

ASSETS AND PROCUREMENT COMMITTEE



Wednesday, 17 July 2024

Democratic and Members' Services
Emma Duncan
Service Director: Legal and Governance

14:00

New Shire Hall
Alconbury Weald
Huntingdon
PE28 4YE

Red Kite Room

New Shire Hall, Alconbury Weald, Huntingdon, PE28 4YE

AGENDA

Open to Public and Press

CONSTITUTIONAL MATTERS

- 1. Notification of Chair and Vice-Chair**
- 2. Apologies for absence and declarations of interest**
Guidance on declaring interests is available in [Chapter 6 of the Council's Constitution \(Members' Code of Conduct\)](#)
- 3. Public minutes of the Assets and Procurement Committee held 21st March 2024 and Action Log** **5 - 12**
- 4. Petitions and Public Questions**

KEY DECISION

- 5. Procurement of postal services contract** **13 - 18**

OTHER DECISIONS

- | | | |
|----|---|----------------|
| 6. | Council Owned Companies Governance | 19 - 24 |
| 7. | Corporate Performance Report | 25 - 38 |
| 8. | Assets and Procurement agenda plan and appointments to outside bodies and internal advisory groups | 39 - 44 |

KEY DECISIONS

- | | | |
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| 9. | Sale of Shire Hall, Cambridge | 45 - 84 |
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10.	Exclusion of Press and Public
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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)

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

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The Assets and Procurement Committee comprises the following members:

Councillor Ros Hathorn (Chair) Councillor Catherine Rae (Vice-Chair) Councillor David Ambrose Smith Councillor Alex Beckett Councillor Chris Boden Councillor Simon Bywater Councillor David Connor Councillor Steve Count Councillor Lorna Dupre Councillor Stephen Ferguson Councillor Mark Goldsack Councillor Neil Gough Councillor Peter McDonald Councillor Elisa Meschini and Councillor Lucy Nethsingha

Clerk Name:	Dawn Cave
Clerk Telephone:	01223 699178
Clerk Email:	dawn.cave@cambridgeshire.gov.uk

Assets and Procurement Committee

Date: 21 March 2024

Time: 10:00 – 12:35

Venue: New Shire Hall

Present: Councillors Ambrose Smith, Beckett, Criswell, Count, Ferguson, Goldsack, Gough, Hathorn (Chair), Meschini (items 41-43 only), Nethsingha, Rae (Vice-chair) and van de Ven

33. Apologies for Absence and Declarations of Interest

Apologies were received from Councillors Boden, Bywater, Connor, Dupre and McDonald. Councillor Criswell was substituting for Councillor Bywater, and Councillor van de Ven was substituting for Councillor Dupré.

There were no declarations of interest.

34. Minutes of the meeting held 16 January 2024 and Action Log

The minutes of the meeting held 16 January were agreed as a correct record.

An updated Action Log had been circulated to the Committee.

35. Petitions and Public Questions

There were no petitions or public questions.

36. Procurement of Water and Wastewater Services

The Committee received a report which considered options for procurement of mains water and wastewater services for the Council's sites, i.e. those assets where the Council is liable for water and/or sewerage bills, for 27 October 2024 onwards, after the current contract expires.

Due to the tightly regulated nature of the industry, there was little difference in price between suppliers, with quality of service being the greatest differentiator. The recommendation was to enter into a new contract with "Wave" through ESPO.

In response to a query about waste water infrastructure, officers advised that the contract related to the provision of meter readings, billing, administration, etc. Physical waste water arrangements would not change, the wholesale water provider remaining as either Anglian Water or Cambridge Water, and those arrangements would be unaffected by this decision.

A Member congratulated the report author for the clear, concise report.

It was resolved unanimously to:

- a) approve the use of the new ESPO framework (no. 1008_23, ref 1181) for water, wastewater and ancillary services to enter into a contract for those services effective from the date after the Council's current contract expires;
- b) delegate authority for awarding and executing a contract for the provision of mains water and wastewater services starting 27 October 2024 for a period of up to 3 years (and extension periods if required) to the Executive Director Place and Sustainability in consultation with the Chair and Vice Chair of the Assets and Procurement Committee.

37. Land and Property Strategy 2024-29

Members considered the Land and Property Strategy for 2024-2029. There had been extensive consultation on the Strategy, including service areas, and Member workshops. Officers outlined the background and main issues relating to the Strategy.

Councillor Hathorn proposed a minor amendment to the wording, and this amendment was seconded by Councillor Rae (additional text italicised):

approve the Land and Property Strategy 2024-29, *subject to any minor amendments by the Executive Director of Finance and Resources, in consultation with the Chair and Vice Chair of the Assets and Procurement Committee.*

The amendment was carried unanimously.

Arising from the report:

- whilst noting references to Solar PV, a Member observed that there was little mention of onshore Wind power, which could be a huge opportunity for the Council. Another Member suggested that this would represent a significant change of policy and would require approval by the relevant Service Committees. Other Members commented that there needed to be a detailed review of the Council's approach to sustainable energy generation technologies, e.g. with regard to the sources of anaerobic digestion inputs. Officers confirmed that the strategy was aligned with the Council's Environment Strategy;
- a Member suggested that there should be greater clarity on defining protected assets, using the example of Old Shire Hall;
- a Member commented that there was a lack of detailed financial information on the required savings, which were alluded to in the covering report. There were also a number of broad statements in the report that were not backed up with data e.g. "we will have an efficient estate". Another Member agreed, observing that there were many laudable strategic objectives, but these needed to be measurable through KPIs. A timeline/action plan on when key projects would come forward also needed to be developed;
- a Member queried the plans for Facilities Management, given that there had been major cuts to the Facilities Management budget in the 2024/25 Business Plan.

Officers confirmed that there had been cuts, as part of the savings in the Accommodation Improvement Plan, but the £100K reduction in the Facilities Management revenue budget was only for one year. This formed part of the Change programme, which would be considered by the Committee at a future;

- it was noted that there would be alignment with other Council policies e.g. in relation to sustainable technologies and what the delivery vehicle for sustainability would be. An Asset Management Plan and range of individual policies would sit beneath the Land and Property Strategy, which would cover some of the detailed issues such as office occupancy rates given home-working, etc. Additionally, as proposals were brought forward, savings would be identified. The main aim of the document was to provide a high level framework which decisions would comply with in future. The Committee noted that highways land (verges, pavements, etc) were exempt from this Framework, but there were some surplus areas which were included;
- asked to what extent the framework was being informed by future service delivery? It was confirmed that it was very much Service/community led, rather than asset led;
- suggested that the scoring matrix should be a Member decision rather than an officer decision. It was confirmed that this would be included in the next phase, which would be considered at a future Committee meeting;
- referring to a diagram on the Asset Valuation of £764M, which gave figures for each sector of the County's assets, it was confirmed these figures were the *actual number of assets* in each category, rather than value, e.g. 268 schools. It was suggested that this needed to be made clearer in the diagram;
- in response to a Member question, it was confirmed that the forthcoming Asset Plan would provide further detail regarding future development and resultant land value increases.

It was resolved unanimously to approve the Land and Property Strategy 2024-29, subject to any minor amendments by the Executive Director of Finance and Resources, in consultation with the Chair and Vice Chair of the Assets and Procurement Committee.

38. Commercial, Commissioning and Procurement Framework

The Committee considered the draft Commercial, Commissioning and Procurement Framework, which brought together all elements of the commissioning, procurement and contract management cycle.

The purpose of the Framework was to ensure effective consistent delivery of procurement and contract management, using the centralised procurement function in tandem with the service delivery model, making the best use of resources and expertise available across the Council. The Framework would enable the Council to maximise the flexibilities introduced by the new Procurement Act. The delivery of the Framework would be overseen by the Procurement Governance Board, and updates would be considered by the Assets and Procurement Committee. Adults and Children's Commissioning services and the Corporate Leadership Team had reviewed the proposed Framework.

Arising from the report:

- a Member suggested that within roles, “data/business intelligence” should be in the “review” column, as well as at the beginning of the journey. Officers agreed to make this change. Another Member suggested that it would be helpful to describe exactly what each role entailed in terms of the decision making process;
- noting that whilst supplier performance and failings were included, a Member observed there was nothing around the Council’s own failings within that process. Officers confirmed that this was covered by “lessons learned” but agreed to make that clearer within the Framework;
- a Member suggested that there could be greater focus on community satisfaction, in addition to VFM. It was confirmed that Procurement colleagues work closely with commissioners, and that KPIs were embedded in contracts as part of the contract management process, including user experience;
- a Member observed that it appeared that each one of the four steps had a “decision gate”, and it would be useful to formalise that. Officers explained how the process worked. The Member suggested that it would be good to note the formal gates, and that more thought may be needed on how to operationalise this, as it was important that everyone involved knew exactly what their role was;
- a Member welcomed the report and hybrid approach, but suggested that it needed to be more carefully defined. It was unclear what control mechanism was in place to ensure that the correct approach/weighting was given to competing objectives i.e. commercialisation balanced against service delivery in each case. As part of the procurement process, it was suggested there should be dip testing outside of that process. Officers agreed to discuss with the commercial team how that might be achieved;
- a Member commented that it would be useful to have some type of diarised calendar instructions for the end of the contract term, to avoid the need for urgent decisions to be taken where there had been insufficient planning. It was confirmed that the team was looking to expand the current e-tendering system, which would flag to contract managers that a contract was approaching its end;
- in response to a Member question, it was confirmed that for contracts *under* £100k, there was always an identifiable individual contract, rather than department;
- it was agreed that the relevant tables could be updated to reflect Member involvement, and to provide greater clarity on roles and responsibilities. A Member commented that whilst the commissioning stage was nearly always considered by the relevant Service Committee, often the final detail was delegated to the Chair/Vice Chair, and it would be helpful to specify how those discussions should take place;
- a Member commented on timing, noting that when a contract/commissioning issues was considered at a partner Service Committee, issues were often picked up from a different perspective.

On a general point, a Member suggested that where there were delegations to the Executive Director in consultation with the Chair/Vice Chair, and further work was agreed e.g. to a strategy document, it would be helpful for the final version to be circulated to the Committee. It was agreed that this would take place for all future delegations. **Action required.** It was confirmed that Spokes considered draft reports prior to their publication.

It was resolved unanimously to:

review and approve the Commercial, Commissioning and Procurement Framework.

39. Assets and Procurement Committee Agenda Plan and Appointments to Outside Bodies

The Committee reviewed the Committee Agenda Plan.

It was resolved to:

note the agenda plan.

40. Exclusion of Press and Public

To resolve that the press and public be excluded from the meeting on the grounds that the following items contain 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).

41. Cromwell Leisure Park

The Committee considered a report relating to Cromwell Leisure Park.

It was resolved unanimously to approve the report recommendations.

42. Lease Renewal of the Queen Mark Centre, Wisbech

Members considered a report relating to the renewal of a lease for tenants of the Queen Mary Centre, Wisbech.

It was resolved unanimously to agree the report recommendations.

43. Lease of Land at Whitehall Farm, Littleport for a Battery Energy Storage System

Members considered a report on the option of a lease land to for a battery energy storage system (BESS) site on Whitehall Farm, Littleport.

It was resolved, by a majority, to agree the report recommendations.

Chair

Assets and Procurement Committee Minutes - Action log

This is the updated action log as at 9th July 2024 and captures the actions arising from the most recent Assets and Procurement Committee meetings and updates Members on the progress on compliance in delivering the necessary actions.

Assets and Procurement Committee minutes of 18th October 2023

Minute	Item	Officer	Action	Comments	Status
9.	Procurement Governance and Performance Report	Clare Ellis	Waivers: Member asked if a list could be provided by quarter, to cover the previous eight quarters, so any trends could be monitored, and that information was provided on (i) number of waivers as a percentage of contracts let in the period, and (ii) the value of contracts subject to waiver, grouped in bands.	The waiver information will be provided regularly with effect from the September Performance Report.	In progress

Assets and Procurement Committee minutes of 28th November 2023

Minute	Item	Officer	Action	Comments	Status
20.	This Land – publication of Shareholders Agreement	Michael Hudson	A Member asked officers to carefully consider the governance issues and potential conflict of responsibility that existed as a result of having a Councillor as a Director.	Officers are meeting at the end of January to review the governance arrangements and Committee will be updated in one of the next two upcoming meetings with options. A review of the arrangements of This Land in 2022, followed by further Council and Board effectiveness reviews have identified this a possible, but a report to the July Committee looks at the role of the Shareholder through this Committee and ensuring strong governance.	Ongoing

22.	Major Energy Projects – Progress Update	Sheryl French	Request to provide the Business Plan, time/cost metrics and current position of energy projects for Members.	An update will be provided to members in April. This is due to forecast electricity tariff changes (market changes) and project cost finalisations.	In progress
22.	Major Energy Projects – Progress Update	Sheryl French	Actual income figures for Triangle Farm and St Ives to be provided once those schemes started generating.	Triangle Farm/North Angle information circulated to Committee on 08/01/24. St Ives info to be circulated when available.	In progress
23.	Procurement Performance Report	Clare Ellis	Update on review of risk management of the Council's largest/highest risk contract to be provided in a future Committee report.	This is planned for the September Committee.	Ongoing

Assets and Procurement Committee 21st March 2024

37.	Land and Property Strategy 2024-29	Chris Ramsbottom	Circulate final version of Strategy.	Emailed to Committee on 03/07/24.	Complete
38.	Commercial, Commissioning and Procurement Framework	Clare Ellis	Circulate final version of Commercial, Commissioning and Procurement Framework.	Emailed to Committee on 25/04/24.	Complete
42.	Lease of Land at Whitehall Farm, Littleport for a Battery Energy Storage System	Chris Ramsbottom/ John Macmillan	Arrange a further Committee briefing on issues raised.	Briefing held 27th March 2024.	Complete

Procurement of postal services contract

To: Assets & Procurement Committee

Meeting Date: 17 July 2024

From: Sue Grace, Executive Director, Strategy & Partnerships

Electoral division(s): All

Key decision: Yes

Forward Plan ref: 2024/052

Executive Summary:

- The decision to procure a provider for the collection and delivery of letters, large letters and parcels within the United Kingdom
- The decision to procure a provider for the collection and Delivery of Letters, Large Letters & Parcels to International Destinations
- The award of contracts for the collection and Delivery of Letters, Large Letters & Parcels to both United Kingdom and International Destinations

Recommendation: a) To procure the required postal services

b) To delegate responsibility for awarding and executing a contract for the provision of a postal service following that procurement exercise for a fixed 4 year period to the Executive Director Strategy & Partnerships in consultation with the Chair and Vice Chair of the Committee

Officer contact:

Name: Ben Stevenson

Post: Head of Information Governance

Email: ben.stevenson@cambridgeshire.gov.uk

1. Creating a greener, fairer and more caring Cambridgeshire
 - 1.1 The delivery of post to our residents can be seen as linked to a number of the council's seven ambitions as detailed below:
 - 1.2 Ambition 1 "net zero carbon emissions by 2045" as the provider will be required to sign up to the council's Climate Change Charter.
 - 1.3 Ambition 3 "health inequalities are reduced" as information supplied by post may assist understanding the needs of communities through surveys or needs assessments of individuals.
 - 1.4 Ambition 4 "...healthy, safe and independent lives through timely support" as the information provided by services to individuals can assist with informing of options for care, support and advice which promote better outcomes.
 - 1.5 Ambition 5 "people are helped out of poverty and income inequality" through information shared by post on schemes and projects to assist with access to council services.
 - 1.6 Ambition 6 "places and communities prosper because of access to good quality public services" through information shared by post on schemes and projects which can offer support and funding.
 - 1.7 Ambition 7 "children and young people have opportunities to thrive" through information shared by post on schemes and projects such as foster caring and education.

