

CAMBRIDGESHIRE COUNTY COUNCIL'S RESPONSE TO COVID-19

To: Commercial and Investments Committee

Meeting Date: 22nd May 2020

From: Amanda Askham, Director Business Improvement and Development

Electoral division(s): All

Key decision: No

Outcome: The Council's response to COVID-19 and our strategies for county-wide recovery will have a significant impact on outcomes for individuals and communities.

This report provides an update on:

- the Council's ongoing response to the current Coronavirus pandemic;
- impact on commercial activity and income

Recommendation: a. Committee are asked to note the progress made to date in responding to the impact of the Coronavirus.

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1. BACKGROUND

- 1.1. The coronavirus pandemic has affected every part of life - in Cambridgeshire, across the UK and globally. In the UK, over 220,000 people have been infected by the COVID-19 virus, more than 32,000 have sadly died and the country has been in lockdown for over 7 weeks. Thousands of business are currently closed across Cambridgeshire, with staff furloughed or working from home and every single person in our County has had to change the way they live their lives.
- 1.2. In these very challenging circumstances, the Council has reacted quickly with the dual focus of responding to the crisis and keeping critical services running. Our workforce and our councillors have moved to working from home if possible and, where face to face services are critical, these are being carefully planned and safely delivered. We have changed almost overnight to work in different ways to support the most vulnerable people in our communities, developing new responses and maintaining all critical services.
- 1.3. Local Government around the UK, and indeed around the world, is beginning to think about the longer term impact of the COVID-19 pandemic –the detrimental effects on more vulnerable individuals and groups but also the opportunities for positive change. Officers and Councillors are working with their professional networks to determine the 'right' way to tackle recovery, sharing ideas and good practice. To ensure that the Council takes a strategic approach to recovery and redesign, a Recovery Framework has been developed.
- 1.4. The Council's recovery framework will be built towards ambitious definitions for individual, community and county wide outcomes. It will determine both the immediate and longer term steps the Council needs to take to play its part in achieving these outcomes across Cambridgeshire. Further details of the Council's Recovery Framework can be found here: [COVID19 and Recovery Report May 20](#)

2. ONGOING RESPONSE

- 2.1 In April, a report to this committee gave details of the initial response to the Coronavirus pandemic, nationally and locally. Reporting structures and governance were detailed as well as the immediate priorities for the Council, which included:
 - Supporting the NHS, particularly through quick and effective response to new Hospital Discharge Guidance.
 - Supporting our care homes.
 - Establishing a county-wide coordination hub so that shielded and vulnerable self-isolators are supported with supplies of food, medicine, and other essential support.
 - Ensuring that vulnerable children are supported during the pandemic.
 - Implementing measures to protect and support our workforce.
 - Managing our supply chain.
 - Maintaining public trust and confidence by providing good and regular communication and by amplifying public health and government guidance.
- 2.2 During the last four weeks, work has continued in all of these critical areas as it has become increasingly clear that many of our emergency response activities will need to stay in place for several months, at least. Further details on immediate response and how we are shifting from emergency to 'new normal' services is included in this month's reports for each Directorate, which are available here: [COVID 19 Weekly Reports](#)

- 2.3 Since the last committee cycle, we have also set up a response to deal with tracking and tracing and are awaiting further guidance on our role in this work. We have set up a Track and Trace sub-group to ensure that we have a robust local system which meets the requirements of the national contract tracing programme. Initial information suggests that contact tracking will predominantly be done at a regional/national level through Public Health England our local role appears to fall into 4 areas:
- Support for people who are told to self-isolate after testing positive who have no immediate support from family/friends.
 - Support for local outbreaks, from Public Health and Environmental Health colleagues, working alongside the regional PHE Health Protection Team.
 - A role in the flow of data around this activity – from testing, through contact tracking, to local support for those who need it.
 - Communications to amplify the national messages around take up of the NHS app/online reporting of symptoms, getting tested and self-isolation for those with symptoms and for those who have tested positively.
- 2.4 We are currently reviewing “OUR PLAN TO REBUILD: The UK Government’s COVID-19 recovery strategy” which was published on 11th May, considering implications for our services and workforce and planning accordingly with our partners.

