact:</i> | |
|---------------------------------|--|-------------------------------|--|
| Name: | Paul Welbourn | Names: | Cllr Joshua Schumann |
| Post: | Facilities Management Manager | Post: | Chair of C&I Committee |
| Email: | Paul.Welbourn@Cambridgeshire.gov.uk | Email: | Joshua.Schumann@cambridgeshire.gov.uk |
| Name: | Phil Hill | | |
| Post: | Compliance Manager | | |
| Email: | Philip.Hill@Cambridgeshire.gov.uk | | |
| Name: | John Macmillan | | |
| Post: | Group Asset Manager | | |
| Email: | John.Macmillan@Cambridgeshire.gov.uk | | |

1. BACKGROUND

- 1.1 In autumn 2017, Members and the Strategic Management Team at Cambridgeshire County Council requested that the organisation undertake a series of Outcome Focused Reviews (OFRs). OFRs have been designed to evaluate the extent to which teams' activities contribute toward the council's priority outcomes and assess whether these outcomes could be delivered in a more effective or efficient way. Recommendations delivered through the OFR process should result in improved delivery of council outcomes and / or better value for money.
- 1.2 Management of the council's land and property portfolio were two of the service areas initially chosen for the review process. Rural asset services have been reviewed in a separate OFR and options for this service have been developed independently.
- 1.3 Property Services are divided into three service areas: Facilities Management, Compliance and Assets. The following table outlines the functions of each of these service areas.

| Service Area | Function |
|-----------------------|---|
| Facilities Management | Service is responsible for site management functions across the council's estate as well as providing the programme and project management capacity for all related works. This includes maintenance, office moves and changes to buildings to meet service needs. The service also has an advisory function; manages the property helpdesk for all property related enquiries; and manages the contracts for pool and hire cars. |
| Compliance | Service is responsible for ensuring that all CCC buildings including maintained schools reach statutory standards in relation to both safety and equalities legislation. In addition, this service is responsible for delivering corporate security consultancy including physical safeguarding advice for schools. Compliance have a commercial model and achieved £70k of income in the last financial year. |
| Assets | Service is responsible for the asset management side of the council's property related activities. This includes acquisitions, transfers and disposals of assets as well as leases and other legal agreements associated with use of land and property. They are also responsible for the council's rural asset portfolio. |

- 1.4 At the Commercial and Investment Committee in January 2018, it was agreed that the Property Services OFR should progress to the third stage of the OFR process: the design phase. This Committee report can be found [here](#) and Appendix F can be found [here](#). These papers document the research undertaken in phases one and two of the OFR process. Appendix A includes additional financial information.

- 1.5 As part of the design phase, the service areas have built on the original research from phases one and two of the OFR. The service areas and Transformation Team have organised further workshops and have undertaken desktop research to consider the best options for the future of property services. As an internal exercise, each service area has described the strengths, weaknesses, opportunities and threats within their service areas.

2. CONTEXT

- 2.1 As part of the Property Services OFR, the services are working to achieve the following:
- Opportunities are identified to further develop the Corporate Landlord Model and to make service improvements.
 - New performance measures and targets are agreed for Property Services.
 - Commercial opportunities are identified so that the services can generate more revenue.
 - Opportunities for joint working with Peterborough City Council are explored.

This section provides context for each of these objectives.

- 2.2 The service has established a Corporate Landlord Model where all decisions regarding property are made centrally and in a strategic way; there is a clearly defined and consistent offer from Facilities Management; and there a consistent brand for the organisation for all CCC assets. The Corporate Landlord Model would benefit from being refreshed to re-clarify what the services can expect from the council's property function through a standardised Landlord's offer. This work will require engagement with members and senior officers across the organisation to ensure that the expectations are agreed and widely communicated.
- 2.3 The primary issue that the future of the council's Property Services needs to address is the leadership of the services. Property Services were part of LGSS until October 2016 and at that time had a Head of Facilities Management and a Head of Strategic Assets working across Cambridgeshire and Northamptonshire. Following the move back into CCC, the service managers for each area have had to take on some additional responsibilities that would have traditionally been carried out by a Head of Service. They have not been able to have strategic oversight due to ongoing operational commitments and the performance and expectations of the services have not been clearly defined.
- 2.4 Compliance, Facilities Management and Assets have strong service connections and connect with public sector and private sector partners through established networks and they have formed strong links with members. However, a challenge of this OFR has been trying to determine how well the teams are performing outside of customer feedback. Measures and targets need to be introduced to the service that capture what a high performing, value-for-money property function should be delivering with agreement from the organisation. The services could significantly benefit from someone with property experience in a senior role who themselves have capacity and space to pull together things such as the team structure, information management and asset strategy.
- 2.5 As described in the January report, there are opportunities for the services to be more commercial and to generate more revenue. More work and dedicated capacity is needed to fully scope out the commercial benefits and the skills and resources required to maximise the commercial opportunities of the services. Many of these opportunities lie in

