

# COMMERCIAL AND INVESTMENT COMMITTEE



**Date: Friday, 23 February 2018**

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

**10:00hr**

Shire Hall  
Castle Hill  
Cambridge  
CB3 0AP

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

## AGENDA

Open to Public and Press

### CONSTITUTIONAL MATTERS

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

*Guidance on declaring interests is available at*  
<http://tinyurl.com/cc-conduct-code>

2. **Minutes and Action Log of the Commercial and Investment Committee held 26th January 2018** **5 - 16**

### KEY DECISIONS

3. **Sale of a portfolio of properties to Cambridgeshire Housing & Investment Company** **17 - 26**

### OTHER DECISIONS

4. **Transfer of Freehold of Cromwell Museum building to Huntingdon Town Council** **27 - 30**

- |           |  |                |
|-----------|--|----------------|
| <b>5.</b> | <b>Finance and Performance Report - December 2017</b>  | <b>31 - 56</b> |
| <b>6.</b> | <b>Programme Highlight Report</b>  | <b>57 - 60</b> |
| <b>7.</b> | <b>Commercial and Investment Committee agenda plan, training plan and appointments to outside bodies</b> | <b>61 - 66</b> |
| <b>8.</b> | <b>Exclusion of Press and Public</b>   |                |

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

#### **KEY DECISION**

#### **9. Cambridgeshire Catering and Cleaning Service**

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

The Commercial and Investment Committee comprises the following members:

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

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

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

Date: Friday 26<sup>th</sup> January 2018

Venue: Room 128, Shire Hall, Cambridge

Time: 10.00am – 12:40pm

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

Apologies: Councillor I Bates (Councillor R Hickford substituting)

### **75. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **76. MINUTES AND ACTION LOG OF THE COMMERCIAL AND INVESTMENT COMMITTEE HELD 15<sup>TH</sup> DECEMBER 2017**

The Committee resolved to approve the minutes of the Committee meeting held on 15<sup>th</sup> December 2017.

Members noted the following update in the Action Log:

Minute 51. (1) – Members were informed that following minor adjustment a schedule by division would be made available to all Councillors the following week.

It was resolved to note the Action Log.

### **77. OUTCOME FOCUSED REVIEWS - UPDATE**

An update was presented on progress to date with the Outcome Focused Reviews (OFR) that were currently being carried out that formed part of the wider transformation programme within the Council.

Officers explained that there was no set process for the reviews due to the complexity and diversity of services and an assessment of the approach to the reviews formed part of the process.

Arising from the report, Members:

- Requested that each review be presented as a report in its own right rather than as an appendix to a covering report.
- Noted the volume of reviews being presented to the Committee and requested that a rolling programme of reviews be adopted as there were too many for each review to be debated thoroughly. Officers explained that there was an initial focus for reviews regarding commercial activity to be presented first which were the remit of the Commercial and Investment Committee.
- Drew attention to the variance in the presentation of financial data within each review and requested that the presentation be standardised in future reports presented to the Committee. **ACTION**
- Questioned whether there was a specification for the first stage of the reviews. Officers confirmed that the specification underpinned the reviews but was not presented as part of the report.
- Emphasised the objective of the reviews to be completed in a timely manner.

Councillor Peter Hudson presented the first OFR regarding Cambridgeshire Music. The review focussed on the contribution of the service to the Council's outcomes, in particular opportunities surrounding the expansion of arts therapies through external funding.

During discussion of the review Members:

- Encouraged the Member Panel created to review Cambridgeshire Music's strategy to address all the arts and not just music.
- Requested that financial information be presented within the main body of the report in future.
- Commented that while the numbers of people that went on to have careers in music were relatively low, there were many people that music was a significant part of their lives. Music was an important, growing sector of the economy and it was therefore vital that it be supported.
- Commented that trend data regarding competition for school's business with self-employed tutors would illustrate more effectively the challenges the service faced.

- Welcomed the opportunity for Cambridgeshire Music to engage in joined up working with other parts of Council business and committees.
- Questioned whether there was a strategic or business plan for Cambridgeshire Music. Officers confirmed that a business plan was provided annually to the Arts Council.
- Highlighted potential funding streams available to the service and the wider long term view of the benefits to mental health and social mobility provided by the service.
- Confirmed the composition of the Member panel. The Chairman announced that owing to other commitments he would have to step down from the panel and would liaise with Members regarding the appointment his replacement.

It was resolved to:

Not progress to the Design Phase (Phase 3) at this time. The findings of the OFR Group would be provided to the Member Panel reviewing Cambridgeshire Music's strategy and make a recommendation to Commercial and Investment Committee as to whether the service should progress to the Design Phase once their work is completed.

Councillor John Gowing introduced the second OFR to Members regarding the Education ICT Service and drew the Committee's attention to the recommendation of the review set out in the report.

During discussion:

- Highlighted the issues regarding procurement rules that had been identified within several of the OFRs. Officers explained that there were significant challenges for traded services, especially for the Education ICT Service. Through following procurement regulations there was approximately a 30% price difference between the Council and its competitors. A possible solution, Members were informed could be to adopt a model such as Cambridge Housing and Investment Company (CHIC) that operating outside of the local authority could provide a certain agility regarding procurement and decision making.

- Emphasised the need for a full business plan for the service that included a SWOT analysis of the procurement regulations noting that schools desired and required flexibility.
- Drew attention to the sensitive data held by schools and sought assurance regarding the security of that information given the flexibility schools had regarding where they purchased equipment. Members were informed that head teachers were acutely aware of their responsibilities regarding data security and providers of management information systems assess the security of the school environments in order to ensure security.
- Questioned whether the service was necessary given the flexibility of schools regarding the sourcing of equipment. Officers explained that if the service was not provided, schools would have to source a vast array of service and support. Although schools sourced their equipment from another provider, frequently after a period of time schools came back to the Council due to the level of service provided.
- Requested that Phase 3 of the review assess providing a back office and support service only.
- Have difficulty understanding the second part of recommendation – we are putting things in pace for next year – not in remove second part,
- Clarified what widening and re-scoping of the OFR would involve. Officers explained that the three services highlighted in the report had not been considered together before and by doing so could provide opportunities.

The Chairman with the agreement of the Committee removed the second part of the recommendation of the OFR.

It was resolved to:

Widen and re-scope the OFT to be a Council-wide review of ICT services, this would include the IT & Digital Team and LGSS IT, in addition to the ICT Service. This review would start from mid-February 2018

Councillor Simon Bywater presented the third OFR regarding Outdoor Education. Councillor Bywater began by expressing his thanks to the officers involved in the review and emphasised to Members the benefits of outdoor learning and the clear impact on outcomes. The opportunities provided for children that they would not ordinarily receive from classroom based learning



was highlighted together with the benefits for children facing and overcoming adversity.

During discussion:

- The Chairman declared a non-statutory interest in this review as he was a trustee at Burwell House.
- Clarification was sought regarding the financial pressure of £103k. Officers explained that the majority related to a loan that had been approved several years ago.
- The links to the core objectives of the Council were highlighted and the benefits of the service that saved money for other areas of the Council.
- It was questioned whether if there was charging for attendance at the centres it could exclude some children from attending. Members were informed that bursaries were available and schools were also able to provide assistance to parents in certain circumstances.

It was resolved to progress to the Phase 3 Design stage to model the option of collation and redesign into one multi-site Outdoor Learning Service.

Councillor Anne Hay presented the OFR regarding Professional Centre Services. Councillor Hay also highlighted the concern that approximately £391k was spent on external meeting venues which warranted further investigation as to whether value for money was being achieved.

It was resolved to:

Not progress to the Phase 3 Design stage until the wider Property OFR has progressed further. In the meantime, it is recommended that line management and strategic direction be moved to the Resources Directorate.

Councillor Schumann presented the OFR that concerned Property Services. Members were informed that the service had undergone a number of reviews under various guises in the past and in order to progress the review further it was necessary to move to Phase 3 Design Stage.

During discussion:

- Officers undertook to provide an explanation regarding recorded surplus assets of 5.5m. **ACTION**
- Members questioned the readiness of staff to be able to deliver the moving of the Council from its Shire Hall premises. Officers explained that there work would be required in order to ensure sufficient staff capacity.
- Officers explained that a traded service was one that were self-financing and received external funding through the purchasing of its services.
- Attention was drawn to the Council's property estate and how it was utilised for the benefit of the organisation and the wider community.
- The building of a Council run care home was highlighted and concern was expressed regarding the progress that had been made regarding the development. Officers assured Members that the development was progressing and monitored closely by the Adults Committee.

Councillor Hickford presented the Rural Assets OFR. In presenting the review Councillor Hickford informed Members that Cambridgeshire County Council had the largest county farms estate in the country and represented the largest single collective single asset of the Council. A revised valuation of the estate was due to be received by the end of February. A meeting had taken place with tenants at which the OFR was introduced. Despite initial anxiety regarding the review, tenants were broadly positive and provided constructive challenge.

It was resolved to:

Agree to progress the Rural Assets Outcome Focussed Review to the Phase 3 Design Stage.

## **78. FINANCE AND PERFORMANCE REPORT – NOVEMBER 2017**

The Committee considered a report on the financial and performance information relating to the areas within the Commercial and Investment Committee's remit. In presenting the report officers drew attention to the forecast overspend on revenue budgets and recommendation b) of the report that General Purposes Committee approve £197k of additional capital funding for County Farms.

During the course of discussion Members:

- Drew attention to the capital expenditure budget of £115m, of which only £5m had been spent. Officers explained that it contingent on the CHIC portfolio goes though. There is risk of slippage. The Committee will make decision in long term benefit of the Council.
- Noted that a 7300% overspend within the report had arisen due to the re-baselining of the budget following transfer of functions to the Committee. It was agreed that in this case it was not a helpful figure.

It was resolved to:

- a) review, note and comment on the report;
- b) Recommend to General Purposes Committee the approval of £197K additional borrowing in relation to the County Farms investment capital scheme.

#### **79. MILTON ROAD LIBRARY REDEVELOPMENT PROJECT – LETTER OF INTENT**

Members received a report that sought for the Committee's approval for a further Letter of Intent for investigation and initial construction work expenditure that related to the redevelopment of Milton Road Library by Cambridge Housing and Investment Company (CHIC) should the Council not proceed with the sale to them.

During discussion of the report Members:

- Noted that it was anticipated that the legal work would have been completed during January 2018, however it was taking longer than initially expected.
- Confirmed that LGSS Law was providing legal services to the Council but was not providing services to CHIC.

The Chairman drew the attention of the Committee to the submission received from the local Member for Arbury Division, Councillor Scutt. Members acknowledged the comments from Councillor Scutt however were satisfied with the reports recommendation.

It was resolved to:

Approve a further Letter of Intent for investigation and initial construction work expenditure relating to the redevelopment of Milton Road Library by Cambridge Housing and Investment Company should the Council not proceed with the sale to them.

## **80. PROGRAMME HIGHLIGHT REPORT**

The Committee considered the Programme Highlight Report.

Members received updates on the following schemes:

- Russell Street (Cambridge);
- Dubbs Knott, Cambridge;
- Parsonage Farm, Whittlesford;
- Soham Eastern Gateway;
- East Barnwell Community Centre;
- Rampton Road, Cottenham;
- Old School House, Papworth;
- Soham Northern Gateway;
- Sheen Farm, Litlington.

