

COMMERCIAL AND INVESTMENT COMMITTEE



Friday, 19 February 2021

Democratic and Members' Services
Fiona McMillan
Monitoring Officer

10:00

Shire Hall
Castle Hill
Cambridge
CB3 0AP

COVID-19

During the Covid-19 pandemic Council and Committee meetings will be held virtually for Committee members and for members of the public who wish to participate. These meetings will be held via Zoom and Microsoft Teams (for confidential or exempt items). For more information please contact the clerk for the meeting (details provided below).

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 of the Commercial and Investment Committee held 18th December 2020** **3 - 14**
3. **Action Log** **15 - 16**
4. **Petitions and Public Questions**

OTHER DECISIONS

5.	Refurbishment of March Community Centre	17 - 24
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The Commercial and Investment Committee comprises the following members:

Councillor Mark Goldsack (Chairman) Councillor Chris Boden (Vice-Chairman)
 Councillor Ian Bates Councillor John Gowing Councillor David Jenkins Councillor Linda Jones
 Councillor Peter McDonald Councillor Terence Rogers and Councillor Tim Wotherspoon

For more information about this meeting, including access arrangements please contact

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COMMERCIAL AND INVESTMENT COMMITTEE: MINUTES

Date: 18 December 2020

Time: 10:00am – 12.25pm

Venue: Virtual Meeting

Present: Councillors M Goldsack (Chairman), C Boden (Vice-Chairman), J Gowing, D Jenkins, L Jones, T Rogers, M Shellens (substituting for Cllr McDonald), M Smith (substituting for Cllr Bates) and T Wotherspoon

385. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies were presented on behalf of Councillor McDonald (Councillor Shellens substituting) and Councillor Bates (Councillor Smith substituting).

The Chairman, Councillor Goldsack, declared an interest in item 388, as he had a business relationship with one of the owners of nearby businesses who may be a potential customer of the scheme. He advised that he would not be voting on this item.

386. MINUTES OF THE MEETING HELD ON 16 OCTOBER 2020 AND ACTION LOG

The minutes of the meeting held on 16 October 2020 were agreed as a correct record.

The Action Log was noted.

387. PETITIONS AND PUBLIC QUESTIONS

There were no petitions or public questions.

388. DEVELOPMENT BUDGET FOR FORDHAM RENEWABLE ENERGY NETWORK DEMONSTRATOR PROJECT

The Committee considered a report regarding a proposed solar farm project. Officers explained how the land had been identified from the County Council's Rural Estates portfolio. The site was near to several large businesses, so there was scope to sell electricity to those businesses through Power Purchase Agreements (PPA) which were more profitable than selling to the Grid, although the current business case is based on a significant amount of energy generated needing to be sold to the Grid. Due to the location of the site, there was very limited visual impact. Additionally, the site was very flat which was positive for construction, and also because water did not pool on the site, limiting risk from flooding.

The report sought approval for £635K to support the project, which was mainly for consultancy fees, but also covered staff costs.

The three major areas of risk were:

- (1) Power Purchase agreements (PPAs) – how electricity would be sold and the appetite of customers to purchase green electricity locally;
- (2) matters around planning including visual impact, as the site was near to an existing solar farm, which would be taken into consideration by planners, i.e. the cumulative visual and ecological impact of the combined number of solar farms in the area, including Sunnica; and
- (3) the need to apply to UK Power Networks (UKPN) for a Grid connection. In terms of Grid connection, there were some constraints in the area, so to mitigate that impact, battery storage capacity was also proposed.

Arising from the report:

- A Member queried the quality of the agricultural of the land, which was likely to be Grade 2 or 3, and whether the analysis would be done in time. Officers confirmed that there were not the timescale risks compared to some other projects, which involved time limited grants or initiatives. The soil analysis had not been commissioned, because all of the work done prior to this Committee meeting was done at risk. The Member queried how the Committee could support the total budget for the different phases of the project when matters such as the soil analysis or flood issues remained unresolved. It was confirmed that the final decision could come back to full Committee, if required, and this could be incorporated in to recommendation (d);
- A Member asked about the issue of battery storage, and if there was any advantage in delaying commitment, to wait to establish take up through PPAs? Officers explained that the business case was based on generation being segregated to each potential customer, and this had been done without the benefit of speaking to those potential customers as it would have been premature, so potentially there were some inaccuracies in the figures provided. The exact level of interest and demand would be gauged through discussions and negotiations;
- A Member queried the cost of the third party review. It was noted that for the previous Refit Framework, an independent body called Local Partnerships were used, who co-owned the Framework. Under this new procurement, the cost for the third party review had been factored in, because despite the experience of the in-house team, using a third party reviewer was useful for benchmarking and brought in valuable experience from other projects and partnerships;
- A Member queried the costs for internal staff, legal and financial services, which seemed high. Officers advised that these costs covered all phases, over 24 months, and were based on the expenditure for similar projects e.g. Babraham;

- A Member praised the report, and commented that energy project reports coming forward displayed increasing maturity, and demonstrated how the team was improving in its development and management of these projects. He also supported the Member comments made on agricultural land values and flooding risks. He suggested that it may be appropriate to include these risks in the Risk Register, and queried whether it would be appropriate to include this in the IGP process.

Local Member Councillor Schumann spoke on the report. He commented that community engagement could often go wrong on these types of project, but he praised Jack Kennedy and Hugo Mallaby in Rural Estates, and Cherie Gregoire, for identifying this piece of land, which was very well placed, being so well screened, but near large businesses. The nearby Sunnica development had been a huge concern for some people locally because of its sheer scale, but he felt the Fordham site was an appropriately scaled development. Whilst acknowledging the comments raised about the quality of the land, he commented that he did not anticipate this being an issue. With regard to the points raised about bringing the project back to Committee, he would support this but on the basis it did not cause any unnecessary delay to the project going forward, e.g. in relation to connection issues.

The Chairman thanked officers for their excellent report, and commented that whilst he was aware of the potential impact on timescales, Members should request that the project be brought back to Committee for consideration at later stages if they felt this was appropriate, especially in relation to the battery requirement question that had been raised. In discussion, other Members agreed that this would be extremely helpful.

It was resolved unanimously to:

- a) To approve the high level assessment for a 21.3MWp (DC) solar farm to be sited at Glebe Farm, part of the Rural Estate, adjacent to Landwade Road in Fordham;
- b) Approve entering into a call off contract with Bouygues to commence on the development of an Investment Grade Proposal (IGP);
- c) provide support for a total budget of £635,000 as set out in in Table 3 to fund the development costs for an IGP, with inclusion of £550,000 capital budget into the Council's 2021-22 Business Plan to be agreed by Council in February 2021;
- d) agree the project will progress through the development phases as described in Diagram 1, with stage gate reviews as described in paragraph 2.24-2.29 in consultation with the Energy Investment Programme Member Working Group and the Commercial and Investment Committee;
- e) agree that at the conclusion of the IGP development, should the business case remain feasible, to seeking an investment decision from Commercial and Investment Committee seeking approval for an investment decision.

389. NORTH ANGLE SOLAR FARM INVESTMENT DECISION

Members considered a report which sought approval to move into the construction phase of the North Angle Solar Farm project.

Since the last update to Committee earlier in the year, Peterborough City Environment Trust had delivered community engagement support for the project. Their original plans to hold consultation events had changed due to the global pandemic, but they had done a great job in delivering digital messages and engaging with stakeholders. A full planning application for the scheme was submitted in July and had subsequently received approval.

The project was not without risk, with the greatest risk being the price of wholesale electricity in future. Officers highlighted the project timeframes, with the build currently scheduled between June and October, avoiding the challenges and additional cost of a winter build, although it was acknowledged that the timescale was relatively tight. The figures presented were considered to be an accurate estimate.

A Member commented that he supported alternative sources of energy as long as they were cost effective. Initially, he had had some concerns on this project, which was why he had requested a more detailed sensitivity analysis on this project. Consequently, Members attended an Officer-led session focussed on the detail of the financial modelling used in the business case (prior to the Committee meeting), which had helped clarify some of the issues. Counterintuitively, the project as a whole was not sensitive to assumptions on future inflation. Whilst understanding why the price of wholesale energy was seen as the greatest risk, he felt the Committee needed to be wary of the cumulative risk of the cost of wholesale electricity changing when it considered individual projects. He expressed concerns regarding the assumed cost of capital of the project of 1.25%, and sought reassurance on this matter, especially in terms of potential rate changes from the Public Works Loan Board (PWLb), and accordingly proposed an amendment to recommendation (a) that "...subject to Section 151 Officer agreement that it was appropriate to use an interest rate on the loan of 1.25%,"

Officers commented that there was a high risk of changes in prices, but the PWLB had recently introduced restrictions on how loans could be applied, rather than disincentivising authorities by increasing interest rates. For these reasons, officers felt the risk regarding PWLB rates was very low. The Section 151 Officer supported those comments and the proposed amendment.

Other points raised during the discussion of the report included:

- A Member commented that the recommendations appeared somewhat loose, and suggested that the recommendation should be more explicit in how the final decision would be made, and to confirm that either the Chairman or Committee would ultimately make a judgement on what was "significantly" different or not;
- A Member commented that it was important to look at fundamental profitability of these projects, and consider them on the same basis e.g. this project had been reviewed on a quasi geared cashflow basis. Fundamentally he felt that this was a

good project, but he was keen to pin down exactly what was meant by “significantly” different. He also suggested that there may be scope to review at the Energy Working Group in future how economics might be presented in these project evaluations;

- A Member asked whether the government was likely to abolish the Green Tariff for Electricity, and transfer this to Gas, how this might impact on the price of electricity, and whether this was likely to be beneficial or detrimental to the Council’s energy projects? Officers confirmed that Green Tariffs were currently added to electricity prices, and these would remain. The current low price of Gas and Oil was creating problems in terms of the perceived cost effectiveness of Renewable projects. The government may use a number of means to incentivise the change to low carbon, including levies and tariffs. However, in most situations, Green Tariffs did not impact on project returns, as the key issue was the price before tariffs were added. There could be some impact on the wider market, but this was likely to be fairly limited. To reach the 2050 targets, there needed to be higher usage of decarbonised electricity for domestic and commercial heating, with Gas reserved for industrial processes. The electrification of heat would come forward, and the demand and supply of clean electricity would need to match that change. Another Member supported these comments, and said that whilst current low prices of Gas and Oil may be a distraction, the focus should be on the medium and long term energy prices, which would be sustained by global demand. It was also noted that the government’s current focus on Renewables was on generation by offshore wind farms, and there may be issues if that became the dominant source of supply, as the rate for offshore wind was already below the long term price for the North Angle Solar Farm project;
- A Member expressed strong support for the project, and commented that it was necessary for the Council to take a degree of risk with regard to its own renewables projects;
- A Member asked whether possible tariff changes to solar panels imported from China was a potential risk. Officers advised that solar panel prices had increased significantly since the Business Case for this project had first been put forward, and that updated panel prices would be available in the new year. The Member suggested that the ideal situation would be for panels to be produced locally to reduce the carbon footprint of the scheme.

The following amendments to recommendations were agreed:

Add to Recommendation (a): “...subject to Section 151 Officer agreement that it was appropriate to use an interest rate of 1.25%;

Add to Recommendation (b): “and it is proposed the decision to sign a contract with Bouygues is delegated to the Chief Finance Officer, in consultation with the Chair of Commercial and Investment Committee and the Executive Director Place and Economy;”

It was resolved unanimously to:

- a) approve the investment case for the North Angle Solar Farm project as set out in section 2 of the report, subject to Section 151 Officer agreement that it was appropriate to use an interest rate of 1.25%;
- b) approve the proposed delegation arrangements set out in section 6 of the report, to enter into a construction contract with Bouygues E&S Solutions on agreement of the final price; and it is proposed the decision to sign a contract with Bouygues is delegated to the Chief Finance Officer, in consultation with the Chair of Commercial and Investment Committee and the Executive Director: Place and Economy;
- c) scope options for private wire connections to the North Angle Solar Farm Project and in particular the detailed proposal for Swaffham Prior Community Heat Project.

390. PROCUREMENT OF TECHNICAL CONSULTANCY TO SUPPORT REVENUE OPTIMISATION

The Committee considered a proposal to improve income from selling electricity and battery storage services from the Council's investments into clean energy projects.

Whilst the Council had the experience in finance, legal and project management of energy projects, it lacked the skills in the evolving energy market, and the resource and technology to develop the most lucrative route to market. Examples of how a technical consultancy could be used to the benefit of the Council were noted, especially in terms of battery storage projects, and the scope of services that were intended to be procured. A "do nothing" approach would result in potential losses of income, as the Council would be unable to benefit from market opportunities.

A Member asked about costs, and sought reassurance that the costs of acquiring this expertise would be outweighed by the benefits. Officers advised that until tenders were received, it was not possible to say how much the contract would cost. It was noted that aggregators usually took a proportion of the profit, i.e. both the Council and the aggregator should benefit, so it would depend on the amount of throughput of electricity sales, as the greater the throughput, the lower the cost. The Council would benefit from obtaining a better return over medium to long term.

The low-cost and low-risk way to sell electricity would be to agree on a rate for a period e.g. five years, but that would not be the best price. When selling became more complex e.g. selling on a day to day basis, a better rate could be obtained, but this requires expertise and resources, as it is associated with higher volumes of sales. An aggregator could perform this function, and the arrangement could work for both parties. The cost would ultimately be paid out of projects so needed to be factored into the future iterations of business cases. At this stage, it is not possible to predict what cost per kWh an aggregator may attain in terms of sales, because of the nature of service being procured, in that there were many market options available at any point in time. Another Member commented that he had similar concerns, but given the sheer complexity and technicality of the specification, and the scale of the project being undertaken, there was scope for additional revenue to be obtained if pricing mechanisms were handled

properly. For that reason he was reluctantly in favour of this proposal, the key issue being the management of risk, but he cautioned that the Committee needed to be vigilant and monitor the arrangement to ensure that the Council was getting value for money.

Arising from the report, comments included:

- The Section 151 Officer suggested that an additional recommendation could be added that the delegation be extended so that the Committee could make the final decision. Members agreed that there would be an additional recommendation: “Agree that the Decision to appoint at the end of the process is presented to the Commercial & Investment Committee, in exempt session;”
- A Member commented that the model was quite complex, and that she had initially assumed there would be a retainer and then a share of profits by both parties. In the short term, she felt that there was little choice but to proceed with this technical consultancy, to secure the required expertise, but she felt strongly that it should not be an open-ended arrangement;
- A Member observed that the report only sought approval to go out to tender. He agreed that the final decision to appoint a consultant should come back to Committee and that Members needed a good understanding of the balance of risk and reward offered by the contract;
- A Member queried whether there was the expertise in-house to monitor the contract. Officers confirmed that it was a learning process, and a number of Members expressed their confidence in the team managing those outcomes. It was noted that correctly setting the baseline was critical and that there was considerable in-house experience of these types of arrangements from the contract with Bouygues.

It was resolved unanimously to:

- a) approve the initiation of the procurement process for Optimisation/ Aggregator Services for the Energy Investment Programme portfolio;
- b) note the timescales of the procurement process; and
- c) delegate authority to Executive Director, Place and Economy in consultation with the Chair and Vice-Chair of Commercial & Investment Committee to approve going out to market with an Invitation to Tender for services;
- d) agree that the Decision to appoint at the end of the process is presented to the Commercial & Investment Committee, in exempt session.

391. COMMERCIAL AND INVESTMENT COMMITTEE REVIEW OF DRAFT REVENUE AND CAPITAL BUSINESS PLANNING PROPOSALS FOR 2021-2026

The Committee considered a report outlining the current business planning position and estimates for 2021-2026, the impact of COVID-19 on the 2021-22 financial position, and the principal risks, contingencies and implications facing the Committee and the Council's resources.

Members had considered an initial report on the Business Plan at their October meeting. The process was very different this year, in light of the global pandemic, and there were still many uncertainties. Members noted how scenario modelling in previous reports had been built upon, enabling a demand trajectory to be mapped in some areas, to see which scenarios were coming through, enabling a much clearer view of the funding gap and variables. On 17/12/20 government had announced an extension of the furlough scheme to April, and factors such as these were being incorporated into the modelling.

Members noted those areas of particular relevance to the Committee's remit, including some areas which needed to be reversed, some which were temporary and some where there was a permanent impact on commercial income generating abilities. It was noted that there needed to be a continued pipeline of investment opportunities, and continued support to the supply chain, which could be impacted by Covid and/or Brexit, and support the Combined Authority's Economic Recovery Strategy. It was noted that there had been a workshop for Committee Members in November on the refreshed Commercial Strategy, which had been well attended.

The Section 151 Officer had circulated a briefing note on the spending review with the caveat that the detail would be critical. The provisional grant settlement had been announced on 17/12/20, and a statement would be issued to all Members on the impact of the provisional settlement. It was noted that there was a challenge on one of the methodologies in distribution relating to business rates, and there may be more significant variations this year than previous years. The funding that government had made available nationally was better than anticipated, which was very welcome. As a consequence of the additional government funding, especially in relation to the Covid 'tail', the financial position would be significantly mitigated, although it was unclear what the exact position would be.

