

COMMERCIAL AND INVESTMENT COMMITTEE



Date: Friday, 22 March 2019

Democratic and Members' Services

Fiona McMillan
Monitoring Officer

10:00hr

Shire Hall
Castle Hill
Cambridge
CB3 0AP

**Kreis Viersen Room
Shire Hall, Castle Hill, Cambridge, CB3 0AP**

AGENDA

Open to Public and Press

CONSTITUTIONAL MATTERS

- 1. Apologies for absence and declarations of interest**
Guidance on declaring interests is available at
<http://tinyurl.com/ccc-conduct-code>
- 2. Minutes of the Commercial and Investment Committee meeting 5 - 14**
held 22nd February and Action Log
- 3. Petitions and Public Questions**

KEY DECISIONS

- 4. Commercial Strategy 15 - 34**
- 5. Property at Burwell and Soham - Transfer to This Land and 35 - 40**
financing (Phase 2)

OTHER DECISIONS

- | | | |
|-----|--|------------------|
| 6. | First Quarterly Monitoring report - Mobilising Local Energy Investment | 41 - 52 |
| 7. | Milestone 3 Report for the Alconbury Weald Civic Hub - Cambs 2020 Programme | 53 - 66 |
| 8. | 2019-20 Investment Strategy - Update | 67 - 86 |
| 9. | Greater Cambridge Local Plan - Strategic Land and Economic Land Availability Assessment | 87 - 90 |
| 10. | Finance and Performance Report - January 2019 | 91 - 118 |
| 11. | Commercial and Investment Committee Agenda Plan, Training Plan and Appointments to Outside Bodies | 119 - 124 |
| 12. | Exclusion of Press and Public | |

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

13. Cambridgeshire Outdoors

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

The Commercial and Investment Committee comprises the following members:

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

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

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

Clerk Name: Dawn Cave

Clerk Telephone: 01223 699178

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

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

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

COMMERCIAL AND INVESTMENT COMMITTEE: MINUTES

Date: 22 February 2019

Time: 10:10-11.25am

Venue: Kreis Viersen Room, Shire Hall, Cambridge

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

Apologies: Councillor L Nethsingha (Cllr M Shellens substituting)

197. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were presented on behalf of Councillor Shellens (Councillor Nethsingha substituting).

There were no declarations of interest.

198. MINUTES OF THE MEETINGS HELD ON 18 JANUARY 2019 AND ACTION LOG

The minutes of the meeting held on 18th January 2019 were approved as a correct record.

The following Action Log items were discussed:

Action 125/visit to This Land site. It was confirmed that This Land were happy for a group to visit, and a date for the visit would be confirmed.

Action 147/Building Inspections. It was confirmed that a report would be considered at the 28/03/19 Audit & Accounts Committee, and this would include schedules, a draft lease for future use.

Action 161/Commercial Investments – a number of proposals would be considered at the Working Group on 26/02/19.

There was a discussion on remodelling the Action Log and providing further information, e.g. the last column giving the status needed to provide an estimated completion date for actions which were “in progress”. **Action required.**

It was resolved to note the Action Log.

199. PETITIONS AND PUBLIC QUESTIONS

There were no petitions or public questions.

200. ESTABLISHMENT OF A JOINT VENTURE WITH THE UNIVERSITY OF CAMBRIDGE TO DEVELOP AND MARKET FIBRE ASSETS ON A COMMERCIAL BASIS

The Committee considered a report setting out proposals to establish a joint venture company with the University of Cambridge to further develop digital infrastructure across Cambridgeshire.

The report included a proposal to link fibre ducting on the Guided Busway in to the University of Cambridge's 60km fibre network, and to establish a commercial joint venture to market the fibre ducting for use on a wholesale basis by local telecommunications providers, and provide "dark fibre" services direct to businesses. The report also outlined the time pressures of this project, and the potential State Aid complexities: government funding would be used to incorporate ducting in to the Chisholm Trail, but DCMS would only sign off and grant the funding if State Aid compliance could be demonstrated.

Whilst endorsing the report, a Member expressed some concern on the capacity to deliver the scheme within the timescales set out in the report, particularly given the reliance on the University as partner in this project, as failing to do so could mean that the Council missed out on funding. Another Member echoed these comments, suggesting that there was a risk that the Council could find itself half way through the project without funding. Officers reassured Members that it was an iterative process, and the schedule was for the assurance process with government to take place in April – the intention was for funding to be in place before the project went forward.

Other comments arising from the presentation included:

- a Member commented that the Council had established many links with the University of Cambridge over many years, and this was a natural progression to that partnership. He also pointed out that a lot of work had been done on this proposal by the University, who would not be charging for that work;
- a Member commented that whilst he was happy with the principle of the project, the report did not set out the business plan, so he did not understand e.g. how the work would be carried out if the organisation did not employ any staff. Officers advised that subject to approval, the business case would be provided in a separate report which would be presented to the March Committee, whilst the report being considered sought to gain in principle support for the project. On the issue of officer resource, staff would effectively be seconded from both the Council and the University. The joint venture would give both parties access to the passive infrastructure, with the option of charging third parties a commercial rate for them. By joining forces, the expertise and assets from both organisations could be combined to make a commercial offering;
- noting this was a commercial venture, the Member also asked to what extent this venture could benefit Cambridgeshire residents. Officers explained that it would help the Council deliver its digital connectivity targets and ambitions. The proposal aligned very closely with the Council's objectives, but had the benefit of also providing a commercially viable business opportunity too;
- in response to a Member question, officers outlined the likely customers of the commercial venture, which were those focused on business connectivity, including Alt Net providers. Some of the larger companies in the Biotech sector

were keen to connect directly in to the University's network, and more generally, the business requirement for fibre was considerable in Cambridge and the surrounding areas. It was also noted that the funding was explicitly to test and trial new ideas, and would be monitored by the government, with the potential to replicate and extend the model nationally;

- responding to a query on the project governance, it was noted that the venture would be overseen by the Economy and Environment Committee, which would monitor both the progress and operation of the joint venture. The Member stressed the importance of retaining democratic oversight;
- a Member commented that there appeared to be no urgency in addressing that 1% of the County's residents with little or no connectivity to the internet;
- responding to a question on customers, it was noted that it was envisaged that it would be a small operation in the first two years (between one and five customers), whilst the assets were developed and the network extended, building up to 25 customers in the long term. Officers saw the risks involved as being low, and were not unduly concerned, noting the detail would be covered in the business case that would be presented to the March meeting. This would also provide more detail on some of the governance issues.

It was resolved, by a majority, to:

- a) endorse the approach for the commercial development of the Council's assets to facilitate improvements to the digital connectivity infrastructure in Cambridgeshire;
- b) approve in principle the creation of a joint venture company between the Council and the University of Cambridge, subject to the Committee's final approval to proceed following further development of the business plan.

Councillor Jenkins abstained from voting, stating he was not sufficiently confident in the data presented at this stage.

201. POOLED PROPERTY FUND INVESTMENT

The Chairman thanked Members of the sub-group who had attended the recent presentation on the proposed pooled property fund investment.

Officers introduced the report, setting out the main benefits of the CCLA Local Authorities Property Fund. The spread between the bid and offer price would reduce the Council's holding value by £83K for every £1M invested. Assuming a continuing steady rate of growth, this would overcome the spread between the bid and offer price within three years, with opportunities for further growth from the underlying appreciation in the value of the investment. The Council's existing Treasury Management Strategy had permitted investment in to property funds for some time. At the most recent full Council meeting, a revision to another indicator in the Treasury Management Strategy enabled investment specifically in the CCLA Fund. Whilst the report was for noting, the investment would not proceed if the Committee opposed the proposed approach.

Arising from the report:

- a Member asked if there is a time lag in the investment i.e. would the Council's investment be invested immediately or over a period? It was confirmed that the latter was the case;
- noting that the governance of the CCLA was controlled by members and officers appointed by the LGA, it was agreed that the identities of those representatives would be circulated to the Committee. **Action required;**
- a Member suggested that the report should make clear (i) how the investment was to be funded and (ii) what the next best alternative investment was. Officers advised that from a Treasury Management perspective, the Council held significant sums in money market funds, which were currently only giving 0.7-0.8% returns. The Council's Treasury Management advisor had suggested that the Council did not need to hold those amounts in money market funds, i.e. it was acceptable to hold those investments in more illiquid sources.

It was resolved unanimously to:

1. note a direction by the Chief Finance Officer, under the auspices of the treasury management strategy, to invest up to £16.5M in the CCLA property fund.

202. INDEPENDENT NON-EXECUTIVE DIRECTOR NOMINATIONS – THIS LAND

The Committee considered the proposed appointment, by the This Land Chairman, of three non-executive directors to the This Land Board, following a recruitment process. Between them, these individuals had a good spread of expertise relevant to the company, including law, finance, banking and construction.

Arising from the report:

- one Member commented that she was particularly impressed with the experience of Susan Freeman, and it was clear she could bring a lot to This Land;
- it was noted that these individuals had not yet been appointed, although it was acknowledged that the summaries had been written in a way that implied that they had already been appointed;
- a Member queried how the opportunity had been 'sold' to these individuals. The Chairman commented that the Company's Mission Statement, backed by the business plan, was clear on the company's direction and ambitions;
- it was clarified that the This Land Chairman and Board had vetted the three candidates, the Committee's role was to either endorse the candidates, or explain why they were minded not to do so.

The Committee, acting as a shareholder of This Land, resolved by a majority, to:

1. adopt ordinary resolutions 1, 2 and 3, as specified in paragraph 2.2 of the report, in order that three non-executive directors join the board of the company.

203. FINANCE AND PERFORMANCE REPORT – DECEMBER 2018

The Committee considered a report on the financial and performance information relating to the areas within the Commercial and Investment Committee's remit, for the period ending 31st December 2018.

At the end of the period, an increased overspend of £6.758M was forecast. This related partly to the delay in the transfer of properties to This Land and the constraints on progress due to the planning system, specifically the loans relating to Cottenham. Other adverse variances included a £170K overspend from the Cambridgeshire Music traded service, but again, but this had improved in January. The position for Building Maintenance for the period was noted, and this area of financial control would be kept under review going forward.

In response to a Member question, it was confirmed that the Cottenham site had not been transferred to This Land in line with the original timescale. This resulted mainly from a number of complications related to other landowners in that area, and the Education needs. It was the intention to have the transfer completed within the 2018/19 financial year.

Arising from the report:

- a Member highlighted the £459K rebate received from ESPO;
- a Member asked if the overspend in Cambridgeshire Music was due to overstaffing. Officers confirmed that this was not the case, and the variance would reduce significantly in January. Members were also reminded that the Outcome Focused Review in to Cambridgeshire Music, how it traded, and its future strategy, was still ongoing;
- discussing the Building Maintenance overspend (£289K), it was noted that less had been invested in Building Maintenance in recent years, as it was seen as "easy to cut", but the consequences of that move were now being felt. Buildings were being reviewed to see if they were accessible and fit for purpose with required standards. Similar pressures were expected in 2019/20;
- in response to a Member question, it was confirmed that This Land were remodelling their income forecasts as part of their Business Plan. The amount of property to be transferred to This Land in future years was quite limited. It was suggested that it would be helpful to request the timescales of a particular scheme from This Land, to restore the Committee's confidence going forward. It was also suggested that whilst it was easy to focus on the slippage, the Committee should not lose sight of how much This Land was actually delivering for the Council;

- following on from the point about the slippage in This Land's timescales, a Member asked officers how realistic they felt the forecasts were for 2019/20. Officers advised that the timescale estimates were neither too optimistic nor pessimistic, but retained a degree of challenge. It was stressed that much of the shortfall with This Land was slippage rather than underachievement. This Land had generated £1.8M for front line services in the current financial year.

It was resolved to:

review, note and comment on the report.

204. AGENDA PLAN, TRAINING PLAN AND APPOINTMENTS TO OUTSIDE BODIES

Members considered the Committee's Agenda Plan and Training Plan.

The following items identified for the March Committee meeting would now be considered at the April meeting:

- Babraham Smart Energy Grid – IGP Stage 1 update
- Closed landfill energy projects (Stanground and Woodston) – to be considered as two separate reports.

The Shire Hall Disposal report would still be considered at the March meeting, but would not be a Key Decision, but a Key Decision report on this subject would be considered at the April meeting. Councillor Rogers, as Local Member for Alconbury, advised that he had attended a public presentation on the new headquarters, which had been well received.

A report on Property Maintenance would be considered at the April meeting.

Turning to the Training Plan, it was noted that a half-day session on Commercialisation was being organised for all Members on the afternoon of 26th April. Four provisional training slots had been identified for the Committee for the 2019/20 municipal year, and invitations would be sent out for these. **Action required.**

It was resolved to:

- a) note the Agenda Plan;
- b) note the Training Plan.

Chairman

COMMERCIAL & INVESTMENT COMMITTEE

Minutes-Action Log



Agenda Item no. 2

Cambridgeshire
County Council

Introduction:

This is the updated action log as at **12th March 2019** 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 22nd June

Item no.	Item	Action to be taken by	Action	Comments/Status	Estimated completion date/ Completed
125.	Programme Highlight report – progress of sales to This Land	Chris Malyon/ This Land	It was agreed that it would be interesting for the Committee to visit a site in the future.	Site visit arranged for 9 th April	09/04/19

Minutes of 14th September

147.	Update on Building Inspections	John Macmillan	Request the Regional Schools Inspector supports the Council in asking Academies to provide details of their building inspections.	A report on Building Inspections will be presented to Audit and Accounts in May and this will be presented to C&I Committee on 26/04/19.	26/04/19
147.	Update on Building Inspections	John Macmillan	Future leases of property to Academies should require them to provide the Council with inspection reports on a specified basis.		
147.	Update on Building Inspections	John Macmillan	Circulate note responding to the points raised during the discussion.		

Minutes of 19th October 2018

Item no.	Item	Action to be taken by	Action	Comments/Status	Estimated completion date/ Completed
161.	Service Committee Review of draft revenue Business Planning proposals for 2019-20 to 2023-24		Commercial Investment Working Group to explore Commercial Investments Business Case and report back to the Committee.	Working Group meeting on 26/02/19 to consider a number of proposals.	Completed
162.	Service Committee Review of the draft 2019-20 Capital Programme	Jackie Galwey/ Shauna Torrance	Last two meetings of the Older People's Accommodation Strategy Working Group had been cancelled (concern that these issues were not being picked up).	Reassurances given that meetings would be scheduled.	Completed.
163.	Loans to Not for Profit organisations	Chris Malyon	A report on loans granted to be provided on an annual basis to C&I Committee.	To be presented as part of an Annual Report on the Treasury Management Policy in April.	26/04/19.

Minutes of 14th December 2018

182.	Commercial and Investment Committee Review of draft Revenue and Capital Business Planning proposals for 2019-20 to 2023-24	Sheryl French	It was agreed that Sheryl French would be asked to provide an update to the Committee on current progress with all major projects.	Quarterly updates scheduled.	Completed.
183.	Disposal of ransom strip at St Ives	John Macmillan	The ownership of different parts of the site to be fully detailed in the revised report, and the planning application for the residential development be included in that report.	Report scheduled for May 2019 Committee.	24/05/19.

Minutes of 18th January 2019

Item no.	Item	Action to be taken by	Action	Comments/Staus	Estimated completion date/ Completed
193.	Agenda Plan, training Plan and Appointments to Outside Bodies	Dawn Cave	Identify and circulate provisional 2019/ 20 training dates.	Circulated 14/03/19.	Completed.
196.(1)	Cambridgeshire Catering and Cleaning Service	Emma Fitch	Data not available from all suppliers to confirm the various accreditations. Officers agreed to provide further information to the Member on this point.	Victoria Stacey contacting the suppliers in question and once we have a collation of all the information this will be supplied by e-mail.	24/05/19
196.(2)	Cambridgeshire Catering and Cleaning Service	Emma Fitch	It was agreed that as the end of the process was approaching, Members would be kept updated on the final financial implications of the closure by email.	Kerry Newson will provide this information in two stages, the first will be the final year-end figures taking account of the final redundancy costs, and the second will be the costs of the C3 Unit once the break lease clause information and costs are known. This information will be supplied by e-mail once available.	24/05/19

COMMERCIAL STRATEGY

To: Commercial and Investments Committee

Meeting Date: 22nd March 2019

From: Amanda Askham – Director of Business Improvement and Development

Electoral division(s): All

Forward Plan ref: 2019/034 *Key decision:* Yes

Purpose: To provide an overview of the proposed Commercial Strategy 2019-2021

To seek endorsement for the Strategy and the accompanying Key Performance Indicators

Recommendation: To comment on, endorse and recommend to Full Council to agree the Commercial Strategy 2019-2021

<i>Officer contact:</i>		<i>Member contact:</i>	
Name:	Amanda Askham	Name:	Cllr Steve Count
Post:	Director Business Improvement	Post:	Council Leader
Email:	Amanda.Askham@Cambridgeshire.gov.uk	Email:	Steve.Count@Cambridgeshire.gov.uk
Tel:	01223 703565	Tel:	01223 706398

1. BACKGROUND

- 1.1. Like other Local Authorities up and down the country, Cambridgeshire County Council finds itself in challenging financial times. The funding for our services comes from government grants and funding raised by the Council through the collection of Council Tax and commercial activity. Since 2010, to try and reduce the fiscal deficit, successive governments have reduced funding for local government in England and there has been a move away from central government grants towards locally sourced taxation such as Council Tax and Business Rates. Almost half of all councils are due to completely lose core central government funding from the Revenue Support Grant from 2020/21. The sector has done well to manage substantial funding reductions since 2010, but many local authorities are now nearing a cliff edge, with growing overspends and reducing reserves. Based on our current levels of service and the expected local and national demand trajectory, Cambridgeshire County Council will need to make another £60m of savings over the next three years. The Commercial strategy is the Council's proactive response to addressing the challenges it faces.
- 1.2. Our 2019-2021 Commercial Strategy marks a decisive point in the Council's approach; establishing what commercialisation means to the organisation, the key objectives we are looking to achieve and how we measure this. The Council has recognised the need to develop strength and depth in our activity and create commercial returns which contribute to supporting crucial frontline services.
- 1.3. This Commercial Strategy, its themes and enablers have been developed in consultation with Members, lead officers and our partners.
- 1.4. This Commercial Strategy aligns closely with other key strategies including the Medium Term Financial Strategy and the Capital Strategy, Transformation, Demand Management, Energy and IT and digital strategies and incorporates our Acquisitions and Investment Strategy, our Fees and Charges Policy and our Procurement Framework.
- 1.5. Through this strategy, the Council is signalling an intention – driven by necessity – to enter a new phase of enterprise, investment and commercial growth. We will continue to put the best interests of Cambridgeshire residents at the heart of everything we do and will work with partners who share our ambition and values.

2. OVERVIEW OF THE COMMERCIAL STRATEGY 2019-2021

- 2.1. Our commercial vision is to develop a range of commercial activity which delivers financial and social return by becoming a council that uses its assets, skills and position to generate significant levels of new income to support the delivery of crucial frontline services.
- 2.2. Our ability to enter this new era of business enterprise and growth will depend on a number of internal and external factors including: how well we use our powers and delegations; strength of our MTFs; the amount of physical, intellectual and brand assets which can be exploited; political appetite to accept new risk and our capacity to implement change and maximise opportunities.

- 2.3. In this strategy, commercialism includes:
- Making a profit from trading and investments
 - Maximising value for money from contractual relationships;
 - Making robust decisions on a consistent basis with evidence and a sound business case;
 - Thinking about the return on investment for every pound we spend;
 - Considering the whole life cost of policy decisions, including market impact;
 - Collaborating with the market and with partners to develop alternative models for greater return
 - Considering new and innovative ways of generating income;
 - Maximising use of revenue and assets
- 2.4. We shall adopt a commercial approach which allows everybody to share their ideas and for these to be evaluated swiftly using a robust methodology. We want our workforce, our partners and our communities to feel valued and involved in our new enterprising and commercial approach and our staff will receive appropriate skills development and training.
- 2.5. In order to achieve its ambitions and commercial success we accept that the Council may need to take more risk than in recent times. Governance, management and performance of new commercial enterprises, partnerships and contracts will continue to be robust to ensure that the Council adheres to its statutory responsibilities and that public money continues to be appropriately used and accounted for.
- 2.6. On adoption of the Commercial strategy, we will be reporting on key performance indicators to Commercial Investments Committee on a regular basis.

