

# COMMERCIAL AND INVESTMENT COMMITTEE



**Date: Friday, 19 October 2018**

**Democratic and Members' Services**

Fiona McMillan

Deputy Monitoring Officer

**10:00hr**

Shire Hall

Castle Hill

Cambridge

CB3 0AP

**Room 128**

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

## AGENDA

Open to Public and Press

### CONSTITUTIONAL MATTERS

1. **Apologies for absence and declarations of interest**  
*Guidance on declaring interests is available at*  
<http://tinyurl.com/ccc-conduct-code>
2. **Minutes and Action Log of the Committee meeting held 14th September 2018** **5 - 16**
3. **Petitions and Public Questions**

### OTHER DECISIONS

4. **Service Committee Review of draft Revenue Business Planning proposals for 2019-20 to 2023-24** **17 - 42**
5. **Service Committee Review of the draft 2019-20 Capital Programme** **43 - 56**

6. **Loans to voluntary and non-profit organisations**  
*- to follow*
7. **Finance & Performance Report - August 2018** **57 - 78**
8. **Amended proposed Business Case to fund the roof works required at the Marwick Centre, March PE15 8PH**  
*- separately enclosed*
9. **Agenda Plan, Training Plan and Appointments to Outside Bodies** **79 - 82**

The Commercial and Investment Committee comprises the following members:

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

Councillor Ian Bates Councillor Lorna Dupre Councillor John Gowing Councillor David Jenkins Councillor Linda Jones Councillor Lucy Nethsingha Councillor Terence Rogers and Councillor Tim Wotherspoon

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

Clerk Name: Dawn Cave

Clerk Telephone: 01223 699178

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

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

**Date:** 14 September 2018

**Time:** 10.00am-1.00pm

**Venue:** Room 128, Shire Hall, Cambridge

**Present:** Councillors J Schumann (Chairman), A Hay (Vice Chairman), I Bates, C Boden, L Dupre, L Jones, L Nethsingha, M Shellens (until 12.40pm), T Wotherspoon

**Apologies:** Councillors J Gowing (substituted by C Boden) and D Jenkins (substituted by M Shellens)

**Also present:** Councillor P Topping (Items 1-16) and Councillors L Every and P Hudson (Item 5)

### **CONSTITUTIONAL MATTERS**

#### **1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were noted as recorded above. There were no declarations of interest.

#### **2. MINUTES OF THE MEETING ON 20 JULY 2018 AND ACTION LOG**

The minutes of the meeting on 20 July 2018 were approved as a correct record, subject to noting that the delegation to delegate the conclusion of any finer details of the contract to the Deputy Section 151 officer was in consultation with the Working Group as well as the Chairman.

##### Action Log Updates:

- i. Minute 137: Potential Acquisition: Officers stated that the Working Group had approved the strategy as agreed at the meeting. A full report on governance and strategy would be submitted to the next Committee meeting.
- ii. Minute 131: Details would be circulated to the Committee.
- iii. Minute 132: Details had been circulated to the Committee by email.

#### **3. PETITIONS AND PUBLIC QUESTIONS**

There were no petitions or public questions.

### **DECISIONS**

#### **4. OUTLINE BUSINESS CASES FOR CLEAN ENERGY PROJECTS AT WOODSTON AND STANGROUND CLOSED LANDFILL SITES**

The Chairman noted that since the last meeting the Innovate UK funding bid had been successful in the first round of bidding. He offered congratulations to the team involved.

The Special Projects Manager requested a development budget of £300k to advance two sites be allocated for the first stage of work and would form part of delivering the larger vision of the corporate energy strategy. There were five closed landfill sites across Cambridgeshire and Peterborough. At this stage the Stanground site appeared to offer the most attractive option. The majority of revenue would be generated by providing capacity to supply and support the grid. The four key risks and mitigations were set out at paragraph 2.15 of the report. There would be four investment grade proposals stages, and approval was being sought for the preliminary stage only.

Arising from the report,

- The Chairman sought confirmation of whether the £300k would be drawn down at different stages. Officers confirmed that this would be the case;
- A Member commented that they were content with the recommendations, but asked that officers should bottom out the issues relating to state aid implications in the next report brought to the Committee;
- Officers confirmed that the time taken for redundant waste sites to experience ground settling had been taken into account in their planning and that the project was expected to begin generating income in two years;
- A Member questioned if the full £300k of initial funding was at risk if it was decided not to proceed to stage two of the project. Officers stated that £300k was the absolute maximum risk. In practice, initial costs for the first stage would be around £30k for each site, c£7k to apply for grid connection plus staff and legal costs;
- A Member asked why an NPV rate of 4.4% had been used. Officers stated that whilst it was not a standard figure, the methodology by which it had been reached was standard and had been agreed by a previous Committee.

Summing up, the Chairman stated that an indication of whether the project would progress could be expected quite early on.

It was resolved to:

- a) agree the outline business cases; and
- b) support the development budget of £150,000 for each site (totalling £300,000) to fund the development costs to the first stage of an Investment Grade Proposal.

## **5. THE FUTURE DIRECTION OF AND DEVELOPMENT STRATEGY FOR CAMBRIDGESHIRE MUSIC AND THE CREATE PROJECT**

The Chairman welcomed Councillor Every and Councillor Hudson to the meeting in their and invited them to outline the Member Reference Panel's findings to date. He reminded Members that all political groups were represented on the Member Reference Panel.

Councillor Every stated that the Member Reference Panel accepted that the CREATE project would support and enhance the existing music education offer, but that the majority of the Panel felt that it could be more ambitious. The new music Hub would build on a very strong foundation set by Cambridgeshire Music and would provide a focus to draw in national sponsors, extend the offer and develop the local economy. Potential Hub sites had been reviewed and scored against agreed criteria. Following this work the Panel was recommending that work on the future direction of Cambridgeshire Music and CREATE should move to the next phase of the Outcome

Focused Review (OFR) process, but that the St Luke's Barn option should not be pursued further. Councillor Hudson stated that he was hugely excited about the CREATE project. In his judgement the Hub needed to be relatively near to Cambridge to facilitate top calibre musicians using the space and being broadcast around the county. He gave an assurance that the project would be delivered.

Arising from the report,

- The Chairman and members of the Committee thanked the Panel and officers for their time and work and welcomed their commitment to an ambitious vision for music education in Cambridgeshire;
- A Member commented that the original St Luke's Barn proposal had a clear timeline and funding. They were not clear about the timing, funding or status of the alternative sites now proposed. The Chairman disputed that this had been the case. Councillor Every stated that the details would be explored as part of the next phase of the OFR process, but that the CREATE project was a concept, not a particular building or location. Officers confirmed that the Council did not own buildings in the locations mentioned as possible sites for the Hub, but that it did own land in those areas. Had the St Luke's Barn option been progressed the existing building would have been demolished and replaced, so construction costs would be incurred at any of the proposed sites;
- Noted that previous reports had mentioned Wisbech as a possible location for the Hub, but that this was not included in the current report. Councillor Every noted this observation;
- Questioned whether the Council risked reputational damage in declining the Arts Council grant relating to St Luke's Barn. A Member suggested that the Committee should defer declining the Arts Council grant until Members were satisfied that a viable alternative existed. The Chairman reminded Members that to qualify for the Arts Council grant of £1m the Council had to commit the same sum, and the Member Reference Panel had concluded that St Luke's Barn did not meet the agreed project requirements. St Luke's Barn offered 1200 square metres of space compared to the minimum of 1300 square metres which Cambridgeshire Music had specified as necessary for the space to fulfil the Panel's ambitions. He judged that requiring musicians to 'make do' with a purpose-built sub-optimal space was not acceptable;
- A Member commented that it was clear that the Member Reference Panel had not been unanimous in its conclusions. They were disappointed that this was not reflected in the report before the Committee.

The following amendment was proposed by Councillor Nethsingha, seconded by Councillor Shellens, that:

- a) *the existing recommendations should be deleted in their entirety and replaced with the following resolutions:*
  - i. *that the Committee welcomes the input of the Member Reference Panel and notes that St Luke's Barn continues to score highly as a venue for delivering music education across Cambridgeshire;*
  - ii. *that given that the Arts Council funding is specific to the St Luke's Barn proposal the Committee support this as a good location, accept the Arts Council contribution and request that officers move forward with finding additional funding from other sources on the basis of St Luke's Barn for the project.*

On being put to the vote the amendment was lost.

The following amendment was proposed by Councillor Shellens, seconded by Councillor Dupre, that:

- a) recommendation (e) of the report should be deleted.*

On being put to the vote the amendment was lost.

Summing up, the Chairman welcomed the evident passion and commitment of the Member Reference Panel.

On the original resolutions being put to the vote, it was resolved by a majority to:

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

## **6. ASBESTOS CONSULTANCY RE-TENDER**

The Compliance Manager stated that that the current framework contract ended in August 2018. An exemption was being sought to extend the use of the current framework until December 2018. The delay to the re-procurement exercise was due to a change in asbestos regulation and guidance. Costs of £390k had been incurred during the last financial year, but it was difficult to predict costs for the next four years until the capital programme in schools was agreed. The Committee's approval to delegate authority to award the contract to the Compliance Manager was being sought due to the technical nature of the contract.

Arising from the report, Members:

- expressed reservations that the Committee was in effect being asked to sign a blank cheque as likely costs for the next four years were not yet known. Officers stated that costs were already budgeted and that the decision would be brought back to Committee if there was a significant variance;



- asked whether LGSS Procurement was being used and whether the proposed procurement process was both price sensitive and quality sensitive. Officers stated that due to the highly specialised and emotive nature of the work the procurement was based on 60% technical ability and 40% price. A Member commented that they were not happy with this, noting that there were five levels of sensitivity in LGSS Procurement. Officers undertook to provide a written response on this point after further meetings took place with LGSS the following week. **ACTION**
- noted that all except one academy schools in Cambridgeshire purchased their services from the Council.

It was resolved to:

- a) agree the re-tendering of the framework contract;
- b) delegate the authority to make the appointment to the Compliance Manager.

## **7. LOAN TO ESTOVER PLAYING FIELD COMMUNITY INTEREST COMPANY (CIC)**

The Chief Finance Officer stated that Estover Playing Field Community Interest Company (CIC) was seeking a loan of approximately £350k, repayable over six years, to fund the provision of a pavilion on land leased from the County Council. Feedback on the draft report had highlighted concern about the narrative around the guarantee being offered from March Town Council. The letter at Appendix 1 of the report confirmed that March Town Council would act as full guarantor for any loan made to Estover Playing Field CIC by the County Council. Legal agreement would be established in relation to this guarantee.

Arising from the report,

- Paragraph 3.1: officers clarified that the 'small yield' described was anticipated to be around 1% and that net present value was negative. A Member commented that it would be helpful for officers to look at how net present value was calculated for the Authority **ACTION**
- A Member questioned why the loan was not being made to March Town Council. Officers stated that the project was being developed by Estover Playing Field CIC and that as a charity there were benefits to this;
- A Member asked whether there was a policy on making loans to charities, and whether any charity could apply. The Chief Finance Officer stated that it was proposed to include this in the Treasury Management Strategy for the coming budget round. Risk management would be key. The Chairman welcomed this proposal, commenting that there was nothing wrong in considering ad hoc requests, but that it would be good to formalise details such as expected security, rates of return and the basis on which such loans would be made. It would be useful to see this element worked up and submitted as a separate report to the Committee. **ACTION**

It was resolved to:

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

## 8. CAMBS 2020 PROGRAMME

The Chief Finance Officer stated that this report was focusing on the delivery of Council services rather than the relocation of some functions to Alconbury. A raft of activity was being carried out based around service delivery at local community level. Some aspects of current service delivery had not kept pace with changes in modern society and the Cambs 2020 project had provided a catalyst to reviewing both where and how services could best be delivered. Directorates did not hold much spare resource capacity so approval to seek additional Transformation Funding from the General Purposes Committee was being sought. Details of the Transformation funding being requested was contained at paragraph 3.19 of the report, although on reflection he asked that the final two elements (consultancy costs of £100k and a contingency fund of £100k) should be withdrawn from consideration, to be brought back separately at a later date.

Arising from the report,

- Officers confirmed that the calculations were predicated on the assumption of business as usual by 2020, which gave a 28 month basis;
- A Member suggested there appeared to be spare capacity in the baseline which raised the question of opportunity costs. Officers stated that additional pressures were absorbed;
- A Member commented that some officers appeared to be routinely working until 9.00pm at night and expressed concern about the pressure being placed on them. The Chief Finance Officer accepted this as a reasonable challenge. Huge pressures existed within the system and prioritising these was part of officers' everyday business. Inevitably this meant that some low priority tasks would fall by the wayside as the organisation did not have the capacity to do all that it might wish in an ideal world;
- A Member commented that they felt that changes arising from the Devolution Deal, the creation of the Cambridgeshire and Peterborough Combined Authority and wider local government issues meant this was the wrong time to build a new Hub. The Chairman stated that the Council's position was that it was absolutely the right time to make the move away from Shire Hall and that this had the potential to deliver significant income as well as improved service delivery;
- A Member highlighted the Digital Lead as a key issue as they judged the Council was behind comparable Authorities in this area. Officers accepted that the Council was not currently at the forefront of digitalisation and that Cambs 2020 presented the opportunity to address this;
- Emphasised the importance of the Human Resources Manager in implementing the required cultural and organisational change and engaging staff in the process;
- Paragraph 3.18 - Independent Chair: Officers clarified that the narrative was incorrect and that the £46k costs relating to the Independent Chair were unfunded, as correctly set out in the table at paragraph 3.9;
- Asked whether the Council had enough staff with the right skills to drive and deliver the programme. Officers confirmed that they would draw any capacity issues to the attention of the Committee.

It was resolved to:

- a) approve the resources to facilitate the delivery of the infrastructure required to support a community based service delivery model as set out in this report;
- b) request the General Purposes Committee to approve the funding of the resources not currently within the Council's base budget from the Council's Transformation Fund as summarised within the table at paragraph 3.19, with the exception of the final two items in the table which were removed.

## **9. UPDATE ON BUILDING INSPECTIONS**

The Group Asset Manager provided an update to Members on the inspection approach relating to Listed Buildings and Leased Buildings. With the exception of Academy schools, it was proposed that Listed Buildings would be inspected by specialist surveyors every five years as part of the Council's rolling inspection programme. In-house staff would inspect Listed Buildings each year between specialist surveys. The ten buildings currently let on long leases where repairs were the responsibility of the tenant would be inspected by officers every five years to ensure that they were being properly maintained.

Arising from the report:

- A Member asked whether the inspection of long lease properties could instead be carried out every three years with the costs met by the tenant. Officers confirmed that this was possible, but there would be cost implications in managing this and so the risk needed to be balanced against the resource implications of more frequent inspections. Annual in-house inspections were conducted of some properties where this was deemed necessary. In response to a question from the Chairman, officers confirmed that additional ad hoc inspections of listed buildings could also be carried out;
- Officers were not aware if Academy school buildings were routinely inspected. Academy Trusts could apply to the Department for Education for condition grant funding if needed which the Council's Education team would support. The Chairman asked officers to explore whether it would be feasible to ask Academy schools to provide the Council with information on their building inspections. The Regional Schools Inspector might be informed that the Council was requesting this information and that their support in encouraging Academies to respond would be valued. **ACTION** Subject to legal advice, the Chairman asked that in future leases of property to Academy schools should require them to provide the Council with inspection reports on a specified basis **ACTION**
- Officers stated that a management plan for repairs to Wisbech Castle was required by the end of the year;
- Officers stated that specialist surveys would highlight issues to be monitored and the timescale for follow-up by both in-house and specialist surveys.

Summing up, the Chairman thanked officers for their report and asked that a note should be circulated responding to the points raised during the discussion. **ACTION**

It was resolved to:

- a) note the proposed actions.

**10. NEW LEASES AT LESS THEN BEST RENT – 17 UPHERDS LANE AND 1a UPHERDS LANE, ELY**

The Group Asset Manager stated that the properties provided accommodation to nine occupants with learning difficulties. The occupants had been resident for some time. The buildings were in reasonable condition, but it was proposed that the Council would replace a lift, after which the Cambridge Housing Society Group would take on the maintenance costs. In supporting the proposals a Member noted that greater costs would be incurred if the occupants had to be rehomed.

It was resolved to:

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

**11. FINANCE AND PERFORMANCE REPORT – JULY 2018**

The Group Accountant reported that as of the end of July 2018 there was a forecast overspend of £4,163k on revenue budgets within the Commercial and Investment Committee's remit. This represented an increase since the last report in June 2018. There were no variances to report on the capital budget which remained forecast to be in balance at year-end. The report contained additional information relating to the proposed virement of £711k from the Shire Hall building maintenance budget to the countywide maintenance budget which the Committee had requested in July 2018.

Arising from discussion of the report:

- Officers undertook to provide a note detailing the cost of installing new vending machines at Shire Hall; **ACTION**
- Appendix 2 Housing Investment (This Land Company): Officers confirmed that the forecast variance of £500k reflected a timing issue and that total income was still as predicted;
- Appendix 2 Cambridgeshire Catering and Cleaning Services: The Chief Finance Officer stated that the projected shortfall partly reflected some slippage on capital receipts which had led to a reduced ability to invest. It was also acknowledged that the Business Plan had been overly optimistic in relation to market opportunities. A further project was in the pipeline and the final outturn was expected to be closer to original projections;
- Officers stated that Council-wide, pressures related mainly to investments and Childrens' Services. Over the next 18 months the aim was for Children's Services expenditure to be brought more closely into line with statistical neighbours.