2. Background

- 2.1 The council continues to require a postal service for the large volumes of items which it posts on an annual basis. This is currently a service delivered by the Royal Mail, however we do not have a contract in place and have reported this through the breach process. It also means that this has been ongoing for a number of years without a full procurement exercise having been completed. This means that other options to the Royal Mail have not been explored and the opportunity for efficiencies or savings have not been assessed.
- 2.2 The council is still heavily reliant on an outgoing mail service to issue a wide range of information, letters and other items. The types of items issued by post include Blue Badges, bus passes, planning matters, highways notifications and social care surveys. The council is also required to issue penalty charge notices by post and this will also include those penalty notices which are to individuals with an overseas address.
- 2.3 The below table details the annual volume of items posted nationally and internationally over the last three complete financial years and the cost of postage:

2021/2022	2022/2023	2023/2024
312,410	420,373	295,659
£181,539	£202,845	£219,678

The number of international items posted in the last financial year was 3107, or just over 1%.

- 2.4 In order to achieve best value and efficiency of service for the council, with consideration of all potential suppliers, it is considered that a procurement exercise under the Crown Commercial Services RM6280 Postal Services and Solutions Framework Agreement for both national and international post is appropriate.

3. Main Issues

- 3.1 In order to achieve stability for the council's requirements and combined with the relatively limited pool of suppliers of such services, the contract will be for four years. The expected annual value of the award is £200,000.
- 3.2 The Procurement & Commercial Team have been engaged and discussions have been had with the framework owner at the Crown Commercial Service to run a further competition for postal services. There is also an opportunity for the council to form part of a wider aggregated procurement which could potentially attract greater savings. This aggregated procurement would still be via the Crown Commercial Services framework for Postal Services and Solutions. At this point, we are not aware of the potential savings or the number of councils engaging as part of the aggregated procurement.
- 3.3 There is not an option to extend the current arrangement with Royal Mail. A contract waiver is in place to enable the council to continue to issue items by post.
- 3.4 The timetable for the aggregated procurement is likely to be:
- Publish Tender - Beginning of Sept
 - Evaluation - Late Sept to late Oct
 - Award - Beginning November
 - Contract Signature - By 31st January 2025
- 3.5 A second procurement exercise may be required for the provision of overseas mail if the provider of the UK bound mail cannot provide an overseas option. Given the low level of the overseas mail then, in line with contract procurement rules, this will be an award below the Key Decision Threshold and would not return to committee for approval.

4. Alternative Options Considered

- 4.1 The other option would be to run an open procurement but this would only attract the same limited market of suppliers and require a longer period of time to procure.

5. Conclusion and reasons for recommendations

- 5.1 The conclusion is that the council should undertake a procurement exercise for the stated services which remain essential for the business of the council, and ensure that a fit for purpose provider is secured.

6. Significant Implications

6.1 Finance Implications

The council's postal budget is centralised within the Corporate Information Management budget and there is sufficient provision for the contract.

6.2 Legal Implications

There are no legal implications.

6.3 Risk Implications

The risk would be that the council is not able to post items to residents such as Blue Badges, bus passes and other important items.

6.4 Equality and Diversity Implications

None, see attached Appendix 1.

6.5 Climate Change and Environment Implications (Key decisions only)

None.

Appendix 1 Equality Impact Assessment

CCC613935049

Proposal being assessed: Procurement of incoming and outgoing postal service

Business plan proposal number:

Key service delivery objectives and outcomes: The procurement of a collection of post from the council to its delivery to recipients and also the delivery of incoming post to the council. This will also include a provider of a postal service to addresses abroad and types of delivery such as record and tracked. It is a critical function of the council to be able to issue and receive post. This is the procurement of a service currently with Royal Mail.

What is the proposal: A service is being procured and we will be going out to tender. There may be a change of supplier but we do not know that yet.

What information did you use to assess who would be affected by this proposal?: The people affected would be staff and recipients of post as the provider will be collecting and delivering post to both parties. The proposal to tender should not unduly affect anyone as it we will be using a provider to collect and deliver post as well as a provide of tracked/guaranteed delivery.

Are there any gaps in the information you used to assess who would be affected by this proposal?: No

Does the proposal cover: All staff countywide, All service users/customers/service provision countywide

Which particular employee groups/service user groups will be affected by this proposal?: The service is used by council staff to issue letters to all groups rather than just one or two

Does the proposal relate to the equality objectives set by the Council's EDI Strategy?: No

Council Owned Companies Governance

To:	Assets and Procurement Committee
Meeting Date:	17th July 2024
From:	Service Director: Legal and Governance
Electoral division(s):	All
Key decision:	No
Forward Plan ref:	Not applicable
Executive Summary:	The report considers governance arrangements in respect of the Council's shareholding function of Council companies.
Recommendation:	<p>To establish arrangements for strengthened oversight by the Assets and Procurement Committee on Council owned companies.</p> <p>To recommend to Constitution and Ethics Committee to establish a Shareholder sub-committee of the Assets and Procurement Committee to oversee Council Owned Companies with terms of reference as outlined in the report at para 3.9.</p>

Officer contact:

Name: Emma Duncan
Post: Service Director: Legal and Governance
Email: emma.duncan@cambridgeshire.gov.uk

1. Creating a greener, fairer and more caring Cambridgeshire
 - 1.1 The report relates to governance of Council owned companies, and whilst indirectly impacts on the Council's Strategic objectives through the business cases of the companies, does not directly relate.
2. Background
 - 2.1 The Council is a shareholder in several companies.
 - 2.2 The Council's role as the shareholder of its company is to safeguard the public money the Council has in it and to ensure that the company is performing against its business plan to deliver the Council's objectives.
 - 2.3 The shareholder function is the representation and operational effect of the Council's ownership of the company, and as such concerns the overview and control of the company, the mechanisms through which it is exercised and in turn, the mechanisms through which the exercise of the function is itself scrutinised.
 - 2.4 The shareholder function is provided for in the Constitution and in the shareholder agreements (this Committee holds the shareholder role for those companies where no other committee or officer does). Arrangements between the Council and the companies should be and are in most cases, provided through a shareholder agreement which together with the company's articles of association, form the company's principal governance documents.
 - 2.5 A shareholder agreement is an agreement between the company and the Council which includes provisions for managing the relationship, the company's reporting to the shareholder and shareholder decision-making. As such, the shareholder agreements include a list of those matters that can only be determined by the shareholder. These 'reserved matters' include the approval/variation of the company's business plan, the appointment/dismissal of directors, the admission of new shareholders, land acquisitions/disposals, and borrowing/lending.
 - 2.6 Currently this role is performed by shareholder representative (for three of the companies) and there is limited reporting to the Assets and Procurement Committee and other committees and Full Council in terms of oversight of decisions made by the shareholder.
 - 2.7 Following the issue and a review of the Statutory Best Value Guidance (2024), the Local Partnerships Local Authority Review Guidance (2023) and the SOLACE/CIPFA/LLG Code of Practice on Good Governance for Statutory Officers (2024) and in particular, the Best Value Guidance which states "*Proper member oversight (as shareholders) of companies and partnership bodies, in accordance with the [Local Authority Company Review Guidance](#), and their existence is regularly and independently reviewed*", it is considered by the Statutory Officers that the current reporting arrangements do not represent optimal governance arrangements.
 - 2.8 The recommendation in the report strengthens the governance function of the Committee in relation to Council owned companies.

3. Main Issues

- 3.1 The Local Partnerships Local Authority Company Review Guidance states; “*The council should have a clear, systematic framework which underpins arrangements for overseeing and engaging with entities to ensure its interests are safeguarded.*”
- 3.2 The Council is currently a 25% or more shareholder in the companies set out in the Table below with the attendant governance relationships

Related Company	Company number	CCC owner ship %	Activity	Council nominated directors	Shareholder Representative	Oversight Body
Council controls 25% or more						
This Land Limited (and subsidiaries)	10237292 11210538 11208138 11210011 11210522 13050993 (g)	100%	Housing development	Executive Director of Place and Sustainability Cllr Neil Gough	Executive Director of Finance and Resources	Assets and Procurement (A&P) Committee
Pathfinder Legal Services Ltd	09067468	50%	Legal Services / Advice	Service Director: Finance and Procurement	Service Director: Legal and Governance in consultation with a member appointed by Strategy Resources and Performance Committee	None specifically identified (A&P Committee)
Light Blue Fibre Ltd	11966302	50%	Digital infrastructure	Connecting Cambridgeshire Programme Director; Service Director: Finance and Procurement; Assistant Director: Climate Change and Energy Services	Executive Director of Place and Sustainability	None specifically identified (A&P Committee)
Swaffham Prior Community Heat Network Ltd	13277304	100%	Heat piping infrastructure	Assistant Director: Climate Change and Energy Services; Head of Finance	None currently	Environment and Green Investment Committee
The Walks Huntingdon (no1.) Management Company Ltd	05431946	50%	Property – Scott House related	[No CCC director since 2016 or 2022]		None specifically identified (A&P Committee)

- 3.3 Members will note that in some cases shareholder representatives are appointed, and for some companies there are none. In the cases where there is a shareholder representative, there is delegated authority to take decisions. This is not subject to any reporting to Committee; equally Council owned companies reporting is inconsistent and does not provide effective oversight of decisions made or the performance of the company.
- 3.4 The Council needs to ensure that there is a clear line of communication and reporting between the company and the Council to ensure that the Council has the information necessary to make informed shareholder decisions and effectively scrutinise the company's performance.
- 3.5 Care must be taken to identify and guard against (potential) conflicts of interest arising in arrangements for the exercise of the shareholder function. Those advising the shareholder or making shareholder decisions should not also be involved in advising the company or making company decisions and should be careful if also advising the local authority as the landlord, funder, commissioner or customer of the company.
- 3.6 The company's governance arrangements should provide for reporting on the exercise of the shareholder function and the holding to account of the body or person to which it has been delegated. The scrutiny of the shareholder function also provides for the wider local authority's overview of the company's performance.
- 3.7 The Local Partnerships Guidance states *"For councils with a committee system, a designated committee, such as a resources committee, will be responsible for approving the establishment of a new entity. As part of their overview role within that committee Members will also advise on and scrutinise the decisions relating to the entity which are made on the council's behalf."*
- 3.8 To achieve the outcomes described above, it is recommended that shareholder decisions are given oversight by a service and policy committee of the Council. Constitutionally, the Assets and Procurement Committee are responsible for the shareholder functions of the Council's companies where none are identified, and for This Land Ltd, so it is logical that the responsibility for oversight would sit with that Committee.
- 3.9 In line with the Local Partnerships Guidance the role of the committee in relation to oversight of Council owned companies should be as follows;
- Approval of the business plan and any other shareholder functions including any delegated decisions made by the shareholder representative.
 - Monitoring key performance indicators for each company emerging from the Business Plan.
 - Reviewing risks relating to commercial investments, tolerance for risk, ownership of risks and processes for managing risk.
 - Reviewing the governance of the company.
- 3.10 Conflicts of interest will need to be managed appropriately in relation to elected Members who are appointed to the Board of the companies as identified above at paragraph 3.5 and for this reason and because of the specialist nature of the shareholder function it is proposed that a politically balanced sub-committee of 5 be established to discharge the oversight function of the shareholder function.

- 3.11 These governance arrangements provide oversight and scrutiny by members of the Council owned companies in accordance with the statutory and non-statutory guidance identified at paragraph 2.7.
- 3.12 These proposals are supported by the Statutory Officers.
- 4. Conclusion and reasons for recommendations
 - 4.1 To strengthen governance around a key risk area for the Council.
- 5. Significant Implications
 - 5.1 Finance Implications

No direct implications
 - 5.2 Legal Implications

No direct implications
 - 5.3 Risk Implications

The proposal should mitigate a key corporate risk.
 - 5.4 Equality and Diversity Implications

None identified
- 6. Source Documents

[Best value standards and intervention: a statutory guide for best value authorities - GOV.UK \(www.gov.uk\)](#)

[LATCo guidance 2023 edition - Local Partnerships](#)

Corporate Performance Report

To: Assets and Procurement Committee

Meeting Date: 17 July 2024

From: Executive Director, Finance & Resources

Electoral division(s): All

Key decision: No

Forward Plan ref: Not Applicable

Executive Summary: This report provides an update to the Committee on the performance monitoring information for the 2023/24 quarter four period, covering January 1 to March 31.