During discussion of the report Members:

- Encouraged Cambridge Housing Investment Company (CHIC) to be more visible regarding their public communications following confusion from residents regarding the commencement of development at a site.
- Noted that information regarding the allocation of affordable housing within developments was available within the relevant Local Plan. The general allocation was 40%, however the figure was depended on viability and sustainability. Members welcomed that affordable housing allocations including the number of units as well as percentages could form part of the CHIC performance data.
- Questioned the learning by officers from the planning application process. Officers explained that the planning process was often longer than was expected and that the lack of an adopted Local Plan posed significant challenges. There also appeared to be limited benefit to seeking pre-application planning advice. A meeting had taken place with the Development Control Manager at South Cambridgeshire District Council that had been beneficial and formed part of a more collaborative approach across the local authorities.
- Drew attention to similar issues faced by Cambridge University as a developer and suggested that learning could be gained from their experiences.

- Following the next meeting of the Committee it was suggested that a working group session be arranged regarding reporting data. **ACTION**

It was resolved to:

Note the Programme Highlight report.

## **80. COMMITTEE AGENDA PLAN AND APPOINTMENTS TO OUTSIDE BODIES**

Members considered the forward agenda plan for Commercial & Investment Committee. Members noted the addition of a report entitled, Closed Landfill Sites (x5) Energy Project Feasibility that would be presented at the 22 June meeting.

It was resolved to:

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



# COMMERCIAL & INVESTMENT COMMITTEE

## Minutes-Action Log



### Introduction:

This is the updated action log as at **12<sup>th</sup> February 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 20<sup>th</sup> October 2017

51. (1)	<b>Service Committee Review of the draft Revenue Business Plan proposals 2018-19 to 2022-2023</b>	Chris Malyon	In May there had been a request of all County Council assets by electoral division.	S151 officer to identify resource and cost to complete task and then consult Chair/Vice-Chair	Ongoing
55. (2)	<b>Programme Highlight Report</b>	John Macmillan/ Chris Malyon	Agreed that there would be a workshop on how the reporting back from CHIC (re: progress with sites) would work in practice.		

### Minutes of 24<sup>th</sup> November 2017

58.(4)	<b>ESPO Trading Company Ltd</b>	Paul White/ Cllr Bates	Paul White and Cllr Bates would look at how the new trading company would report back to its constituent authorities.	The proposal is to update the Committee quarterly using the update report that will be provided to the Shareholder Member representatives after each ESPO Joint Committee meeting.	In progress.
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## Minutes of 15<sup>th</sup> December 2017

68.	<b>Business Planning Proposals</b>	John Macmillan/ Hugo Mallaby	Invite Cllr Jones to County Farms Working Group meetings.	Working Group not currently meeting because of the Outcome Focused Review.	
70.	<b>Programme Highlight Report</b>	John Macmillan	Check with CHIC if any public consultation had taken place re: Soham Eastern Gateway application.		

## Minutes of 26<sup>th</sup> January

77.(1)	<b>Outcome Focused Reviews - Update</b>	Amanda Askham/ Owen Garling	Requested that presentation of financial data within OFR reports be standardised in future in Committee reports.		
77.(2)	<b>Outcome Focused Reviews – Update (Property Services OFR)</b>	Chris Malyon/ John Macmillan	Provide an explanation regarding recorded surplus assets of 5.5M		
80.	<b>Programme Highlight Report</b>	John Macmillan	Following the 23/02/18 meeting of the Committee it was suggested that a working group session be arranged regarding reporting data.		



**SALE OF A PORTFOLIO OF PROPERTIES TO CAMBRIDGESHIRE HOUSING & INVESTMENT COMPANY**

**To:** Commercial and Investment Committee

**Meeting Date:** 23 February 2018

**From:** Deputy Section 151 Officer / Resources Directorate

**Electoral division(s)** All

**Forward Plan ref:** 2018/017 **Key Decision:** Yes

**Purpose:** To declare the properties identified in the schedule below surplus and agree the disposal sale of the properties to Cambridgeshire Housing & Investment Company (CHIC). To confirm the associated financing arrangements.

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

- (1) The Committee approve the disposal of the properties identified in the schedule (Appendix A) to CHIC at 'best consideration'
- (2) The final terms of the disposal be delegated to the Deputy Section 151 officer in consultation with the Chairman of the Committee
- (3) The Committee receive feedback on the effectiveness of the process at a future meeting
- (4) £11.005m of the loan facility agreed in principle by the Committee in December, now be confirmed as available to CHIC in relation to the properties listed in the schedule at Appendix A (in line with section 3 of this report)
- (5) Equity to the value of £0.551m is invested by the Council into CHIC alongside the foregoing loan finance arrangements

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

- 1.1 The County Council has established a wholly owned housing company to develop on land primarily owned by the Council in order to derive a financial return. The underlying objective of creating a commercial vehicle of this nature is to provide new revenue sources to support the delivery of front line services to Cambridgeshire residents. In this report, the company is referred to as Cambridgeshire Housing & Investment Company (CHIC), its registered name at Companies House. Members of the Committee have been briefed about plans for the company to operate under an alternative trading name in due course.
- 1.2 The financial model that the Committee have previously agreed will be adopted is that the Council will make loans to CHIC, at commercial rates in order to provide the funding to allow CHIC to purchase land from the Council and to finance the costs of construction. As the Council can borrow at less than commercial rates it will derive a financial margin on the loans. This margin has already been included as a revenue benefit within the Council's budget. The Council will receive capital receipts and eventually also dividends from the Company but this will not arise for a number of years given the debt ratios of the Company in the early years of trading and the lead times for delivery of residential housing on sites currently used for other purposes.
- 1.3 The Council's Constitution provides that the authority for all property disposals rests with the Commercial and Investments Committee (C&I), with an agreed delegation to the Director of Finance to exercise that authority for transactions where the capital value is less than £500,000, or the revenue value is less than £150,000.
- 1.4 Previously at a meeting on the 30 June 2017 the Commercial & Investment Committee when considering the principle of selling sites to CHIC agreed "to declare surplus land and property on a case by case basis to achieve best consideration".
- 1.5 Following initial plans to stagger sales to CHIC, at a meeting of C & I Committee on the 15 December 2017 it was agreed to bring forward the sale of all of the sites in the development pipeline in a single sale process, a "portfolio" approach, by the end of March 2018.
- 1.6 In December, the Committee also resolved, in principle, to grant a loan facility of up to £120m to CHIC, at a commercial rate, for land acquisition, construction and associated costs. The Committee then delegated negotiation of the sale and loan agreements to the deputy section 151 officer in consultation with the Chairman of the Committee, with the outcome of further negotiations reported back. It is now reported that the independent valuations have been received for the 13 sites listed in the schedule (confidential appendix A). Approval is now requested to activate the loan facility up to the value of £11.005m against those sites, together with an equity investment of £0.551m. These amounts will then be increased following the March committee receiving further site valuations.
- 1.7 CHIC acts as an arm's length company and officers responsible for property deal with it on that basis. There are two loans already in place from the Council to CHIC for operating and overhead costs and for the acquisition of a site of strategic importance to CHIC from a third party.

## 2 PROPERTY AND VALUATION ISSUES

- 2.1 **Valuation.** Savills have been appointed to carry out independent “Red Book” valuations of the sites taking into account known liabilities and the prospects for obtaining planning consent. A programme has been agreed and work commenced at the beginning of January. At the time of writing 13 valuations have been obtained from them. Valuations were previously obtained (from a different supplier) for Milton Rd, Russell St and the former Highways Depot at March. A similar report will be presented to Committee in March with further valuations forming the remainder of the portfolio.
- 2.2 Queries are resolved before valuations are accepted and Heads of Terms are sent to CHIC. LGSS Law Ltd are also instructed so that they are in a position to move swiftly to completion once the committee approve the sales.
- 2.3 Savills have noted a dearth of comparable valuation evidence for development sites being sold without planning consent as they are usually sold with planning consent. Valuations are more straightforward and less assumptions have to be made if planning consents are in place. This makes the overage provision (see 2.6 below) particularly important in achieving an appropriate value.
- 2.4 Of the initial 13 sites, Milton Rd and March Depot sites have planning consents while Willingham, Shepreth, Littleton and Burwell have planning consents subject to s106's contributions being agreed.
- 2.5 Savills have valued sites as they are, assuming that planning consent will be obtained. Where planning consent has been obtained the full value will be paid otherwise a discount is applied to the value with planning consent to reflect the risk of getting a consent.
- Where planning consent has been agreed subject to s106 a 15% discount has been applied to the value with consent.
  - Where planning consent has not been obtained discounts of up to 70% have been applied to reflect the risk involved in obtaining the consent.
- 2.6 In order to protect the Council's interests, as much of the enhanced value as possible will be recovered using overage clauses applied when planning consent has been obtained, subject to CHIC's reasonable costs being deducted.
- 2.7 Some urban sites may be subject to a later price adjustment if the developer encounters abnormal costs, for example contamination or archaeology or if the developer makes a windfall gain that could not have been anticipated at the time of planning. This would be subject to a further valuation.
- 2.8 **Timing.** The aim is to transfer sites on the 31 March 2018. Some sites are large and will be sold in phases and there may be unforeseen complications which may delay transfers.

### 3.0 FINANCING ARRANGEMENTS

#### 3.1 At its December meeting, the Committee:

- authorised, in principle, a loan facility to Cambridgeshire Housing and Investment Company for up to £120,000,000, at a commercial rate, for land acquisition, construction and associated costs
- delegated the negotiation of the final terms of the sale and loan agreement to the deputy Section 151 Officer in consultation with the Chairman of the Committee, including the repayment and interest charging arrangements, and that the outcome of any further negotiations will be brought back to Committee

#### 3.2 Following the progress of the valuation work set out in section 2, it can be reported to the Committee that the value of the sites numbered **1 – 13** in the confidential Appendix A, totals £11.005m. In this report, the Committee is therefore asked to agree that these sites can be transferred to CHIC at those valuations, in line with policy, and that provision of a secured loan to the same value also be made available to CHIC.

#### 3.3 As set out in the December report, the Council will make a 5% equity investment alongside any loan financing. In relation to these land transfers this therefore requires an equity investment by the Council of £0.551m. The Council will make full use of the securable value of the loan by loaning at the 100% rather than 95% level, with the 5% headroom created used to enable initial construction spending by CHIC. This facility will be further increased by the remainder of the portfolio to be valued shortly, and to be considered at the next meeting. It is envisaged that this mechanism will provide secured finance to meet CHIC's construction and other non-land development costs until at least June 2018. Further loans for construction and other non-land costs are also envisaged in due course. By their nature construction loans will have a lower level of security, and are more likely to require phased draw down to reflect staged completion of works. A further report will be made to Committee on the financing of this activity as it progresses, and ahead of CHIC requiring this cash flow.

#### 3.4 The loan enabling the land acquisition of the thirteen sites listed will be secured. This means that were CHIC to default on the loan, the Council would have the priority registered charge on the property. It will be necessary for CHIC and the Council to agree a legal borrower mortgage in relation to the sites. A mortgage has already been put into place for land that CHIC is acquiring, with CCC financing, from a third party. It is envisaged that a mortgage of a similar form, with minor modifications will again be appropriate for these sites. The agreement sets out obligations on the borrower in relation to the condition and value of the site that protects the Council's financial interests.

