

## Asset Management – property specific updates

To: Strategy & Resources Committee

Meeting Date: 29 March 2022

From: Director of Resources & Chief Finance Officer

Electoral division(s): Market, Castle, Abbey and Fulbourn

Key decision: Yes

Forward Plan ref: 2022/053

Outcome: To provide an update to the Committee on a number of property matters and agree next steps.

Recommendation: The Committee is invited to:

- (a) Agree to commence procurement of student accommodation operator at Brunswick House delegating authority to award a contract to the Director of Resources in consultation with the Chair and Vice-Chair;
- (b) Agree to voluntarily register certain land at Shire Hall, Cambridge as a town or village green;
- (c) Agree to progress the scheme for biodiversity net gain at Lower Valley Farm, delegating authority to enter into agreements for that purpose to the Director of Resources in consultation with the Chair and Vice-Chair; and
- (d) Agree, in principle, to inclusion of early years provision at the East Barnwell Community Hub, and to bring forward a revised capital budget in due course, following further development of plans for this asset.

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## 1. Brunswick House operating agreement

- 1.1 Brunswick House, located on Newmarket Road in Cambridge, is a 251 bedroom student halls of residence constructed in 2012. It was acquired by the Council in July 2018 for £38m as an investment asset generating a yield, in order that the Council would benefit from the revenue income. The Council also had regard to shortages of high quality student accommodation.
- 1.2 When the property was purchased there was an Operating Agreement in place with an accommodation manager/operator which was novated to the Council from the vendor. The operator manages all functional aspects of the student accommodation including caretaking, custodian and maintenance support. The operator is also responsible, subject to the Council's instructions, for bookings/lettings and marketing at the property and for administration of rent collected from occupants. The annual value of the agreement is approximately £440k, divided between a management fee and the fixed operating costs. The novated Operating Agreement will expire on 23 January 2023, and the Council will need to undertake a public procurement exercise for successor arrangements.
- 1.3 The gross rental income from full occupation of Brunswick House is £2.34m. The Council's investment portfolio is diversified across a number of asset classes – student accommodation has proved to be relatively vulnerable to the impacts of the pandemic as students stayed away from universities. However, this academical year there has been a desire to return to campus with some in person learning returning and occupation levels have improved to 94% (the highest since 2018/19). Market analysis suggests there is ongoing demand for this type of accommodation, especially where it is of a high standard and well located as is the case of Brunswick House. The Council has budget provision identified in 2022-23, derived from rental income in the property, for continued investment in the upkeep of the property in order to ensure it remains of high standard and attractive.
- 1.4 The Council wants to continue to optimise the income and value it receives from Brunswick House and it is expected that appointing a specialist and single operator will continue to be the best way to deliver this, benefitting from the expertise and economies of scale of a student accommodation provider. Following consideration of available frameworks, including those maintained by the Universities' buying organisations, it is envisaged that a full tender exercise will be run, for a contract of at least four years with pre-set extension options. A term of this length affords the operator sufficient time to embed into management of the property and progress its development. There is a competitive market of student accommodation operators who could bid for this opportunity.

## 2. Shire Hall, Cambridge: registration of town or village green

- 2.1 On 10 June 2019, three local residents (two of whom were at that time County Councillors) applied to declare the Castle Mound and Shire Hall lawn as a town or village green (TVG). In order to recuse Cambridgeshire County Council from involvement in determining the application, due to its interest as landowner, Full Council delegated decision making as the commons registration authority to Suffolk County Council.
- 2.2 In its capacity as the landowner, CCC formally objected to the application for registration of a TVG on 22 April 2020. There was subsequently a delay, relating to pandemic restrictions,

to advertising the consultation on the TVG application until November 2021 and that process has now completed.