Recommendation: The Committee is asked to:

a) Note performance information and act, as necessary.

Officer contact:

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Post: Governance and Performance Manager, Strategy and Partnerships

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1. Creating a greener, fairer, and more caring Cambridgeshire

- 1.1 This report analyses the key performance indicators (KPIs) which link to Ambition 6: Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised. Due to the complex nature of KPIs, some indicators may also impact other ambitions.

2. Background

- 2.1 The Performance Management Framework sets out that Policy and Service Committees should:
- Set outcomes and strategy in the areas they oversee.
 - Select and approve the addition and removal of Key Performance Indicators (KPIs) for the committee performance report.
 - Track progress quarterly.
 - Consider whether performance is at an acceptable level.
 - Seek to understand the reasons behind the level of performance.
 - Identify remedial action.
- 2.2 This report, delivered quarterly, continues to support the committee with its performance management role. It provides an update on the status of the selected Key Performance Indicators (KPIs) which track the performance of the services the committee oversees.
- 2.3 The report covers the period of quarter 4 2023/24, up to the end of March 2024.
- 2.4 The most recent data for indicators for this committee can be found in the dashboard at Appendix 1. The dashboard includes the following information for each KPI:
- Current and previous performance and the projected linear trend.
 - Current and previous targets. Please note that not all KPIs have targets, this may be because they are being developed or the indicator is being monitored for context.
 - Red / Amber / Green / Blue (RAGB) status.
 - Direction for improvement to show whether an increase or decrease is good.
 - Change in performance which shows whether performance is improving (up) or deteriorating (down).
 - The performance of our statistical neighbours. This is only available, and therefore included, where there is a standard national definition of the indicator.
 - KPI description.
 - Commentary on the KPI.
- 2.5 The following RAGB criteria are being used:
- Red – current performance is 10% or more from target.
 - Amber – current performance is off target by less than 10%.
 - Green – current performance is on target or better by up to 5%.
 - Blue – current performance is better than target by 5% or more.
 - Baseline – indicates performance is currently being tracked to inform the target setting process.
 - Contextual – these KPIs track key activity being undertaken, to present a rounded view of information relevant to the service area, without a performance target.
 - In development - KPI has been agreed, but data collection and target setting are in development.

3. Main Issues

3.1 Current performance of available indicators monitored by the Committee is as follows:

Status	Number of KPIs	Percentage of KPIs*
Red	1	8%
Amber	1	8%
Green	6	46%
Blue	3	24%
Baseline	0	0%
Contextual	2	16%
In Development	0	0%
Suspended	0	0%

**Figures may not add to one hundred due to rounding.*

3.2 The following indicator is an annual indicator, and the data will be updated in December 2024

- Indicator 171: Rent per acre obtained from the agricultural estate.

3.3 There are 3 Green and Blue indicators for commentary this quarter from Appendix 1. Below are some examples.

Indicator 204: Annual forecast of the gross income from our commercial investment as a percentage of initial investment

The income received across the investments in 2023-24 is £19.2m with a net income of £12.7m after financing costs. Within this indicator, the Collective Investment Funds have performed well this year, with additional income of £507k. The 2024-25 BP has been adjusted to take into consideration that the investment is expected to continue to overachieve. The This Land budget has a surplus of £159k which is made up of an unbudgeted income amount from last year and a reduction in the cost of professional fees required.

Indicator 205: Amount of social value achieved.

Social value is now being delivered across a number of contracts. A further £27,126 is pending verification.

Detailed commentary and summary of each indicator can be found in Appendix 1.

3.4 There is one red indicator for commentary this quarter.

Indicator 169: % of contract waivers submitted less than 5 days before their proposed start date.

Performance has improved this quarter with fewer waivers requested and no waivers being valued over £100,000. Late waivers represented 1.3% of the value added to the Contract Register in the same quarter.

An update has been applied to the waiver system which flags retrospective waivers to the

Executive Director, Finance & Resources, to review and challenge.

Detailed commentary and summary of each indicator can be found in Appendix 1.

- 3.5 In addition to the indicators that can be found within Appendix 1 included below are indicators related to property compliance and safety. Officers continue to work to develop these indicators, reviewing the measures we are collating to ensure that they are relevant and can be used to drive improvement and change where required and give a true outcome and provide comparison with others similar local authorities.

3.5.1 Water Management

KPI	Target	Current Position	Performance
Water Hygiene	100%	94%	On Target
Water Temperature Monitoring	100%	98%	On Target

The Water Hygiene indicator monitors the completion of water hygiene risk assessments across 103 sites over a 3-year rolling period. Currently ninety-seven risk assessments have been completed. The remaining outstanding have been quoted for and are in progress. These will be completed within the targeted period. Water Temperature Monitoring continues to track well and is closely monitored by the service across the estate.

3.5.2 Asbestos Management

KPI	Target	Current Position	Performance
Asbestos Management	100%	91%	In Progress

This indicator covers 137 sites across the estate, work is being actively undertaken to ensure that the service is fully resourced. The remaining 9% of annual reviews will be prioritised to be completed within the period.

3.5.3 Fire Safety

KPI	Target	Current Position	Performance
Fire Risk Assessments	100%	98%	On Target
Annual Fire Extinguisher Maintenance	100%	90%	On Target

These indicators cover the Fire Safety across 188 sites. The fire risk assessments cover a 3-year programme cycle with only Adults and Childrens sites now under review. The Fire Extinguisher Maintenance indicator is on target.

3.5.4 Control of Contractors

This is a system where we manage and measure our contractors who visit one of our 188 sites to conduct work against the 5 C's Control of Contractor system we use. The 5 C, s which are measured are Control of contractor, Co-ordination, Communication, Competence and Co-operation.

KPI	Target	Current Position	Performance
Reviews and Audits of the 5C's System	100%	93%	On Target

3.5.5 Property Compliance Training

This is internal training for site managers, custodians, caretakers to raise awareness of their responsibilities regarding 5C's, Asbestos management, Water Hygiene and Fire Safety. Eleven training courses have been scheduled with the remaining three courses booked onto.

3.5.6 Capital Ventilation work

There are 25 Capital Ventilation works, eleven buildings relating to adult's work, these have had contractors appointed and the programme of works agreed.

There are fourteen buildings relating to Childrens, these have had contractors appointed and programmes of work agreed.

Vantage House is the other remaining building on the capital ventilation project works, this is awaiting costs and work will start once agreed and finalised.

4. Conclusion and recommendations

4.1 Of the indicators that have been updated this quarter, three have seen an improvement in performance:

- Indicator 169: % of contract waivers submitted less than 5 days before their proposed start date.
- Indicator 205: Amount of social value achieved.
- Indicator 206: Percentage of annual spend on purchased goods or services that is with suppliers that are based locally.

3.1 shows the breakdown of RAG status for this committee's indicator set. Of the indicators updated this quarter, one indicator saw an improvement in performance from the quarter three paper, reported to the committee in January 2024:

- One indicator moved from **Red to Blue**: Indicator 206: Percentage of annual spend on purchased goods or services that is with suppliers that are based locally.

5. Significant Implications

5.1 This report monitors quarterly performance. There are no significant implications within this report.

6. Source Documents

6.1 Appendix 1: Assets and Procurement Corporate Performance Report Q4 2023-24

Produced on:

08 July 2024



Performance Report

Quarter 4

2023/24 financial year

Assets and Procurement Committee

Governance & Performance
Cambridgeshire County Council
governanceandperformance@cambridgeshire.gov.uk

Key



Data Item	Explanation
Target / Pro Rata Target	The target that has been set for the indicator, relevant for the reporting period
Current Month / Current Period	The latest performance figure relevant to the reporting period
Previous Month / previous period	The previously reported performance figure
Direction for Improvement	Indicates whether 'good' performance is a higher or a lower figure
Change in Performance	Indicates whether performance is 'improving' or 'declining' by comparing the latest performance figure with that of the previous reporting period
Statistical Neighbours Mean	Provided as a point of comparison, based on the most recently available data from identified statistical neighbours.
England Mean	Provided as a point of comparison, based on the most recent nationally available data
RAG Rating	<ul style="list-style-type: none"> • Red – current performance is off target by more than 10% • Amber – current performance is off target by 10% or less • Green – current performance is on target by up to 5% over target • Blue – current performance exceeds target by more than 5% • Baseline – indicates performance is currently being tracked in order to inform the target setting process • Contextual – these measures track key activity being undertaken, to present a rounded view of information relevant to the service area, without a performance target. • In Development - measure has been agreed, but data collection and target setting are in development
Indicator Description	Provides an overview of how a measure is calculated. Where possible, this is based on a nationally agreed definition to assist benchmarking with statistically comparable authorities
Commentary	Provides a narrative to explain the changes in performance within the reporting period
Actions	Actions undertaken to address under-performance. Populated for 'red' indicators only
Useful Links	Provides links to relevant documentation, such as nationally available data and definitions

Indicator 169: % of contract waivers submitted less than 5 days before their proposed start date

[Return to Index](#)

July 2024

Target	Direction for Improvement	Current Quarter	Previous Quarter	Change in Performance
20.0%	↓	28.6%	48.6%	Improving

RAG Rating

Red

Indicator Description

Public Contract Regulations (2015) require all contracts valued over £25,000 to be advertised and to follow a competitive process. External audit findings mean that there is a cross Council drive to promote and enable effective and compliant procurement practice.

The Council's Contract Procedure Rules allow for exceptions/waivers to be applied for in specific circumstances where the contract is valued either below the relevant UK Procurement Threshold or below the Key Decision Threshold of £500,000. Waiver requests are submitted via the Council's online system and approval needs to be obtained from various officers dependent on the value of the waiver. There are occasions where, by their very nature, waivers will be requested with short timescales to the contract start date – for examples in cases of emergency or extreme urgency. However, it is important that apart from these circumstances, waiver submission leaves enough time for a procurement should a waiver request be denied.

Tracking this indicator allows the Council to identify the number, type and value of waivers being submitted in such a way as to prevent non-compliant procurement practice and so develop communications, training and other initiatives to reduce this risk to the Council.

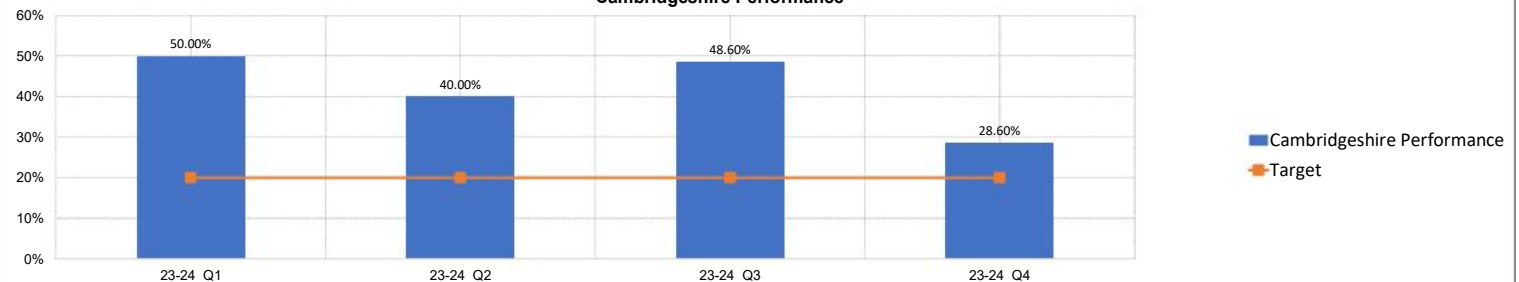
The KPI takes the date the waiver was submitted and the date the contract is due to start and calculates the time difference between the two dates. It is designed to provide an understanding of whether waivers are submitted in sufficient time to allow for alternative action should the waiver request be denied.

The target of 20% takes into account that valid reasons for waivers include emergencies and urgent situations whilst also anticipating that the majority of waivers should be applied for sufficiently early in the procurement planning process to allow for alternative courses of action.

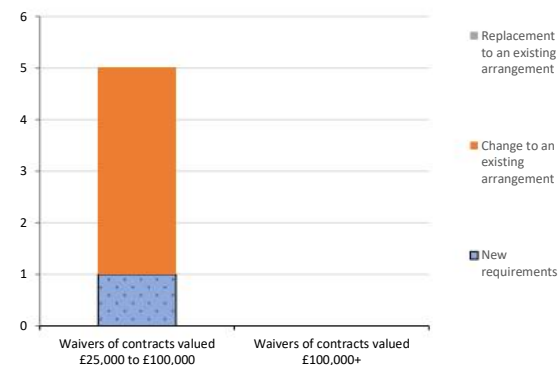
Useful Links

[National TOMs Framework 2019 Guidance](#)
[Social Value Portal](#)

Cambridgeshire Performance



Cambridgeshire Performance 23-24 Q4



Commentary

Performance has improved this quarter with fewer waivers requested and no waivers being valued over £100,000. Late waivers represented 1.3% of the value added to the Contract Register in the same quarter.

Actions

An update has been applied to the waiver system which flags retrospective waivers to Chief Officers and reminds them of the limited circumstances in which such a waiver may be approved.

Indicator 171: Rent per acre obtained from the agricultural estate

Target	Current Year	Previous Year	Direction for Improvement	Change in Performance
£94	£155	£146	↑	Improving

RAG Rating

Blue

Indicator Description

Data source:
DEFRA data records market rent for East of England Region. Base data is tenancy agreements with new rents recorded by the parties (Landlord & Tenant) on a signed and dated rent memorandum attached to the agreement and recorded.

