

# Business Case

## Commercial Income - Maximising Return on the County Farms Estate F/R.7.109

### Project Overview

Project Title	Commercial Income - Maximising Return on the County Farms Estate F/R.7.109		
Income	£500,000	Business Planning Reference	F/R.7.109
Business Planning Brief Description	We will invest further in our farms estates to achieve additional income from commercial opportunities. Cambridgeshire County Council has the largest county farms estate in the UK. In the past year we have launched successful schemes such as the Soham solar farm and this proposal considers more income generating schemes along these lines to increase our return in the coming years. A plan looking for more commercial opportunities has been agreed by the Commercial Board.		
Senior Responsible Officer	Chris Malyon		

### Project Approach

#### Background

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

Requirement to maximise our asset portfolio to generate additional income from our Farms Estates.

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

Income generated will contribute to revenue budgets in other areas. If we cannot generate additional income, we will have to make income or savings elsewhere.

#### Approach

##### Aims / Objectives

Additional income generation

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

We will invest further in our farms estates to achieve additional income from commercial opportunities. Cambridgeshire County Council has the largest county farms estate in the UK. In the past year we have launched successful schemes such as the Soham solar farm and this proposal considers more income generating schemes along these lines to increase our returns in the coming years. The total benefit may come from a range of approaches including:

- using land assets for renewable energy initiatives (i.e. solar or wind farms)
- providing waste management services
- increasing income from rent by investing in the estate
- selling part of their portfolio to existing tenants so that the funds generated can contribute towards council savings targets

##### What assumptions have you made?

That there is further scope for income generation across existing and new markets.

#### What constraints does the project face?

Significant income is already generated from the farms estate and all recommendations for maximising income from farm assets have already been carried forward following a review by industry experts Cheffins in 2016.

### Delivery Options

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

### Scope / Interdependencies

#### Scope

##### What is within scope?

All existing County Farms plus potential for acquiring additional assets if supported by the business case.

##### What is outside of scope?

### Project Dependencies

#### Title

### Cost and Savings

See accompanying financial report

### Non Financial Benefits

#### Non Financial Benefits Summary

#### Title

### Risks

#### Title

### Project Impact

#### Community Impact Assessment

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

This proposal will affect everyone in the local authority area, particularly businesses who would be keen to invest in these assets (which in turn generates income for CCC)

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

Greater use of our county farms assets  
CCC seen as a genuine commercial partner for businesses  
Income generation

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

None identified
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Are there other impacts which are more neutral?
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None identified
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Disproportionate impacts on specific groups with protected characteristics
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Details of Disproportionate Impacts on protected characteristics and how these will be addressed
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None identified
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# Business Case

## Commercial Investments (F/R.7.110)

### Project Overview

Project Title	Commercial Investments		
Income	£3,000,000	Business Planning Reference	F/R.7.110
Business Planning Brief Description	Maximise potential of the currently low interest rates to make strategic investments into going concerns which are quickly able to provide a return based on the margin between profit and interest rate. Will require a piece of commercial research into options available, appropriate balanced portfolio and the extent of risk		
Senior Responsible Officer	Chris Malyon		

### Project Approach

#### Background

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

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

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

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

#### Approach

##### Aims / Objectives

The key objectives of this project are to:

- Commission external support to either advise on appropriate portfolio approach or to advise and manage an agreed fund
- Approve Commercial Acquisitions Strategy
- Finalise risk appetite and profile for investments
- Develop an investment portfolio / plans for the Cambridgeshire impact of the national examples

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

Exploring how the Local Authority can deliver financial returns through the acquisition of and/or investment in:

- Residential and Commercial properties (within and outside of Cambridgeshire)
- Businesses (going concerns and start-ups)
- Investment Companies

The local authority is currently able to take advantage of attractive borrowing rates allowing it to invest in going concerns, new ventures, property, trading markets and a range of other areas and still deliver a return over and above the borrowing costs incurred. As well as providing finance, the local authority can offer

prospective commercial partners access to a range of potential markets, links to existing business networks, the use of our asset base and our skills and capacity. An initial working estimate of £3m net benefit has been identified as the target for 2018/19. To secure this kind of return will entail a significant initial borrowing outlay – in the region of £80m - £100m and the development of a portfolio of investments which includes schemes offering a prompt return. It is recognised that the level of potential return is directly linked to the organisation's appetite for risk. This will be best managed by developing a portfolio with a mix of types and sizes of investment and a range of different levels of risk within the total – however, by its nature, the actual return will be somewhat uncertain. The final target figure will need to be determined once the work has progressed further and we have a set of potential investments to consider. The current estimate of £3m is judged to be a realistic and achievable target at this point.