implementing a business model to provide a joint property maintenance/property compliance service to Academies. This would also support the government's view that authorities should be ensuring children and adults are sent to safe places on behalf of the council.

- 2.6 There are issues with resources and recruitment, particularly in the Assets service where the professional team have 3.4 vacancies out of a full complement of 7 (this excludes posts that work solely on the council's rural asset portfolio). The service have used agency staff with a steady turnover and some who have not performed well. Following the move back into CCC from LGSS, Assets have had to manage with reduced business support and mapping support while Facilities Management lost specialist technical skills as a result of the move. The services need to be able to attract, recruit and retain staff to deliver services that meet the needs of the organisation but also to realise commercial opportunities that have been identified.
- 2.7 Customer feedback has suggested that the services need to better articulate their offer to internal customers and move from being a predominantly reactive service to a more proactive service. Each service area held a workshop and reflected on their strengths, weaknesses, opportunities and threats. The table in Appendix A captures the opportunities that the team members from each service area are keen to pursue. Feedback from the workshops have demonstrated ambitions from the teams to demonstrate an excellent level of customer service and to raise the teams' profile within the organisation.
- 2.8 The Shared Services Programme between the Council and Peterborough City Council has grown significantly in both scope and pace in the last six months. Like many other service areas across the council, Property Services have been asked to look into opportunities for joint working with Peterborough City Council. Joint-working arrangements could result in reduced costs as a result of efficiencies of scale and shared management. In addition, having a consistent property service offer between CCC and PCC would support joint-working in other service areas.
- 2.9 This paper outlines three options which could be considered as the vehicle through which service improvements are made. The options presented in this paper are as follows:
- a) Deliver service improvements in-house with associated revenue investment
 - b) Enter into a shared services agreement with Peterborough City Council through a Joint Venture (JV) with NPS.
 - c) The commissioning of Property Services through an external provider via an open market competition.

3. Option A) Deliver service improvements in-house with associated revenue investment

3.1 Summary

There is agreement that the service cannot deliver improved services without greater strategic input and investment into the service. It is proposed that an interim Head of Service or Service Director is recruited to give the services the leadership and direction needed to become more joined up, more effective and more commercial. With this in place, it is argued that the service could make improvements equitable to what could be achieved

within a Joint Venture. It is proposed that it would be possible to establish a combined Property Services function with Peterborough City Council supported by but not part of NPS (Peterborough) to ensure cost effective property services. If PCC are interested, this could take the form of CCC providing an intelligent client function for PCC's property services but this would need to be explored further.

The combined property/assets/compliance teams have not reformed sufficiently since their departure from LGSS. A Head of Service post would enable the team to rebuild and offer a cost effective service to internal and external clients. The Head of Service post would offer additional capacity and leadership to address areas which require development including communication between the property related teams; and between property and front line services. Information sharing can be improved through further development of the K2 asset management database. This is key to greater efficiency.

3.2 Investments

There would be investment required for this proposal for an Interim Head of Service or Service Director which including on-costs is likely to cost circa £100k-140k. There is unallocated budget within the service area so the investment is likely to be £60-70k. There may also be other costs associated with filling vacancies within the teams and possibly recruiting additional commercial support for the services. It is proposed that these costs could be more than covered by increased commercial activities if the services have success at selling their services.