It was resolved to:

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

**12. COMMITTEE AGENDA PLAN, TRAINING PLAN AND APPOINTMENTS TO OUTSIDE BODIES**

The Chairman reported that following Councillor Raynes' resignation a place had become available on the Shire Hall Working Group which he would be willing to fill.

In response to a Member's suggestion that the number of items on the agenda plan might be rationalised the Chairman noted that there had been a Reserve meeting date available in August 2018 which Members had chosen not to use.

Members noted that the Review of Commercial Acquisitions Strategy would move to October 2018 from December 2018. **ACTION** The training on finance and performance indicators planned for 13 September had not taken place and needed to be rescheduled. **ACTION**

It was resolved to:

- a) note the Agenda Plan, including the updates provided orally at the meeting;
- b) note the training Plan;
- c) appoint Councillor Schumann to the Shire Hall Working Group in place of Councillor Raynes.

### **13. PROPERTY SERVICES OUTCOME FOCUSED REVIEW – OPTIONS APPRAISAL**

The Director for Business Improvement and Development stated that she was not certain that the report before the Committee fully represented the level of detail required. On that basis she requested that the report be deferred until November 2018. Officers acknowledged Members' request to provide advance notice in future if a report was to be deferred.

The Chairman reminded Members that they could send any questions about reports direct to him or to the Chief Finance Officer in advance of meetings if they wished officers to provide a detailed response in the meeting.

It was resolved to defer this item to a future meeting.

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

It was resolved to:

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

### **KEY DECISION**

### **15. RURAL ESTATES OUTCOME FOCUSED REVIEW (KD2018/062)**

The Committee considered a report on the Rural Estates Outcome Focused Review.

It was resolved to:

- a) consider the four options set below and resolve that all options should be explored and that a further report and recommendations should be submitted to the Committee:

- i. management by the strategic assets team
- ii. commissioned out management of the estate
- iii. joint working
- iv. sale of estate for investment in other opportunities

**DECISION**

**16. LAND PROMOTION AGREEMENTS**

The Committee considered a report on Land Promotion Agreements.

It was resolved to defer this decision to a future meeting.

Chairman  
(date)

# COMMERCIAL & INVESTMENT COMMITTEE

## Minutes-Action Log



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

### Introduction:

This is the updated action log as at **11<sup>th</sup> October 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 22<sup>nd</sup> June

|      |  |     |   |     |  |
|------|--|-----|---|-----|--|
| 125. | <b>Programme Highlight report – progress of sales to This Land</b> | tbc | It was agreed that it would be interesting for the Committee to visit a site in the future. | tbc |  |
|------|--|-----|---|-----|--|

### Minutes of 20<sup>th</sup> July

|      |  |                         |   |                                       |  |
|------|--|-------------------------|---|---------------------------------------|--|
| 131. | <b>This Land financing arrangements, portfolio sale and construction financing</b> | Tom Kelly/<br>This Land | Identify whether This Land would pay for the construction of the access road. | Details to be circulated to Committee |  |
|------|--|-------------------------|---|---------------------------------------|--|

### Minutes of 14<sup>th</sup> September

|      |   |                            |   |                             |            |
|------|---|----------------------------|---|-----------------------------|------------|
| 144. | <b>Asbestos Consultancy Re-tender</b>                           | Phil Hill                  | Written response on the procurement process.  | Circulated.                 | Completed. |
| 145. | <b>Loan to Estover Playing Field Community Interest Company</b> | Chris Malyon/<br>Tom Kelly | <i>“A Member commented that it would be helpful for officers to look at how net present value was calculated for the Authority”</i> |                             |            |
| 145. | <b>Loan to Estover Playing Field Community Interest Company</b> | Chris Malyon/<br>Tom Kelly | Requested a report on loan to charities/third parties.  | On the agenda for 19/10/18. | Completed. |

|      |  |                                       |   |  |             |
|------|--|---------------------------------------|---|--|-------------|
| 147. | <b>Update on Building Inspections</b>  | John Macmillan                        | Request the Regional Schools Inspector supports the Council in asking Academies to provide details of their building inspections. |  |             |
| 147. | <b>Update on Building Inspections</b>  | John Macmillan                        | Future leases of property to Academies should require them to provide the Council with inspection reports on a specified basis.   |  |             |
| 147. | <b>Update on Building Inspections</b>  | John Macmillan                        | Circulate note responding to the points raised during the discussion.   |  |             |
| 149. | <b>Finance &amp; Performance Report</b>  | Ellie Tod                             | Circulate note detailing the cost of installing new vending machines at Shire Hall.   | Note due to be circulated week commencing 15th October |             |
| 150. | <b>Committee Agenda Plan, Training Plan and Appointments to Outside Bodies</b> | Tom Kelly/<br>Ellie Tod/<br>Dawn Cave | Reschedule training on Finance and Performance Indicators   |  |             |
| 153. | <b>Rural Estates Outcome Focused Review</b>                                    | John Macmillan                        | Review how Rural Estates was provided (i.e. external/in-house)  |  |             |
| 154. | <b>Land Promotion Agreements</b>   | Chris Malyon/<br>Dawn Cave            | Arrange Training Session on Members' duties and obligations in considering Promotion Agreements.                                  | Training session arranged for 02/11/18 (12.30pm)       | In progress |
| 154. | <b>Land Promotion Agreements</b>   |                                       | Consult Local Members where Council leading on developments or promotions.  |  | Ongoing     |



**SERVICE COMMITTEE REVIEW OF DRAFT REVENUE BUSINESS PLANNING PROPOSALS FOR 2019-20 TO 2023-24**

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

*Meeting Date:* **19 October 2018**

*From:* **Amanda Askham: Director of Improvement & Development**

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

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

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

*Recommendation:* **a) It is requested that the Committee note the overview and context provided for the 2019-20 to 2023-24 Business Plan revenue proposals for the Service.**

**b) It is requested that the Committee comment on the draft revenue proposals that are within the remit of the Commercial and Investment Committee for 2019-20 to 2023-24.**

| <b><i>Officer contact:</i></b> |  |
|--------------------------------|--|
| Name:                          | Amanda Askham  |
| Post:                          | Director of Business Improvement & Development   |
| Email:                         | <a href="mailto:Amanda.Askham@cambridgeshire.gov.uk">Amanda.Askham@cambridgeshire.gov.uk</a> |
| Tel:                           | 01223 703565   |

## 1. OVERVIEW

- 1.1 The Council's Business Plan sets out how we will spend the resources we have at our disposal to achieve our vision and priorities for Cambridgeshire, and the outcomes we want for people.

| Outcomes  |  |
|---|--|
| Older people live well independently.   |   |
| Places that work with children help them to reach their full potential.             |   |
| People lead a healthy lifestyle and stay healthy for longer.                        |   |
| People with disabilities live well independently.                                   |   |
| People live in a safe environment.  |   |
| The Cambridgeshire economy prospers to the benefit of all Cambridgeshire residents. |   |
| People at risk of harm are kept safe.   |  |

- 1.2 To ensure we deliver this agenda, our focus is always on getting the maximum possible value for residents from every pound of public money we spend and doing things differently to respond to changing needs and new opportunities. The Business Plan therefore sets out how we aim to provide better public services and achieve better results for communities whilst responding to the challenge of reducing resources.
- 1.3 Like all Councils across the country, we are facing a major challenge. Demand is increasing and funding is reducing at a time when the cost of providing services continues to rise significantly due to inflationary and demographic pressures. Through our FairDeal4Cambs campaign we are currently linking with the 39 Shire County areas who make up membership of the County Council's Network and who are raising the issue of historic underfunding of Shire Counties with our MPs and through them with Government. As the fastest growing County in the country this financial challenge is greater in Cambridgeshire than elsewhere. We have already delivered £186m of savings over the last five years and have a strong track record of value for money improvements which protect front line services to the greatest possible extent. However we know that there will be diminishing returns from existing improvement schemes and that the substantial pressure on public finances remains. It is therefore clear that we need to work more closely with local communities to help them help themselves as well as going further and faster in redesigning the way we commission and deliver services.
- 1.4 As such our Business Plan recognises the scale of change needed and proposes a significant programme of change across our services, with our partners and, crucially, with our communities. To support this we have a

dedicated transformation fund, providing the resource needed in the short term to drive the change we need for the future.

- 1.5 As the scope for traditional efficiencies diminishes our plan is increasingly focused on a range of more fundamental changes to the way we work. Some of the key themes driving our thinking are;
- Income and Commercialisation - identifying opportunities to bring in new sources of income which can fund crucial public services without raising taxes significantly and to take a more business-like approach to the way we do things in the council.
  - Strategic Partnerships – acting as ‘one public service’ with our partner organisations in the public sector and forming new and deeper partnerships with communities, the voluntary sector and businesses. The aim being to cut out duplication and make sure every contact with people in Cambridgeshire delivers what they need now and might need in the future.
  - Demand Management – working with people to help them help themselves or the person they care for e.g. access to advice and information about local support and access to assistive technology. Where public services are needed ensuring support is made available early so that people’s needs don’t escalate to the point where they need to rely heavily on public sector support in the long term– this is about supporting people to remain as healthy and independent as possible for as long as possible.
  - Commissioning – ensuring all services that are commissioned to deliver the outcomes people want at the best possible price – getting value for money in every instance.
  - Modernisation – ensuring the organisation is as efficient as possible and as much of the Council’s budget as possible is spent on front line services and not back office functions taking advantage of the latest technologies and most creative and dynamic ways of working to deliver the most value for the least cost.
- 1.6 The Council continues to undertake financial planning of its revenue budget over a five year period which creates links with its longer term financial modelling and planning for growth. This paper presents an overview of the proposals being put forward as part of the Council’s draft revenue budget, with a focus on those which are relevant to this Committee. Increasingly the emerging proposals reflect joint proposals between different directorate areas and more creative joined up thinking that recognise children live in families and families live in communities, so many proposals will go before multiple Committees to ensure appropriate oversight from all perspectives.
- 1.7 Funding projections have been updated based on the latest available information to provide a current picture of the total resource available to the Council. At this stage in the year, however, projections remain fluid and will be reviewed as more accurate data becomes available.

- 1.8 Equally as our proposals become more ambitious and innovative, in many instances they become less certain. Some proposals will deliver more or less than anticipated, equally some may encounter issues and delays and others might be accelerated if early results are promising. To manage this we need to incorporate some changes to our business planning approach, specifically;
- We want to develop proposals which exceed the total savings/income requirement – so that where some schemes fall short they can be mitigated by others and we can manage the whole programme against a bottom-line position
  - We aim to establish a continual flow of new proposals into the change programme – moving away from a fixed cycle to a more dynamic view of new thinking coming in and existing schemes and estimates being refined
  - A managed approach to risk – with clarity for members about which proposals have high confidence and certainty and which represent a more uncertain impact
- 1.9 The Committee is asked to comment on these initial proposals for consideration as part of the Council's development of the Business Plan for the next five years. Draft proposals across all Committees will continue to be developed over the next few months to ensure a robust plan and to allow as much mitigation as possible against the impact of these savings. Therefore these proposals may change as they are developed or alternatives found.
- 1.10 Committees will receive an update to the revenue business planning proposals in December at which point they will be asked to endorse the proposals to GPC as part of the consideration for the Council's overall Business Plan.

## **2. BUILDING THE REVENUE BUDGET**

- 2.1 Changes to the previous year's budget are put forward as individual proposals for consideration by committees, General Purposes Committee and ultimately Full Council. Proposals are classified according to their type, as outlined in the attached Table 3, accounting for the forecasts of inflation, demand pressures and service pressures, such as new legislative requirements that have resource implications, as well as savings.
- 2.2 The process of building the budget begins by identifying the cost of providing a similar level of service to the previous year. The previous year's budget is adjusted for the Council's best forecasts of the cost of inflation, the cost of changes in the number and level of need of service users (demand) and proposed investments. Should services have pressures, these are expected to be managed within that service where possible, if necessary being met through the achievement of additional savings or income. If it is not possible, particularly if the pressure is caused by legislative change, pressures are considered corporately. It should be noted, however, that there are no additional resources and therefore this results in an increase in the level of savings that are required to be found across all Council Services. The total expenditure level is compared to the available funding and, where this is insufficient to cover expenditure, the difference is the savings/income

requirement to be met through transformational change, and or, savings projects in order to achieve a set of balanced proposals.

- 2.3 The budget proposals being put forward include revised forecasts of the expected cost of inflation following a detailed review of inflation across all services at an individual budget line level. Inflation indices have been updated using the latest available forecasts and applied to the appropriate budget lines. Inflation can be broadly split into pay, which accounts for inflationary costs applied to employee salary budgets, and non-pay, which covers a range of budgets, such as energy, waste, etc. as well as a standard level of inflation based on government Consumer Price Index (CPI) forecasts. All inflationary uplifts require robust justification and as such general inflation was assumed to be 0%. Key inflation indices applied to budgets are outlined in the following table:

| <b>Inflation Range</b>                              | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
|---|----------------|----------------|----------------|----------------|----------------|
| Standard non-pay inflation                          | 1.8%           | 1.9%           | 2.0%           | 2.0%           | 2.0%           |
| Other non-pay inflation (average of multiple rates) | 3.1%           | 2.2%           | 2.5%           | 2.4%           | 2.4%           |
| Pay (admin band)                                    | 2.0%           | 1.0%           | 1.0%           | 1.0%           | 1.0%           |
| Pay (management band)                               | 1.0%           | 1.0%           | 1.0%           | 1.0%           | 1.0%           |

- 2.4 Forecast inflation, based on the above indices, is as follows:

| <b>Service Block</b>                     | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
|--|----------------|----------------|----------------|----------------|----------------|
| People and Communities (P&C)             | 3,010          | 2,692          | 2,697          | 2,699          | 2,699          |
| Economy, Transport and Environment (P&E) | 1,107          | 1,105          | 1,150          | 1,190          | 1,228          |
| P&E (Waste Private Finance Initiative)   | 101            | 34             | 38             | 39             | 39             |
| Public Health                            | 16             | 18             | 18             | 19             | 19             |
| Corporate and Managed Services           | 403            | 401            | 401            | 401            | 401            |
| LGSS Operational                         | 137            | 120            | 120            | 120            | 120            |
| <b>Total</b>                             | <b>4,774</b>   | <b>4,370</b>   | <b>4,424</b>   | <b>4,468</b>   | <b>4,506</b>   |

- 2.5 A review of demand pressures facing the Council has been undertaken. The term demand is used to describe all anticipated demand changes arising from increased numbers (e.g. as a result of an ageing population, or due to increased road kilometres) and increased complexity (e.g. more intensive packages of care as clients age). The demand pressures calculated are:

| <b>Service Block</b>                     | <b>2019-20<br/>£'000</b> | <b>2020-21<br/>£'000</b> | <b>2021-22<br/>£'000</b> | <b>2022-23<br/>£'000</b> | <b>2023-24<br/>£'000</b> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| People and Communities (P&C)             | 8,326                    | 8,847                    | 9,011                    | 10,385                   | 10,621                   |
| Economy, Transport and Environment (P&E) | 567                      | 344                      | 351                      | 359                      | 366                      |
| <b>Total</b>                             | <b>8,893</b>             | <b>9,191</b>             | <b>9,362</b>             | <b>10,744</b>            | <b>10,987</b>            |

- 2.6 The Council is facing some cost pressures that cannot be absorbed within the base funding of services. Some of the pressures relate to costs that are associated with the introduction of new legislation and others as a direct result of contractual commitments. These costs are included within the revenue tables considered by service committees alongside other savings proposals and priorities:

| Service Block / Description                                   | 2019-20<br>£'000 | 2020-21<br>£'000 | 2021-22<br>£'000 | 2022-23<br>£'000 | 2023-24<br>£'000 |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>New Pressures Arising in 19-20</b>                         |                  |                  |                  |                  |                  |
| P&C: Looked After Children Placements                         | 2,700            |                  |                  |                  |                  |
| P&C: Supervised contact (numbers of children)                 | 235              | -35              |                  |                  |                  |
| P&C: Independent reviewing officers (numbers of children)     | 85               |                  | -85              |                  |                  |
| P&C: New duties – leaving care                                | 390              |                  |                  |                  |                  |
| P&C: Children's services reduced grant income expectation     | 295              |                  |                  |                  |                  |
| P&C: Education Directorate pressure                           | 148              |                  |                  |                  |                  |
| P&C: Home to School Transport Special                         | 750              |                  |                  |                  |                  |
| C&I: Closure of Cambridgeshire Catering & Cleaning Services   | 479              |                  |                  |                  |                  |
| C&I: Traded services to Schools                               | 250              |                  |                  |                  |                  |
| <b>Existing Pressures Brought Forward</b>                     |                  |                  |                  |                  |                  |
| P&C: Fair Cost of Care and Placement Costs                    |                  | 1,000            | 2,000            | 1,000            |                  |
| P&C: Impact of National Living Wage on Contracts              | 2,561            | 3,367            | 3,185            | 2,324            |                  |
| P&C: Dedicated Schools Grant Contribution to Combined Budgets | 3,079            |                  |                  |                  |                  |
| P&C: Pressures from 18/19 in Adult Social Care                | 2,000            |                  |                  |                  |                  |
| P&E: Libraries to serve new developments                      |                  | 49               |                  |                  |                  |
| P&E: Minerals and Waste Local Plan                            |                  | -54              | -54              |                  |                  |
| P&E: Archives Centre  | 78               |                  |                  |                  |                  |
| P&E: Guided Busway Defects                                    | 200              | -1,300           |                  |                  |                  |
| CS: Disaster Recovery facility for critical business          | 41               |                  |                  |                  |                  |

|   |               |              |              |              |          |
|---|---------------|--------------|--------------|--------------|----------|
| systems   |               |              |              |              |          |
| Impact of Local Government Pay offer on CCC Employee Costs (combined) | 409           | 174          | 174          |              |          |
| CS: De-capitalisation of rolling laptop refresh                       | 1,100         |              |              |              |          |
| C&I: Renewable energy – Soham   | 5             | 4            | 5            | 40           |          |
| <b>Total</b>  | <b>14,805</b> | <b>3,205</b> | <b>5,225</b> | <b>3,364</b> | <b>-</b> |