The Chairman applauded officers for the speed and level of detail that they were supplying to Members in this unprecedented and constantly changing environment.

Arising from the report:

- A Member asked if there was an update on Brunswick House? It was confirmed that the overall expected level of income for 2021/22 had been adjusted, but this was not a material adjustment, and income estimates for 2021/22 were prudent: current tenancy levels were at 78%, and a marketing campaign was planned for the 2021/22 academic year;

- A Member raised a query regarding income for the North Angle Solar Farm project. It was agreed that this would be addressed by email to the Committee. Action required;
- A Member referred to rent deferrals, and asked whether these would be recorded as debtors? Officers advised that there was an ongoing process with farm tenants in terms of managing rent deferrals, and there had been a slight increase in rent deferrals due to the pandemic. There was a similar process in place for commercial tenants, and there was an arrangement in place for one tenant, with a considerable sum due to be received in 2021/22. The Committee was reassured that all rent deferrals were being managed proactively. It was confirmed that they would be recorded openly and appropriately within the Accounts;
- With regard to Commercial Income and Contract Efficiencies, a Member asked whether these efficiencies were only in relation to commercial contracts? Officers confirmed that this was effectively a legacy issue: it was clear that given the level of contract efficiencies across council, there were opportunities to drive down costs e.g. £600K reductions in Highways Contract. The key issue was to ensure benefits were maximised, especially in larger contracts. The Member commented that with some of these large contracts, the companies concerned were “too big to fail”, and there were particular issues around the performance of some of the highways contracts. One of the issues around efficient contract management was whether there was a sufficiently large staff to manage expert monitoring and oversight: effective contract management depended on the resources and expertise being available. Councillor Shellens, speaking as Chairman of Audit & Accounts Committee, advised that this was a significant piece of work being reviewed by his Committee at its next meeting. Officers agreed that this was an issue for the whole Council, and that when resources were restricted, contract management tended to be light, but there were various efficiencies that could be achieved.

A Member praised officers for their clarity and speed of reporting in the current circumstances.

It was resolved unanimously:

- a) Note the progress made to date and next steps required to develop the business plan for 2021-2026;
- b) Note the impact of COVID-19 on the Council's financial planning;
- c) Endorse the budget and savings proposals that are within the remit of the Committee as part of consideration of the Council's overall Business Plan;
- d) Endorse the changes to the capital programme that are within the remit of the Committee as part of consideration of the Council's overall Business Plan

392. MILTON ROAD LIBRARY, ASCHAM ROAD, CAMBRIDGE, CB4 2BD – VARIATION TO LEASE

The Committee considered a report that proposed a variation to the current lease for the Milton Road Library premises. This site was redeveloped by This Land and last year granted the Council a 25 year lease last year to operate the library. This lease currently included five-year break clauses. This Land was looking to sell the site as a whole, and therefore maximise the value from a commercial perspective. Negotiations had taken place between This Land and the Council to look at the value attributable to breaks, and a 50/50 split of the capital receipt had been proposed, which would result in a £100K receipt for the Council.

Councillor Scutt was welcomed to the meeting and invited to speak as Local Member. Councillor Scutt stressed that the site provided valuable facilities to the local area, both as a library and community rooms. She emphasised that the library and community facilities also acted as a focus point for the nearby schools. She noted that many of the “corporate priorities” paragraphs in the report stated that there was no impact on quality of life, thriving places to live, best start for Cambridgeshire communities, etc, which she felt was inaccurate, as the library and community facilities were very important for people in this disadvantaged part of Cambridge. She supported the report recommendation, but felt that full Council should receive a full and detailed report about the activities of This Land, the loans that had been granted, etc. This development of this site was originally put forward as an income stream for the Council at the Highways & Community Infrastructure Committee. The flats above the library had remained unoccupied for many months, which represented lost income, had the site been retained by the Council.

Cambridge City Councillor Richard Robertson was invited to speak, as Chairman of Friends of Milton Road Library. He welcomed the extension of the lease, with the break clauses removed. He stressed the importance of the site as both a community facility and a library, and advised that the City Council also had an interest in the building. He commented that whilst some may doubt the importance of libraries in the long term, he was convinced that libraries would be needed, and community facilities would definitely be needed in the long term. Option 3 set out in the report gave the option to extend the lease after 25 years, which he welcomed. Councillor Robertson also expressed concerns about the way in which This Land operated. He pointed out that the building had transferred to This Land over 18 months ago, and the flats had been empty for a long time.

The Chairman thanked Councillors Scutt and Robertson for their comments. He stressed that all libraries across the county also acted as community assets, and this was a very valid point. The adoption of the recommendation would be safeguarding the site for a minimum of 25 years.

Officers confirmed that the freehold for the site had been sold to This Land, which was an independent company, wholly owned by the County Council, with the Committee acting as shareholder, and the County Council represented on the This Land Board by one

officer and one Member. Whilst recognising Councillor Robertson's frustrations around the flats not being sold, officers advised that sales of the flats had fallen through, and had then been impacted by the uncertainties around Covid. The 25 year period was a big commitment, which could have been extended, but 25 years was seen as a good balance in terms of security of tenure and long term opportunities.

It was resolved unanimously to:

Approve the completion of the Deed of Variation based on option 3 (as set out in paragraph 2.3 of the report) with completion of the Deed of Variation being subject to the receipt of the premium payment from the landlord developer.

393. FINANCE AND PERFORMANCE REPORT – OCTOBER 2020

The Committee considered a report on the financial information relating to the areas within the Commercial and Investment Committee's remit, for the period ending 31st October 2020.

Members noted that there was an underachievement of Revenue of £2.4M, which represented a small improvement in the outturn position of £53K, and the reasons for this were detailed. With regard to Capital, there were two significant variations reported, with a net impact of a predicted £5.7M underspend at year end.

It was resolved unanimously to:

Note the report.

394. COMMITTEE AGENDA PLAN AND APPOINTMENTS TO OUTSIDE BODIES

The Committee considered the Agenda Plan, including changes made since publication.

It was resolved to:

1. review the agenda plan.

Chairman

COMMERCIAL AND INVESTMENT COMMITTEE MINUTES-ACTION LOG

This is the updated action log as at 11th February 2021 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 16 th December 2019					
Minute number	Item title	Responsible officer(s)	Action	Comments	Completed
307.	Milestone 4 and 5 Report for the Alconbury Weald Civic Hub – Cambs 2020 Programme	Andy Preston/ Kim Davies	Totality of the Business Case, including some commercially confidential information, to be brought back to a future meeting, so that Members could establish the overall financial position.	The full Cambs 2020 Business Case will be considered by C&I Committee later in the year.	tbc
Minutes of 21 st February 2020					
322.	Construction of Northstowe Heritage Facility	Quinton Carroll	Request that Longstanton be included in the name of the Heritage Facility.	This request has been communicated to all parties and has been well received in Longstanton. It will be actioned in due course.	In progress.
Minutes of 16 th October 2020					
380.	Service Committee Review of the draft 2021-2022 Capital Programme	Eleanor Tod	Officers to investigate further implications of recent developments for Swaffham Prior scheme.		

Minutes of 18th December 2020

391.	Commercial and Investment Committee Review of Draft Revenue and Capital Business Planning proposals for 2021-26	Matthew Rathbone/ Chris Malyon	A Member raised a query regarding income for the North Angle Solar Farm project. It was agreed that this would be addressed by email to the Committee.	Response circulated by email 11/02/21	Completed.
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Refurbishment of March Community Centre

To: Commercial and Investment Committee

Meeting Date: 19 February 2021

From: Adrian Chapman, Service Director: Communities and Safety
Tony Cooper, Assistant Director Property

Electoral division(s): All

Forward Plan ref: N/A

Key decision: No

Outcome: For the Committee to receive information relating to the refurbishment of March Community Centre and approve the 2 strand capital spend.

Recommendation: That the Committee:

- (i) Receives and records the report
- (ii) – Strand 1 - Endorse the capital refurbishment spend of the monies awarded by grant at no cost to the Council's core budget
- (iii) Strand 2 - Endorse the secondary capital investment to upgrade the net carbon zero heating system and roof repairs agreed through delegated governance
- (iv) Notes the procurement processes that have commenced across the totality of works (£735k) towards the appointment of contractors

Officer contacts:

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Member contacts:

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1. Background

- 1.1 This report is brought to the Commercial & Investment Committee due to its remit for asset and property decisions. Under the Council's constitution there is a requirement for projects with an aggregate cost in excess of £0.5 million to be approved by Committee. This is based on the combined and gross expenditure of the project, irrespective of funding source.
- 1.2 The refurbishment of March Community Centre combines a £400k internal refurbishment and conversion for training and community facilities with maintenance expenditure of £150k for the building fabric and £185k for lifecycle replacement and climate change upgrade of the heating and boiler systems. Whilst each of these components is separately funded this provides for an aggregate gross expenditure on delivering the new March Skills facility of £735k.
- 1.3 The £400k refurbishment work is externally grant funded by the Cambridgeshire and Peterborough Combined Authority, and has previously been approved through the Strategic Assets Property Board (SPAB) under delegated officer authority. The maintenance works and heating replacement are funded by CCC through the respective property and climate change budgets and approved through the respective programme governance. Each of these workstream budgets has been individually approved at Full Council, General Purposes Committee or under delegated officer authority as required. Governance and value for money in respect of the heating replacement will be dealt with via the appropriate processes under delegated officer approvals from the Environment & Sustainability Committee. This includes reference to SPAB and the requirement to achieve specified financial returns from the additional investment.
- 1.4 Whilst the individual components of the works have been approved through appropriate governance, the project in aggregate has not been put before this Committee. With the individual approvals in place the Committee is asked to receive and record the report due to the interconnecting investments into March Community Centre through different parts of the capital programme, this report provides an overview for this Committee regarding this important County Council asset. The service provision implications are a matter for Communities & Partnerships Committee. Governance requirements from the external funder have also already been satisfied.
- 1.5 Following the upgrade of the buildings, Cambridgeshire Skills will continue to pay for, via its ring-fenced grant and externally generated income, the internal fabric and utility running costs of the building (therefore no cost to the council core budget). CCC Property will retain responsibility for the exterior and structure of the building. The centre will also remain a community and education centre. The community will be able to continue to hire our facilities. The refurbished classrooms will be used for education, however when not in use the community will be able to use them. The refurbishment bid was to both increase training capacity and to expand education and community use.

2. Main Issues

- 2.1 Cambridgeshire Skills' legal status is an internal department of Cambridgeshire County Council. It is in part, based at and operates its face-to face, direct delivery Fenland service

from March Community Centre. All 15 staff are CCC employees and CCC receive grant funding for our Service via the Cambridgeshire & Peterborough Combined Authority (CPCA) and the Department for Education to fund the operational costs of the service. We are not a traded service, nor an arms-length organisation. This funding is directly

- 2.2 Cambridgeshire Skills adult community learning service has recently refocussed its education and training programme to specifically target and address the need for education and training in Fenland, in line with the CPCA's post-Covid Economic Recovery Strategy, Skills Strategy and Local Industrial Strategy. The programme offer of qualification-based programmes with vocational pathways are focussed on getting people into work and improving work and pay prospects.
- 2.3 To facilitate the delivery of these programmes and the wider support necessary to help the most disadvantaged and furthest away from work in the Fenland area to access education and training, Cambridgeshire Skills has invested more resource and time into making March Community Centre, a venue that the service has managed for some years now, the main centre for Fenland's Adult and Community Learning Centre. Although a very well-located base, the building required some investment to provide further good quality, fit-for-purpose education, community and training spaces, facilities and services.
- 2.4 Cambridgeshire County Council is supportive of the new focus of its Service both in curriculum and geographical terms, and has provided March Community Centre as the building from which Cambridgeshire Skills can operate and deliver learning. The buildings, which consist of a main centre and two outer buildings, is the main site from which Cambridgeshire skills operates in order to target its programme delivery across Fenland and East Cambridgeshire. Built as a school in the early 1900's, the main building provides the ideal base for the Service as its core design was for education and training, and is well placed between the centre of town and the railway station in March. In addition, there are two outbuildings, that are currently unused, that are planned to be adapted to provide four additional workshops. The main centre and outbuildings require some internal redesign and refurbishment to provide the fit-for-purpose environment required to deliver education and training in the 21st Century and to fully maximise the potential opportunities that the site affords.
- 2.5 During February 2020, following a successful bid to the CPCA growth fund, the service was awarded a £400k grant to refurbish aspects of the centre. The outcome for acquiring CPCA Growth Fund monies was for CCC to make further investment in their building that will result in additional teaching rooms and workshops and an inviting, accessible local hub for learners in Fenland. It will also provide for a vibrant administrative base from which the Service will be able to reach out to communities across the local towns and villages to provide them with place-based learning opportunities that are so much needed in the area. General Purposes Committee has already taken the decision to utilise this funding for the purpose specified in the conditions from Combined Authority, creating a capital budget as a result. Were the Council not to utilise this funding for this purpose, the £400k would need to be returned to the funder (ultimately an EU programme but unaffected by Brexit).
- 2.6 The grant of £400k Growth Funding from the Combined Authority to provide the cash required to undertake the redesign and refurbishment work is in addition to, and separate from the annual £2.3m core grant funding from the CPCA and DfE.

2.7 The works have commenced on site and were due to be completed by the end of the 20/21 financial year to meet the £400k grant requirements. Following a review of the project earlier this month due to unexpected asbestos issues, Practical Completion of the project has now been pushed back to 28 May 2021. The CPCA Business Board has formally confirmed that the grant funding will remain available up until the end of June 2021 to allow adequate time for the project to complete. This removes the risk of losing the grant funding due to the re-programmed project timescales. The planned redesign and refurbishment is as follows:

- a) To make the main building fit-for-purpose by
 - Relocation of and increased toilet facilities including a changing space
 - Dedicated reception and admissions facility
 - Provision of advice and guidance room for learners
 - Adaptation of existing rooms to provide 3 additional classrooms
 - Additional office space
- b) To convert and refurbish two outbuildings (currently used for storage) to provide four community and teaching areas.

2.8 Once completed, these changes will provide a flagship centre in Fenland for Cambridgeshire Skills incorporating the following:

- 9 good sized teaching rooms
- a large hall and stage
- adapted space to provide for a range of learner advice, assessment and support facilities
- 4 workshops
- café
- adapted and upgraded toilets

2.9 Approval was sought from the Strategic Property Asset Board during March 2020 to move forward with the build project, within the timeframe and costs expressed within the application. Approval was granted and the next stage was to hand this over to the professionals in Property Services to procure the works and manage the build programme. This will ensure that contractors are procured from CCC's framework and this will help to manage and mitigate any risks.

2.11 Benefit, Service Growth and Impact

The changes resulting from this Growth Bid will enable the Service to meet the requirements of the CPCA Commissioning Strategy to provide the capacity to deliver and grow by offering a much larger and more diverse programme offer in high quality facilities. Cambridgeshire Skills has developed a new and targeted programme offer in line with the CPCA Skills Strategy to:

- Develop skills to gain a job
- Retrain/ reskill to change employment
- Upskill those in work, particularly those in low skill, low paid work
- Provide education and training opportunities to those who are furthest away from learning and work

- 2.12 The outcome of these works, will be the significant growth of a relevant, responsive and diverse skills development provision at the March Centre. In addition, through the location at the March Centre of the main operational base, the Service will be much better placed to reach out to the local communities across The Fens and provide the place-based learning opportunities that are needed to engage the most disadvantaged, hardest to reach and vulnerable.
- 2.13 The Service receives a delivery grant of £2.3 million for 2020/21. The focus of development this year is fundamentally redeveloping the programme offer to grow vocational and qualification-based programmes whilst at the same time reaching out and delivering targeted community based programmes, primarily in The Fens, but also in the local communities with high levels of disadvantage across Cambridgeshire.
- 2.14 The planned growth in 2020/21 resulting from the redesign and refurbishment of the March Centre will be in the region of 195 additional learners, following primarily Level 2 and Level 3 programmes in Agri-tech, Health and Social Care, Leadership and Management, Child Care, IT and Creative, and Business Improvement, in line with our corporate priorities and the CPCA Local Industrial Strategy..
- 2.15 The growth in 2021/22 will be in the region of 250 additional learners following Level 2 and Level 3 programmes in the key vocational areas identified above as well as some Level 5 provision in Leadership and Management and Teacher Training. The total funding required to deliver this additional programme as well as the existing base programme will be £2.6 million.
- 2.16 The Community Centre is included within the Property Services maintenance programme and a condition survey coinciding with this long term investment has identified key maintenance and replacement works required to ensure the building is maintained to a suitable standard for ongoing use. With the £400k investment in the internal refurbishment of the building it is imperative that the fabric and structure of the building are in an appropriate condition for the lifetime of this investment.
- 2.17 The condition survey identified a number of key areas of work required. These include significant repairs to the roof, the heating and hot water plant requiring replacement and critical internal works such as fire safety improvements. Property Services will undertake these works as part of the refurbishment as part of its ongoing estate maintenance programme. The initial works will cost in the region of £150k and this is funded by CCC from the existing rolling capital programme. The replacement of the heating system is planning to be carried out in FY2021/22 and will be funded through existing Facilities Management lifecycle budgets linked to the Energy Efficiency upgrades. The estimated cost, excluding grant funding, is £185k.
- 2.18 The individual components of the budget requirement have previously been agreed through an appropriate governance route:
- £400k Skills investment (grant funded by CPCA), with corresponding budget revision agreed by the General Purposes Committee

- £150k maintenance works, funded through the rolling maintenance programme, total budget voted by Full Council, with operational deployment agreed by Officers through Capital Programme Board
- £185k lifecycle heating replacements, utilising the Energy Efficiency Fund budget, voted by Full Council or existing Property Capital maintenance budgets as appropriate.