3.3 Benefits

- From a sound base, service offers can be made to external clients such as Academy schools, City and District Councils, Health, Police and Fire allowing them to enjoy the economies of scale benefits that Cambridgeshire County Council has through being a much larger Council with established contracts, frameworks and expertise.
- Cambridgeshire has developed and operated a corporate landlord model for several years which is the direction of travel that other authorities are moving towards. This is something that can be further developed through a refresh and relaunch to secure better buy in from senior service leads. The benefits are greater recognition of what the "landlord and tenant" can expect but also financial and non-financial efficiencies making expensive property assets work more efficiently and flexibly for service delivery to meet the new challenges presented by growing demands.
- CCC would retain full control over the services.
- The council would also retain 100% of savings or income generated when the service arrangements take shape.
- An in-house option will also help with continuity of service and will reduce possible disruption. There are a number of important projects including Cambridgeshire 2020 that will require support from these services.
- The recruitment of an Interim Head of Service or Service Director would likely support the services to become more commercial and would provide the leadership that services need. The Head of Service or Service Director would be able to clearly define expectations and set targets in an effective way.

3.4 Risks

- The council is unable to recruit a highly skilled candidate to the Interim Head of Property or Director post.
- One year is insufficient for the Interim Head of Property or Director post to establish

a sustainable model for property services.

- Joint working with Peterborough is not as developed as it could be if CCC were to enter into a Joint Venture with NPS. While it may be possible to share resources and expertise, it would be more challenging, if impossible to have shared leadership and vision for the services.

4.0 Option B) Enter into a shared services agreement with Peterborough City Council through a Joint Venture (JV) with NPS.

4.1 Summary

A Joint Venture is where two or more organisations come together for a project. They remain separate entities but share costs, profits and losses as set out in the Joint Venture agreement.

Peterborough City Council's (PCC) property services are delivered through a joint venture with NPS. NPS Peterborough Limited started trading in July 2016 and their agreement is for ten years. As part of this model at Peterborough, 16 Estates and Strategic Assets department staff transferred into the new company under Transfer Undertakings Protection of Employment (TUPE) regulations. There is a one year break clause should Peterborough wish to exit this agreement. Subject to PCC's agreement of entering a broader joint arrangement, there would be scope for CCC to join into the JV.

The scope of NPS Peterborough also includes PCC's rural asset services. The future of CCC's rural asset services at CCC is being considered in a separate OFR, however, one of the options being presented in that paper is also NPS. If Committee were to decide that NPS is the preferred solution for both sets of services, they could again be reunited under a single workstream.

NPS have developed a proposal for CCC. Conversations to date with NPS have suggested that CCC could become a partner in the JV by the start of the 2019/20 financial year.

As Property Services can be split into three distinct functions: facilities management, compliance and assets; it may be that there is benefit in each of the service areas adopting a delivery model that best suits that function, resulting in some property functions being included in the Joint Venture but other services being continued to be delivered in house. It is proposed that each Property function is considered on a case by case basis as to whether it is advantageous for it to be part of the JV. This would happen during the business case stage. CCC will always be responsible for legal statutory property compliance, which the Compliance team currently provide, reporting in at Director level.

4.2 Investments

In order for the Joint Venture to be successful, CCC would have to establish an intelligent client function. This could potentially be shared with PCC. This would likely be a minimum of two professional officers who convey the priorities for the Local Authorities and hold the Joint Venture to account. It is likely that the client function would be the main interface between the Joint Venture and members apart from any members who sit on the Board of Directors. This client function would likely cost CCC and PCC a total of circa £120k including on costs (so likely £60k for CCC based on a 50:50 split). It is anticipated that savings and income delivered through the joint venture will exceed this expense.

4.3 Benefits

The benefits of delivering services through a Joint Venture are as follows:

- Savings through shared staff between organisations.
- Reduced management overheads.
- Access to experience and resources of the other organisations within the Joint Venture.
- Shared risk and shared revenue between the other organisations within the Joint Venture. This can enable organisations to maximise their commercial influence and activity within the marketplace.
- Ability to grow the JV could include furthering the One Public Estate model by offering services to the Police Authority and other partners (although 80% of the activity needs to be for the services that the council are putting into it to be Teckal compliant).
- Alignment of strategies and asset management plan between partners.
- Development of best practice processes.
- CCC would retain a direct influence on the strategic direction of the company through representation on the Board of Directors. This gives the council a greater degree of involvement than would be possible in a traditional outsourced contractual arrangement.
- A Joint Venture has the ability to trade with fewer restrictions in wider markets brings increased business flexibility and better returns.