#### 3.5 The December report outlines in more detail the state aid and procurement considerations which require the Council to enter into loans with CHIC on a commercial and arms-length basis, which is reflected in the resolution made by the Committee. The loans to be activated as part of the portfolio sale are for up to ten years in line with the CHIC business plan.

#### **4. FINANCIAL RATIONALE AND RISK ASSESSMENT**

- 4.1 CHIC has undertaken detailed financial modelling for the sites and developments that it will acquire as a result of the portfolio sale. The initial business case has been developed significantly to reflect site valuations, cost estimates and timings and reflects quarter-by-quarter income and expenditure estimates across the next decade for each of the sites under consideration. As with any undertaking of this type, the financial model is underpinned by a series of assumptions and sensitivities. CCC finance officers have assessed the assumptions within the model and a two-way dialogue with CHIC and their financial advisors continues to monitor, maintain and measure the variables contained within financial model.
- 4.2 Overall, the financial modelling continues to demonstrate that CHIC is an appealing investment prospect for the Council over the long term, with initially significant interest payable to the Council ahead of residential sales and profit making in CHIC in later years. The anticipated minimum interest receivable from CHIC in 2018/19 in relation to the sites listed as 1-13 in the appendix is also reported in that appendix. The financial model demonstrates an indicative surplus on the 13 sites following completion of residential development of between 4% and 41% compared to sums expended by CHIC, leading to a positive cash position on those sites.
- 4.3 Sensitivity analysis undertaken by CHIC illustrates across the whole programme that the company remains able to make full repayment of loans and scheduled interest to the Council in the event either that there is a 20% increase in cost estimates, or a 5% decrease in house prices coupled with a 15% increase in planned costs.
- 4.3 The Council has assessed the key risks and mitigations in relation to the project as follows:

RISK	PROBABILITY	MAGNITUDE	MITIGATION
CCC not receiving best consideration	Low	High	Property transfers at independently assessed market value by Independent Chartered Valuation Surveyors and CCC have a right to overage in addition.
General downturn in housing market	Medium	Medium	CCC will receive Market Value upon sale. Overage payments will be sensitive to market conditions but are a longer term consideration and can also increase over time.
Building cost escalation	Medium	Medium	Cost escalation will affect all competitors although may effect less mature developer without established supply chains more than longer established concerns.
Poor performance by developer	Low	High	CCC ultimately controls developer via 100% shareholding. CCC can 'step in' in certain circumstances and determine activity contract but there will be an effect on reputation
Significant planning consents not obtained	Medium	Medium	Most unlikely that all permissions will be denied and in the longer term any hindrances should erode with the effluxion of time and the increasing pressure to secure housing sites.
Construction delays	Medium	Medium	Build up efficient supply chains as soon as possible. Financial incentive (interest payments) to progress construction as soon as possible.
Abnormal costs reducing viability	Low	Medium	Largely a risk of urban sites, the developer will have made contingencies as have the valuers when arriving at Market Value. Mechanism proposed to share abnormal costs that would not have been found pre-contract.
CHIC over claim construction costs or costs of obtaining planning permission	Low	Medium	CHIC undertake to use proper procurement methods and to inform CCC of process with Financial Models of larger sites transparent for CCC inspection in order to calculate profit share so poor procurement practice can be identified if it occurs. With 100% shareholding CCC can take steps to remedy any such actions.

4.4 Summarised alternatively, the key measures for risk mitigation that are in place include:

- **Externally assured valuations according to globally accepted methodology** – ensuring that property transferred to CHIC is at an appropriate value
- **Overage and profit share provisions within sales agreements, commitment to best value procurement approach by CHIC** – protecting the Council's interests where values change following the land transfer due to the stage in the development pipeline at the point of transfer
- **Ultimate control of CHIC as shareholder** – appointment of board of directors and through shareholder accountability to ensure performance of the company to expected standards

and objectives

- **Loan and mortgage agreements** – security of the Council’s loan financing, protection of the value of the asset and reference back to the Council in terms of alterations and obligations related to sites; recovery of investment in event of sale of asset.
- **Visibility of CHIC’s financial planning, assurance and viability** – confirming overall financial logic and targets remain robust, appropriate and favourable to the Council's budgetary objectives.

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

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

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

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

There are no significant implications for this priority.

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

There are no significant implications for this priority.

## **6. SIGNIFICANT IMPLICATIONS**

### **6.1 Resource Implications**

The sale of assets to CHIC are included within the Council’s Business Plan. Delays to the original profile of sales is causing an in year pressure and this has already been reported to GPC within the Integrated Finance Report. This reports seeks to ensure that the sale of sites takes place within a portfolio sale within the current financial year thereby mitigating further capital and revenue implications. These are highlighted in the report. Overall, the report sets out the favourable resource implications to the Council from progressing the housing development vehicle described.

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

Bevan Britain LLP and LGSS Legal Ltd have advised on procurement, best consideration, lending and security, accelerating implementation and State Aid. Specific procurement considerations related to delivery of an ongoing “public sector” segment of the Milton Road site have been considered and addressed.

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

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

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

#### 6.4 Equality and Diversity Implications

There are no significant implications within this category.

#### 6.5 Engagement and Communications Implications

There are no significant implications within this category.

#### 6.6 Localism and Local Member Involvement

Local Members have been notified of the proposed site for transfer.

#### 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?	Yes/No No implications raised.
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	Reference made to the Disposal Process of Property Assets that was agreed at the Committee's meeting on 30 June 2017.  LGSS Law lead on disposal is Mickaela McMurtry.
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?	Name of Officer: Christine Birchall Head of Communications and Information
Have any localism and Local Member	Yes



<b>involvement issues been cleared by your Service Contact?</b>	Name of Officer: John Macmillan
<b>Have any Public Health implications been cleared by Public Health</b>	N/a

<b>Source Documents</b>	<b>Location</b>
<b>Schedule of properties to be declared surplus (Confidential)</b>	<b>Appendix A (Confidential)</b>
<b>Site-by-site listing of properties for transfer as part of this phase of the portfolio sale</b>	<b>Appendix B (Confidential)</b>
Paper to C& I Committee 30/06/17	<a href="https://tinyurl.com/y73aq6u5">https://tinyurl.com/y73aq6u5</a>
Paper to C& I Committee 15/12/17	<a href="https://tinyurl.com/y7nosuat">https://tinyurl.com/y7nosuat</a>



**TRANSFER OF FREEHOLD OF CROMWELL MUSEUM BUILDING TO HUNTINGDON TOWN COUNCIL**

**To:** Commercial and Investment Committee

**Meeting Date:** 23 February 2018

**From:** Group Asset Manager, Strategy and Estates

**Electoral division(s):** Huntingdon West; Huntingdon North and Hartford;  
Godmanchester and Huntingdon South

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

**Purpose:** To inform Committee members of the current situation regarding the transfer of the freehold of the Cromwell Museum building in Grammar School Walk, Huntingdon, to Huntingdon Town Council.

**Recommendation:** The Committee is asked to approve the broadening of the restrictive covenant placed on the transfer from

***“a public museum dedicated to the life of Oliver Cromwell, provided that if the Oliver Cromwell collection is withdrawn to the extent the use is no longer possible then the Transferee shall not use the property for any other use than as a museum open to the public or a heritage or cultural asset open to the public”, to***

***“a public museum dedicated to the life of Oliver Cromwell, provided that if the Oliver Cromwell collection is withdrawn to the extent the use is no longer possible then the Transferee shall not use the property for any other use than as a museum open to the public or a heritage or cultural or community asset open to the public.”***

<b>Officer contacts:</b>		<b>Member contact:</b>	
Name:	John Macmillan/Alan Akeroyd	Name:	Cllr Joshua Schumann
Post:	Group Asset Manager/Archives manager	Post:	Commercial & Investment Committee Chairman
Email:	<a href="mailto:John.macmillan@cambridgeshire.gov.uk">John.macmillan@cambridgeshire.gov.uk</a> <a href="mailto:alan.akeroyd@cambridgeshire.gov.uk">alan.akeroyd@cambridgeshire.gov.uk</a>		
Tel:	01223 699092	Tel:	01223 706398

## **1. BACKGROUND**

- 1.1 On 13 October 2015 Full Council approved the transfer of the freehold of the Cromwell Museum building to Huntingdon Town Council, at less than best consideration, for continued use as a public museum, with a covenant to restrict the use to “a public museum dedicated to the life of Oliver Cromwell” to be contained in the deeds of transfer. (Link at end of report). The upkeep and liabilities of the museum transferred to the Town Council.

## **2. MAIN ISSUES**

- 2.1 Following negotiation with Huntingdon Town Council (HTC) officers the only outstanding issue holding up the transfer is the restrictive use and overage. The Clerk to HTC has said that the Town Council is unwilling to accept the freehold transfer as it stands because, in their view, the covenant to restrict the use of the building to “*a public museum dedicated to the life of Oliver Cromwell, provided that if the Oliver Cromwell collection is withdrawn to the extent the use is no longer possible then the Transferee shall not use the property for any other use than as a museum open to the public or a heritage or cultural asset open to the public*”, is too restrictive.

The Museum is operated by an independent charitable trust, called the Cromwell Museum Trust and the Town Clerk has stated to County Council officers that if the Museum Trust should fail for whatever reason then they would be unable to use the building for any other purpose and it could be a liability. They are strongly supported by the local MP who is a Museum Trustee.

- 2.2 HTC suggest that the covenant is widened to include “community” use as well as museum, heritage or cultural uses. Their thoughts about “community” might entail are at this stage not developed as it would only be an option if the museum failed. They have in mind a “drop in for pensioners on market day” or “something for youth”. The building does not have toilets or running water so its current potential is limited.
- 2.3 CCC and LGSS Legal recognise that if the covenant is made less restrictive then in theory the value of the property could increase. Community uses can be interpreted very widely and may have an impact on the value of the building although the building as it stands has very limited potential. The overage is in place so that if HTC obtain planning consent to use the building for any other use than prescribed, the County Council shall be entitled to 50% of the increase in value. This overage would remain should a more lucrative use than “community” or public museum be exploited by the Town Council.

## **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**

There are no significant implications within this category.

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

There are no significant implications within this category.

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

There are no significant implications within this category.

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

There are no significant implications within this category.

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

There are no significant implications within this category.

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

P&E Officers have kept local Members informed of progress with the freehold transfer.

### **4.7 Public Health Implications**

There are no significant implications within this category.

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Financial Officer: Sarah Heywood
<b>Have the procurement/contractual/Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?</b>	Yes Name of Officer: Paul White
<b>Has the impact on statutory, legal and risk implications been cleared by LGSS Law?</b>	Yes Name of Legal Officer: Mickaela McMurtry/Satinder Sahota

<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	Yes or No Name of Officer: Tamar Oviatt-Ham

<b>Have any engagement and communication implications been cleared by Communications?</b>	Yes or No Name of Officer: Joanna Shilton
<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	Yes Name of Officer: Christine May
<b>Have any Public Health implications been cleared by Public Health</b>	N/a

<b>Source Documents</b>	
Full Council minutes 13 October 2015	<a href="https://cmis.cambridgeshire.gov.uk/cc/abid/70/ctl/ViewMeetingPublic/mid/397/mmittee/20/Default.aspx">https://cmis.cambridgeshire.gov.uk/cc/abid/70/ctl/ViewMeetingPublic/mid/397/mmittee/20/Default.aspx</a> ).  <a href="#">Link</a>

**FINANCE AND PERFORMANCE REPORT – DECEMBER 2017**

**To:** Commercial and Investment Committee

**Meeting Date:** 23 February 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 December 2017 Finance and Performance Report for Commercial and Investment 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 December 2017.