2.19 In total this is an exciting investment that enhances a key Council asset with considerable potential to improve outcomes for learners in the Fens and East Cambridgeshire for many years to come. This report is presented to C&I Committee to provide an overview of the different investments, totalling £735k, into the property and to ensure there is awareness of the combined works and contracts as set out. The retention and repair of March Community Centre and its refurbishment and use as a Skills Centre is considered an appropriate use of and investment in this property asset. As referred to above the proposed use and refurbishment was approved by the Strategic Property Assets Board (SPAB) in March 2020.

3. Alignment with corporate priorities

3.1 A good quality of life for everyone

The report above sets out the implications for this priority below.

Housed in March Community Centre, the objectives for Cambridgeshire Skills is to deliver and use its externally sourced grant funding to support include:

- To advance education
- To relieve unemployment
- To relieve poverty
- To advance health
- To improve social mobility
- To improve digital inclusion
- The promotion of community participation in healthy recreation, in particular by the provision of facilities for the playing of sports and related activities

3.2 Thriving places for people to live

The service has increased delivery in the targeted areas of need identified in local social and economic data. This has improved the work and life prospects of local residents.

3.3 The best start for Cambridgeshire's children

We have engaged and provided skills to adults to improve support of children and families. Service Managers continue to work with the local primary schools and the Child and Family Centre Managers to devise pre-entry literacy and other courses and qualifications which will support improved literacy and other skills for local families. We are in the process of distributing 50 devices and internet dongles through the Connecting Families project to improve digital inclusion.

3.4 Net zero carbon emissions for Cambridgeshire by 2050

All work to be carried out during the refurbishment of March Community Centre has been approved by the Strategic Property Board and the new heating system complies with the Council's aspiration to be net zero carbon by 2050.

- 4.1 Resource Implications
The project requires significant investment in the maintenance and repair of the property to ensure that it is fit for purpose. The non-grant funded work forms part of the existing Property maintenance programme and will be incorporated into the refurbishment work.
- 4.2 Procurement/Contractual/Council Contract Procedure Rules Implications
No significant implications in this category.
- 4.3 Statutory, Legal and Risk Implications
No significant implications in this category.
- 4.4 Equality and Diversity Implications
The work carried out by the service is often with the county's most vulnerable residents and as such makes a positive contribution to issues of equality and accessibility.
- 4.5 Engagement and Communications Implications
The Service operates in partnership with local community and voluntary organisations.
- 4.6 Localism and Local Member Involvement
At the heart of the Adult Learning and Skills Service is its local engagement and place-based delivery. The development of the service has resulted in the provision of three discrete learning centres, one in March, one in Cambridge City and another in Ely. In addition, the Service continues to work to identify accessible, local buildings from which to deliver community-based learning, however this is proving difficult in the current Covid climate.

The Governing Board has both County Council and District Council representation.

- 4.7 Public Health Implications
Public health are a partner of the Adult Learning and Skills Service and is represented on our Governing Board.

The Public Health implications of this paper are positive. Improving access to adult training opportunities with appropriate targeting and positioning of the services will help address health and wellbeing inequalities across Cambridgeshire

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Tom Kelly

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? Yes

Name of Officer: Gus de Silva

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? Yes

Name of Legal Officer: Fiona McMillan

Have the equality and diversity implications been cleared by your Service Contact?

Name of Officer: Adrian Chapman

Have any engagement and communication implications been cleared by Communications?

Name of Officer: Christine Birchall

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes

Name of Officer: Cllrs Steve Count and Jan French

Have any Public Health implications been cleared by Public Health

Name of Officer: Val Thomas

A FIRST STAGE REPORT: CARE SUITES, EAST CAMBRIDGESHIRE – PROPERTY IMPLICATIONS

To: Commercial and Investments Committee

Date: 19 February 2021

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

Outcomes: The Committee notes the work taking place that may lead to the potential opportunity to acquire land and build services at the Princess of Wales hospital site to address the challenges of our growing care needs along with the opportunity to generate income through leasing space to the NHS. Future reports will be forthcoming in 2021 that will contain all the necessary information to allow investment decisions to be made.

Recommendation: (i) to note the opportunity for CCC to support an integrated health and care community at the Princess of Wales Hospital site in Ely with its Care Suite programme.

(ii) to note the preparations made by the Council in anticipation of returning to Committee in 2021 for investment decisions.

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Member contact:

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Post: Committee Chairman
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1. BACKGROUND

- 1.1 The cost of spot purchased Adults Older People residential and nursing care in Cambridgeshire has been rising by c.10% a year since 2016. This is due to several factors including increasing costs of care, recruitment challenges, a buoyant self-funder market and shortages of the provision in some parts of the county. Looking forward, there will be significant increases in the numbers of old and very old people within our local population by 2040, bringing with it an increase in demand for residential, dementia and nursing care. Without action, these two issues will result in a significant budgetary challenge to the local authority in coming years along with a lack of capacity and choice for those who need it within our local communities.
- 1.2 Action is needed now to manage the increasing cost of care and ensure the market grows to meet the forecasted need for local authority funded care as well as more profitable self-funder demand. It will become increasingly difficult for the local authority to meet requirements under the Care Act 2014 as price and availability may overtake choice and control as determinants in placing an individual.
- 1.3 Alongside supporting older people to remain living independently through community-based care, People and Communities service commissioners (Commissioners) are seeking to evolve the local residential and nursing care market to develop tenancy-based models of care: care suites, as alternatives to the traditional, institutionalised residential and nursing care home. Stimulating the development of new capacity in this way will generate the much-needed provision to meet population growth forecasts and do so at a cost affordable to the local authority. It will also offer greater choice, control and care flexibility for those older people no longer able to remain living safely at home.
- 1.4 The Adults Committee approved the approach on 16 January 2020 (Forward Plan ref 2020/005).
- 1.5 During 2020, Cambridgeshire Community Services NHST (CCS) refreshed its business case on the redevelopment of the Princess of Wales hospital (PoW) site in Ely to meet the needs of a growing and ageing population. The investment aims to develop a new local health and care hub, which will provide accommodation for a wide range of health and related services for people living in and close to Ely.
- 1.6 This presents an opportunity to explore delivering care suites at the PoW site and complements care services in the nearby area. This report provides an overview of work done to assess an opportunity, which may lead the Council seeking to acquire land at the Princess of Wales hospital site to construct and operate a care suite facility to address the challenges of our growing care needs.

2. MAIN ISSUES

- 2.1 Care suites, for the client group age 65 years and above, is a new care provision, which has been modelled on the client group age 65 years and above who can no longer remain safely living at home and/or have complex health and or social care needs, which require access to 24 hour care and support. The focus of the care suite model is to move away

from institutionalized care to an approach, which enables the individual service user to improve or maintain their independence. They are different to traditional care homes in that it is a tenancy model based around self-contained accommodation, offering larger rooms with their own front door and access to 24-hour care and support through on-site domiciliary and nursing care provision. This means tenants can remain in their care suite as their needs increase, until the end of their life, negating the need to move on to other services or areas of the building as their needs become more complex.

- 2.2 The work to deliver the care suites programme is governed through the Older People's Accommodation Board within the Peoples and Communities service. The programme team is supported by a Cross-Committee Members Reference Group who provide advice and guidance on a range of topics. Furthermore, CCC is a member of the CCS Project Board, which means it has the opportunity to shape the success of an integrated health and care community.
- 2.3 CCS' redevelopment of the PoW site will be undertaken in collaboration with NHS and social care partners including CCC to build modern facilities to replace out-dated facilities. The new PoW site has created an opportunity to co-locate an accommodation based service for more joined-up care across health and social care services, including for frail older people and those living with long term conditions (see Appendix 1 for a location layout).
- 2.4 Outline work has been carried by Commissioners to explore the potential benefits of acquiring land and building an accommodation based service in Ely, which would meet both the Councils needs as well as the needs of CCS. This opportunity will deliver 80 care suite flats, of which 16 flats will be let out to CCS to be used as hospital rehabilitation beds.
- 2.5 For a capital outlay of approx. £8.4m, there is a potential saving of £580k per annum (this equates to 16% of the budget for this care provision if it were run under a standard care home model). The savings would arise from:
 - separating the housing cost from the cost of care as housing costs would be charged to the tenants (for self-funders), or to the DWP in the form of housing benefit (for eligible service users), and
 - from generating an income through leasing space to the NHS.
- 2.6 To date commissioners have received an endorsement from CCC's Capital Programme Board, with the project included in the Business Plan from 2021/22 should the CCS OBC be approved, Adults Committee approves CCC's OBC/FBC, and Commercial and Investment Committee will be required to approve land and build transactions. Furthermore, Commissioners have received business case approval from JMT, and have made a submission to the General Purpose Committee for Transformation Funding to support the delivery of the project. This will help with programme management, detailed service modelling, deeper financial analysis and technical support.
- 2.7 The work schedule translates into the following milestones for CCC's own Care Suite programme. This includes key decision points for land acquisition and planning submission for site development later in the year.

CCC Activity for PoW site	Milestone date
Transformation funding approval	January 2021
Land valuation for accommodation facility	March 2021
Outline Business Case completion	April 2021
Detailed Design	April to September 2021
Full Business Case completion	September 2021
Land acquisition	October 2021
Planning submission	October 2021
Planning approval	January 2022
Start on Site	April 2022
Council commissioning services	October 2023 to November 2023
Building 'Go-Live'	December 2023

- 2.8 As a first step, Commissioners are working with CCS Project Board to endorse the Memorandum of Understanding, which sets out how collaborative working will take place to deliver a care accommodation-based facility for all parties. The proposal is based on joint tendering of services, where there is a common need, and joint use of the building for at least 15 years.
- 2.9 Negotiation on the land acquisition and any subsequent leasing arrangements will be led by CCC's Property team. It is proposed that CCC shall pay CCS (the land owner) the full market value for the site. In return, CCS shall pay CCC a full market rent for the rehabilitation beds and any other dedicated floor space used by the CCS. That market rate from CCS will need, as a minimum, to pay back the capital investment over a set period and any costs required to convert back those rooms into care suites flats. A full costing exercise, with appropriate sensitivity analysis, will need to be undertaken before CCC completes its final business case. The final business case will be presented to C&I Committee before any formal commitments are made. Any revenues derived from the service would be used to support key Council services, supporting a good quality of life for residents.
- 2.10 Work is taking place with the Education Capital team and Procurement team to scope out and establish the best route to market for the construction work. This includes tendering arrangements to appoint a registered social landlord and a service provider to deliver housing, care and support, and nursing services.
- 2.11 As the service offer develops, Commissioners will seek approval from the Adults Committee before returning to this Committee for commercial decisions. The Committee is asked to note Commissioners shall return with further updates and decision reports later in the year when detailed work has been carried out and the necessary financial information is available to inform decision-making. This includes:

- April 2021 for outline business case and design work expenditure,
- September 2021 for a full business case,
- October 2021 for land acquisition, and
- October 2021 for planning submission for site development.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 A good quality of life for everyone

The report above sets out the implications for this priority in paragraph 2.1

3.2 Thriving places for people to live

The programme is expected to create employment in the district. Detailed work is taking place with service colleagues to estimate the likely impact. This is anticipated to be ready for the Full Business Case with an interim assessment ready for the Outline Business Case.

3.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

3.4 Net-zero carbon emissions for Cambridgeshire by 2050

The programme is expected to benefit public health by reducing future harms from climate change. Detailed work is taking place with the Energy Investment Unit to establish a carbon baseline level and target level. This is anticipated to be ready for the Full Business Case with an interim assessment ready for the Outline Business Case.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

There is no significant impact within this category at this time. However, work will start to provide detail cost and benefits information to support CCC's Outline Business Case for April 2021. This will be an update on the general information stated in paragraph 2.6.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There is no significant impact within this category at this time. Advice and guidance will be sought later in the programme to ensure the Care Suites programme remains compliant with the Public Contracts Regulations 2015 and subsequent guidance from the Cabinet Office in light of the Withdrawal Agreement between the EU and the UK.

4.3 Statutory, Legal and Risk Implications

There is no significant impact within this category at this time.

4.4 Equality and Diversity Implications

There is no significant impact within this category at this time. Advice and guidance will be sought later in the programme to complete a Community (Equality) Impact Assessment.

4.5 Engagement and Communications Implications

There is no significant impact within this category at this time. Preparation work is taking place to carry out a market engagement event, which will inform the programmes procurement approach. Similarly, service user engagement will take place to inform the programmes detailed specifications. Both are anticipated to take place by April 2021.

4.6 Localism and Local Member Involvement

There is no significant impact within this category at this time.

4.7 Public Health Implications

There is no significant impact within this category at this time.

Sign offs

Have the resource implications been cleared by Finance? Yes
Name of Financial Officer: Tom Kelly

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? Yes
Name of Officer: Gus De Silva

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? Yes
Name of Legal Officer: Fiona MacMillan

Have the equality and diversity implications been cleared by your Service Contact? Yes
Name of Officer: Will Patten

Have any engagement and communication implications been cleared by Communications? No

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes
Name of Officer: Will Patten

Have any Public Health implications been cleared by Public Health? Yes
Name of Officer: Liz Robin

Appendix 1 – Proposed site layout for a care suite service

The care suite accommodation is proposed to be sited within the current PoW site boundaries. The specific location is to the north of the land boundary running along Davidson Road: the main entry road to PoW from Lynn Road.

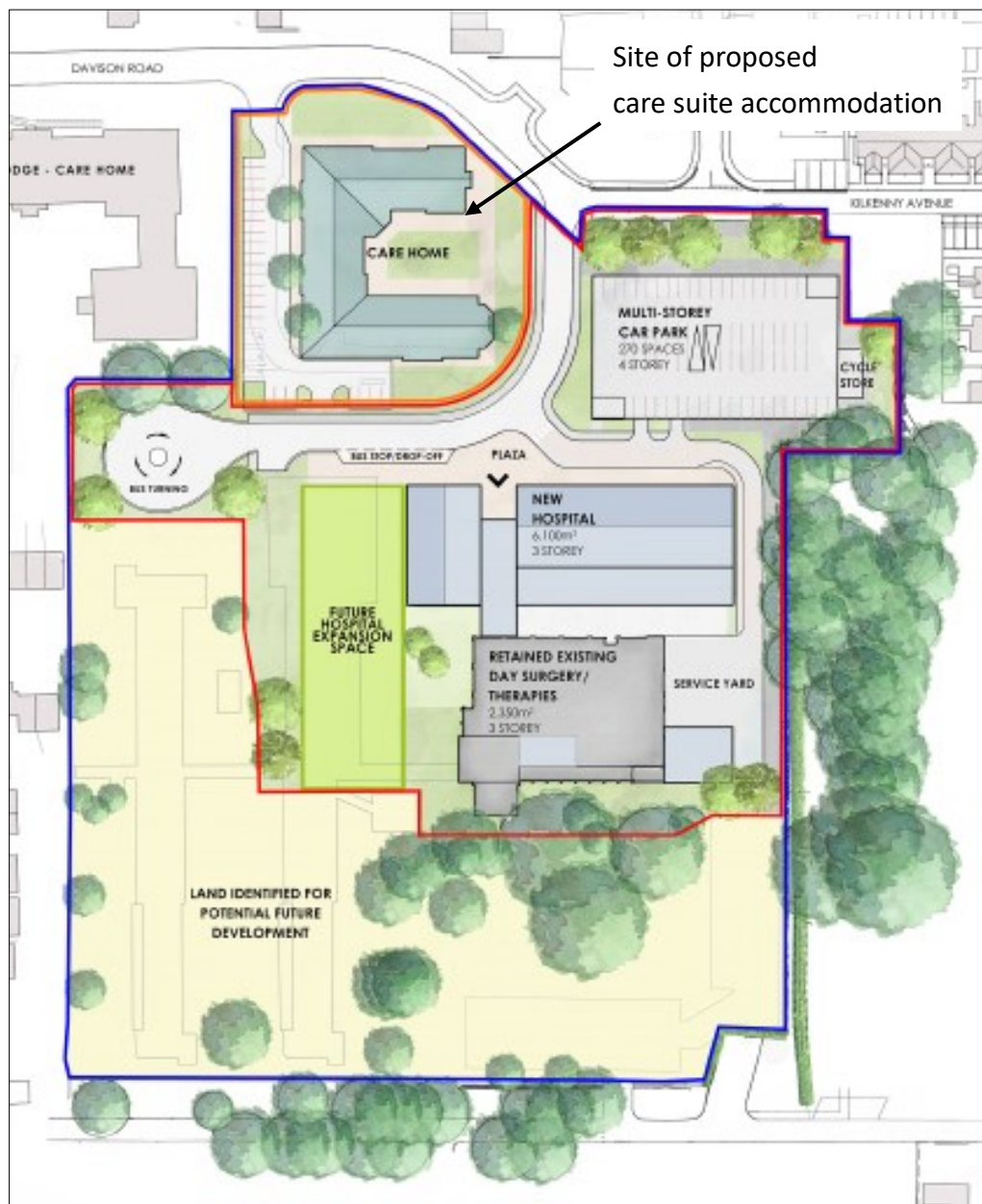


Figure 1: A layout showing the proposed location of a new accommodation based care at the Princess of Wales Hospital site in Ely
Source: Cambridgeshire Community Services NHS Trust, January 2021.