This KPI records annual change in rental income measured against the previous year's recorded rent. Reported as a % change on previous year for the total rural portfolio as rent (£) per acre for the agricultural tennancies. The rent per acre figure enables some comparison with regional market rents in the agricultural sector which are published annually by DEFRA and other commentators. For a new letting Market Rent is defined by The Royal Institution of Chartered Surveyors (RICS) as 'The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion.' Rent Review (mid tenancy) of agricultural rent (per acre) is impacted by a number of complex factors - soil type, crop type, type of tenancy & external influences such as input costs and world commodity markets.

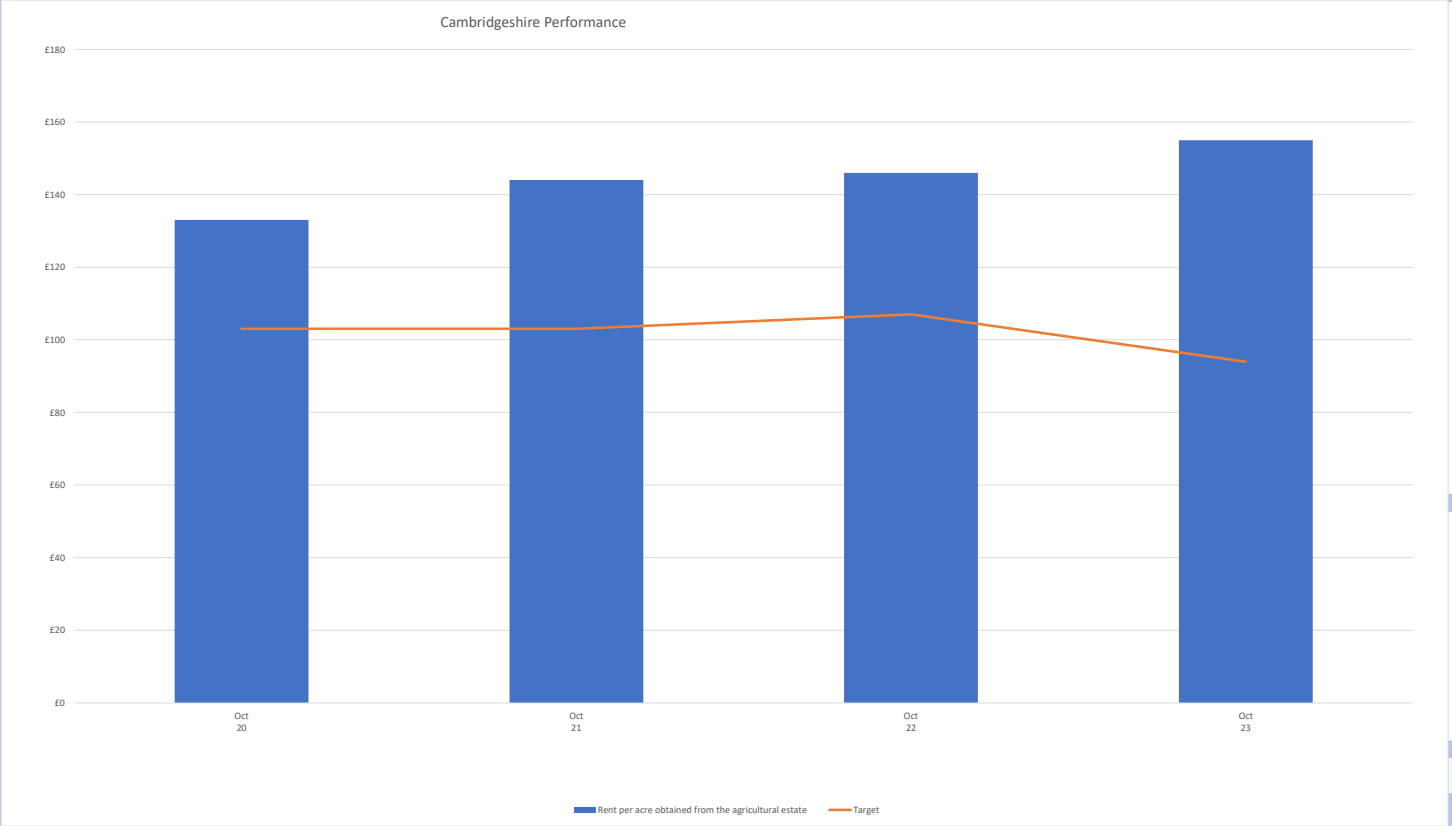
Comparator:
Market Rents (£ per hectare/acre) for the East of England reported annually by DEFRA in January for the previous year. Most up to date figures are for 2023.

Target:
Annual rent (£ per acre) achieved tracks defra rent per acre for East of England (variance +/- 10%).

Useful Links

[National TOMs Framework 2019 Guidance](#)

[Social Value Portal](#)



Commentary

Agricultural legislation enables review of rents every 3 years with 12 months notice required. 14 rent reviews on holdings were carried out in 2023 and Cambridgeshire County Council has increased the passing rent by 6% in October 2023. There were fewer big increases this year as most rents are at market value. Re-lets to existing tenants and new lettings have helped increase the total rent figure however these tendered rents are similar to the outgoing tenants rent, which shows that the rental levels are at market value. The rents achieved are good in the current climate of decreased Basic Payment Subsidy payments and uncertainty in the industry due to the slow release of the Sustainable Farming Incentive which was intended to balance the loss of BPS. The DEFRA benchmark is recognised as not being challenging but alternative comparable benchmarks are not readily available.

Actions

Indicator 204: Annual forecast of the gross income from our commercial investment as a percentage of initial investment

[Return to Index](#)

July 2024

Target	Direction for Improvement	Current Quarter	Previous Quarter	Change in Performance
6.0%	↑	6.35%	6.52%	Declining

RAG Rating

Green

Indicator Description

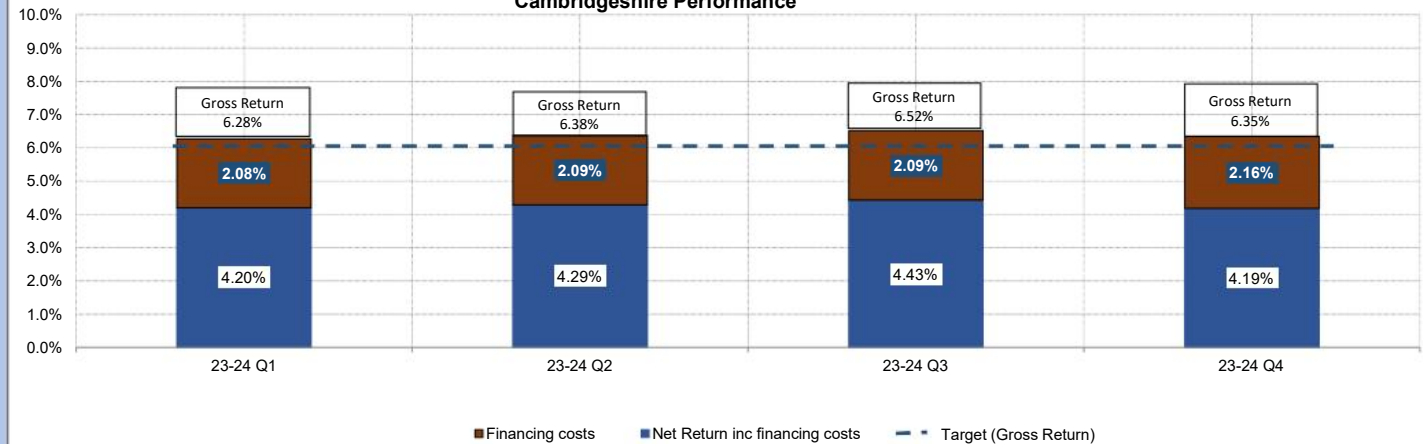
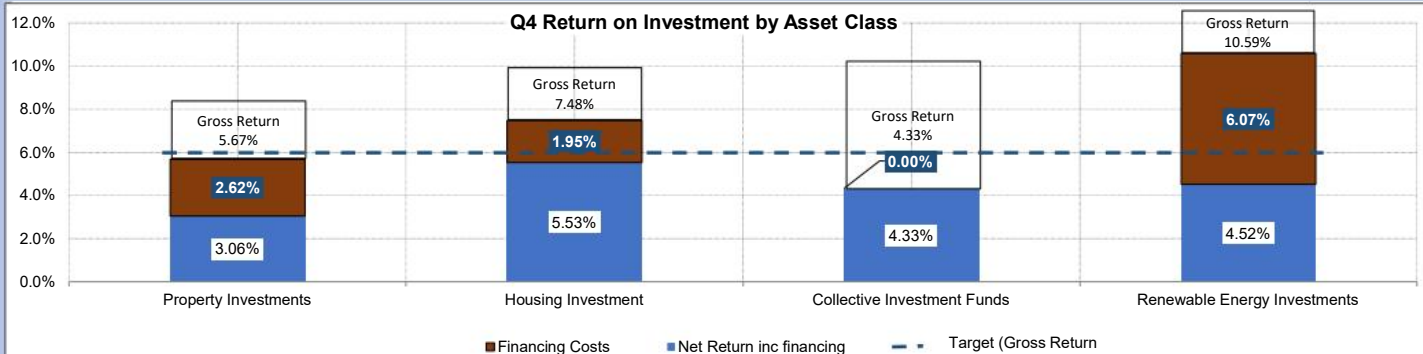
This indicator projects Cambridgeshire's expected gross income from the commercial investments that provide an income yield or interest receivable against a 6% target.

This indicator should be used to judge the performance of the council's commercial investment portfolio as a whole. It should not be used to predict any differences in actual income against budget. This is detailed within the Finance Monitoring Report.

The return figure includes investment that has already been made, as well as any additional investment expected within the financial year. The figures look at the full year effect, even where investments have not been held for the whole year.

The return is shown both gross (the total of the blue and orange blocks) and net (the blue blocks) of financing costs; the orange blocks therefore equate to the level of financing costs. The lower graph shows the return per asset class; different classes of asset are expected to deliver different levels of return.

This indicator reflects the income return from these assets, rather than the asset growth or total return (reflecting local government accounting regulations).

Cambridgeshire Performance**Q4 Return on Investment by Asset Class****Commentary**

The income received across the investments in 2023-24 is £19.2m with a net income of £12.7m after financing costs. Within this indicator, the Collective Investment Funds have performed well this year, with additional income of £507k. The 2024-25 BP has been adjusted to take into consideration that the investment is expected to continue to overachieve. The This Land budget has a surplus of £159k which is made up of an unbudgeted income amount from last year and a reduction in the cost of professional fees required.

Triangle Solar Farm has overperformed in previous years, but price changes mean it did not achieve its target in 2022-23. However, in 2023-24, the solar farm has performed well under the new contract and overachieved by £200k. The 2024-25 BP has been updated to reflect the new income.

Regarding Property Investments, one of the Evolution Business park tenants moved out in August, but after quick negotiations a new tenant is now in place. The student accommodation levels recovered during the 2022-23 academic year, with 100% room bookings for the 2023-24 academic year. However, the contracts costs have increased, and more work has been carried out in 2023-24 to ensure the building is well maintained in order to protect future revenue and the asset value. Two units remain unlet at Cromwell Leisure Park; a revised marketing approach is underway and has attracted some new interest (one of the units has been empty since the investment was made). As a result of these issues, the overall position for Property Investments was a £455k pressure.

Useful Links
[National TOMs Framework 2019 Guidance](#)
[Social Value Portal](#)
Actions

Consider relative allocation between different collective investment funds and in view of the updated CIPFA prudential code and inflation risks.
Consider outcome of new tenant negotiations at Cromwell Leisure Park. Increase marketing for 2 vacant units.

Indicator 205: Amount of social value achieved

[Return to Index](#)

July 2024

Target	Direction for Improvement	Current Quarter	Previous Quarter	Change in Performance
£20,000	↑	£ 53,887.0	£ 46,009.0	Improving

RAG Rating

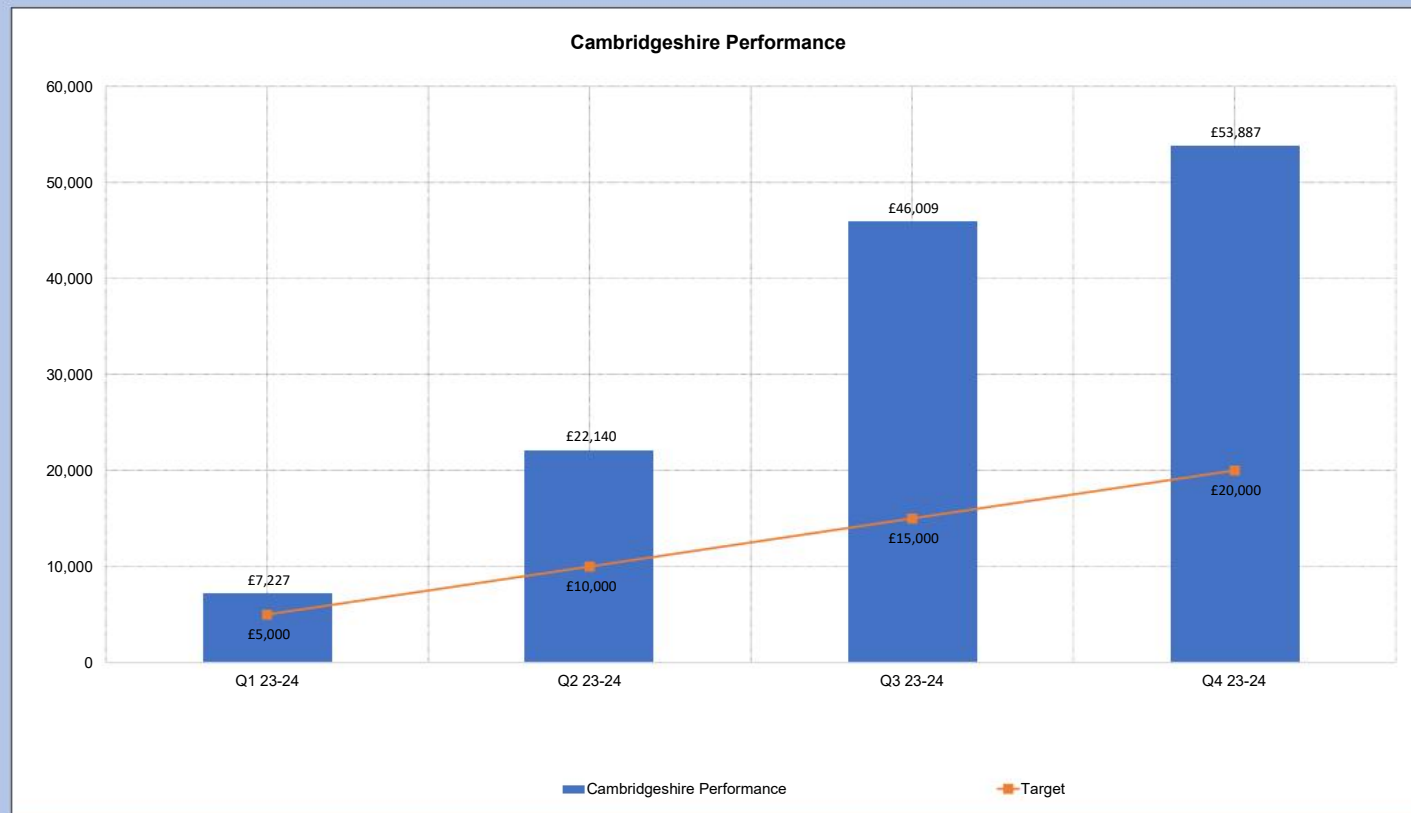
Blue

Indicator Description

Social value achieved via purchasing and contractual arrangements.

