

# COMMERCIAL AND INVESTMENT COMMITTEE



**Friday, 16 October 2020**

**Democratic and Members' Services**

Fiona McMillan  
Monitoring Officer

**10:00**

Shire Hall  
Castle Hill  
Cambridge  
CB3 0AP

## **COVID-19**

During the Covid-19 pandemic Council and Committee meetings will be held virtually for Committee members and for members of the public who wish to participate. These meetings will be held via Zoom and Microsoft Teams (for confidential or exempt items). For more information please contact the clerk for the meeting (details provided below).

## **AGENDA**

**Open to Public and Press**

### **CONSTITUTIONAL MATTERS**

1. **Apologies for absence and declarations of interest**  
*Guidance on declaring interests is available at <http://tinyurl.com/ccc-conduct-code>*
2. **Committee minutes of the meeting held 11th September and Action Log**  
View minutes here: [Minutes of 11th September 2020 meeting](#)
3. **Petitions and Public Questions**

### **OTHER DECISIONS**

4. **Business Planning Proposals for 2021-26 - Opening Update and Overview**

5. **Service Committee Review of the draft 2021-2022 Capital Programme**
6. **Agenda Plan, Training Plan and Appointment to Outside Bodies and Working Groups**

#### **KEY DECISIONS**

7. **This Land - progress update, financing and related requests**
8. **Exclusion of Press and Public**

*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)*

#### **OTHER DECISIONS**

9. **Proposal for additional investment in the County Farms portfolio**  
*- report to follow*

The Commercial and Investment Committee comprises the following members:

*For more information about this meeting, including access arrangements please contact*

Councillor Mark Goldsack (Chairman) Councillor Chris Boden (Vice-Chairman) Councillor Ian Bates Councillor John Gowing Councillor David Jenkins Councillor Linda Jones Councillor Peter McDonald Councillor Terence Rogers Councillor Mike Shellens and Councillor Tim Wotherspoon

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## BUSINESS PLANNING PROPOSALS FOR 2021-26 – OPENING UPDATE AND OVERVIEW

To: Commercial and Investment committee

Meeting Date: 16 October 2020

From: Amanda Askham: Director of Improvement and  
Development  
Chris Malyon, Chief Finance Officer

Electoral division(s): All

Forward Plan ref: Not applicable    Key decision: No

Outcome: The committee is asked to consider:

- the current business and budgetary planning position and estimates for 2021-2026
- the principal risks, contingencies and implications facing the Committee and the Council's resources
- the process and next steps for the Council in agreeing a business plan and budget for future years

Recommendation: Committee is asked to:

- a) Note the overview and context provided for the 2021-22 to 2025-26 Business Plan.
- b) Note the impact of COVID-19 on the Council's financial planning

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# 1. Overview

- 1.1 The Council's Business Plan sets out how we will spend the resources we have at our disposal to achieve our vision and priorities for Cambridgeshire, and the priority outcomes we want for people.
  - 1.1.1 On the 11 February 2020, Full Council agreed the Business Plan for 2020-2021 which reflected a positive financial position. The Council was almost in a position of setting a balanced budget not just for 2020-2021 but also for the following financial year. A savings requirement of less than £5m for 2021-2022, given the level of the Council's gross operating budget, was very achievable.
- 1.2 With the rise of COVID-19, the Council has taken a central role in coordinating the response of public services to try and manage the complex public health and economic consequences of this pandemic. The scale of these economic challenges is unprecedented and a significant increase in new (and changing) demand for services together with a reduction in income has meant that the Council's financial position is now much less positive.
  - 1.2.1 Support provided from Government to manage the immediate impact of COVID-19 has been welcomed and to-date has covered the additional short term financial implications of the pandemic (see section 3.3.1 for details). The on-going challenges the Council face are significant - including; maintaining crucial frontline services in times that are uncertain, recovering the organisation from the effects of the pandemic and taking the opportunity to "build back better" - and have not, as yet, been reflected in the financial settlement for the next financial year which could have a disastrous impact on the Council's ability to deliver services to our citizens.
- 1.3 Predicting the on-going implications and financial consequences of COVID-19 is challenging and has necessitated the use of a different process (and underlying assumptions) in the development of the Business Plan for 2021-2022 and beyond. Our financial forecasts have been developed using a number of different scenarios, the process of which is described further below, which quantify (as far as possible) the financial implications on the Council of the changing national and local conditions.
- 1.4 Notwithstanding the current challenges, the Council continues to undertake financial planning of its revenue budget over a five year period which creates links with its longer term financial modelling and planning for growth. It remains important to ensure that any changes to resource allocation / service provision is made in consideration of the Council's priorities. If, due to a lack of any additional support from Government, reductions in service provision need to be made then ensuring the Council mitigates the impact on key priority areas becomes even more important.
  - 1.4.1 Our priorities are based around putting communities at the heart of everything we do; a good quality of life for our citizens; protecting and caring for our most vulnerable; making Cambridgeshire a clean green place to live and ensuring children have a good start in life and an education that enables them to achieve their potential. To ensure we deliver on our priorities, the focus will continue to be on getting the maximum possible value for residents from every pound of public money we spend, and responding effectively and efficiently to changing needs and new opportunities.