3. ALIGNMENT WITH CORPORATE PRIORITIES

- 3.1. The Strategy is focused on creating commercial returns to support the delivery of crucial frontline services which drive positive impact on all three Corporate Priorities.
- A good quality of life for everyone
 - Thriving places for people to live
 - The best start for Cambridgeshire's children
- 3.2. This will be achieved by:
- Using our public assets wisely and raising money in a fair and business like way to generate social return for all citizens of Cambridgeshire
 - Growing financial and social capital place by place by stewarding local resources including public, private and voluntary contributions
 - Continuing to invest in the environment, infrastructure and services that are a vital part of everyday life for everyone in the county and for a thriving local economy.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

To deliver the ambitious commercial targets we will require some additional expertise across the three priority areas:

- contract management, market shaping and procurement
- contribution and funding
- acquisitions and investment

A full action plan and specification for resource (internal and external) will be developed following approval of the Strategy by C&I Committee.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

One of the priority areas of the Strategy indicates an innovative approach to procurement and contracting. Work on this has started with colleagues from Procurement and through the Commercial Board and will continue to develop once the Strategy is approved.

4.3 Statutory, Legal and Risk Implications

Our ability to deliver the Strategy will depend on a number of factors including how well we use our legal powers and delegations and the political appetite to accept new risk. Full business cases, which consider legal implications and clearly articulate risk and reward, will be developed for all commercial proposals.

4.4 Equality and Diversity Implications

There are no significant implications within this category directly involved with the approval of the Commercial Strategy.

4.5 Engagement and Communications Implications

The Commercial Strategy will be communicated through different channels and to different audiences in a variety of formats.

4.6 Localism and Local Member Involvement

Members of the C&I Committee will be involved in reviewing (and often in developing) Business Cases for commercial proposals. Where there is a direct impact in a locality, Local Members will be notified according to the Council's constitution.

4.7 Public Health Implications

The Strategy is focused on creating sustainable funding for the delivery of crucial frontline services, many of which have a positive impact on Public Health priorities.

The Commercial Strategy has been developed /cleared by the Strategic Management team:

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Chris Malyon
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	N/A
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	N/A
Have the equality and diversity implications been cleared?	Yes Amanda Askham
Have any engagement and communication implications been cleared by Communications?	Yes Christine Birchall
Have any localism and Local Member involvement issues been cleared?	Yes Amanda Askham
Have any Public Health implications been cleared by Public Health?	Yes Liz Robin

Source Documents	Location
Commercial Strategy 2019-2021	<u>attached</u>

Commercial Strategy 2019 - 2021

March 2019

Contents

Welcome to the Council's Commercial Strategy which outlines our **commercial strategic aims**, how we will achieve them and how we will know that we have been successful.

The audience for this strategy is primarily the Council – its Members, its staff and its partners. Our commitment and aspirations for the next three years will be communicated to the public through a variety of channels and conversations so they know what to expect from us and can hold us to account.

Strategy

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Social Value

Introduction

The current financial conditions faced by every Local Authority are very challenging. The funding for our services comes from Government grants and funding raised by the Council through collection of Council Tax and commercial activity. Since 2010, successive governments have reduced funding for Local Government in England as part of their efforts to reduce the fiscal deficit and there has been a move away from central government grants towards a greater reliance on locally sourced taxation such as Council Tax and Business Rates.

The sector has done well to manage substantial funding reductions since 2010, but many Local Authorities are now nearing a cliff edge, with growing overspends and reducing reserves. Based on our current levels of service and the expected national and local demand trajectory, Cambridgeshire County Council will need to make another £60m of savings over the next three years and we are proactively planning to meet the financial pressures in the years ahead.

As part of our 2019 -2021 Corporate Strategy the Council has recognised the need to become more commercially focused, developing strength and depth in our activity and creating commercial returns which underpin the delivery of crucial frontline services.

This Commercial Strategy aligns closely with other key strategies including the Medium Term Financial Strategy, Transformation, Demand Management, Energy and IT & Digital Strategies and incorporates our Acquisition and Investment Strategy, our Fees and Charges Policy and our Procurement framework.

Through this strategy, the Council is signaling an intention - driven by necessity - to enter a new phase of enterprise, investment and commercial growth. We will work with partners who share our ambition and values and we shall continue to put the best interests of Cambridgeshire residents at the heart of everything we do.

Priority Outcomes 2019-2021

A good quality of life for everyone

Thriving places for people to live

The best start for Cambridgeshire's children

Priority Themes 2019 -2021

Embedding a demand management approach across the business

Developing a range of forward looking data and insight

Developing a place based model of practice across all services

Developing a workforce that works in the ways and places that matter to citizens

Developing strength and depth in our commercial activity

Involving citizens in the design and development of our services

Taking a system wide and long term view in everything that we do

Commercial Vision

Our commercial vision is...

To develop a range of commercial activity which delivers financial and social return by becoming a Council which uses its assets, skills and position to generate significant levels of new income to support delivery of crucial front line services.

Our ability to deliver this vision will depend on a number of internal and external factors including: how well we use our powers and delegations; strength of our MTFS; the amount of physical, intellectual and brand assets which can be exploited; political appetite to accept new risk and our capacity to implement change and maximise opportunities.

In this strategy, commercialism includes:

- making a profit - from trading and investments;
- maximising value for money from contractual relationships;
- making robust decisions on a consistent basis with evidence and a sound business case;
- thinking about the return on investment for every pound we spend;
- considering the whole life cost of policy decisions, including market impact;
- collaborating with the market and with partners to develop alternative models for greater return;
- considering new and innovative ways of generating income; and
- maximising use of revenue and assets.

We shall adopt a commercial approach which allows everybody to share their ideas and for these to be evaluated swiftly using a robust methodology. We want our workforce, our partners and our communities to feel valued and involved in our new enterprising and commercial approach and our staff will receive appropriate skills development and training.

We accept that the Council may need to take more risk than in recent times in order to achieve its ambitions and commercial success. Governance, management and performance of new commercial enterprises, partnerships and contracts will continue to be robust to ensure that the Council adheres to its statutory responsibilities and that public money continues to be appropriately used and accounted for.

Commercial Themes

This strategy applies whenever we spend money with external suppliers, enter into or manage our commercial arrangements, generate income or make a commercial decision. Whilst the Commercial Services team will lead on delivery, they will work in partnership with all service teams across the organisation and externally with partners and customers. The 2019-21 Commercial Strategy prioritises three themes for this period:

Commercial Themes		
Contract management, market shaping and procurement	Contribution and funding	Acquisitions and Investment
<ul style="list-style-type: none"> ◆ Short term focus on contract re-negotiations, joint commissioning and contract management. ◆ Entrepreneurial approach to procurement – working with the market to create different solutions. ◆ Improved contract negotiation and management with a professionally specified and negotiated contract <u>every</u> time. ◆ Extended joint commissioning arrangements across all services. ◆ Increase benefits realisation from payment terms and conditions. 	<ul style="list-style-type: none"> ◆ Develop a clear view of baseline position of all commercial activities. ◆ Ensure that income from fees and charges is optimised. ◆ Model options for alternative delivery – e.g. spin outs, joint ventures, mutuals - and ensure maximum return from existing initiatives. ◆ Develop an external income stream from sponsorship, business investors and philanthropists. ◆ Determine the profit and loss of current activities and define full cost recovery for all commercial services. ◆ Maximise return from all our assets. 	<p>All investment decisions should focus on achieving <u>at least</u> one of:</p> <ul style="list-style-type: none"> ◆ Increase number and type revenue generation/ invest to earn investments – for example investment in land and property development, rental property, renewables, schemes that grow Council's business rates income, or proposals to enable existing revenue streams to be maintained longer into the future. ◆ Invest to save - for example, proposals to introduce new technologies which reduce demand and spend on Council services. ◆ Invest for social value - for example, proposals that will bring collective benefit to a community.

Commercial Objectives

Objectives

The Council's Corporate Strategy identifies a number of key objectives that are directly linked to commercial activity;

- An overarching increase in return from commercial activity to support delivery of crucial front line services
- A wider range of investments, providing a portfolio approach to risk and reward.
- Additional, sustainable income streams from external funding
- A reduction in spend across contracted activity
- An embedded commercial culture across the organisation
- A reduction in net budget for traded or semi traded services.
- An increased return from energy schemes

Measures of success (KPIs)

These objectives will be measured in a number of ways via the Finance and Performance Report;

- Annual forecast of the net amount of commercial income as a % of initial investment.
- (No.) of expressions of interest/bids made to secure property investment and number/percentage that were successful
- (%) return on loans from This Land
- (No.) of contract waivers agreed
- (%) of eligible workforce that has completed commercialisation training
- (%) return on the value of our farm estates
- (%) increase in income obtained from traded services

Targets

The following targets have been proposed and will be further refined during the early part of 2019:

- To invest in schemes and projects which can deliver £10m to £15m of new revenue income over a period of five to ten years
- To deliver a further £20m of capital receipts by 31st March 2020
- To reduce the number of contract waivers agreed
- To deliver commercial skills development to 33% of eligible staff by the end of 2019, rising year on year by 33% to 100% by end of financial year 2021
- Achieve a 4% return on the value of our farm estates
- Increase income from traded services*
- Generate £500k of new income** by 31st March 2021

*Target will be set individually for each traded service

**Income from fees and charges/external sponsorship/grants

Appendices

Business Case Methodology

To ensure that commercial return is optimised and that public money is appropriately used, it is crucial that decision making is robust and consistent and is always based on a sound business case. The methodology which will be used to develop business cases for all commercial proposals will be taken from HM Treasury guidance on how to appraise and evaluate policies, projects and programmes – known as ‘The Green Book’.

Business cases will always reflect financial value AND social value and will be built on *Five Case Model Methodology* which is applicable to programmes and projects and comprises of five key areas:

The Strategic Case: makes the case for change and demonstrates how the project will deliver against strategic priorities.

The Economic Case: shows that the project will deliver best public value (financial and social) to society.

The Commercial Case: demonstrates that the preferred option will result in a well-structured deal between the Council and its providers.

The Financial Case: demonstrates the affordability and funding of the preferred option, including the support of stakeholders and customers.

The Management Case: details robust arrangements for the delivery, monitoring and evaluation of the project.

Business cases will developed through VERTO, the Council’s programme and project management IT system which will guide managers through these areas. Further, detailed information is available at:

<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

Commercial Assets

The Council has a number of assets which can be classified as:

Land and buildings	Using our physical assets to generate income, capital receipts and reduce costs.
Place shaping role	Using our strategic role in society to shape and create the market for growth and enterprise.
Workforce	Using the knowledge and skills of our workforce to create commercial value
Infrastructure	Using and developing infrastructure assets such as digital platforms and IT highways for commercial gain.
Business intelligence	Using our vast amount of business and service data intelligently to create new commercial opportunities and better service delivery models which will generate new income for the Council.
Partnerships	Using and selecting the most appropriate private, public and third sector partner to deliver the schemes and projects that derive the maximum level of income for the Council and value for customers, residents and communities.
Customer intelligence	Using the various channels that the Council has to communicate with the public and use the customer information and contacts we have to help design and develop new commercial opportunities
Market Strength	Use our economic, infrastructure and asset strength to influence how the supply chain and infrastructure providers operate and partner with the Council to derive commercial benefits and new income streams.
Liquid assets	Access to cash, cheap borrowing and liquid assets to enable investment.
Brand	Use of brand value to promote our trading and commercial activities and those which we can partner with others to receive a financial return.

Statutory Guidance

In February 2018, MHCLG published updated statutory guidance on Local Government Investments and statutory guidance on Minimum Revenue Provision after issuing a consultation and response.

<https://www.gov.uk/government/consultations/proposed-changes-to-the-prudential-framework-of-capital-finance>

The guidance sets out the requirement to prepare an investment strategy at least once a year which must be approved by Full Council. We can decide how the information is presented, and it can form part of another document such as the capital strategy or the treasury management strategy, but it must disclose the contribution that investments make “towards the service delivery objectives and / or place making role of the local authority” and must describe how commercial decision are governed.

The commentary published alongside the guidance specifies indicators for the investment strategy, including measuring gross debt as a percentage of net service expenditure and commercial income as a percentage of net service expenditure and we are required to set limits for these indicators in both Councils.

A key part of the guidance states that councils may not “borrow in advance of need” to profit from the investment of the sums borrowed and Local Authorities in England are also directed to have regard to the Statutory Investment Guidance the informal commentary to which cautions local authorities against:

- becoming dependent on commercial income;
- taking out too much debt relative to net service expenditure; and
- taking on debt to finance commercial investments.

Issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1 April 2018:

Borrowing in advance of need

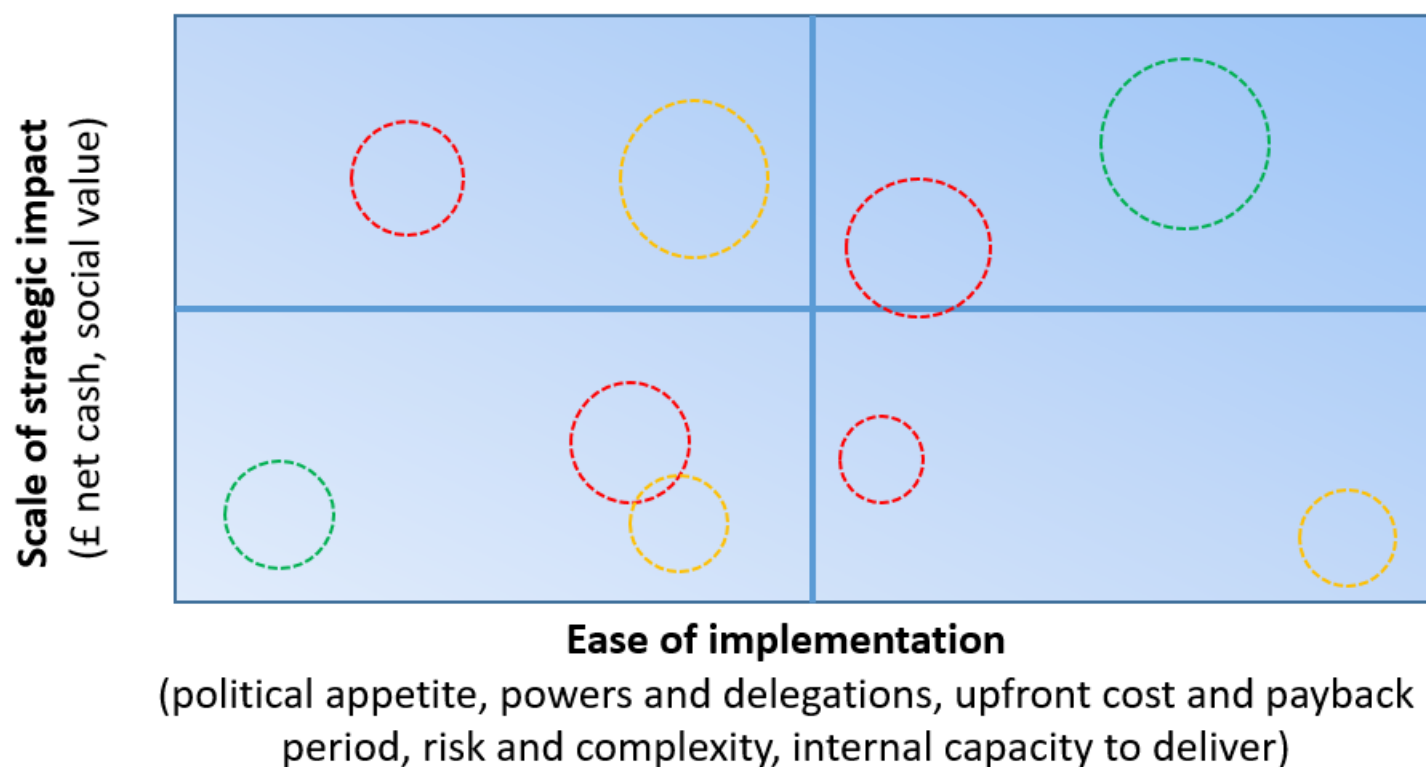
“Authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed.”

Where a local authority chooses to disregard the Prudential Code the Strategy should explain:

- **Why the local authority has decided to disregard; and**
- **The policies in investing the money borrowed, including management of the risks.**

Opportunity Appraisal Framework

To be developed on approval of commercial objectives



Social Value

Link to the LGSS Procurement Social Value Toolkit

http://sharepoint.lgss.local/sites/lpg/procurement/_layouts/15/WopiFrame.aspx?sourcedoc=/sites/lpg/procurement/LGSS%20Direct%20Content%20OPEN/LGSS%20Procurement%20Social%20Value%20Toolkit.docx&action=default

This Commercial Strategy, its themes and enablers have been developed in consultation with Members, lead officers and our partners. The strategy is intended to foster engagement in the commercial culture and builds on good practice and approaches we have been testing and refining over the last two years.

We hope the ambition and themes are inclusive and engaging and this strategy encourages leaders, employees, partners, stakeholders and customers across Cambridgeshire to participate in the important work of public service.

We welcome any feedback, offers of collaboration or ideas for improvement to Transformation.Team@Cambridgeshire.gov.uk Thank you.



**PROPERTY AT BURWELL AND SOHAM: TRANSFER TO THIS LAND AND FINANCING
(PHASE 2)**

To: Commercial & Investment Committee

Meeting Date: 22 March 2019

From: Deputy Section 151 Officer

**Electoral division(s): Soham North and Isleham
Burwell**

Forward Plan ref: 2019/033 Key decision: Yes

Purpose: To consider arrangements for the phase 2 sale to This Land of property at Burwell and Soham, and related financing, following similar processes for phase 1 at these sites as agreed as part of the portfolio

Recommendation:

The Committee is invited to delegate to the Deputy Section 151 Officer, in consultation with the Chairman of the Committee, the authority to:

- a) Agree disposal of the sites at Burwell and Soham to This Land, as described in the appendix**
- b) Agree to activate loan financing (secured by mortgage) to the value of £26.071m**
- c) Agree to equity investment in This Land to the value of £1.3035m, as a result of these sales**

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

1. BACKGROUND

- 1.1 In Spring 2018, the Committee agreed to the sale of property at Burwell and Soham to This Land, the Council's wholly owned company to advance schemes for the development of residential housing. These sites were split into two phases: phase 1 forming part of the portfolio sale agreed in 2018 (the portfolio included 24 sites in total), with phase 2 to follow by March 2019. This phasing recognised that these were large sites where it was sensible for progress to be made on planning, infrastructure and preparatory matters with the remainder of the property (phase 2) to follow-up to 12 months later. In both cases, the entire site is masterplanned with This Land unlikely to advance a viable scheme within the phase 1 curtilage alone.
- 1.2 In December 2017, the Committee gave in principle approval to lending to This Land of up to £120m. Within this envelope, to date, the Committee has thereafter permitted specific loans amounting to:
- £54.8m relating to land acquisition
 - £15.6m relating to development
- 1.3 Across the medium term, the Council's financial payback from This Land is received by way of interest payable on those loans advanced with the potential for dividend or rising equity value occurring further ahead. The Council's Business Plan for 2019-2024 reaffirms detailed capital receipt and outlay expectations and the revenue return by way of interest receivable. The housing development assumptions, already endorsed by the Committee, envisage that This Land will have acquired phase 2 at both sites by the beginning of the 2019-20 financial year, which also aligns with This Land's business planning and financial modelling. Overall this activity and investment delivers additional housing within the County as well as new income streams to support the provision of frontline services by the County Council.

2. FINANCING AND VALUATION

- 2.1 We are now approaching the end of the 12 month initial period, after the commencement of the portfolio sale, by which the phase 2 transfers are due to have occurred. Subject to agreement of this report the Council will follow the same approach, agreed in policy, towards a sale at best consideration to This Land, who are enabled by financing through a secured facility agreement (loan) and unsecured equity investment.
- 2.2 As with the portfolio sale, an external and independent registered valuer was instructed to undertake a RICS Red Book valuation of the phase 2 sites at Soham and Burwell. The results of those valuations, and discounting assumptions applied, are shown in the confidential **appendix**. Those values (£26.071m altogether) are requested in turn as loan financing to be made available to This Land.
- 2.3 The valuation received for Burwell is less than the business planning assumption (set before the judgement of the valuer was received), meaning that an adverse variance could arise against the Committee's income target as a result. Other This Land lending assumptions for 2019-20 will be kept under review with the aim of recovering that potential deficit across the wider range of lending opportunities with the company, as these are assessed and come forward.