Data will be collated via the Social Value Portal and internal mechanisms.

Target of £20,000 to be delivered during 2023/24, with that target rising by £5,000 in each of 2024/25 and 2025/26.



Commentary

Social value is now being delivered across a number of contracts. A further £27,126 is pending verification.

Useful Links

[National TOMs Framework 2019 Guidance](#)

[Social Value Portal](#)

Actions

No actions required at this time.

Target	Direction for Improvement	Current Quarter	Previous Quarter	Change in Performance
45.00%	↑	58.00%	32.49%	Improving

RAG Rating

Blue

Indicator Description

% of overall contract value awarded to businesses and third sector organisations in the following areas:

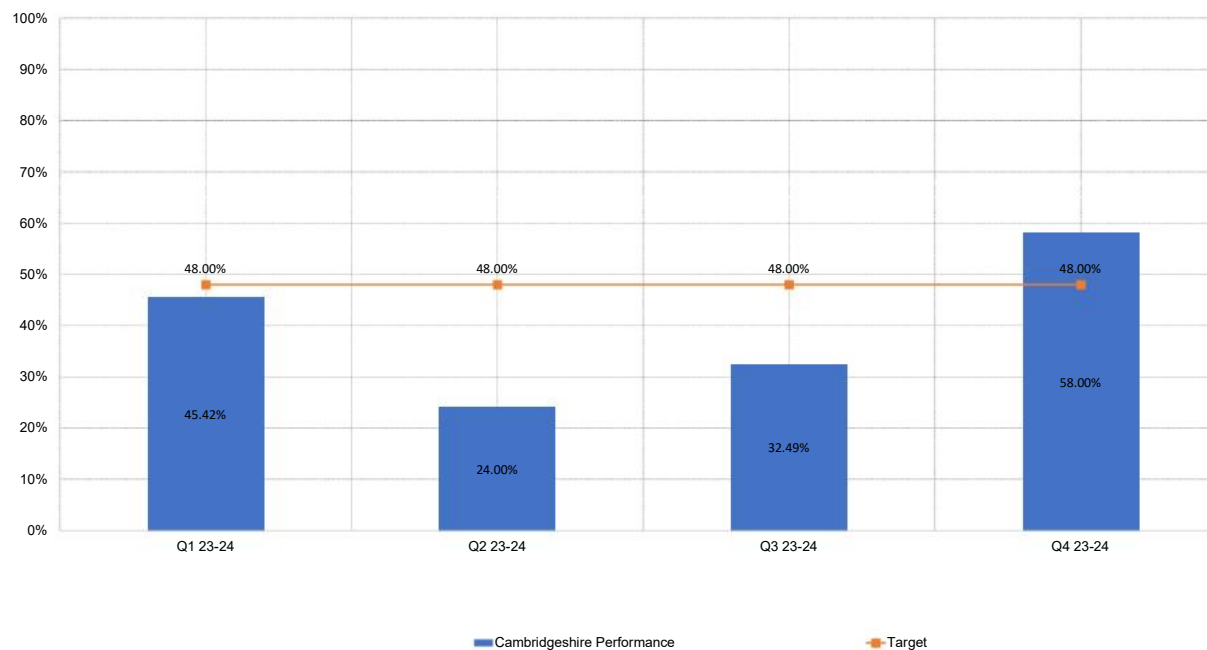
CB Postcode Suppliers
 PE Postcode Suppliers
 Essex Postcodes (CM/CO)
 Hertfordshire Postcodes (AL/SG)
 Norfolk (NR)
 Suffolk(IP)
 Bedfordshire(LU/MK)

The Council cannot directly influence local spending due to procurement rules but is active in market engagement.

A baseline for this has been set using 2022/23 data and this has been used to establish a target for improvement.

The target of 48% was chosen as a realistic increase after analysing the last 3 years and seeing how much influence could be achieved over the spend.

Data will be captured from the Contract Register using the supplier's registered address.

Cambridgeshire Performance**Commentary**

The spend data will not include individual spend under £5,000 (as this does not have to be attributed to a contract) or spend via systems other than ERP. It should be noted that the Council cannot reserve or in any other way favour local SMEs during procurement processes, building local spend will therefore be driven by market engagement and the willingness and ability of local suppliers to bid for the Council's requirements.

The indicator does not now include % of local businesses hiring local people as it would not be possible for the Council to collect that information from suppliers.

Useful Links**Actions**

The Council is currently providing a quarterly webinar for SMEs and local businesses on how to access the Council's opportunities and how to use our e tendering system. The first webinar was fully booked (25 places) and the 2nd is selling out fast.

Assets and Procurement Committee Agenda Plan

Published on 1 July 2024

Notes

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

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

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

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

- Minutes of previous meeting and Action Log
- Agenda Plan, Training Plan and Appointments to Outside Bodies and Internal Advisory Groups and Panels

Committee Date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
17/07/24	Performance Report	J Wise	Not applicable	24/06/24	09/07/24
	IT Security Procurement+	M Hudson/ C Stromberg	2024/067		
	Postal Service Procurement	C Ellis/ B Stevenson	2024/052		
	Council Owned Companies Governance	E Duncan	Not applicable		
	Sale of Shire Hall, Cambridge	C Ramsbottom J Macmillan	2024/047		
17/09/24	Performance Report	J Wise	Not applicable	05/09/24	09/09/24
	Cambridge Biomedical Campus+	J Macmillan	2024/023		
	Asset Improvement Programme	C Ramsbottom	2024/010		
	Children in Care Residential Service	J Macmillan/ M Alpar	2024/075		

Committee Date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
	Enterprise resource planning system requirements	T Kelly	2024/074		
	Procurement update	C Ellis	Not applicable		
15/10/24	Performance Report	J Wise	Not applicable	03/10/24	07/10/24
	Disposal of the former Mill Road Library	J Macmillan	2024/059		
19/11/24	Cyber Security – Revenue Budget Proposal	J Patmore	2024/039	07/11/24	11/11/24
22/01/25	Business Planning – Scrutiny and overview of Assets and Procurement Committee Proposals	M Hudson	Not applicable	10/01/25	14/01/25
07/03/25				25/02/25	27/02/25

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

Future items to be programmed:
Eastnet procurement - 2025

Cambridgeshire County Council
Appointment to Outside Bodies: Policy and Service Committee

Name of Body	Meetings per Annum	Reps Appointed	Representative(s)	Guidance Classification	Committee to Approve
Cambridgeshire Horizons Board Cambridgeshire Horizons continues as a dormant limited company to oversee any remaining responsibilities from a Rolling Fund investment which supported a development in Cambridgeshire.	1	1	Councillor L Nethsingha (LD)	Company Director	Assets and Procurement
This Land Board of Directors	6-12	1	Councillor N Gough (LD) Coterminous Officer representative: Frank Jordan	Company Director (Non Executive Director)	Assets and Procurement

Appointments to Internal Advisory Groups

Name of Body	Meetings per Annum	Representatives Appointed	Representative(s)	Committee to Approve
County Farms Working Group	TBC	7	<p>Assets and Procurement Committee</p> <p>Councillor McDonald (LD) Councillor (Ind) Councillor (L) Councillor (C)</p> <p>Environment and Green Investment Committee</p> <p>Councillor L Dupré (LD) Councillor N Gay (L) Councillor M Goldsack (C) Councillor S Ferguson (Ind)</p>	<p>Environment and Green Investment</p> <p>Assets and Procurement Committee</p>
<p>Green Investments and Utilities Advisory Group</p> <p>To build a deeper understanding of green project business cases and new finance mechanisms; To provide a steer on detailed negotiations on new green commercial contracts where risk/rewards need to be balanced; and To inform better decision making at Council meetings for complex green investment projects.</p>	12 approx	<p>8</p> <p>Four from Environment and Green Investment Committee and four from Assets and Procurement Committee</p>	<p>Environment and Green Investment Committee</p> <p>Councillor S Corney (C) Councillor L Dupre (LD) Councillor N Gay (L) Councillor S Ferguson (Ind.)</p> <p>Assets and Procurement Committee</p> <p>Councillor D Ambrose Smith (C) Councillor R Hathorn (LD) Councillor C Rae (L) Councillor T Sanderson (Ind.)</p> <p>(Sub – Cllr Coutts (LD) and Cllr Meschini (L))</p>	<p>Environment and Green Investment</p> <p>Assets and Procurement Committee</p>

Sale of Shire Hall, Cambridge

To: Assets and Procurement Committee

Meeting Date: 17th July 2024

From: Executive Director: Finance and Resources

Electoral division(s): Castle

Key decision: Yes

Forward Plan ref: 2024/047

Executive Summary: Shire Hall in Cambridge was remarketed for disposal on the 2nd February 2024. This attracted 15 bids and a short list of 4 were interviewed by a panel of officers and advisors.

A freehold unconditional bid from Bidder A is recommended for acceptance. The Council will enter a period of exclusivity with Bidder A after which they will be required to exchange contracts.

During the exclusivity period Bidder A will be expected to carry out legal and property due diligence, discuss their proposals with Greater Cambridge Shared Planning and agree contracts ready to exchange when the exclusivity period ends.

If they are not able to exchange contracts during this period, the matter will return to Committee to agree next steps, which would include consideration of the other shortlisted bids discussed in this report.


Recommendation:

- a) Note the contents of the report.
- b) To enter into an exclusivity agreement with Bidder A until 9th October 2024 with the intention of exchanging contracts by this date.
- c) Delegate to the Executive Director of Finance and Resources, in consultation with the Chair and Vice Chair of the Committee, to exchange contracts on the terms as substantially drafted in the draft confidential Heads of Terms (Appendix 1) and plan (Appendix 7) and maintaining this bid remains the best consideration;
- d) If contracts are not exchanged by 9th October 2024, unless there are reasonable grounds (as determined by the Executive Director of Finance and Resources, in consultation with the Chair and Vice Chair of the Committee) to grant a short (no greater than 4 weeks) extension, then negotiations with Bidder A will end. If negotiations end with Bidder A the Committee will then be asked to agree the next steps, including the option of which of the other shortlisted bids in this report to enter into an exclusivity agreement with, if they remain

willing, and the timescale to negotiate terms and exchange contracts with them.

Officer contact:

Name: Michael Hudson
Post: Executive Director: Finance & Resources
Email: Michael.hudson@cambridgeshire.gov.uk

1. Creating a greener, fairer and more caring Cambridgeshire
 - 1.1 Report authors should evaluate the proposal(s) in light of their alignment with the following seven ambitions  [Strategic Framework 2023-28](#).
 - 1.2 This report relates to the Council's following ambitions:

Ambition 6 - Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised.
2. Background
 - 2.1 Following a Full Council decision to relocate the Council's headquarters from Shire Hall, Cambridge in May 2018, the site was marketed by BNP Paribas Real Estate in autumn 2018. There was significant interest with more than 30 proposals received covering a wide range of potential uses and financial structures.
 - 2.2 Draft Heads of Terms were approved in late 2019, and negotiations on the detailed terms and contracts commenced with Brookgate based on an income strip model for the development of a hotel. Subsequently a detailed review and update of the Shire Hall proposals and progress was presented to Strategy & Resources Committee in July 2021, with the Brookgate scheme re-confirmed.
 - 2.3 Due to the significant economic impact of the pandemic, in particular material and labour cost inflation and supply chain uncertainty, updated terms were approved by the Council's Strategy & Resources Committee in January 2022. In January 2023, a further update and amendment to terms was approved following the impact of the Government's emergency budget of October 2022 that drove a rapid rise in interest rates and gilt yields. 50-year gilt rates had risen from around 1.16% at the start of detailed negotiations (November 2019) to a much higher level (October 2023) of 4.56% (UKDMO data), impacting both finance costs and development values for the scheme. Similarly, overall construction costs increased by 24% from Heads of Terms approval in November 2019 until September 2023 (ONS COPI data).
 - 2.4 An update report was presented to the July 2023 Strategy & Resources Committee providing a comprehensive update on the then ongoing negotiations with Brookgate for the redevelopment of the Shire Hall site. Despite ongoing economic uncertainty slowing progress, legal negotiations were in their final stages with only a few significant outstanding points of contention. Committee approved a deadline for the completion of negotiations and signing of contracts.
 - 2.5 Shortly before the deadline set by the Strategy & Resources Committee for signing (14th August 2023) Brookgate contacted the Council to advise that following consideration by their Board, they were unable to proceed on the agreed terms. Legal papers were withdrawn shortly afterwards.
 - 2.6 On the 23rd November 2023 Assets & Procurement Committee noted the withdrawal of the Brookgate bid and approved the remarketing of the Shire Hall site. BNP Paribas Real Estate were reappointed to remarket the site, and Pinsent Masons to provide legal advice.

