

CAMBRIDGESHIRE COUNTY COUNCIL'S RESPONSE TO COVID-19

To: Commercial and Investment Committee

Meeting Date: 10th July 2020

From: Amanda Askham, Director Business Improvement and Development

Electoral division(s): All

Key decision: No

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

This report provides an update on:

- the Council's ongoing response to the current Coronavirus pandemic;

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

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1. BACKGROUND

- 1.1. This report provides updates relevant to this service committee on the Council's ongoing response to and early recovery from the impact of the coronavirus pandemic.
- 1.2. The commercial impact of coronavirus is ongoing and many areas of activity are moving to a revised business as usual. We continue to closely monitor risk across the full breadth of commercial activity to inform impact forecasts and recovery actions and plans carefully.

2. COMMITTEE UPDATES

2.1 Investments (property and multi-class)

- 2.1.1 Due to the local nature and diverse sectors of our commercial property tenants, our portfolio remains stable with only minor impact on expected income this year. Activity reported in June continues, including support to our commercial tenants and close monitoring of bookings at Brunswick House. The Commercial Investment Group will continue to receive monthly updates which include mitigating actions and forecasts, noting the June quarter end rental receipts were received in line with our expectations. However Brunswick House bookings (100 commitments to date) for the 2020/21 academic year continue to be, unsurprisingly, lower than anticipated when the budget for the year was set.
- 2.1.2 A commercial property tenant is entering into a Company Voluntary Arrangement. Property Services have engaged in the process very early and have responded to the CVA through the submission of a claim prior to the required deadline. The CVA has now been approved by creditors, and further details including the specific financial impact are awaited; it is expected that the confirmation of any payment will be known by December 2020. Our managing agents have been instructed to prepare a report on options for the affected property in case the tenant will no longer operate from the site beyond the CVA and this options report is being developed now so that we can be agile in our response once the outcome of the CVA is confirmed.
- 2.1.3 Actions to support the new investment into Multi Class Credit are proceeding now that the impact of COVID-19 on the asset class has been assessed. The appointment of a Fund Manager is to be separately discussed in a detailed report to Committee this month. The proposal to undertake the multi-class credit investment as part of the Treasury Management Strategy is on the Full Council July 2020 agenda.

2.2 Property

- 2.2.1 The Cambs 2020 programme has been impacted by contractor delays and unforeseen unavailability. As detailed in another paper on the Committee's agenda today, a delay to the new Hub of approximately seven weeks is anticipated with associated additional costs of £125k; this increase is reflected in the capital expenditure forecasts of the scheme.
- 2.2.2 51 sites are currently open for service use. Additional sites are being prepared in line with Government re-opening of services and to support internal service requirements. JMT oversees this recovery plan and associated risk assessments.

2.3 Procurement and Contract Management

2.3.1 The majority of our supply chain continues to remain intact and delivering to the standards and timescales required. Procurement activity is as previously reported with some delays to competitions and contract negotiations. As lockdown restrictions continue to ease, monitoring of the longer term impact on supply chain will be crucially important to shape our recovery. Our involvement in the Economic Recovery Sub-Group continues to provide intelligence to inform our planning in this area.

2.4 Contributions and Funding – specifically income generation

2.4.1 Plans for schools focused income generating activity are being developed on a scenario basis (on site, reduced on site, mobile) alongside reopening and mobilisation plans for the new academic year, now that the Government has confirmed intentions for mandatory school attendance from September.

2.4.2 Reinstatement of Parking and Pay and Display Enforcement occurred during June; the income from enforcement is expected to recover eventually but this is wholly dependent on the continued mobilisation and reopening of businesses, increases in footfall and the changing travel patterns in the coming months and year(s).

2.5 Economic Recovery

2.5.1 The Cambridgeshire and Peterborough Economic Recovery Sub-Group (ERSG) has reviewed the report commissioned to assess the economic impacts resulting from the pandemic. The report indicates a significant impact to GVA with a return to pre-COVID levels not expected until 2031. However this is just one report of a broad range of reports and modelling now available to increase understanding of the changing economic picture. To complement, test and enhance this intelligence, further consideration of other indices and information from Department for Work and Pensions, Local Enterprise Partnerships, OBR and economists is being used to develop a hub of intelligence. Our Business Intelligence Team is currently working on some in depth modelling with our colleagues in the Cambridgeshire and Peterborough Combined Authority.