- 2.4 In time, we envisage there will be further uplift in the value of these sites. The Council will also share directly in that growth through “overage” arrangements (as with the portfolio), further details are given in the appendix.
- 2.5 The loan for £26.071m is to be secured by way of mortgage and first legal charge on the phase 2 sites. This is the best type of security and provides the Council with collateral; in the event of the company failing the Council’s loan is repayable through realising the value of the asset. At this time, the company has sufficient funds to meet its development costs at these sites from the loans and equity already agreed, meaning that loans with a lower level of collateral are not requested in this report (although they are scheduled for later in 2019/20). We also continue our approach to date of providing a 5% equity investment alongside lending, mindful that a financing arrangement for This Land based purely on debt could be considered artificial or “thinly capitalised”.
- 2.6 These loans to This Land will be for a period of at least 9 years, according with the This Land financial model, with the exact length of loan and interest rate arrangements subject to negotiation with This Land under the delegation proposed. In practice these are constrained by the timescales envisaged in the This Land business plan and ensuring a state aid compliant interest rate. Detailed loan terms are already established as a result of the portfolio sale, meaning that a standard form agreement will be agreeable imminently with This Land, with only the finer details (such as the influence of current borrowing costs and EU referenced margins which can vary week-to-week) being the variables.

3. MONITORING, GOVERNANCE AND OVERALL RETURN

- 3.1 The This Land companies are ultimately wholly owned by the County Council and operate on an arms length basis to deliver a commercial return from housing development. As the initial tranches of land transfer to This Land will be effectively completed after these sales, the company concludes construction on its first site (Milton Road), and a wider range of non-executive directors take up appointment on the board, the focus of the company will intensify on the development of the sites it has acquired (its inventory). With this goes a step up in corporate governance and standardisation of routine monitoring: a shareholder monitoring meeting is scheduled for 15 March 2019.
- 3.2 From the lender perspective, external legal advice has been taken on the construction loan arrangements to provide the mechanisms for oversight and regular review of progress and deployment of lent funds to ensure there is ongoing assurance against business plan and of enhancing values of assets transferred as these are developed. We also expect to engage some further external support of the kind provided by a monitoring surveyor to areas of technical review including construction costs and standards and discharge of conditions, at monitoring intervals going forward.
- 3.3 The This Land financial model and business plan as it relates to the property and plans at Soham and Burwell have been reviewed taking account of latest information, risks and contingencies. These continue to show an overall positive cash return, making interest payments affordable for the company and advancing the loan a sound investment for the Council.

4. ALIGNMENT WITH CORPORATE PRIORITIES

4.1 A good quality of life for everyone

Promoting housing development benefits the economy, providing homes for people to live in Cambridgeshire and jobs associated with construction, planning and accommodation delivery.

4.2 Thriving places for people to live

Further details around masterplanning are given in the appendix.

4.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

The report above sets out details of significant implications in section 2 and 3 and in the confidential appendix.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

No significant implications.

5.3 Statutory, Legal and Risk Implications

The Council has followed its policy in relation to disposal at best consideration, in this case using the established process of using an external independent valuation

5.4 Equality and Diversity Implications

No significant implications.

5.5 Engagement and Communications Implications

No significant implications.

5.6 Localism and Local Member Involvement

No significant implications further to the grant of planning permission. In line with our usual approach notification is given of This Land transactions to the Local Member.

5.7 Public Health Implications

No significant implications.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Officer: T Kelly
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Continues existing approach: Section 2 refers to best consideration for sale.
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	Yes Name of Officer: M McMurtry
Have the equality and diversity implications been cleared by your Service Contact?	Yes Name of Officer: T Kelly
Have any engagement and communication implications been cleared by Communications?	N/A
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Following phase 1 and as per notification protocol.
Have any Public Health implications been cleared by Public Health	Not applicable

7. SOURCE DOCUMENTS

Source Documents	Location
External Valuation (Red Book) – Savills	Strategic Assets Team, Octagon, Shire Hall

FIRST QUARTERLY MONITORING REPORT, MOBILISING LOCAL ENERGY INVESTMENT

To: **Commercial and Investment Committee**

Meeting Date: **22 March 2019**

From: **Graham Hughes, Executive Director - Place and Economy**

Electoral division(s): **All**

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

Purpose: **To report progress delivering energy investments across four key investment programmes including corporate buildings, schools, community and other assets, plus our work in compliance and strategic business development.**

Recommendation: **Members are asked to:**

- a) **Approve the first quarterly report as the baseline for future quarterly reporting on our energy investment programmes; and**
- b) **To note the key challenges delivering and influencing energy programmes.**

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

- 1.1 In March 2017, the Council approved its Corporate Energy Strategy with the view to invest in clean energy projects on its assets to generate income and make savings for the Council. The strategy also supports using the Council's assets to facilitate school and community energy projects plus work to develop the broader low carbon economy including the electrification of transport, housing and delivery of smart communities.
- 1.2 The Council is ambitious with its plans for commercialisation and investment as it is looking to generate revenue from its assets to bridge the funding gap in its budget. Energy projects have the potential to generate revenue and are an important part of its commercialisation plans.
- 1.3 The Energy Investment Unit (EIU) runs four work programmes which focus on investment to deliver income or savings and a further three areas of work that focus on legislative compliance, strategy development and strategic influence to unlock future growth and project pipeline. The investment programmes are listed below:
- *The Council's Energy Efficiency Fund.* The EIU took on this fund in its second year of operation. It is a £1million, four year investment fund started in 16/17 to target energy efficiency measures into corporate buildings to deliver revenue savings.
 - *The Schools Energy Programme.* Working with schools to retrofit energy measures into school buildings to reduce carbon emissions, save energy and generate renewable energy. To date, £8.7m has been committed into 51 schools.
 - *The Energy Investment Programme (formerly known as special projects).* This programme is building on the success of the 12 MW solar farm. A pipeline of projects are in the development phase with an estimated capital investment of £56.9m.
 - *A Community Energy Programme.* Building new business models and ways of working that supports our communities to decarbonise and engage with the energy market. Currently two projects are in the development pipeline including St.Ives Smart Energy Grid and Swaffham Prior Community Heat Scheme. The estimated total capital investment by the Council for these projects will be £5m.
- 1.4 The three other areas of EIU work cover:
- *Strategic influence, shaping the energy market.* The energy system and market is going through significant change. To maximise opportunities for Cambridgeshire communities, the EIU is working to inform and shape the market as it changes. For example, a £37m application for grant to Innovate UK called 'Cambridge: Energised for Growth' submitted last year was looking at developing peer to peer trading models for energy and the integration of transport, heat and buildings into one system supported by battery storage. Another example is the collaboration with Greater Cambridge Partnership to identify the capacity requirements of the

electricity distribution network across Greater Cambridge to facilitate government policy on ambitions for growth.

- *Procurement of utilities and legislative compliance.* The EIU manages the procurement of energy and water for the Council to help manage costs. It also works to ensure that the Council is compliant with energy legislation for its buildings. For example; the implementation of Nearly Zero Energy Buildings regulation published recently.
- *Energy strategy development and policy support.* The EIU led the development of the Council's Energy Strategy and action plan and is now collaborating with Peterborough on updating this to create a new shared strategy and action plan. The EIU also inputs to national consultations and other strategy developments such as the Local Industrial Strategy.

1.5 This is the first quarterly progress report for the energy investment programmes detailed above in paragraph 1.3 and sets the objectives for future reporting. These include:

- Share progress on the four investment programmes;
- Track development budgets allocated to the Energy Investment Programme to understand timelines for capital investment and revenue generation;
- Identify market changes and how these impact the Energy Investment, other Programmes and forecast revenues;
- Suggest and agree mitigation actions on projects where progress has slowed, e.g. political intervention on State Aid discussions;
- Update Committee with new policy relating to the energy market and how these may impact future revenues positively or negatively; and
- Identify key opportunities for future investment and pipeline development.

2. MAIN ISSUES

2.1 To date (February 2019) the Council has delivered £19m investment into energy projects including a 12 MW solar farm, and energy efficiency improvements to schools and corporate buildings. The solar farm delivered £1.1m gross revenue in 2017/18, after costs (£400,000 revenue was provided for services). The schools programme is now benefitting 51 schools, delivering financial savings to schools of £704,000 p.a. and on average £155,000 net income p.a. to the Council. The Energy Efficiency Fund measures into corporate buildings are making forecast financial savings on revenue budgets of £110,000 p.a.

2.2 During 2018/19:

- £1.463m of investment (via delegated authority) was delivered into twelve schools;
- £224,800 invested into thirty LED lighting projects across the Council's building assets from the Energy Efficiency Fund;

- development budgets totalling £1.2m were approved to bring forward the Energy Investment Programme; and
- a total of £97,500 was approved to match fund Round 8 grant from government to support Swaffham Prior community heat scheme

2.3 Progress across the four Energy Investment programmes is summarised in Table 1 below. Further detail can be found in paragraphs 2.4, 2.10 and **Appendices A & B**.

Table 1. Progress across Energy Investment Unit work

Programme	Key Projects	Forecast /target Investment (£) Millions	Investment to date (£) Millions	Actual net profit/ Savings (£) million per annum	Expected or actual Carbon savings – first year (tonnes / year) ¹	Comments	Overall RAG status
Energy Efficiency Fund	38 LED Lighting Projects & 2 heating projects	1	0.495	0.11	215 ²	Behind profile, but a further 33 LED lighting projects are now scoped.	A
Schools Programme³	32 Primary & 19 Secondary	10	8.7	0.86	3,149	Schools pipeline to target £1million investment during 19/20	G
Energy Investment Programme	Triangle Solar Farm		10.2	1.1	3,570	PV performance greater in 17/18 than forecast. £400k	G
	North Angle Solar Farm	23.2	0.0045	0	8,240	Options for most cost effective grid connection scoped and costed. Pre-planning advice underway	G
	Babraham Park and Ride Solar + battery	11.4	0.025	0	470	Public outreach held during Jan/Feb 2019 and pre-planning discussion held.	G
	Trumpington P+R, Solar and battery	7	0.024	0	450	On hold until June 2019 pending outcome of GCP consultation on expanding Trumpington or creating a new P+R on the other side of junction 11 of the M11.	A
	Stanground solar and battery	9.7	0.0059	0	500	Public outreach events undertaken during January 2019, pre planning advice sought. Unconstrained grid connection costs very high – options under discussion.	A
	Woodston- Battery only	2.5	0.0053	0	N/A		A
Community Energy	St.Ives Smart Energy Grid	1.8975	0.23	0	210	Long delay agreeing state aid position. Awaiting award of funding agreement scheduled May 2019.	A
	Swaffham Prior Community Heat Scheme	TBC	0	0	831 estimated	£100,300 grant awarded March 2019 by the Department for Business, Energy & Industrial Strategy (BEIS) to manage key technical and community risks on the project.	G
TOTAL		£69.8M	£19.625M	£2.07M	17,635 t/yr		

¹ These emissions reduction figures are calculated using long-run marginal electricity emissions factors for generation published on gov.uk. As the national grid decarbonises, these avoided emissions will decrease over time.

² EEF carbon figures are based on 2018 UK Government carbon conversion factors applied to Imtech's forecast annual electricity savings.

³ The total net profit/savings is shared with schools. Schools receive £704,000 p.a. and the Council £155,000 p.a.

- 2.4 *The Energy Efficiency Fund* is completing year three of its four year programme. Investment to date totals £495,115 mainly comprising LED Lighting projects. The investment profile is behind the curve but has recovered considerably this year. Investment to date has delivered annual savings of around £110,000 which includes both reduced energy consumption and maintenance savings. The average payback period for each individual project delivered through the fund to date is 6.34 years. Please see table 2 below:

Table 2. *Energy Efficiency Fund summary*

Year	Number of projects completed / planned	Investment value	Annual savings
Year 1 total (2016-17)	5	£104,470	At least £10,377 (Prior to EIU taking over the fund)
Year 2 total (2017-18)	5	£165,805	£43,917
Year 3 total (2018-19)	30	£ 224,839.90	£56,420
All years to date	40	£ 495,115.53	£110,715

NB. The year that a project fits in to is determined by when a project is completed.

Annual savings are forecast savings including energy bill savings and maintenance savings, where known and applicable.

- 2.5 A pipeline of projects for year 4 of the Energy Efficiency Fund is currently being developed, with quotes currently being sought for LED lighting upgrades at a further 33 sites. There is still further scope for energy efficiency projects and options for extending the Fund from 2020/21 will be developed for Committee's consideration during 2019/20.
- 2.6 *The Schools Programme* is completing its fourth year of investment, 2018/19. Of the total number of existing schools in Cambridgeshire, 19% (51 of 265) of schools have taken up energy performance contracting of which 56% (19 of 34) of all secondary schools are included in the programme. The forecast investment for next year is £1m but thereafter it is envisaged the schools programme will slow significantly as the bulk of schools with economically viable energy conservation projects will already have been captured. However, income from the schools will continue for the Council for the next 15 years as schools pay for their energy services. Please see **Appendix A**.
- 2.7 A new pipeline of work is being explored for new build schools resulting from strategic growth sites and demographic pressures. Currently, new school buildings can lack renewable energy or efficiency measures installed as part of the build programme due to upfront cost restrictions. The problem is that retrofitting measures is much more expensive and eventually costs the public purse more money. A new model for investing upfront in energy measures on new schools and sharing the benefit of lower bills is being scoped.
- 2.8 Recent changes to the Building Regulations mean that all new public buildings built after 1 January 2019 are required to be 'Nearly Zero Energy Buildings'. This means

that all our new buildings must have a 'very high energy performance', and the very low amount of energy required should be covered 'to a very significant extent by energy from renewable sources'. This is likely to mean the total lifecycle costs of running our buildings will be lower, but could mean slightly higher upfront capital costs to achieve the required standards. A paper with more detail on the implications for compliance with this legislative change is planned to be presented to this committee in April.

2.9 *The Energy Investment Programme* during 2018/19 (formerly called special projects) focussed on scoping and assessing projects, developing outline business cases and securing development budgets. During 2019/20 all projects will be progressed through the planning process and full Investment Grade Proposals developed. If projects remain viable, construction is expected to be completed between 2020 and 2022. Please see **Appendix B** for a summary of the project finance if all projects proceed.

2.10 It is important to note that the energy market is going through rapid policy and market changes to accommodate expected changes in the electricity generation mix on the national and local grid. This means forecast revenues for large scale batteries is uncertain. Business cases just three months apart looking at the 'balancing mechanism' for battery revenues show very different revenue expectations. Also, the 'capacity market', a Department for Business, Energy & Industrial Strategy (BEIS) scheme that paid revenues for battery storage is currently suspended due to a State Aid challenge from the European Union. However, strategically, as a greater proportion of our energy is generated from renewables, continued investment into battery storage will be required. The challenge is managing projects to the point of becoming investment ready for the right time to access new revenue opportunities and capture the benefit.

2.11 Another factor creating financial uncertainty for larger scale projects is the cost of connecting to the grid which is a necessity for all decentralised energy projects selling onto the grid or providing grid services. Projects can be offered connections that are unconstrained or constrained. Unconstrained means you can export electricity at any time to the local network but constrained connections requires projects to curtail generation. These periods of curtailment often correspond with times of high solar generation. This is important as constrained grid connections can impact your business case unless your business case has planned for the level of constraint applied to the connection. Adding in battery storage to projects can help mitigate this risk by providing a means of storing electricity during the curtailment event. However, as indicated above, battery storage revenue itself is uncertain.

2.12 *Community energy* and local energy schemes are a potential future investment opportunity. Work is currently underway progressing two schemes: the St.Ives Smart Energy Grid Demonstrator project which is looking to demonstrate a new finance model selling energy locally to businesses and the Swaffham Prior Community Heat Scheme which is looking to sell heat to local residents from a district heat network. Both projects are experimental in that they are trying new ways of working and collaborating with the community to develop projects that are financially viable and replicable. Both projects are subject to receiving grant to progress to the next stage which brings risks both in terms of managing timescales but also complying with grant terms and conditions. For St.Ives, it is anticipated a grant agreement will be offered by

May 2019 and for Swaffham Prior a grant of £100,300 has been awarded to assess technical risks and develop community engagement. Please see table 3 below.

Table 3. Community Energy scheme investment and forecasted income

Project	Grant /Value	Council's Development Budget	Forecast Council Investment value	Forecast income over 25 years
St.Ives Smart Energy Grid	ERDF/£1.8million	*£247,000	£1.8million	£1.8million (IRR 4.2%)
Swaffham Prior Community Heat Scheme	BEIS HNDU/Round 8/£100,300	**To match BEIS Round 8 grant £29,700	£3.2million	TBA
TOTALS	£1,900,300	£276,700	£5 million	TBA

* Please note spend to date on the St.Ives Smart Energy Grid Demonstrator Project is £247,000 but the Council's budget was £180,000. The additional spend is the EIU's time negotiating the grant application process. The excess will be reduced once ERDF grant is secured.

** Initial grant from the Round 8 Funding for Swaffham Prior means that we only need to draw down £29,700 initially from the total of £97,500 agreed by Committee.

4. ALIGNMENT WITH CORPORATE PRIORITIES

4.1 Developing the local economy for the benefit of all

Investments into clean energy projects support the local economy through developing the local supply chain skills and knowledge, supports local energy generation providing local jobs for operations and maintenance of systems and helps the economy to move off fossil fuels and better manage future energy costs.

4.2 Helping people live healthy and independent lives

Utilising Council's assets to help the community to reduce greenhouse gas emissions and improve local air quality for residents.

4.3 Supporting and protecting vulnerable people

The Community Energy projects in particular will help prevent vulnerable households falling into fuel poverty by providing cheaper and cleaner alternatives.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

All development projects carry risk which need careful management. Sometimes projects cannot progress as planned due to unforeseen changes or issues. The impact of this on the Council's budget and forecast revenue projections will need to be

monitored carefully but it is anticipated that overall benefits can be realised for the Council and its communities.

With the growth of the work undertaken by the Energy Investment Unit, a review of the EIU budget is underway to ensure staff resources, skills and capacity can match the ambitions of the Council. A separate report is under development to address this risk.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

Exploring and testing new business models and schemes can bring procurement and contractual risk.

5.3 Statutory, Legal and Risk Implications

There are no statutory, legal or risk implications of this progress update.

5.4 Equality and Diversity Implications

There are no significant implications in this category.

5.5 Engagement and Communications Implications

All energy projects require engagement activities. For projects in close proximity or involved closely with the community require good communication and engagement strategies to ensure acceptance of schemes.

5.6 Localism and Local Member Involvement

Where projects are based in local areas Members are kept informed on progress with project development.