Alconbury Weald Civic Hub

To: Commercial & Investment Committee

Meeting Date: 19 February 2021

From: Chris Malyon, Deputy Chief Executive and Chief Finance Officer

Electoral division(s): All

Forward Plan ref: N/A Key decision: No

Outcome: An update on the Civic Hub construction programme, and approval of the new building name.

Recommendation: It is recommended that the Committee:

- a) Note construction progress and development to date which remains within the approved budget.
- b) Consider and approve the proposed name for the building as 'New Shire Hall'.

Officer contact:

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Member contacts:

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1. Background

- 1.1 On 10th July 2020 the most recent progress update was presented to Commercial and Investments Committee, outlining the impact of Covid-19 on the construction programme. This highlighted an estimated 7-week delay to the project completion date and requested a separate specific £400k Covid-19 risk contingency budget, which was subsequently also approved by General Purposes Committee on 14th July 2020.

2. Main Issues

2.1 General Construction Update

- 2.1.1 During Milestone stage 6 (Construction Stage) there have been several minor internal changes to the design. The building footprint remains within the 3600sqm maximum area and can ultimately accommodate 350 desks along with flexible breakout areas, formal meeting rooms and ancillary spaces (toilets, tea points etc.), a public reception, a multi-function room and Party-Political rooms.
- 2.1.2 A review of the design and specification of the building has been completed in light of potential enhancement measures to control the spread of the Covid-19 pandemic. The opportunity has allowed some enhancements, such as increasing the volume of fresh air intake into the building and a review of the number of 'touch points' which was already lower than many other council office buildings.
- 2.1.3 The key amendments from MS4/5 to MS6 remain as previously reported:
- The central internal staircase on the office side has been removed from the floorplans to provide more space to suit the required desk layouts.
 - The gas supply has been removed from the building and replaced with an air source heat pump located within the car park at an additional cost of £161k and was funded from the Client Change Contingency.
 - Additional ducting and external power requirements have been included to future proof the building, including for the Solar Array project.
 - Amendments to the reception and server layouts have been required to better reflect their likely usage and operation.
 - Plus, enhancements to the building to improve Covid-19 resilience.
- 2.1.4 Progress on site has been good since the initial impact of Covid-19 earlier this year. The impact over the spring/early summer ultimately led to a 12 week delay to the programme as has already been reported. This was due to supply chain partners closing down delaying the supply of materials, such as the glass façade panels and the availability of specialist sub-contractors. R G Carter has subsequently been able to maintain programme in line with pre-Covid targets and no further time has been lost, this has been a great effort over the last 6 months, particularly given the continued social distancing requirements. The building is now watertight and the construction team are optimistic that no further time will be lost.
- 2.1.5 A fit out period of 6 weeks will follow the construction handover. This will also coincide with the installation of the solar array in the car park. It is targeted to commence 'formal' occupation of the building in late Summer/Early Autumn 2021. Appendix A of this report includes recent images of the building and construction progress on site.

2.2 Future Working Ambition and Early Adopters.

- 2.2.1 In June 2020, a Joint Strategic Recovery Board was set up to consider the ambition for Cambridgeshire and Peterborough, redefining the Council's role as part of the broader system and redesigning services in response to the impact of COVID-19. The purpose of the Joint Strategic Recovery Board is to act as the collaborative senior forum to work together around the areas of strategic risk and opportunity arising as a result of COVID-19, and to maximise the opportunity available to develop radical and effective strategic reforms that inform the future direction of the Council. The board is representative of all service areas with senior service Directors and Heads of Service in attendance. One of the key areas that this board is considering is the Future Working Ambition of the Council.
- 2.2.2 Behaviour has changed for staff which provides the opportunity to move towards better working arrangements. Working at home has become an effective and productive way to carry out many, but not all, activities. The Future Working Ambition is building on this momentum, bringing together the Workforce, IT, Asset and People Strategies to embed our working ambition and continue to develop and adapt it into the future.
- 2.2.3 Engagement with staff has shown that space to collaborate with colleagues and for teams to come together is now a key requirement, with over 70% of respondents requesting this facility and highlighting its importance.
- 2.2.4 The council therefore needs to find the right balance between using its buildings for activities where staff need to come together with colleagues, partners and citizens alongside the productivity of working from home and utilising virtual tools. This will enable best value for money from our assets, and allow staff to work in a way that meets citizen expectations and required outcomes.
- 2.2.5 During this extended working from home period the capability of technology has been highlighted, particularly its ability to support and provide for the majority of work functions. Whilst the home environment has many benefits, most of which we recognise are largely dependent on every individual's unique circumstances, it does not promote or provide for physical team collaboration and support. As workplaces start to reopen and people partially return, providing that human connection and fostering collaboration is more important now than ever.
- 2.2.6 The Strategic Recovery Board has therefore agreed that some council buildings would be considered as Early Adopters in design changes to continue to enable the new ways of working that the organisation has embraced over the past 9 months. One of the buildings identified is the new Alconbury Weald Civic Hub, chosen because of the unique opportunity to adopt new design ideas, based on its stage of development.
- 2.2.7 The general principles for the Early Adopters would see an increase in formal and informal meeting and collaboration spaces, which would be enabled by a reduction in the number of desks in the building. Teams based in the building would work on an average 3:10 desk ratio, a slight change from the previous 5:10 ratio, but would have access to these different types of spaces to enable better collaboration and meeting environments.
- 2.2.8 This will see a reduction of approximately 100 desks from the originally planned 350 desks at Alconbury Weald and the creation of five distinct collaboration spaces, located predominantly within the central core of the office space. The types of furniture within these

spaces is currently being developed and input is currently being sought from officers and Members.

2.3 Cost Update

- 2.3.1 The overall approved project budget of £18.337m remains unchanged. It should be noted that Covid-19 delay costs are currently allocated to a separate approved budget of £400k. Covid-19 related costs currently stand at £193k.

Actual expenditure to 15th January 2021 currently totals £10.254m. A project budget update which reconciles back to the position at the end of MS5 is shown below:

Budget Item	Agreed MS5 Budget £ 000s	Actual Spend to Date £ 000s	July 2020 Forecast Outturn £ 000s	February 2021 Forecast Outturn £ 000s
Feasibility	137	137	137	137
Construction cost	13,282	8,112	13,933	14,075
ICT & FF&E	1,600	84	1,600	1,596
- ICT	800	19	800	796
- FF&E	800	65	800	800
Land	1,474	1,541	1,541	1,541
Other	779	380	639	630
- Legal fees	40	26	40	40
- Move management	80	0	80	80
- F&G	393	321	409	400
- Planning fees	60	32	60	60
- Internal fees	206	1	50	50
Sub total	17,272	10,254	17,850	17,979
Construction risk allowance remaining	863		437	329
Employers Change Contingency remaining	202		50	29
Total	18,337	10,254	18,337	18,337

2.3.2 Key Notes:

1. *Estimated Construction Cost.* The increased cost from MS5 (£0.793m) is due to the realisation of risks and issues during construction that are the responsibility of the council. Each compensation event is listed in Appendix C alongside the council (client) instructed changes.
2. *Internal Fees.* This budget was reallocated following a review and £156k of the monies allocated to this budget was split between the Construction Risk Allowance [£98k] and the Client Change Contingency [£58k].
3. *Construction Risk Allowance.* This has reduced accordingly to reflect the realised risks during the construction period as outlined in Appendix C. This does not include Covid-19, which has a separate £400k specific allowance, although the individual compensation events are listed in Appendix C.
4. *Client Change Contingency.* This has reduced in line with the amendments to the design and instructed changes also listed in Appendix C.

2.4 Social Value Update

- 2.4.1 The agreed KPI on local spend has identified the location of RG Carter's supply chain in relation to the construction site that fall within a radius of 50 miles. 96% of the subcontract packages have now been procured, 71.4% placed with local subcontract companies. This equates to £11.3m of the £11.7m being allocated, £8.1m of which is local spend.

2.5 Vacating the Shire Hall Site

- 2.5.1 As previously reported, due to Covid-19 there has been a 12 week delay to the Civic Hub project, work is progressing well and no further delays are anticipated at this stage. However, unfortunately this means there will be a short period of time between the latest date staff are able to use the Shire Hall site before clearance work can begin, and when the Civic Hub is ready for occupation. This will be within the summer period, and the Covid-19 restrictions at this time may mean that using office space is limited.
- 2.5.2 The Shire Hall building remains vacant at this time with all staff working remotely. There are however some staff using the Octagon building and contingency measures are already in place to ensure that appropriate alternative office facilities are provided until the new building at Alconbury Weald is complete.
- 2.5.3 Some of the staff currently based at Shire Hall in Cambridge have already begun moving to existing offices closer to the communities they serve. Approximately 600 staff will have their office base at Alconbury Weald and are due to move from Shire Hall and other council offices.

2.6 Building name

- 2.6.1 Consideration has been given to potential names for the new building at Alconbury Weald. A long list of possible names were provided to the Chair of the Committee and following discussions within the governing group it is proposed that the building is named 'New Shire Hall'.
- 2.6.2 A draft design for the building sign is also shown in Appendix D to this report.

3. Alignment with Corporate Priorities

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

3.1 A good quality of life for everyone

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

3.2 Thriving places for people to live

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

3.3 The best start for Cambridgeshire's children
See wording under 3.1 above.

3.4 Net zero carbon emissions for Cambridgeshire by 2050

The Civic Hub is working to achieve as much renewable energy as possible on site by undertaking the following;

- 22 electric charging points installed in the car park; with the underground infrastructure to enable simple expansion to all spaces in the future
- No use of gas within the building.
- Maximised the number of Solar PV's on the roof of the building
- Installation of a Solar Array in the car park
- Air Source heat pump power generation.

The on-site renewable energy generation is expected to meet up to 40% of the building's expected energy use.

4. Significant Implications

4.1 Resource Implications

The Covid-19 impact on the Civic Hub Project has been detailed in this report, resulting in a process to seek approval for a specific Covid-19 project risk contingency.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications arising directly from this report.

4.3 Statutory, Legal and Risk Implications

There are no significant implications arising directly from this report.

4.4 Equality and Diversity Implications

An Equality Impact Assessment for the programme has been completed, and regular engagement continued with the Council's Equality and Diversity Action Group to develop the design. The most recent development was the suggestion of the Changing Places Toilet; which has now been introduced to the design of the building. Standard accessible toilets do not meet the needs of all people with a disability. People with profound and multiple learning disabilities, as well people with other physical disabilities such as spinal injuries, muscular dystrophy and multiple sclerosis often need extra equipment and space to allow them to use the toilets safely and comfortably. These needs are met by Changing Places toilets.

4.5 Engagement and Communications Implications

Updates on the progress of the construction of the Alconbury Weald HQ and the changes to the layout and environmental performance of the building as set out in this paper will continue to be shared with staff and other key stakeholder groups.

- 4.6 Localism and Local Member Involvement
There are no significant implications arising directly from this report.
- 4.7 Public Health Implications
There are no significant implications arising directly from this report. Details of Social Value has been included in section 2.6 of this report.

Sign offs

Have the resource implications been cleared by Finance? Yes
Name of Financial Officer: Justine Hartley

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? Yes
Name of Officer: Gus De Silva

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? Yes
Name of Officer: Barbara Lisgarten

Have the equality and diversity implications been cleared by your Service Contact? Yes
Name of Officer: Beatrice Brown

Have any engagement and communication implications been cleared by Communications? Yes
Name of Officer: Lorraine Rollo

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes
Name of Officer: Andrew Preston

Have any Public Health implications been cleared by Public Health? No implications

5. Source Documents

- 5.1 Source documents
Milestone 4 & 5 Report for the Alconbury Weald Civic Hub – Cambs 2020 Programme (16 December 2019)

- 5.2 Location
[Meeting Documents Link](#)