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

- a) review, note and comment upon the report in the appendix
- b) acknowledge the impact on the level of borrowing required within the C&I capital programme if General Purposes Committee approve additional budget of £328k for the capitalisation of Corporate Redundancies budget within Corporate Services and Transformation.
- c) recommend to General Purposes Committee the approval of £171k additional budget in relation to the Shire Hall Relocation project, to be funded from borrowing.
- d) note the change in funding profile for the Housing Schemes to reflect the assumptions approved as part of the 2018/19 Business Plan.

<b>Officer contact:</b>		<b>Member contacts:</b>
Name:	Eleanor Tod	Cllrs Schumann and Hay
Post:	Group Accountant	Chairman and Vice-Chairwoman
Email:	<a href="mailto:Eleanor.Tod@cambridgeshire.gov.uk">Eleanor.Tod@cambridgeshire.gov.uk</a>	
Tel:	01223 715333	

## 1. BACKGROUND

- 1.1 Commercial and Investment (C&I) 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 December 2017 Finance and Performance report.
- 2.2 **Revenue:** At the end of December, C&I Committee is forecasting an overspend of £650k on revenue budgets. There are no new material variances to report.
- 2.3 **Capital:** Predicted in-year variances of £849k have been netted off against the Capital Programme Variations budget. This exceeds the variations budget of £720k, therefore at the end of December C&I Committee is forecasting that the element of the capital programme budget subject to a capital variations budget will be underspent by £129k at year-end. In addition to this, in December an in-year underspend of £47,209k on the housing schemes is being reported (the result of re-profiling). This takes the total programme underspend to £47,338k.

There are two material variances (over £250k) to report:

- The first relates to the impact on the level of borrowing required within the C&I capital programme if General Purposes Committee approve additional budget of £328k for the Capitalisation of Corporate Redundancies budget within Corporate Services and Transformation. As the Capitalisation of Corporate Redundancies budget can only be funded via capital receipts, this necessitates a £328k reduction in capital receipts funding in the C&I capital programme, offset by an increase in the C&I borrowing requirement (please see Appendix A for further details).
- The second variance concerns the revision of the funding position in relation to the Housing Schemes. This now reflects the forecast outturn underspend of £47,209k, as well as the funding profile for commercial investments that was agreed by Full Council on 6 February 2018 as part of the 2018/19 Business Plan. Due to the nature of the how the scheme is managed, updating the funding position at this point in time, in this way, does not directly impact upon the revenue position, as this has been forecast separately and built into budgets. C&I is therefore asked to recommend to GPC to note this change. There is a separate report to this Committee regarding the portfolio sale. This sets out that overage clauses will be used to capture the increased value of sites, for the Council, once planning permission has been secured.

C&I Committee is also asked to recommend to General Purposes Committee the approval of additional budget of £171k in 2017/18 for the Shire Hall relocation project, to be funded from borrowing (please see **Appendix A**).

- 2.4 There are no Commercial and Investment Committee **performance indicators** reported for December 2017.



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

#### **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.

#### **3.4 Resource Implications**

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

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

There are no significant implications within this category.

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

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

#### **3.7 Equality and Diversity Implications**

There are no significant implications within this category.

#### **3.8 Engagement and Consultation Implications**

There are no significant implications within this category.

#### **3.9 Localism and Local Member Involvement**

There are no significant implications within this category.

#### **3.10 Public Health Implications**

There are no significant implications within this category.

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	N/A
<b>Have the procurement/contractual/Council Contract Procedure Rules implications been cleared by Finance?</b>	N/A

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

<b>Source Documents</b>	<b>Location</b>
C&I Finance & Performance Report (December 17)	1 <sup>st</sup> Floor, Octagon, Shire Hall, Cambridge

## **Commercial and Investment**

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

## **1. SUMMARY**

### **1.1 Finance**

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

## **2. INCOME AND EXPENDITURE**

### **2.1 Overall Position**

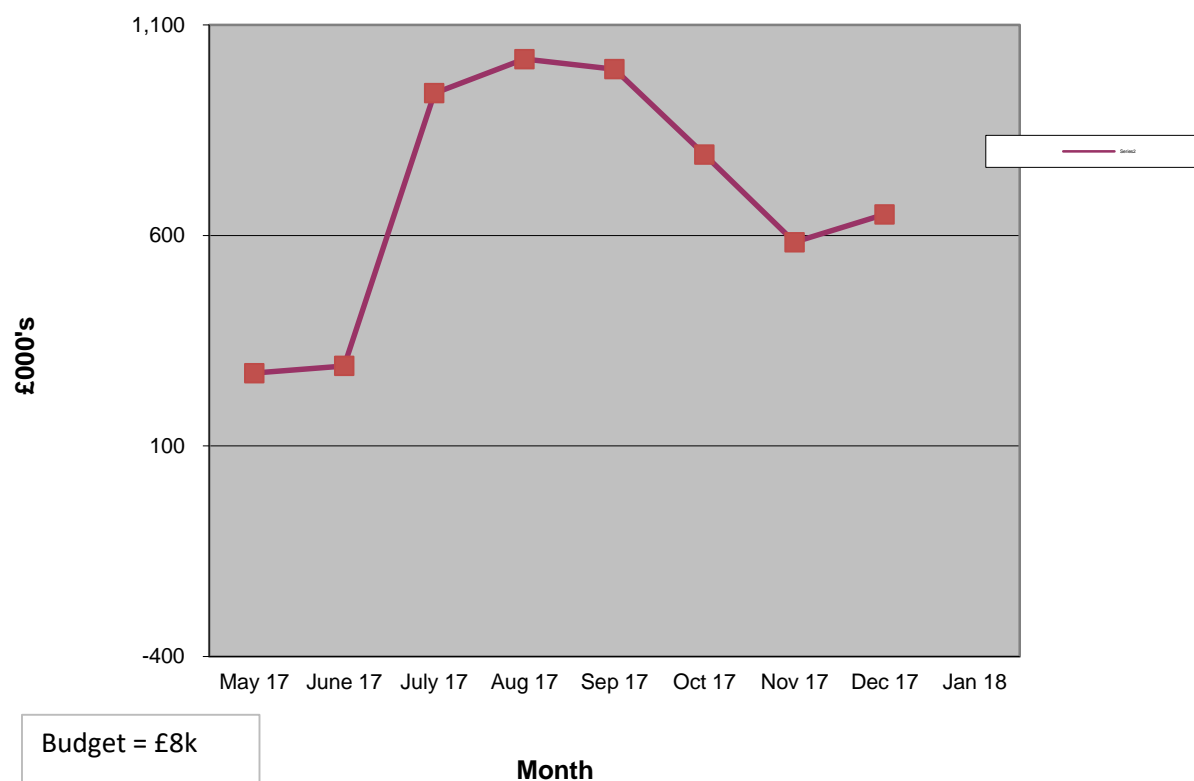
<b>Original Budget as per BP (1)</b>	<b>Directorate</b>	<b>Current Budget</b>	<b>Forecast Variance - Outturn (Nov)</b>	<b>Forecast Variance - Outturn (Dec)</b>	<b>Forecast Variance - Outturn (Dec)</b>	<b>Current Status</b>	<b>DoT</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>		
0	Commercial Activity	-1,624	517	612	38	<b>Amber</b>	↓
6,340	Property Services	6,306	-407	-407	-6	<b>Green</b>	↔
-3,638	Strategic Assets	-3,951	349	349	9	<b>Amber</b>	↔
10	Traded Services To Schools and Parents	-724	126	97	13	<b>Amber</b>	↑
<b>2,712</b>	<b>Total</b>	<b>8</b>	<b>584</b>	<b>650</b>		<b>Amber</b>	

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

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

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

## Commercial & Investment Committee - Forecast Outturn Variance 2017/18 \*



\* Forecast outturn variances have been adjusted to reflect new budgets transferred to C&I.

### 2.2 Significant Issues – Commercial and Investment

Commercial and Investment is forecast to overspend by £650k in 2017/18, which is an increase of £66k compared to the previous month. This change is due to an adverse change in the forecast outturn position for Commercial Activity.

The Cambridge Housing Investment Company is forecasting a pressure of £845k in 2017/18 following the re-phasing of expected income streams from CHIC interest. This is an increase of £95k compared to last month. Valuation and loan preparation activity as part of the portfolio sale is ongoing.

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

No new items were recorded during December 2017.

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)

There were no virements recorded in December to reflect changes in responsibilities.

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

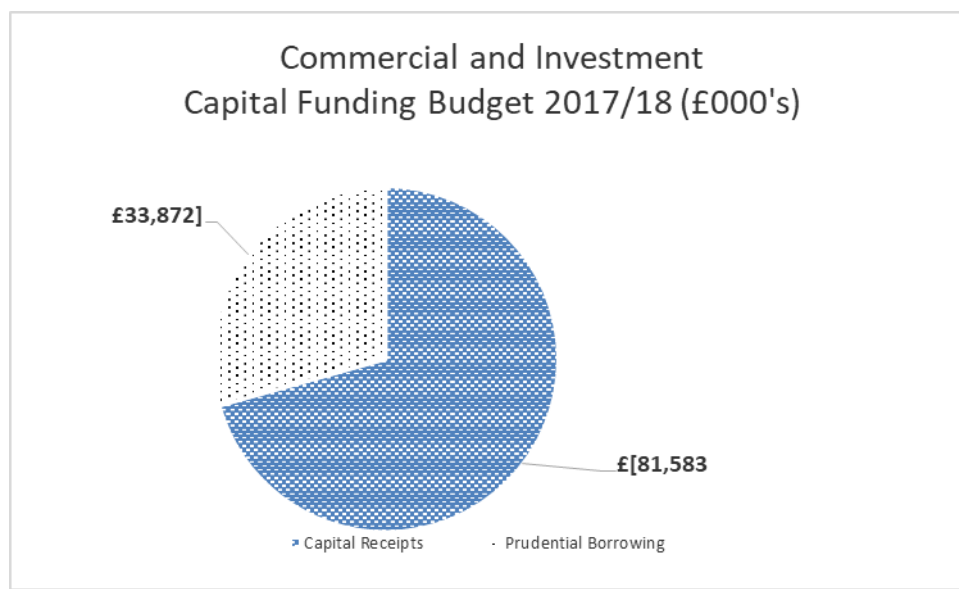
## 3. **BALANCE SHEET**

### 3.1 Reserves

The Commercial and Investment reserves contain various earmarked reserves (held for specific purposes), as well a short term provision (held for a potential liability) and capital funding. A 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 £115m in 2017/18, which is funded by the following capital resources:



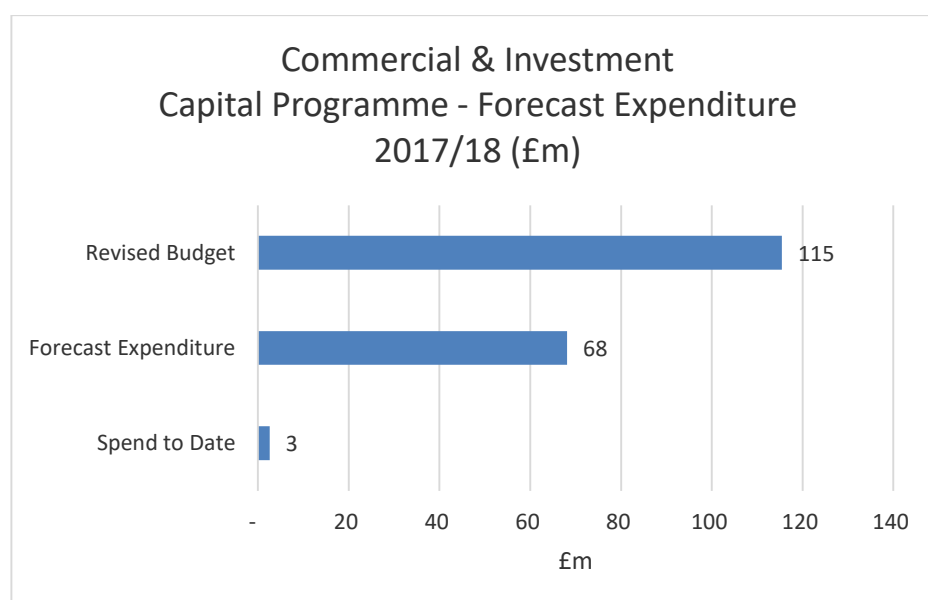
### Variations Budget

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 (Dec) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (Dec) £000
C&I – Non-Housing	-720	-849	720	100%	-129
C&I - Housing	-	0	-	-	-47,209
<b>TOTAL</b>	<b>-720</b>	<b>-849</b>	<b>720</b>	<b>100%</b>	<b>-47,338</b>

### Expenditure

Commercial and Investment Committee has expenditure of £2.6m to date on the Capital Programme, against forecast expenditure of £115m:



Predicted in-year underspends of £849k have been netted off against the Capital Programme Variations budget of £720k; as a result it is currently expected that the element of the programme subject to a capital variations budget will be underspent by £129k at year-end 2017/18. In addition to this, in December an underspend of £47,209k on the housing schemes is being reported. This is subject to ongoing external valuation work as part of the portfolio sale. This takes the total programme underspend to £47,338k.

Total scheme variances of £252k underspent are expected over the lifetime of the schemes.

The following changes to expenditure budgets are being reported for December:

Commercial and Investment Committee is asked to recommend to General Purposes Committee the approval of additional budget of £171k in 2017/18 for the Shire Hall relocation project. This is to cover the cost of the business case and feasibility studies for the project, as detailed in the business case that was agreed as part of the Business Plan by C&I in December. The initial total cost over the lifetime of the scheme is expected to be £16.6m and this will be funded from borrowing.

The following material expenditure variances are being reported for December:

As has previously been reported in separate papers to the committee, the Housing Schemes have not progressed as quickly as originally anticipated in the initial draft model that was created for the 2017-18 Business Planning process. The company's financial model has been refined and updated over the last few months, alongside the progression of work on seeking planning permission, declaring assets surplus and moving towards a position of being able to dispose of the properties before the end of the financial year. The Council is now therefore in a position to update the current year forecast in line with this work and as such, is reporting a £47,209k in-year underspend. This is subject to change following further progress of valuation work, by an external agent, as part of the portfolio sale. Account has already been taken of this re-phasing in future year budgets.

### Funding

As reported above, projected in-year variances now exceed the allowance made in the capital variation budget. The programme budget is therefore expected to be underspent by £129k at year-end, leading to a reduction of the same amount in the expected funding requirement.

The following changes to funding budgets are being reported for December:

As reported above, additional borrowing of £171k will be required to fund the costs of the Shire Hall relocation project in 2017/18.

A capital funding adjustment is required in relation to the Capitalisation of Corporate Redundancies budget within Corporate Services and Transformation. This budget is forecast to overspend by £328k in 2017-18, due to additional redundancy costs including the cost of the AL&S restructure (£160k). Transformation costs can only be classified as capital under the government directive on flexible use of capital receipts, which permits capital receipts to be used to fund transformation work, therefore they must be funded by capital receipts rather than any other source of capital funding. This necessitates a corresponding reduction in capital receipts funding in the Commercial & Investment capital programme, offset by an increase of £328k in the C&I borrowing requirement. C&I are asked to acknowledge that there will be an impact on the level of borrowing required within the C&I capital programme if General Purposes Committee approve additional budget of £328k for the Capitalisation of Corporate Redundancies budget within Corporate Services and Transformation.

The following material funding variances are being reported for December:

As noted above, the forecast outturn position for the Housing Schemes has been revised, and as such there will be a corresponding reduction in the use of capital receipts to fund this scheme of £47,209k. In addition, the funding profile has now also been updated to reflect the situation relating to commercial investment, which was agreed as part of the 2018/19 Business Plan by Full Council on 6 February 2018. The capital receipts generated by the sale of land to the company will now to be used to fund other commercial investment, and as a result it is necessary to reduce the use of capital receipts to fund the Housing schemes by £34,374k and increase the level of prudential borrowing by an equivalent amount. Due to the nature of how the scheme is managed, updating the funding position at this point in time does not directly impact upon the revenue position, as this has been forecast separately.

**C&I is asked to recommend to GPC to note this change in funding profile to reflect the assumptions approved as part of the 2018/19 Business Plan.**

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 December 2017 for Commercial and Investment are as follows:

Original Budget as per BP £000	Service	Current Budget for 2017/18 £000	Forecast Variance - Outturn (Nov) £000	Forecast Variance - Outturn (Nov) %	Forecast Variance - Outturn (Dec) £000	Forecast Variance - Outturn (Dec) %
<b><u>Commercial &amp; Investment</u></b>						
<u>Commercial Activity</u>						
0	Cambridge Housing Investment Company	-1,424	750	53	845	59
0	Other Commercial Activity	-200	-233	117	-233	117
0		-1,624	517	32	612	38
<u>Property Services</u>						
1,111	Building Maintenance	1,111	0	0	0	0
4,500	County Offices	4,568	-407	-9	-407	-9
718	Property Services	560	0	0	-39	-7
22	Property Compliance	68	0	0	39	57
-11	Capital Team	0	0	0	0	0
6,340		6,306	-407	-6	-407	-6
<u>Strategic Assets</u>						
766	Strategic Assets	803	349	43	349	43
-4,404	County Farms	-4,404	0	0	0	0
0	Grant Income	-350	0	0	0	0
-3,638		-3,951	349	9	349	9
<u>Traded Services to Schools and Parents</u>						
10	Traded Services to Schools and Parents	68	-160	-235	-160	-235
0	ICT Service (Education)	-200	-67	-34	-96	-48
0	Professional Development Centre Services	-71	0	0	0	0
0	Cambs Music	789	0	0	0	0
0	Outdoor Education (includes Grafham Water)	-77	113	146	113	146
0	Cambridgeshire Catering & Cleaning Services	-449	240	53	240	53
0	Grant Income	-784	0	0	0	0
10		-724	126	17	97	13
<b>2,712</b>	<b>COMMERCIAL &amp; INVESTMENT TOTAL</b>	<b>8</b>	<b>584</b>		<b>650</b>	
<b>MEMORANDUM - Grant Income</b>						
0	Music Education Hub Grant	-784	0	0	0	0
0	One Public Estate Grant	-350	0	0	0	0
0		-1,134	0	0	0	0

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

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

Service	Current Budget £'000	Forecast Variance - Outturn	
		£'000	%
<b>Cambridge Housing Investment</b>	<b>-1,424</b>	<b>845</b>	<b>53</b>
<p>Reported in November 17 F&amp;PR:</p> <p>A £845k pressure is forecast in 2017/18 following latest updates of expected income streams from the Housing Investment Company. The Resources Directorate is focused on ensuring loan arrangements are in place for April, such that the income expectation from CHIC for 2018-19, recently agreed by full Council, is deliverable.</p>			
<b>Other Commercial Activity</b>	<b>-200</b>	<b>-233</b>	<b>117</b>
<p>Reported in November 17 F&amp;PR:</p> <p>The Commercial and Investment budget reduced by £200k during November, following the transfer of the ESPO Dividend budget. The CCC share of the ESPO dividend for 2016/17 has been confirmed as £458k, exceeding the accrual of £400k which was made in the 2016/17 accounts; the £58k underspend was previously reported under LGSS Managed. A further surplus of £175k is being forecast this month for the 2017/18 dividend.</p>			
<b>County Offices</b>	<b>4,568</b>	<b>-407</b>	<b>-9</b>
<p>Reported in July 17 F&amp;PR:</p> <p>County Offices budgets are forecast to underspend by £407k at year-end. Members will be aware that the Council has increased public access to pay and display parking at the Shire Hall Campus and following successful implementation and marketing, this is now generating significant additional revenue income (£105k). The balance of the underspend is due to a rebate (£345k) for business rate costs following the leasing of the Castle Court office building to a student accommodation provider.</p>			
<b>Strategic Assets</b>	<b>803</b>	<b>349</b>	<b>43</b>
<p>Reported in July 17 F&amp;PR:</p> <p>Strategic assets budgets are predicting a £349k overspend at year end. This is due to the ending of shared service arrangements for Property and Asset services with LGSS. Whilst shared service arrangements applied the Council benefitted from savings made across partners. At the ending of the arrangements, budgets were disaggregated to the partners. As the equalisation between LGSS partners no longer applies for this service area, Cambridgeshire no longer receives the benefit of savings made at other partners and has a remaining deficit on the delivery of these services compared to the budget.</p>			

Service	Current Budget £'000	Forecast Variance - Outturn	
		£'000	%
Traded Services to Schools and Parents	68	-160	-235
Reported in October 17 F&PR:			
The following Traded Services to Schools and Parents have been transferred from the Children and Young People Committee and are reported within the C&I tables:			
<ul style="list-style-type: none"><li>• ICT</li><li>• Professional Development Centre Services</li><li>• Cambs Music</li><li>• Outdoor Education (includes Grafham Water).</li></ul>			
An underspend of £160k is reported, following a review of likely income achievable and the related utilisation of equipment replacement reserves, in the Education ICT and Cambridgeshire Music Services.			
ICT Service (Education)	-200	-96	-48
Reported in the November 17 F&PR, updated December 17:			
The ICT Service (Education) is predicted to underspend by £96k at year-end, following a substantial decrease in staffing due to some team members leaving.			
Outdoor Education (includes Grafham Water)	-77	113	146
Reported in September 17 F&PR:			
There is an ongoing pressure of £113k against Grafham Water which was identified during budget build. The budget includes an internal loan of £97k in 17/18 relating to building and improvement works carried out a number of years ago. Although prices have been increased for all user groups and the centre is running at high capacity, the centre is currently unable to generate sufficient income to cover the additional costs of the loan as well as a targeted £27k over-recovery.			
This long standing issue will be addressed through a review of options for Grafham Water going forwards, with the aim of achieving a realistic and sustainable budget. We will look to mitigate the pressure in the short term via any emerging underspends elsewhere within the service.			
Further, a £9k under recovery is now being forecasted against Stibbington Centre which has an overall income target of £18k. Under recovery here will also be addressed as part of the ongoing review of Outdoor Education services.			
Cambridgeshire Catering & Cleaning Services	-449	240	53
Reported in August 17 F&PR:			