5.7 Public Health Implications

There are no negative public health implications.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	YES Name of Financial Officer: Tom Kelly
Have the procurement/contractual/Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	YES Name of Officer: Paul White

Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	YES Name of Legal Officer: Fiona McMillan
Have the equality and diversity implications been cleared by your Service Contact?	YES Name of Officer: Elsa Evans
Have any engagement and communication implications been cleared by Communications?	YES Name of Officer: Joanna Shilton
Have any localism and Local Member involvement issues been cleared by your Service Contact?	YES Name of Officer: Emma Fitch
Have any Public Health implications been cleared by Public Health	YES Name of Officer: Tess Campbell

Source Documents	Location
The Council's Corporate Energy Strategy	https://www.mlei.co.uk/section-1/cc-energy-strategy/
Trumpington and Babraham Outline Business Cases – May 2018 C&I Committee	https://tinyurl.com/yaya9xqi
Woodston and Stanground Closed Landfill Outline Business Cases – Sept 2018 C&I Committee	https://tinyurl.com/yxpbhmf5
Outline Business Case for Solar Farm on Rural Estate Land at Mere Farm– Jan 2019 C&I Committee	https://tinyurl.com/y4nvgmlc

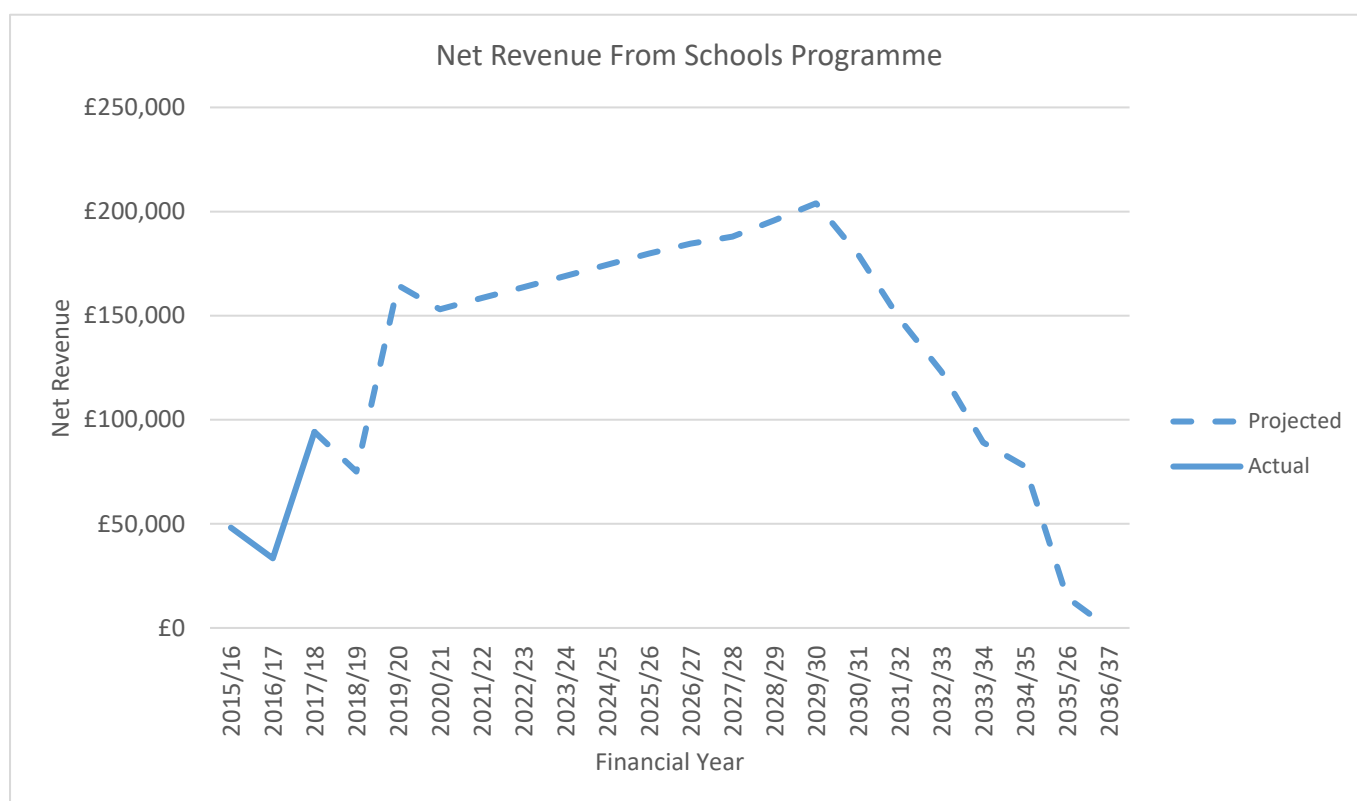
Appendix A: Schools Programme

	Number of schools	Total Value Loaned	Net Income over Loan/managed service Period*	Annual Savings to Schools		
				Cost Saving (£) ¹	Energy Saving (MWh)	Carbon saving (tonnes)
Maintained Schools	28	£2,391,223	£481,681	£177,622	2,081	763
Academies	23	£6,337,617	£1,315,356	£527,995	6,977	2,386
TOTAL	51	£8,728,840	£1,797,037	£705,617	9,058	3,149

* Loans are typically 15 years duration

¹ Gross saving prior to loan repayment, based on first year of operation

Figure 1. Net Revenue from Schools Programme

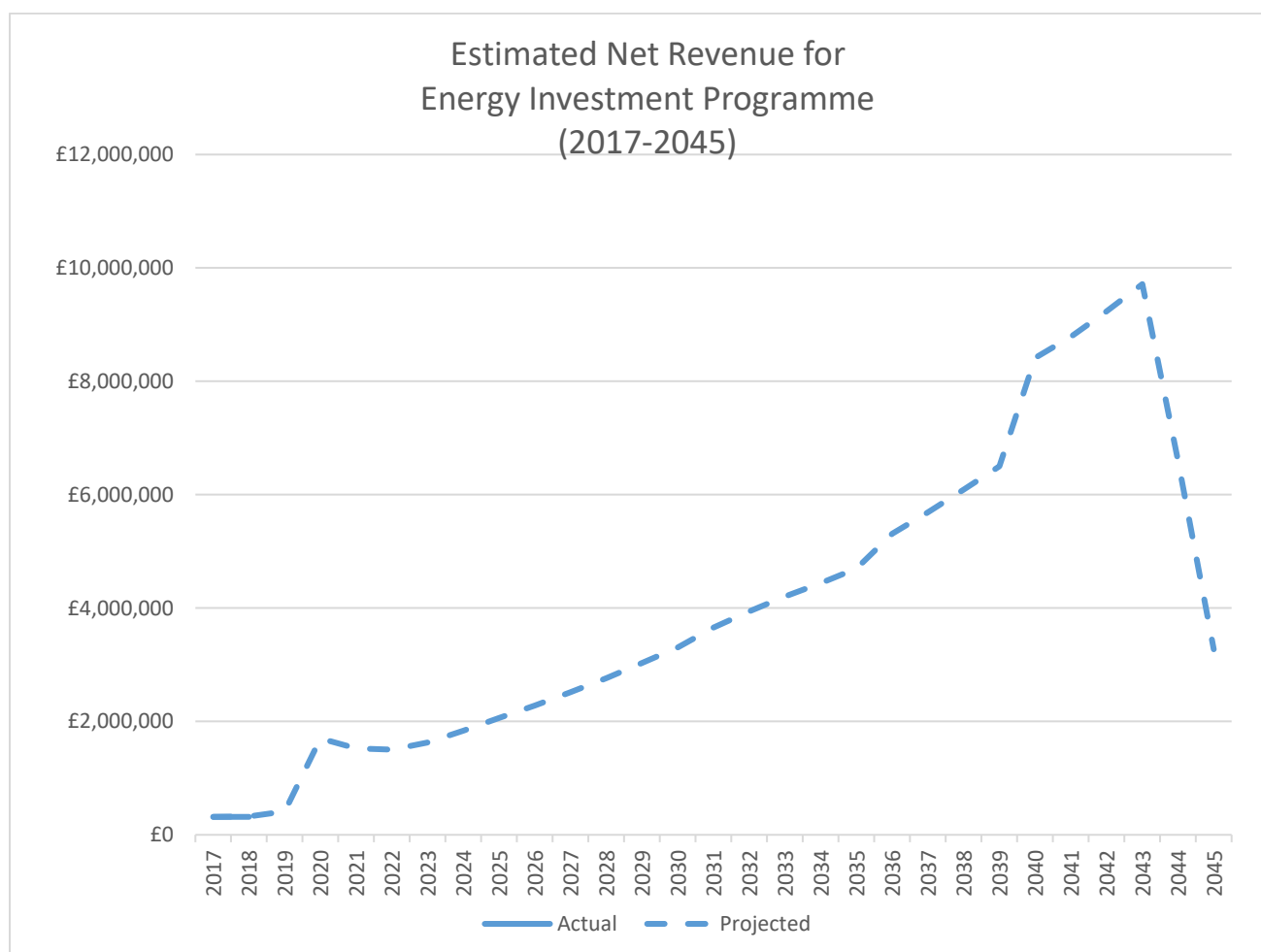


Appendix B: Energy Investment Programme

Table 4. Summary of financials for approved Energy Investment Projects

Summary of financials for approved Energy Investment Projects (formerly known as Special Projects)				
Last Updated 14/01/19				
Project	Development Budget	Expenditure through 31 Dec 2018	Total Expected Capital Investment	25 year net revenue
Babraham P+R	£150,000	£25,000	£11.4M	£24.5M
Trumpington P+R	£150,000	£24,000	£6.9M	£7.0M
Woodston Closed Landfill	£150,000	£5,300	£2.5M	£9.0M
Stanground Closed Landfill	£150,000	£5,900	£9.7M	£36.9M
North Angle Farm Solar Farm	£600,000	£4,500	£22.8M	£32.9M
TOTAL	£1,200,000	£64,700	£56.9M	£114.2M

Figure 2. Estimated Net Revenue for Energy Investment Programme



**MILESTONE 3 REPORT FOR THE ALCONBURY WEALD CIVIC HUB: CAMBS
2020 PROGRAMME**

To: **Commercial and Investments Committee**

Meeting Date: **22 March 2019**

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

Electoral division(s): **All**

Forward Plan ref: **N/a**

Key decision: **No**

Purpose: **To outline the design development of the Council's proposed Civic Hub at Alconbury Weald, since the last report in November 2018 and request authority to submit a planning application and complete the technical design and construction of the building.**

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

- a) approves the submission of a planning application, and completion of the technical design and construction of the building, based on the outcome of the developed design stage, approved budget and delivery programme outlined in this report.**
- b) delegates authority to the Deputy Chief Executive and Chief Finance Officer to sign off the remaining milestone stages, in consultation with the Chair and Vice-Chair of the Committee.**

<i>Officer contact:</i>	<i>Member contacts:</i>
Name: Chris Malyon Post: Deputy Chief Executive & Chief Finance Officer Email: Chris.malyon@cambridgeshire.gov.uk Tel: 01223 699796	Name: Cllr Joshua Schumann Post: Chair of Commercial & Investment Committee Email: Joshua.schumann@cambridgeshire.gov.uk Tel: 01223 706398

1. BACKGROUND

- 1.1 In May 2018 Full Council agreed to support the Hub and Spokes model and sale of the Shire Hall site, choosing the new Civic Hub to be built in Alconbury Weald.
- 1.2 In November 2018 the milestone two update was presented to Commercial and Investments Committee, which outlined how the scheme had developed since the procurement of the design team and extensive stakeholder engagement. Subsequent approval was given for the project to progress into the developed design milestone three phase, alongside a revised budget of £18.3M.
- 1.3 Since then further stakeholder engagement has taken place to inform the development of the design to ensure it remains fit for purpose based on the needs of the organisation, Members and visitors to the building.
- 1.4 The intention of this report is to provide an overview of the developed design in order to seek approval to progress to the technical design and construction phase, where planning permission for the proposed development will also be sought.

2. MAIN ISSUES

2.1 Design Development Update

- 2.1.1 A number of steps have been taken since the last work stage to rationalise the building's layout as well as address stakeholder discussions with council staff. The two key changes include the relocation of the multi-function meeting room from the ground floor to the first floor of the west wing, and the rationalisation of space required for toilets and printing facilities in the east wing. These two decisions have resulted in a smaller footprint for the Civic Hub, allowing for a more efficient building.
- 2.1.2 The open plan office space will form the majority of the internal area and has been designed to provide maximum flexibility to the Council's staff, housing a total of 350 workstations. Alongside the workstations, the office area will include a number of staff meeting rooms, breakout and collaboration spaces and political group rooms.
- 2.1.3 The public-facing amenities of the building will include a large multi-function meeting room space at its heart, with capacity for Full Council meetings that take place six times per year. The room will spend most of its time subdivided into three separate meeting rooms, individually large enough to host Committee meetings, but will be predominantly used as large meeting rooms for general use. **Appendix B** of this report includes illustrations of these layouts.
- 2.1.4 The west wing of the building also includes a public reception, break-out area with refreshment facilities and further staff meeting rooms. The reception and foyer are designed as double-height spaces to emphasise their civic function and presence.

- 2.1.5 The gross internal floor area (GIFA) of the building stands at around 3,560sqm, which is in line with the client Brief of a maximum of 3,600sqm. The latest general arrangement floor plans and elevations for the building can be found in **Appendix A** of this report.
- 2.1.6 See **Appendix A and B** for the current design drawings of the ground and first floor levels of the building. **Appendix C** shows the front and rear elevations.

2.2 Public Information Event and Stakeholder Engagement

2.2.1 Local community

Design engagement has taken place with local community groups to ensure they have been kept updated with the process and had the opportunity to ask questions and provide feedback on the designs. These took place on the following dates:

- Alconbury Parish Council – 29th January 2019
- Stukeleys Parish Council – 4th March 2019
- Alconbury Weald Residents Forum – 7th March 2019

2.2.2 General Public

The design and narrative explaining the development process were made available on the Council's website and sign posted through social media and a general media release. This garnered strong media outlet coverage from the local tabloid media across Cambridgeshire and BBC Radio Cambridgeshire.

Feedback and comment was encouraged using a specific email address.

A 'public information event' exhibiting the design was held on 28th February 2019 between 4pm and 8pm at the Club building in Alconbury Weald. Residents, members of the public and local businesses attended the event to talk to the project team, ask questions and leave their comments on the current plans.

2.2.3 Staff & Members

A number of stakeholder engagement events have taken place to feed in ideas from staff and Members on the design of the new building. This has evolved the design over time into the building it is now, which is thought to be reflective of the needs of the organisation.

Engagement sessions with each of the political party groups have also taken place, giving an opportunity for input into all aspects of the design, particularly the general arrangement floor layout plans and multi-function room design.

From 1st to 13th March the design was exhibited on the first floor of Shire Hall above reception, giving staff, members and the public the opportunity to review the current plans, ask questions and provide feedback.

2.2.4 Summary of Feedback Received

We have categorised the main themes of feedback from all engagement activities below. The feedback was generally very positive and will also help inform the next technical design stage of the development.

Building design and appearance

- Attractive, modern building, the design and landscaping will fit nicely into the local area

- Fantastic development for the area, will attract other organisations
- Concerns around use of glass and how glare/heating will be managed
- Queries around security of the building/information security with glass windows
- Encourage additional breakout/collaboration areas which are well used in Shire Hall

Travel

- Interested in the potential train station in Alconbury Weald
- While the site develops this will increase transport links, which is a positive aspect for the local community/businesses
- Need a plan for sustainable modes of transport (buses etc.)

Parking

- Enforcement will be needed on site
- Interested in parking capacity and how this will be managed
- Need provision of motorcycle parking spaces

Sustainability

- Positive to see renewable technologies being included

2.3 Cost Update

2.3.1 A breakdown [table 1] of the £18.3M approved budget is shown below and highlights any allocation changes, following completion of the design development stage;

	End of Previous Stage MS2 £ (millions)	End of Current Stage MS3 £ (millions)
Feasibility	0.137	0.137
Estimated Construction Cost	12.26	12.95
Construction Risk Allowance	1.2	0.91
ICT & Furniture, Fixtures & Equipment	2.0	1.6
Land	1.6	1.6
Other (including Fees)	0.81	0.81
Employers Risk Allowance	0.33	0.33
TOTAL	18.337	18.337

Table 1; Budget Breakdown

2.3.2 The overall budget required remains unchanged, however it should be noted there have been changes within the budget lines as shown below:

- The construction contractor is now responsible for delivering the access control, fire alarm system and related equipment. This was originally budgeted to be delivered directly by the council within the ICT budget. This budget [£350k] has therefore been transferred to the construction

budget leading to no increase in overall budget required.

- b. Enhanced/increased construction costs relating to landscaping and building elevations following Design Quality Panel review and feedback.
- c. Need to attenuate surface water on site despite water being discharged to wider site lagoons (unforeseen at MS2).
- d. Enhanced Environmental Proposals including the introduction of external ducting for future electric vehicle charging and a potential future PV array in the car park, introduction of rainwater harvesting for landscape irrigation and increased Photo-voltaics to the roof.

2.3.3 The overall construction risk allowance for the scheme is now set at 7%, which is as expected at the end of the design development MS3 stage.

2.4 Environmental impact/sustainability considerations

2.4.1 The proposed development has been designed to meet the current requirements of building regulations and planning standards for sustainability and energy. In addition to this, the scheme has targeted to exceed the minimum statutory requirements.

2.4.2 To achieve this, the environmental proposals for the building will better the building regulation energy documentation by 28%, targeting a carbon emission rate of 15kgCO₂ in lieu of the required rate of 21kgCO₂. The proposed building also better the renewables targets set under the local planning legislation, providing a total of 30% renewable energy production against the required 10%. This is achieved by providing the maximum amount (around 300sqm) of photo-voltaics (PVs) on the roof of the building and the use of an air source heat pump for heating. The high efficiency low carbon technology will equate to a potential energy generation of 40,000kW hours per year, this will provide a projected energy saving of £4,720 per year.

2.4.3 The building has also been enabled for the future. The development has incorporated futureproofing to allow for further expansion of low zero carbon/energy production. This is manifested in external ductwork being designed for installation within the car park allowing for dual usage. These ducts will allow for an expansion in electric vehicle charging facilities (as this demand is likely to increase in the future) and also to facilitate the potential to increase PV's via a photovoltaic array to the car park incorporating a potential battery storage location. The Council is currently developing a separate business case to investigate the potential to add a PV array to the car park in future.

2.5 Travel and parking

2.5.1 The new building will serve as the Council's 'Hub', and regular access to parking for staff, visitors and Members will be essential. Agile working by staff and partners, meetings and flexible working activities will take place in the building, as well as Committee and Full Council meetings.

- 2.5.2 There will be 350 permanent desks in the building catering for approximately 700 staff based at the site, working flexibly with hot desk arrangements. In addition to this, Full Council meetings will be held at the site which will generate a significant parking demand, whilst the nature of county council operations means that a much greater number of visitors will be present than would occur with a typical office development.
- 2.5.3 Approximately 200-230 car parking spaces are currently proposed, with the final figure under discussion, based on the council's needs and planning restrictions. The car park will include accessible spaces, spaces for pool cars and charging points for electric vehicles. 120 covered and secure cycle parking spaces for staff and visitors will also be provided within the car park area.
- 2.5.4 Alconbury Weald is a new town in its early stages of development. The Council's Civic Hub is included within phase 1 of the site, with the town centre and transport hub included within phase 2, immediately to the north east of the new building's location. Bus stops will be located on the boulevard directly outside the building and public transport services and general amenities will increase as the development progresses, creating the demand for their provision.
- 2.5.5 A Travel Plan will be agreed as part of the development and the council will work with Urban and Civic and public transport providers to develop measures to ensure a choice of sustainable travel modes.
- 2.5.6 The council believe this number of car parking spaces will be required on 'Day One', however, it is envisaged that as travel patterns and choice will change in the future, the layout of the site will allow for the car park to reduce if or when this becomes appropriate. This will be monitored by the Travel Plan Coordinator, who will be responsible for managing and updating the Travel Plan.

2.6 Social value in construction

2.6.1 *Recruitment*

The Council's selected Contractor, RG Carter, is a locally-based firm with a locally-focused delivery model. Project & site management, and directly employed labour will therefore be intrinsically locally based.

A 'meet the builder' event or events will be held with advertised employment opportunities locally to the site at Alconbury Weald and Cambridgeshire generally. RG Carter would be happy to engage with the Council to further explore opportunities to link up with their priorities and policy initiatives. If barriers to local employment are identified these can be addressed in a targeted fashion.

2.6.2 *Improved Employability for Young People*

RG Carter has its own in-house training academy that offers craft apprenticeships and also degree apprenticeships in Construction Management or alternatively Quantity Surveying.

Local employment opportunities could be focused on younger people or linked in particular to educational institutions, for instance a STEM focused career day that linked educational workshops in the nearby iMET centre with potential for site visit(s).

R G Carter support EDGE's careers events throughout the calendar year and provide training and work experience opportunities on their projects at Alconbury Weald. (EDGE is a jobs and skills partnership that works with businesses at Alconbury Enterprise Campus and across the wider area to help them recruit and develop staff, and to help local people access the jobs coming forward.) The new civic hub also provides the opportunity for work experience placements. On the recently completed Clubhouse at Alconbury Weald, R G Carter provided carpentry and joinery students from Huntingdonshire Regional College (based just 10 minutes from site) with on-site experience as part of the National Skills Academy for Construction, and presented the students with toolkits on completion of their placement to aid their career progression.

2.6.3 *Employment opportunities*

R G Carter support local groups and charities with regards to finding new employment opportunities and reintegrating persons into their working communities. For example, supporting members of the Build-Force charity, which helps members of the Armed Forces to transition back into civilian life following service via mentorship and work experience placements. Furthermore, Construction Ambassadors work with the CITB to promote construction and built environment careers to people of all ages, as well as persons attending 'Future First Expo' exhibitions to promote the construction industry to the long-term unemployed.