### 3. SUMMARY OF THE DRAFT REVENUE BUDGET

- 3.1 In order to balance the budget in light of the cost increases set out in the previous section and reduced Government funding, savings or additional income of £33.0m are required for 2019-20, and a total of £62m across the full five years of the Business Plan. The following table shows the total level of savings necessary for each of the next five years, the amount of savings attributed from identified savings and the residual gap for which saving or income has still to be found:

| <b>Service Block</b>                     | <b>2019-20<br/>£'000</b> | <b>2020-21<br/>£'000</b> | <b>2021-22<br/>£'000</b> | <b>2022-23<br/>£'000</b> | <b>2023-24<br/>£'000</b> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Total Saving Requirement                 | 38,509                   | 7,989                    | 5,368                    | 7,822                    | 3,151                    |
| Identified Savings                       | -14,178                  | 347                      | -1,438                   | 246                      | -                        |
| Identified additional Income Generation  | -2,826                   | 502                      | -123                     | 10                       | -                        |
| <b>Residual Savings to be identified</b> | <b>21,505</b>            | <b>8,838</b>             | <b>3,807</b>             | <b>8,078</b>             | <b>3,151</b>             |

- 3.2 As the table above shows there is still a significant level of savings or income to be found in order to produce a balanced budget for 2019-20. While actions are being taken to close the funding gap, as detailed below, it must be acknowledged that the proposals already identified are those with the lower risk and impact profiles and the further options being considered are those considered less certain, or with greater impact.
- 3.3 The actions currently being undertaken to close the gap are:
- Reviewing all the existing proposals to identify any which could be pushed further – in particular where additional investment could unlock additional savings
  - Identifying whether any longer-term savings can be brought forward
  - Reviewing the full list of in-year and 2019-20 pressures – developing mitigation plans wherever possible to reduce the impact of pressures on the savings requirement

- Bringing more ideas into the pipeline – this work will continue to be led across service areas - recognising that it is the responsibility of all areas of the Council to keep generating new proposals which help meet this challenge.
- 3.4 There are also a number of risks or assumptions which are not included in the numbers above, or accompanying tables. These will be incorporated (as required) as the Business Plan is developed and the figures can be confirmed:
- The Business Plan includes a combined pressure relating to the increase in the National Living Wage however the apportionment of this pressure between service areas has not been confirmed. Additionally, the size of this pressure is likely to change following an update of establishment information in the Autumn.
  - The result of schools funding reforms, in particular the control of the Dedicated Schools Grant shifting further toward individual schools, is still under discussion and the significant current pressure will be updated as the outcome of this discussion becomes clear.
  - Movement in current year pressures – Work is ongoing to manage our in-year pressures downwards however any change to the out-turn position of the Council will impact the savings requirement in 2019-20. This is particularly relevant to demand led budgets such as children in care or adult social care provision.
  - Due to the level of reduction in Government grants in later years the Council did not take the multi-year settlement offered as part of the 2015 Spending Review. The settlement included a negative allocation of Revenue Support Grant for the Council in 2019/20. There has been a recent consultation regarding Negative Revenue Support Grant however the outcome will not be known until the provisional local finance settlement in mid-December. Our business plan currently makes a prudent assumption of a £7m negative RSG allocation in 2019/20 as proposed in the 2015 Spending Review. The Government's preferred treatment is to eliminate negative RSG using the central share of business rate receipts.
  - From 2020/21, local authorities will retain 75% of business rates, the tier split of business rates between Counties and Districts is subject to change, and the funding baselines for local authorities will be reassessed. There is therefore a significant level of uncertainty around the accuracy of our funding assumptions from 2020/21 onwards. The Council's future funding position will remain unclear until Government provides an indicative allocation of business rates in Spring 2019.
- 3.5 In some cases services have planned to increase income to prevent a reduction in service delivery. For the purpose of balancing the budget these two approaches have the same effect and are treated in the same way.
- 3.6 This report forms part of the process set out in the Medium Term Financial Strategy whereby the Council updates, alters and refines its revenue and capital proposals in line with new savings targets. New proposals are



developed across Council to meet any additional savings requirement and all existing schemes are reviewed and updated before being presented to service committees for further review during December.

- 3.7 The level of savings required is based on a 1.99% increase in general Council tax and an additional 2% increase through levying the Adults Social Care precept. It should be noted that the Government has only confirmed that ASC precept will be available up to and including 2019-20. For each 1% more or less that Council Tax is changed, the level of savings required will change by approximately +/-£2.5m.
- 3.8 There is currently a limit on the increase of Council Tax to 2.99%, above which approval must be sought from residents through a positive vote in a local referendum. This presents the Council with the option to increase Council tax by a further 1%. It is estimated that the cost of holding a referendum for increases above 2.99% would be around £100k, rising to as much as £500k should the public reject the proposed tax increase (as new bills would need to be issued).
- 3.9 Following October, November and December service committees, GPC will review the overall programme in December, before recommending the programme in January as part of the overarching Business Plan for Full Council to consider in February.

#### **4.0 BUSINESS PLANNING CONTEXT FOR COMMERCIAL AND INVESTMENT COMMITTEE**

- 4.1 With the ever decreasing traditional funding for the authority and increasing demand for services, we need to gain more funds and make our current funds and assets work harder to enable the authority to remain sustainable and achieve desired outcomes. Through business planning we work to drive maximum value from the Cambridgeshire pound and ensure we can continue to provide good services to communities despite cost and funding pressures. To deliver this we are committed to;

- investing in our services to transform them, delivering better outcomes and reduced demand
- Investing in commercial opportunities which bring in a good financial return to the council whilst balancing risk and rewards
- making improvements to how we manage our business, our people and our money
- improving how we manage the contracts we have with suppliers and external providers
- developing new and deeper partnerships – bringing benefits for all
- only considering reducing services as a last resort

- 4.2 In the last two years, all Local Authorities in the UK have increased their focus and investment in commercial activity as a response to the challenging financial conditions in the Public Sector. It is anticipated that entrepreneurial

activities will rise to be some 18% of council budgets by 2020 - a sum potentially worth upwards of £27bn across councils in England. The Commercial and Investment Committee in CCC has already highlighted the scope for further commercial returns and is determined to push the commercial agenda with greater ambition. In the budget for 2019/20 and beyond, commercial and income generating proposals will form a significant part of our response to the funding gap – with our ability to create a commercial return underpinning delivery of crucial frontline services.

4.3 Proposals to generate a commercial return are focused on three main areas in 19/20:

- Contract management, market shaping and entrepreneurial procurement;
- Increasing contribution from current service delivery; and
- An ambitious acquisitions and investment strategy.

4.4 A commercial strategy is currently being developed with a view to providing more rigour, direction and support to a commercial approach and activities in Cambridgeshire and will promote the following key enablers:

- A better understanding of how traditional and alternative financial instruments could fund new opportunities – e.g. angel investment, equity funding, social impact investors and micro-creditors
- Growth of commercial acumen across the organisation so that everything we do is considered through a commercial lens.
- Alignment of commercial aspirations to core mission and outcome-based performance so that financial and social value can be considered together.
- A clear view of the council's baseline position, including profit and loss of current commercial activities and what full cost recovery looks like for non-trading statutory services.
- Political support for this refreshed commercial approach including a clear view on risk and reward.
- A robust appraisal framework to prioritise and scrutinise business cases, contrasting potential contribution (financial and non-financial) with the level of difficulty to implement (risk and effort).

## **5. OVERVIEW OF COMMERCIAL AND INVESTMENT COMMITTEE'S DRAFT REVENUE PROGRAMME**

5.1 The paragraphs below provide an overview of the draft 2019/20 business planning proposals within the remit of the Commercial and Investment Committee. In each case the reference to the business planning table is included along with the anticipated level of financial saving or additional income. It is important for the Committee to note that the proposals and figures are draft at this stage and that work on the business cases is ongoing. Updated proposals will be presented to Committee again in December at which point business cases and the associated impact assessments will be final for the Committee to endorse.

- 5.2 Additional investment is required to deliver transformation at this scale and the programme of savings described below will need to be supported by resource agreed through the Council's Transformation fund process. A report will be prepared for General Purposes Committee detailing the additional resource requirements, the associated savings and therefore the return on investment. This report will go to the November meeting of General Purposes Committee.

### **Summary of proposals:**

5.3 **F/R.6.001 Contract Efficiency (-200k in 2019-20)**

Recent intelligence is indicating that there is significant opportunity for savings to be gathered through reviewing existing contracts and commencing re-procurement activities at earlier stages. Undertaking more detailed reviews of the contracts identified for review and renegotiation should enable greater economies of scale and potentially seek alternate methods of receiving and delivering services when looking at contracts more holistically and broadly. Although it would be remiss to target a global percentage saving across all contracts without this detailed review, initial analysis points to the savings in the low £100ks in 2019/20, and the potential for savings of above £1m in both 2020/21 and 2021/22 and beyond.

The opportunities are focussed on reviewing long-standing arrangements or those that are highly recurring with a focus to re-specifying and engaging well and more often with the marketplace. This may very well result in some contracts needing renegotiation or to review break clauses, and others will be taken at the natural break clause or cessation of current contract terms.

To deliver this review and to progress the opportunities with clear negotiation and a firm approach, suitable resource and capacity will need to be identified. It is anticipated that this is in addition to current support levels received from LGSS Procurement and therefore an aligned Transformation Fund bid will be proposed.

There are further savings from specific contractual and commercial efficiencies on named contracts within the relevant service committee proposals

5.4 **F/R.6.101 Commercial Investments (-1,000k in 2019-20)**

As identified in 2018/19 a portfolio of investments and acquisitions is being developed to enable annual receipts. Using experience from the last year the proposed approach going forward is to closely align the portfolio with the emerging new commercial strategy and to have clear responsibilities within officer roles and a new fit-for-purpose commercially focussed team. The team will work closely with an external portfolio manager and will enable timely and robust due diligence to gain the breadth of investments and importantly the annual monetary returns.

The reviewed target is £1,000k during 2019-20

5.5 **Further returns from existing schemes**

Savings and income generation activities identified in 2018/19, such as increasing and having a consistent approach to Advertising and Sponsorship,

will be continuing and growing during 2019/20. It is anticipated that many of these activities will be linked through the new commercial strategy and will routinely and appropriately share marketplace intelligence and approaches. It is envisaged to have an approach whereby we may offer a package to external organisations that includes advertising, sponsorship, their funding of specific activities, renegotiation of contracts and potential long term partnerships or joint development.

## **6. NEXT STEPS**

6.1 The high level timeline for business planning is shown in the table below.

|          |   |
|----------|---|
| November | Service Committees will review draft proposals again, for recommendation to General Purposes Committee  |
| December | General Purposes Committee will consider the whole draft Business Plan for the first time               |
| January  | General Purposes Committee will review the whole draft Business Plan for recommendation to Full Council |
| February | Full Council will consider the draft Business Plan  |

## **7. ALIGNMENT WITH CORPORATE PRIORITIES**

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

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

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

There are no significant implications for this priority

### **7.3 Supporting and protecting vulnerable people**

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

## **8. SIGNIFICANT IMPLICATIONS**

### **8.1 Resource Implications**

The proposals set out the response to the financial context described in section 4 and the need to change our service offer and model to maintain a sustainable budget. The full detail of the financial proposals and impact on budget is described in the financial tables of the business plan, attached as an appendix. The proposals seek to ensure that we make the most effective use of available resources and are delivering the best possible services given the reduced funding.

**8.2 Statutory, Legal and Risk implications**

The implications will be set out fully in the business cases associated with each of the proposals - fuller business cases will be provided to the November and December Committee meetings.

**8.3 Equality and Diversity Implications**

No significant implications.

**8.4 Engagement and Consultation Implications**

No significant implications

**8.5 Localism and Local Member Involvement**

No significant implications

**8.6 Public Health Implications**

No significant implications

| <b>Implications</b>   | <b>Officer Clearance</b>                                   |
|---|--|
|   |  |
| <b>Have the resource implications been cleared by Finance?</b>                            | Yes<br>Tom Kelly   |
|   |  |
| <b>Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?</b> | Yes<br>Debbie Carter-Hughes                                |
|   |  |
| <b>Are there any Equality and Diversity implications?</b>                                 | Covered in business case impact assessment<br>Julia Turner |
|   |  |
| <b>Have any engagement and communication implications been cleared by Communications?</b> | Yes<br>Christine Birchall                                  |
|   |  |
| <b>Are there any Localism and Local Member involvement issues?</b>                        | No<br>Julia Turner   |
|   |  |
| <b>Have any Public Health implications been cleared by Public Health</b>                  | Yes<br>Liz Robin   |

| Source Documents    | Location  |
|---------------------|---|
| Strategic Framework | <a href="https://cmis.cambridgeshire.gov.uk/cc_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/580/Committee/2/Default.aspx">https://cmis.cambridgeshire.gov.uk/cc_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/580/Committee/2/Default.aspx</a> |

### **Appendices:**

APPENDIX 1: Draft Business Cases for business planning proposals within the remit of Commercial and Investment Committee

APPENDIX 2: Financial summary – table 3

# Business Case

## F/R.6.001 Contract Efficiency

### Project Overview

|                                     |   |                             |           |
|-------------------------------------|---|-----------------------------|-----------|
| Project Title                       | F/R.6.001 Contract Efficiency   |                             |           |
| Project Code                        | TR001378  | Business Planning Reference | F/R.6.001 |
| Business Planning Brief Description | To review contracts across a number of themes (size, age, type) to identify areas for potential renegotiation, tighter specification, or other routes of provision outside of contracting to deliver longer term savings. |                             |           |
| Senior Responsible Officer          | Amanda Askham   |                             |           |

### Project Approach

#### Background

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

LGSS Procurement have already begun to look at contracts below £100k to identify areas for potential efficiency through bulk purchasing and renegotiation based on similar activity supporting other Councils. This has started to yield some savings, and shown the potential for further savings, albeit at a lower level.

Applying a blanket saving percentage to the contract register in its entirety does suggest that much more significant savings could be made through a review of contracts at all levels of contract type and price. LGSS Procurement have been able to review a number of areas of contracts (in terms of size, type and age) where there is potential to explore different approaches, and yield savings in the future as well as learning from partner organisations that LGSS Procurement support.

With this intelligence, and the potential for savings available, it is important that these efficiencies should be pursued.

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

We would fail to capitalise on the potential savings within the large number of contracts we have, resulting in avoidable spend and duplication of effort continuing.

#### Approach

##### Aims / Objectives

To undertake a high level review of the contract register to identify areas that may yield savings in the future either through reviews of specifications or more commercially focused renegotiation.

Following this initial analysis we will identify resource to review this data in more detail and work directly with services to understand where savings can be made.

Where re-specification and renegotiation is considered to be financially worthwhile the resource will then work with services and providers to re-specify and renegotiate

Our primary objective will be aiming to secure the best value for money contracts, when and where they are needed.

## Project Overview - What are we doing

### Stage 1: High Level Analysis of Contract Register.

Initial High Level Analysis of the Contract Register (as at the end of August 2018) has identified a number of contracts in the medium term which are potentially viable for review and renegotiation. We have identified those where we have high and medium confidence of potential savings:

|   | High Confidence Annual Value | Medium Confidence Annual Value | Total Annual Value |
|---|------------------------------|--------------------------------|--------------------|
| Contract expires by end of 2018/19 Financial Year |                              | £11,133k                       | £11,133k           |
| Contract expires by end of 2019/20 Financial Year |                              | £210,107k                      | £210,107k          |
| Contract expires by end of 2020/21 Financial Year | £4,360k                      | £220,112k                      | £224,472k          |
| Contract expires beyond 2020/21 Financial Year    | £63k                         | £175,222k                      | £175,285k          |

This analysis includes high value PFI contracts that have not recently been reviewed, contracts approaching expiration and those where there is potential for the use of break clauses etc. that may yield savings.

### Stage 2: Identification of Resource to undertake further detailed analysis with services and to plan out plan of work for next stage of review.

Further analysis of the contracts identified for review will be necessary to fully understand the potential for savings. This will involve working with the services to better understand the contracts, and to ensure that we are focusing on the correct areas for renegotiation.

We anticipate that we will need to procure this resource, to ensure that we gain the best commercial negotiation expertise, and the best knowledge of the market. The current model of provision from LGSS Procurement does not incorporate this resource. As a result of this we will be making a bid to the Transformation Fund of circa £70k to undertake this work. We aim to have this resource confirmed by the end of the calendar year.

### Stage 3: Review Of Contracts with Services and timetable for contract review agreed with specialist resource.

This will involve working with services to better understand the potential for savings. To work with services to review whether specifications are appropriate, whether alternate delivery models may be better placed to provide services, or where joint procurement with partners may be an option. This would also identify those contracts where we need to provide support in terms of commercial renegotiation of contract values in the next stage.

We will aim for this work to begin as soon as possible upon procurement of specialist resource to support the work.

### Stage 4: Renegotiation of Contracts

The timing of this will be dependent on the outcomes of stage 3. We hope that renegotiations could begin before the start of the Financial Year to begin to realise savings as early as possible. The length of involvement will be dependent upon the timing of the contracts, and the plan of work agreed between the specialist and services.