APPENDIX A – Site Progress Images

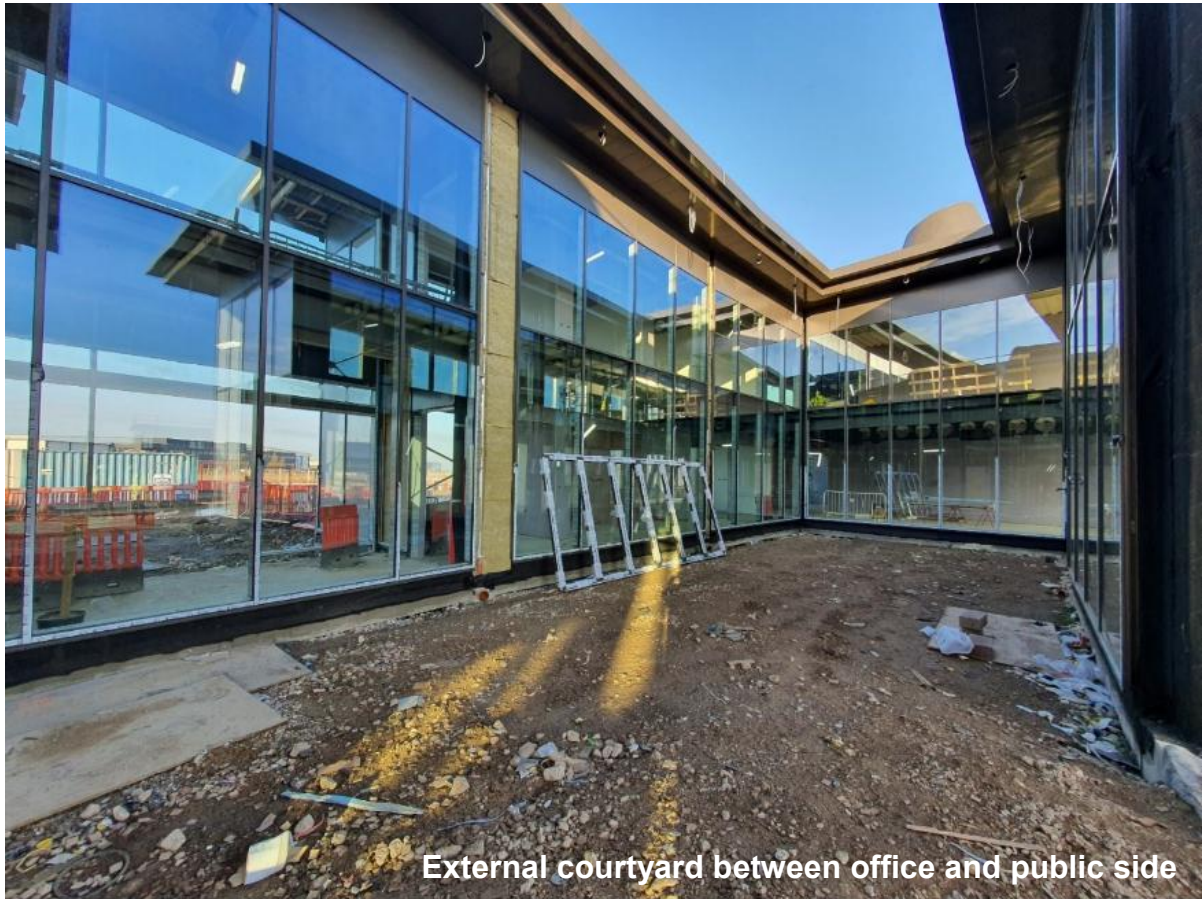




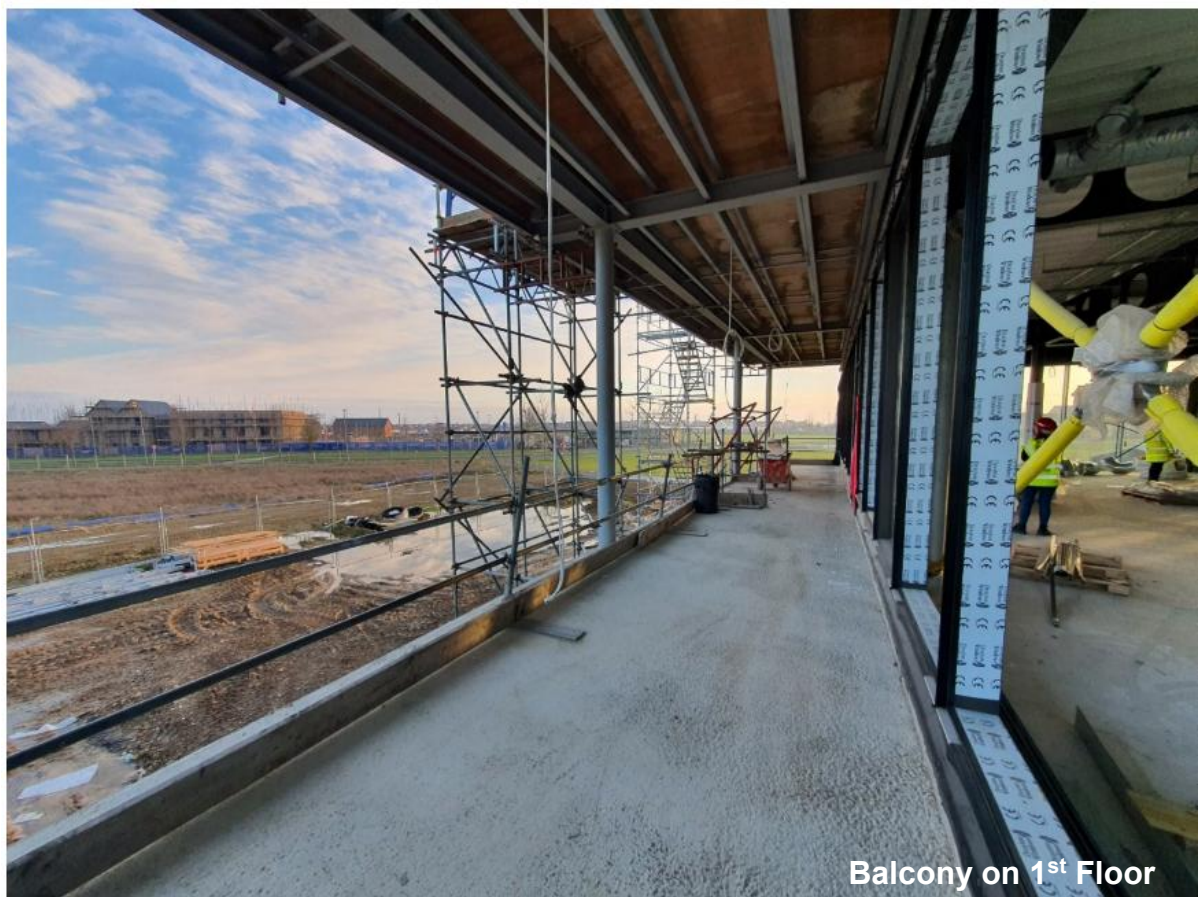
Main Reception Atrium



1st Floor Open Plan Office



External courtyard between office and public side



Balcony on 1st Floor

Appendix B – Risk Register

WHERE IMPACT OF RISK x LIKELIHOOD OF RISK OCCURRING = DEGREE OF RISK

Impact			
Rating	Programme (P)	Budget (B)	Safety/Health/Environmental (SME)
5	Client/Business stakeholder interests severely damaged	Budget overrun which impacts on client's programme of works	Multiple fatality Major environmental incident involving threat to public U&Calth or safety Criminal liability
4	Programme overrun resulting in penalties and additional audits	Significant and non-recoverable impacts in budget spend	Worker/Public fatality Environmental incident leading to breach Criminal liability and compensation costs
3	Minor and recoverable programme overrun that impacts critical path	Minor and recoverable budgetary fluctuations	Major injury to worker or third party Operation likely to cause damage, complaint or nuisance
2	Minor delays not impacting on critical path	Minor budgetary fluctuations within allowance given by client	Minor injury to worker or third party Environmental impact requiring management response to recover
1	Negligible impact	Negligible impact	Negligible impact
Project Number: 5168511			
Project Location: Civic Hub Building			

LIKELIHOOD		X	=	Impact (max rating)	5 - Catastrophic 4 - Critical 3 - Serious 2 - Marginal 1 - Insignificant
5	Almost Certain (>91%)				
4	Probable (51-90%)				
3	Possible (31-51%)				
2	Unlikely (11-30%)				
1	Negligible (<10%)				

DEGREE OF RISK				
5	10	15	20	25
4	8	12	16	20
3	6	9	12	15
2	4	6	8	10
1	2	3	4	5
1 - Improbable	2 - Could Happen	3 - As Likely As Not	4 - Very likely	5 - Highly Probable
Likelihood (L/H)				

Date Issued:	11/12/2020
Current Milestone	6
Issue Number:	34
Design Team Partners Ref:	Project

Item No.	Risk	Risk Owner		Consequence	Calculation of risk					Risk mitigation / control measure / comments	Calculation of risk					Min cost £	Max cost £	Weighted cost £	Close-out date
					Impact			x Likelihood	Degree of Risk (max)		Impact			x Likelihood	Degree of Risk (max)				
					P	B	SME				P	B	SME						
1	Final costs associated with the land purchase re suspended slab reconciliation	CCC		Additional cost due to delay	4	4	1	4	16	U&C, CCC and F+G to agree final o/c costs for suspended slab solution/details	4	4	1	4	16	-	-	-	MS5
2	On site remediation by U&C is not undertaken sufficiently and contaminated land is discovered which impacts construction progress.	CCC		Delay to programme and additional cost	4	4	1	4	16	Resolution of remediation compliance has been agreed in principle between U&C and CCC and forms part of the revised land deal. RGC are to continue to monitor site works during MS6 activities	3	3	1	3	9			35,000	MS5
3	Obstructions in ground/poor ground conditions not reasonably established during pre-construction phase.	RGC/CCC		Programme and Cost	4	3	4	3	12	Ground investigation report has been undertaken to mitigate risk as far as practical, site works are now being monitored.	3	3	1	3	9			55,000	MS6
4	Hazardous materials/contaminated land discovered during site activities which impact on cost/programme.	RGC/CCC		Effect on programme and cost	3	4	4	3	12	Ground investigation report has been undertaken by RGC. RGC are to continue to monitor site works until all excavation activities/ground works have been completed.	3	3	2	3	9	-	-	-	MS6
5	Potential for unexploded ordnance to be discovered on site plus the risk that a Watching Brief during construction may be imposed on the project	RGC		Increased project costs and delay.	3	1	4	2	8	RGC have instructed a watching brief during construction to monitor works. The classification of the site can be re-assessed following the excavation works on site.	2	1	3	2	6	-	-	-	MS6
6	Delivery of permanent utility connections (electricity, gas, water, drainage)	RGC/CCC		Delay and additional cost	3	4	3	3	12	RGC have agreed the temporary and permanent services requirements with U&C. U&C have suggested that there should be no delay to temporary or permanent services connections. Interface meetings are to continue to be held with U&C to ensure these requirements are monitored.	3	4	3	3	12			45,031	MS6

7	ICT/FFE Specification impact on design proposals (layouts, ventilation etc.)	CCC/RGC	Cost implications	4	3	1	3	12	Team to continually review FFE/ICT specifications throughout MS6 as the procurement of the furniture and AV/IT packages are progressed. IT/FFE review meetings have been held and this will continue to be held on an adhoc basis to ensure there are no clashes.	2	2	1	2	4			30,246	MS6
8	Amendments are required to the design post contract due to the uncertainty of the staff members and teams that will be occupying the building.	CCC	Cost implications	4	3	1	3	12	CCC to confirm any required changes as early in the construction process as practical and regular client interface meetings are to be scheduled with the project team to monitor this.	3	3	1	3	9			19,078	MS6
9	Amendments required to the internal finishes quantity/standard are required due to the limited engagement during MS4. enhancements are confirmed post contract e.g. finishes	CCC	Cost implications	4	3	1	3	12	Internal finishes meeting has been held to progress this matter and options have been presented to CCC. Minor items remain to be concluded and costs associated with finishes have been shared with CCC.	4	3	1	3	12			121,123	MS6
10	FFE Scope creep/ overspend	CCC	Cost implications	3	3	4	3	9	CCC to scope and budget FFE deliverables in MS4 and then monitor/firm up during MS4/6	3	3	4	3	9	-	-	-	MS6
11	ICT Scope creep/ overspend	CCC	Cost implications	3	3	4	3	9	RGC are to establish the extent of the IT scope by the time MS4 concludes. There are certain elements which cannot be confirmed by CCC at this stage (AV requirements) and these will need to be finalised during early MS6.	3	3	4	3	9	-	-	-	MS6
12	Late completion of temporary and permanent access road by U&C	CCC	Potential delay and additional cost	3	2	3	3	9	Project team to continue to engage with U&C re design and site logistics programme during construction phase. Interface meetings to be scheduled to ensure these items are monitored.	2	2	2	3	6	-	-	-	MS6
13	EU Referendum results affect purchase of goods	RGC	Impact on design and cost	3	3	4	3	9	RGC to establish key components early and progress associated procurement	3	3	4	3	9	-	-	-	MS6
14	Unforeseen activities require funding that were not included within the original business case—	CCC/RGC	Increased project costs and delay.	3	3	4	3	9	RGC are to liaise with CCC to understand their expectations in relation to the decant from their existing offices	3	3	4	3	9	-	-	-	MS6

	such as removal of records, disposal of furniture, data centre relocation etc.																	
15	U&C offsite works impact on the Civic Hub programme relating to the RMU and the Turning Circle	CCC/RGC	Delay and additional cost	4	3	3	2	8	U&C are to confirm their programme and the detail of any works surrounding the Civic Building site throughout the duration of construction. Interface meetings to be scheduled to ensure these items are monitored.	3	3	2	3	9			10,994	MS6
16	Risks associated with the COVID-19 pandemic based on EWNs issued by RGC from impact to supply chain and work	CCC/RGC	Delay, additional cost and health and safety impact	4	4	4	4	16	Carrying out a risk reduction meeting to identify how risks related to the Pandemic can be mitigated	4	4	4	4	16			-	MS6
17	Solar Arrays Interface works	CCC	Delay and additional cost	3	3	1	4	12	Continue to liaise with the solar arrays team to understand any issues with planning consent and procurement	2	3	1	3	9			12,489	MS6
																	328,961	

APPENDIX C – Compensation Events Log

Cost Report No.12

Part 2: Compensation Events



Member of the SNC-Lavalin Group

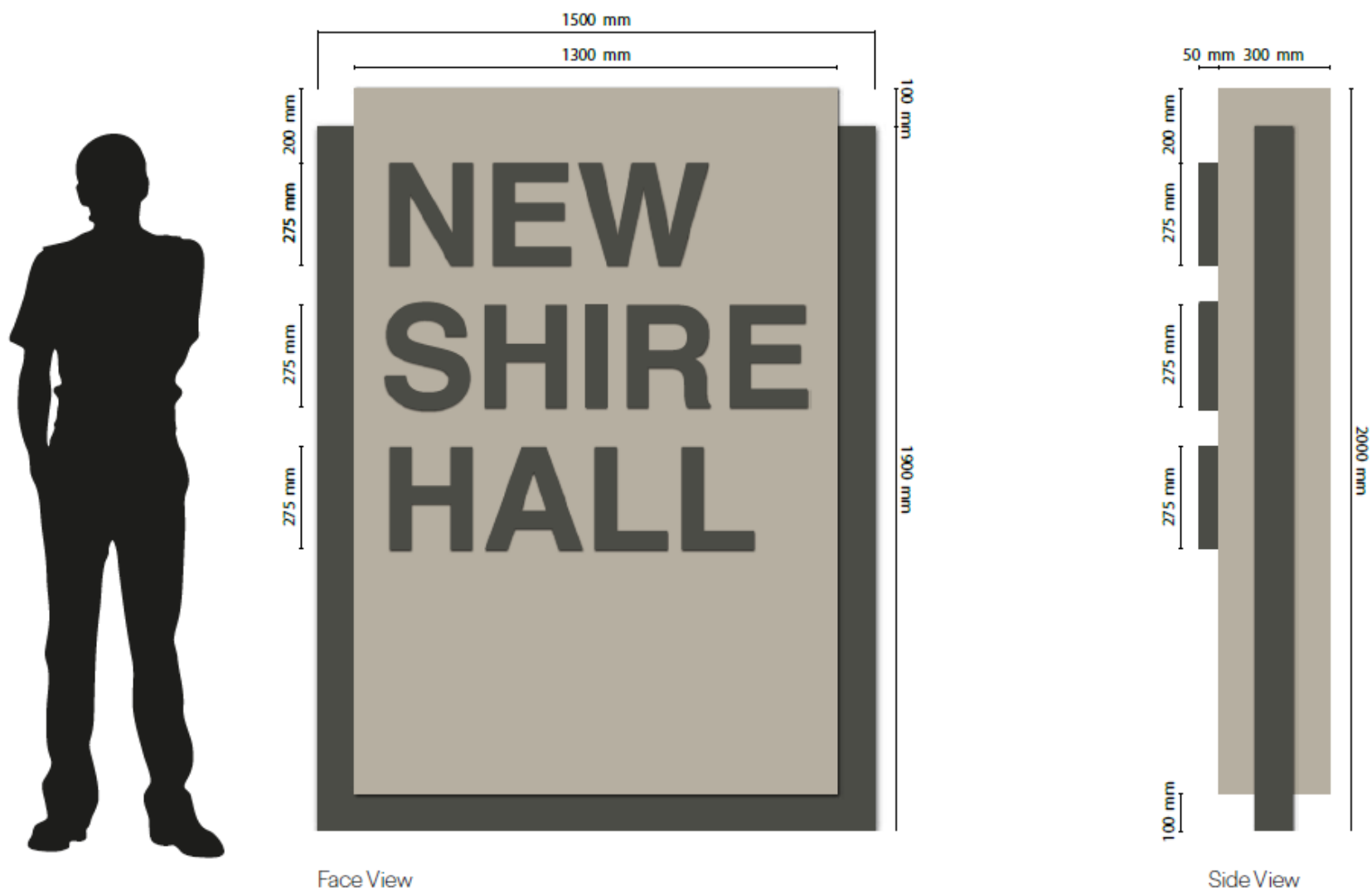
Date of instruction	CONQ	PMI	Description	Omission (£)	Addition (£)	Client change (£)	Risk register (£)	Unforeseen (£)	Potential (£)
			Initial allowance			202,000.00	863,000.00		
			Revised Allowance			259,938.00	961,062.00		
			Current remaining allowance			29,015.28	328,961.00		
Incl. in ECC Sum	1	1	Additional design fees		Incl. in ECC Sum				
Incl. in ECC Sum	2	2	WELL Building		Incl. in ECC Sum				
Incl. in ECC Sum	3	3	Emergency room design		Incl. in ECC Sum				
Incl. in ECC Sum	4	4	Amendment to cores		Incl. in ECC Sum				
Incl. in ECC Sum	5	5	BREEAM Ene01 credits		Incl. in ECC Sum				
Incl. in ECC Sum	6	6	Additional soil investigations		Incl. in ECC Sum				
Incl. in ECC Sum		7	Steelwork design		Incl. in ECC Sum				
Incl. in ECC Sum		8	Structural/civil, landscape and lead architectural design		Incl. in ECC Sum				
Incl. in ECC Sum	11	9	Watching brief		Incl. in ECC Sum				
Incl. in ECC Sum		10	Place steel order		Incl. in ECC Sum				
03/12/2019	12	11	Granular haul road design		1,182.17		1,182.17		
30/04/2020	13 (Rev. B)	22	Removal of spoil to U&C land	36,011.58			-36,011.58		
06/12/2019		12	ECSC extension		-				
21/02/2020	17	13	BT application		4,386.12				
07/02/2020	18 (Rev. C)	14	GA amendments		173,122.13		173,122.13		
18/02/2020	15	15	Gas study & design		31,000.00	31,000.00			
26/02/2020	19 (Rev. A)	16	Ground conditions		9,289.63		9,289.63		
23/03/2020	20 (Rev. A)	17	Additional ducting		23,711.93	23,711.93			
08/04/2020	21 (Rev. A)	20	Additional screen locations & privacy glass		3,183.38	3,183.38			
23/03/2020	22	18	Watching brief extension		5,673.12		5,673.12		
30/04/2020	23	22	Management of spoil		35,919.18		35,919.18		
23/03/2020	24	19	Haul road & site entrance		10,876.78		10,876.78		
30/04/2020	25	22	Spoil survey		594.99		594.99		
30/04/2020	26	22	Muck shift stop		12,142.13		12,142.13		
19/05/2020	27 (Rev. A)	24	Externals (P&D/lighting/water)		11,508.46	11,508.46			
18/08/2020	28 (Rev. C)	34	COVID-19 costs		118,300.42				
19/05/2020	29	25	Additional flagpole		2,905.23	2,905.23			
19/05/2020	30	26	Ply pattress P&D above screening room		1,928.20	1,928.20			
24/04/2020	31	21	Removal of muck from the glade to an off site tip as non-hazardous		84,035.03		84,035.03		
30/04/2020	32 (Option A)	22	Management of muck - retain on site and tip at U&C		40,409.07		40,409.07		
06/05/2020	33 (Rev. A)	23	Gas removal install air source heat pump		129,599.60	129,599.60			
TBC	TBC	N/A	Breheny costs (To be paid directly by CCC and not via RGC. Realised risk)		82,268.82				
TBC	TBC	N/A	U+C abortive costs (To be paid directly by CCC and not via RGC. Client change)		6,101.31				
19/05/2020	34	27	Removal of the whiteboards from the contract	527.63		-527.63			
08/06/2020	35 (Rev. A)	29	Servery & reception changes		22,752.92		22,752.92		
29/05/2020	36	28	Solar array structural and civil design works*		5,097.57				
18/08/2020	37 (Rev. C)	35	Tea point amendments		16,273.38		16,273.38		
24/06/2020	38	30	Solar array electrical design fees*		10,057.41				
03/07/2020	39 (Option 1)	31	Solar array foundations and ductwork - Option 1*		187,959.35				
27/07/2020	40	32	Hoarding relocation		968.58		968.58		
TBC	42 (Rev. B)	TBC	Omission of the central courtyard external furniture	15,815.29		-15,815.29			
18/08/2020	43	36	Frozen furniture layouts		4,229.92		4,229.92		
14/10/2020	44 (Rev. A)	41	COVID-19 costs relating to programme C04		74,323.69				
31/07/2020	45	33	Task A preliminary MEP review		4,513.64	4,513.64			
30/09/2020	46 (Rev. A)	37	MCW and power supply for Purozo Unit		1,050.54		1,050.54		
30/09/2020	47	38	Rooflight solar control		1,200.00		1,200.00		
30/09/2020	48	39	Solar arrays NMA drawing updates*		265.50				
30/09/2020	49	40	Ceiling finishes		64,115.14		64,115.14		
04/12/2020	50 (Rev. C)	48	Revised IST requirements - access control, powered door, CCTV and fibre link		38,299.44		38,299.44		
14/10/2020	51	42	Sensor taps		13,855.15	13,855.15			
04/11/2020	52	43	Direct supply of air to WCs/showers		7,824.00	7,824.00			
06/11/2020	53	44	Low level power		1,747.91	1,747.91			
06/11/2020	54	45	Projector power & data		2,157.98	2,157.98			
20/11/2020	55	46	Solar Arrays foundation		27,505.74				
20/11/2020	56	47	Solar Arrays drainage statement		212.40				
TBC	57	TBC	Install pattress, power and data		2,245.78	2,245.78			
TBC	58	TBC	Relocation of distribution boards		341.84	341.84			
TBC	59	TBC	Introduction of dado for power & data		507.95	507.95			
TBC	60	TBC	Small power to shower rooms G.16 & G.17		2,164.03	2,164.03			
TBC	61	TBC	External tap to the skip store		1,969.56	1,969.56			
Spend to date total:						224,821.72	486,122.57	0	0