Service	Current Budget £'000	Forecast Variance - Outturn £'000 %
<p>As part of recent internal re-organisations within People and Communities and CCS, the service is currently being led by the Resources directorate, and the financial contribution this service makes to the Council, and associated variances, are now reflected within the C&amp;I tables. The Commercial &amp; Investment Committee will oversee the service going forward, and as part of the transformation underway to ensure alignment to the Council's commercial interests.</p> <p>CCS is currently forecasting an under recovery of £240k. The forecast has increased from the £216k pressure identified at budget build, and is £1k worse than the £239k reported in October. The outturn will largely be determined by the service's success in achieving the targets for meal take-up and staffing costs by managing the staffing resources to maintain service provision through the winter period.</p> <p>The movement in-month primarily relates to a marginal reduction in provisions costs when compared to the September forecast. CCS commenced catering services at three new schools in September; all are new schools with good growth potential. Conversely, the Diamond Learning Trust have concluded a tender process with the result that CCS will no longer supply catering at three schools from January 2018.</p> <p>Plans are being progressed with the Transformation Team to develop strategies in which the service can be competitive on price, make efficiencies to the service, and increase customer engagement. The Management Team are considering a number of additional actions for potential delivery in year, alongside wider considerations for long term model and structure. As a result of support from Transformation Team and the wider considerations, the HoS and Client Development posts have been held vacant since June, enabling an in year saving of £70k to be held whilst appropriate structure and future model discussions take place.</p> <p>The mothballed C3 cook freeze unit has a potential £500k cost, including annual £80k lease/rates costs and approximately £250k dilapidations costs to resolve before the 2020 break clause.</p>		

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

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

Grant	Awarding Body	Expected Amount £000	Reported
<b>Grants as per Business Plan</b>			
One Public Estate	Cabinet Office	260	July 17
One Public Estate	Cabinet Office	90	September 17
Music Education Hub Grant		784	September 17
<b>Total Grants 2017/18</b>		<b>1,134</b>	

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

	£000	Reported
<b>Budget as per Business Plan</b>	<b>2,702</b>	
Business Plan adjustments	44	May 17
Transfer of Apprenticeship Levy from CS to C&I	6	May 17
Transfer of Energy Team from C&I to ETE	-58	May 17
Non-material virements (+/- £30k)	11	June 17
Transfer of LGSS savings from C&I to LGSS Cambridge Office	-349	July 17
Transfer of CCS budgets to C&I from C&YP	-449	August 17
Transfer from C&YP to C&I of Traded Services to Schools and Parents	-343	September 17
Head of Service – Traded Services	68	October 17
Transfer of CHIC costs from Debt Charges to C&I Committee	-1,424	November 17
Transfer of ESPO dividend budget from LGSS Managed to C&I	-200	November 17
<b>Current Budget 2017/18</b>	<b>8</b>	

## C&I APPENDIX 5 – Reserve Schedule

### 1. Commercial and Investment Reserves

Fund Description	Balance at 31 March 2017	Movements in 2017/18	Balance as at 31 December 2017	Forecast Balance at 31 March 2018	Notes
	£'000	£'000	£'000	£'000	
<b><u>Equipment Reserves</u></b>					
The ICT Service (Education)	726	0	726	0	1
subtotal	726	0	726	0	
<b><u>Other Earmarked Funds</u></b>					
Manor school site demolition costs	362	53	415	468	2
Cambs Music Reserve	80	0	80	0	3
subtotal	442	53	495	468	
<b><u>Short Term Provisions</u></b>					
SPV provision	24	0	24	24	
subtotal	24	0	24	24	
<b>SUBTOTAL</b>	<b>1,192</b>	<b>53</b>	<b>1,245</b>	<b>492</b>	
<b><u>Capital Reserves</u></b>					
General Capital Receipts	0	3,099	3,099	0	4
subtotal	0	3,099	3,099	0	
<b>TOTAL</b>	<b>1,192</b>	<b>3,152</b>	<b>4,345</b>	<b>492</b>	

#### Notes

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

## C&I APPENDIX 6 – Capital Expenditure

### 1. Capital Expenditure Summary 2017/18

Commercial & Investment Capital Programme 2017/18						TOTAL SCHEME	
Original 2017/18 Budget as per BP £000	Scheme	Revised Budget for 2017/18 £000	Actual Spend 2017/18 £000	Forecast Spend - Outturn £000	Forecast Outturn Variance £000	Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
113,476	<u>Commercial Activity</u> Housing Schemes	112,209	759	65,000	(47,209)	183,226	-
113,476	<u>Property Services</u>	112,209	759	65,000	(47,209)	183,226	-
600	Building Maintenance	600	333	600	-	5,579	-
550	Shire Hall Campus	550	236	550	-	5,502	-
1,150	<u>Strategic Assets</u>	1,150	570	1,150	-	11,081	-
350	Local Plans Representations	350	238	238	(112)	3,902	(112)
500	County Farms Viability	818	799	818	-	4,017	-
-	Renewable Energy Soham	775	214	520	(255)	9,994	(140)
482	MAC Joint Highways Project	482	-	-	(482)	5,198	-
-	Office Portfolio Rationalisation	200	6	200	-	345	-
-	Shire Hall Relocation	171	-	171	-	16,606	-
-	Other Committed Projects	20	20	20	-	225	-
1,332		2,816	1,276	1,967	(849)	40,287	(252)
(550)	Capital Programme Variations	(720)	-	-	720	(487)	-
<b>115,408</b>	<b>TOTAL</b>	<b>115,455</b>	<b>2,605</b>	<b>68,117</b>	<b>(47,338)</b>	<b>234,107</b>	<b>(252)</b>

## 2. Previously Reported Amendments – Capital Expenditure Budgets 2017/18

Capital Scheme	2017/18 Original Budget £000	2017/18 Revised Budget £000
<b>Energy Efficiency Fund</b>	<b>250</b>	<b>-</b>
<p>Reported in July 17 F&amp;PR:</p> <p>The Commercial and Investment capital programme budget reduced by £250k due to the removal of the Energy Efficiency Fund budget, which transferred to Economy, Transport and Environment Committee.</p>		
<b>County Farms Viability</b>	<b>500</b>	<b>818</b>
<p>Reported in November 17 F&amp;PR:</p> <p>(** Revised budget figure of £621k included £121k carry forward from 2016/17)</p> <p>In 2017/18, County Farms Investment expenditure has been dominated by three large investments totalling £640k, comprising:</p> <ul style="list-style-type: none"> <li>• a new cold store and HGV loading facilities to a holding at Milton</li> <li>• the conversion of a farm building to a farm shop and café near Farcet, Peterborough</li> <li>• extension to a dwelling at Benwick, near Chatteris.</li> </ul> <p>Additional requests for investment on the estate have included improvements to farm yards and buildings, security fencing, an equine arena and the installation of 3 phase electricity. The tenants have all agreed an Improvement Charge to provide a return on each project of 7%.</p> <p>The 2017/18 budget of £621k, which includes £121k funding carried forward from 2016/17, is currently forecast to be overspent by £197k, but will produce £55k additional revenue income for County Farms. At present, it is not anticipated that there will be any further new projects to come forward during the current financial year.</p> <p>General Purposes Committee approved the additional budget of £197k at its meeting on 23 January. This revision required an increase of £197k to the Prudential Borrowing requirement.</p>		
<b>Capital Programme Variations</b>	<b>-550</b>	<b>-720</b>
<p>The Capital Programme Variations budget has been recalculated each time a scheme has moved in or out of the Commercial &amp; Investment budget, or as a result of any other changes to budget.</p>		



### **3. Previously Reported Amendments - Total Scheme Expenditure Budgets**

<b>Capital Scheme</b>	<b>Total Scheme Original Budget £000</b>	<b>Total Scheme Revised Budget £000</b>
<b>Sawston Community Hub</b>	-	-
the Sawston Community Hub scheme subsequently transferred to Highways and Community Infrastructure Committee in November 17, with a total scheme budget of £1.5m.		
<b>County Farms Investment</b>	<b>3,820</b>	<b>4,017</b>
<p>Reported in November 17 F&amp;PR:</p> <p>As reported above, General Purposes Committee approved additional budget of £197k at its meeting on 23 January, to fund additional requests for investment on the farms estate. This investment will produce £55k additional revenue income for County Farms. This revision required an increase of £197k to the Prudential Borrowing requirement.</p>		

#### **4. Previously Reported Exceptions – Capital Expenditure 2017/18**

<b>Capital Scheme</b>	<b>Current Budget 2017/18 £000</b>	<b>Forecast Variance - Outturn £000</b>
<b>Housing Schemes</b>	<b>112,209</b>	<b>-</b>
<p>Reported in May 17 and August 17 F&amp;PRs:</p> <p>The Housing Scheme budgets reflect the proposals included in the Business Plan 2017/18. The CHIC financial model is currently under review and any changes will be reported when further information becomes available. Planning permission is being actively progressed on schemes in order to maximise asset values.</p>		
<b>Renewable Energy Soham</b>	<b>775</b>	<b>-255</b>
<p>Reported in August 17 F&amp;PR:</p> <p>The Renewable Energy Soham scheme is currently predicted to underspend by £255k in 2017/18. Of this underspend, £140k represents a reduction in the expected final cost of the project, leading to a predicted underspend against the total scheme budget, and £116k budget will be required to meet retention costs in 2018/19.</p>		
<b>Sawston Community Hub</b>	<b>1,401</b>	<b>-500</b>
<p>Reported in August 17 F&amp;PR:</p> <p>The Sawston Community Hub scheme is forecasting an underspend of £500k in 2017/18. This is due to delays in the build start date which may push some works back into 2018/19 and retention costs which will now be due in 2018/19; the total scheme cost is not affected.</p>		
<b>Local Plans and Representations</b>	<b>350</b>	<b>-150</b>
<p>Reported in September 17 F&amp;PR:</p> <p>The Local Plans and Representations budget is predicted to underspend by £150k in 2017/18, and this will reduce the total cost of the scheme by the same amount. There will be a reduced budget requirement for this function in future years as more projects are developed by CHIC; this change is being addressed in the Business Planning proposals for 2018/19.</p>		
<b>Capital Programme Variations</b>	<b>-720</b>	<b>720</b>
<p>Reported in September 17 F&amp;PR, updated in November 17:</p> <p>As previously reported the capital programme figures include a revised Capital Programme Variations target, which effectively reduces the programme budget. As forecast underspends start to be reported, these are netted off against the forecast outturn for the variation budget, resulting in a forecast balanced budget up until the point when slippage exceeds the variation budget.</p>		

Capital Scheme	Current Budget 2017/18 £000	Forecast Variance - Outturn £000
The Capital Programme Variations budget has been adjusted to reflect the transfer of the Sawston Community Hub scheme, resulting in a reduction of £280k in the Capital Programme Variations budget for Commercial and Investment.		
<b>MAC Joint Highways</b>	<b>482</b>	<b>-482</b>
<p>Reported in November 17 F&amp;PR:</p> <p>The project is predicted to underspend by £482k in 2017/18. Although some of the partners have withdrawn, the Highways Agency are engaged, but it is not envisaged that there will be any spend in this financial year. The project has received One Public Estate revenue grant funding of £50k which is being used for some initial feasibility work. The future of the scheme will be clearer when the next project meeting is held before this year end.</p>		