## What assumptions have you made?

We have assumed that the contract register, which has been used for the initial analysis, is materially complete and correct. In addition we have assumed that there will be resource available to support this work and that there will be some flexibility in terms of changing the requirements and or procurement process for selecting suppliers.



**What constraints does the project face?**

Procurement regulations, time, cost and quality

**Delivery Options**

Has an options and feasibility study been undertaken?

**Scope / Interdependencies****Scope****What is within scope?**

All contracts within the contract register.

**What is outside of scope?**

Recently negotiated contracts.  
Spend below £100k (covered in separate work).

**Project Dependencies****Title**

Commercial Acumen Training

**Cost and Savings**

See accompanying financial report

**Non Financial Benefits****Non Financial Benefits Summary**

Better specifications for contracts.  
Genuine consideration of best methods of provision of service (if needed).  
Commercial awareness spread more widely across the organisation.

**Title****Risks****Title**

Volume of data may cause timescales to slip  
Unable to make savings due to lack of engagement from service areas  
Unable to provide commercial negotiation expertise for services  
Contract Register is incomplete/incorrect

## Project Impact

### Community Impact Assessment

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

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

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

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

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

No negative impacts are anticipated.

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

Levels of service for the contracts should remain the same.

### Disproportionate impacts on specific groups with protected characteristics

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

No disproportionate impacts have been identified.

# Business Case

## F/R.6.101 Commercial Investments

### Project Overview

|                                     |   |                             |           |
|-------------------------------------|---|-----------------------------|-----------|
| Project Title                       | F/R.6.101 Commercial Investments  |                             |           |
| Project Code                        | TR001411  | Business Planning Reference | F/R.6.101 |
| Business Planning Brief Description | To create a commercial investment portfolio to focus on generating revenue to support the delivery of a balanced budget. This will require external support to advise on the investment options available, how to create a balanced portfolio and the best vehicle to use to undertake the investments. |                             |           |
| Senior Responsible Officer          | Chris Malyon  |                             |           |

### Project Approach

#### Background

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

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

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

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

#### Approach

##### Aims / Objectives

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

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

Through this work we will:

- Develop and agree a new Commercial Investment Strategy - setting out our approach to investments and governance arrangements
- Commission external support to advise on appropriate portfolio approach (this will include skilling up of existing staff) - we would expect this support to be for 1 year
- Agree risk appetite and profile for investments
- Develop an investment portfolio / plans - this could include (but not limited to)
  - Residential and Commercial properties (within and outside of Cambridgeshire)
  - Businesses (going concerns and start-ups)
  - Joint investments / sponsorships
- Commission support to provide advice and / or manage an agreed fund(s) on a short to medium term basis until our existing teams would be able to take it over. We would expect to be in a position to do this over the next 5 years.
- Create the infrastructure to identify and pursue ad-hoc investment opportunities

#### What assumptions have you made?

The following assumptions have been made;

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

#### What constraints does the project face?

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

### Delivery Options

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

The options considered were:

- In house management
- Outsource all investment management processes

### Scope / Interdependencies

#### Scope

##### What is within scope?

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

##### What is outside of scope?

### Project Dependencies

#### Title

Generation of capital receipts

### Cost and Savings

See accompanying financial report

### Non Financial Benefits

#### Non Financial Benefits Summary

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

#### Title

Income generation

| Risks   |
|---|
| <b>Title</b>  |
| Market stability  |
| Skills of the workforce to manage the portfolio                 |
| Identification of suitable investments - ability to act quickly |
| Increased financial risk to the Local Authority                 |

| Project Impact  |
|---|
| <b>Community Impact Assessment</b>  |
| <b>Who will be affected by this proposal?</b>   |
| Everybody in the Local Authority area and potentially beyond  |
| <b>What positive impacts are anticipated from this proposal?</b>  |
| Increased revenue generation to support frontline service<br>Increased capital holdings   |
| <b>What negative impacts are anticipated from this proposal?</b>  |
| Increased financial risk to the Local Authority although this will be mitigated through the development of a diversified portfolio. |
| <b>Are there other impacts which are more neutral?</b>  |
| N/A   |

|   |
|---|
| <b>Disproportionate impacts on specific groups with protected characteristics</b>                       |
| <b>Details of Disproportionate Impacts on protected characteristics and how these will be addressed</b> |
| N/A   |



## Section 3 - F: Commercial and Investments

**Table 3: Revenue - Overview**

Budget Period: 2019-20 to 2023-24

| Detailed Plans | Outline Plans |
|----------------|---------------|
|----------------|---------------|

| Ref                                      | Title  | 2019-20<br>£000 | 2020-21<br>£000 | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | Description  |
|--|--|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| 1  | <b>OPENING GROSS EXPENDITURE</b>   | 21,813          | 21,502          | 20,556          | 20,616          | 20,791          |  |
| 1.999                                    | <b>REVISED OPENING GROSS EXPENDITURE</b>   | 21,813          | 21,502          | 20,556          | 20,616          | 20,791          |  |
| 2<br>F/R.2.001                           | <b>INFLATION</b><br>Inflation  | 195             | 128             | 132             | 133             | 133             | Forecast pressure from inflation, based on detailed analysis incorporating national economic forecasts, specific contract inflation and other forecast inflationary pressures.   |
| 2.999                                    | <b>Subtotal Inflation</b>  | 195             | 128             | 132             | 133             | 133             |  |
| 3  | <b>DEMOGRAPHY AND DEMAND</b>   |                 |                 |                 |                 |                 |  |
| 3.999                                    | <b>Subtotal Demography and Demand</b>  | -               | -               | -               | -               | -               |  |
| 4<br>F/R.4.005<br>F/R.4.006<br>F/R.4.903 | <b>PRESSURES</b><br>Closure of Cambridgeshire Catering and Cleaning Services<br>Traded Services Pressure<br>Renewable Energy - Soham | 479<br>250<br>5 | -<br>-<br>4     | -<br>-<br>5     | -<br>-<br>40    | -               | - Removal of budgeted revenue contribution due to closure of Cambridgeshire Catering and Cleaning Services.<br>- Delivery of a prior year income target has slipped and the income target is now not expected to be achieved in full.<br>- Operating costs associated with the capital investment in Renewable Energy, at the Soham Solar Farm. Links to capital proposal C/C.2.102 in BP 2016-17. |
| 4.999                                    | <b>Subtotal Pressures</b>  | 734             | 4               | 5               | 40              | -               |  |
| 5<br>F/R.5.001                           | <b>INVESTMENTS</b><br>Invest to Save Housing Schemes - Interest Costs  | -21             | -517            | -79             | -               | -               | - Revenue costs associated with the development of the Cambridge Housing and Investment Company in order to generate long-term income streams.   |
| 5.999                                    | <b>Subtotal Investments</b>  | -21             | -517            | -79             | -               | -               |  |
| 6<br>F/R.6.001                           | <b>SAVINGS</b><br><b>C&amp;I</b><br>BP 19/20 Contract Efficiency   | -200            | -               | -               | -               | -               | - A review of specific areas identified within the contract register to discover what potential there is for savings through more commercially minded renegotiation, re-consideration of service specifications and consideration of where smarter payment processes may assist in driving down costs.   |

## Section 3 - F: Commercial and Investments

**Table 3: Revenue - Overview**

**Budget Period: 2019-20 to 2023-24**

| Detailed Plans | Outline Plans |
|----------------|---------------|
|----------------|---------------|

| Ref          | Title   | 2019-20<br>£000 | 2020-21<br>£000 | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | Description  |
|--------------|---|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| F/R.6.101    | Commercial Investment Returns   | -1,000          | -               | -               | -               | -               | - Including:<br>1. Non building investments i.e. start up companies<br>2. Sponsorship requests at corporate level<br>3. People assets - consultancy for cross organisational sellable skills   |
| F/R.6.107    | Rationalisation of Property Portfolio   | -               | -553            | -               | -               | -               | - Savings generated by the more efficient use of Council properties.   |
| F/R.6.108    | Energy Efficiency Fund - Repayment of Financing Costs                         | -19             | -8              | 2               | 2               | -               | - Savings to be generated from Energy Efficiency Fund capital investment. Element to repay financing costs. Links to capital proposal F/C.2.119  |
| <b>6.999</b> | <b>Subtotal Savings</b>   | <b>-1,219</b>   | <b>-561</b>     | <b>2</b>        | <b>2</b>        | <b>-</b>        |  |
|              | <b>TOTAL GROSS EXPENDITURE</b>  | <b>21,502</b>   | <b>20,556</b>   | <b>20,616</b>   | <b>20,791</b>   | <b>20,924</b>   |  |
| <b>7</b>     | <b>FEES, CHARGES &amp; RING-FENCED GRANTS</b>                                 |                 |                 |                 |                 |                 |  |
| F/R.7.001    | Previous year's fees, charges & ring-fenced grants                            | -30,001         | -31,607         | -31,183         | -31,400         | -31,484         | Previous year's fees and charges for the provision of services and ring-fenced grant funded rolled forward.  |
| F/R.7.003    | Fees and charges inflation  | -94             | -94             | -94             | -94             | -94             | Uplift in external charges to reflect inflation pressures on the cost of services.   |
|              | <b>Changes to fees &amp; charges</b>  |                 |                 |                 |                 |                 |  |
| F/R.7.103    | County Farms Investment (Viability) - Surplus to Repayment of Financing Costs | 16              | -4              | -               | -               | -               | - Increase in County Farms rental income resulting from capital investment. Element surplus to repaying financing costs.   |
| F/R.7.104    | County Farms Investment (Viability) - Repayment of Financing Costs            | -16             | 4               | -               | -               | -               | - Increase in County Farms rental income resulting from capital investment. Links to capital proposal F/C.2.101.   |
| F/R.7.105    | Renewable Energy Soham - Repayment of Financing Costs                         | -8              | 100             | 70              | 16              | -               | - Income generation resulting from capital investment in solar farm at Soham. Element to repay financing costs. Links to capital proposal C/C.2.102 in BP 2016-17.   |
| F/R.7.106    | Utilisation/commercialisation of physical assets                              | -21             | -36             | -               | -               | -               | - One Public Estate<br>Asset plan<br>Maximise the income generated from parking<br>Venue request tool  |
| F/R.7.113    | Invest to Save Housing Schemes - Income Generation                            | -1,483          | 571             | -188            | -               | -               | - The Council is a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. This will require CCC to move from being a seller of sites to being a developer of sites, through a Housing Company. In the future, CCC will operate to make best use of sites with development potential in a co-ordinated and planned manner to develop them for a range of development options, generating capital receipts to support site development and significant revenue and capital income to support services and communities. |
| F/R.7.114    | Income from St Ives Smart Energy Grid   | -               | -117            | -5              | -6              | -6              | - The Council is building a Smart Energy Grid at St Ives Park & Ride site, capital project reference F/C.2.118 This is the expected income from the sale of energy.  |
| <b>7.999</b> | <b>Subtotal Fees, Charges &amp; Ring-fenced Grants</b>                        | <b>-31,607</b>  | <b>-31,183</b>  | <b>-31,400</b>  | <b>-31,484</b>  | <b>-31,584</b>  |  |
|              | <b>TOTAL NET EXPENDITURE</b>  | <b>-10,105</b>  | <b>-10,627</b>  | <b>-10,784</b>  | <b>-10,693</b>  | <b>-10,660</b>  |  |



## Section 3 - F: Commercial and Investments

**Table 3: Revenue - Overview**

Budget Period: 2019-20 to 2023-24

|     |       | Detailed Plans  |                 | Outline Plans   |                 |                 |             |
|-----|-------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------|
| Ref | Title | 2019-20<br>£000 | 2020-21<br>£000 | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | Description |
|     |       |                 |                 |                 |                 |                 |             |

| FUNDING SOURCES |   |                |                |                |                |                |  |
|-----------------|---|----------------|----------------|----------------|----------------|----------------|--|
| <b>8</b>        | <b>FUNDING OF GROSS EXPENDITURE</b>       |                |                |                |                |                |  |
| F/R.8.001       | Budget Surplus                            | 10,105         | 10,627         | 10,784         | 10,693         | 10,660         | Net surplus from Commercial and Investment activities contributed to funding other Services. |
| F/R.8.003       | Fees & Charges                            | -30,825        | -30,401        | -30,618        | -30,702        | -30,802        | Fees and charges for the provision of services.  |
| F/R.8.004       | Arts Council Funding                      | -782           | -782           | -782           | -782           | -782           | Ring-fenced grant from the Arts Council to part-fund Cambridgeshire Music                    |
| <b>8.999</b>    | <b>TOTAL FUNDING OF GROSS EXPENDITURE</b> | <b>-21,502</b> | <b>-20,556</b> | <b>-20,616</b> | <b>-20,791</b> | <b>-20,924</b> |  |



**SERVICE COMMITTEE REVIEW OF THE DRAFT 2019-20 CAPITAL PROGRAMME**

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

*Meeting Date:* **19<sup>th</sup> October 2018**

*From:* **Chief Finance Officer**

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

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

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

*Recommendation:* **a) It is requested that the Committee note the overview and context provided for the 2019-20 Capital Programme for Commercial & Investment**

**b) It is requested that the Committee comment on the draft proposals for Commercial & Investment's 2019-20 Capital Programme and endorse their development**

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

## **1. CAPITAL STRATEGY**

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

## **2. DEVELOPMENT OF THE 2019-20 CAPITAL PROGRAMME**

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

- 2.3 There are several schemes in progress where work is underway to develop the scheme, however they are either not sufficiently far enough forward to be able to include any capital estimate within the Business Plan, or a draft set of figures have been included but they are, at this stage, highly indicative. The following are the main schemes that this applies to:
- The Adults Committee first considered the Older People's Accommodation Strategy in 2016, and in September 2017 agreed a blended approach for increasing capacity for residential/nursing care. One element of this was to procure an increase in capacity through a number of new build sites, which has potential for implications for the Council's capital plans through provision of land or other assets, or involvement with construction. The Council is engaged with health partners on these challenges, to maximise a 'one public estate' approach.
  - The Council, in cooperation with health partners, is reviewing the care that is provided to service-users with learning disabilities, particular those placed out-of-county due to lack of suitable local provision. One option being considered is the acquisition of land and/or buildings that could provide bespoke services to groups of individuals with high needs reducing the need to source high-cost residential placements while improving outcomes. This would have an impact on the Council's capital plans through provision of land or other assets, or involvement with construction. This will only be done where the new provision is more cost-effective than current arrangements.
  - The Cambs 2020 project is moving forward with pace; one element of this project relates to the Shire Hall Relocation capital scheme where the Council is looking to change ways of working and move out of its current premises. However, there is still significant work to be undertaken to determine the capital investment required to enable the Hub and Spokes model to be implemented.
  - King's Dyke – this scheme is due to be discussed at October/November Economy & Environment Committee, following which some changes may be required.

### **3. REVENUE IMPLICATIONS**

- 3.1 All capital schemes can have a potential two-fold impact on the revenue position, relating to the cost of borrowing through interest payments and repayment of principal and the ongoing revenue costs or benefits of the scheme. Conversely, not undertaking schemes can also have an impact via needing to provide alternative solutions, such as Home to School Transport (e.g. transporting children to schools with capacity rather than investing in capacity in oversubscribed areas).
- 3.2 The Council is required by the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Prudential Code for Capital Finance in Local Authorities 2017 to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to ensure that it achieves this, GPC recommends an advisory limit on the annual financing costs of borrowing (debt charges) over the life of the Plan. In order to afford a degree of flexibility from year to year, changes to the phasing of the limit is allowed within any

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

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

#### 4. SUMMARY OF THE DRAFT CAPITAL PROGRAMME

- 4.1 The revised draft Capital Programme is as follows:

| Service Block                  | 2019-20<br>£'000 | 2020-21<br>£'000 | 2021-22<br>£'000 | 2022-23<br>£'000 | 2023-24<br>£'000 | Later Yrs<br>£'000 |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| People and Communities         | 125,757          | 85,319           | 69,229           | 63,802           | 49,560           | 46,291             |
| Place and Economy              | 33,203           | 19,681           | 19,109           | 18,768           | 15,114           | 16,800             |
| Commercial and Investment      | 116,503          | 800              | 800              | 800              | 800              | 3,200              |
| Corporate and Managed Services | 3,470            | 2,514            | 2,294            | -                | -                | -                  |
| <b>Total</b>                   | <b>278,933</b>   | <b>108,314</b>   | <b>91,432</b>    | <b>83,370</b>    | <b>65,474</b>    | <b>66,291</b>      |

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

| Funding Source         | 2019-20<br>£'000 | 2020-21<br>£'000 | 2021-22<br>£'000 | 2022-23<br>£'000 | 2023-24<br>£'000 | Later Yrs<br>£'000 |
|------------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| Grants                 | 34,813           | 48,692           | 37,065           | 37,078           | 32,720           | 43,199             |
| Contributions          | 40,298           | 23,179           | 40,071           | 33,355           | 10,872           | 170,870            |
| Capital Receipts       | 50,293           | 5,098            | 6,493            | 500              | 500              | 2,000              |
| Borrowing              | 112,398          | 33,242           | 21,894           | 14,477           | 21,632           | -5,200             |
| Borrowing (Repayable)* | 41,131           | -1,897           | -14,091          | -2,040           | -250             | -144,578           |
| <b>Total</b>           | <b>278,933</b>   | <b>108,314</b>   | <b>91,432</b>    | <b>83,370</b>    | <b>65,474</b>    | <b>66,291</b>      |