1.4.2 All service committees will receive details of their relevant revenue business planning proposals in December, at which point they will be asked to endorse proposals to January General Purposes Committee as part of the consideration for the overall Business Plan. These savings proposals are currently being developed and will each have a robust implementation plan in place and allow as much mitigation as possible against the impact of current financial challenges. Increasingly the emerging proposals reflect joint proposals between different directorate areas and more creative joined up thinking that recognise children live in families and families live in communities, so some proposals will go before multiple Committees to ensure appropriate oversight from all perspectives

1.5 Within the current context, the scope for traditional efficiencies has diminished, therefore the development of the Business Plan is focused on a range of more fundamental changes to the way we work. Some of the key themes driving the current thinking are;

- Economic recovery – we know that the impact of the measures to reduce the spread of COVID-19 will impact the economic recovery substantially. The Office for Budget Responsibility is forecasting at least a 10% drop in GDP in the UK in 2020. This will impact employment and household income levels for many people across Cambridgeshire. The stress and anxiety caused by worrying about money, or not having enough money to maintain the right housing or buy basic necessities or afford basic utilities, is an important factor that affects demand for many of our services. Economic recovery is therefore at the heart of improving outcomes for people and managing demand for Council services.
- Demand Management – this is fundamentally about supporting people to remain as healthy and as independent as possible, for as long as possible, which is a significant priority as demand increases as a result of COVID-19. It is about working with people and communities to help them help themselves or the person they care for or their community e.g. access to advice and information about local support, asset building in communities and access to assistive technology. We saw communities rise to the challenges of the pandemic and support networks appearing to gather around those who needed it. We must build on this and look at how we further support these networks and groups to continue, and where public services are undisputedly needed, it is about ensuring support is made available early so that people's needs don't escalate to the point where they need to rely heavily on public sector support in the long term.
- Cambridgeshire Local – In support of the need to manage demand and enable people to remain living in their own homes in their local communities and delay the need for more specialist services, continued investment in our Think Communities approach is paramount. Harnessing the capacity within our local district and parish councils, the voluntary, community and faith sectors, volunteers and local place based health, County Council and blue light services will enable us to build place based support services wrapped around our vulnerable people and communities; which will reduce or delay the need for more specialist expensive services and build resilient and sustainable communities where people feel proud to live.

## 2. Building the Revenue Budget

- 2.1 Changes to the previous year's budget are put forward as individual proposals for consideration by committees, General Purposes Committee and ultimately Full Council. Proposals are classified according to their type, as outlined in the attached Table 3, accounting for the forecasts of inflation, scenarios, demand pressures and service pressures, such as new legislative requirements that have resource implications, as well as savings and investments.
- 2.2 Previously, the process of building the budget began by identifying the cost of providing a similar level of service to the previous year. The previous year's budget is adjusted for the Council's best forecasts of the cost of inflation, the cost of changes in the number and level of need of service users (demand) and proposed investments. Due to the significant uncertainties surrounding the impact of COVID-19 on service provision, we have elected to model three possible budget scenarios based on the level of disruption caused by COVID-19. These are referred to as 'A', 'B' and 'C' scenarios reflecting an increasing level of impact. These scenarios will consider the potential impacts on both demand for service, income generation, environmental changes as well as direct impacts on citizens and existing service users. We are working on mitigation responses to these scenarios but it is important that we account for the full cost impacts of these in our planning as we build the budget.
- 2.2.1 The uncertainty of the current environment means that we are working to some assumptions on how different scenarios may play out. As our proposals try to account for this, in many instances they become less certain. Some proposals will deliver more or less than anticipated, equally some may encounter issues and delays, (particularly in response to a changing picture locally and nationally) others might be accelerated if early results are promising. We have adapted our approach to business planning in order to manage these risks, specifically;
- Taking a managed approach to risk – with clarity for members about which proposals have high confidence and certainty and which represent a more uncertain impact
  - Developing a budget strategy that brings together thinking from across the organisation on our recovery from the pandemic, and ensures we have a coherent plan to make the budget sustainable.
  - Undertaking an exercise of prioritisation to understand the areas we could achieve further efficiencies if our worst case scenario position is realised.
- 2.2.2 Should services have pressures, our traditional approach would be to manage these within that service where possible, if necessary being met through the achievement of additional savings or income generation. However, given the potential impact arising from the delivery of services in this current environment, the scale of the financial challenges across the board will require a different approach. The Council will unfortunately have to consider significant, and potentially drastic actions including (but not limited to); reducing service levels, disposal of assets, stripping out of provisions within the balance sheet in order to balance next year's budget if additional Government funding is not forthcoming.