- 2.7 The site was relaunched onto the market on the 2nd February 2024. (See marketing particulars and brochure in **Appendix 2**). Previously the marketing exercise included within scope the Castle Mound; the Civil War Earthworks (both Scheduled Ancient Monuments) and the Shire Hall lawn. This time the Castle Mound, Civil War Earthworks, 42 Castle Street and Shire Hall lawn were excluded from the disposal. The opportunity was advertised widely, online, in the press and directly by BNP Paribas Real Estate using their database of potential developers and to previous bidders. More than 160 individuals were given access to the site information on the Pinsent Masons secure portal and over 30 groups of bidders visited the Shire Hall site itself to carry out guided inspections. Contact was made with Greater Cambridge Shared Planning who allocated a planning officer to deal with enquiries from bidders.
- 2.8 The closing date for proposals was 18th April 2024 and a total of 15 bids were received. The bids proposed a range of potential uses of the site including hotels and extended stay apartments, retirement living, student, co-living, residential apartments, offices, and business space, amongst other uses as well as a mixture of freehold and leasehold options. The bid proforma is attached at **Appendix 3**. The evaluation took into consideration the financial offer, deposit, proposal, conditional/unconditional offers, tenure, funding, due diligence, overage and security on deferred consideration, approvals, timescales, CCC cost undertaking, experience, resources, economic, social, and environmental impact. The terms of the initial bids received on 18th April are summarised in more detail at **Appendix 4 (Confidential)**.
- 2.9 An initial long list of seven bidders was taken forward to seek further clarification. **Appendix 5 (Confidential)**. A short list of five bidders was arrived at with two bidders not making the shortlist again due to a significant difference in best consideration. The five shortlisted bidders were invited to provide best and final bids and then attend an interview. One bidder withdrew during this process and the remaining four bidders were interviewed by CCC officers and a representative from BNP Paribas Real Estate on the 16th and 17th of May 2024.
- 2.10 From a consideration of the shortlist Bidder A submitted the highest bid for a hotel development. The bid is unconditional subject to a progressive pre planning application process. Bidder A compares well with other bids related to other non-financial factors. Due diligence was carried out as to the funding of all bids, including Bidder A who provided evidence of its funding partner. This identified all bids were assessed as strong and deliverable.
- 2.11 The Council is required to have particular focus on achieving best consideration in disposing of its assets, and as such Bidder A is the recommended option. However, in learning the lessons from previous proposals if this preferred bidder is approved by Committee, it is proposed that a time limited exclusivity agreement will be entered into. During this period the Council will only deal with that bidder, and they will be expected to carry out further due diligence during this limited time. That may involve investigation of title, undertaking surveys, discussing with Greater Cambridge Shared Planning team what development is acceptable on the Shire Hall site, and negotiating legal terms with the County Council.
- 2.12 Pinsent Masons, the Council's solicitors, have said they will take 1-3 weeks to prepare the legal pack for the successful bidder. However, we note that Greater Cambridge Shared Planning have said they would be unlikely to be able to consider a planning Pre-App

application before September.

2.13 Further discussion of the short-listed bids is given in **Appendix 6 (Confidential)**.

3. Alternative Options Considered

3.1 Set out here consideration of the alternative options that have been considered in formulating the recommendations contained in the report against the following:

Options	Benefits and outcomes	Challenges and risks	Financial implications
Option 1: Do nothing	None	The building has been decommissioned and would require investment to maintain, or significant costs to bring back into use.	There are holding costs such as business rates and security. Reopening would require significant investment as heating and air conditioning have been decommissioned.
Option 2 – Do not accept Bidder A as preferred bidder and negotiate with one of the other bidders.	This is the highest bid, and the proposal is unconditional bid with short time to exchanged realising a capital receipt in 2024/25. The bid also creates new employment opportunities and carbon reduction for the site.	Bidder A is the best consideration bid and to award to another bidder may result in a legal challenge and delay in any disposal / receipts.	Reduced capital receipt and potential delay due to any challenge.
Option 3 – Proceed with Bidder A	As set out in option2, this is the highest bid while also satisfying non-financial criteria. Short time period proposed to exchange and complete	Any bid may be reduced during exclusivity period. A tight exchange and completion timetable can always be difficult to achieve.	Highest bid.

4. Conclusion and reasons for recommendations

4.1 Option 3 is recommended. Entering an exclusivity period with Bidder A who offers the

highest capital receipt, is unconditional on obtaining planning consent and proposes a short period to exchange and completion and represents the best consideration. The bid also offers good non-financial benefits.

- 4.2 If Bidder A does not meet the proposed timescale to exchange contracts Committee will be asked to reconsider the other three short listed bids.

5. Significant Implications

5.1 Finance Implications

Financial implications are set out in the report and detail held in confidential appendices.

The recommended bid is a sale of freehold, this differs from the previous income strip proposal approved in 2019. However, only one offer was submitted this time based on an income strip structure and this bid was subsequently withdrawn.

From the competitive process it is clear first that the economic conditions post the pandemic and Chancellor's mini budget of October 2022 have meant no development on similar structure to the one previously proposed is available currently. As such any comparisons between the previous decision and the one proposed in this report are not meaningful due to these change in factors.

As noted, one option for the Committee is to not accept any bids and hold on to the site until some point in the future when an income strip deal could be considered again. However, analysis of forecasts by organisations such as IFS, suggest this will be five years plus away and then there is no certainty, during which time the Council will incur significant costs in maintaining the site, as well as the negative impact of having the site vacant to both the local community and economy.

Whilst two of the shortlisted bidders also put forward leasehold bids (one putting both a freehold and leasehold) these were not the best consideration. As such a freehold option generates the highest receipt allowing the Council to offset current / future revenue costs of borrowing.

5.2 Legal Implications

The preferred bid meets best consideration regulations. Legal advice on this has been included in advice for members at **Appendix 8** (Confidential).

5.3 Risk Implications

The main risks are:

- the selected bid, whilst currently the highest offer, could be reduced and be open to challenge. This has been mitigated by due diligence during the bidding process. If this were to occur and the deal were no longer best consideration, then the decision would be brought back to Committee.
- There is a delay in exchange. Whilst this is a risk Bidder A is confident of a shorter timescale than the period of exclusivity granted here, and officers will manage this process to drive exchange or bring back alternative options to Committee.

5.4 Equality and Diversity Implications

There are no negative implications for equality and diversity. A completed and approved Equality Impact assessment (EqIA) can be requested with the reference CCC625752554.

5.5 Climate Change and Environment Implications (Key decisions only)

This will result in the disposal of an energy inefficient property. Bidders have been selected on amongst other things their climate change and environmental proposals.

SHIRE HALL SITE

CASTLE STREET
CAMBRIDGE
CB3 0AP



DEVELOPMENT & INVESTMENT
OPPORTUNITY



**BNP PARIBAS
REAL ESTATE**

Real Estate
for a changing
world

DEVELOPMENT & INVESTMENT OPPORTUNITY

- ▶ The Shire Hall site offers a unique development and investment opportunity in the heart of Cambridge city centre
- ▶ Until 2021 the administrative seat of Cambridgeshire County Council, before vacating the site and moving to its new headquarters at New Shire Hall, Alconbury Weald
- ▶ Extending to around 3.2 acres (1.3 hectares), the site is held freehold by the Council and offered with vacant possession
- ▶ The site currently houses Shire Hall and three further buildings, together providing approximately 120,000 sq ft (11,150 sq m) of accommodation (GIA), together with various car parking areas
- ▶ The adjoining Castle Mound, the Civil War Earthworks and the Castle Hill lawn are excluded from the sale, all of which will be retained by Cambridgeshire County Council
- ▶ The Shire Hall site lies within a sustainable mixed-use location, providing a rare opportunity to develop the site for a variety of alternative potential uses, including offices & laboratories, hotel, residential, student and senior living, subject to the necessary consents
- ▶ Proposals are invited from potential development partners and investors for the purchase and development of the Shire Hall site



CAMBRIDGE

- ▶ Cambridge is an internationally renowned city, steeped in history and famously home to one of the world's foremost universities
- ▶ The city is one of the country's most popular visitor destinations, attracting huge numbers of both domestic and international tourists
- ▶ Focused on the city's rich historical and cultural heritage, Cambridge boasts a wide range of museums and galleries, as well as an abundance of attractive green spaces, meadows and botanical gardens
- ▶ The University of Cambridge, made up of 32 colleges, is one of the oldest and most highly acclaimed universities in the world
- ▶ Also located in the city, Anglia Ruskin University has a strong focus on vocational and professional courses
- ▶ With a rapidly growing population of fast approaching 150,000 people, the city has unprecedented access to the very best talent



CAMBRIDGE ECONOMY

- ▶ Cambridge is an important commercial centre and has become established as the UK's pre-eminent research and development centre, a key driver of both the regional and national economy
- ▶ Known as the 'Cambridge Phenomenon', the city has an extraordinary ecosystem of high technology, science and knowledge-based companies, many of which are spin-outs from the university's world leading research
- ▶ Renowned for its highly skilled workforce, Cambridge benefits from its rapidly expanding economy, home to some of the world's most established and leading companies, including Abcam, Arm, Amazon, Apple, AstraZeneca, Darktrace and Microsoft
- ▶ Cambridge has also been recognised as the UK's top regional city for tech business start-ups
- ▶ The Cambridge Biomedical Campus is the largest centre of medical research and health science in Europe, with over 20,000 people working at the site
- ▶ Home to world leading Royal Papworth Hospital and Addenbrooke's teaching and research hospital, attracting international investment across the bioscience, pharmaceutical and life sciences sectors
- ▶ Home to seventeen Nobel Prize winners from the life sciences since 2000, Cambridge is a worldwide hub for scientific innovation



COMMUNICATIONS & CONNECTIVITY



- ▶ Cambridge is situated approximately 60 miles (96 km) north of London and benefits from an extensive transport network
- ▶ The M11 motorway provides direct access to London, the M25 and national motorway network, with the A14 dual carriageway linking the city with the Midlands and East coast ports
- ▶ Regular direct mainline rail services are provided to both London Kings Cross and London Liverpool Street (with fastest journey times of 48 minutes and 1 hour 10 minutes respectively)
- ▶ London Stansted Airport is located around 30 miles (48 km) to the south, accessed via the M11 and also with direct train services from Cambridge station
- ▶ Cambridge City Airport is also situated only 4 miles (6 km) to the east of the city and offers commercial airline services from an alternative regional airport close to the city centre
- ▶ The proposed East West Rail project will dramatically improve rail connections between Cambridge and Oxford, further enhancing collaboration across the Oxford Cambridge Arc

SITUATION

- ▶ The Shire Hall site is situated in a prominent location on Castle Street, within a short walking distance of the city centre approximately 0.25 miles (0.4 km) to the south
- ▶ A number of the city's most popular and historic landmarks (including the River Cam, the Bridge of Sighs and the Museum of Cambridge) as well as many of the Cambridge colleges (including Clare College, St John's College, Magdalene College and Trinity College) are all situated nearby



- ▶ The site benefits from a significant frontage to Castle Street, which itself leads to Huntingdon Road to the north and Magdalene Street to the south (in turn becoming Bridge Street and then Sydney Street, the city's main retail thoroughfare)
- ▶ As well as being well connected to the local highway network, the Shire Hall site is well served by multiple bus routes from numerous bus stops on Castle Street
- ▶ Cambridge is one of the most bike-friendly cities in the UK, also making the site ideally situated for cycling, as well as exploration on foot
- ▶ The surrounding area is of mixed use, with predominantly residential, office, retail and student accommodation
- ▶ The area immediately to the east of the Shire Hall site (beyond the Civil War Earthworks) is residential; to the south (beyond Castle Mound) is Clare College; to the north is the Castle Court student accommodation and Castle Park office development; with the west of the site bounded by Castle Street itself

SHIRE HALL SITE



SITE HISTORY

- ▶ Shire Hall was the administrative centre of Cambridgeshire County Council since the 1930's until the Council relocated to a new headquarters outside the city in 2021
- ▶ The wider site was the seat of government in Cambridge for over 1,000 years, with the first castle built on site by William the Conqueror in 1067, replaced by a much larger stone structure by Edward I in 1298, which survived until the English Civil War
- ▶ Historically, the site had a secondary function as a prison and later a police station
- ▶ The Shire Hall site is held freehold by Cambridgeshire County Council and extends to approximately 3.2 acres (1.3 hectares)
- ▶ The site currently contains four buildings (all of which are now vacant), associated car parking and areas of open space
- ▶ Shire Hall, built in the 1930's, is the largest building on site, laid out over five floors from basement to third floor level around two atria
- ▶ The Octagon is a northern linked extension to Shire Hall, constructed in the 1960's and arranged over four floors from basement to second floor level
- ▶ Castle Lodge (former Registration Services) is of single-storey construction
- ▶ The Old Police Station fronts Castle Street and is arranged over ground and first floors