We will need to bring in additional commercial investment expertise to deliver on this work and help us identify the appropriate portfolio. We will shortly be going out to the market to seek an investment partner with strong experience in this area and the Committee has established a working group to oversee the identification of the partner and then the work to develop the portfolio of investments. By the time of the December Committee we should be in a position to provide a more detailed assessment of the size of the opportunity through this work, the options available and the associated benefits and risks. We would look to identify a commercial partner who was willing to work to upskill our current staff cohort – offering us knowledge transfer as part of the process.

#### What assumptions have you made?

The following assumptions have been made;

- We want to develop a wide and mixed portfolio
- Have an average return of 6% across the portfolio
- CCC will be the preferred investment vehicle with CHIC will be used where CCC does not have the power to invest or to reduce risk

#### What constraints does the project face?

### Delivery Options

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

To be determined

### Scope / Interdependencies

#### Scope

##### What is within scope?

To be determined before December

##### What is outside of scope?

### Project Dependencies

#### Title

### Cost and Savings

See accompanying financial report

## Non Financial Benefits

### Non Financial Benefits Summary

Title

## Risks

Title

## Project Impact

### Community Impact Assessment

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

Everyone in the Local Authority area and potentially beyond

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

Increase in income generation for the Local Authority

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

Increased financial risk to the Local Authority although this will be mitigated through the development of a wide portfolio

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

N/A

### Disproportionate impacts on specific groups with protected characteristics

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

n/a

# Business Case

## F/R.7.111 - External Funding

### Project Overview

Project Title	F/R.7.111 - External Funding		
Income	£200,000	Business Planning Reference	F/R.7.111
Business Planning Brief Description	Identifying and leveraging in new external funding to support CCC initiatives. This might come from a range of approaches, e.g. advertising, sponsorship, lottery, crowdfunding, social finance, private investors, timebanking. We also know that our business partners are keen to invest in Cambridgeshire. They are particularly interested in initiatives which support families (i.e. their staff) and increase the range of skills in the local workforce.		
Senior Responsible Officer	Amanda Askham		

### Project Approach

#### Background

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

To generate income to deliver Cambridgeshire County Council services or to fund services through other mechanisms and offset costs.

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

The Council would not generate additional income through external funding.

#### Approach

##### Aims / Objectives

The objectives are:

To generate income for local services and communities through the following means: advertising, sponsorship, a Cambridgeshire Lottery, donations and bequeathals, crowdfunding, grants and social finance.

To support Cambridgeshire County Council to become a more commercially astute organisation.

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

Further investigation will take place into the following potential sources of income, more detailed business cases will then be developed.

##### Advertising:

- Identify Cambridgeshire County Council assets which could be used for advertising.
- Undertake a review of those assets to understand their value for advertising; this will include a benchmarking exercise.
- Retender contracts that are not generating as much income as the asset is worth and tender for new contracts where there is potential for new assets.

##### Sponsorship:

- Undertake a review of County Council assets, services and projects which have the potential to be sponsored by organisations.

- Design sponsorship packages and develop a portfolio to present to businesses and other interested individuals.
- Add capability on the County Council website for individuals to sponsor council services and events.
- Undertake communications campaign to reach potential sponsors.

#### Cambridgeshire Lottery:

- Identify grants or funding the County Council gives to local charities which could be replaced by lottery funding.
- Design model of lottery for Cambridgeshire.
- Work with third party organisation to establish lottery for Cambridgeshire.

#### Donations / Bequeathals:

- Set up capability for individuals and businesses to sponsor online and through the contact centre.
- Undertake communication campaign to attract potential donors.

#### What assumptions have you made?

##### Advertising:

- Assets that are not currently used for advertising will be attractive to businesses for advertisements.
- Assets that are currently used for advertising can generate significantly more income if retendered.
- The council will have the capacity, knowledge and skills to set up and maintain advertising arrangements to generate more income.

##### Sponsorship:

- Businesses will be interested in sponsoring the council's services, assets and projects.
- The council will have the capacity, knowledge and skills required to set up and maintain sponsorship arrangements to generate income.

##### Lottery:

- Residents of Cambridgeshire will be interested in buying lottery tickets to support local causes.
- The Council will generate sufficient funding that it will be able to offset current spend.

##### Donations / Bequeathals:

- Individuals will be interested in donating or bequeathing money towards council services.

#### What constraints does the project face?

Staff capacity to undertake the work.