2.6.4 *Ethical Procurement and Social Value embedded within the supply chain*

Ethical procurement and social value policies are communicated to potential supply chain partners /subcontractors for the project
Explore opportunities to support Social Value creation through the supply-chain including local employment, skills and training, including upskilling, partnering with local charities or Council initiatives, environmentally focused initiatives.

2.6.5 *Wellness*

Wellness has played a key part in the overall design and this is reflected in both the landscaped courtyard in the centre of the building – providing a casual spill-out area for all building users to mix in – and the balcony on the east facade, providing views out over the staff amenity garden and the neighbouring public open space.

The project team are applying the principles of the WELL Building requirements to the design of the building. Whilst the Council is currently not applying for formal accreditation (the brief is to comply with key principals only), the initial informal assessment is that the building would achieve 'Well Gold' standard with formal award ranging from 'Core' to 'Silver' to 'Gold' to 'Platinum'.

2.6.6 *Building design*

The building provides full mobility impaired access which has been facilitated firstly by two fully covered and heated draught lobbies, providing the main entrance points and also the main traverse points between the two wings of the building. This allows for seamless covered transition between the wings for any mobility impaired persons wishing to use either of the building wings. In addition to this two fully disabled specification lifts (sized to allow for wheelchair access) allow access for mobility impaired people to traverse both floors, with a covered/enclosed bridge link at first floor, for the same purpose. Induction hearing loops are to be provided at the reception area and in the Multi-function room for hearing impaired persons.

Mobility Impaired Persons are able to evacuate the building, in the event of a fire, by making their way to the nearest evacuation lift, with one located in both the west and east wings of the building.

2.6.7 Measuring Social Value

We will be instigating a KPI on local spend by producing data on the location of RG Carter's supply chain in relation to the construction site within a radius of 45 miles. RG Carter have undertaken this exercise on other projects, including Newark & Sherwood District Council. A target of over 70% of subcontractor orders placed with businesses within 45 miles of the relevant construction site was set and this was exceeded. A similar target is proposed for the construction of this building.

2.7 **Programme**

2.7.1 The programme has now reached Milestone 3 and the end of the Developed Design phase. At this point the design has reached the point of maturity that is sufficient for it to be the subject of a planning application.

2.7.2 Subject to Committee's approval to proceed, the early part of the next stage will involve the submission of this application in early April 2019, which is expected to be determined by the end of July 2019.

2.7.3 The technical design of the building will also continue, alongside further stakeholder engagement on the internal configuration of the space and consideration of the various furniture options. Subject to timely planning approval, construction is currently programmed to commence on site from November 2019 with completion expected in December 2020.

2.7.4 Reports to note which will return to Commercial and Investments Committee (to return if required outside of these dates):

- October 2019: Milestone 4 update – detailed design and final construction budget (prior to construction beginning)
- January 2021: Milestone 6 update – end of construction 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 workforce that is equipped to face the organisational challenges that lie ahead.

3.1 Developing the local economy for the benefit of all

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

3.2 Helping people live healthy and independent lives

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

3.3 Supporting and protecting vulnerable people

As above.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The project management, design and construction of the Civic Hub has been contracted to Faithful and Gould Consultants and RG Carter. RG Carter has subsequently employed Allford Hall Monaghan Morris (AHMM) architects and others within their supply chain to design the building. The resources are therefore already engaged to ensure the building continues along its delivery programme through to completion and incorporated within the existing approved budget.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

The consultants and contractor employed to deliver the new site have been procured through an existing council framework agreement.

4.3 Statutory, Legal and Risk Implications

The planning application will be a regulation 3 application submitted to the county council for determination. The land agreement has been finalised and exchange will take place in the coming weeks, but completion remains subject to gaining planning permission.

A considerable number of risks remain for the building, however the remaining key risks are;

- The final construction cost exceeds estimates when tendered with RG Carter's supply chain.
- Obstructions in ground/poor ground conditions not reasonably established during design phase.
- Hazardous materials/contaminated land discovered during site activities which could impact cost/programme.
- Delay to securing planning approval.

4.4 Equality and Diversity Implications

As part of the engagement process representatives from the Equality and Diversity network were invited to the design workshops to provide feedback. A separate session was also held with an established Equality and Diversity Action Group, which provided valuable feedback that has been incorporated into the design of the building. Examples of changes which have been made as a result of these groups feedback are as follows:

- Covered access routes in the external courtyard to make this space more accessible in poor weather
- The building length has been condensed, which reduced travel distances for staff/visitors
- ‘Superloos’ – unisex toilets are seen throughout the building which support transgender staff and visitors
- Colours and design features are planned to support those with visual impairments to navigate through the building easily

To comply with our duties under the Equality Act it has been agreed that we will complete and maintain an Equality Impact Assessment (EIA) as part of this programme. The EIA will continue to be updated as the programme reaches its key milestones.

4.5 Engagement and Communications Implications

There are no significant implications arising directly from this report.

4.6 Localism and Local Member Involvement

Local engagement activities have taken place with the local community and all Members as outlined in the report.

4.7 Public Health Implications

There are no significant implications arising directly from this report. Detail of Social Value has been included in section 2 of the report and reviewed by the Public Health contact.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Chris Malyon
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Yes Name of Officer: Jon Collins
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	Yes Name of Legal Officer: Fiona McMillan

Have the equality and diversity implications been cleared by your Service Contact?	Yes Name of Officer: Elsa Evans
Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Marc Mageean
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	Yes Name of Officer: Iain Green

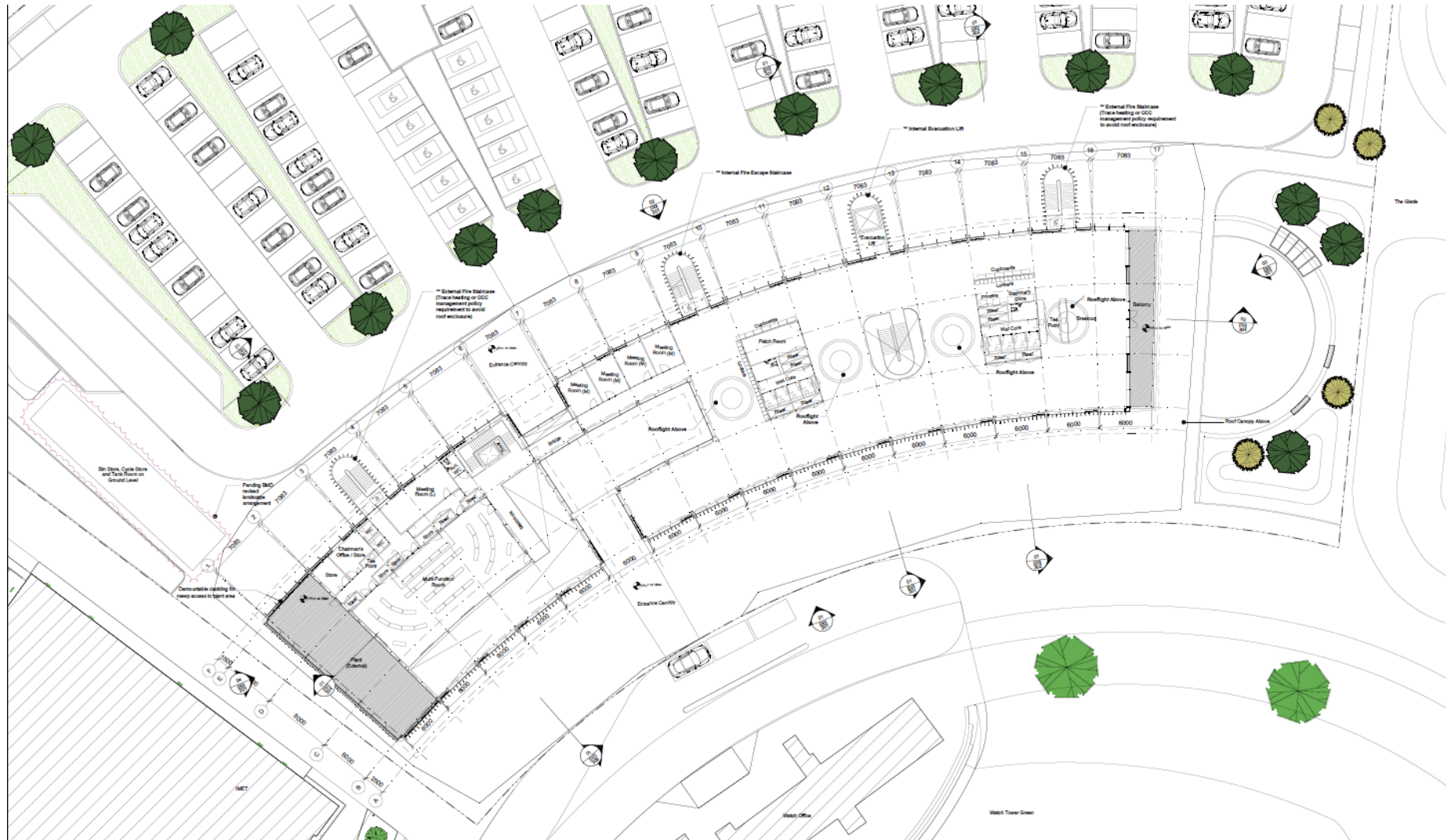
SOURCE DOCUMENTS

Source Documents	Location
Milestone two report November 2018	Council Website - Link

Appendix A – Ground floor plan



Appendix B – First floor plan



Appendix C – front and rear elevations



2019/20 INVESTMENT STRATEGY - UPDATE

To: **Commercial and Investment Committee**

Meeting Date: **22nd March 2019**

From: **Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **N/a**

Key decision: **No**

Purpose: **To update Commercial and Investment (C&I) Committee on the 2019/20 Investment Strategy.**

Recommendation: **The Committee is asked to review, note and comment upon the strategy.**

<i>Officer contact:</i>		<i>Member contacts:</i>
Name:	Eleanor Tod	Cllrs Schumann and Hay
Post:	Strategic Finance Manager	Chairman and Vice-Chairwoman
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Tel:	01223 715333	01223 706398

1. BACKGROUND

- 1.1 Part of the Council's approach of dealing with the twinned pressures of reduced central government funding and growing demand for services has been to drive a more commercial approach within the organisation and to deliver better financial returns from property and asset holdings.
- 1.2 Any commercial acquisition carries with it a degree of risk and as this involves the investment of public funds, the rationale for engaging in such activity should be clear. The Council does not intend to invest in commercial activity for the sake of it but to mitigate against the implications of increasing budgetary pressures. The Council will not meet the financial challenges it faces through transforming services alone. The approach will require a mix of transformation, additional revenue sources, and a reduction in service levels. By focusing resources on the first two, the need to utilise the latter option will be minimised.
- 1.3 In July 2016, Commercial and Investment Committee approved an Acquisitions and Investment Strategy in order to set out the objectives for the Council's commercial investment activity, establish a set of investment criteria and clarify the governance arrangements required.
- 1.4 Since this strategy was agreed, the Chartered Institute of Public Finance and Accountancy (CIPFA) has issued a revised Prudential Code 2017 and Treasury Management Code 2017. In addition, the Ministry for Housing, Communities and Local Government (MHCLG) has also issued statutory guidance on changes to the prudential framework for capital finance with particular regard to:
 - Local Authorities Investments
 - Minimum Revenue Provision
- 1.5 CIPFA's revised Codes require for 2019-20 that all local authorities prepare an investment strategy, covering both financial and non-financial assets, and MHCLGs statutory guidance provides detail on the necessary content for those strategies. The Council's strategy for financial assets has been incorporated into the Treasury Management Strategy (TMS); the strategy for non-financial assets (based on the content of the previous Acquisitions and Investment Strategy) has been included as Appendix 3 within the Capital Strategy (please see Appendix A to this report). Both the TMS and Capital Strategy were agreed by Full Council in February 2019 as part of the Business Plan 2019-20.

2. MAIN ISSUES

- 2.1 The new guidance requires the Investment Strategy to include:
 - An overview of how the associated risk of non-financial investments is managed
 - The implications for future financial sustainability as a result of investment decisions
- 2.2 The Investment Strategy has therefore been updated to include the following aspects:
 - The Council's dependency on commercial income

- The Council's debt relative to service expenditure
- Quantities indicators for existing investments

- 2.3 In addition, the Commercial and Investment Working Group asked for the following areas of the strategy to be revised:
- Addition of a caveat that C&I can choose to review opportunities returning just below a 6% yield to ensure the Council is not missing out on a worthwhile opportunity
 - The ability to change external advisors as appropriate based on performance
 - The governance arrangements around initial bids
 - The ability to use other funding options in addition to capital receipts
- 2.4 There has also been a general update of some of the strategy and reordering of some of the sections in order to better reflect the relevant guidance.

3. FUTURE STEPS

- 3.1 The Council's Business Plan is revised every year – one of the first activities within this process is to revise the relevant strategies included within the plan. Therefore, the Capital Strategy, and as such the Investment Strategy contained within it, will be updated again during the next few months.
- 3.2 The Council is aware that due to increased commercial activity generally across the public sector, it is likely that both CIPFA and MHCLG will issue further guidance which the Council will need to reflect in future iterations.
- 3.3 The Council is also looking to benefit from best practice delivered elsewhere in the sector, and therefore will undertake a review of both Investment Strategies and assessment practices for analysing individual investment opportunities of other Council's to ensure the Council's commercial activity is operating within a robust framework. The outcomes of this review will also feed into future updates.

4. ALIGNMENT WITH CORPORATE PRIORITIES

4.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

4.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

4.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

This report sets out the need for the Council to undertake Commercial Investment activity.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

5.3 Statutory, Risk and Legal Implications

The report highlights how the revised Investment Strategy meets the statutory guidance.

5.4 Equality and Diversity Implications

There are no significant implications within this category.

5.5 Engagement and Consultation 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.

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

Source Documents	Location
Capital Strategy 2019-20 The Prudential Code 2017 The Treasury Management Code 2017 Statutory Guidance on Local Authority Investments Statutory Guidance on Minimum Revenue Provision	1 st Floor, Octagon, Shire Hall, Cambridge

Investment Strategy for Non-financial Investments

Objectives

- Acquire properties that provide long term investment to support the delivery of the Council's corporate objectives
- Deliver a portfolio which balances risk and rewards aligned to the Council's risk appetite
- Prioritise properties that yield optimal rental growth and stable income
- Protect capital invested in acquired properties

Legal Powers

Power to invest

Pursuant to the powers set out in s.12 Local Government Act 2003, the Council may invest either for either *"any purpose relevant to the Council's functions under any enactment"*, (s. 12(a)) or *"the purposes of the prudent management of its financial affairs"* (s. 12(b)).

The power to invest given in s.12 should in principle include the power to invest in commercial property. However, the power to invest in commercial property must be used either for a purpose relevant to a function of the Council, for example the regeneration of an area, for economic development outcomes, or for the prudent management of the authority's financial affairs. Investing purely to create a return is not viewed as a function of an authority. It is therefore important that the primary objective of the strategy is to support the strategic objectives of the Council. It is also important to ensure that public funds are not exposed to unnecessary or unquantified risk.

In exercising the power to invest under s.12(b) the Council also has regard to the MHCLG Statutory Guidance on Local Government Investments. The Guidance advocates the preparation of an investment strategy which the Council will be expected to follow in its decision making process unless a sensible and cogent reason is articulated for departing from it.

Power to borrow

Section 1 of the Local Government Act 2003 gives each local authority a power to borrow money for:

- (a) any purpose relevant to its functions under any enactment
- (b) the purposes of prudent management of its financial affairs provided it does not exceed its affordable borrowing limit under s.3 Local Government Act 2003 (s.2(1) and 2(4))

These powers mirror those in s.12 Local Government Act 2003 referenced above. The powers within the LGA 2003 are not considered wide enough to permit local authorities to borrow to invest purely in order to benefit from a financial return, particularly in light of the revised guidance on Local Government Investments which clearly states that authorities ‘must not borrow more than or in advance their needs purely in order to profit from the investment of the extra sums borrowed’. However, the Localism Act 2011 was drafted to encourage councils to develop new and innovative business models. This legislation gives councils the General Power of Competence, which means a local authority has powers to do anything that is “for the benefit of the authority, its area or persons resident or present in its area”. The power does not enable an authority to carry out activities that were not permitted by legislation in force before the Localism Act 2011.

The power to undertake an activity for a commercial purpose

The General Power of Competence may allow the Council to invest in property for a return but this activity is likely to be characterised as an activity for a commercial purpose and cannot therefore be undertaken directly by the authority (s.4 Localism Act 2011). It may be pursued through a company formed for that purpose and being within the meaning of S.1(1) Companies Act 2006. There will be attendant corporation and income tax liabilities which will need to be addressed in a business case. The formation of a company requires the preparation of a thorough and detailed business case and these and other considerations such as the financing of the company and any state aid issues would need to be addressed in that document.

Governance Processes

The decision to invest public funds in commercial property is one that should not be taken lightly. Any investment carries with it a degree of risk and the level of returns are directly proportionate to the risk of the investment made. Whilst it is important to ensure that due and proportionate governance is followed, the market for commercial acquisitions is such that agile decision making is also important. This is particularly the case where the Council wishes to acquire commercial opportunities before they hit the market and thereby avoid bidder competition which tends to escalate the sales price.

There is a fine balance in ensuring appropriate due process has been undertaken whilst not restricting opportunities through overly burdensome governance requirements. As a consequence it will not always be possible for all acquisition proposals to be considered within the democratic cycle of meetings. The C&I Committee has agreed that in order for such proposals to be considered, evaluated and pursued within an agile, yet transparent and accountable, framework, it needs to delegate responsibility via a tiered decision-making process as follows:

Investment/Loan Value	Decision Making Arrangements
£10m or less	Deputy Chief Executive/Chief Finance Officer (CFO) in consultation with Chairman of C&I Committee
Greater than £10m but no more than £25m	C&I Committee Investment Working Group
Greater than £25m but no more than £50m	C&I Committee
Greater than £50m	GPC

The C&I Investment Working Group has been created to reflect the proportional representation of the Committee; there are 3 Conservatives Members, 1 Liberal Democrat Member, and 1 Labour Member. The meetings of this Group can also be undertaken virtually if necessary. At times, it may even be too difficult to convene this Group before an initial expression of interest needs to be placed; therefore in this scenario, the Deputy Chief Executive/CFO in consultation with the Chairman and Deputy Chairwoman of C&I Committee is delegated the responsibility to place an initial bid (with the information also circulated to other members of the Group). Any final bid, however, has to follow the delegation as set out above.

Where appropriate, the Council will work with a partner organisation to develop the portfolio in order to ensure the right skills are used and the necessary capacity is generated in order to access market opportunities. The Council has used one professional advisor to date, however there are many such advisors in the market and therefore if the Group feels it is appropriate, other advisors may also be engaged.

Managing Risk

The structure of the property portfolio has a significant bearing on the portfolios inherent risk and return profile. Therefore a key objective of the strategy is to create diversification within the portfolio in order to manage exposure to the risks of concentrating too much activity in any particular sector. Key risks in the portfolio can be categorised in a number of ways, as follows.

Income Risk

The main risk in a commercial portfolio is tenant vacancies and the resultant loss of income. The costs of holding a vacant property include non-domestic rates, insurance, utilities, security, inspections and management. In addition, there would be the cost of marketing the property, the agent's disposal fees and legal fees for completing the lease documentation for re-letting the premises.

Yield Risk

The aim of the majority of investments is to provide a secure return on income. The Council will manage its commercial property as a single portfolio, ensuring that the collective returns achieved on the investments meet the overall financial target that is set. It is therefore important that any purchasing decisions also contribute positively to the performance of the portfolio, both financially and in minimising the overall risks.

Concentration Risk

Concentration risk can be categorised into a number of constituent risks:

Sector Concentration: The main property sectors are retail, office, industrial and leisure/healthcare. The portfolio will aim to spread its investment across the sectors to limit exposure to any volatility in a particular area. Like geographic diversification, industry diversification must be sensitive to the diversification requirements of the overall portfolio. The value of industrial real estate holdings is sometimes adversely affected by changes in environmental legislation, and such holdings should probably be limited in overall investment portfolios.

Geographical Concentration: The strength of the investment opportunity will dictate the wider locations which may be considered outside of Cambridgeshire, as opposed to location being the driving force. It is important for the Council to understand the future economic viability of localities which will be influenced by a number of local and national economic factors. For example future major transport infrastructure investment could significantly influence the economic viability of an area and therefore the future value of investments in that locality. Engaging the services of an expert will therefore be an essential prerequisite of the strategy.