Shire Hall



The Octagon



Old Police Station



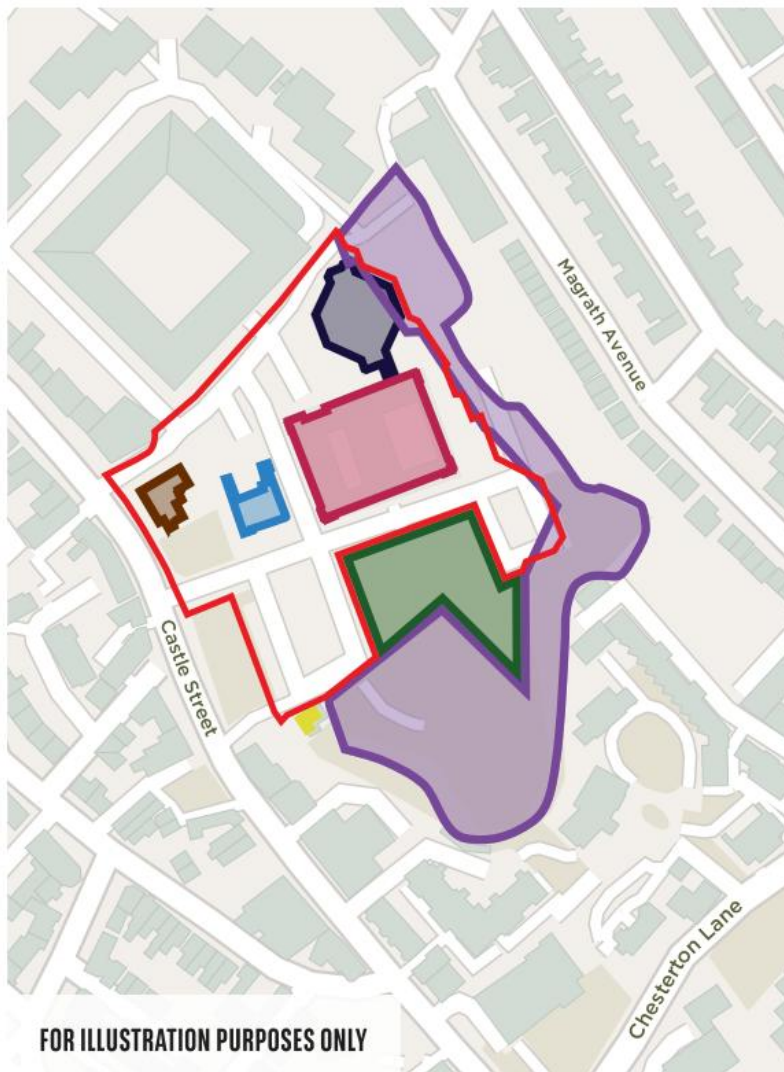
Castle Lodge



SITE & ACCOMMODATION

- The existing buildings on the Shire Hall site comprise the following approximate floor areas (GIA):

Shire Hall	73,174 sq ft (6,798 sq m)
The Octagon	36,710 sq ft (3,410 sq m)
Castle Lodge	3,913 sq ft (394 sq m)
Old Police Station	5,785 sq ft (537 sq m)
Total	119,582 sq ft (11,139 sq m)



- There are three surface car parking areas on the Shire Hall site, including the main car park currently used as a public pay and display car park, with vehicular access from Castle Street
- Cambridgeshire County Council also own and control additional car parking spaces at upper basement level of the adjoining Castle Court, which although outside the site boundary, could potentially be made available on a leasehold basis to the developer of the Shire Hall site
- The extent of the Shire Hall site is shown for identification purposes outlined in red on the adjacent plan
- The asset specifically excludes the adjoining Castle Mound (to the south) and the Civil War Earthworks (to the east), both of which are designated as Scheduled Monuments
- The Castle Hill lawn and 42 Castle Street are also excluded from the Shire Hall site, again to be retained by Cambridgeshire County Council

- Shire Hall
- The Octagon
- Castle Lodge
- Old Police Station
- 42 Castle Street
- Scheduled Monuments
- Castle Hill lawn

PLANNING & HERITAGE

PLANNING

- ▶ The Shire Hall site lies within the planning jurisdiction of Cambridge City Council, subject to the adopted Cambridge Local Plan 2018
- ▶ The site is situated within the Castle Area and Victoria Road Conservation Area
- ▶ Any proposals will need to have regard to preserving and enhancing the setting of the conservation area and safeguarding the setting of any listed buildings, as well as the adjoining Castle Mound and Civil War Earthworks scheduled ancient monuments
- ▶ The Castle Mound and site frontages are also designated as protected open space in the local plan
- ▶ The Old Police Station is a Grade II listed buildings and Shire Hall has been designated as a building of local interest
- ▶ A more detailed Planning Brief is contained in the data room

HERITAGE

- ▶ The Shire Hall site is immediately adjacent to the Castle Mound and Civil War Earthworks, two of only five Scheduled Monuments in Cambridge
- ▶ Castle Mound is a popular amenity for local residents, educational group visits and tourists, being the motte of a castle built immediately after the Norman Conquest and marking the heart of early Cambridge



- ▶ Castle Mound is accessed from Castle Street by means of a footpath (partly through the Shire Hall site) with steps to the summit, offering impressive views across the local area
- ▶ The Civil War Earthworks are the remains of the castle defences that were modified in the mid-1640s to create an artillery fortress for the Army of Parliament.
- ▶ It should be noted that a small part of the existing Octagon building was constructed on the Civil War Earthworks land
- ▶ There are known to be multi-period archaeological remains beneath and between the current buildings on the Shire Hall site
- ▶ A more detailed Heritage Brief is contained in the data room
- ▶ The Shire Hall site could lend itself to a range of potential uses, such as offices & laboratory, hotel, residential & build to rent, student, senior living or a combination of uses, subject to the necessary consents

ALTERNATIVE POTENTIAL USES

OFFICES & LABORATORY

- ▶ Long recognised as a world renowned centre for leading science, technology and innovation, Cambridge benefits from one of the fastest growing economies in the country
- ▶ The city has been successful in attracting some of the largest global companies, as well as growing and supporting small entrepreneurial start-ups
- ▶ As technology advances, there has been significant growth within these dominant sectors in the “Silicon Fen”, exemplified by technology firms now accounting for almost half of all take up in the city
- ▶ The availability of premium office space continues to fall, partly due to the repurposing of offices (and other uses) to laboratory space feeding the growth of life sciences
- ▶ Cambridge’s life science and healthcare businesses have seen an astonishing growth in turnover over the last three years, with the city having the highest level of occupier requirements for lab space in the south east
- ▶ With low vacancy rates and high occupier demand, Cambridge has seen strong competition for best space, resulting in significant levels of rental growth for offices and laboratory space, both in the city centre and on science & business parks



ALTERNATIVE POTENTIAL USES

HOTEL

- ▶ Cambridge has long been one of the UK's strongest hotel markets, benefitting from exceptional tourist, corporate and leisure demand, as well as servicing the requirements of visiting scholars and researchers
- ▶ There are a number of iconic hotels within the city such as The Varsity Hotel & Spa, University Arms Hotel (Autograph Collection), Gonville Hotel and Clayton Hotel (formerly the Tamburlaine)
- ▶ With a growing number of returning tourists driving the room rate and excellent demand metrics, the rationale for more hotel beds in the city remains strong
- ▶ There are currently no luxury hotel offerings to the north of the River Cam, with Shire Hall offering an unprecedented potential opportunity to repurpose the current building behind the existing facades
- ▶ Demand for aparthotels has also increased in the city over recent years, with Staycity part of the previous development proposal for the Shire Hall site which was subsequently withdrawn because of market conditions



ALTERNATIVE POTENTIAL USES



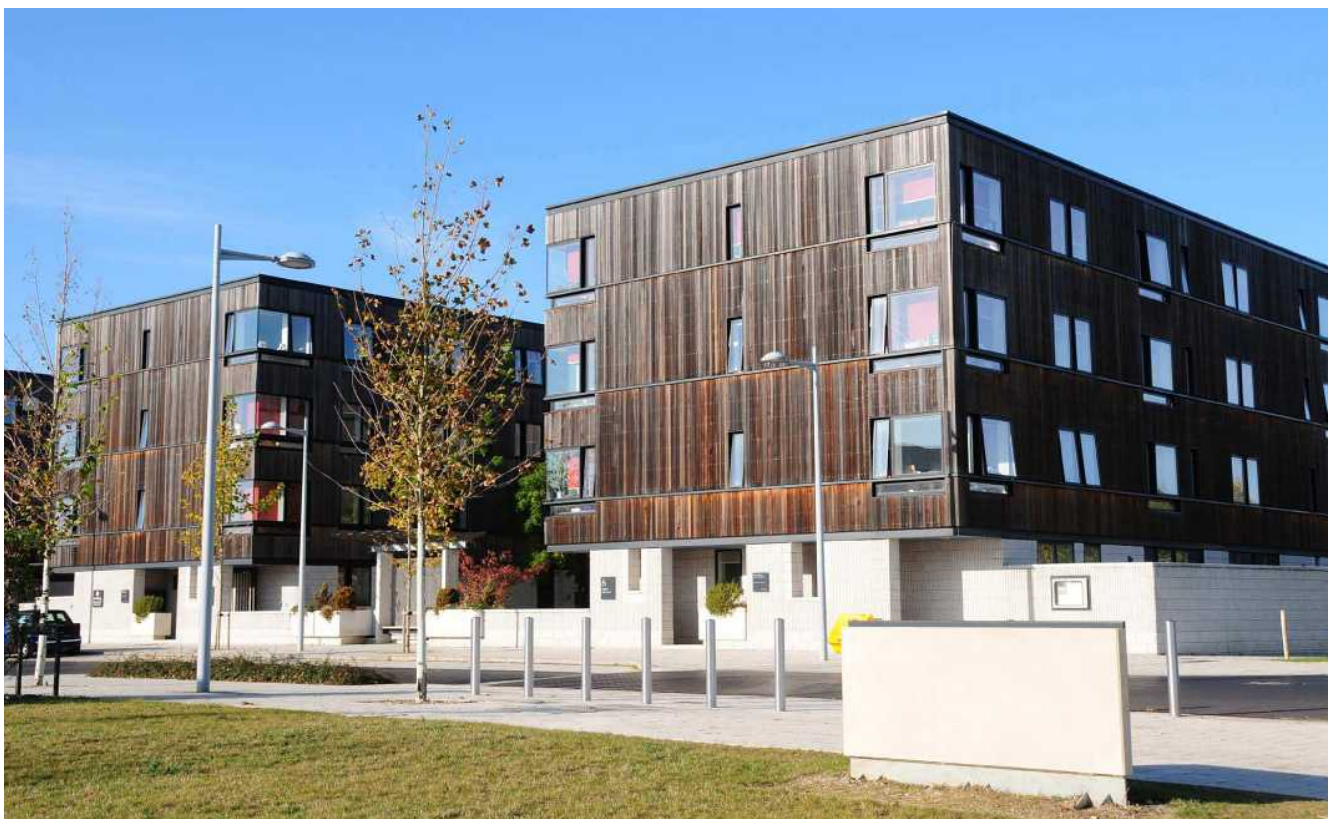
RESIDENTIAL & BUILD TO RENT

- ▶ Shire Hall presents a potential opportunity to provide a unique conversion to apartments in a historical setting, targeting the premium residential offer
- ▶ Although the site is centrally located, it is in an area with a general shortage of residential accommodation, particularly at the higher end of the market, when compared to other parts of the city
- ▶ The Shire Hall site also offers potential for a well designed and highly amenitised Build to Rent development on the back of the dynamic recent shift in tenure choice amongst millennials, with many now opting to rent rather than buy as a result of high housing costs and the desire for flexibility
- ▶ With a rapidly expanding pool of young and talented professionals and a higher than average representation in the 25-34 age bracket, Cambridge has a perfect demographic for build to rent
- ▶ Although the build to rent market in Cambridge is currently at an early stage of development, the sector is growing and evolving rapidly, with demand expanding from London and the regional cities to more attractive historical locations such as Cambridge

ALTERNATIVE POTENTIAL USES

STUDENT

- ▶ Demand for higher education in the UK remains strong, with student numbers having increased year on year as employment markets have tightened, making it more difficult for the younger demographic to secure good jobs
- ▶ With projected increases in the number of 18 year olds in the UK over the next 10 years, growing incentives for universities to recruit a greater number of higher paying international students and the recent growth seen in post graduates, world renowned university cities such as Cambridge are best placed to attract increasing numbers of both domestic and international students
- ▶ The University of Cambridge colleges are only able to house less than half of all undergraduates, which when combined with Anglia Ruskin University and the city's numerous other educational establishments, results in a large undersupply in PBSA, putting the existing private rented stock under increasing pressure
- ▶ Potential demand exists for good quality student accommodation in a central location such as that of the Shire Hall site, within close proximity of all the city centre facilities



ALTERNATIVE POTENTIAL USES



SENIOR LIVING

- ▶ The senior living and retirement sector is one of the fastest growing sectors in the UK
- ▶ Cambridge is home to over 17,000 individuals aged 65 and over, equivalent to 12.3% of the total population
- ▶ Senior living is able to attract significant premiums when compared to residential values
- ▶ With the dominant Acorn category in the city being Affluent Achievers, a high level of wealth within the population alongside high property values will help drive premium prices for retirement accommodation
- ▶ Despite this large elderly population and high levels of wealth, there is currently a lack of high end retirement schemes within Cambridge, together with a restricted development pipeline to satisfy the ageing demographic
- ▶ The Shire Hall site potentially offers an opportunity for a high end retirement developer / operator to deliver a landmark senior living scheme in a highly sought after location