### Delivery Options

Has an options and feasibility study been undertaken?

### Scope / Interdependencies

#### Scope

##### What is within scope?

External funding refers to the following options for generating income:

- Advertising
- Sponsorship
- Donations and Bequeathals
- Cambridgeshire Lottery



- Crowdfunding
- Social Finance
- Grants
- "Rounding up" of wages for staff charitable donations

Only advertising, sponsorship, donations and bequethals and the lottery are expected to deliver income for 2018-19 at this stage. It is hoped that the other options will deliver further income in future years.

#### What is outside of scope?

Any external funding option that is not included in the list above.

### Project Dependencies

Title

### Cost and Savings

See accompanying financial report

### Non Financial Benefits

Non Financial Benefits Summary

Title

### Risks

Title

### Project Impact

#### Community Impact Assessment

Who will be affected by this proposal?

Individual CIA's will need to be undertaken for each element.

What positive impacts are anticipated from this proposal?

What negative impacts are anticipated from this proposal?

Are there other impacts which are more neutral?

#### Disproportionate impacts on specific groups with protected characteristics

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

# Business Case

## A/R.7.107 - Traded Services (Learning)

### Project Overview

Project Title	A/R.7.107 - Traded Services (Learning)		
Income	£500,000	Business Planning Reference	A/R.7.107
Business Planning Brief Description	Reviewing and repositioning Learning 'traded' services		
Senior Responsible Officer	Amanda Askham		

### Project Approach

#### Background

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

Over the next year, we have committed to reviewing our portfolio of services so that we are clear about the outcomes we are aiming for, clear about every services' contribution to these outcomes and clear that we are delivering these outcomes in the most cost effective and commercially advantageous ways. This will be delivered through a programme of Outcome Focused Reviews. A number of Outcome Focused Reviews have been commissioned for existing traded services to explore their potential for generating additional income and improving their impact on outcomes. The reviews cover Cambridgeshire Catering and Cleaning Services (CCS), Outdoor Centres, Professional Service Centres, Education ICT and Cambridgeshire Music. The aim of the reviews is to identify improved benefits including but not limited to:

- cost recovery
- increased surplus
- alternative delivery models
- sustainability
- increasing market share

At this stage the £500k figure is an estimated total from all of the reviews rather than a confirmed business case assessment of the potential opportunity. Our judgement is that there will be strong potential for additional income generation through this work, but the reviews are at an early stage and we do not yet know what the recommended final model and outcome of each review will be. As the reviews progress we will provide further updates to the committee on each individually and in the final business plan these schemes will be reflected separately.

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

We will not maximising the full potential for these traded services or cost recovery within the council.

#### Approach

##### Aims / Objectives

To review the current position of learning traded services with a view to identifying increased outcomes including but not limited to:

- cost recovery
- increased surplus
- alternative delivery models
- sustainability

- increasing market share
- Reviewing and Repositioning Learning 'traded' services

#### Project Overview - What are we doing

Outcome focused reviews will be undertaken for:

##### Outdoor Centres

- Review the existing options appraisal (dated Dec 2016)
- Research potential market possibilities, including customer, offer and capacity
- Update the options appraisal where appropriate to identify up to 3 clear proposals

##### Education ICT

- Review the existing options appraisal (dated Dec 2016)
- Research potential market possibilities, including customer, offer and capacity
- Produce clear costed options for developing the service to increase surplus.

Other traded services to be reviewed below to conclude whether savings can be made in 18/19 or beyond:

- Cambridgeshire Catering and Cleaning Services
- Cambridgeshire Music
- Professional Centre Services

#### What assumptions have you made?

Greater income is possible

#### What constraints does the project face?

### Delivery Options

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

Option review will take place as part of the OFR process

### Scope / Interdependencies

#### Scope

##### What is within scope?

- Outdoor Centres
- Education ICT
- Cambridgeshire Catering and Cleaning Services
- Cambridgeshire Music
- Professional Centre Services

##### What is outside of scope?

Statutory learning services

### Project Dependencies

#### Title

### Cost and Savings

See accompanying financial report

## Non Financial Benefits

### Non Financial Benefits Summary

Title

## Risks

Title

## Project Impact

### Community Impact Assessment

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

- Customers including: education settings, businesses, residents
- Staff

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

- CCC have increased market share
- Increased surplus
- Better outcomes for residents and education provision through improved offer
- Best use of CCC assets (physical and resources)

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

- Potential redundancies
- Reduction in CCC offer if best option financially

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

None Identified

### Disproportionate impacts on specific groups with protected characteristics

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

None Identified