## C&I APPENDIX 7 – Capital Funding

### 1. Capital Funding Summary 2017/18

Commercial and Investment Capital Programme 2017/18				
Original 2017/18 Funding Allocation as per BP £000	Source of Funding	Revised Funding for 2017/18 £000	Forecast Outturn Spend (Dec) £000	Forecast Outturn Funding Variance (Dec) £000
81,583	Capital Receipts	81,583	1,470	(80,113)
33,825	Prudential Borrowing	33,872	66,647	32,775
<b>115,408</b>	<b>TOTAL</b>	<b>115,455</b>	<b>68,117</b>	<b>(47,338)</b>

### 2. Previously Reported Amendments – Capital Funding Budgets 2017/18

Capital Scheme	Original Budget 2017/18 £000	Revised Budget 2017/18 £000																		
<b>Roll Forwards (Prudential Borrowing)</b>	<b>982</b>	<b>2,098</b>																		
<p>Reported in May 17 F&amp;PR:</p> <p>Commercial and Investment Committee was asked to approve the carry forward of funding from 2016/17 into 2017/18 for the following schemes:</p> <table> <tr> <th>Scheme</th><th>£000</th><th>Notes</th></tr> <tr> <td>County Farms Viability</td><td>121</td><td>Carry forward £121k re Bettys Nose &amp; Whitehall farm shop.</td></tr> <tr> <td>OtherCommitted Projects - K2</td><td>20</td><td>Roll forward balance of K2 funding (£20k) to fund continuing work on CCC implementation</td></tr> <tr> <td>Soham Solar Farm</td><td>775</td><td>Final network and construction costs of £315k and a retention payment of £460k are due in 17/18. A scheme underspend of £340k is forecast.</td></tr> <tr> <td>Office Rationalisation</td><td>200</td><td>Ongoing work on office rationalisation, moves and co-location projects - including Sawtry, Hill Rise, Shire Hall, Hereward Hall, Butts Grove, Scott House/Stanton House and Meadows closure.</td></tr> <tr> <td></td><td>1,116</td><td></td></tr> </table>			Scheme	£000	Notes	County Farms Viability	121	Carry forward £121k re Bettys Nose & Whitehall farm shop.	OtherCommitted Projects - K2	20	Roll forward balance of K2 funding (£20k) to fund continuing work on CCC implementation	Soham Solar Farm	775	Final network and construction costs of £315k and a retention payment of £460k are due in 17/18. A scheme underspend of £340k is forecast.	Office Rationalisation	200	Ongoing work on office rationalisation, moves and co-location projects - including Sawtry, Hill Rise, Shire Hall, Hereward Hall, Butts Grove, Scott House/Stanton House and Meadows closure.		1,116	
Scheme	£000	Notes																		
County Farms Viability	121	Carry forward £121k re Bettys Nose & Whitehall farm shop.																		
OtherCommitted Projects - K2	20	Roll forward balance of K2 funding (£20k) to fund continuing work on CCC implementation																		
Soham Solar Farm	775	Final network and construction costs of £315k and a retention payment of £460k are due in 17/18. A scheme underspend of £340k is forecast.																		
Office Rationalisation	200	Ongoing work on office rationalisation, moves and co-location projects - including Sawtry, Hill Rise, Shire Hall, Hereward Hall, Butts Grove, Scott House/Stanton House and Meadows closure.																		
	1,116																			
<b>Housing Scheme Rephasing (Prudential Borrowing)</b>	<b>113,476</b>	<b>112,209</b>																		
<p>Reported in May 17 F&amp;PR:</p> <p>A reduction of £1.3m in respect of Housing Scheme funding which was brought forward from 2017/18 to fund expenditure in 2016/17.</p>																				

<b>Capital Scheme</b>	<b>Original Budget 2017/18 £000</b>	<b>Revised Budget 2017/18 £000</b>
<b>Capital Programme Variations (Prudential Borrowing)</b>	<b>-550</b>	<b>-720</b>
<p>Reported in May 17 F&amp;PR:</p> <p>The Capital Programme Variations budget has been recalculated each time a scheme has moved in or out of the Commercial &amp; Investment budget, or as a result of any other changes to budget.</p>		
<b>Energy Efficiency Fund (Prudential Borrowing)</b>	<b>250</b>	<b>-</b>
<p>Reported in July 17 F&amp;PR:</p> <p>The Energy Efficiency Fund budget of £250k transferred to Economy, Transport and Environment Committee, therefore the Commercial and Investment Committee borrowing requirement reduced by this amount.</p>		
<b>Sawston Community Hub (Prudential Borrowing)</b>	<b>-</b>	<b>-</b>
<p>Reported in July 17 F&amp;PR, updated November 17:</p> <p>The Sawston Community Hub scheme transferred to the Commercial &amp; Investment Committee with an approved 2017/18 budget of £1.2m (and a request for additional funding of £0.2m – see below).</p> <p>In November 17 the scheme transferred to Highways and Community Infrastructure Committee, resulting in a £1.4m reduction in the Commercial and Investment borrowing requirement</p>		
<b>County Farms Investment (Prudential Borrowing)</b>	<b>500</b>	<b>818</b>
<p>Reported in November 17 F&amp;PR:</p> <p>General Purposes Committee approved additional budget of £197k at its meeting on 23 January, to fund additional requests for investment on the farms estate. This revision required an increase of £197k to the Prudential Borrowing requirement. This increase is in addition to £121k of funding carried forward from 2016/17, as described above.</p>		

### **3. Previously Reported Amendments - Total Scheme Funding Budgets**

<b>Capital Scheme</b>	<b>Total Scheme Original Budget £000</b>	<b>Total Scheme Revised Budget £000</b>
<b>Sawston Community Hub (Prudential Borrowing)</b>	-	-
<p>Reported in July 17 F&amp;PR, updated in November 17:</p> <p>General Purposes Committee approved an increase of £193k in budget for the scheme, resulting in an increased borrowing requirement of this amount.</p> <p>In November 17 the scheme transferred to Highways and Community Infrastructure Committee, resulting in a £1.4m reduction in the Commercial and Investment borrowing requirement.</p>		
<b>County Farms Investment</b>	<b>3,820</b>	<b>4,017</b>
<p>Reported in November 17 F&amp;PR:</p> <p>As reported above, General Purposes Committee approved additional budget of £197k at its meeting on 23 January, to fund additional requests for investment on the farms estate. This revision required an increase of £197k to the Prudential Borrowing requirement.</p>		

#### 4. Previously Reported Exceptions – Capital Funding 2017/18

Capital Scheme	Current Budget 2017/18 £000	Forecast Variance - Outturn £000
<b>General Capital Receipts</b>	<b>81,583</b>	<b>1,470</b>
<p>Reported in September 17 F&amp;PR, updated November 17:</p> <p>The capital receipts forecast for 2017/18 was increased by £1.9m in September 17 to reflect additional monies received, including a £3m receipt in respect of land at Bassenhally (Phase 2). This increase is partly offset by a £350k reduction in capital receipts funding for C&amp;I schemes, which is replaced by an increase in borrowing for C&amp;I schemes. This reduction is as a result of a capital funding adjustment relating to the Mosaic project within Corporate Services, which necessitates £350k of Mosaic expenditure to be funded from capital receipts.</p> <p>Following a review of the Mosaic project, it was determined that £350k of Mosaic revenue costs can be classified as transformation work and is therefore eligible to be charged to capital and funded from capital receipts in 2017/18. These costs can only be classified as capital under the government directive on flexible use of capital receipts; therefore they must be funded by capital receipts rather than any other source of capital funding. This adjustment removes a pressure on the Mosaic revenue budget, bringing both revenue and capital budgets in on target. The overall level of funding through capital receipts and borrowing across the two committees is unchanged by this adjustment.</p> <p>In November 17 the capital receipts forecast was increased by £345k to reflect the latest estimates for predicted sales. This increase was partly offset by a capital funding adjustment relating to the capitalisation of Transformation Team costs. It has been identified that an additional £86k of Transformation Team costs may need to be capitalised, and these costs can only be funded by capital receipts, under the flexible use of capital receipts government directive. Therefore this adjustment will result in a reduction of £86k in the use of capital receipts funding for C&amp;I schemes and a matching increase in Commercial and Investment borrowing.</p>		
<b>Prudential Borrowing</b>	<b>34,625</b>	<b>-1,599</b>
<p>Reported in September 17 F&amp;PR:</p> <p>As reported above.</p>		
<b>MAC Joint Highways Project</b>	<b>482</b>	<b>-482</b>
<p>Reported in November 17</p> <p>The MAC Joint Highways Project is expected to underspend by £482k in 2017/18, resulting in a reduced borrowing requirement.</p>		





**PROGRAMME HIGHLIGHT REPORT**

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

*Meeting Date:* **23 February 2018**

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

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

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

*Purpose:* **The Programme Highlight Report covers the sites in the County Council's housing development pipeline**

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

- 1. Note the content of the Programme Highlight Report**

<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
Name:	John Macmillan	Names:	Councillors Joshua Schumann
Post:	Group Asset Manager	Post:	Committee Chairman
Email:	<a href="mailto:John.macmillan@cambridgeshire.gov.uk">John.macmillan@cambridgeshire.gov.uk</a>	Email:	<a href="mailto:Joshua.schumann@hotmail.co.uk">Joshua.schumann@hotmail.co.uk</a>
Tel:	07808 861 360	Tel:	01223 706398

## 1. BACKGROUND

- 1.1 An accompanying report with the Programme Highlight Report was requested by Cllr Jenkins at the November Commercial & Investment Committee.
- 1.2 The Programme Highlight Report covers the sites in the County Council's housing development pipeline and records where in the planning process the application is, when the valuation report is expected, when the disposal of site is expected to be taken to committee, and when the sale is expected to complete, a RAG rating which record the risk of delay, comments on reasons for a delay and notes who the local member is.

## 2. MAIN ISSUES

- 2.1 Valuations have been commissioned and a number have been completed. The aim is to complete sales by the end of March.
- 2.2 The following sites have a Red RAG status:
  - **Russell St, Cambridge** – City Council have refused the application. It is likely that CHIC will appeal the decision.
  - **Dubbs Knoll, Cambridge** – We have been informed that the application will be refused. The reasons have not yet been provided by South Cambridgeshire District Council.
  - **Parsonage Farm, Whittlesford** – The application has been refused and it is likely that the decision will be appealed by CHIC.
  - **Soham Eastern Gateway** – The Planning application was withdrawn Nov 17 to allow further public consultation after concerns about access into the town through the development. The consultation by CHIC is programmed to start in February 2018.
  - **East Barnwell Community Centre, Cambridge**. Site purchase from Diocese in doubt which may result in reverting to CCC standalone site.
  - **Rampton Road, Cottenham** – The initial planning application was refused. An application to appeal the decision was submitted on 16 Oct 2017. A planning inspector has been appointed and a hearing date has been proposed on the 14<sup>th</sup> March. A second planning application was registered on 10 October 2017. This has been withdrawn as S Cambs have informed that they would refuse the application after getting Counsels opinion on wider 5 year housing supply.
- 2.3 The following sites have an Amber RAG status:
  - **Soham Northern Gateway** – The site may be subject to a commons land claim. Counsel's opinion is expected by the 19<sup>th</sup> January.