The benefits of working with NPS are as follows:

- NPS have significant experience of managing property and asset functions. NPS have 11 joint venture clients with Local Authorities including Peterborough City Council and Norfolk County Council.
- NPS have a commercial strategy that could build on the commercial activity undertaken in CCC on a regional or national basis.
- Experienced in achieving results in asset management by:
 - Improving asset management plans
 - Implementing current best practice
 - Ensuring disposal of non-profitable assets in a quick timeframe. That said, CCC already have a track record of disposing non-profitable assets quickly. In the last year CCC have carried out the equivalent of several years sales in 6 months.
- Experienced in delivering service improvement plans through working with staff and creating a culture which empowers staff.

4.4 Risks

- The legal responsibility for property statutory compliance will remain with the Council even if the compliance work is undertaken by the JV.
- CCC would no longer have full control of Property Services which could potentially make the service less responsive to organisational needs.
- The Service improvements and new commercial activities do not achieve significant financial benefits for CCC in part because any additional income or savings would be shared with the partners of the Joint Venture.
- This option could result in a period of turbulence while the new arrangements are established. This may have a negative impact on services in the short term during a period where there are a number of critical CCC projects which involve Property Services like Cambridgeshire 2020.
- This arrangement will most likely require exclusivity. CCC currently have a framework

arrangement which allows the council to competitively tender specialist services from a range of consultants which has included NPS. Price and quality can be checked to ensure the best service and if they do not perform, they are removed. It also allows good business relationships to be built and maintains professional knowledge as the services are dealing with a variety of consultants who each bring different perspectives sometimes with expertise in different markets across the County.

- Even in a Joint Venture, the services are not fully resourced because recruitment is an issue in this sector. NPS can pay more and can pay signing on premiums but this will ultimately increase the cost of the service for the council.
- Norwich City Council are currently looking to terminate their Joint Venture with NPS Norwich and to bring the property services in-house for 'complete financial control'. This suggests that the Joint Venture model has not been successful everywhere and if CCC does progress with this option, the client side will need to be robust.
- The PCC property portfolio is only 20% of the size of the CCC property portfolio. It is currently unclear what implications the difference in size will have on the model of the Joint Venture.

5.0 Option C) The commissioning of Property Services through an external provider via an open market competition.

5.1 Summary

In this model, property services as a whole would be commissioned out to an external provider, who will deliver the property function on behalf of CCC. Lincolnshire County Council in 2015 engaged VINCImouchel to undertake a full range of facilities management services as well as design, project management, property management, energy management and estates management to the council's corporate property estate for up to 10 years. A New Engineering Contract (NEC) was used to procure the work which provides a collaborative and transparent relationship between the parties. The NEC3 Term Service Contract fosters trust and cooperation using plain English by an open-book approach, early warnings and key performance indicators linked to pain and gain. NEC contract efficiencies and incentives have helped to deliver over £1 million of cost savings in the first two years and significantly reduced reactive maintenance demand. Lamberts Smith Hampton (LSH) have had a long term partnership with Essex County Council since 1994. The contract was renewed in 2011 for 10 years alongside MITIE and provide facilities management, estates management and transactional services.

5.2 Benefits

- Reduction of in-house costs
- A larger organisation is more likely to be fully resourced
- Outsourcing tests the market and should result in the best option available in terms of price and quality.

5.3 Risks

- The legal responsibility for property statutory compliance will remain with the Council even if the compliance work is undertaken by an external provider.
- This option would require significant time and resource allocation to find a suitable provider
- A robust account management function would be required to ensure that service users are not impacted negatively

- CCC would relinquish full control of the property function and may not be able to realise the commercial opportunities identified
- A number of local authorities are bringing services back in house via frameworks in order to make savings, an example of this being Norfolk County Council (joint owners of NPS) who will return to delivering FM functions in-house.
- Further issues in the external market are evidenced by the current issues experienced by Interserve, who are currently under government watch over financial health fears since issuing a profit warning in September 2017 and Amey, who reported a £189.8m pre-tax loss for 2017