3. SUMMARY OF COMMITTEE SPECIFIC ACTIVITY SINCE LAST REPORT

3.1 Investments (property and multi-class)

- 3.1.1 We are in ongoing discussions with our commercial tenants on the mechanisms available to them to support their businesses. Criteria have been developed for assessing any requests for support to ensure consistency across the investment portfolio.
- 3.1.2 We are closely monitoring and forecasting the potential impact of lockdown and lifting of restrictions on Brunswick House bookings. There are currently 91 students remaining on site and we are working on the assumption that new bookings from September (69 to date) will continue or start with normal terms and conditions. These assumptions will be updated over the summer as Government guidance develops.
- 3.1.3 The forecast impact of COVID-19 on income from property investments is a reduction of £1.05m. The Commercial Investment Group will continue to receive monthly updates which include mitigating actions and forecasts. See **confidential Appendix 1** for a detailed breakdown of the investment forecast.
- 3.1.4 Actions to support the new investment into Multi Class Credit are proceeding, with a slightly delayed timetable, as we reassess advice on the likely impacts of COVID-19 on this asset class. A further report to Investment Group in early June will detail the profile of expected returns and an options appraisal on investing either in a lump sum or as staggered sums across the year. The advice from our investment advisers and current market performance indicates that this investment is still likely to perform at least as expected and, due to the behaviours in the marketplace in response to COVID-19, may even show a temporary increase in expected return in 2020. A proposal to undertake the multi-class credit investment as part of the Treasury Management Strategy (the funding source would change to available cash rather than capital receipts) is on the Full Council July 2020 agenda.

3.2 Property

- 3.2.1 The closure programme for all operational buildings is still in place and will continue to be monitored, kept compliant and deep cleaned ready to re-open in line with Government guidance. Mobilisation plans, aligned with the Cambs 2020 programme, are underway to enable teams to re-enter buildings in a safe and managed way at the appropriate time.
- 3.2.2 The current focus of the Cambs 2020 programme is managing the most critical 'spokes' buildings, as part of this the Papworth moves will start from 1st June. The Cambs 2020 team continues to monitor critical timelines to ensure construction and relocation programmes continue where possible and that potential compensation claims, financial impact and contract delays are minimised.
- 3.2.3 The Property and Emergency Planning Teams, have now delivered a secure, fully operational site for the coordination hub, for dry goods warehousing and for the temporary mortuary.
- 3.2.5 The temporary mortuary facility is currently mothballed with close monitoring of key data to indicate when and if the facility needs to be recommissioned. A 48-hour notice period is required to enable the site to be fully operational.
- 3.2.4 With the success of the Hub and the requirement for more staff to support for a longer period of time, Property are currently identifying an alternate location as the base.
- 3.2.5 A review of the consistent approach to offering deferrals, holidays, abatements and rent reviews, including 'less than best', is underway and will be delivered to Investment Group in June.

3.3 Energy

- 3.3.1 As reported last month, our major energy investment projects - including Smart Grids, Solar Farms, Community Heat Projects and our environment fund programme of low carbon heat solutions for buildings – are continuing through the development cycle. Recent progress included the delivery of technical commercial training by external partners to help inform plans and to maximise the income potential of our energy investments.
- 3.3.2 As part of the overall Climate Strategy, a long-term energy masterplan with a clear commercial framework is being developed and will be reported to the appropriate committees during June and July.

3.4 Procurement and Contract Management

- 3.4.1 It continues to be vitally important to maintain and support our supply chain through the immediate COVID-19 emergency. Initial intelligence indicates that the majority of our supply chain remains intact and delivering to the standards and timescales required. As lockdown restrictions begin to ease monitoring of the longer term impact on supply chain will be crucially important to shape our recovery.
- 3.4.2 The Commercial, Internal Audit, Procurement and Finance Teams have delivered consistent and clear guidance to services to support their supplier infrastructure and chains

including advice for alternate payment terms and temporary changes to contractual conditions, in line with Government measures. The Procurement Public Notice (PPN 02/20) is being adopted and used across the Council. During May the full extent to the support being given to suppliers will be collated and analysed to begin to inform future supplier relationships and inform market intelligence across procurement categories – Internal Audit are maintaining a database to hold a central repository of supplier relief.

- 3.4.3 Currently 30 of the 65 procurement activities on the Procurement Team's activity log are classified as "In Forecast" or "On-Hold" status while the rest are in progress. Any delayed procurement and contract negotiations will have a new timeline and plan adopted for when both the marketplace and Council can resume public procurement competitions and mobilise new contracts. Interim solutions include short term extensions or conducting of procurement via emergency processes within the Council Constitution and UK Laws.

3.5 Contributions and Funding – specifically income generation

- 3.5.1 As expected, a number of markets are seeing significant impact as a result of the COVID-19 pandemic. It is predicted that the majority of income from our schools marketplace will be lost during the first and second quarters of this 2020/21 financial year and the impact could be felt beyond school re-opening. The income generating services within Education have cancelled delivery until May half-term, and some training and chargeable activity cancelled until September at the earliest.
- 3.5.2 The impact of the major change in the schools marketplace has led to a change in focus for ESPO. With a substantial focus on areas such as protective equipment and cleaning, ESPO are forecasting a reduction in profits for the financial year; although still profitable.
- 3.5.2 The Commercial Team is analysing the impact of COVID-19 on various marketplaces, including schools and highways. Using this intelligence a proposal to work with services and directors to build resilience in commercial models and, where appropriate, review new opportunities and alternative delivery models has been developed and will be delivered during the summer. Early analysis suggest that, across income streams - other than commercial investments covered above - income loss is forecast at between £3m and £4m for the first quarter (noting this includes parking and highways related income). To minimise continued impact into other quarters, immediate focus will be given to developing products and offers for current and new customer segments.