Property Concentration: Diversifying a real estate portfolio by property type is similar to diversifying a securities portfolio by industry. Different property types cater to different sectors of the economy. For example, office property generally responds to the needs of the financial and services-producing sectors; industrial property to the goods-producing sectors; retail property to the retail sector; and hotels to the travel and tourism sectors, employment growth, and the business cycle. Understanding the return and risk factors attendant to different property types requires understanding the factors affecting each property type's user groups.

Tenure Concentration: The portfolio will be managed to ensure that it contains a broad spread of tenants. This analysis can be driven by credit ratings, nature of business, lease length, and the value of the leaseholds. It is important to evaluate tenant credit ratings according to the senior corporate debt of the lessees. Leases can be compared with regard to their length (including renewal options), which may vary considerably, typically from ten to twenty years.

Due Diligence

The risks associated with a specific investment are mitigated by carrying out robust due diligence of the individual acquisition. This process includes the following activities:

- Valuation
- Market conditions
- Covenant strength
- Terms of leases
- Structural surveys
- Future costs
- Other issues

The Investment Strategy will provide continual evaluation of the investment portfolio to meet the Council's priority to ensure that the investment portfolio is fit for purpose. A larger and more balanced portfolio will help achieve the Council's aim of increasing income to support the delivery of services throughout the County, however a core portfolio of property assets will be sought with a view to diversification on individual assets by sector (industrial, offices and retail), location and risk.

Proportionality

The Council needs to consider the long-term sustainability risk implicit in becoming too dependent on commercial income or in taking out too much debt relative to net service expenditure.

Dependency on Commercial Income

As noted earlier in the strategy, the Council cannot meet the financial challenges it faces through transformation alone and therefore part of the strategy has to be to generate additional revenue resources. However, as noted above, there are inherent risks associated with

commercial activity and as such the Council will be taking a measured risk approach towards supporting a proportion of its core activity with commercial income. The tables below shows the forecast levels of commercial income as a percentage of net and gross service expenditure:

	2019-20 Estimate %	2020-21 Estimate %	2021-22 Estimate %	2022-23 Estimate %	2023-24 Estimate %
Commercial income to net service expenditure	1.2	0.9	1.2	1.1	1.0
Commercial income to gross service expenditure	0.8	0.7	0.9	0.9	0.8

Debt relative to Service Expenditure

As part of the process for agreeing the Capital Strategy, GPC currently agrees a debt charges limit at the beginning of the business planning process as a mechanism to ensure that the Council does not overcommit its revenue resources to servicing debt (see Section 12). This could also be reviewed in terms of debt as a proportion of net service expenditure, which is forecast as follows:

	2019-20 Estimate %	2020-21 Estimate %	2021-22 Estimate %	2022-23 Estimate %	2023-24 Estimate %
Financing costs to net service expenditure	9.2	9.7	9.7	9.9	10.3

However, the majority of these costs do not relate to borrowing incurred (or anticipated) for commercial investment, but rather to supporting the Council's existing Capital Programme.

Developing the Portfolio

Financial investment options, such as investment in property funds and issuing commercial loans to other organisations are covered by the Treasury Management Strategy. There are two main methods by which the Council can deliver is non-financial investment – through acquisition of property, or through development of its own assets.

Acquisition

The Council is looking to acquire both freehold and long-term leasehold properties, engaging the services of commercial property experts in order to identify appropriate market opportunities. Where appropriate, the Council will also make use of advisors to undertake robust due diligence and complete sale documentation. On-going management arrangements for the Council's first acquisition have been outsourced, however this could also be covered by internal arrangements if felt appropriate.

The benefits of this approach are:

- revenue is generated from the point of acquisition
- risks are mitigated with proper due diligence
- reasonable levels of liquidity
- management costs are relatively low.

However, the Cambridgeshire market generates relatively low returns due to competition and security of tenure which may mean looking further afield to generate higher returns. At least initially, there will be a concentration risk until a diverse portfolio is developed.

As a new investor in this area of activity, the Council is initially taking a relatively low risk approach to acquisitions in order to develop a sound real estate investment portfolio. This will reduce the level of return that can be generated; it is proposed to target investments with yields of 6% or greater. Where an opportunity does not quite meet the 6% threshold but it is felt to still have potential, the investment will be taken to C&I Committee to review. The types of investment in this area include:

- Best property for the sector in an ideal location, with long-term income from high quality tenants where yields are equal to or slightly above prime for the sector. Rental yield (financial return on the capital investment as a percentage) will be lower than the general market, but capital and rental growth should be steady and medium/long-term risk of void periods and tenant default is reduced.

- Properties similar to those above, but in slightly less favourable locations, with shorter leases and lesser tenant covenant strength, where returns will be appropriate for the sector and risk. Rental yields in this area will be slightly higher, reflecting the increase in risk.

The Committee's long-term aim is for around 75% of the overall acquisitions portfolio to be comprised of these lower-risk properties. The remaining 25% will be comprised of specialist sector investments such as hotels, public houses, student accommodation, and health care facilities; these will be considered on merit, but do not form part of the core search criteria. Given the depreciating specialist infrastructure and changes in trends, such assets may require substantial future capital expenditure in order to maintain the value of the interest; the risk from this will be fully explored and understood before purchase. Residential property provides a good income diversifier given its limited correlation to commercial property and returns have been stable over the long term, although the level of tenant and property management will be carefully considered and allowed for in all appraisals. The returns on this element of the portfolio will be varied, but should in principle be at the upper level or above the returns of the low risk acquisitions.

Development

The Council can either carry out development itself, such as with the Council's Commercial Energy Investments, or enter into an agreement with a developer to fund all or part of a development. This could be enacted as a direct commercial arrangement with a developer or could be delivered via a joint venture (JV) arrangement. This would require risk and reward arrangements to be established. In a JV scenario the level of risk would mirror the level of reward that each partner would derive; this would normally be 50:50, however other scenarios could also be developed. If the Council develops the investment itself and simply seeks a provider to construct to a defined specification, it does not of course share any of the benefits – but neither does it share any of the risks.

The benefits of this type of commercial arrangement are that the developer could bring skills to that the Council does not hold internally. The investment should deliver a premium over and above straight investment, however it therefore carries with it proportionately greater risk. Selecting the right development partner is essential for success.

Self-development would bring greater financial rewards and would ensure that the Council remains in control of the development. However the Council may need to invest to ensure that it has the right skills and capacity to manage such an investment programme, as these do not necessarily currently exist extensively within the Council.

The disadvantages are that revenues are only accrued once the development has been completed. Land acquisition and other costs will be incurred long before any revenue stream commences. There is very low liquidity during construction and diversification of portfolio would be

low. The self-development route would expose the Council to procurement and construction risks which would need to be mitigated by the 'buying in' of the appropriate and necessary skills.

Delivery

The commercial investment portfolio will need to be developed over time to avoid the concentration risks set out earlier in this report. This will ultimately result in a balanced portfolio of investments across sectors and geographical locations. A core portfolio of property assets will be sought with a view to diversification on individual assets by sector (industrial, offices and retail), location and risk. However, in the first instance it is of course inevitable that the first acquisition will result in 100% concentration in all risks. However, the Council already has several energy schemes under development, therefore is already broadening its concentration.

Funding

Section 5 and Appendix 2 of the main Capital Strategy detail how capital expenditure can generally be funded. Not all types of funding, however, can be used to fund non-financial investment; the main sources are revenue/reserves, capital receipts, borrowing, and occasionally, Government grants.

Revenue/Reserves

Given the Council's overall financial position, this would require further savings to be identified within the revenue budget to the same value as the charge; therefore this funding route is not a realistic option for the Council

Capital Receipts

The Council's current surplus asset policy is to repurpose non-operational property to generate a revenue return where possible, rather than dispose of the asset to generate a receipt. However, in the last 18 months the Council has set up its own housing company, This Land, to develop some of the Council's surplus estate, which in turn also generates capital receipts for the Council at the point where assets are sold to the company. The Council has therefore decided to use these specific receipts, currently forecast to generate around £90m, to fund the Council's commercial investment programme. These receipts could instead be used to fund the non-commercial investment aspects of the Council's Capital Programme; therefore there is an opportunity cost of using the receipts to fund commercial investment (which is equivalent to the revenue cost that would have been incurred should the commercial investment have been funded by borrowing).

Borrowing

As with borrowing for any capital project, both the interest cost and an MRP charge would need to be covered by revenue payments (see Section 12). However, there are additional restrictions in place with respect to borrowing to fund both financial and non-financial investment – MHCLGs Statutory Guidance on Local Government Investments states that authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums bowed. If an authority exceptionally choose to do so, then it needs to clearly explain why it has disregarded the guidance.

The Council anticipates that the core element of its commercial investment will be funded by capital receipts. However, it is likely that this will not be sufficient to support the Council's plans regarding expectation of the level commercial income that will be used to support the Council's revenue budget over the medium term. Therefore, it may be necessary for the Council to take a measured risk towards using borrowing to fund some element of the Council's commercial investment.

Property Management

Management of Property

Properties with fully repairing and insuring leases shall be sought as a preference for investment, in order to minimise the cost of management and maintenance. Exceptions could be made for properties that are purchased for specific development or planning reasons. In order to minimise management overheads, use of an external property management firm would be considered to handle the day to day operational issues with the portfolio, particularly for properties which are outside the county.

Tenure

Assets acquired with tenants in place may be subject to sub-leases granted within the security of tenure provisions of the Landlord and Tenant Act 1954. This may be less attractive if assets are purchased for future development possibilities as ending the tenancies will require the Council to satisfy one of the grounds under the Act to take back possession. Conditions of tenure will therefore be a further important consideration in any investment decision.

Realising the Investment

There may be a need in the future to dispose of property investments. This may happen because of the need to return the investment to cash for other purposes, or it could be due to poor financial performance of a particular property, etc. So, while it is likely that the majority of investments will be held for a medium to long term in order to achieve the required return and to justify the cost of the acquisition, it is

important to understand the opportunities to dispose of any investment at the outset. Therefore, as part of the investment decision, consideration must be given to the potential ways in which the Council could “exit” from the investment, such as sale to another investor, sale for redevelopment, etc. An investment would only proceed where there is a clear exit strategy, should it be required.

Current Portfolio

Acquisition:	Brunswick House	Date of Acquisition:	26/07/18
Service Objectives	<p>Diversify and increase income streams to the county council, protecting frontline services notwithstanding reducing government grant and rising demand.</p> <p>Supporting sustainable and well managed student accommodation, held in local ownership in Cambridge, one of the world’s leading student cities. There is significant undersupply of purpose built student accommodation in the city with 44% of students unable to access purpose built accommodation.</p> <p>Inward economic investment: directly and indirectly supportive to jobs in the education sector, a key industry in the County’s economy.</p>	Assessment of Risks	<p>Constructed in 2012, the property was acquired in good condition, marketed to students under a higher/premium end.</p> <p>The principal financial risk relates to occupancy levels (demand for student housing). Demand for student accommodation in Cambridge is expected to remain strong. The nature of the student property market in Cambridge is that quality of student experience is a key aspect of the offer alongside, and indeed in many cases ahead of, pricing.</p> <p>At the point of acquisition there were additional risks arising from tenancy terms and correction of a construction deficiency at the property under warranty; these were outlined in Committee reports and have subsequently been mitigated or resolved through remedial works and novation arrangements.</p>

Advisors / Market Research	<p>Property Consultants, Carter Jonas, were engaged to appraise the investment opportunity – conducting market research and valuing the property in view of demand, planning conditions, future prospects and condition.</p> <p>Legal advisors, Birketts LLP, dealt with the conveyancing and transaction, providing advice on legal issues arising from Property, Construction, Tax, Commercial, Planning and Employment.</p> <p>Brunswick House is staffed on a day-to-day basis and marketed by HomesforStudents, who operate 15,000 student rooms across the country with a strong reputation for student experience, welfare and security.</p>	Liquidity	<p>There are no plans to sell currently.</p> <p>The acquisition was not funded by borrowing; however, if required, the property could be sold. There was an active market for the property when it was acquired, and the property market in Cambridgeshire has strong foundations and resilience.</p>
If funded by borrowing, why was this required?	<p>N/A</p>	Explanation of why the Statutory Guidance on local Authority Investments and the Prudential Code have not been adhered to	<p>N/A</p>

Cost (£m)	Funded by Borrowing (£m)	Total Interest Costs (£m)	Annual Income (£m)	Annual Costs (£m)	Annual Net Return (£m)
39.5	-	-	2.4 initially	0.5 initially	1.9 initially
Payback Period (Yrs)	Net Income Yield (%)	Return on Investment (%)	Total Return over 25 Years (£m)	Internal Rate of Return (%)	Net Present Value (£m)
16.4	4.8 increasing to 6.1	69.6	66.9	4.4	8.3
Additional Investment (£m)	Current Value (£m)	Gain (+) / Loss (-) (£m)	Revenue implications of reported loss / Mitigating action		
The Council is looking to establish a sinking fund with at least 1% of net income in order to maintain and improve the property.	39.5	N/A	Asset has not yet been valued at market value as the 2018-19 accounts process has not yet completed.		

**GREATER CAMBRIDGE LOCAL PLAN – STRATEGIC LAND AND ECONOMIC
LAND AVAILABILITY ASSESSMENT**

To: **Commercial & Investment Committee**

Meeting Date: **22nd March 2019**

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

Electoral division(s): **All within South Cambridgeshire and Cambridge City**

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

Purpose: **To inform Commercial & Investment Committee of the sites which have identified for promotion through the Greater Cambridge Local Plan.**

Recommendation: **Commercial & Investment Committee is requested to note the contents of the report and the proposal for engagement with CCC local members.**

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1. BACKGROUND

- 1.1 On the 28th September 2018, South Cambridgeshire District Council's (SCDC) Local Plan was adopted. The soundness of SCDC Local Plan, as set out in the Planning Inspector's Report, was contingent on an early review of plan within an agreed period and SCDC indicated, at that time, that the preparation of a joint Local Plan with Cambridge City Council (Cambridge City) was also a requirement under the Greater Cambridge City Deal. SCDC has now set out a proposed timetable for submission for examination for a new joint local plan by the summer of 2022. Strategic Assets has previously actively promoted sites through the planning process and has successfully secure allocations for higher value alternative uses across numerous small and large strategic sites.
- 1.2 Cambridge City and SCDC have started working on a new joint Greater Cambridge Local Plan to provide a sustainable vision for the future of the area, including planning for new housing and economic development to meet need, and to protect and enhance our environment. An early step in the plan preparation process is to gather information on what land is available and suitable for development. It is, as part of this work, that SCDC & Cambridge City has instigated a 'call for sites' consultation which runs from the 11th February until 25th March 2019.
- 1.3 This provides an opportunity for landowners and promoters to put forward potential sites and broad locations for housing or economic development across the Greater Cambridge Local Plan area. An understanding of land availability for development across Greater Cambridge will ensure that the new Local Plan allocates enough land in appropriate locations to meet identified needs. A Strategic Housing Land Availability Assessment (SHLAA) will then be prepared to help the Councils choose the right sites from a large number of potential alternatives having assessed their suitability, availability and achievability.
- 1.4 Strategic Assets with specialist support have previously been successful in promoting CCC's land, through the LDF process, leading to land being allocated as part of the new town of Northstowe and as part of the Cambridge Bio-Medical Campus.

2. MAIN ISSUES

- 2.1 CCC has appointed Carter Jonas, who were competitively procured, to undertake a review of its land assets within the administrative areas of Cambridge City and SCDC. The sites identified are mainly on the CCC's rural estate, with a smaller number of sites identified from the operational portfolio. Securing allocation for higher value alternative uses, via successful promotion through the Local Development Framework process, will ensure that CCC can maximise the value of its land assets and has a pipeline of high value future capital receipts. Other parts of the Council are responsible for promoting sites for operational uses.
- 2.2 Carter Jonas's draft Stage 1 Assessment of Sites report is attached at **Appendix 1**. The report ranks the sites into three categories of success; high; medium and low. It should be highlighted that it is likely that some of the sites which are submitted by the County Council at the Call for Sites stage will not be successful when evaluated against other landowners

sites as part of the SHLAA.

- 2.3 In consultation with Carter Jonas the key sites which have the greatest probability of success will be submitted. Plans of these sites are available in **Appendix 2**. Further representations and investigations will be required as these sites are considered by the planners throughout the Greater Cambridge Local Plan preparation process. This will require further expenditure the estimated cost of which is currently being estimated and a business case for budget provision will be made to the Council's Capital Board.
- 2.4 The Constitution states that it is the duty of each Executive, Corporate and Service Director to ensure that all relevant staff are aware of the requirement to keep local members informed and that the timing of such information allows members to contribute to those decisions. Local members shall also be kept informed about matters affecting their divisions during the formative stages of policy development and discussion at informal meetings.
- 2.5 Strategic Assets Member Engagement Protocol currently does not require the local CCC Member to be consulted. However, as good practice, it is proposed that each CCC local member should be informed of the representations being made within their areas, as and when they are made, and the general progress of the promotion of sites through the LDF process reported to C&I Committee. CCC local members will be informed of the submissions for the 'call for sites' and any future representations on land assets within their area via email. All comments received from CCC local members will be encapsulated on a schedule (**Appendix 3**) and included within a regular progress report to C&I Committee. Due to the timetable for submitting representations at the various stages of the LDF process, representations may need to be submitted in advance of any report to C&I Committee. This will not preclude CCC from withdrawing any representations if required to do so.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

Strategic Assets is currently working with LGSS Finance on a Business Case for Capital Board on capital/revenue funding for promoting of CCC land assets through the Local Development Framework.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

External expert planning advice has been tendered for in line with CCC Contract Regulations.

4.3 Statutory, Legal and Risk Implications

N/A

4.4 Equality and Diversity Implications

N/A

4.5 Engagement and Communications Implications

N/A

4.6 Localism and Local Member Involvement

Please see above in main body of report.

4.7 Public Health Implications

N/A

Source Documents	Location
Appendix 1: Carter Jonas Stage 1 Assessment of Sites	
Appendix 2: Plans of the sites to be submitted as part of the Call for Sites	
Appendix 3: Schedule of CCC Local Member Engagement	

FINANCE AND PERFORMANCE REPORT – JANUARY 2019

To: **Commercial and Investment Committee**

Meeting Date: **22nd March 2019**

From: **Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **N/a**

Key decision: **No**

Purpose: **To present to Commercial and Investment (C&I) Committee the January 2019 Finance and Performance Report for C&I Committee.**

The report is presented to provide C&I Committee with an opportunity to comment on the projected financial and performance outturn position, as at the end of January 2019.

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

- **review, note and comment upon the report**

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1. BACKGROUND

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

2. MAIN ISSUES

- 2.1 Attached as **Appendix A**, is the January 2019 Finance and Performance report.
- 2.2 **Revenue:** At the end of January, Commercial and Investment Committee is forecasting an overspend of £6,428k on revenue budgets. There is one new significant forecast outturn variance by value (over £100,000) to report.
- 2.3 **Capital:** At the end of January, Commercial and Investment Committee is forecasting an underspend of £-17,651k on the capital programme budget. There is one new significant forecast outturn variance to report on capital expenditure and funding.
- 2.4 There are no Commercial and Investment Committee **performance indicators** reported for January, however these are currently being developed in conjunction with Committee and it is anticipated that they will be included in the first Finance and Performance Report for 2019-20.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

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

4.2.1 Statutory, Risk and Legal Implications

There are no significant implications within this category.

4.3 Equality and Diversity Implications

There are no significant implications within this category.

4.4 Engagement and Consultation Implications

There are no significant implications within this category.

4.5 Localism and Local Member Involvement

There are no significant implications within this category.

4.6 Public Health Implications

There are no significant implications within this category.