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

- 4.3 The following table shows how each Service's borrowing position has changed since the 2018-19 Capital Programme was set:

| Service Block   | 2018-19<br>£'000 | 2019-20<br>£'000 | 2020-21<br>£'000 | 2021-22<br>£'000 | 2022-23<br>£'000 | 2023-24<br>£'000 | Later Yrs<br>£'000 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| People and Communities  | -1,237           | 14,890           | 10,673           | 1,152            | 5,741            | 7,981            | -1,268             |
| Place and Economy   | 17,839           | 3,848            | 353              | 78               | -2,563           | -4,396           | 551                |
| Corporate and Managed Services  | -3,106           | 443              | -459             | -459             | -                | -                | -                  |
| Commercial and Investment   | 39,581           | 37,391           | 12,942           | -11,251          | 2,706            | 2,338            | 19,170             |
| Corporate and Managed Services – relating to general capital receipts | -                | -                | -                | -                | -                | -                | -                  |

|              |               |               |               |                |              |              |               |
|--------------|---------------|---------------|---------------|----------------|--------------|--------------|---------------|
| <b>Total</b> | <b>53,077</b> | <b>56,572</b> | <b>23,509</b> | <b>-10,480</b> | <b>5,884</b> | <b>5,923</b> | <b>18,453</b> |
|--------------|---------------|---------------|---------------|----------------|--------------|--------------|---------------|

4.4 The table below categorises the reasons for these changes:

| <b>Reasons for change in borrowing</b>       | <b>2018-19<br/>£'000</b> | <b>2019-20<br/>£'000</b> | <b>2020-21<br/>£'000</b> | <b>2021-22<br/>£'000</b> | <b>2022-23<br/>£'000</b> | <b>2023-24<br/>£'000</b> | <b>Later Yrs<br/>£'000</b> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|----------------------------|
| New  | 2,641                    | 45,005                   | 2,073                    | -4,445                   | 150                      | 2,740                    | 0                          |
| Removed/Ended                                | -9,060                   | -1,307                   | -150                     | -1,601                   | -2,800                   | -2,059                   | 0                          |
| Minor Changes/Rephasing*                     | -1,868                   | 3,038                    | 31                       | 0                        | 557                      | 350                      | -609                       |
| Increased Cost (includes rephasing)          | 3,677                    | 4,325                    | 23,963                   | 13,452                   | 8,665                    | 13,258                   | -1,055                     |
| Reduced Cost (includes rephasing)            | 37,100                   | 23,147                   | 12,962                   | -11,251                  | 2,706                    | -2,162                   | 19,170                     |
| Change to other funding (includes rephasing) | 1,243                    | 278                      | -14,756                  | -3,868                   | -796                     | -2,222                   | 0                          |
| Variation Budget                             | 19,344                   | -17,914                  | -614                     | -2,767                   | -2,598                   | -4,482                   | 947                        |
| <b>Total</b>                                 | <b>53,077</b>            | <b>56,572</b>            | <b>23,509</b>            | <b>-10,480</b>           | <b>5,884</b>             | <b>5,423</b>             | <b>18,453</b>              |

*\*This does not off-set to zero across the years because the rephasing also relates to pre-2018-19.*

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

| <b>Financing Costs</b>                    | <b>2019-20<br/>£'000</b> | <b>2020-21<br/>£'000</b> | <b>2021-22<br/>£'000</b> | <b>2022-23<br/>£'000</b> | <b>2023-24<br/>£'000</b> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 2018-19 agreed BP                         | 29.0                     | 34.7                     | 36.7                     | 38.5                     | -                        |
| 2019-20 draft BP                          | 29.8                     | 37.0                     | 39.5                     | 41.1                     | 41.1                     |
| <b>CHANGE (+) increase / (-) decrease</b> | <b>0.8</b>               | <b>2.3</b>               | <b>2.8</b>               | <b>2.6</b>               | <b>41.1</b>              |

4.6 The debt charges budget is currently undergoing thorough review of interest rates, internal cash balances, Minimum Revenue Provision charges and estimates of capitalisation of interest – the results of this will be fed into the next round of committee papers on capital.

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

| <b>Financing Costs</b>                                     | <b>2018-19<br/>£m</b> | <b>2019-20<br/>£m</b> | <b>2020-21<br/>£m</b> | <b>2021-22<br/>£m</b> | <b>2022-23<br/>£m</b> | <b>2023-24<br/>£m</b> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2019-20 draft BP (excluding Invest to Save / Earn schemes) | 29.3                  | 34.8                  | 37.4                  | 39.0                  | 39.0                  | 39.0                  |
| Recommend limit  | 37.9                  | 38.6                  | 39.2                  | 39.7                  | 40.3                  | 40.8                  |
| <b>HEADROOM</b>  | <b>-11.3</b>          | <b>-8.5</b>           | <b>-3.8</b>           | <b>-1.8</b>           | <b>-0.7</b>           | <b>-1.3</b>           |
| Recommend limit (3 years)                                  | 115.7                 |                       |                       | 120.8                 |                       |                       |
| <b>HEADROOM (3 years)</b>                                  | <b>-14.1</b>          |                       |                       | <b>-3.8</b>           |                       |                       |

- 4.8 Although the limit hasn't been exceeded, the Business Plan is still under review and as such adjustments to schemes and phasing will continue over the next two to three months.

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

- 5.1 The revised draft capital programme for the Commercial & Investments Service is as follows:

| Capital Expenditure     | 2019-20<br>£'000 | 2020-21<br>£'000 | 2021-22<br>£'000 | 2022-23<br>£'000 | 2023-24<br>£'000 | Later<br>Years<br>£'000 |
|-------------------------|------------------|------------------|------------------|------------------|------------------|-------------------------|
| Commercial & Investment | 116,503          | 800              | 800              | 800              | 800              | 3,200                   |

- 5.2 It is anticipated to be funded by the following resources:

| Funding Source                   | 2019-20<br>£'000 | 2020-21<br>£'000 | 2021-22<br>£'000 | 2022-23<br>£'000 | 2023-24<br>£'000 | Later<br>Years<br>£'000 |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------------|
| Specific Grants                  | 63               | -                | -                | -                | -                | -                       |
| Capital Receipts                 | 48,000           | 2,205            | -                | 500              | 500              | 2,000                   |
| Prudential Borrowing             | 31,297           | -1,405           | 800              | 300              | 300              | 1,200                   |
| Prudential Borrowing (Repayable) | 29,453           | -600             | -4,200           | -                | -                | -133,117                |
| Ring-Fenced Capital Receipts     | -                | 600              | 4,200            | -                | -                | -                       |
| Other Contributions              | 7,600            | -                | -                | -                | -                | 133,117                 |
| <b>Total</b>                     | <b>116,503</b>   | <b>800</b>       | <b>800</b>       | <b>800</b>       | <b>800</b>       | <b>3,200</b>            |

- 5.3 The full list of Commercial & Investment capital schemes are shown in the draft capital programme at **Appendix 1**.
- 5.4 The Commercial & Investment capital programme has been reviewed to reflect the expected profile of spend and new invest to save schemes.
- 5.5 The following changes have been made to existing schemes in the 2019-20 Business Plan:
- **Housing Schemes**  
This budget has been rephased to reflect the timing of investment. This scheme is funded from repayable prudential borrowing.
- 5.6 The following new schemes have been added to the 2019-20 Commercial & Investment Business Plan:
- **Babraham and Trumpington Smart Energy Grids**  
Renewable energy schemes on the Babraham and Trumpington Park & Ride Sites, which will support the Government's carbon reduction goals and generate revenue for the Council. Outline business cases for these schemes



were approved by Commercial & Investment Committee in May. Requests for further funding for these schemes has been approved by Capital Programme Board and is recommended to Commercial & Investment Committee in the August 2018 Integrated Resources & Performance Report. These schemes will be funded from prudential borrowing.

- Stanground and Woodston Closed Landfill Energy Projects  
Renewable energy schemes on the Stanground and Woodston Closed Landfill Sites, which will support the Government's carbon reduction goals and generate revenue for the Council. Outline business cases for these schemes were approved by Commercial & Investment Committee in September. These schemes will be funded from prudential borrowing.

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

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

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

- Capital schemes that generate income for the Council help it to continue to deliver front line services at best value.

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

There are no significant implications for this priority.

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

There are no significant implications for this priority.

## **7. SIGNIFICANT IMPLICATIONS**

### **7.1 Resource Implications**

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

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

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

There are no significant implications within this category.

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

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

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

#### 7.4 Equality and Diversity Implications

There are no significant implications within this category.

#### 7.5 Engagement and Consultation Implications

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

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

#### 7.6 Localism and Local Member Involvement

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

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

#### 7.7 Public Health Implications

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

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

| Implications  | Officer Clearance                                  |
|---|--|
|   |  |
| <b>Have the resource implications been cleared by Finance?</b>  | Yes or No<br>Name of Officer: Tom Kelly            |
|   |  |
| <b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?</b> | Yes<br>Name of Officer: Paul White                 |
|   |  |
| <b>Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?</b>                       | Yes<br>Name of Legal Officer: Debbie Carter-Hughes |
|   |  |
| <b>Are there any Equality and Diversity implications?</b>   | No<br>Name of Officer: Tom Barden                  |
|   |  |
| <b>Have any engagement and communication implications been cleared by Communications?</b>                       | Yes or No<br>Name of Officer: Christine Birchall   |
|   |  |

|  |   |
|--|---|
| <b>Are there any Localism and Local Member involvement issues?</b>       | Yes<br>Name of Officer: Tom Barden          |
| <b>Have any Public Health implications been cleared by Public Health</b> | Yes or No<br>Name of Officer: Tess Campbell |

| <b>Source Documents</b>  | <b>Location</b>   |
|--|---|
| The 2018/19 Business Plan, including the Capital Strategy<br>Capital Planning and Forecast: financial models | <a href="https://www.cambridgeshire.gov.uk/council/finance-and-budget/business-plans">https://www.cambridgeshire.gov.uk/council/finance-and-budget/business-plans</a> ><br>c/o Senior Finance Business Partners<br>1st Floor Octagon<br>Shire Hall<br>Cambridge |



## Section 3 - F: Commercial and Investments

**Table 4: Capital Programme**

Budget Period: 2019-20 to 2028-29

| Summary of Schemes by Start Date | Total Cost<br>£000 | Previous Years<br>£000 | 2019-20<br>£000 | 2020-21<br>£000 | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | Later Years<br>£000 |
|----------------------------------|--------------------|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| Ongoing                          | 83,733             | 44,889                 | 32,444          | 800             | 800             | 800             | 800             | 3,200               |
| Committed Schemes                | 173,755            | 119,777                | 53,978          | -               | -               | -               | -               | -                   |
| 2018-2019 Starts                 | 30,634             | 553                    | 30,081          | -               | -               | -               | -               | -                   |
| <b>TOTAL BUDGET</b>              | <b>288,122</b>     | <b>165,219</b>         | <b>116,503</b>  | <b>800</b>      | <b>800</b>      | <b>800</b>      | <b>800</b>      | <b>3,200</b>        |

| Ref         | Scheme   | Description  | Linked Revenue Proposal | Scheme Start | Total Cost<br>£000 | Previous Years<br>£000 | 2019-20<br>£000 | 2020-21<br>£000 | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | Later Years<br>£000 | Committee |
|-------------|--|--|-------------------------|--------------|--------------------|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|-----------|
| <b>F/C.</b> | <b>Commercial &amp; Investments</b>                                |  |                         |              |                    |                        |                 |                 |                 |                 |                 |                     |           |
| F/C.2.101   | County Farms investment (Viability)                                | To invest in projects which protect and improve the County Farms Estate's revenue potential, asset value and long term viability.  | F/R.7.103               | Ongoing      | 2,700              | -                      | 300             | 300             | 300             | 300             | 300             | 1,200               | C&I       |
| F/C.2.103   | Local Plans - representations                                      | Making representations to Local Plans and where appropriate following through to planning applications with a view to adding value to County Farms and other Council land, whilst meeting Council objectives through the use / development of such land.       |                         | Ongoing      | 900                | -                      | 100             | 100             | 100             | 100             | 100             | 400                 | C&I       |
| F/C.2.111   | Shire Hall   | This budget is used to carry out essential maintenance and potentially limited improvements required to occupy Shire Hall for a further 10 years to 2020, in accordance with the previous Cabinet decision in November 2009.                                   |                         | Ongoing      | 5,439              | 4,889                  | 550             | -               | -               | -               | -               | -                   | C&I       |
| F/C.2.112   | Building Maintenance   | This budget is used to carry out replacement of failed elements and maintenance refurbishments.  |                         | Ongoing      | 5,400              | -                      | 600             | 600             | 600             | 600             | 600             | 2,400               | C&I       |
| F/C.2.114   | MAC Joint Highways Depot   | The Joint Highways Depot Project will facilitate the physical co-location of partner organisations to a single depot site, with joint-working practices implemented initially, with an aspiration to develop shared services in the future.                    | TBC                     | Committed    | 5,198              | 582                    | 4,616           | -               | -               | -               | -               | -                   | C&I       |
| F/C.2.116   | Shire Hall Relocation  | As part of the Cambs 2020 vision, the Council plans to vacate Shire Hall and relocate to outside of Cambridge.   | TBC                     | Committed    | 16,606             | 171                    | 16,435          | -               | -               | -               | -               | -                   | C&I       |
| F/C.2.117   | Commercial Investments   | Development of a portfolio of strategic investments which are able to provide an income return. This will be developed through commercial research into options available, appropriate balance of portfolio and the extent of risk.                            | F/R.7.110               | Ongoing      | 100,000            | 40,000                 | 60,000          | -               | -               | -               | -               | -                   | C&I       |
| F/C.2.118   | Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride | Low carbon energy generation assets with battery storage on Council assets at St Ives Park and Ride  | F/R.7.114               | Committed    | 3,645              | 3,526                  | 119             | -               | -               | -               | -               | -                   | C&I       |
| F/C.2.119   | Babraham Smart Energy Grid   | The project is to develop a high level assessment, then an Investment Grade Proposal for a renewable energy scheme on the Babraham Park and Ride site. This project at Babraham will look to build on the skills developed in the St Ives project to replicate | TBC                     | 2018-19      | 11,393             | 48                     | 11,345          | -               | -               | -               | -               | -                   | C&I       |

## Section 3 - F: Commercial and Investments

**Table 4: Capital Programme**

Budget Period: 2019-20 to 2028-29

| Ref   | Scheme   | Description   | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2019-20 £000   | 2020-21 £000 | 2021-22 £000 | 2022-23 £000 | 2023-24 £000 | Later Years £000 |     |
|---|--|---|-------------------------|--------------|-----------------|---------------------|----------------|--------------|--------------|--------------|--------------|------------------|-----|
| F/C.2.120                                   | Trumpington Smart Energy Grid                          | The project is to develop a high level assessment, then an Investment Grade Proposal for a renewable energy scheme on the Trumpington Park and Ride site. This project at Trumpington will look to build on the skills developed in the St Ives project to rep  | TBC                     | 2018-19      | 6,970           | 30                  | 6,940          | -            | -            | -            | -            | -                | C&I |
| F/C.2.121                                   | Stanground Closed Landfill Energy Project              | The project is to develop a high level assessment, then an Investment Grade Proposal for a clean energy scheme on the closed landfill site in Stanground. Bouygues propose a 2.25MWp Solar PV ground mounted array on the site together with a 10MW 2C battery  | TBC                     | 2018-19      | 9,745           | 261                 | 9,484          | -            | -            | -            | -            | -                | C&I |
| F/C.2.122                                   | Woodston Closed Landfill Energy Project                | The project is to develop a high level assessment, then an Investment Grade Proposal for a clean energy scheme on the closed landfill site in Woodston. A tailored 3MW 2C Battery Storage for Demand Side Response services is proposed. This would provide a   | TBC                     | 2018-19      | 2,526           | 214                 | 2,312          | -            | -            | -            | -            | -                | C&I |
| F/C.2.240                                   | Housing schemes  | The Council is in a position of continuing to be a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. This will require CCC to move from being a seller of sites to being a developer of site | F/R.7.113               | Committed    | 148,172         | 115,445             | 32,727         | -            | -            | -            | -            | -                | C&I |
| <b>Total - Commercial &amp; Investments</b> |  |   |                         |              | <b>318,694</b>  | <b>165,166</b>      | <b>145,528</b> | <b>1,000</b> | <b>1,000</b> | <b>1,000</b> | <b>1,000</b> | <b>4,000</b>     |     |
| F/C.3.001                                   | <b>Capital Programme Variation</b><br>Variation Budget | The Council includes a service allowance for likely Capital Programme slippage, as it can sometimes be difficult to allocate this to individual schemes due to unforeseen circumstances. This budget is continuously under review, taking into account recent t |                         | Ongoing      | -30,706         | -                   | -29,106        | -200         | -200         | -200         | -200         | -800             | C&I |
| F/C.3.002                                   | Capitalisation of Interest Costs                       | The capitalisation of borrowing costs helps to better reflect the costs of undertaking a capital project. Although this budget is initially held on a service basis, the funding will ultimately be moved to the appropriate schemes once exact figures have be |                         | Committed    | 134             | 53                  | 81             | -            | -            | -            | -            | -                | C&I |
| <b>Total - Capital Programme Variation</b>  |  |   |                         |              | <b>-30,572</b>  | <b>53</b>           | <b>-29,025</b> | <b>-200</b>  | <b>-200</b>  | <b>-200</b>  | <b>-200</b>  | <b>-800</b>      |     |
| <b>TOTAL BUDGET</b>                         |  |   |                         |              | <b>288,122</b>  | <b>165,219</b>      | <b>116,503</b> | <b>800</b>   | <b>800</b>   | <b>800</b>   | <b>800</b>   | <b>3,200</b>     |     |