Lessons learnt from the collapse of Carillion in January 2018, which was liquidated with debts of £1.5bn and had 420 contracts in the UK public sector, include the need for:

- A strong tendering process prioritising working with organisations with a strong public service ethos, committed to service outcomes
- A comprehensive understanding of the differences in quality provided by rival bidders.
- A thorough understanding of the risk that CCC would be transferring to a private company and the implementation of measures to ensure that risk transfer is effective
- Robust contract management to ensure that promised savings/revenue are delivered, underperformance against contracts is managed and appropriate levels of accountability are established

6. ALIGNMENT WITH CORPORATE PRIORITIES

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

6.1 Developing the local economy for the benefit of all

There are no significant implications for this priority

6.2 Helping people live healthy and independent lives

There are no significant implications for this priority

6.3 Supporting and protecting vulnerable people

There are no significant implications for this priority

7. SIGNIFICANT IMPLICATIONS

Report authors should evaluate any further significant implications using the seven sub-headings below. These significant implications should also be evaluated using the questions detailed in the table below. Each specific implication must be signed off by the relevant Team within the Council before the report is submitted to Democratic Services.

Further guidance and a checklist containing prompt questions are included at Appendix 2.

7.1 Resource Implications

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

- Each of the options in this options appraisal will have different implications for resources. For each option selected to be investigated further, the Business Case will have full details of all implications.

7.2 Procurement/Contractual/Council Contract Procedure Rules Implications

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

- Each of the options in this options appraisal will have different implications for procurement. For each option selected to be investigated further, the Business Case will have full details of all implications.
- For option C, this would require a large scale procurement project and resources from within property, procurement and other teams to research the market and design a robust specification with outcomes and KPIs that can ensure whatever arrangement we commit to is fit for purpose. The SLA in particular may require external support to write and a significant amount of time will be spent by members of the property team to read and evaluate the tenders and ensure a compliant decision is made. A lot of prior market engagement or dialogue will be required .
- If CCC were to enter a Joint Venture with NPS, any additional trading this company carries out with other bodies will be within the teckal limits. The new company will meet all of the teckal tests so it will be feasible for this company to provide services back to CCC without CCC having to go through a competitive process as a teckal exemption could be applied as detailed in section 2.2 in the following link:
<https://www.gov.uk/government/publications/libraries-alternative-delivery-models-toolkit/alternative-delivery-models-explained>
- For such a large amount of spend of a commercial interest to the private sector, compliance with the Public Contract Regulations 2015 will be essential for both options above and will require a high level of dedicated procurement and legal resource as well as technical experts supporting the council's SLA.

7.3 Statutory, Legal and Risk Implications

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

- Each of the options in this options appraisal will have different statutory, legal and risk implications. For each option selected to be investigated further, the Business Case will have full details of all implications.
- If CCC were to enter a Joint Venture with NPS, any additional trading this company carries out with other bodies will be within the teckal limits. The new company will meet all of the teckal tests so it will be feasible for this company to provide services back to CCC without CCC having to go through a competitive process as a teckal exemption could be applied as detailed in section 2.2 in the following link:
<https://www.gov.uk/government/publications/libraries-alternative-delivery-models-toolkit/alternative-delivery-models-explained>

7.4 Equality and Diversity Implications

There are no significant implications within this category.

7.5 Engagement and Communications Implications

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

- Each of the options in this options appraisal will have different engagement and Communications implications. For each option selected to be investigated further, the Business Case will have full details of all implications.
- Early discussions have begun to ascertain whether Peterborough City Council would be open to entering a broader joint arrangement so that CCC could join into the JV.

7.6 Localism and Local Member Involvement

There are no significant implications within this category.