APPENDIX D – Building Name Exterior Sign Design

ALCONBURY CIVIC HUB | EXTERNAL SIGNAGE | VERSION 2

Specification

Aluminium Construction Totem With Dimensional Lettering To The Face.
Constructed Around Aluminium Core With Clad Framework All Coated To Two Colour References RAL7022 / RAL7032
Lettering To Be Non Illuminated To The Face And Flush Mounted.
Mounted To Ground Cage Free Issued For Setting Into Concrete Foundation By Main Contractor.



Review of retirement age of farming tenants with farm business tenancies granted under the Agricultural Tenancies Act 1995

To: Commercial & Investment Committee

Date: 19 February 2021

From: Tony Cooper, Assistant Direct - Property

Electoral division(s): All

Forward Plan ref: N/a Key decision: No

Purpose: To confirm a proposed amendment of a management policy for the Rural Estate.

Recommendation: approve an amended policy so that agricultural tenants are given the opportunity to apply for a new FBT that takes them to the year in which they reach state pension age (or thereabouts) with an end date of October to match the recognised end of the farming year

Officer contact:

Name: John Nash

Post: Rural Asset Manager

Email: John.nash@cambridgeshire.gov.uk

Tel: 01223 703238

Member contacts:

Names: Councillors Mark Goldsack/Chris Boden

Post: Committee Chair/Vice-Chair

Email: mark.goldsack@cambridgeshire.gov.uk
Chris.boden@cambridgeshire.gov.uk

Tel: 01223 706398

1. BACKGROUND

- 1.1 Commercial & Investment (C&I) Committee approved management policies for the Rural Estate at its meeting of 21st February 2020. [[Rural Estate Strategic Review report](#)]
- 1.2 This included a policy [2.8 at the link] by which tenants of holdings let to them under the Agricultural Holdings Act 1986 (AHA) could farm beyond the set retirement age of 65 years required in their tenancy agreements to be in line with the State Pension age which is changing. Government policy endorsed this alteration in the recent Agricultural Bill.
- 1.3 CCC's policy as drafted did not address the retirement of tenants of holdings let to them under the Agricultural Tenancies Act 1995 – more commonly known as Farm Business Tenancies (FBT) which are fixed term tenancies.
- 1.4 FBTs comprise the majority of CCC farm tenancies. The provision of a FBT is a commercial agreement for the use of land and is not one relating to employment. FBTs vary in length, but none currently extend beyond, or thereabouts, the tenants 65th birthday.
- 1.5 There is no legal requirement to extend or renew an FBT once it comes to an end. Notwithstanding this and following requests from a number of tenants whose FBTs end close to but before the revised State Pension age, it is considered that it would be fair, equitable and consistent to extend the tenancy agreement so that it ends on the October after the State Pension age is reached.

2. State Pension Age

- 2.1 Government changes to retirement dates impact when our older tenants are due to qualify to receive their state pension depending on their year of birth. Currently the State Pension Age is 66 but will increase to 67 in 2026 and to 68 in 2027. This age applies to both males and females.
- 2.2 It would be prudent and equitable to review the policy so that all agricultural tenants nearing the end of their current tenancies and approaching State Pension Age are offered new tenancies in a consistent way. This will help ensure that all CCC Farm Tenants, where on AHA or FBT agreements, are treated equitably as they approach State Pension Age.

3 Options for Change

3.1 There are three options: -

3.1.1 Option 1 – do nothing and maintain the status quo.

3.1.2 Option 2 – allow tenants to apply for new tenancies beyond 65 years of age for as long as they feel able to farm.

3.1.3 Option 3 – offer all tenants when they reach age 65 years the opportunity to apply for a new FBT that takes them to the year in which they reach state pension age (or thereabouts) with an end date of October to match the recognised end of the farming year.

3.2 Option 1 would effectively penalise those FBT tenants approaching State Pension Age whose tenancies end prior to the commencement of the State Pension. This would create inequality between tenants on different types of tenancies and create an income gap for some tenants of up to 3 years between loss of their farm income and receipt of their state pension. There are approximately 13 tenants in this position in the next 5 years.

3.3 Option 2 would reduce the availability of holdings for new entrants and existing tenants looking to expand and develop their businesses. It also risks tenants farming a holding whilst in receipt of a retirement income, which may affect the commitment to the farm business. In recognition of the significant challenges facing the farming sector post-Brexit, Defra are introducing a lump sum retirement scheme in 2022 to encourage older farmers to leave the industry. Defra are also putting renewed efforts into encouraging new entrants into farming. This is aligned with existing CCC policy as set out in 1.2 above.

3.4 Option 3 would provide consistency between tenants on different tenancies across the estate and is aligned with wider estate objectives.

3.5 Decisions on any extension will be considered on a case by case basis with responsibility for implementation with the Rural Asset Manager and their team, but will require criteria to be met such as tenant having a good track record of rent payment, meeting all tenant obligations required of the current tenancy agreement and agree a revised rent if not already at market level. In addition, if the tenant reaches pension age by the end of year the FBT was due to end it should not be extended as the financial impact on the tenant is limited.

3.6 Non-renewal of a tenancy is a farm estate management decision rather than employment decision and does not force or require a tenant to retire or cease

working. Any decision to retire or to continue to operate a farm business remains entirely at the discretion of the tenant. It is recognised that relocation from an existing farm may influence individual decisions but relocation is not uncommon or insurmountable for farm tenants who are continuing in the sector.

4 ALIGNMENT WITH CORPORATE PRIORITIES

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

4.1 A good quality of life for everyone

There are no significant implications for this priority.

3.2 Thriving places for people to live

There are no significant implications for this priority.

3.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

3.4 Net zero carbon emissions for Cambridgeshire by 2050

There are no significant implications for this priority.

5. SIGNIFICANT IMPLICATIONS

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

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

5.1 Resource Implications

There are no significant implications within this category.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

5.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

5.4 Equality and Diversity Implications

- 5.4.1 Reference is made to State Pension Age in the report, both AHA's and FBT's are tenancy agreements set on commercial terms under landlord and tenant legislation. They are not a form of employment and not subject to employment law.
- 5.4.2 In relation to possible age discrimination, under the Equality Act 2010 there is a prohibition on age discrimination on adults in relation to the provision of services and public functions except where there is legally defined exception or where there is an "objective justification". Age discrimination is only prohibited under the Act where there is a harmful treatment that results in genuinely unfair discrimination. Different treatment based upon age is permitted where it is justifiable or beneficial ([Equality Act guidance hyperlink](#))
- 5.4.3 Examples of beneficial or justifiable difference in treatment can include taking positive action to benefit a particular age group or provide other positive outcomes (e.g. encouraging new entrants into farming, preventing an income gap prior to retirement). In this case the proposal is a positive step to assist tenants in aligning the treatment of FBT tenants with established CCC policy and Government policy regarding AHA tenants, encouraging new entrants into farming and maintaining rental income.
- 5.4.4 The Agriculture Act 2020 specifically amended the existing provisions of the AHA to align it with the smallholding retirement provisions of the Pension legislation. This proposal matches this for those tenants on FBT's that expire close to State Retirement Age and it is argued that it meets the objective justification criteria in that is aligned to existing parallel (AHA) legislation, ensures that CCC tenants do not suffer an income gap immediately prior to retirement due to tenancy expiries, and continues to ensure the council maintains its rental income and support for new entrant farmers. It is aligned with wider Government policy such as DEFRA's proposals to incentivise older farmers to leave farming with lump sum payments.
- 5.4.5 Legal advice has been previously sought that advised each case would be judged on its merits and if necessary determined by a Court as the statute does not provide clear guidance. Each individual case would be decided upon its merits in terms of any renewal of individual tenancies.

5.4.6 The proposals and the State Pension Age apply identically to male and female tenants so there is no known discrimination based upon gender or other protected characteristics.

5.5 Engagement and Communications Implications

There are no significant implications within this category.

5.6 Localism and Local Member Involvement

There are no significant implications within this category.

5.7 Public Health Implications

There are no significant implications within this category.

Sign offs

Have the resource implications been cleared by Finance? Yes Name of Financial Officer: Justine Hartley

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? Yes Name of Officer: Gus de Silva

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? Yes Name of Legal Officer: Fiona McMillan

Have the equality and diversity implications been cleared by your Service Contact? No Name of Officer: Beatrice Brown

Have any engagement and communication implications been cleared by Communications? Name of Officer: Christine Birchall

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes

Have any Public Health implications been cleared by Public Health? Name of Officer: Kate Parker

This Land updates

To: Commercial & Investment Committee

Meeting Date: 19 February 2021

From: Deputy Chief Executive & Chief Finance Officer

Electoral division(s): All

Forward Plan ref: Not applicable

Key decision: No

Outcome: That the Committee receive updates from This Land

Recommendation: Commercial & Investment Committee is invited to note this report and confirm the change in This Land's accounting date

Officer contact:

Name: Chris Malyon
Post: Deputy Chief Executive & CFO
Email: chris.malyon@cambridgeshire.gov.uk
Tel: 01223 507126

Member contacts:

Names: Councillors Goldsack and Boden
Post: Chairman and Vice-Chairman, Commercial & Investment Committee
Email: Mark.Goldsack@cambridgeshire.gov.uk ; cboden@fenland.gov.uk

1. Main Issues

- 1.1 This is a short report which updates the Committee on a number of matters from This Land, the Council's wholly owned housing company.
- 1.2 *Chief Executive Officer:* Following three years at the helm of This Land, Dave Gelling has decided to move on to other projects. The board has recorded its gratitude to Mr Gelling for the progress at the company which he has led. David Lewis has been appointed by the board as the acting Chief Executive with effect from 1 February 2021. This is a promotion within the business – Mr Lewis has been the company's Strategic Land Director since 2019. Responsibility for appointment to executive directorships at the company is a matter for the board of This Land. The board includes two shareholder representatives who are nominees of CCC, as well five independent directors.
- 1.3 *Change of accounting date:* This Land (and its subsidiary companies) intend to revise their balance sheet date from 31 December to 31 March. This will align the companies' financial year with the Council's (and mean that there is a long period of account for the 15months to 31 March 2021). Since 2019, the Council has needed to consolidate This Land's financial position into group accounts which are subject to external audit. The CCC Audit & Accounts Committee has previously requested that alignment of the accounting dates is considered. This Land has consulted with the CCC Finance team, and its own auditor, and is confident that it can produce and submit its draft accounts for audit according to the demanding and constrained timescales for local authorities. A revision to the shareholder agreement will be implemented to reflect the change in accounting date.
- 1.4 *Financing:* Further to the full update considered at this Committee in October, the current amount on loan to This Land is £112.18m. The Council's equity investment is £5.85m. Implementation of the business plan with respect to development and construction, master developer and disposal of the different properties is continuing. Since the last update to this Committee, the properties at Willingham and Litlington have been disposed of ahead of target and house sale reservations at Ditton Walk are also progressing.

2. Significant Implications

- 2.1 Resource Implications
- 2.2 Procurement/Contractual/Council Contract Procedure Rules Implications
- 2.3 Statutory, Legal and Risk Implications
- 2.4 Equality and Diversity Implications
- 2.5 Engagement and Communications Implications
- 2.6 Localism and Local Member Involvement
- 2.7 Public Health Implications

There are no significant implications arising from the updates in this report.

3. Source documents

- 3.1 None

Finance and Performance Report – December 2020

To: Commercial and Investment Committee

Meeting Date: 19 February 2021

From Chief Finance Officer

Electoral division(s): All

Forward Plan ref: Not applicable

Key decision: No

Purpose: To present to Commercial and Investment (C&I) the December 2020 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 outturn position, as at the end of December 2020.

Officer contact:
Name: Justine Hartley
Post: Strategic Finance Manager
Email: justine.hartley@cambridgeshire.gov.uk
Tel: 07944 509197

1. Background

- 1.1 Commercial and Investment Committee will receive the Commercial and Investment Finance Monitoring Report at most committee meetings during the year, and will be asked to review, note and comment on the report and to consider and approve recommendations as necessary, to ensure that the budgets for which the Committee has responsibility remain on target.

2. Main Issues

- 2.1 Attached as Appendix A is the December 2020 Finance and Performance report.
- 2.2 Revenue: At the end of December, Commercial and Investment Committee is forecasting an underachievement of income of £2,605k on revenue budgets. There is one significant forecast outturn variance change by value (greater than 2% or over £100,000) to report.
- 2.3 Capital: At the end of December, Commercial and Investment Committee is forecasting an underspend of £14.7m on the capital programme budget. There are no significant forecast outturn variance changes by value (over £250k) to report.

3. Alignment with Corporate Priorities

- 3.1 A good quality of life for everyone
There are no significant implications for this priority.
- 3.2 Thriving places for people to live
There are no significant implications for this priority.
- 3.3 The best start for Cambridgeshire's children
There are no significant implications for this priority.
- 3.4 Net zero carbon emissions for Cambridgeshire by 2050
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 Procurement/Contractual/Council Contract Procedure Rules Implications
There are no significant implications within this category.
- 4.3 Statutory, Risk and Legal Implications

There are no significant implications within this category.

4.4 Equality and Diversity Implications

There are no significant implications within this category.

4.5 Engagement and Consultation Implications

There are no significant implications within this category.

4.6 Localism and Local Member Involvement

There are no significant implications within this category.

4.7 Public Health Implications

There are no significant implications within this category.