3.6 Economic Recovery

- 3.6.1 The Commercial Team represent CCC on the Cambridgeshire and Peterborough Economic Recovery Sub-Group (ERSG) alongside District and Unitary authorities, the Combined Authority, Greater Cambridgeshire Partnership and business representatives including Cambridgeshire Chambers of Commerce, Federation of Small Businesses, Cambridge Ahead, Visit Cambridge and more. The ERSG is now moving into the recovery and will use intelligence and data – specific surveys from local businesses, econometrics both nationally and locally and collation of best practice across the UK – to identify key intervention and stimulus for recovery.

- 3.6.2 District and Unitary partners have mobilised the grant and rate relief to local businesses and have reported significant take up and success in delivering this vital money across the economy.

4. FINANCIAL IMPLICATIONS

- 4.1 The estimated financial impact on the Council has been submitted to MHCLG in two returns, in common with other Councils. In many areas these remain indicative and uncertain estimates contingent on the length of disruption and the impact on activity levels, and it is expected that these will be further refined and validated, in the run-up to the July GPC meeting. GPC will be asked to approve any necessary budget revisions or grant allocations at that stage. The following table presents the summarised estimated impact, at this stage, for this Committee, as submitted to MHCLG. These do not necessarily relate to what the request in budget revision will be:

4.2

<i>Headline full-year estimates for this Committee submitted to MHCLG in early May 2020 £000</i>						
	New commitments	Income forgone	Impaired savings	Gross Total	Specified funding	Net Total
Commercial & Investment Committee	£95	£1,532	£576	£2,203	-£	£2,203

- 4.3 The financial consequences within the remit of this Committee include:

New Commitments

- Facilities Management & Cleaning
- Shire Hall Relocation (including Spokes). Higher cost of removals for Spokes/Babbage House due to revised health and safety requirements.

Income forgone

- Pay and display car parking
- Reduced rental income (commercial estate)
- Return on commercial investment in multi-class credit
- Early Years Settings rentals

Impaired Savings

- Extra return on commercial investment in multi-class credit. This was an extension of the current target, which will not be met due to delayed investment.
- Contract Management. Some suppliers are seeking relief under the PPN 02/20 guidance and it is likely that these businesses will be very much focused on recovering from the impacts of this pandemic and will not be open (or capable) of negotiating contracts.
- County Farms
- Pooled Property Fund Investment (CCLA)

5. ALIGNMENT WITH CORPORATE PRIORITIES

- 5.1 The current Coronavirus pandemic will have both an immediate and a longer term effect on all of the Council's priorities. The impacts will be monitored and managed through our risk logs and recovery plans and will feed into the annual review of Council strategy.

6. SIGNIFICANT IMPLICATIONS

- 6.1 It is likely that we will see a rise in referrals to children's services both locally and nationally as the pressures on families increase. Demand may also grow in adult services as the effects of interrupted care on chronic conditions emerge. It is therefore essential that we plan for an extended period of response and that the recovery programme rapidly identifies interventions which may minimise detrimental impacts. The pressure on the supply chain and the mechanisms we could use for procuring solutions will need to inform these interventions.
- 6.2 In spite of the additional funding that has been allocated by the Government, the Council is still facing a deficit of nearly £13m which, if not supported through further Government funding rounds, will have to be met by considering all options available to this council. A range of scenarios will need to be developed and tested to support business planning. As patterns of demand and behaviour become clearer following the immediate response stage, the organisation will need to have a range of options and contingency plans in place to anticipate and mitigate against financial pressures. Consideration to some commercially focused activities, including a review of income generating products and offers, appropriate contracting approaches and opportunities to generate or access other funds will need to be identified.
- 6.3 As the nation begins to move into recovery phases it is expected that a number of markets and local economies will be forever changed. Previously understood and modelled risk profiles may indeed no longer fit – it is therefore appropriate to review risk profiles across the commercial strategy and portfolios late summer to enable commercial mechanisms to maximise their revised potential.

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?	YES Gus De Silva
Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law?	
Have the equality and diversity implications been cleared by your Service Contact?	N/A
Have any engagement and communication implications been cleared by Communications?	N/A
Have any localism and Local Member involvement issues been cleared by your Service Contact?	N/A
Have any Public Health implications been cleared by Public Health	N/A

Source Documents	Location
Commercial in confidence: Commercial Investment forecast May 2020	Appendix 1 (confidential)