- 2.3 The site is already largely covered by a Scheduled Ancient Monument (SAM) designation which means that public access is protected but an area of lawn in front of Shire Hall is not in the SAM designation and does not have protected public access although this has been allowed for over 90 years.
- 2.4 A TVG would protect public access by law and would restrict development and would be binding forever. Due to the proximity to the SAM it is inconceivable that any building development would be possible in any case. An improvement such as the creation of a formal flowerbed might be objected to on TVG grounds.
- 2.5 When the Council lodged its objection in 2020 it did so, following legal advice, on two primary grounds. Firstly, that land that was already a SAM could not lawfully meet the requirements of a TVG and secondly that the users of the lawn and Castle Mound were not the inhabitants of a defined "locality". Following further consideration in 2021, it is proposed that the second ground for objection is no longer advanced by the Council, given the factual matrix. However, it is considered that the first ground raises an arguable point of law, and that this would likely require inquiry by the determining authority, for which CCC will meet costs, were the current application to proceed.
- 2.6 The lawn and Mound were initially included in the red line area marketed along with the Shire Hall campus buildings. The proposal agreed by Strategy & Resources Committee is that only the building footprints will be leased but other areas will remain in the Council's direct control.
- 2.7 Discussions have taken place with the applicants about withdrawing their application in return for a voluntary TVG declaration relating to the smaller area of the Shire Hall lawn which is not currently a SAM. This has been agreed in principle although the exact boundaries are subject to survey and have to be finalised.
- 2.8 The advantage of this arrangement is that an expensive public inquiry will be avoided. It will also avoid a potentially ambiguous or contentious designation of TVG and SAM on the same land. One scenario where this is sensible is that repairs to the SAM would not be delayed by an objection from a member of the public using the TVG legislation.
- 2.9 The process for making a voluntary TVG declaration is straightforward and the Council would undertake to register in this way when the applicants withdraw their application.

### **3. Biodiversity Net Gain at Lower Valley Farm, Fulbourn**

- 3.1 In planning submissions, developers are expected to demonstrate that their proposals are compliant, with all relevant legislation regarding the protection of wildlife and habitats. The Environment Act 2021 mandates that measurable Biodiversity Net Gain (BNG) for developments should exceed the pre-development biodiversity value by a minimum 10%. There will be a two-year transition before mandatory net gain becomes law. During that time DEFRA are developing, with a wide range of stakeholders, the best way to implement the legislation and achieve BNG outcomes.

- 3.2 Many Local Planning Authorities already require developers to evidence how they will deliver net gains for biodiversity prior to issuing planning consent. Greater Cambridge Shared Planning produced a Biodiversity Supplementary Planning Document in February 2022. ([greatercambridgeplanning.org](http://greatercambridgeplanning.org)). GCSP require a 10% net gain, but their Doubling Nature Vision adopted in February 2021 aspires to 20% BNG and this may be adopted in the revised Local Plan. The hierarchy of BNG re-provision is to first provide onsite and if that is not possible to provide offsite and in the planning authority area. Where off site habitat measures are required, they must be consistent with the strategic aims of the Cambridge Nature Network, and Greater Cambridge Green Infrastructure Opportunity Mapping.
- 3.3 BNG is an emerging area of rural land management. The County Council's County Farms team have been proactive in developing a BNG scheme on the rural estate for more than a year and have regularly updated and consulted the County Farm Working Group where Members have been supportive. Development of the initiative has required partnership working between the County Farms team, Greater Cambridge Shared Planning Service, legal advisors, the Wildlife Trust, Cambridge Past Present and Future, DEFRA and Natural England, along with ecologists from Bidwells and Logika.
- 3.4 A review of the potential opportunities for establishing a BNG scheme in the South Cambridgeshire area was conducted and Lower Valley Farm in Fulbourn, South Cambridgeshire, was identified as being ideally situated to serve this purpose. The 350-acre farm has been let on a short-term arrangement while several longer-term options were explored. Lower Valley Farm is identified by the Wildlife Trust and CPPF in the Cambridge Nature Network as a strategic priority landscape area, which will buffer the adjacent Roman Road Site of Special Scientific Interest (SSSI) and link to other surrounding SSSIs, supporting habitat connectivity across the landscape from Trumpington Meadows through to Wilbraham Fen.
- 3.5 A baseline biodiversity survey has been carried out and a scheme has been prepared based on establishing chalk grassland, with some woodland and hedges. The land will be farmed by a tenant farmer using grazing animals to achieve the required biodiversity. £194k of Natural England funding will pay for setting up the BNG contracts, providing infrastructure and establishing the grassland, hedges, and woodland.
- 3.6 BNG schemes will be secured through a section 106 agreement with the allocation of biodiversity units to developers offered by way of an option agreement or a conditional contract. This approach has been accepted by GCSP. The biodiversity provision will be a 30-year obligation. The scheme's habitat creation/enhancement works will commence in August 2022 and developers looking to acquire units since August 2019 can be accommodated for in this scheme. The first phase of the scheme will see the conversion of a 150-acre south block of the farm from arable to biodiverse habitats, establishing a habitat bank, that can serve current and future developer BNG requirements. This allows enhancements to be carried out before the development takes place and BNG credits to be drawn down by developers as required. This approach is recommended in the DEFRA BNG consultation and has been accepted by GCSP.
- 3.7 Subject to Member support through this report, terms are close to agreement for allocation of biodiversity units to Network Rail and a commercial housing developer, as well as significant interest from other developers.