Sign offs:

Have the resource implications been cleared by Finance? Not applicable

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance? Not applicable

Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law? Not applicable

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance? Not applicable

Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law? Not applicable

Have any engagement and communication implications been cleared by Communications? Not applicable

Have any localism and Local Member involvement issues been cleared by your Service Contact? Not applicable

Have any Public Health implications been cleared by Public Health? Not applicable

Source Documents:

C&I Finance Monitoring Report (December 2020)

Location: 1st Floor, Octagon, Shire Hall, Cambridge

Service: Commercial & Investment

Subject: Finance Monitoring Report – December 2020

Date: 19th February 2021

Key Indicators

Previous Status	Category	Target	Current Status	Section Ref.
Amber	Revenue position by Directorate	Balanced year end position	Amber	1.2
Green	Capital Programme	Remain within overall resources	Green	2

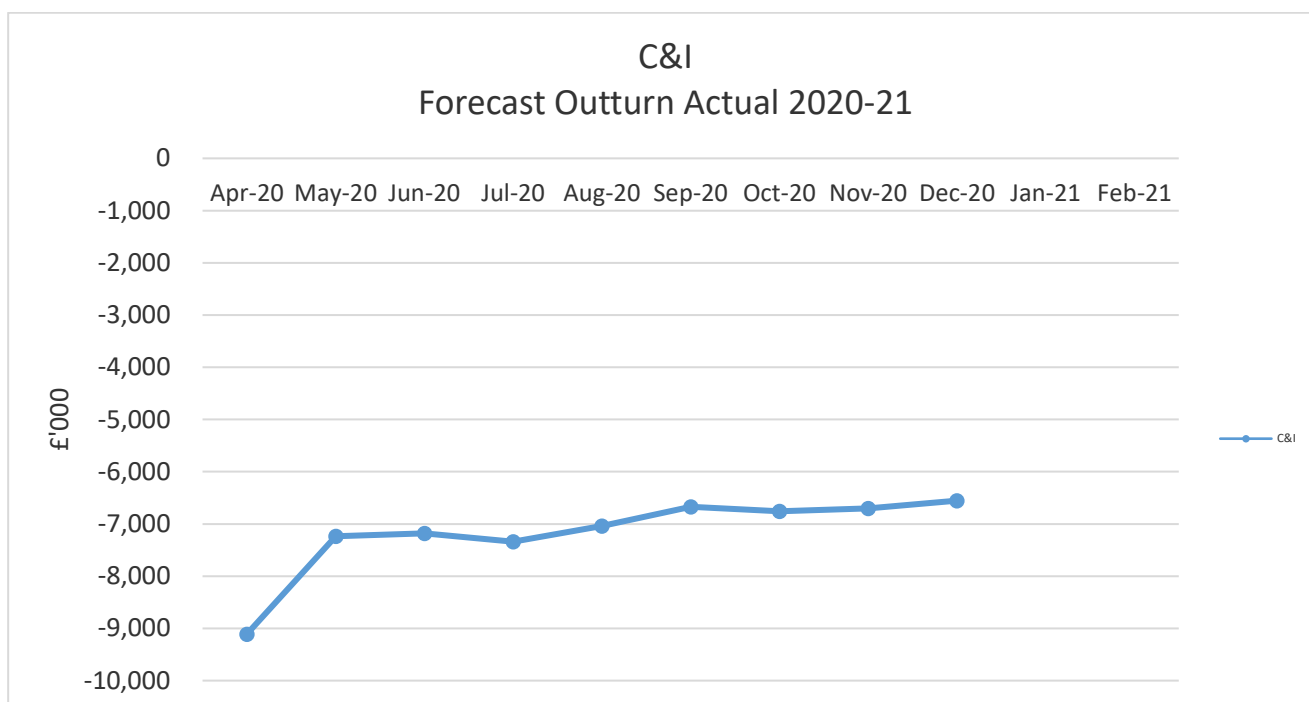
Contents

Section	Item	Description	Page
1	Revenue Executive Summary	High level summary of information by Directorate Narrative on key issues in revenue financial position	2-4
2	Capital Executive Summary	Summary of the position of the Capital programme within Commercial & Investment	4-5
3	Savings Tracker Summary	Summary of the latest position on delivery of savings	5
4	Technical Note	Explanation of technical items that are included in some reports	5
Annex 1	Service Level Financial Information	Detailed financial tables for Commercial & Investment's main budget headings	6
Annex 2	Service Commentaries	Detailed notes on financial position of services that are predicting not to achieve their budget	7-10
Annex 3	Capital Position	This will contain more detailed information about Commercial & Investment's Capital programme, including funding and variances	11-15
Annex 4	Savings Tracker	Each quarter, the Council's savings tracker is produced to give an update of the position of savings agreed in the business plan.	16-17
Annex 5	Technical Appendix	This contains technical financial information for Commercial & Investment showing: <ul style="list-style-type: none">• Grant income received• Budget virements into or out of Commercial & Investment• Service reserves	18

1. Revenue Executive Summary

1.1 Overall Position

Commercial & Investment (C&I) is forecasting an underachievement of income of £2,605k at the end of December, which is an increase of £147k from the previous forecast. Commercial & Investment (C&I) has a negative budget as it has an income target for 2020/21 of -£9,159k. As such, the forecast outturn variance of £2,605k means that C&I is expecting to achieve a net income position of -£6,554k as demonstrated in the following chart:



1.2 Summary of Revenue position by Directorate

Directorate	Budget £000	Actual £000	Outturn Variance £000	Outturn Variance %
Commercial Activity	-12,225	-8,021	2,092	17%
Property Services	6,833	4,978	163	2%
Strategic Assets	-3,495	-2,107	126	18%
Traded Services	-271	-81	224	83%
Total	-9,159	-5,231	2,605	28%

A service level budgetary control report for Commercial and Investment Committee can be found in [Annex 1](#).

1.3 Significant Issues

At the end of December 2020, the overall position for C&I is an underachievement of £2,605K.

There is one significant issue to report this month.

Strategic Assets

The Shire hall Relocation revenue budget is forecasting an overspend of £95k. The initial costs associated with the Hawthorns building preparation work will be a revenue pressure due to the decision to no longer use the building as part of the Cambs2020 programme, £61k. There is also a cost for storing shelving & storage that will no longer be used of £34k.

A detailed explanation of the revenue position for Commercial and Investment Committee can be found in [Annex 2](#).

Covid-19 – Financial Impact

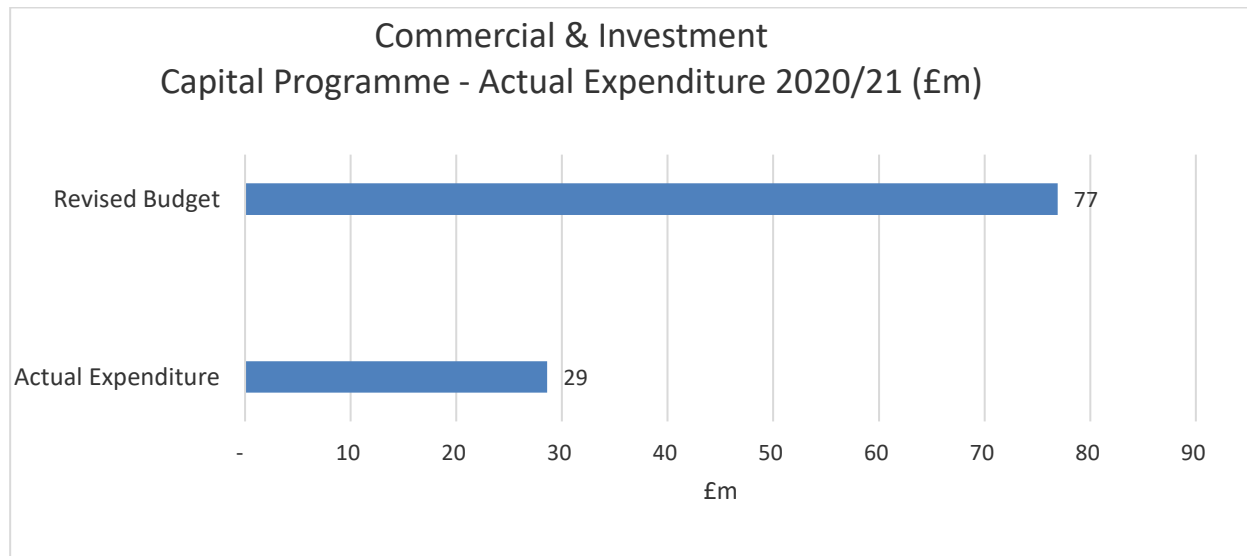
The current projected financial costs associated with managing the implications of the Coronavirus pandemic, including any loss of income:

Service Area	Details	Estimated cost 2020-21 £000	April –Dec impact £000
Property Services	Loss of income from Shire Hall & Castle Court Car park	90	71
Collective Investment Funds	Anticipate a 23% reduction on annual return from CCLA fund	98	98
Contract Efficiencies & Other Income	There is expected to be a delay in contract negotiations during this time	249	180
Property Services	Cambs 2020 programme removal costs with regards to H&S	20	5
Property Investments	Reduction in rent received from commercial properties	1,187	1,086
Traded Services	Reduction in income due to CPDC being closed	52	52
Collective Investment Funds	Anticipate reduction in the return in investment	859	859
Property Services	Cost of additional signage and H&S supplies and resource	37	32
Traded Services	Reduction in ICT Service income due to the closure of schools and change of roles	77	64

2. Capital Executive Summary

2.1 Expenditure

Commercial and Investment Committee has expenditure of £28.6m to date on the Capital Programme, against a revised budget of £76.9m:



In-year, an underspend of £14.7m is forecast; this is in addition to the Capital Variations budget of £17.6m.

There are no significant issues to report this month.

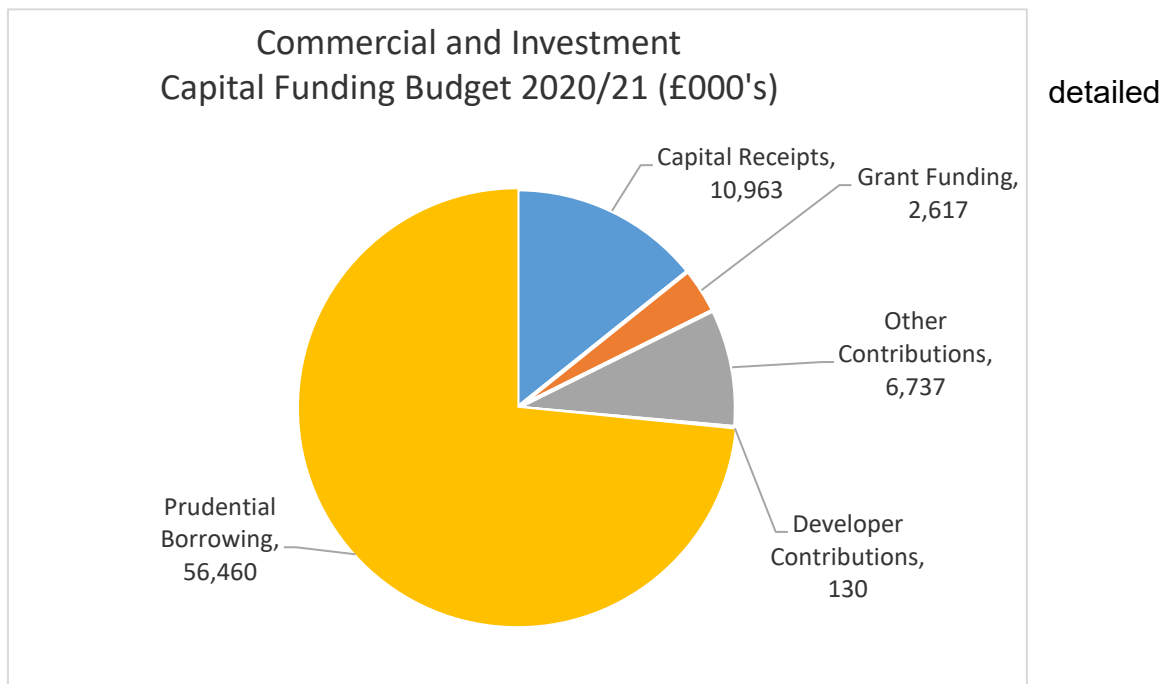
Energy - New Scheme

Commercial and Investment Committee approved a £213k development budget for three school ground source heat pump projects at Comberton Village College, Impington Village College and The Galfrid School in November 2020. This will be funded by prudential borrowing. The budget is expected to be fully spent by March 2021.

2.2 Funding

Commercial and Investment Committee has a revised capital funding budget of £76.9m in 2020/21.

A



explanation of the capital programme position for Commercial and Investment Committee can be found in [Annex 3](#).

3. Savings Tracker Summary

The savings tracker is produced three times a year – the quarter three table is included as [Annex 4](#).

4. Technical note

A technical financial appendix is included as [Annex 5](#), which covers:

- Grants that have been received by the service, and where these have been more or less than expected
- Budget movements (virements) into or out of Commercial & Investment from other services (but not within Commercial & Investment), to show why the budget might be different from that agreed by Full Council
- Service reserves – funds held for specific purposes that may be drawn down in-year or carried-forward – including use of funds and forecast draw-down

Annex 1 – Service Level Financial Information

C&I Finance & Performance Report – December 2020

Previous Forecast Outturn Variance		Budget 2020/21	Actual Dec 2020	Forecast Outturn Variance	Forecast Outturn Variance
£000's		£000's	£000's	£000's	%
Commercial Activity					
928	Property Investments	-3,665	-3,263	962	26%
-159	Shareholder Company Dividends & Fees	-491	-295	-241	-49%
194	Housing Investment (This Land Company)	-5,796	-3,312	194	3%
249	Contract Efficiencies & Other Income	-449	0	299	67%
1,028	Collective Investment Funds	-1,560	-96	1,028	66%
-150	Renewable Energy Investments	-265	-1,055	-150	-57%
2,090	Commercial Activity Total	-12,225	-8,021	2,092	17%
Property Services					
121	Facilities Management	5,835	4,350	160	3%
0	Property Services	792	626	30	4%
0	Lost Sales, Fees & Charges Compensation	0	0	-40	0%
-0	Property Compliance	206	2	13	6%
120	Property Services Total	6,833	4,978	163	2%
Strategic Assets					
-0	County Farms	-4,211	-2,227	-0	0%
31	Strategic Assets	716	120	126	18%
31	Strategic Assets Total	-3,495	-2,107	126	-4%
Traded Services					
0	Traded Services - Central	0	0	0	0%
82	ICT Service (Education)	-200	-163	89	45%
135	Professional Development Centres	-71	81	135	190%
217	Traded Services Total	-271	-81	224	83%
2,458	Total	-9,159	-5,231	2,605	28%

Annex 2 – Service Commentaries on the Revenue Outturn Position

Narrative is given below where there is an adverse/positive variance greater than 2% of annual budget or £100,000 whichever is greater for a service area.

Property Investments

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
-3,665	-2,703	962	26%

The Property Investments budget is forecast to underachieve by £962k for the following reasons:

- The current expected loss from rental income for two of the Council's properties due to the impact of the Covid-19 pandemic is forecast to be £1,187k.
- The Kingsbridge forecast has improved by £225k because the debt charge has reduced due to application of capital receipts to fund most of the purchase.

Shareholder Company Dividends & Fees

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
-491	-732	-241	-49%

The Shareholder Company Dividends & Fees budget is forecasting to overachieve by £241k in 2020/21, an increase of £82k since last month. This is due to underestimating the reserve amount for the 2019/20 ESPO Dividend by £159k.

Housing Investment (This Land Company)

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
-5,796	-5,602	194	3%

The Housing Investment budget is forecasting an overspend of £194k, on its £5.8m budget. As a result of positive cashflows into the company from a property sale, lending to This Land will be lower than originally expected this year. Loans are released according to progress on works and review by the monitoring surveyor. The forecast reflects the schedule of loan funding advanced to date, as well as assumptions around timing of loans to be issued for the next phase. The company is noting progress with planning and construction closely, given the ongoing pandemic.

Contract Efficiencies & Other Income

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
-449	-150	299	67%

The Contract Efficiencies & Other Income budget is forecasting to underachieve by £299k in 2020/21, this is an increase of £50k since last month. This is due to the targets for savings and additional income not being met.

Covid-19 has impacted on all of the Council's suppliers across the organisation. Some of these suppliers are seeking relief under the PPN 02/20 guidance. It is likely that these businesses will be very much focused on recovering from the impacts of this pandemic and will not be open (or capable) of negotiating contracts.

Collective Investment Funds

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
-1560	-532	1,028	66%

The Collective Investment Funds budget is forecast to underachieve by £1,028k.

- A reduced return on investment of £98k on the annual return from the CCLA fund is forecast due to the pandemic.
- A £20m investment into a multi-class credit fund was scheduled to take place in April/May 2020, however due to the impact of Covid-19 on the financial markets, it was necessary to reassess the viability of this fund to ensure that it still met the Council's investment objectives. A lower overall yield has been selected than originally anticipated, taking account of environmental and sustainability governance. Furthermore, due to market volatility the investment will now be staggered as opposed to a single lump investment. As a result, the forecast return has been reduced to £281k, a variance of £930k.