DEVELOPMENT & INVESTMENT PROPOSALS



BACKGROUND

- ▶ Prior to vacating the Shire Hall site in 2021, Cambridgeshire County Council invited offers for the wider Shire Hall site on the basis of either a freehold or leasehold disposal
- ▶ Whilst not wishing to be prescriptive, there was a stated preference for a leasehold transaction capable of generating income to the Council over the medium to long term
- ▶ A preferred party was selected to undertake a redevelopment of the site for use as a hotel and offices, on the basis of the Council then taking an income strip lease over the entire development on practical completion
- ▶ Staycity Aparthotels were part of the development proposals put forward by the selected developer, to take a lease of a redeveloped hotel behind the façade of the existing Shire Hall and in an adjoining new build annex (on the site of the existing Castle Lodge)
- ▶ However, the wider site transaction failed to complete due to market conditions

DEVELOPMENT & INVESTMENT PROPOSALS

METHOD OF SALE

- ▶ Proposals are invited for the purchase and development of the Shire Hall site
- ▶ Offers are invited on the basis of either a freehold or leasehold disposal
- ▶ Both unconditional and conditional offers are invited, with certainty of delivery and timescales for removal of any conditions an important consideration
- ▶ Preference will be for full payment on completion, although deferred consideration will be considered, subject to appropriate security
- ▶ Submissions must be completed on the Bidding Pro Forma and will be assessed in accordance with the evaluation criteria set out therein, as contained in the data room
- ▶ Inspections by interested parties are strictly by prior appointment only through the vendor's agent, BNP Paribas Real Estate, with viewing dates and times to be allocated
- ▶ For further information on the bidding process interested parties should refer to the accompanying Process Letter



GENERAL INFORMATION



RIGHTS OF WAY, EASEMENTS & WAYLEAVES

- The Shire Hall site is offered subject to and with the benefit of all existing rights of way, easements and wayleaves, whether or not specifically referred to in the marketing information

SERVICES

- Interested parties are advised to make their own enquiries with the relevant service providers

RIGHTS AND RESERVATIONS

- Cambridgeshire County Council will reserve appropriate rights for the benefit of its retained land, together with the Castle Court & Castle Park developments to the north of the Shire Hall site (already sold off on a long leasehold basis) in respect of existing pedestrian & vehicular access, maintenance obligations and services as necessary

VAT

- The Shire Hall site is not elected for VAT

For access to the data room and any further information please contact:

Simon Williams
Executive Director

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07808 479304

Edward Smith
Senior Director

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James Marner
Senior Director

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07471 354116

Gavin Hendry
Director

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07876 595734

Max Marston
Surveyor

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07899 067047

DISCLAIMER

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BNP PARIBAS
REAL ESTATE

Real Estate
for a changing
world

Bidding Pro Forma

Shire Hall Site, Castle Street, Cambridge CB3 0AP

Subject to Contract

Proposals must be completed on the Bidding Pro Forma and submitted by email and hard copy in duplicate by the bidding deadline, together with any covering information to:

Simon D Williams
BNP Paribas Real Estate UK
10 Harewood Avenue
London NW1 6AA

Tel: 07808 479304
Email: simon-d.williams@realestate.bnpparibas

Gavin Hendry
BNP Paribas Real Estate UK
10 Harewood Avenue
London NW1 6AA

Tel: 07876 595734
Email: gavin.hendry@realestate.bnpparibas

Offers should be clearly marked "Shire Hall Site, Cambridge – Proposal" and submitted no later than **midday on Thursday 18th April 2024**.

Offers submitted by email by the bidding deadline should also be sent by hard copy in duplicate.

1. Evaluation of Proposals

Each of the Proposal Categories will receive a score out of 10, weighted for each category against a total possibility of 100% as set out below.

Category	Weighting
Financial Offer Based upon the best financial outcome for Cambridgeshire County Council (CCC) for the highest quantum of consideration for the site and potential income retained by CCC in the future	15%
Deposit (upon signing Exclusivity Agreement) A binary score of 10 or 0 will be awarded depending on whether the bidder agrees to the deposit arrangements	15%

Proposal Evaluated with marks being awarded for the scheme content in terms of design, sustainability, demand and deliverability including planning permission	12.5%
Conditional / Unconditional Offer Evaluated against the number and terms of the conditions. Easily satisfied conditions will achieve a higher score	5%
Tenure Higher scores will be awarded for proposals where CCC retain the freehold interest	2.5%
Funding The funding of all phases of the development process are relevant including pre-construction and design and planning. Clearly articulate for each phase of the development process whether the source of funds is provided by the bidder or a third party (already in place or to be procured at a later date)	10%
Due Diligence Due diligence which supports the financial viability and planning and construction deliverability of the proposal will attract the highest scores	5%
Overage & Security on Deferred Consideration Clearly defined overage mechanism with a worked example together with a proposal to ensure any deferred payments are guaranteed subject to satisfying conditions (if applicable) will attract the highest scores	5%
Approvals Clear details of the bidder approval process will attract the highest scores	2.5%
Timescales A detailed programme including timescales for the exchange of the Exclusivity Agreement, payment of the deposit (if applicable), exchange of legal documentation, discharge of conditions (if applicable), payment of consideration, funding, construction etc. Timely but realistic timescales will attract the highest scores	5%
Costs A full undertaking to cover all of CCC's reasonable costs will attract the highest score	2.5%
Experience & Resources Scoring based upon experience and resources in relation to a development of this size, nature and complexity	10%
Economic, Social & Environmental Impact Proposals that clearly demonstrate measurable potential benefits will attract the highest score	10%
Total	100%

2. Proposal Categories

1.	BIDDER DETAILS	Company Name: Company Number: Address: Contact: Telephone: Email:
2.	BIDDER'S SOLICITOR	Company Name: Address: Contact: Telephone: Email:
3.	FINANCIAL OFFER Site payment and potential income available to CCC in the future including any proposals for deferred payments such as overage Please support the appraisals and assumptions used to underwrite the financial offer	



<p>4.</p>	<p>DEPOSIT (upon signing Exclusivity Agreement)</p> <p>Confirm agreement to deposit arrangements below:</p> <p>Once the preferred bidder is selected, we are requesting that they pay £200,000 (exc VAT) into an account nominated by the Council and enter into (1) an exclusivity agreement to allow for negotiation of the sale contract / agreement for lease (as applicable) and (2) an escrow agreement to document the terms on which that £200,000 will be held</p> <p>The Council will require the money to be held for the benefit of both the Council and the developer and released to the developer only if a planning application for the scheme proposed is submitted</p> <p>If that has not been submitted by a specified date or if the sale contract / agreement for lease (as applicable) has not been exchanged by a specified date the money will be released to the Council</p> <p>This will run in parallel with the terms of any sale contract / agreement for lease (as applicable) which may during that time have also been entered into</p>	
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5.	PROPOSAL Please provide an overview of your proposals for the Shire Hall site, in terms of the proposed use or mix of uses, extent of new build development (if any), consents required to implement the proposals and any supporting information Please also set out whether your proposal includes some or all of the car parking at the upper basement level of the adjoining Castle Court development (and proposal terms). This element should be set out separately from the Financial Offer for the Shire Hall site in para 3. above	
6.	CONDITIONAL / UNCONDITIONAL OFFER Please confirm whether your offer is conditional (subject to planning) or unconditional (subject to contract only)	
7.	OTHER CONDITIONS Please confirm whether there are any other conditions, the timescales and information / process required to discharge any such conditions	
8.	TENURE Please confirm whether your offer is based on a freehold or leasehold disposal (and if so, the proposed terms that are applicable)	

9.	<p>FUNDING</p> <p>Please confirm the source of funding for the offer and attach evidence demonstrating your ability to fund the transaction</p> <p>Please confirm whether your offer is subject to valuation and / or debt funding</p> <p>If applicable, please confirm that the offer been made in the full knowledge and support of your funder, or if not, what processes are required to secure their approval (including timescales)</p>	
10.	<p>MARKETING INFORMATION</p> <p>Please confirm that your offer is made in full knowledge of all the documents provided as part of the marketing information and contained in the data room</p>	
11.	<p>DUE DILIGENCE</p> <p>Please confirm the due diligence already undertaken and details of any other assumptions and / or conditions (including any abnormal cost allowances) made when submitting your offer and what you will need to verify between acceptance of an offer and exchange of contracts</p> <p>Please confirm whether initial contact has been made with Cambridge City Council Planning Officers to discuss your proposals</p>	



12.	OVERAGE Proposals for planning and sales overage are invited. Please set out details for consideration as appropriate	
13.	SECURITY ON DEFERRED CONSIDERATION A satisfactory form of security will be required for any deferred consideration. Please set out details for consideration with your proposal, if applicable	
14.	APPROVALS Please confirm details of your internal approval process and the level of approval submitted with your offer, together with timescales and requirements to obtain full approval to reach an exchange of contracts	
15.	TIMESCALES Please confirm your proposed timescales to exchange of contracts and completion, together with the discharge of any condition precedent	



<p>16.</p>	<p>COSTS</p> <p>The Council will require an undertaking for professional costs incurred in the transaction, whether or not the matter proceeds to exchange of contracts. Please confirm your proposals for consideration including any cap on the amount of Council costs to be covered by the bidder</p>	
<p>17.</p>	<p>EXPERIENCE AND RESOURCING</p> <p>Please set out your experience of similar projects, together with details of key personnel that will manage the project</p>	
<p>18.</p>	<p>ECONOMIC, SOCIAL & ENVIRONMENTAL IMPACT</p> <p>Provide evidence of the potential economic impact of the proposal set out above</p> <p>Provide evidence of the potential social impact of the proposal set out above</p> <p>Provide evidence of the potential environmental impact of the proposal set out above</p>	



19.	SIGNATURE	Signed:
		Name:
		Position:
		Date:

Important Notice

This is not a formal tender and any proposal will be subject to acceptance and approval by our client. Furthermore, our client is not obliged to accept the highest or indeed any offer received and reserves the right not to consider any offers submitted after the bidding deadline.

Our client reserves the right to vary the bidding process at any stage and as such this invitation, all discussions and correspondence are non-binding and subject to formal contract.

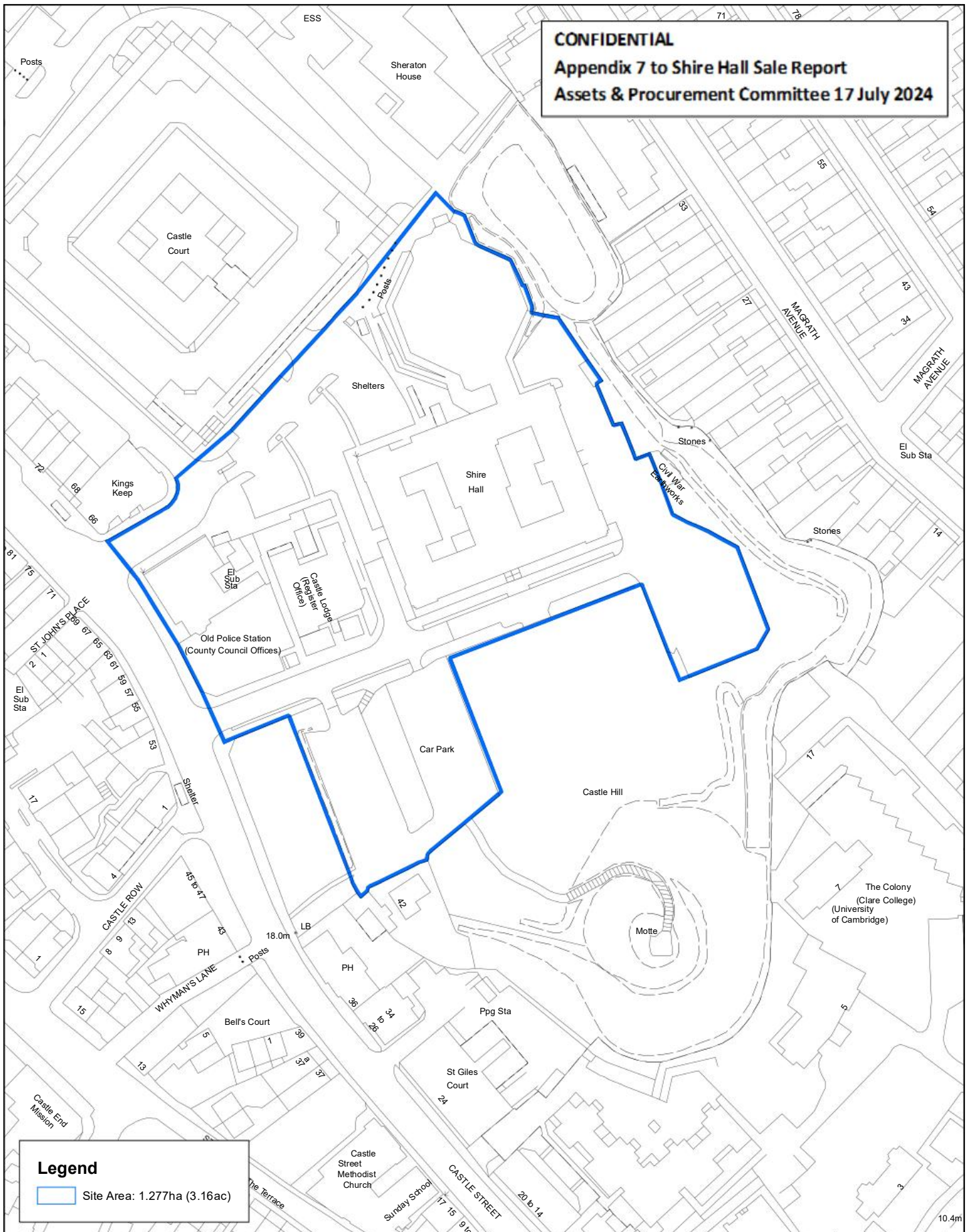
The marketing information is intended only as a guide and does not constitute an offer or contract.

February 2024

CONFIDENTIAL

Appendix 7 to Shire Hall Sale Report

Assets & Procurement Committee 17 July 2024



Shire Hall, Cambridge Development Area

Scale: 1:1,250 @A4

OS Grid Ref: TL 4459

Date: 26/01/2024