- 3.8 The financial return to the Council as landowner is contingent on market pricing and negotiation and is therefore somewhat commercially sensitive. Payment will be received upfront and compares very favourably to the annual agricultural rent currently achieved (around £100 per acre). Total size of the farm and potential scope at this location is 450 acres.
- 3.9 The scheme has wide support from stakeholders and aligns with biodiversity strategies. It has the potential to become a showcase for the effective delivery of BNG demonstrating how offsetting development through habitat creation on a landscape scale is most efficient, cost-effective and maximises environmental and social outcomes.
- 3.10 It should be recognised that as DEFRA's preferred approach to implement BNG crystallises in the next two years, the pilot approach may be varied to accommodate smaller scale alternatives or incorporate County Council preferences, balancing biodiversity targets and commercial outcomes.

## 4. East Barnwell re-development

- 4.1 In March 2021, the Children & Young People's Committee had concluded that the Seesaw Pre-School could continue to operate at The Galfrid Primary School site. That decision was strongly opposed by local councillors and other stakeholders from the neighbourhood, noting that relocation to Galfrid from the East Barnwell locality had previously been understood as temporary. Earlier this month, the CYP Committee reconsidered its position following member and stakeholder representations and in view of the Council's duty to secure sufficient and suitable childcare places as well as local socio-economic factors. Abbey is the most deprived ward in Cambridge City with the majority of the deprivation in the homes to the north of Newmarket Road where the East Barnwell Community Hub is located. CYP Committee supported a proposal to include early years provision as part of the specification for the re-development of the East Barnwell Community hub. The inclusion of accommodation dedicated to the delivery of early years and childcare in the specification for the re-development of site will enable parents and families to access a range of services and facilities in one place.
- 4.2 Subject to the Committee supporting adding back early years provision, the redevelopment would provide for housing, community space, a library and a nursery on a single site. Budget provision relating to the early years element was previously removed in 2018 due to delays with the overall scheme. Capital budget under the supervision of this Committee of £1.53m is allocated to the scheme in the approved capital programme, and this will need to be updated for latest estimates and to take account of the CYP recommendation to add back early years provision. Delivery of the scheme at the current community centre may enable the release of the building currently used in the vicinity as East Barnwell library, which could generate a capital receipt. Additionally, in 2018, the Council received a further capital receipt of £1m for a further building nearby at Malta Road which was purchased by This Land.
- 4.3 The Council has commissioned Carter Jonas, a property consultancy, to undertake a development appraisal for the East Barnwell Community Hub, comparing scenarios including and excluding the early years provision. Amongst the impacts of including an early years setting is a reduction in the space available for housing. The actual financial impact of any change can be more precisely costed once this Committee has confirmed its in-

principle support for including early years provision. This will include examining opportunities for cost engineering, deciding the future basis for rent and considering the balance of other uses of the building (including the viability of affordable housing). Considering the scenarios put forward by Carter Jonas, it is estimated the extra capital requirement to deliver early years provision at East Barnwell would currently range from £400k - £625k. Once a firm budget increase is available alongside a confirmed specification, this Committee will be approached again to consider the actual budget revision.

- 4.4 Plans for redevelopment of Council assets at this location, and nearby, have been under consideration and formulation for a number of years. Complications and delays have arisen from confirming the Council's specification (initially widened to include housing, and more recently the nursery location aspect), multi-stakeholder liaison, seeking and responding to planning advice and the dependencies/facilitation with adjacent landowners. The property is also a registered asset of a community value. Planners guided the Council to consider how our site could be masterplanned (particularly for massing and access) with the adjacent properties owned by two other landowners (one of which is Cambridge City Council) and we are now well placed to submit a planning application in the first half of 2022.
- 4.5 If the Committee agrees to meet the request from CYP to include early years provision in the specification, this will be an important opportunity to build momentum behind a preferred approach and implement the redevelopment. We are liaising closely with the City Council as there remain opportunities to collaborate. There is likely to be a trade-off between pace and control over delivery on the County Council site alone versus the benefits of a wider scheme and the City Council's involvement through a partnership approach. Once cost engineering and liaison with the adjacent landowner has progressed, it will be possible to put forward a firm update to the proposed capital budget. Through this report, the Committee is asked to confirm the request from CYP Committee to include early years provision at this location, recognising, in principle that this will lead to an increase in the capital budget.