7.7 Public Health Implications

There are no significant implications within this category.

| Implications | Officer Clearance |
|---|---|
| | |
| Have the resource implications been cleared by Finance? | Yes Name of Financial Officer: Sarah Heywood |
| | |
| Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? | Yes Name of Officer: Gus De Silva |
| | |
| Has the impact on statutory, legal and risk implications been cleared by LGSS Law? | Yes Name of Legal Officer: Mickaela McMurtry |
| | |
| Have the equality and diversity implications been cleared by your Service Contact? | Yes Name of Officer: Julia Turner |
| | |
| Have any engagement and communication implications been cleared by Communications? | Yes Name of Officer: Christine Birchall |
| | |
| Have any localism and Local Member involvement issues been cleared by your Service Contact? | Yes Name of Officer: Julia Turner |
| | |
| Have any Public Health implications been cleared by Public Health | Yes Name of Officer: Liz Robin |

| Source Documents | Location |
|---|---------------------|
| Commercial and Investment Committee reports | Democratic Services |

Appendix A: Staff Establishment for Property Services

Facilities Management

| Post Title | FTE | Total Cost (£) | Vacancies |
|--|-----|----------------|------------|
| Premises Project Manager | 1.0 | 560,906 | 3.0 |
| Site Facilities Officer Cambridge | 1.0 | | |
| Site Facilities Officer Cambridge | 1.0 | | |
| Premises Programme Manager | 1.0 | | |
| Facilities Manager | 1.0 | | |
| Senior Technical Services Property Officer | 1.0 | | |
| Senior Technical Services Property Officer | 1.0 | | |
| Helpdesk Officer | 1.0 | | |
| Site Facilities Officer Cambridge | 1.0 | | |
| Helpdesk Officer | 1.0 | | |
| Finance Administrator | 1.0 | | |
| Site Facilities Officer Cambridge | 1.0 | | |
| Site Facilities Manager | 1.0 | | |
| Facilities Technical Officer | 1.0 | | |
| Finance Administrator | 1.0 | | |
| Business Support Assistant | 1.0 | | |

Agency Staff: £40,000

Compliance

| Post Title | FTE | Total Cost (£) | Vacancies |
|---|-----|----------------|-----------|
| Fire Safety Advisor | 1.0 | 161,804 | 0 |
| Compliance Manager | 1.0 | | |
| Technical Support Premises and Security Officer | 1.0 | | |
| Compliance Officer | 1.0 | | |

Assets

| Post Title | FTE | Total Cost (£) | Vacancies |
|----------------------------|-----|----------------|-----------|
| Principal Surveyor Urban | 1.0 | 451,383 | 3.4 |
| Strategic Asset Manager | 1.0 | | |
| Principal Surveyor Urban | 1.0 | | |
| Area Manager Rural | 1.0 | | |
| Area Manager Urban | 1.0 | | |
| Rural surveyor | 1.0 | | |
| Urban surveyor | 1.0 | | |
| Surveyor (Rural) | 1.0 | | |
| Estate Officer Rural | 1.0 | | |
| Property Surveyor | 1.0 | | |
| Business Support Assistant | 1.0 | | |
| Principal Surveyor Rural | 1.0 | | |
| Principal Surveyor Urban | 0.6 | | |
| Group Asset Manager | 1.0 | | |

***Posts marked red work on rural assets only and their costs and vacancies are not included in the Total Cost and Vacancies columns as these are not in the scope of this OFR.**

Appendix B: Opportunities identified through team workshops

| Opportunities Identified Through Team Workshops | | |
|---|--|--|
| Facilities Management | Compliance | Assets |
| Becoming more commercial and selling services. | Becoming more commercial to generate revenue and to offset costs. | Recruitment – add more skills and different perspectives |
| Improving systems and processes. | Shared Services to increase trading opportunities and to reduce costs. | Greater promotion of the team and the council's assets. |
| Improving communication and raising the service's profile within CCC. | Expanding areas of work e.g. more on accessibility, project work, more security and safeguarding work. | New systems to facilitate internal efficiencies. |
| Full adoption of the corporate landlord model and to standardise the corporate offering. | Expand the team. | Changing of working practices to become more flexible. |
| Greater customer focus and collect more feedback. | | Building on external relationships. |
| Develop a roadmap for the future with a defined strategy and targets. | | Generating external work. |
| Better use of knowledge base to encourage proactive works. | | |
| To use joined up systems, help desk, administration, finance. | | |
| Provide for all the organisational structure so that objectives are met and work continuity is maintained | | |
| Upskill existing team and re-profile responsibilities and remits | | |

| | | |
|-------------------------------------|--|--|
| Fill staff establishment gaps. | | |
| Further develop work with Districts | | |
| Place all FM, in FM | | |
| Pursue OPE opportunities | | |
| Aim for a one provider County | | |