Programme Status Report: February 2018

Date15/02/2018

Project Information			Pre-disposal (CCC) indicative milestones											Local Member	Scheme/Project Lead
Project	Scheme/Project Description	Indicative units	Planning Status			Valuation expected	Time from submission to decsion (days0	Agreed affordable	Target for Legal to complete	To C&I for Disposal	RAG Status	Exception update for C&I			
			Planning app submitted	Planning app ref	Planning consent anticipated/granted										
		1714						118							
Cambridge, 35 & 37 Russell Street	6 apartments	6	submitted	17/1483/FUL	Refused	Completed	111	0	31 March 2018	Sep-17	RED	Refused 20th Dec 17.		Linda Jones	CHIC
March, Former Highways Depot Queen St	34 units	34	submitted	F/YR16/0364/O	Granted	Completed		0	31 March 2018	Sep-17	GREEN	s106 agreed 20 Dec17		Steve Count, Janet French	CHIC
Cambridge, Milton Rd Library	New library/community rooms with 7 appartments.	7	submitted	16/2060/FUL	Granted	Completed		0	31 March 2018	Oct-17	GREEN			Jocelynn Scutt	CHIC
Guilden Morden, Dubbs Knoll Rd	16 homes	16	submitted 17 March 2017	S/0937/17/OL	Dec-17	05 February 2018			31 March 2018	Mar-18	RED	Recommended for refusal although not formally notified yet.		Sebastian Kindersley	CHIC
Guilden Morden, Trap Rd	8 homes	8	Dec-17		Apr-18	05 February 2018			31 March 2018	Mar-18	GREEN				CHIC
Papworth Everard, The Old School House	6 homes	6	submitted	S/1594/17/FL		26 February 2018			31 March 2018	Mar-18	GREEN	SCDC planners want number of units reduced. The local Parish Council have expressed an interest in buying but have not come forward with an offer.		Mandy Smith	CHIC
March, 34a Station Rd	10 apartments	10	Apr-18		Jul-18	12 February 2018			31 March 2018	Mar-18	GREEN	consultation		Steve Count, Janet French	CHIC
Whittlesford, Parsonage Farm	2 homes	2	Refused		Feb-18	19 February 2018		0	31 March 2018	Mar-18	RED	CHIC will appeal refusal		Peter Topping	CHIC
Cambridge, East Barnwell Community Centre	New library, childrens nursery, Council offices, sports hall, church and circa 52 appartments and mews houses	52	Jan-18		Jun-18	12 March 2018			31 March 2018	Mar-18	RED	Site purchase from Diocese in doubt which may mean reverting to CCC standalone site.		Joan Whitehead	Stephen Conrad
Brampton, Meadow View	Provision of maximum 32 homes + potential care facility	32	Mar-18		Jul-18	12 February 2018			31 March 2018	Mar-18	GREEN	Planners require further archaeological investigation.		Peter Downes	CHIC
Cambridge, 1 Fitzwilliam Road Hostel	3 homes	3				completed			31 March 2018	Feb-18	GREEN			Linda Jones	CHIC
Soham Eastern Gateway	553 homes, new allotments, school playing field, Medical Centre/extension		submitted	17/01167/ESO		12 March 2018			31 March 2018	Mar-18	RED	Withdrawn Nov 17 to allow further public consultation after concerns about access into the town through the development.		Paul Raynes (Bill Hunt)	CHIC
Soham Eastern Gateway	553 homes, new allotments, school playing field, Medical Centre/extension	553		17/01167/ESO		12 March 2018			31 March 2018	Mar-18	RED	CHIC hope to start public consulation in February.		Paul Raynes (Bill Hunt)	CHIC
Bassingbourn, Clear Farm	10 homes	26	Feb-18		Jun-18	Completed			31 March 2018	Mar-18	RED	Planning proposal reduced from 26 to 10 with balance of land proposed to be let to Parish Council.		Susan van de Ven	CHIC
Burwell, Newmarket Rd	350 homes	350	submitted	15/01175/OUM	Granted subject to s106	12 March 2018		87	31 March 2018	Mar-18	GREEN			Josh Schumann	Stephen Conrad
Wicken, Land off Church Road	6 homes	6	submitted	17/01945/OUT	Mar-18	19 February 2018			31 March 2018	Mar-18	GREEN			Bill Hunt	Anna Hicks

Cambridge, Former Police Station and Registrar's Office	6 appartments (old police station); 11 units (registrar's office)	17	Apr-18		Oct-18	05 February 2018		31 March 2018	Mar-18	GREEN			Claire Richards	CHIC
Foxton, Foxton PRU	7 units.	7	Apr-18		Oct-18	Completed		31 March 2018	Feb-18	GREEN			Peter Topping	CHIC
Hartford, Hartford PRU	5 units.	5	Apr-18		Oct-18	Completed		31 March 2018	Feb-18	GREEN			Michael Shellens	CHIC
Horningsea, Northgate Farm	2 units.	2	Apr-18		Oct-18	Completed		31 March 2018	Feb-18	GREEN			Anna Bradnam	Tom Sims
Landbeach, Beach Farm, Green End Rd	5 homes	5	Apr-18		Oct-18	Completed		31 March 2018	Feb-18	GREEN			Anna Bradnam	CHIC
Cambridge, Camfields 137-139 Ditton Walk	25 units	25	Jun-18		Jan-19	Completed		31 March 2018	Feb-18	GREEN			Joan Whitehead	CHIC
Soham Northern Gateway	20 units/some employment	20	Jul-18		Mar-19	05 March 2018		31 March 2018	Mar-18	AMBER	May be subject to a Commons land claim. Counsel's opinion has been sought.		Paul Raynes (Bill Hunt)	Stephen Conrad
March, Hereward Hall & surrounding undeveloped land	Circa 60 units.	60	Apr-19		Oct-19	12 February 2018		31 March 2018	Mar-18	GREEN			Steve Count, Janet French	CHIC
Cambridge, Malta Road	10 units	10	Apr-18		Aug-18	Completed		31 March 2018	Feb-18	GREEN			Noel Kavanagh	CHIC
Cambridge, Worts Causeway	Circa 230 homes	230	Sep-20		Jun-21	05 March 2018		31 March 2018	Mar-18	GREEN			Amanda Taylor	Stephen Conrad
March, Norwood Road land	25-56 units + possible 60-bed care facility.	25	Apr-21		Dec-21	12 February 2018		31 March 2018	Mar-18	GREEN			Steve Count, Janet French	CHIC
Cottenham, Rampton Rd	154 homes		submitted	S/2876/16/OL	05 March 2018		31 March 2018			RED	Planning consent refused. Appeal submitted 16 Oct 2017. Appeal hearing March 2018.		Tim Wotherspoon	Stephen Conrad
Cottenham, Rampton Rd	125 homes	125	submitted	S/3551/17/OL	Withdrawn	05 March 2018		31 March 2018	Mar-18	RED	Application withdrawn as S Cambs informed that they would refuse the application after getting Counsels opinion on wider 5 year housing		Tim Wotherspoon	Stephen Conrad
Willingham, Belsar Farm	25 homes	25	submitted	S/3145/16/FL	Granted subject to s106	Completed	10	31 March 2018	Feb-18	GREEN			Tim Wotherspoon / HDA	Stephen Conrad
Shepreth, Meldreth Rd	25 homes	25	submitted	S/3052/16/FL	Granted subject to s106	Completed	10	31 March 2018	Feb-18	GREEN			Peter Topping / HDA	Stephen Conrad
Litlington, Sheen Farm	22 homes	22	submitted	S/2927/17/FUL	Granted subject to s106	19 February 2018	11	31 March 2018	Mar-18	GREEN	Approved		Sebastian Kindersley / HDA	Stephen Conrad

# COMMERCIAL AND INVESTMENT COMMITTEE AGENDA PLAN

Published on 2nd January 2018  
Updated 15<sup>th</sup> February 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. Additional information about confidential items is given at the foot of this document.

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

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

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

- **Shire Hall Relocation Programme (*with effect from March*);**
- **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
<b>23/02/18</b>	Portfolio Sale	Tom Kelly/ John Macmillan	2017/017	14/02/18	15/02/18
	Cambridge Catering & Cleaning Services (CCS) report+	Chris Malyon	2018/032		
<b>23/03/18</b>	Endorsement of the BEIS funded Local Energy Investment Strategy for Cambridgeshire, Hertfordshire, Norfolk and Suffolk	Sheryl French	n/a	14/03/18	15/03/18

<b>Committee Date</b>	<b>Agenda item</b>	<b>Lead officer</b>	<b>Reference if key decision</b>	<b>Deadline for draft reports</b>	<b>Agenda despatch date</b>
	Report back from Cambridgeshire Music Member Reference Panel	Matthew Gunn	n/a		
	Portfolio Sale	Tom Kelly/ John Macmillan	2018/006		
<b>27/04/18</b>	Outline business case for Smart Energy Grids for Trumpington and Babraham park and ride sites	Sheryl French	2018/033	18/04/18	19/04/18
<b>25/05/18</b>	Outline business cases for two Battery Storage Projects	Sheryl French	2018/034	16/05/18	17/05/18
<b>22/06/18</b>	Closed Landfill Sites (x5) energy project feasibility	Cherie Gregoire	N/a	12/06/18	14/06/18
<b>20/07/18</b>				11/07/18	12/07/18
<b>17/08/18</b>				08/08/18	09/08/18
<b>14/09/18</b>				05/09/18	06/09/18
<b>19/10/18</b>				10/10/18	11/10/18
<b>23/11/18</b>				14/11/18	15/11/18
<b>14/12/18</b>				05/12/18	06/12/18
<b>18/01/19</b>				09/01/19	10/01/19
<b>22/02/19</b>				13/02/19	14/02/19
<b>22/03/19</b>				13/03/19	14/03/19
<b>26/04/19</b>				15/04/19	16/04/19
<b>24/05/19</b>				15/05/19	16/05/19

To be programmed: Oasis Centre, Wisbech (Hazel Belchamber); Smart Energy Grid, Power Purchase Agreement Sheryl French (Key Decision Number 2017/030)

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

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

<b>Forward plan reference</b>	<b>Intended date of decision</b>	<b>Matter in respect of which the decision is to be made</b>	<b>Decision maker</b>	<b>List of documents to be submitted to the decision maker</b>	<b>Reason for the meeting to be held in private</b>
2018/032	23/02/18	Cambridge Catering & Cleaning Services (CCS) report	Commercial and Investment Committee	Report of Chief Finance Officer	Information relating to the financial or business affairs of any particular person (including the authority holding that information).

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

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

6.

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

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



<b>COMMERCIAL AND INVESTMENT COMMITTEE TRAINING PLAN</b>			<b>The Training Plan below covers those sessions that have already taken place. Members are asked to identify areas where they feel additional training would be beneficial.</b>		
<b>Ref</b>	<b>Subject</b>	<b>Desired Learning Outcome/Success Measures</b>	<b>Date</b>	<b>Responsibility</b>	<b>Attendance by:</b>
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 <sup>th</sup> June 2017	Chris Malyon/ David Gelling/ David Bethell/ John Macmillan	C&I
3.	Business Planning Session		15 <sup>th</sup> September 2017	Chris Malyon/ James Wilson	C&I
4.	Asset & Risk Workshop	<ul style="list-style-type: none"> <li>• Asset Strategy</li> <li>• CHIC</li> <li>• Risk approach and risk register</li> <li>• Site tenure mix and retention of rental housing</li> <li>• Affordable housing</li> <li>• Community Land Trusts</li> </ul>	20 <sup>th</sup> October 2017	Chris Malyon/Stephen Conrad/ David Gelling	C&I