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

Source Documents	Location
C&I Finance & Performance Report (January 19)	1 st Floor, Octagon, Shire Hall, Cambridge

Commercial and Investment

Finance and Performance Report – January 2019

1. SUMMARY

1.1 Finance

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

2. INCOME AND EXPENDITURE

2.1 Overall Position

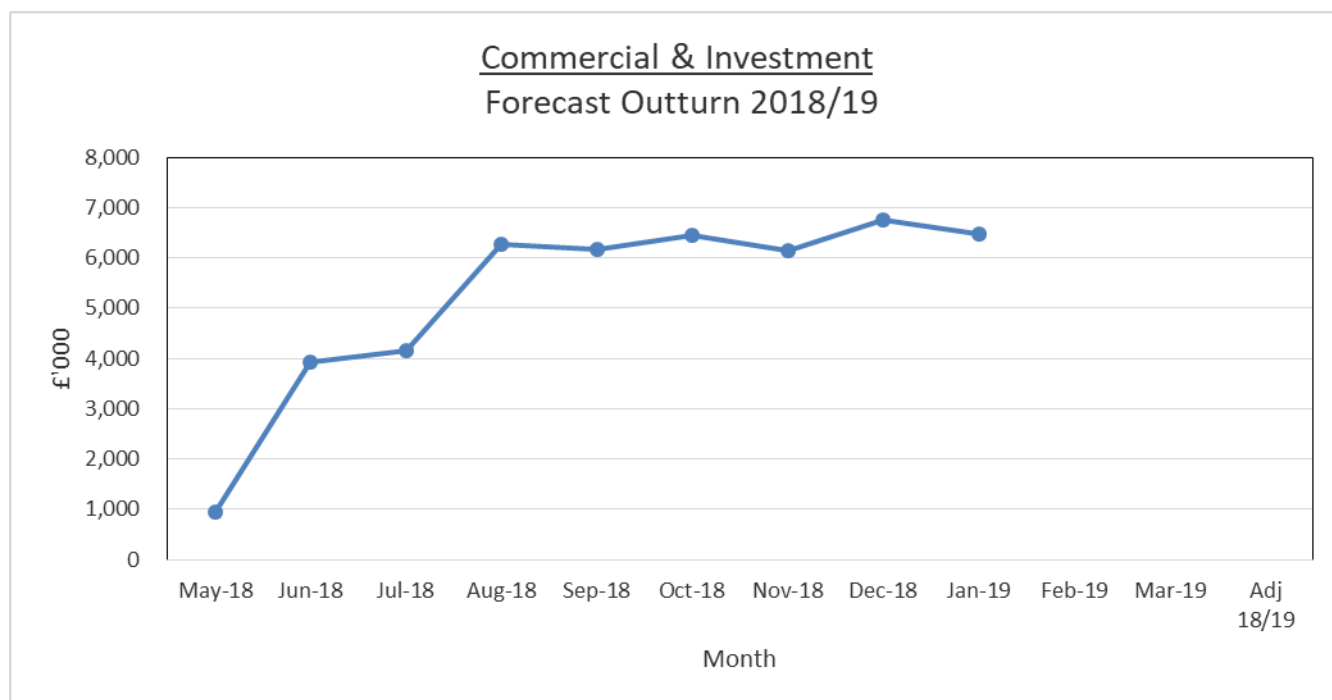
To ensure financial information is presented in a consistent way to all Committees a standardised format has now been applied to the summary tables and service level budgetary control reports included in each F&PR. The same format is also applied to the Integrated Resources and Performance Report (IRPR)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

Outturn Variance (Dec) £000	Directorate	Budget £000	Actual £000	Outturn Variance (Jan) £000	Outturn Variance (Jan) %
4,762	Commercial Activity	-9,536	-1,497	4,640	48.7%
0	Property Services	6,037	6,693	-90	-1.5%
-41	Strategic Assets	-4,098	-2,793	-62	1.5%
2,037	Traded Services	-1,200	603	1,940	161.6%
6,758	Total	-8,797	3,006	6,428	73.1%

Commercial and Investment (C&I) has a negative budget as it has an income target for 2019-20 of -£8,797k. As such, the outturn variance of £6,428k means that C&I is expecting to achieve a net income position of -£2,370k by year-end.

The service level budgetary control report for Commercial and Investment for January 2019 can be found in [C&I Annex 1](#).

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



2.2 Significant Issues – Commercial and Investment

At the end of January 2019, Commercial and Investment is forecasting an underachievement of income of £6.4m in 2018/19. This represents a decrease of £330k from the previous forecast, due to changes in the forecasts for Shareholder Company Dividends, County Offices, and Cambridgeshire Music.

Commercial Activity

At the end of January 2019 Shareholder Company Dividends is forecasting an overachievement of income of £341k, which is an increase of £172k from the previous forecast. This is due to an increase in the estimated dividend from ESPO for 2018/19 based on the latest information provided.

Property Services

At the end of January 2019 Property Services are forecasting an underspend of £90k, which is an increase of £90k from the previous forecast. This is mainly due to backdated rent income received in the County Offices budget.

Traded Services

At the end of January 2019 Traded Services are forecasting an underachievement of income of £1.9m, which is an improvement of £97k from the previous forecast. This is mainly due to a reduction in the forecast overspend on Cambridgeshire Music. Sales predictions for the academic year beginning September 2018 were lower than initially anticipated, however the service has continued to analyse expenditure and income commitment and in January have been able to undertake mitigating actions worth £82k. Now that the schools have returned from the Christmas break, the service has also been working on developing additional work streams within current staff capacity without increasing overheads.

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

No new items were recorded during January 2019.

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

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

No new items were recorded during January 2019.

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

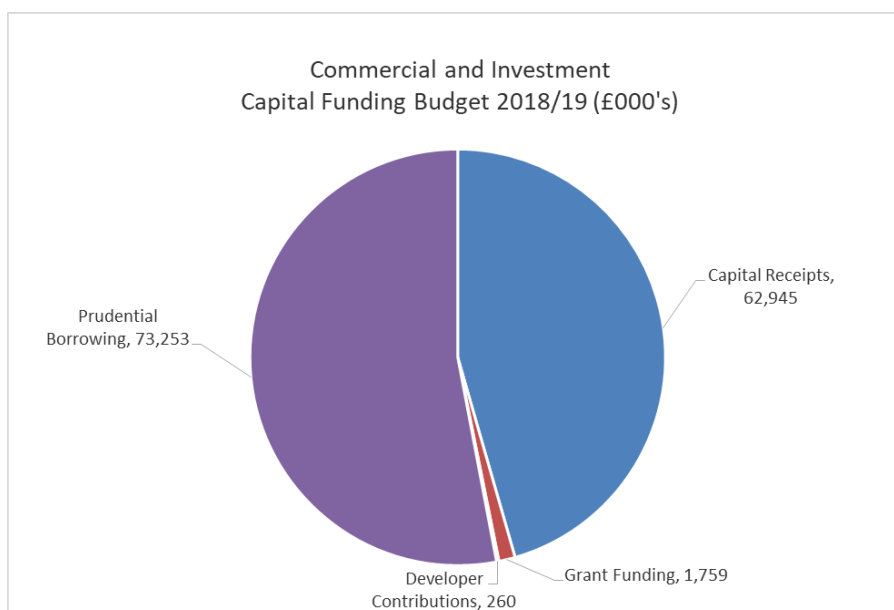
3. **BALANCE SHEET**

3.1 Reserves

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

3.2 Capital Expenditure and Funding

Commercial and Investment Committee has a capital budget of £138m in 2018/19, which is funded by the following capital resources:



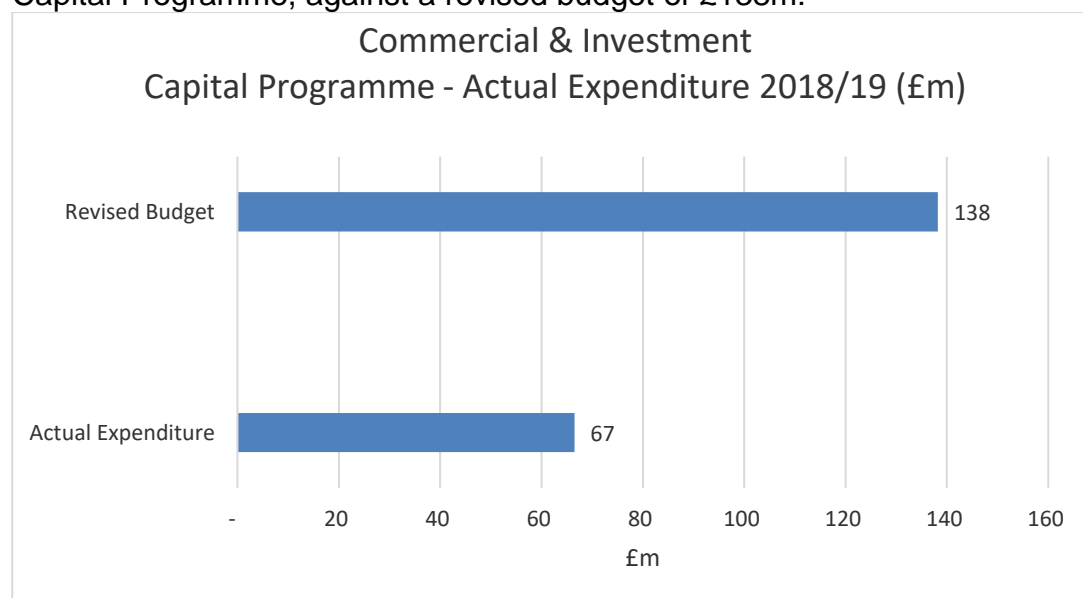
3.3 Variations Budget

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

Service	Capital Programme Variations Budget £000	Forecast Variance - Outturn (January) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (January) £000
C&I	-33,805	-51,456	-33,805	100%	-17,651

3.4 Expenditure

Commercial and Investment Committee has expenditure of £67m to date on the Capital Programme, against a revised budget of £138m:



An in-year variance of £51.5m is predicted, which exceeds the Capital Programme Variations budget of £33.8m. Therefore there is a forecast underspend of £17.7m on the capital programme for 2018/19, an increase of £722k since last month. Total scheme variances of £147k underspent are expected over the lifetime of the schemes.

Commercial Activity

Commercial Investments is forecasting an underspend of £36.5m in 2018/19, which is an increase of £537k since last month. This reflects the final anticipated total expenditure on the purchase of Brunswick House.

3.5 Funding

Commercial and Investment Committee has capital funding of £138m in 2018/19.

There are no new significant variances to report this month.

A detailed explanation of the position for Commercial and Investment Committee can be found in [C&I Annex 6](#).

4. PERFORMANCE

- 4.1** Performance data for Commercial and Investment Committee is not currently available as performance indicators have not yet been set for the committee. Relevant indicators are in the process of being established in conjunction with committee and in line with the development of the Council's Commercial Strategy; once these are in place, exceptions will be reported against these.

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

The variances to the end of January 2019 for Commercial and Investment are as follows:

Forecast Outturn Variance (Dec)		Budget 2018/19	Actual Jan 2019	Forecast Outturn Variance	
£000's		£000's	£000's	£000's	%
Commercial Activity					
3,450	Commercial Property Investments	-4,900	-859	3,475	71%
-169	Shareholder Company Dividends	-290	-526	-341	-118%
2,470	Housing Investment (This Land Company)	-4,346	-112	2,495	57%
-989	Commercial Activity Financing	0	0	-989	0%
4,762	Commercial Activity Total	-9,536	-1,497	4,640	49%
Property Services					
293	Building Maintenance	1,093	208	293	27%
-277	County Offices	4,096	5,751	-361	-9%
0	Property Services	645	619	0	0%
-16	Property Compliance	203	116	-22	-11%
0	Property Services Total	6,037	6,693	-90	-1%
Strategic Assets					
13	County Farms	-4,905	-2,726	-8	0%
-54	Strategic Assets	807	-66	-54	-7%
-41	Strategic Assets Total	-4,098	-2,793	-62	2%
Traded Services					
500	Traded Services - Central	-408	92	500	122%
0	ICT Service (Education)	-200	-951	-15	-7%
0	Professional Development Centres	-71	-89	0	0%
170	Cambridgeshire Music	5	265	88	1666%
147	Outdoor Education (includes Grafham Water)	-77	366	147	191%
1,220	Cambridgeshire Catering & Cleaning Services	-449	920	1,220	272%
2,037	Traded Services Total	-1,200	603	1,940	162%
6,758	Total	-8,797	3,006	6,428	73%

C&I ANNEX 2 – Commentary on Forecast Outturn Position

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

Service	Current Budget	Forecast Outturn Actual	Forecast Outturn Variance	
	£000	£000	£000	%
Commercial Property Investments	-4,900	-1,425	3,475	71%
<p>Commercial Investments is forecasting an underachievement of income of £3.5m at year end. There has been a commercial acquisition of £38m, however the expected income for the remainder of the year has been recalculated on the assumption of no further acquisitions in 2018/19. The Council considers investment opportunities as they arise and has not been successful on all occasions; investments are made when the yield is in line with the Council's acquisitions strategy. In due course it is anticipated that this budget will deliver to target once sufficient financially appealing opportunities have been secured.</p>				
Shareholder Company Dividends	-290	-631	-341	-118%
<p>A total rebate of £631k is due to be received from ESPO, which exceeds the £200k budgeted for income from ESPO. This is partially offset by the budget for a dividend of £90k from LGSS Law which will not be received. This is a medium-term change and therefore has been reflected in the Business Plan going forward.</p>				
Housing Investment (This Land Company)	-4,346	-1,851	2,495	57%
<p>An underachievement of income of £2.5m is reported on Housing budgets, due to the assessed value of properties at the point of transfer to This Land, which reflects progress through the planning system (and therefore market value) to date. Loan values are therefore constrained by the value of property at point of disposal, alongside ensuring the Council has sufficient collateral as lender.</p> <p>Expectations of interest receivable also continue to be remodelled and reprofiled based on loans advanced and loans still to be negotiated. A bridging loan to This Land has recently been agreed; a construction loan and a loan for Cottenham, Rampton Rd remain subject to negotiation. As such, the timescales for completing these have been revised. In addition, there was initially an expectation that within the remaining loans to be issued during 2018-19, a loan would be made with respect to overage (uplift in value) for sites that have previously been sold without planning permission. Planning permission has not yet been granted for any of these sites, therefore the revised assumption is that this loan will now not need to be made until 2019-20.</p>				
Commercial Activity Financing	-	-989	-989	0%

Service	Current Budget £000	Forecast Outturn Actual £000	Forecast Outturn Variance £000 %	
<p>As a result of the pressures reported elsewhere in this section of the Commercial and Investment domain connected to one-off delays in the mobilisation of property acquisitions and loan advances, a review is underway to identify mitigating adjustments that this area can put forward on a one-off basis to offset the position reported until further progress is made. At this stage, favourable changes are anticipated in this way as a result of:</p> <ul style="list-style-type: none">• A review of revenue expenditure under the Committee’s purview on equipment (the ICT service). This has been funded by a replacement reserve held in revenue, however a case could be made to charge this to capital resources available in 2018-19, in substitution for the revenue reserve, which would then be available to offer up. (£400k)• Apportioning an appropriate element of the reduced costs of borrowing, as a result of the delay in opportunities to invest/loan (£589k)				
Building Maintenance	1,093	1,386	293	27%
<p>An overspend of £293k on building maintenance is forecast due to additional unplanned maintenance costs in the year. This is mainly due to additional reactive work required in the year on repairs to buildings, particularly in the area of electrics and mechanicals (e.g. boilers). This work is required to ensure that corporate buildings are compliant with required standards. This is partially offset by underspends in County Offices.</p>				
County Offices	4,096	3,735	-361	-9%
<p>County Offices budgets are forecast to underspend by £277k at year-end 2018/19. This is mainly due to the following favourable variances which were first reported during the last financial year:</p> <ul style="list-style-type: none">• £180k surplus following a reassessment of historic business rates liabilities for children’s centres.• £350k saving due to the reduction in rates liability for Shire Hall, £114k of which has been applied to meet the £200k savings target set for Property Services in Business Planning.• £65k saving due to The Meadows, St Ives having been vacated; this is based on the annual budget of £115k less £10k running costs and an estimate of £40k for dilapidations.• £87k surplus due to backdated rent income received for Chesterton Children’s Centre. <p>These are partially offset by some overspends elsewhere in the service.</p>				
Traded Services – Central	-408	92	500	122%
<p>Traded services to Schools and Parents is forecasting a £500k pressure. These services were set a stretch target as part of this year’s Business Plan in the sum of £500k. This was not allocated to any specific service lines but retained as a general target across all traded services. This target has not been delivered and no plans to achieve have been brought</p>				

Service	Current Budget	Forecast Outturn Actual	Forecast Outturn Variance	
	£000	£000	£000	%
<p>forward either by the services or as a result of the Outcome Focussed Reviews that have taken place.</p> <p>Moving forward, £150k of this target has been removed from the 2019-20 Business Plan – the remaining £350k is being assigned appropriately between the individual traded services.</p>				
Cambridgeshire Music	5	93	88	1,666%
<p>Sales predictions for the academic year beginning September 2018 were lower than initially anticipated, however the service has continued to analyse expenditure and income commitment and in January have been able to undertaken mitigating actions worth £82k. Now that the schools have returned from the Christmas break, the service has also been working on developing additional work streams within current staff capacity without increasing overheads.</p>				
Outdoor Education	-77	70	147	191%
<p>Outdoor Education is currently reporting a £147k overspend. This is mainly a combination of an anticipated £30k under-recovery of income at Stibbington and an ongoing structural pressure of £107k at Grafham Water.</p> <p>The Grafham Water budget includes an internal loan of £95k in 2018/19 relating to building and improvement works carried out a number of years ago. Although prices have been increased for all user groups and the centre is running at high capacity, the centre is currently unable to generate sufficient income to cover the additional costs of the loan as well as a targeted £42k over-recovery.</p> <p>The pressures at both centres are being addressed as part of the ongoing Outdoor Centres Outcome Focussed Review, and in-year mitigations are being sought.</p>				
Cambridgeshire Catering & Cleaning Services	-449	771	1,220	272%
<p>Cambridgeshire Cleaning and Catering Services has closed, following a decision in 2017/18 based on the long term decline in prospects for the service and an increasing cost base driven by rising salaries. As the service wound down, approximately 33% of SLAs were phased to end in August 2018, with the remainder ending in October 2018. This pressure therefore represents the non-delivery of a full-year service as well as one-off costs related to closing the service.</p>				

C&I ANNEX 3 – Grant Income Analysis

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

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

C&I ANNEX 4 – Virements and Budget Reconciliation

	£000	Reported
Budget as per Business Plan	-8,188	
Transfer of Traded Services salary and recharge budgets to C&I	-74	May 18
Transfer of P&C ICT SLA budget to Director of Education from Head of Traded Services	-134	May 18
Transfer of ESPO dividend budget from LGSS Managed to C&I	-200	May 18
Transfer balance of Cleaning Contract saving from C&I to Corporate Services.	-26	May 18
Transfer Cleaning Contract saving from C&I to Corporate Services budgets.	-36	June 18
Rent income budget for Grand Arcade Shop transferred from Libraries.	-50	August 18
Income budget for dividend from LGSS Law transferred to CCC.	-90	October 18
Current Budget 2018/19	-8,797	

C&I ANNEX 5 – Reserve Schedule

1. Commercial and Investment Reserves

Fund Description	Balance at 31 March 2018	Movements in 2018/19	Balance at 31 January 2019	Forecast Balance at 31 March 2019	Notes
	£'000	£'000	£'000	£'000	
<u>Equipment Reserves</u>					
The ICT Service (Education)	680	-654	26	0	1
subtotal	680	-654	26	0	
<u>Other Earmarked Funds</u>					
North Cambridge Academy site demolition costs	468	105	573	573	2
Cambs Music Reserve	84	0	84	0	3
subtotal	552	105	658	573	
<u>Capital Reserves</u>					
General Capital Receipts	0	36,379	36,379	36,858	4
subtotal	0	36,379	36,379	36,858	
TOTAL	1,232	35,830	37,062	37,431	

Notes

- 1 ICT Equipment Reserve will to be used to replace critical equipment in 2018-19.
- 2 Rental income from Bellerbys buildings on the North Cambridge Academy site is being held to offset demolition costs when the lease expires in 2021.
- 3 The annual reserve agreed by GPC to develop and support the Cambridgeshire Music CREATE program which will look to create new purpose-built accommodation is now being used to offset overspends in year.
- 4 General Capital Receipts received during 2018/19 will be used to fund the capital programme at year-end, whereas This Land Capital Receipts will be used for Commercial Investment and any balance held over to be used in 2019/20.