- 2.3 The budget proposals being put forward include revised forecasts of the expected cost of inflation following a detailed review of inflation across all services at an individual budget line level. Inflation indices have been updated using the latest available forecasts and applied to the appropriate budget lines. Inflation can be broadly split into pay, which accounts for inflationary costs applied to employee salary budgets, and non-pay, which covers a range of budgets such as energy and waste, as well as a standard level of inflation based on Government Consumer Price Index (CPI) forecasts. All inflationary uplifts require robust justification and as such general inflation is assumed to be 0%.
- 2.4 Although general price inflation is running at near record low levels nationally, the Council is seeing substantial inflationary cost increases in a number of areas, most significantly impacting the Adult Social Care market. Factors such as the rising national living wage, with resulting implications for national insurance and pension payments, as well as a constrained local supply of care placements and challenges in recruiting and retaining care workers, have resulted in high price inflation. There is a strategy in place to contain inflation by moving towards more block purchasing, however a number of existing block bed contracts are due for retender in 2021/22 so average prices will move closer to current market rates as these contracts are renewed. Other services for which costs are expected to increase above general levels of inflation include Coroners (3.6%), Public Transport (3.2%) and Home to School Transport (3.2%). Key inflation indices applied to budgets are outlined in the following table:

Inflation Range	2021-22	2022-23	2023-24	2024-25	2025-26
Non-pay inflation (average of multiple rates) where applicable	2.4%	2.2%	1.9%	2.0%	2.0%
Pay (admin band)	2.75%	2.75%	2.0%	2.0%	2.0%
Pay (management band)	2.0%	2.0%	2.0%	2.0%	2.0%

- 2.5 Forecast inflation, based on the above indices, is as follows:

Service Block	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
People and Communities (P&C)	8,388	6,760	5,416	5,516	5,617
Place and Economy (P&E)	888	1,502	2,257	2,471	2,576
Commercial and Investments (C&I)	213	145	149	174	205
Public Health	47	34	34	34	34
Corporate and Managed Services	-124*	221	224	225	224
LGSS Operational	306	236	238	239	239
<b>Total</b>	<b>9,718</b>	<b>8,898</b>	<b>8,318</b>	<b>8,659</b>	<b>8,895</b>

\*Includes removal of corporate provision for nationally set Local Government pay award. Staff-related inflationary pressures have instead been provided for within service budgets.

- 2.5.1 The inflationary pressures in the above table and all figures set out in the subsequent sections of this report are provided on an incremental basis.

Positive figures indicate an increase on the budget required in the previous year or a reduction in income. Negative figures indicate a reduction on the budget required in the previous year or an increase in income. The figures show the impacts of each proposal on the budget gaps for the relevant financial years and are set out in detail for each Directorate in the finance tables provided in Appendix 1.

- 2.6 In addition, a review of demand pressures facing the Council has been undertaken. The term demand is used to describe all anticipated demand changes arising from increased numbers (e.g. as a result of an ageing population, or due to increased road kilometres) and increased complexity (e.g. more intensive packages of care as clients age or increased need arising from COVID-19). We have included the impact of scenario A being realised to give a more realistic view of demand pressures. It should be noted that this is the lowest impact scenario. Should the current trajectory continue, for instance, we could move to scenario B reflecting a further increase in demand. The demand pressures calculated are:

Service Block	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
People and Communities (P&C) - Base	12,278	13,579	14,526	14,795	14,757
People and Communities (P&C) – Scenario A	3,427	-802	-459	-345	-273
Place & Economy (P&E) - Base	142	271	298	268	240
Place & Economy (P&E) – Scenario A	638	-	-	-	-
<b>Total</b>	<b>16,485</b>	<b>13,048</b>	<b>14,365</b>	<b>14,718</b>	<b>14,724</b>