### Section 3 - F: Commercial and Investments

**Table 4: Capital Programme**

Budget Period: 2019-20 to 2028-29

| Funding                                    | Total<br>Funding<br>£000 | Previous<br>Years<br>£000 | 2019-20<br>£000 | 2020-21<br>£000 | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | Later<br>Years<br>£000 |
|--|--------------------------|---------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------------|
| <b>Government Approved Funding</b>         |                          |                           |                 |                 |                 |                 |                 |                        |
| Specific Grants                            | 1,822                    | 1,759                     | 63              | -               | -               | -               | -               | -                      |
| <b>Total - Government Approved Funding</b> | <b>1,822</b>             | <b>1,759</b>              | <b>63</b>       | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>               |
| <b>Locally Generated Funding</b>           |                          |                           |                 |                 |                 |                 |                 |                        |
| Capital Receipts                           | 98,311                   | 45,106                    | 48,000          | 2,205           | -               | 500             | 500             | 2,000                  |
| Prudential Borrowing                       | 39,522                   | 7,030                     | 31,297          | -1,405          | 800             | 300             | 300             | 1,200                  |
| Prudential Borrowing (Repayable)           | -                        | 108,374                   | 29,543          | -600            | -4,200          | -               | -               | -133,117               |
| Ring-Fenced Capital Receipts               | 4,800                    | -                         | -               | 600             | 4,200           | -               | -               | -                      |
| Other Contributions                        | 143,667                  | 2,950                     | 7,600           | -               | -               | -               | -               | 133,117                |
| <b>Total - Locally Generated Funding</b>   | <b>286,300</b>           | <b>163,460</b>            | <b>116,440</b>  | <b>800</b>      | <b>800</b>      | <b>800</b>      | <b>800</b>      | <b>3,200</b>           |
|  |                          |                           |                 |                 |                 |                 |                 |                        |
| <b>TOTAL FUNDING</b>                       | <b>288,122</b>           | <b>165,219</b>            | <b>116,503</b>  | <b>800</b>      | <b>800</b>      | <b>800</b>      | <b>800</b>      | <b>3,200</b>           |

## Section 3 - F: Commercial and Investments

**Table 5: Capital Programme - Funding**

Budget Period: 2019-20 to 2028-29

| Summary of Schemes by Start Date |  |  |  |  | Total Funding<br>£000 | Grants<br>£000 | Develop.<br>Contr.<br>£000 | Other<br>Contr.<br>£000 | Capital<br>Receipts<br>£000 | Prud.<br>Borr.<br>£000 | Committee |
|----------------------------------|--|--|--|--|-----------------------|----------------|----------------------------|-------------------------|-----------------------------|------------------------|-----------|
| Ongoing                          |  |  |  |  | 83,733                | -              | -                          | 150                     | 98,311                      | -14,728                |           |
| Committed Schemes                |  |  |  |  | 173,755               | 1,822          | -                          | 143,517                 | 4,800                       | 23,616                 |           |
| 2018-2019 Starts                 |  |  |  |  | 30,634                | -              | -                          | -                       | -                           | 30,634                 |           |
| <b>TOTAL BUDGET</b>              |  |  |  |  | <b>288,122</b>        | <b>1,822</b>   | <b>-</b>                   | <b>143,667</b>          | <b>103,111</b>              | <b>39,522</b>          |           |

| Ref         | Scheme   | Linked<br>Revenue<br>Proposal | Net<br>Revenue<br>Impact | Scheme<br>Start | Total<br>Funding<br>£000 | Grants<br>£000 | Develop.<br>Contr.<br>£000 | Other<br>Contr.<br>£000 | Capital<br>Receipts<br>£000 | Prud.<br>Borr.<br>£000 | Committee |
|-------------|--|-------------------------------|--------------------------|-----------------|--------------------------|----------------|----------------------------|-------------------------|-----------------------------|------------------------|-----------|
| <b>F/C.</b> | <b>Commercial &amp; Investments</b>  |                               |                          |                 |                          |                |                            |                         |                             |                        |           |
| F/C.2.101   | County Farms investment (Viability)  | F/R.7.103                     | TBC                      | Ongoing         | 2,700                    | -              | -                          | -                       | -                           | 2,700                  | C&I       |
| F/C.2.103   | Local Plans - representations  |                               | -                        | Ongoing         | 900                      | -              | -                          | -                       | -                           | 900                    | C&I       |
| F/C.2.111   | Shire Hall   |                               | -                        | Ongoing         | 5,439                    | -              | -                          | 150                     | 2,273                       | 3,016                  | C&I       |
| F/C.2.112   | Building Maintenance   |                               | -                        | Ongoing         | 5,400                    | -              | -                          | -                       | -                           | 5,400                  | C&I       |
| F/C.2.114   | MAC Joint Highways Depot   | TBC                           | TBC                      | Committed       | 5,198                    | -              | -                          | -                       | 4,800                       | 398                    | C&I       |
| F/C.2.116   | Shire Hall Relocation  | TBC                           | TBC                      | Committed       | 16,606                   | -              | -                          | -                       | -                           | 16,606                 | C&I       |
| F/C.2.117   | Commercial Investments   | F/R.7.110                     | TBC                      | Ongoing         | 100,000                  | -              | -                          | -                       | 100,000                     | -                      | C&I       |
| F/C.2.118   | Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride                   | F/R.7.114                     | -1,594                   | Committed       | 3,645                    | 1,822          | -                          | -                       | -                           | 1,823                  | C&I       |
| F/C.2.119   | Babraham Smart Energy Grid   | TBC                           | -2,600                   | 2018-19         | 11,393                   | -              | -                          | -                       | -                           | 11,393                 | C&I       |
| F/C.2.120   | Trumpington Smart Energy Grid  | TBC                           | -1                       | 2018-19         | 6,970                    | -              | -                          | -                       | -                           | 6,970                  | C&I       |
| F/C.2.121   | Stanground Closed Landfill Energy Project  | TBC                           | -3,324                   | 2018-19         | 9,745                    | -              | -                          | -                       | -                           | 9,745                  | C&I       |
| F/C.2.122   | Woodston Closed Landfill Energy Project  | TBC                           | -837                     | 2018-19         | 2,526                    | -              | -                          | -                       | -                           | 2,526                  | C&I       |
| F/C.2.240   | Housing schemes  | F/R.7.113                     | TBC                      | Committed       | 148,172                  | -              | -                          | 143,517                 | -                           | 4,655                  | C&I       |
|             | <b>Total - Commercial &amp; Investments</b>  |                               | <b>-8,356</b>            |                 | <b>318,694</b>           | <b>1,822</b>   | <b>-</b>                   | <b>143,667</b>          | <b>107,073</b>              | <b>66,132</b>          |           |
| <b>F/C.</b> | <b>Capital Programme Variation</b>   |                               |                          |                 |                          |                |                            |                         |                             |                        |           |
| F/C.3.001   | Variation Budget   |                               | -                        | Ongoing         | -30,706                  | -              | -                          | -                       | -12,000                     | -18,706                | C&I       |
| F/C.3.002   | Capitalisation of Interest Costs   |                               | -                        | Committed       | 134                      | -              | -                          | -                       | -                           | 134                    | C&I       |
|             | <b>Total - Capital Programme Variation</b>   |                               | <b>-</b>                 |                 | <b>-30,572</b>           | <b>-</b>       | <b>-</b>                   | <b>-</b>                | <b>-12,000</b>              | <b>-18,572</b>         |           |
| F/C.9.001   | Excess Corporate Services capital receipts used to reduce total prudential borrowing |                               |                          | Ongoing         | -                        | -              | -                          | -                       | 8,038                       | -8,038                 | C&I       |
|             | <b>TOTAL BUDGET</b>  |                               |                          |                 | <b>288,122</b>           | <b>1,822</b>   | <b>-</b>                   | <b>143,667</b>          | <b>103,111</b>              | <b>39,522</b>          |           |



**FINANCE AND PERFORMANCE REPORT – AUGUST 2018**

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

*Meeting Date:* **19<sup>th</sup> October 2018**

*From:* **Chief Finance Officer**

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

*Forward Plan ref:* **For key decisions**    *Key decision:*    **No**

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

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

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

- **review, note and comment upon the report**
- **consider and recommend to GPC to approve £84k of capital funding for Smart Energy Grid projects at Trumpington and Babraham Park & Ride sites**
- **consider and recommend to GPC to approve the rephasing of £41.1m of the Housing Schemes budget**
- **consider and recommend to GPC to approve the rephasing of £17.2m of the Capital Programme Variations budget**

| <b><i>Officer contact:</i></b> |  | <b><i>Member contacts:</i></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 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 August 2018 Finance and Performance report.
- 2.2 **Revenue:** At the end of August, Commercial and Investment Committee is forecasting an overspend of £6,264k on revenue budgets. The last report the Committee has reviewed was the July 18 report; since then there have been three significant forecast outturn variances by value (over £100,000) to report.
- 2.3 **Capital:** At the end of August, Commercial and Investment Committee is forecasting an underspend of £-2,037k on the capital programme budget.

**Commercial and Investment Committee is asked to recommend to GPC to approve:**

- **£84k of capital funding for Smart Energy Grid projects at Trumpington and Babraham Park & Ride sites**
- **the rephasing of £41.1m of the Housing Schemes budget**
- **the rephasing of £17.2m of the Capital Programme Variations budget**

There is one material exception to report for August.

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

## 3. ALIGNMENT WITH CORPORATE PRIORITIES

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

There are no significant implications for this priority.

### 3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

### 3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

## 4. SIGNIFICANT IMPLICATIONS

### 4.1 Resource Implications

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

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

There are no significant implications within this category.

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

There are no significant implications within this category.

#### **4.4 Engagement and Consultation Implications**

There are no significant implications within this category.

#### **4.5 Localism and Local Member Involvement**

There are no significant implications within this category.

#### **4.6 Public Health Implications**

There are no significant implications within this category.

| <b>Implications</b>   | <b>Officer Clearance</b> |
|---|--------------------------|
|   |                          |
| <b>Have the resource 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 (August 18) | 1 <sup>st</sup> Floor, Octagon, Shire Hall, Cambridge |



## **Commercial and Investment**

### **Finance and Performance Report – August 2018**

#### **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>Red</b>            | 2.1 – 2.4           |
| <b>Green</b>           | Capital Programme      | Remain within overall resources | <b>Green</b>          | 3.2                 |

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

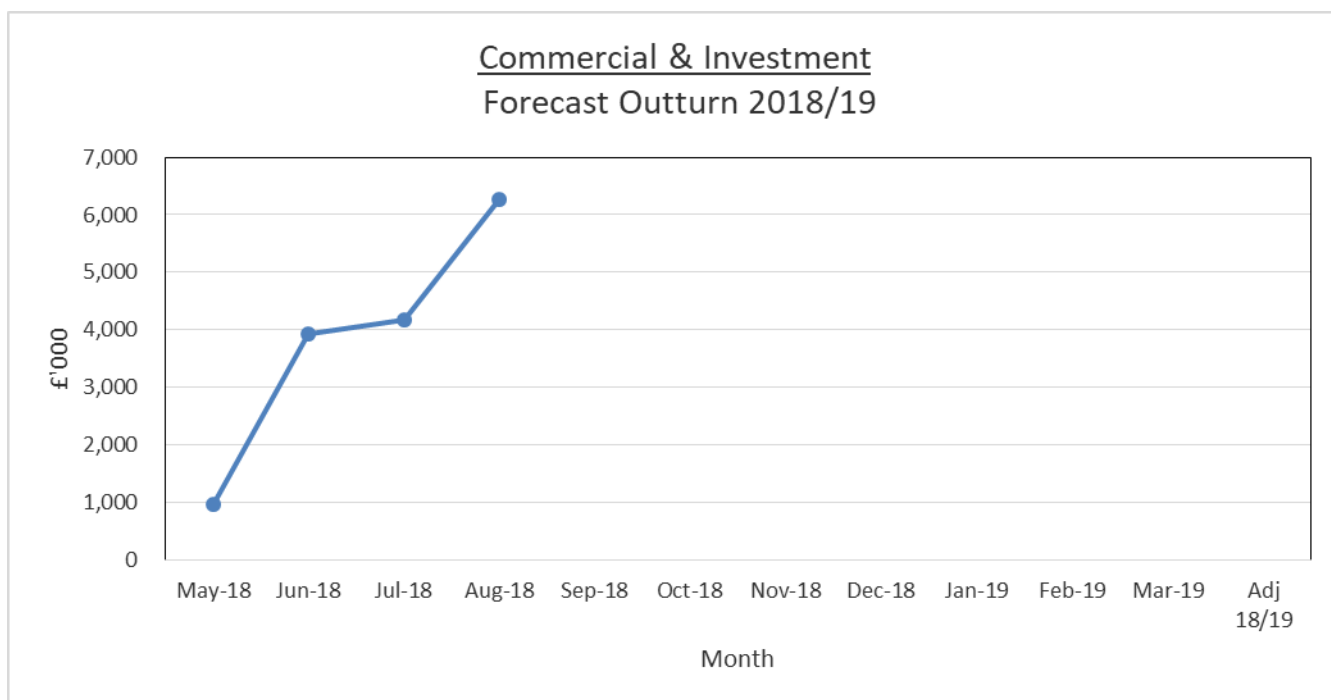
##### **2.1 Overall Position**

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

| <b>Outturn<br/>Variance<br/>(July)<br/>£000</b> | <b>Directorate</b>                     | <b>Budget<br/>£000</b> | <b>Actual<br/>£000</b> | <b>Outturn<br/>Variance<br/>(Aug)<br/>£000</b> | <b>Outturn<br/>Variance<br/>(Aug)<br/>%</b> |
|---|--|------------------------|------------------------|--|---|
| 2,950   | Commercial Activity                    | -9,446                 | 316                    | 4,700  | 49.8%                                       |
| -24   | Property Services                      | 6,037                  | 2,367                  | -36  | -0.6%                                       |
| 0   | Strategic Assets                       | -4,098                 | -1,005                 | -54  | 1.3%  |
| 1,237   | Traded Services to Schools and Parents | -1,200                 | 1,310                  | 1,653  | 137.8%                                      |
| <b>4,163</b>                                    | <b>Total</b>                           | <b>-8,707</b>          | <b>2,988</b>           | <b>6,264</b>                                   | <b>71.9%</b>                                |

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

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



## 2.2 Significant Issues – Commercial and Investment

At the end of August 2018, Commercial and Investment is forecast to overspend by £6.3m in 2018/19. This represents an increase of £2.1m from the previous forecast, mainly due to an increase in the expected underachievement on Commercial Activity.

### Commercial Activity

Commercial Investments is forecasting an overspend of £3.1m at year end, which is an increase of £0.7m from the previous forecast. Although there has now been a commercial acquisition of £38m the expected income in the remainder of the year has been recalculated. The Council considers investment opportunities as they arise and has not been successful on all occasions; investments are made when the yield is in line with the Council's acquisitions strategy. In due course it is anticipated that this budget will deliver to target once sufficient financially appealing opportunities have been secured.

Housing Investment is forecasting an overspend of £1.5m at year end, which is an increase of £1m from the previous forecast. Expectations of interest receivable continue to be remodelled and reprofiled based on loans advanced. Loan values are constrained by the value of property at disposal (dependent on planning) alongside ensuring the Council has sufficient collateral as lender.

### Traded Services

Traded Services to Schools and Parents is forecasting an overspend of £250k, which is an increase of £250k from the previous forecast. This is due to only part of an additional £500k income target being expected to be achieved in 2018/19. Work is being undertaken to improve the position for future financial years and mitigating actions will be sought in-year to offset the under-recovery.

Cambridgeshire Catering & Cleaning Services are forecasting an overspend of £1.266m in 2018/19, which is an increase of £166k from the previous forecast. This is due to an increase in the expected shortfall against income targets for the year.

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

No new items were recorded during August 2018.