Renewable Energy Investments

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
-265	-415	-150	57%

The income received from the Solar Farm has increased due to the favourable weather conditions over the spring and summer; an overachievement of income of £150k is forecast in 2020/21.

Facilities Management

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
5,835	5,995	160	3%

Property Services are forecasting an overspend of £160k. This is mainly due to:

- The rateable value for the newly refurbished Cambridgeshire Archives Centre has increased and business rates are now expected to cost £145k per annum. This came into effect from October 2019, which has resulted in an in-year pressure for the backdated amount. The total overspend for business rates in 2020/21 is £119k.
- The budget for the new Spokes building Bernard Sunley is £44k for 2020/21, which is not sufficient for the amount required to occupy the building. The total forecast overspend is £100k.
- The 2020/21 revenue budget for the Alconbury Weald Civic Hub is £175k. Based on the expected completion date for the building (Spring 2021), this budget is not required during 2020/21, therefore creating a -£175k underspend.
- The Shire Hall Car Park Income budget is forecasting to underachieve by £90k in 2020/21. This is based on not charging for the car park for 3 months, and less income being received now charging has recommenced.

Strategic Assets

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
716	842	126	18%

The Shire hall Relocation revenue budget is forecasting an overspend of £95k. The initial costs associated with the Hawthorns building preparation work will be a revenue pressure due to the decision to no longer use the building as part of the Cambs2020 programme, £61k. There is also a cost for storing shelving & storage that will no longer be used of £34k.

ICT Service (Education)

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
-200	-111	89	45%

The ICT Service are forecasting an underachievement of income of £89k in 2020/21. This is due to a combination of reduced training income over the school closure period, and reduced earning potential while staff have been working on the set up of devices provided by the Department for Education. A greater online training offer is being delivered which is helping to mitigate the position.

Professional Development Centres

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
-71	64	135	190%

The Professional Development Centre budget is forecasting to underachieve by £135k. The centre at CPDC will be closing in 2020/21 as part of Cambs 2020, causing a £64k pressure due to reduced income in-year. Provision for the loss of income of this closure has been included in the Business Plan for 2021/22, and as such this will be a one-off pressure.

The service have seen a further loss of £52k income due to being unable to trade as expected in the early months of the year as a result of Covid-19.

Annex 3 – Capital Position

3.1 Capital Expenditure 2020/21

Commercial & Investment Capital Programme 2020/21						
Total Scheme Revised Budget £000	Original 2020/21 Budget as per BP £000	Scheme	Revised Budget for 2020/21 £000	Actual Spend 2020/21 £000	Forecast Spend - Outturn £000	Forecast Variance 2020/21 £000
192,416	4,101	<u>Commercial Activity</u>				
158,222	32,050	Commercial Investments	11,323	0	-	(11,323)
1,000	-	Housing Schemes	42,300	19,949	32,500	(9,800)
3,645	3,306	Development Funding	200	-	200	-
6,306	563	St Ives Smart Energy Grid	1,110	-	260	(850)
6,969	-	Babraham Smart Energy Grid	322	94	262	(60)
8,267	8,027	Trumpington Smart Energy Grid	87	-	45	(42)
2,526	-	Stanground Closed Landfill Energy Project	491	14	336	(155)
26,258	25,345	Woodston Closed Landfill Energy Project	-	(11)	-	-
40	20	North Angle Solar Farm	5,014	(178)	5,014	-
643	-	Light Blue Fibre	20	-	20	-
-	-	Swaffham Prior Energy Project	537	212	537	-
907	-	School Ground Source Heat Pump Projects	213	12	213	-
-	-	Cambridgeshire Outdoor Centres	864	730	864	-
-	-	Marwick Centre Roof Repair	-	59	59	59
-	-	March Community Centre	400	-	400	-
-	-	Farm	3,750	-	3,750	-
475	475	LGSS Law Equity	-	-	-	-
407,674	73,887		66,630	20,882	44,460	(22,170)
6,352	600	<u>Property Services</u>				
345	-	Building Maintenance	1,042	320	1,042	-
6,405	2,965	Office Portfolio Rationalisation	11	2	11	-
90	-	Investment in the CCC asset portfolio	4,793	893	3,130	(1,663)
15,000	3,000	Property Asset Database	90	-	90	-
200	200	Decarbonisation Fund	4,500	131	3,556	(944)
28,392	6,765	Electric Vehicle Chargers	200	0	200	-
1,000	100		10,636	1,347	8,029	(2,607)
3,000	300	<u>Strategic Assets</u>				
1,981	885	Local Plans Representations	100	0	100	-
18,737	9,721	County Farms Investment	300	107	300	-
295	-	Community Hubs - East Barnwell	1,584	12	100	(1,484)
330	-	Shire Hall Relocation	14,076	6,027	8,000	(6,076)
		Meads Farm House Replacement	272	227	272	-
		Mill Rd - Former Library	330	9	330	-
25,343	11,006		16,662	6,380	9,102	(7,560)
669	603	Capitalisation of Interest Budget	603	-	603	-
(32,070)	(17,692)	Capital Programme Variations Budget	(17,625)	-	-	17,625

430,008	74,569	TOTAL	76,906	28,609	62,194	(14,712)
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3.2 Capital Variation 2020/21

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

Service	Capital Programme Variations Budget £000	Forecast Outturn Variance (Dec 2020) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Outturn Variance (Dec 2020) £000
C&I	-17,625	-32,337	-17,625	100%	-14,712

3.3 Capital Funding 2020/21

Original 2020/21 Funding Allocation as per BP £000	Source of Funding	Revised Funding for 2020/21 £000	Forecast Spend £000	Variance £000
3,736	Capital Receipts	10,963	1,931	(9,032)
1,373	Grant Funding	2,617	2,341	(276)
6,731	Other Contributions	6,737	8,500	1,763
130	Developer Contributions	130	-	(130)
62,599	Prudential Borrowing	56,460	49,422	(7,038)
74,569	TOTAL	76,906	62,194	(14,712)

3.4 Service Commentaries on the Capital Position

The schemes with significant variances (>£250k) either due to changes in phasing or changes in overall scheme costs can be found below:

Investment in the CCC asset portfolio

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Dec) £'000	Forecast Spend - Outturn Variance (Dec) £'000	Variance Last Month (Nov) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
4,793	3,130	-1,663	-1,663	-	-	-1,663

The Investment in CCC asset portfolio scheme is forecast to underspend by £1.6m due to delays, mainly due to the impact of Covid on planned construction works and preparatory works. The Spokes programme is well underway, and savings have been seen on existing projects, and efficiencies are expected in projects yet to begin from the agreed budget, which will be reported in the next full update to Commercial and Investments Committee. This will reduce the borrowing requirement in year by £1.6m.

Shire Hall Relocation

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Dec) £'000	Forecast Spend - Outturn Variance (Dec) £'000	Variance Last Month (Nov) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
14,076	8,000	-6,076	-6,076	-	-	-6,076

The Shire Hall Relocation scheme is forecast to underspend in 2020/21 by £6m. This is mainly due to the initial impact of Covid 19 on planned construction works. The building is now water tight with completion of the roof and glass façade, as well as the internal walls, allowing the first fix of electrical, plumbing and mechanical installations to get underway. Completion is now expected in late summer-early autumn. This will reduce the borrowing requirement in year by £6m.

March Community Centre

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Dec) £'000	Forecast Spend - Outturn Variance (Dec) £'000	Variance Last Month (Nov) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
400	400	-	-	-	-	-

£0.4m of EU funds have been allocated to the refurbishment project for the March Community Centre. This project will expand the workshop and teaching space at the venue, enabling the service to deliver a revised and refocused learning programme in Fenland, focussing on vocational skills and employability. The funds are due to be claimed in full from the Cambridgeshire and Peterborough Combined Authority by March 2021. No additional prudential borrowing is required for the project

Commercial Investments

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Dec) £'000	Forecast Spend - Outturn Variance (Dec) £'000	Variance Last Month (Nov) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
11,323	-	-11,323	-11,323	-	-11,323	-

The Commercial Investment scheme is forecast to underspend by £11.3m. There are no active plans at this stage for investment prior to the end of the financial year, given the current market conditions and general uncertainty. This will reduce the capital receipt requirement.

St Ives Smart Energy Grid

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Dec) £'000	Forecast Spend - Outturn Variance (Dec) £'000	Variance Last Month (Nov) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
1,110	260	-850	-850	-	-	-850

Due to ongoing delays in securing necessary grant funding, forecast expenditure to support the construction of the Smart Energy Grid has been delayed until 2021/22.

The Community Hubs – East Barnwell

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Dec) £'000	Forecast Spend - Outturn Variance (Dec) £'000	Variance Last Month (Nov) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
1,584	100	-1,484	-1,484	-	-	-1,484

The Community Hubs – East Barnwell scheme is forecasting an underspend of £1,484k; the only costs expected in 20/2021 will be related to planning, and any construction costs will be in future years. This will reduce the developer contributions applied this year by £260k and the prudential borrowing requirement in year by £1,193K.

Decarbonisation Fund

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Dec) £'000	Forecast Spend - Outturn Variance (Dec) £'000	Variance Last Month (Nov) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
4,500	3,556	-944	-944		-	-944

The Decarbonisation Fund scheme is now forecasting to underspend by £0.9m. The revised forecast is based on the cost of all projects approved to date and 50% of the proposed projects being approved. This will reduce the borrowing requirement in year by £0.9m.

In addition, £2.5m has been awarded by the Public Sector Decarbonisation Scheme, a £1bn fund from BEIS and administered by Salix Finance, aimed at decarbonising heat in public buildings. £1.5m will be spent this financial year and £2m in 2021/22. This reduces the 2020/21 borrowing requirement by a further £1.5m.

Housing Schemes

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Dec) £'000	Forecast Spend - Outturn Variance (Dec) £'000	Variance Last Month (Nov) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
42,300	32,500	-9,800	-9,800	-	-	-9,800

The Housing scheme is forecasting an underspend of £9,800k. As a result of positive cashflows into the company, lending to This Land will be lower than originally expected this year. Loans are released according to progress on works and review by the monitoring surveyor. The forecast reflects the schedule of loan funding advanced to date, as well as assumptions around timing of loans to be issued for the next phase. This will reduce the borrowing requirement in year by £9.4m and the capital receipts requirement by £0.4m.

Farm acquisition

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Dec) £'000	Forecast Spend - Outturn Variance (Dec) £'000	Variance Last Month (Nov) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
3,750	3,750	-	-	-	-	-

The acquisition of a new farm was approved by GPC in November 2020. The expenditure in 2020/21 is for the acquisition, with costs related to planning expected in later years. This will be funded by prudential borrowing.

School Ground Source Heat Pump Projects

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Dec) £'000	Forecast Spend - Outturn Variance (Dec) £'000	Variance Last Month (Nov) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
213	213	-	-	-	-	-

Commercial and Investment Committee approved a £213k development budget for three school ground source heat pump projects at Comberton Village College, Impington Village College and The Galfrid School in November 2020. This will be funded by prudential borrowing. The budget is expected to be fully spent by March 2021.

Annex 4 – Savings Tracker Quarter 3

Reference	Title	Original Saving 20-21	Current Forecast - Q1	Current Forecast - Q2	Current Forecast - Q3	Current Forecast - Q4	Forecast Saving 20-21	Variance from Plan £000	% Variance	RAG	Forecast Commentary
F/R.6.003	Babbage House closure	-397	0	0	0	-397	-397	0	0	Green	Babbage House is now closed
F/R.6.108	Energy Efficiency Fund - Repayment of Financing Costs	-8	0	0	0	-8	-8	0	0	Green	Savings to be generated from Energy Efficiency Fund capital investment. Element to repay financing costs.
F/R.7.105	Renewable Energy Soham - Repayment of Financing Costs	-18	-18	0	0	0	-18	0	0	Green	Increased income received to date
F/R.7.106	Utilisation/commercialisation of physical assets (One Public Estate)	-36	0	0	0	0	0	36	100	Black	Income from parking – not expected to be met in 2020/21
F/R.7.110	Return on Commercial Property Investments	-105	0	0	0	0	0	105	100	Black	This was an extension of the current target, which will not be met due to delayed investment.
F/R.7.113	Invest to Save Housing Schemes - Income Generation	54	0	0	0	54	54	0	0	Green	Net reduction in income from loans from This

Reference	Title	Original Saving 20-21	Current Forecast - Q1	Current Forecast - Q2	Current Forecast - Q3	Current Forecast - Q4	Forecast Saving 20-21	Variance from Plan £000	% Variance	RAG	Forecast Commentary
											Land expected in 20/21
F/R.7.127	County Farms – Commercial uses	-75	-38	0	-37	0	-75	0	0	Green	Rental income on target
F/R.7.130	Increase in ESPO dividend	-250	0	0	0	-250	-250	0	0	Green	
F/R.7.129	Pooled Property Fund Investment (CCLA)	-420	-95	-80	-80	-67	-322	98	23	Amber	Anticipate lose 23% of annual return from CCLA fund, due to the fund granting rental breaks

Annex 5 – Technical Note

1. Grant Income Analysis

There is no additional grant income to record in 2020/21.

2. Virements and Budget Reconciliation

Budgets and Movements	£'000	Reported
Budget as per Business Plan	-9,205	
Transfer of budget to Shire Hall Relocation, as agreed for the Babbage House move.	15	May 2020
Transfer of the Ely Archive Centre budget from P&C to Property Services	83	May 2020
Transfer of budget from Property Services to Information Management for offsite storage	-20	June 2020
Transfer of budget from Finance to Shareholder Company Dividends & Fees budget for Non-Exec Director costs	-35	September 2020
Transfer for the pay award and mileage savings for Q2.	4	October 2020
Revised Budget	-9,159	

3. Reserve Schedule

Fund Description	Balance at 01 April 2020	Movements in 2020/21	Balance at 31 Dec 2020	Forecast Balance at 31 March 2021	Notes
Other Earmarked Funds					
North Cambridge Academy site demolition costs	705	0	705	0	1
subtotal	705	0	705	0	
Capital Reserves					
General Capital Receipts	11,632	325	11,956	12,518	2
subtotal	11,632	0	11,956	12,518	
TOTAL	12,337	0	12,669	12,518	

Notes

- 1 Rental income from Bellerbys buildings on the North Cambridge Academy site is being held to offset demolition costs when the lease expires in 2021.
- 2 General Capital Receipts received during 2020/21 will be used to fund the capital programme at year-end, and This Land Capital Receipts will be used to purchase equity in This Land, or as decided by GPC/Full Council.

Cambridgeshire County Council

Commercial and Investment Policy and Service Committee Agenda Plan

Published on 1st February 2021

Updated on 11th February 2021

Notes

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.

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

- Minutes of previous meeting and Action Log
- Finance Report – The Council's Virtual Meeting Protocol has been amended so monitoring reports (including the Finance report) can be included at the discretion of the Committee.
- Agenda Plan, Training Plan and Appointments to Outside Bodies and Internal Advisory Groups and Panels

Committee date	Agenda item	Report author	Reference if key decision	Deadline for draft reports	Agenda despatch date
19/02/21	Review of retirement age of farming tenants with Farm Business Tenancies	Tony Cooepr		09/02/21	11/02/21
	Refurbishment of March Community Centre	Tanya Meadows/ Tony Cooper			
	Care Suites	Gurdev Singh			
	This Land updates	Tom Kelly			
	Cambs 2020 Update	Andy Preston/ Kim Davies			

Committee date	Agenda item	Report author	Reference if key decision	Deadline for draft reports	Agenda despatch date
19/03/21	Quarterly performance reporting against Commercial Strategy KPIs and Risk Register	Chloe Rickard		09/03/21	11/03/21
	Soham Northern Gateway – This Land and Education transactions	Tony Cooper	2021/019		
	Barnados Child and Family Centre Service Contract	Julia Carroll/ Tony Cooper			
	Babraham Smart Energy grid, Investment Case	Cherie Gregoire	2021/009		
	Green Investment: further diversification of CCC investment portfolio	Chloe Rickard			
16/04/21				06/04/21	08/04/21
28/05/21					
25/06/21	Quarterly performance reporting against Commercial Strategy KPIs and Risk Register	Chloe Rickard		01/06/21	03/06/21
09/07/21					
13/08/21					
10/09/21	Stanground Solar and battery project	Sheryl French	2021/007		
15/10/21					
19/11/21					
17/12/21					
21/01/22					
18/02/22					

Committee date	Agenda item	Report author	Reference if key decision	Deadline for draft reports	Agenda despatch date
18/03/22					
22/04/22					
20/05/22					

To be programmed: ICT Future Delivery Options (John Chapman); Trumpington Park & Ride Smart Energy Grid (Sheryl French);

Please contact Democratic Services democraticservices@cambridgeshire.gov.uk if you require this information in a more accessible format