2.5.2 As discussed in June, the employment and furlough data is indicative of the performance of the economy. The numbers of individuals accessing furlough, self-employment support and the universal credit schemes continue to increase monthly. As at 28th June, the numbers of jobs on the furlough scheme continued to increase to a total of 9.3m roles nationally. As at 31st May, the numbers of jobs on furlough locally was 91,000 (June data anticipated mid-July) and the numbers accessing Universal Credit is increasing exponentially with a year on year increase in Cambridge and Peterborough of 306.5% and 133% respectively as at May 2020. The latest information from HMRC, ONS and DWP is in Appendix 1.

2.5.3 The ERSG is collating a Cambridgeshire and Peterborough economic recovery strategy and identifying key themes for supporting and stimulating our economic recovery. CCC will play key role in this and Commercial Team are providing consistency in both to the ERSG and the CCC/PCC Recovery Board.

3. FINANCIAL IMPLICATIONS

- 3.1 The financial impact projection has been updated to reflect some small changes in predicted outturn. It is difficult in the current climate to fully predict the performance of tenants' businesses and the corresponding impact on our rental income, however these forecasts remain live and are analysed every month. The current impact of COVID-19 is £2,166k (inclusive of the Hub delay capital impact); full detail is reported within the Finance Monitoring Report (agenda item 9).
- 3.2 There is a current risk that this impact could worsen as we are now aware of the Company Voluntary Arrangement for one of our commercial tenants. This is at the very early stages of the process and full detail and impact will be assessed in the coming weeks. Property are fully engaged as appropriate and are working with advisers and property managing agents to minimise impact.

4. ALIGNMENT WITH CORPORATE PRIORITIES

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

5. SIGNIFICANT IMPLICATIONS

- 5.1 The Council's financial forecasts have changed dramatically since a balanced budget was set in February 2020. In the last financial year, commercial income contributed £14.2m (3.7%) to the budget which supported delivery of important frontline services. The original budget set for commercial income contributions (excl. income generating services) for 20/21 financial year is £16.4m (4.1%). Demand for these frontline services is increasing due to the impact of COVID-19 and is crucial that commercial work continues to contribute strongly. Our current commercial portfolio has been carefully built to balance risk and return and we must continue to be ambitious in a time when markets may be harder to predict. Up to date and wide ranging intelligence, strong commercial acumen and a clear position on risk will be more essential than ever as we plan for recovery.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	YES Chris Malyon
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	YES Gus De Silva
Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law?	n/a
Have the equality and diversity implications been cleared by your Service Contact?	n/a
Have any engagement and communication implications been cleared by Communications?	n/a
Have any localism and Local Member involvement issues been cleared by your Service Contact?	n/a
Have any Public Health implications been cleared by Public Health	n/a

Source Documents	Location
HMRC Coronavirus Job Retention Scheme data Cambridgeshire Insights Furlough data DWP Universal Credit data and live map	Appendix 1

Appendix 1: Employment and Coronavirus Job Retention Scheme Data

HMRC Coronavirus Job Retention Scheme management information

Total claims made as of midnight	Total number of jobs furloughed [∂]	Total number of employers furloughing [‡]	Total value of claims made
23 April [†]	3.8m	512,000	£4.5bn
3 May [†]	6.3m	800,000	£8.0bn
11 May	7.5m	935,000	£10.1bn
17 May	8m	986,000	£11.1bn
24 May	8.4m	1m	£15bn
31 May	8.7m	1.1m	£17.5bn
7 June	8.9m	1.1m	£19.6bn
14 June	9.1m	1.1m	£20.8bn
21 June	9.2m	1.1m	£22.9bn
28 June	9.3m	1.1m	£25.5bn

Cambridgeshire Insights: ONS up to 31st May 2020



Government Support
Scheme Data_June 20

Department for Work and Pensions: Universal Credit up to 31st May 2020



NEM State of the
Group Report - June 2

Live interactive map: <http://dwp-stats.maps.arcgis.com/apps/MapSeries/index.html?appid=f90fb305d8da4eb3970812b3199cf489>