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

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

The following virements have been made this month to reflect changes in responsibilities.

|                                      | <b>£000</b> | <b>Notes</b>   |
|--------------------------------------|-------------|--|
| County Offices                       | -50         | Rent income budget for Grand Arcade Shop transferred from Libraries. |
| Non material virements<br>(+/- £30k) | 0           |  |

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

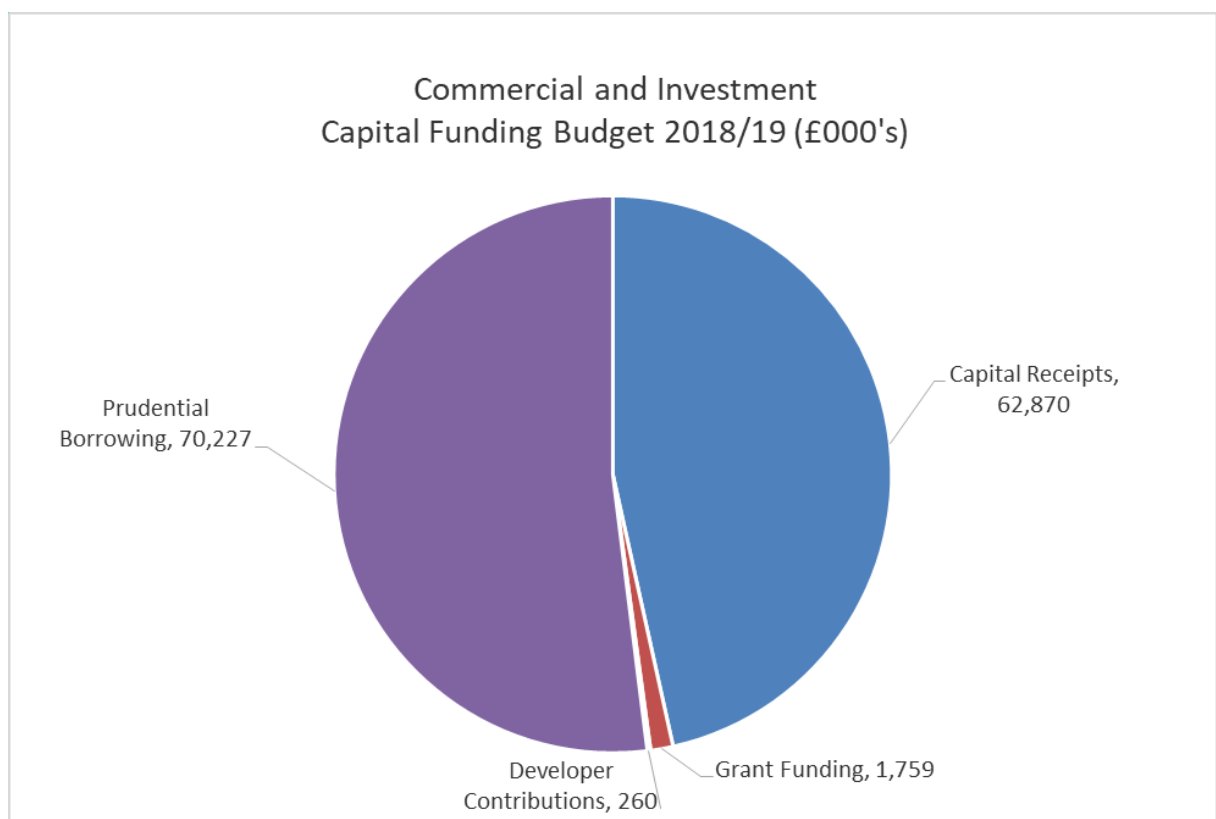
### 3. **BALANCE SHEET**

#### 3.1 **Reserves**

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

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

Commercial and Investment Committee has a capital budget of £135m in 2018/19, which is funded by the following capital resources:





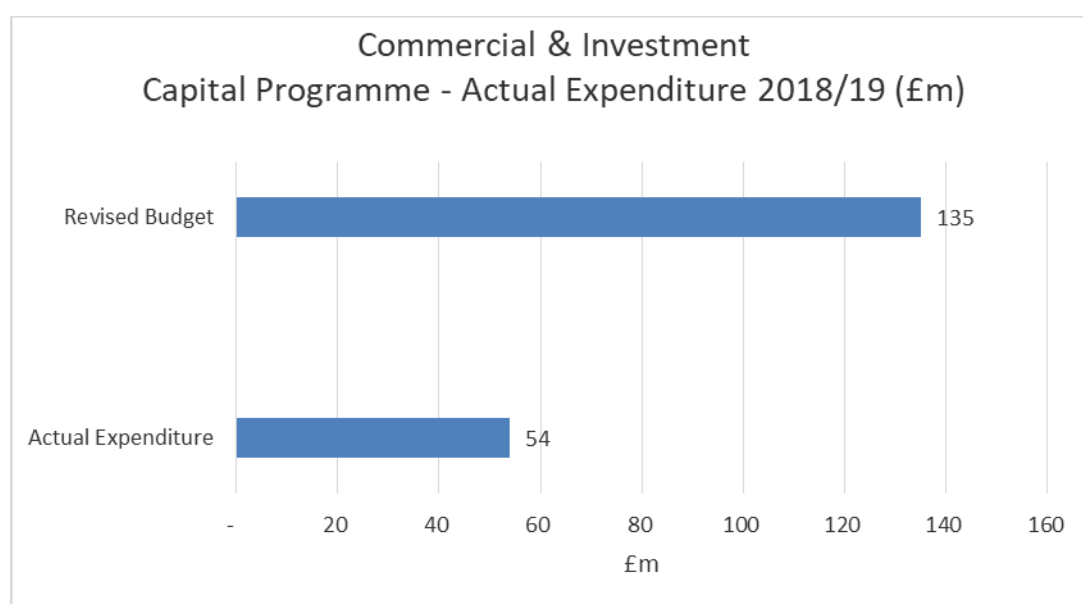
### Variations Budget

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

| Service | Capital Programme Variations Budget<br>£000 | Forecast Variance - Outturn (August)<br>£000 | Capital Programme Variations Budget Used<br>£000 | Capital Programme Variations Budget Used<br>% | Revised Forecast Variance - Outturn (Feb)<br>£000 |
|---------|---|--|--|---|---|
| C&I     | -33,963                                     | -36,000                                      | -33,963  | 100%  | -2,037  |

### Expenditure

Commercial and Investment Committee has expenditure of £54m to date on the Capital Programme, against a revised budget of £135m:



An in-year variance of £36m is predicted, which exceeds the Capital Programme Variations budget of £34m. Therefore there is a forecast underspend of £2m on the capital programme for 2018/19. Total scheme variances of £147k underspent are expected over the lifetime of the schemes.

An underspend of £36m is forecast on Commercial Investments in 2018/19. The Council considers investment opportunities as they arise and has not been successful on all occasions; investments are made when the yield is in line with the Council's acquisitions strategy. The commercial acquisitions strategy is under review, taking account of latest government guidance. It is advantageous to the

Council to coincide commercial investments with capital receipts, which are predominantly related to land values for sites transferred to This Land.

### Funding

Commercial and Investment Committee has capital funding of £135m in 2018/19.

Outline Business Cases for Smart Energy Grids for Trumpington and Babraham Park and Ride sites were approved by Commercial and Investment Committee in May, including support for £150k to develop the proposals. Now the proposals have been developed further, C&I Committee is asked to recommend that GPC approves additional capital expenditure of £84k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).

C&I Committee is asked to recommend that GPC approves the £-41.1m rephasing of the Housing Schemes budget. Following a review of the loans in the Housing model, a change in the funding profile for Housing Schemes is required to reflect the timing of investment.

The C&I capital programme variations budget for 2018/19 has not previously included the Housing Schemes, but in light of the above change in funding profile the C&I capital variations budget has now been revised to include this, resulting in a -£17.2m budget change. The revised C&I capital variations budget has also now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes. C&I Committee is asked to recommend to GPC the approval of £-17.2m revised phasing of funding relating to changes in the capital programme variations budget.

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 August 2018 for Commercial and Investment are as follows:

| Forecast<br>Outturn<br>Variance<br>(July)     |   | Budget<br>2018/19 | Actual<br>August<br>2018 | Forecast<br>Outturn<br>Variance |             |
|---|---|-------------------|--------------------------|---------------------------------|-------------|
| £000's  |   | £000's            | £000's                   | £000's                          | %           |
| <b>Commercial Activity</b>                    |   |                   |                          |                                 |             |
| 2,450   | Commercial Investments                      | -5,100            | 425                      | 3,150                           | 62%         |
| 500   | Cambridge Housing and Investment Company    | -4,346            | -109                     | 1,550                           | 36%         |
| <b>2,950</b>                                  | <b>Commercial Activity Total</b>            | <b>-9,446</b>     | <b>316</b>               | <b>4,700</b>                    | <b>50%</b>  |
| <b>Property Services</b>                      |   |                   |                          |                                 |             |
| 0   | Building Maintenance                        | 1,093             | 677                      | 0                               | 0%          |
| -24   | County Offices                              | 4,096             | 1,350                    | -24                             | -1%         |
| 0   | Property Services                           | 645               | 292                      | 0                               | 0%          |
| 0   | Property Compliance                         | 203               | 48                       | -12                             | -6%         |
| <b>-24</b>                                    | <b>Property Services Total</b>              | <b>6,037</b>      | <b>2,367</b>             | <b>-36</b>                      | <b>-1%</b>  |
| <b>Strategic Assets</b>                       |   |                   |                          |                                 |             |
| 0   | County Farms                                | -4,905            | -619                     | 0                               | 0%          |
| 0   | Strategic Assets                            | 807               | -386                     | -54                             | -7%         |
| <b>0</b>                                      | <b>Strategic Assets Total</b>               | <b>-4,098</b>     | <b>-1,005</b>            | <b>-54</b>                      | <b>1%</b>   |
| <b>Traded Services to Schools and Parents</b> |   |                   |                          |                                 |             |
| 0   | Traded Services to Schools and Parents      | -408              | 42                       | 250                             | 61%         |
| 0   | ICT Service (Education)                     | -200              | 13                       | 0                               | 0%          |
| 0   | Professional Development Centres            | -71               | -46                      | 0                               | 0%          |
| 0   | Cambridgeshire Music                        | 5                 | 552                      | 0                               | 0%          |
| 137   | Outdoor Education (includes Grafham Water)  | -77               | 285                      | 137                             | 178%        |
| 1,100   | Cambridgeshire Catering & Cleaning Services | -449              | 464                      | 1,266                           | 282%        |
| <b>1,237</b>                                  | <b>Traded Services Total</b>                | <b>-1,200</b>     | <b>1,310</b>             | <b>1,653</b>                    | <b>138%</b> |
| <b>4,163</b>                                  | <b>Total</b>                                | <b>-8,707</b>     | <b>2,988</b>             | <b>6,264</b>                    | <b>72%</b>  |

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

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

| Service  | Current Budget<br>£'000 | Forecast Variance - Outturn |            |
|--|-------------------------|-----------------------------|------------|
|  |                         | £'000                       | %          |
| <b>Commercial Investments</b>  | <b>-5,100</b>           | <b>3,150</b>                | <b>62%</b> |
| <p>Commercial Investments is forecasting an overspend of £3.1m at year end. Although there has now been a commercial acquisition of £38m the expected income in the remainder of the year has been recalculated. The Council considers investment opportunities as they arise and has not been successful on all occasions, investments are made when the yield is in line with the Council's acquisitions strategy. In due course it is anticipated that this budget will deliver to target once sufficient financially appealing opportunities have been secured.</p>  |                         |                             |            |
| <b>Housing Investment (This Land Company)</b>  | <b>-4,346</b>           | <b>1,550</b>                | <b>36%</b> |
| <p>A pressure of £1.5m is reported on Housing budgets. Expectations of interest receivable continue to be remodelled and reprofiled based on loans advanced and anticipated during the year. Loan values are constrained by the value of property at disposal (dependent on planning) alongside ensuring the Council has sufficient collateral as lender.</p>  |                         |                             |            |
| <b>County Offices</b>  | <b>4,096</b>            | <b>-24</b>                  | <b>-1%</b> |
| <p>County Offices budgets are forecast to underspend by £24k at year-end 2018/19. This is mainly due to the following favourable variances which were first reported during the last financial year:</p> <ul style="list-style-type: none"> <li>• £240k surplus following a reassessment of historic business rates liabilities for children's centres.</li> <li>• £350k saving due to the reduction in rates liability for Shire Hall, £114k of which has been applied to meet the £200k savings target set for Property Services in Business Planning.</li> <li>• £65k saving due to The Meadows, St Ives having been vacated; this is based on the annual budget of £115k less £10k running costs and an estimate of £40k for dilapidations.</li> </ul> <p>However, these are largely off-set against the follow overspends:</p> <ul style="list-style-type: none"> <li>• There is a predicted £32k shortfall in 2018/19 against the planned savings from the Children's Centre Review, due to delays in vacating the premises; it is anticipated that this shortfall will be mitigated by staff vacancies within P&amp;C Committee.</li> <li>• £400k dilapidation costs for the Cambridgeshire Catering and Cleaning Services cook freeze unit.</li> </ul> |                         |                             |            |

| Service   | Current Budget<br>£'000 | Forecast Variance -<br>Outturn<br>£'000 % |      |
|---|-------------------------|---|------|
| • £150k pressure due to new security systems required in County Offices.  |                         |   |      |
| Traded Services to Schools and Parents  | -408                    | 250                                       | 61%  |
| An overspend of £250k is being reported against Traded Services to Schools and Parents. This is due to only part of an additional £500k income target being expected to be achieved in 2018/19. Work is being undertaken to improve the position for future financial years and mitigating actions will be sought in-year to offset the under-recovery.   |                         |   |      |
| Outdoor Education   | -77                     | 137                                       | 178% |
| Outdoor Education is currently reporting a £137k overspend. This is a combination of an anticipated £30k under-recovery of income at Stibbington and an ongoing structural pressure of £107k at Grafham Water.<br><br>The Grafham Water budget includes an internal loan of £95k in 2018/19 relating to building and improvement works carried out a number of years ago. Although prices have been increased for all user groups and the centre is running at high capacity, the centre is currently unable to generate sufficient income to cover the additional costs of the loan as well as a targeted £42k over-recovery.<br><br>The pressures at both centres are being addressed as part of the ongoing Outdoor Centres Outcome Focussed Review, and in-year mitigations are being sought. |                         |   |      |
| Cambridgeshire Catering & Cleaning Services   | -449                    | 1,266                                     | 282% |
| As previously reported, Cambridgeshire Cleaning and Catering Services is to close during 2018/19, following a decision in 2017/18 based on the long term decline in prospects for the service and an increasing cost base driven by rising salaries. As the service winds down, approximately 33% of SLAs are phased to end in August 2018, with the remainder ending in October 2018. This pressure therefore represents the non-delivery of a full-year service as well as one-off costs related to closing the service. There is potential for this figure to increase as the one-off costs of closure are further refined and temporary 'diseconomies of scale' come to fruition.   |                         |   |      |

### 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<br>£000 | Reported |
|------------------------------------|----------------|-------------------------|----------|
| <b>Grants as per Business Plan</b> |                | <b>783</b>              |          |
| One Public Estate                  | Cabinet Office | 515                     | May 18   |
| <b>Total Grants 2018/19</b>        |                | <b>1,298</b>            |          |

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

|  | £000          | Reported  |
|--|---------------|-----------|
| <b>Budget as per Business Plan</b>   | <b>-8,188</b> |           |
| Transfer of Traded Services salary and recharge budgets to C&I                       | -74           | May 18    |
| Transfer of P&C ICT SLA budget to Director of Education from Head of Traded Services | -134          | May 18    |
| Transfer of ESPO dividend budget from LGSS Managed to C&I                            | -200          | May 18    |
| Transfer balance of Cleaning Contract saving from C&I to Corporate Services.         | -26           | May 18    |
| Transfer Cleaning Contract saving from C&I to Corporate Services budgets.            | -36           | June 18   |
| Rent income budget for Grand Arcade Shop transferred from Libraries.                 | -50           | August 18 |
| <b>Current Budget 2018/19</b>  | <b>-8,707</b> |           |

## C&I APPENDIX 5 – Reserve Schedule

### 1. Commercial and Investment Reserves

| Fund Description                                 | Balance at<br>31 March<br>2018 | Movements<br>in 2018/19 | Balance at<br>31 August<br>2018 | Forecast<br>Balance at<br>31 March<br>2019 | Notes |
|--|--------------------------------|-------------------------|---------------------------------|--|-------|
|  | £'000                          | £'000                   | £'000                           | £'000                                      |       |
| <b><u>Equipment Reserves</u></b>                 |                                |                         |                                 |  |       |
| The ICT Service (Education)                      | 680                            | 0                       | 680                             | 0  | 1     |
| subtotal   | 680                            | 0                       | 680                             | 0  |       |
| <b><u>Other Earmarked Funds</u></b>              |                                |                         |                                 |  |       |
| North Cambridge Academy site<br>demolition costs | 468                            | 105                     | 573                             | 573  | 2     |
| Cambs Music Reserve                              | 84                             | 0                       | 84                              | 84   | 3     |
| subtotal   | 552                            | 105                     | 658                             | 657  |       |
| <b><u>Capital Reserves</u></b>                   |                                |                         |                                 |  |       |
| General Capital Receipts                         | 0                              | 28,925                  | 28,925                          | 0  | 4     |
| subtotal   | 0                              | 28,925                  | 28,925                          | 0  |       |
| <b>TOTAL</b>                                     | <b>1,232</b>                   | <b>28,820</b>           | <b>27,588</b>                   | <b>657</b>                                 |       |