## 5. Alignment with corporate priorities

- 5.1 Communities at the heart of everything we do  
There are no significant implications for this priority.
- 5.2 A good quality of life for everyone  
There are no significant implications for this priority.
- 5.3 Helping our children learn, develop and live life to the full  
Section 4 is the result of the decision by Children and Young People Committee to favour location of early years provision at East Barnwell.
- 5.4 Cambridgeshire: a well-connected, safe, clean, green environment  
These proposals relate to the effective asset management of a number of Council properties, part of the local environment. Promoting the town green at Shire Hall, and biodiversity at Lower Valley Farm, is supportive of the green environment
- 5.5 Protecting and caring for those who need us  
There are no significant implications for this priority.

## 6. Significant Implications

### 6.1 Resource Implications

The Council relies on income from Brunswick House, and the cost of the operator contract is within budget.

Additional capital budget for East Barnwell will come with a revenue impact that would need to be factored into the business plan for 2023/24 onwards.

### 6.2 Procurement/Contractual/Council Contract Procedure Rules Implications

A public procurement exercise is required in relation to the operator for Brunswick House, as set out in section 1.

The Council is adopting the Themes, Outcomes and Measures approach to social value that is widely used in local government, under the auspices of the social value portal, and this will form part of the evaluation of the tender proposals set out in section 1.

### 6.3 Statutory, Legal and Risk Implications

The Council has received legal advice with respect to Town and Village Green, Procurement/Commercial and contract novation, and establishment of the biodiversity net gain scheme.

### 6.4 Equality and Diversity Implications

There are no significant implications within this category.

### 6.5 Engagement and Communications Implications

There are no significant implications within this category.

### 6.6 Localism and Local Member Involvement

Local Members have been notified of these proposals in accordance with the protocol

### 6.7 Public Health Implications

There are no significant implications in this category.

### 6.8 Environment and Climate Change Implications on Priority Areas

#### 6.8.1 Implication 1: Energy efficient, low carbon buildings.

Neutral – No changes proposed in this report

#### 6.8.2 Implication 2: Low carbon transport.

Neutral - No changes proposed in this report

#### 6.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.

Positive – section 2 and 3 set out positive changes or protection for green spaces, habitats and land management.

DEFRA is developing its strategic position on biodiversity net gain and the detail of permissible approaches to delivering BNG within the new planning framework. There is a key opportunity for CCC to develop a pilot ahead of the legal position crystallising to:

explore the business models available; develop our expertise; and put the council in a strong position to enter the BNG credit market swiftly once established - as the market is intended to be commercially driven, with operators seeking to offer the best price to attract developers, there may be significant first-mover advantage. Developing a pilot without the detail of the forthcoming legislative position will mean the selling of credits could be time bound. The Council is liaising closely with DEFRA and other sector stakeholders and the Council's property surveyors are of the view that the scheme is well-placed in the current context.

6.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.  
Neutral - No changes proposed in this report

6.8.5 Implication 5: Water use, availability and management:  
Neutral - No changes proposed in this report

6.8.6 Implication 6: Air Pollution.  
Neutral - No changes proposed in this report

6.8.7 Implication 7: Resilience of our services and infrastructure, and supporting vulnerable people to cope with climate change.  
Neutral - No changes proposed in this report

Have the resource implications been cleared by Finance? Yes  
Name of Financial Officer: S Howarth

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? Yes  
Name of Officer: Clare Ellis

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

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

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

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

Have any Public Health implications been cleared by Public Health? No  
Not applicable

If a Key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer? Yes

Name of Officer: Emily Bolton

## 7. Source documents

- 7.1 [Children and Young People Committee - 9 March 2021](#)  
[Children and Young People Committee - 1 March 2022](#)