C&I ANNEX 6 – Capital Expenditure

1. Capital Expenditure Summary 2018/19

Commercial & Investment Capital Programme 2018/19						TOTAL SCHEME	
Original 2018/19 Budget as per BP £000	Scheme	Revised Budget for 2018/19 £000	Actual Spend 2018/19 £000	Forecast Spend - Outturn £000	Outturn Variance 2018/19 £000	Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
76,000	<u>Commercial Activity</u>	76,000	39,463	39,463	(36,537)	100,000	-
43,086	Commercial Investments	85,259	26,028	75,607	(9,652)	148,172	-
119,086	<u>Property Services</u>	161,259	65,491	115,070	(46,189)	248,172	-
-	Office Portfolio	184	137	184	-	345	-
600	Rationalisation	1,471	416	1,401	(70)	6,290	-
550	Building Maintenance	100	10	75	(25)	4,791	-
1,150	Shire Hall Campus	1,755	563	1,660	(95)	11,426	-
100	<u>Strategic Assets</u>	100	-	10	(90)	618	-
300	Local Plans Representations	362	316	362	-	4,820	-
-	County Farms Investment	117	117	117	-	9,994	(87)
100	Renewable Energy Soham	100	-	100	-	5,198	-
1,919	MAC Joint Highways Project	1,919	-	100	(1,819)	1,950	-
-	Community Hubs - East Barnwell	2,506	23	2,506	-	16,606	-
3,330	Shire Hall Relocation	3,330	-	50	(3,280)	3,645	(60)
-	St Ives Smart Energy Grid	54	-	76	22	54	-
-	Babraham Smart Energy Grid	30	-	25	(5)	30	-
-	Trumpington Smart Energy Grid	62	-	62	-	147	-
-	Stanground Closed Landfill Energy Project	43	-	43	-	143	-
-	Woodston Closed Landfill Energy Project	36	-	36	-	36	-
-	North Angle Solar Farm	183	-	183	-	183	-
-	Manor Farm, Girton house extension	113	-	113	-	113	-
-	Marwick Centre Roof Repairs	-	-	-	-	-	-
-	Other Committed Projects	8,955	456	3,783	(5,172)	43,537	(147)
5,749	Capitalisation of Interest	53	(0)	53	-	-	-
(2,764)	Budget	(33,805)	-	-	33,805	(36,971)	-
123,274	Capital Programme Variations Budget	138,217	66,509	120,566	(17,651)	266,164	(147)
	TOTAL						

2. Reported Amendments – Capital Expenditure Budgets 2018/19

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
Housing	43,086	85,259
This reflects approval in July C&I of both the roll forward of £83m underspends from 2017/18 into 2018/19 and then subsequently in August C&I -£41.1m of rephasing to future years, to reflect the timing of investment.		
Office Rationalisation	-	184
Carry forward of £184k funding from 2017/18 into 2018/19 was approved, for work on office rationalisation, moves and co-location projects - including Sawtry, Hill Rise, Shire Hall, Hereward Hall, Butts Grove, Scott House/Stanton House and Meadows closure.		
Shire Hall Building Maintenance	550	100
In July C&I Committee approved carry forward of £261k funding from 2017/18 into 2018/19, being required to support the general building maintenance programme. In addition to the carry forward of funds, the September C&I Committee also approved a virement of £711k from Shire Hall Building Maintenance budget to the Countywide Building Maintenance budget, comprising the £261k roll forward, plus a further 450k of the 2018/19 budget.		
Building Maintenance	600	1,471
<p>The budget comprises £160k carry forward from 2017/18 into 2018/19, funding a schedule of works to maintain County Office premises to compliance standards that will not interrupt delivery of Council services.</p> <p>In addition to the carry forward of funds, the September C&I Committee also approved a virement of £711k from the Shire Hall Building Maintenance budget to the Countywide Building Maintenance budget. This reflects where work is required as an outcome of the conditions surveys undertaken across the whole property portfolio.</p>		
County Farms Investment	300	362
C&I Committee approved carry forward of £62k funding from 2017/18 into 2018/19, to fund ongoing planned works.		
Renewable Energy - Soham	-	117

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
The budget comprises the carry forward of £117k funding from 2017/18 into 2018/19 to fund the retention costs for the Solar Park, which are now due to be paid in 2018/19.		
Shire Hall Relocation	-	2,506
C&I Committee agreed in November committee as part of a separate report to recommend to General Purposes Committee to approve the rephasing of the Shire Hall Relocation budget to move £2.5m budget from 2019/10 into 2018/19. This is to be funded from prudential borrowing, and will therefore increase the prudential borrowing requirement in 2018/19 by £2.5m (and reduce it for 2019/20).		
Babraham Smart Energy Grid	-	54
Outline Business Cases for Smart Energy Grids for Trumpington and Babraham Park and Ride sites were approved by Commercial and Investment Committee in May, including support for £150k to develop the proposals. Now the proposals have been developed further, C&I Committee approved additional capital expenditure of £54k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Trumpington Smart Energy Grid	-	30
Outline Business Cases for Smart Energy Grids for Trumpington and Babraham Park and Ride sites were approved by Commercial and Investment Committee in May, including support for £150k to develop the proposals. Now the proposals have been developed further, C&I Committee approved additional capital expenditure of £30k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Stanground Closed Landfill Energy Project	-	62
Outline Business Cases for Closed Landfill Energy Projects in Stanground and Woodston were approved by C&I Committee in September 2018, including support for £150k to develop the proposals. Of this, £62k will be spent on the Stanground project in 2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Woodston Closed Landfill Energy Project	-	43
Outline Business Cases for Closed Landfill Energy Projects in Stanground and Woodston were approved by C&I Committee in September 2018, including support for £150k to develop the proposals. Of this, £43k will be spent on the Woodston project in		

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
North Angle Solar Farm	-	36
Commercial and Investment Committee is asked in January committee to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the North Angle Solar Farm project. This project is to construct a solar farm on 200 acres of rural estate property. It will be funded from prudential borrowing and is expected to generate a substantial revenue return. Additional budget for future years will be dealt with as part of the business planning process.		
Manor Farm, Girton house extension	-	183
Commercial and Investment Committee in December recommended to GPC the approval of £183k of additional capital funding in 2018/19 for the Manor Farm, Girton House Extension project. GPC agreed the additional funding on the 18 th December. This project is to extend the house at Manor Farm, and the tenant has agreed to pay an annual 7% improvement charge on the total cost. This project will be funded from prudential borrowing.		
Marwick Centre Roof Repairs	-	113
General Purposes Committee in November approved £113k of additional capital funding for roof repairs to the Marwick Centre. The Council owns the freehold of the Marwick Centre in March which is currently occupied by Fenland Area Community Trust (FACET), a registered charity who provide training and day care to adults with learning disabilities. Roof repairs are required to the centre following storm damage but FACET are unable to pay the full cost of the work. At the October Commercial & Investment (C&I) Committee meeting, the C&I Committee approved that in consideration for CCC paying for the roof works of £113,350 plus VAT, FACET will pay back 50% of the costs over the duration of the lease, which has approximately 21 years remaining. The 50% of the costs of the works plus interest will be recovered through an increase in the lease payment by FACET. The CCC insurers recovery team will continue to seek a claim against the original roof contractor. The scheme will be funded by prudential borrowing in the first instance.		
Capital Programme Variations Budget	-2,764	-33,805
In June Capital Programme Variations budgets were recalculated following the rephasing exercise to take account of budgets carried forward from 2017/18. The C&I Capital Programme Variations budget was adjusted by £-14m to £-16.7m. This has reduced the prudential borrowing requirement by £14m.		

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
<p>The C&I capital programme variations budget for 2018/19 has not previously included the Housing Schemes, but in light of the above change in funding profile the C&I capital variations budget has now been revised to include this, resulting in a -£17.2m budget change. The revised C&I capital variations budget has also now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes.</p>		

3. Reported Amendments - Total Scheme Expenditure Budgets

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
Babraham Smart Energy Grid	-	54
As reported above.		
Trumpington Smart Energy Grid	-	30
As reported above.		
Stanground Closed Landfill Energy Project	-	62
As reported above.		
Woodston Closed Landfill Energy Project	-	43
As reported above.		
Renewable Energy – Mere Farm, Soham	-	36
As reported above.		
Manor Farm, Girton house extension	-	183
As reported above.		

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
Marwick Centre Roof Repairs	-	113
As reported above.		

4. Reported Exceptions – Capital Expenditure 2018/19

Capital Scheme	Current Budget 2018/19 £000	Forecast Outturn Actual £000	Forecast Outturn Variance £000
Commercial Investments	76,000	39,463	-36,537
An underspend of £36.5m is forecast on Commercial Investments in 2018/19. The Council considers investment opportunities as they arise and has not been successful on all occasions; investments are made when the yield is in line with the Council's acquisitions strategy. The commercial acquisitions strategy is under review, taking account of latest government guidance. It is advantageous to the Council to coincide commercial investments with capital receipts, which are predominantly related to land values for sites transferred to This Land.			
Housing Schemes	85,259	75,607	-9,652
The forecast expenditure on Housing Schemes reflects expected loans to be made to This Land. As with the revenue budget, this reflects the level of progress through the planning system (and therefore the value of loans to be issued). There was an expectation that within the remaining loans to be issued during 2018-19, a loan would be made with respect to overage (uplift in value) for sites that have previously been sold without planning permission. Planning permission has not yet been granted for any of these sites, therefore the revised assumption is that this loan will now not need to be made until 2019-20.			
Community Hubs – East Barnwell	1,919	100	-1,819
An underspend of £1.8m is forecast on East Barnwell Community Hub in 2018/19. Options for the use of this site are being assessed, and an application for planning permission is currently being made, and as a result the majority of the expenditure on this project is expected to take place in future years.			
St Ives Smart Energy Grid	3,330	50	-3,280

Capital Scheme	Current Budget 2018/19 £000	Forecast Outturn Actual £000	Forecast Outturn Variance £000
An underspend of £3.3m is forecast on St Ives Smart Energy Grid in 2018/19. Construction is expected to start at the end of this financial year, so the majority of the expenditure on this project will take place in future years.			

C&I ANNEX 7 – Capital Funding

1. Capital Funding Summary 2018/19

Commercial and Investment Capital Programme 2018/19				
Original 2018/19 Funding Allocation as per BP £000	Source of Funding	Revised Funding for 2018/19 £000	Forecast Spend £000	Forecast Variance £000
78,833	Capital Receipts	62,945	43,748	(19,197)
1,759	Grant Funding	1,759	-	(1,759)
260	Developer Contributions	260	-	(260)
42,422	Prudential Borrowing	73,253	76,818	3,565
123,274	TOTAL	138,217	120,566	(17,651)

2. Reported Amendments – Capital Funding Budgets 2018/19

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
Housing – Prudential Borrowing	43,086	85,259
As reported above.		
Office Rationalisation – Prudential Borrowing	-	184
As reported above.		
Shire Hall Building Maintenance – Prudential Borrowing	550	100
As reported above.		
Building Maintenance – Prudential Borrowing	600	1,471
As reported above.		
County Farms Investment – Prudential Borrowing	300	362

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
As reported above.		
Renewable Energy – Soham – Prudential Borrowing	-	117
As reported above.		
Shire Hall Relocation – Prudential Borrowing	-	2,506
As reported above.		
Babraham Smart Energy Grid – Prudential Borrowing	-	54
As reported above.		
Trumpington Smart Energy Grid – Prudential Borrowing	-	30
As reported above.		
Stanground Closed Landfill Energy Project – Prudential Borrowing	-	62
As reported above.		
Woodston Closed Landfill Energy Project – Prudential Borrowing	-	43
As reported above.		
Renewable Energy – Mere Farm, Soham – Prudential Borrowing	-	36
As reported above.		
Manor Farm, Girton house extension – Prudential Borrowing	-	183
As reported above.		
Marwick Centre Roof Repairs – Prudential Borrowing	-	113

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
As reported above.		
Capital Programme Variations – Prudential Borrowing	-2,764	-17,917
As reported above. This is the proportion of the variation budget funded by Prudential Borrowing.		
Capital Programme Variations Budget – Capital Receipts	-	-15,888
As reported above. This is the proportion of the variation budget funded by Capital Receipts.		

3. Reported Amendments - Total Scheme Funding Budgets

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
Babraham Smart Energy Grid – Prudential Borrowing	-	54
As reported above.		
Trumpington Smart Energy Grid – Prudential Borrowing	-	30
As reported above.		
Stanground Closed Landfill Energy Project – Prudential Borrowing	-	62
As reported above.		
Woodston Closed Landfill Energy Project – Prudential Borrowing	-	43
As reported above.		
Renewable Energy – Mere Farm, Soham – Prudential Borrowing	-	36

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
As reported above.		
Manor Farm, Girton house extension – Prudential Borrowing	-	183
As reported above.		
Marwick Centre Roof Repairs – Prudential Borrowing	-	113
As reported above.		

4. Reported Exceptions – Capital Funding 2018/19

Capital Scheme	Current Budget 2018/19 £000	Forecast Outturn Actual £000	Forecast Outturn Variance £000
Commercial Investments – Capital Receipts	76,000	39,436	-36,537
As reported above, an underspend of £36.5m is forecast on Commercial Investments in 2018/19. As this budget is funded by capital receipts, a -£36.5m variation is being reported against capital receipts.			
Housing Schemes – Prudential Borrowing	85,259	71,646	-13,613
<p>As reported above, an underspend of £9.7m is forecast on Housing Schemes. As this budget is funded by prudential borrowing, a -£9.7m variation is being reported against borrowing.</p> <p>In addition, £4.0m of the expenditure on Housing Schemes relates to expenditure on equity in This Land, which is funded from capital receipts. This increases the use of capital receipts funding by £4.0m and reduces the prudential borrowing requirement by this amount.</p>			
Housing Schemes – Capital Receipts	-	3,961	3,961
As reported above, £4.0m of the expenditure on Housing Schemes relates to expenditure on equity in This Land, which is funded from capital receipts.			

Capital Scheme	Current Budget 2018/19 £000	Forecast Outturn Actual £000	Forecast Outturn Variance £000
Community Hubs – East Barnwell – Developer Contributions and Prudential Borrowing	1,919	100	-1,819
As reported above, an underspend of £1.8m is forecast on East Barnwell Community Hub in 2018/19. Of this underspend, £260k relates to developer contributions and £1,559k relates to prudential borrowing.			
St Ives Smart Energy Grid – Grant Funding and Prudential Borrowing	3,330	50	-3,280
As reported above, an underspend of £3.3m is forecast on St Ives Smart Energy Grid in 2018/19. Of this underspend, £1,759k relates to grant funding and £1,521 relates to prudential borrowing.			
Capital Programme Variations Budget – Capital Receipts	-15,888	-	15,888
As reported above, the revised C&I capital variations budget has also now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes. As such, because -£15,888k of the variations budget relates to capital receipts, £15,888k of the variations budget variance is being reported against capital receipts.			
Capital Programme Variations Budget – Prudential Borrowing	-17,917	-	17,917
As reported above, the revised C&I capital variations budget has also now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes. As such, because -£17,917k of the variations budget relates to prudential borrowing, £17,917k of the variations budget variance is being reported against prudential borrowing.			
General Capital Receipts Funding	2,833	324	-2,509
A revised forecast for General Capital Receipts has been produced based on both expected sales of land in 2018/19 (outside of the This Land sales) and the revised call on the use of capital receipts to fund transformational activity in both People & Communities and Corporate Services (under the Flexible Use of Capital Receipts direction). This has reduced the amount of capital receipts funding available to fund the general C&I programme by £2.5m.			

COMMERCIAL AND INVESTMENT COMMITTEE AGENDA PLAN

Published on 1st March 2019
Updated 14th March 2019



Cambridgeshire
County Council

Notes

Committee dates shown in bold are confirmed.

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

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

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

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

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

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

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

Committee Date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
22/03/19	+Cambridgeshire Outdoors – Update	Victoria Stacey/ Emma Fitch		13/03/19	14/03/19
	Property at Burwell and Soham: Transfer to This Land and Financing (Phase 2)	Tom Kelly	2019/033		
	Investment Strategy - Update	Eleanor Tod/ Tom Kelly			
	Commercial Strategy	Amanda Askham	2019/034		
	Energy Investment Projects: Quarterly finance and progress update	Sheryl French			

Committee Date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
	Milestone 3 Report for the Alconbury Weald Civic Hub: Cambs 2020 Programme	Andrew Preston			
	Greater Cambridge Local Plan – Strategic Land and Economic Land availability assessment	John Macmillan			
26/04/19	ICT future delivery	Zoe Paice/ John Chapman		15/04/19	16/04/19
	Babraham Smart Energy Grid – IGP Stage 1 update	Cherie Gregoire			
	Mobilising Local Energy Investment – Development of a Transformation Bid	Sheryl French/ Matthew Rathbone			
	Land swap at Swavesey	Jane Webster			
	Establishment of a joint venture with the University of Cambridge to develop and market fibre assets on a commercial basis	Noelle Godfrey			
	Nearly zero energy buildings Policy: Implications for new Public Sector Buildings	Sheryl French/ Sarah Wilkinson			
	Closed landfill energy projects (Stanground and Woodston)	Chris Parkin			
	+Shire Hall disposal	Chris Malyon	2019/016		
24/05/19	Smart Energy Grid, Power Purchase Agreement	Sheryl French	2019/027	15/05/19	16/05/19
	St Ives Football club – ransom strip benefit for CCC	John Macmillan			
	Energy Investment Projects: Quarterly finance and progress update	Sheryl French			
21/06/19	Trumpington Park & Ride Smart Energy Grid			12/06/19	13/06/19
	Cambridgeshire Outdoors OFR Stage 3 - recommendations	Victoria Stacey/ Emma Fitch	2019/031		
12/07/19				03/07/19	04/07/19

Committee Date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
16/08/19				07/08/19	08/08/19
13/09/19	Energy Investment Projects: Quarterly finance and progress update	Sheryl French		04/09/19	05/09/19
18/10/19				09/10/19	10/10/19
22/11/19				13/11/19	14/11/19
13/12/19	Energy Investment Projects: Quarterly finance and progress update	Sheryl French		04/12/19	05/12/19
17/01/20				08/01/20	09/01/20
21/02/20				12/02/20	13/02/20
20/03/20	Energy Investment Projects: Quarterly finance and progress update	Sheryl French		11/03/20	12/03/20
24/04/20				15/04/20	16/04/20
22/05/20				13/05/20	14/05/20

To be programmed: Oasis Centre, Wisbech (Hazel Belchamber); Property Services OFR (Paul Tadd)

COMMERCIAL AND INVESTMENT COMMITTEE TRAINING PLAN

Ref	Subject	Desired Learning Outcome/Success Measures	Date	Responsibility	Attendance by:
1.	Provisional training slot		24 th April 2020 (12-3pm)	Tbc	C&I
2.	Provisional training slot		24 th January 2020 (10am-1pm)	Tbc	C&I
3.	Provisional training slot		18 th October (12-3pm)	Tbc	C&I
4.	Provisional training slot		16 th July 2019 (1-4pm)	Tbc	C&I
5.	Commercialisation training (all Members)		26 th April 2019 (1-4pm)	Amanda Askham	All Members
6.	Finance/KPIs		3 rd December 2018 (1pm)	Tom Kelly/Ellie Tod/Amanda Askham/Sue Grace	C&I
7.	Commercial Strategy		9 th November 2018 (12.30pm)	Amanda Askham	C&I
8.	Members' duties and obligations in considering Promotion Agreements.		2 nd November 2018 (12.30pm)	Chris Malyon	C&I
9.	Future Smart Energy Systems Demonstrator Project		18 th October 2018 (13.30)	Sheryl French/Emily Bolton	C&I
10.	Finance/Performance Indicators		tbc	Tom Kelly/Ellie Tod	C&I
11.	This Land Performance Workshop		12 th March 2018	David Gelling/David Bethell /Chris Malyon/John Macmillan	C&I
12.	Asset & Risk Workshop	<ul style="list-style-type: none"> • Asset Strategy • CHIC • Risk approach and risk register • Site tenure mix and retention of rental housing • Affordable housing • Community Land Trusts 	20 th October 2017	Chris Malyon/Stephen Conrad/ David Gelling	C&I
13.	Business Planning Session		15 th September 2017	Chris Malyon/ James Wilson	C&I

14.	CHIC Workshop		27 th June 2017	Chris Malyon/ David Gelling/ David Bethell/ John Macmillan	C&I
15.	Introductory Session for the Commercial & Investment Committee	The Committee's remit, focus on work areas e.g. CHIC, Strategic Estates, Facilities Management and Horizon Scanning	26th May 2017	Chris Malyon/ John Macmillan	C&I

Updated 14/03/19