#### Notes

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

## C&I APPENDIX 6 – Capital Expenditure

### 1. Capital Expenditure Summary 2018/19

| Commercial & Investment Capital Programme 2018/19  |                            |   |                                    |  |  | TOTAL SCHEME                                 |   |
|--|----------------------------|---|------------------------------------|--|--|--|---|
| Original<br>2018/19<br>Budget as<br>per BP<br>£000 | Scheme                     | Revised<br>Budget<br>for<br>2018/19<br>£000 | Actual<br>Spend<br>2018/19<br>£000 | Forecast<br>Spend -<br>Outturn<br>£000 | Outturn<br>Variance<br>2018/19<br>£000 | Total<br>Scheme<br>Revised<br>Budget<br>£000 | Total<br>Scheme<br>Forecast<br>Variance<br>£000 |
| 76,000   | <u>Commercial Activity</u> | 76,000                                      | 39,463                             | 40,000                                 | (36,000)                               | 100,000                                      | -   |
| 43,086   | Commercial<br>Investments  | 85,259                                      | 14,144                             | 85,259                                 | -                                      | 148,172                                      | -   |
| 119,086  | Housing Schemes            | 161,259                                     | 53,607                             | 125,259                                | (36,000)                               | 248,172                                      | -   |
| -  | <u>Property Services</u>   | 184   | 116                                | 184                                    | -                                      | 345  | -   |
| 600  | Office Portfolio           | 1,471                                       | 93                                 | 1,471                                  | -                                      | 6,290  | -   |
| 550  | Rationalisation            | 100   | 6                                  | 100                                    | -                                      | 4,791  | -   |
| 1,150  | Building Maintenance       | 1,755                                       | 215                                | 1,755                                  | -                                      | 11,426                                       | -   |
| 100  | Shire Hall Campus          | 100   | -                                  | 100                                    | -                                      | 618  | -   |
| 300  | <u>Strategic Assets</u>    | 362   | 157                                | 362                                    | -                                      | 4,820  | -   |
| -  | Local Plans                | 117   | -                                  | 117                                    | -                                      | 9,994  | (87)  |
| 100  | County Farms               | 100   | -                                  | 100                                    | -                                      | 5,198  | -   |
| 1,919  | Investment                 | 1,919                                       | -                                  | 1,919                                  | -                                      | 1,950  | -   |
| -  | Renewable Energy           | -   | -                                  | -                                      | -                                      | 16,606                                       | -   |
| 3,330  | Soham                      | 3,330                                       | -                                  | 3,330                                  | -                                      | 3,645  | (60)  |
| -  | MAC Joint Highways         | 54  | -                                  | 54                                     | -                                      | 11,393                                       | -   |
| -  | Project                    | 30  | -                                  | 30                                     | -                                      | 6,970  | -   |
| -  | Community Hubs -           | -   | -                                  | -                                      | -                                      | -  | -   |
| -  | East Barnwell              | -   | -                                  | -                                      | -                                      | -  | -   |
| -  | Shire Hall Relocation      | -   | -                                  | -                                      | -                                      | -  | -   |
| 5,749  | St Ives Smart Energy       | 6,012                                       | 157                                | 6,012                                  | -                                      | 61,194                                       | (147)   |
| 53   | Grid                       | 53  | -                                  | 53                                     | -                                      | -  | -   |
| (2,764)  | Babraham Smart             | (33,963)                                    | -                                  | -                                      | 33,963                                 | (37,129)                                     | -   |
| 123,274  | Energy Grid                | 135,116                                     | 53,979                             | 133,079                                | (2,037)                                | 283,663                                      | (147)   |
|  | Trumpington Smart          |   |                                    |  |  |  |   |
|  | Energy Grid                |   |                                    |  |  |  |   |
|  | Other Committed            |   |                                    |  |  |  |   |
|  | Projects                   |   |                                    |  |  |  |   |
|  | <b>TOTAL</b>               | <b>135,116</b>                              | <b>53,979</b>                      | <b>133,079</b>                         | <b>(2,037)</b>                         | <b>283,663</b>                               | <b>(147)</b>                                    |



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

| Capital Scheme  | Original Budget 2018/19 £000 | Revised Budget 2018/19 £000 |
|---|------------------------------|-----------------------------|
| <b>Housing</b>  | <b>43,086</b>                | <b>85,259</b>               |
| <p>This reflects:</p> <ul style="list-style-type: none"> <li>- the roll forward of £83m underspends from 2017/18 into 2018/19</li> <li>- In the August 2018 report, C&amp;I Committee is asked to recommend the approval of £-41.1m rephasing of the housing budget, to reflect the timing of investment.</li> </ul>  |                              |                             |
| <b>Shire Hall Building Maintenance</b>  | <b>550</b>                   | <b>100</b>                  |
| <p>In July C&amp;I Committee approved carry forward of £261k funding from 2017/18 into 2018/19, being required to support the general building maintenance programme. In addition to the carry forward of funds, C&amp;I Committee was asked to approve the virement of £711k from Shire Hall Building Maintenance budget to the Countywide Building Maintenance budget, comprising the £261k roll forward, plus a further 450k of the 2018/19 budget. This decision was postponed to the September meeting of C&amp;I Committee, where it was agreed.</p>              |                              |                             |
| <b>Building Maintenance</b>   | <b>600</b>                   | <b>1,471</b>                |
| <p>The budget comprises £160k carry forward from 2017/18 into 2018/19, funding a schedule of works to maintain County Office premises to compliance standards that will not interrupt delivery of Council services.</p> <p>In addition to the carry forward of funds, the September 2018 C&amp;I Committee approved a virement of £711k from the Shire Hall Building Maintenance budget to the countywide Building Maintenance budget. This reflects where work is required as an outcome of the conditions surveys undertaken across the whole property portfolio.</p> |                              |                             |
| <b>County Farms Investment</b>  | <b>300</b>                   | <b>362</b>                  |
| <p>C&amp;I Committee approved carry forward of £62k funding from 2017/18 into 2018/19, to fund ongoing planned works.</p>   |                              |                             |
| <b>Renewable Energy - Soham</b>   | <b>0</b>                     | <b>117</b>                  |
| <p>The budget comprises the carry forward of £117k funding from 2017/18 into 2018/19 to fund the retention costs for the Solar Park, which are now due to be paid in 2018/19.</p>   |                              |                             |

| <b>Capital Scheme</b>   | <b>Original Budget 2018/19 £000</b> | <b>Revised Budget 2018/19 £000</b> |
|---|-------------------------------------|------------------------------------|
| <b>Office Rationalisation</b>   | <b>0</b>                            | <b>184</b>                         |
| Carry forward of £184k funding from 2017/18 into 2018/19 was approved, for work on office rationalisation, moves and co-location projects - including Sawtry, Hill Rise, Shire Hall, Hereward Hall, Butts Grove, Scott House/Stanton House and Meadows closure.   |                                     |                                    |
| <b>Babraham Smart Energy Grid</b>   | <b>0</b>                            | <b>54</b>                          |
| An Outline Business Case for a Smart Energy Grid project for the Babraham Park and Ride site was approved by Commercial and Investment Committee in May, including support for £150k to develop the proposal. Now the proposal has been developed further, C&I Committee is asked to recommend that GPC approves additional capital expenditure of £54k in 2018/19 for the Babraham Smart Energy Grid, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).  |                                     |                                    |
| <b>Trumpington Smart Energy Grid</b>  | <b>0</b>                            | <b>30</b>                          |
| An Outline Business Case for a Smart Energy Grid project for the Trumpington Park and Ride site was approved by Commercial and Investment Committee in May, including support for £150k to develop the proposal. Now the proposal has been developed further, C&I Committee is asked to recommend that GPC approves additional capital expenditure of £30k in 2018/19 for the Trumpington Smart Energy Grid, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).  |                                     |                                    |
| <b>Capital Programme Variations Budget</b>  | <b>-2,764</b>                       | <b>-33,963</b>                     |
| <p>In June the Capital Programme Variations budgets were recalculated following the rephasing exercise to take account of budgets carried forward from 2017/18. The C&amp;I Capital Programme Variations budget was adjusted by £-14m to £-16.7m. This has reduced the prudential borrowing requirement by £14m.</p> <p>The C&amp;I capital programme variations budget for 2018/19 has not previously included the Housing Schemes, but in light of the above change in funding profile the C&amp;I capital variations budget has now been revised to include this, resulting in a -£17.2m budget change. The revised C&amp;I capital variations budget has now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&amp;I schemes. C&amp;I Committee is asked to recommend to GPC the approval of £-17.2m revised phasing of funding relating to changes in the capital programme variations budget.</p> |                                     |                                    |

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

| <b>Capital Scheme</b> | <b>Total Scheme Original Budget<br/>£000</b> | <b>Total Scheme Revised Budget<br/>£000</b> |
|-----------------------|--|---|
| None reported.        |  |   |

### **4. Reported Exceptions – Capital Expenditure 2018/19**

| <b>Capital Scheme</b>   | <b>Current Budget 2018/19<br/>£000</b> | <b>Forecast Variance - Outturn<br/>£000</b> |
|---|--|---|
| <b>Commercial Investments</b>   | <b>76,000</b>                          | <b>-36,000</b>                              |
| <p>An underspend of £36m is forecast on Commercial Investments in 2018/19. The Council considers investment opportunities as they arise and has not been successful on all occasions; investments are made when the yield is in line with the Council's acquisitions strategy. The commercial acquisitions strategy is under review, taking account of latest government guidance. It is advantageous to the Council to coincide commercial investments with capital receipts, which are predominantly related to land values for sites transferred to This Land.</p> |  |   |

## C&I APPENDIX 7 – Capital Funding

### 1. Capital Funding Summary 2018/19

| Commercial and Investment Capital Programme 2018/19               |                         |   |                           |                              |
|---|-------------------------|---|---------------------------|------------------------------|
| Original<br>2018/19<br>Funding<br>Allocation as<br>per BP<br>£000 | Source of Funding       | Revised<br>Funding for<br>2018/19<br>£000 | Forecast<br>Spend<br>£000 | Forecast<br>Variance<br>£000 |
| 78,833  | Capital Receipts        | 62,870                                    | 42,833                    | (20,037)                     |
| 1,759   | Grant Funding           | 1,759                                     | 1,759                     | -                            |
| 260   | Developer Contributions | 260                                       | 260                       | -                            |
| 42,422  | Prudential Borrowing    | 70,227                                    | 88,227                    | 18,000                       |
| <b>123,274</b>  | <b>TOTAL</b>            | <b>135,116</b>                            | <b>133,079</b>            | <b>(2,037)</b>               |

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

| Capital Scheme   | Original Budget<br>2018/19<br>£000 | Revised<br>Budget<br>2018/19<br>£000 |
|--|------------------------------------|--------------------------------------|
| <b>Housing</b>   | <b>43,086</b>                      | <b>85,259</b>                        |
| <p>As reported above, this reflects the roll forward of £83m underspends from 2017/18 into 2018/19.</p> <p>In the August 2018 report, C&amp;I Committee is asked to recommend the approval of £-41.1m rephasing of the housing budget, to reflect the timing of investment.</p>  |                                    |                                      |
| <b>Shire Hall Campus</b>   | <b>550</b>                         | <b>100</b>                           |
| <p>As reported above, carry forward of £261k funding from 2017/18 into 2018/19, being required to support the general building maintenance programme. In addition to the carry forward of funds, Commercial and Investment Committee in September approved the virement of £711k from Shire Hall Campus to the Countywide Building Maintenance budget.</p> |                                    |                                      |
| <b>Building Maintenance</b>  | <b>600</b>                         | <b>1,471</b>                         |
|  |                                    |                                      |

| <b>Capital Scheme</b>  | <b>Original Budget<br/>2018/19<br/>£000</b> | <b>Revised<br/>Budget<br/>2018/19<br/>£000</b> |
|--|---|--|
| As reported above, carry forward of £160k from 2017/18 into 2018/19, funding a schedule of works to maintain County Office premises to compliance standards that will not interrupt delivery of Council services. In addition to the carry forward of funds, Commercial and Investment Committee in September approved the virement of £711k from Shire Hall Campus to the Countywide Building Maintenance budget.                 |   |  |
| <b>County Farms Investment</b>   | <b>300</b>                                  | <b>362</b>                                     |
| As reported above, carry forward of £62k funding from 2017/18 into 2018/19, to fund ongoing planned works.   |   |  |
| <b>Renewable Energy - Soham</b>  | <b>0</b>                                    | <b>117</b>                                     |
| As reported above, carry forward of £117k funding from 2017/18 into 2018/19 to fund the retention costs for the Solar Park, which are now due to be paid in 2018/19.   |   |  |
| <b>Office Rationalisation</b>  | <b>0</b>                                    | <b>184</b>                                     |
| As reported above, carry forward of £184k funding from 2017/18 into 2018/19, for work on office rationalisation, moves and co-location projects.   |   |  |
| <b>Babraham Smart Energy Grid</b>  | <b>0</b>                                    | <b>54</b>                                      |
| As reported above, additional capital expenditure of £54k in 2018/19 for the Babraham Smart Energy Grid, funded by prudential borrowing.   |   |  |
| <b>Trumpington Smart Energy Grid</b>   | <b>0</b>                                    | <b>30</b>                                      |
| As reported above, additional capital expenditure of £30k in 2018/19 for the Trumpington Smart Energy grid, funded by prudential borrowing.  |   |  |
| <b>Capital Programme Variations Budget</b>   | <b>-2,764</b>                               | <b>-33,963</b>                                 |
| <p>As reported above, the C&amp;I Capital Programme Variations budget for prudential borrowing was adjusted by £-14m to £-16.7m in relation to rephasing.</p> <p>The variations budget has also been revised to now include the housing schemes, resulting in a further -£17.2m budget change.</p> <p>Finally, the revised C&amp;I capital variations budget has been split between prudential borrowing and capital receipts.</p> |   |  |

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

| <b>Capital Scheme</b> | <b>Total Scheme Original Budget<br/>£000</b> | <b>Total Scheme Revised Budget<br/>£000</b> |
|-----------------------|--|---|
| None reported.        |  |   |

### **4. Reported Exceptions – Capital Funding 2018/19**

| <b>Capital Scheme</b>  | <b>Current Budget<br/>2018/19<br/>£000</b> | <b>Forecast Variance -<br/>Outturn<br/>£000</b> |
|--|--|---|
| <b>Commercial Investments – Capital Receipts</b>   | <b>76,000</b>                              | <b>-36,000</b>                                  |
| <p>An underspend of £36m is forecast on Commercial Investments in 2018/19. The Council considers investment opportunities as they arise and has not been successful on all occasions; investments are made when the yield is in line with the Council's acquisitions strategy. The commercial acquisitions strategy is under review, taking account of latest government guidance. It is advantageous to the Council to coincide commercial investments with capital receipts, which are predominantly related to land values for sites transferred to This Land.</p> <p>As this budget is funded by capital receipts, a -£36m variation is being reported against capital receipts.</p> |  |   |
| <b>Capital Programme Variations Budget – Capital Receipts</b>  | <b>-15,963</b>                             | <b>15,963</b>                                   |
| <p>The revised C&amp;I capital variations budget has also now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&amp;I schemes. As such, because -£15,963k of the variations budget relates to capital receipts, £15,963k of the variations budget variance is being reported against capital receipts.</p>   |  |   |
| <b>Capital Programme Variations Budget – Prudential Borrowing</b>  | <b>-18,000</b>                             | <b>18,000</b>                                   |
| <p>As reported above, the revised C&amp;I capital variations budget has also now been split between prudential borrowing and capital receipts. As such, because -£18,000k of the variations budget relates to prudential borrowing, £18,000k of the variations budget variance is being reported against prudential borrowing.</p>   |  |   |

# COMMERCIAL AND INVESTMENT COMMITTEE AGENDA PLAN

Published on 1st October 2018  
Updated on 11<sup>th</sup> October 2018



Cambridgeshire  
County Council

## Notes

Committee dates shown in bold are confirmed.

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

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

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

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

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

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

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

| Committee Date  | Agenda item  | Lead officer  | Reference if key decision | Deadline for draft reports | Agenda despatch date |
|-----------------|--|---------------|---------------------------|----------------------------|----------------------|
| <b>19/10/18</b> | Service Committee Review of draft Capital Business Planning proposals for 2019-20 to 2023-24 | Jenny Simmons | n/a                       | 10/10/18                   | 11/10/18             |
|                 | Service Committee Review of draft Revenue Business Planning proposals for 2019-20 to 2023-24 | Amanda Askham |                           |                            |                      |
|                 | Loans to Voluntary and Non-Profit Organisations  | Chris Malyon  |                           |                            |                      |
| <b>23/11/18</b> | Swaffham Prior community energy project-outline business case                                | Sheryl French | 2018/063                  | 14/11/18                   | 15/11/18             |

| <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> |
|-----------------------|---|----------------------------------|----------------------------------|-----------------------------------|-----------------------------|
|                       | Shire Hall Working Group  | Chris Malyon                     |                                  |                                   |                             |
|                       | Review of Acquisitions Strategy                                     | Chris Malyon                     |                                  |                                   |                             |
|                       | St Luke's Barn  | Chris Malyon                     |                                  |                                   |                             |
|                       | +Land Promotion Agreements  | Chris Malyon                     |                                  |                                   |                             |
|                       | St Ives Football club – ransom strip benefit for CCC                |                                  |                                  |                                   |                             |
| <b>14/12/18</b>       | Smart Energy Grids for Trumpington and Babraham Park and Ride Sites | Sheryl French<br>Cherie Gregoire |                                  | 05/12/18                          | 06/12/18                    |
| <b>18/01/19</b>       | Smart Energy Grid, Power Purchase Agreement                         | Sheryl French                    | 2017/030                         | 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); Outline business case for battery storage project (Cherie Gregoire)



## COMMERCIAL AND INVESTMENT COMMITTEE TRAINING PLAN

| Ref | Subject  | Desired Learning Outcome/Success Measures   | Date                                       | Responsibility  | Attendance by: |
|-----|--|---|--|---|----------------|
| 1.  | Introductory Session for the Commercial & Investment Committee       | The Committee's remit, focus on work areas e.g. CHIC, Strategic Estates, Facilities Management and Horizon Scanning   | 26th May 2017                              | Chris Malyon/<br>John Macmillan                               | C&I            |
| 2.  | CHIC Workshop  |   | 27 <sup>th</sup> June 2017                 | Chris Malyon/ David Gelling/<br>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/<br>David Gelling                 | C&I            |
| 5.  | This Land Performance Workshop                                       |   | 12 <sup>th</sup> March 2018                | David Gelling/David Bethell<br>/Chris Malyon/John Macmillan   | C&I            |
| 6.  | Finance/Performance Indicators                                       |   | tbc  | Tom Kelly/Ellie Tod   | C&I            |
| 7.  | Future Smart Energy Systems Demonstrator Project                     |   | 18 <sup>th</sup> October 2018 (13.30)      | Sheryl French/Emily Bolton                                    | C&I            |
| 8.  | Members' duties and obligations in considering Promotion Agreements. |   | 2 <sup>nd</sup> November 2018<br>(12.30pm) | Chris Malyon  | C&I            |
| 9.  | <i>To be confirmed – provisional training session</i>                |   | 17 <sup>th</sup> January 2019 (10:00)      |   | C&I            |
| 10. | <i>To be confirmed – provisional training session</i>                |   | 26 <sup>th</sup> April 2019 (12:00)        |   | C&I            |