- 2.6.1 In 2021-22 the Council expects to experience a minimum of £4m additional demand pressures as a result of COVID-19. These pressures are expected to reduce in the subsequent years of the Business Plan as the acute impacts of COVID-19 subside, however the Council is likely to see continued impacts throughout the period of the Business Plan with the residual pressure reducing to £2.2m by 2025-26.
- 2.6.2 It is recognised that service costs are driven by the number of service users, level of need, as well as cost (and method) of delivery of the support. Where appropriate this will be outlined in greater detail within the Directorate specific reports.
- 2.7 The scenario modelling undertaken has also considered the impacts of COVID-19 on the Council's income streams, including sales, fees and charges, commercial income and precept income. The figures below reflect the anticipated losses in scenario A, however for 'business rates modelling' a scenario B has been assumed due to the severity of the national picture and uncertainty surrounding expected reforms to the business rates system.

Service Block	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
People and Communities (P&C)	662	-483	-179	-	-
Place & Economy (P&E)	3,113	-1,557	-1,556	-	-
Commercial & Investment (C&I)	2,083	-482	60	82	6

Council tax	2,865	1,741	121	-1,115	-1,743
Business rates	1,258	-533	5	-212	-298
<b>Total</b>	<b>9,981</b>	<b>-1,314</b>	<b>-1,549</b>	<b>-1,245</b>	<b>-2,035</b>

- 2.8 The Council is facing a number of cost pressures that cannot be absorbed within the base funding of services. Some of the pressures relate to costs that are associated with responses to the pandemic, the introduction of new legislation and others as a direct result of changes to contractual commitments. These costs are included within the revenue tables considered by service committees alongside other savings proposals and priorities:

Service Block / Description	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
<b>New Pressures Arising in 21-22</b>					
P&C: Sleep-in Carers	400				
P&C: Deprivation of Liberty Safeguards	45				
P&C: Personal Protective Equipment (in house)	1,000				
P&C: Home to School Transport - Special	800				
P&C: Home to School Transport - Mainstream	200				
C&I: Spokes Building Operating Costs	115				
C&I: Shire Hall Car Park Income	126				
CS: IT – Continued Remote Working	420	-420			
CS: IT – New Connections	102				
<b>Subtotal – New Pressures</b>	<b>3,208</b>	<b>-420</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Existing Pressures Brought Forward</b>					
P&C: Impact of National Living Wage on Contracts	4,040	4,625	4,184	3,372	3,372
P&C: Potential Impact of Changing Schools Funding Formula	1,500				
P&C: Libraries to serve new developments	49		50	50	
P&C: Independent reviewing officers (numbers of children)	-85				
P&C: Coroner Service	-37				
P&E: Minerals and Waste Local Plan	-54				
P&E: Guided Busway Defects		-1,300			
C&I: Renewable energy – Soham	5	40	6	6	
C&I: East Barnwell Community Centre	100				
C&I: LGSS Law dividend expectation			-96		
C&I: St Ives Smart Energy Grid - operating costs		39	1	1	1
C&I: Babraham Smart Energy Grid - operating costs		45	2	3	
C&I: Trumpington Smart Energy Grid - operating costs			63	2	

Service Block / Description	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
C&I: Stanground Closed Landfill Site - operating costs		120	3	3	3
C&I: Woodston Closed Landfill Site - operating costs		48	1	2	
C&I: North Angle Solar Farm, Soham - operating costs		499	14	15	15
C&I: Babbage House dilapidation costs	-190				
CS: Repatriation of LGSS Services	750				
<b>Subtotal – Existing Pressures</b>	<b>6,078</b>	<b>4,116</b>	<b>4,228</b>	<b>3,454</b>	<b>3,391</b>
<b>Total</b>	<b>9,286</b>	<b>3,696</b>	<b>4,228</b>	<b>3,454</b>	<b>3,391</b>

### 3. Summary of the Draft Revenue Budget

- 3.1 In order to balance the budget in light of the cost increases set out in the previous section and uncertain Government funding, savings, additional income or other sources amounting to **at least** £32.8m are required for 2021-22, and a total of £75.7m across the full five years of the Business Plan. The following table provides a summary of the movements in the budget gap since the publication of the 2020-21 Business Plan:

Updated items	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
<b>Opening budget gap per 2020-21 Business Plan</b>	<b>4,247</b>	<b>7,574</b>	<b>10,834</b>	<b>11,650</b>	<b>8,780</b>
Inflation update	1,585	2,037	1,720	1,880	2,115
New pressures	3,208	-420	0	0	0
Changes to existing pressures	1,768	-610	566	-246	-296
Baseline demand update	943	860	1337	1,853	1,787
Scenario (A) demand pressures	4,065	-802	-459	-345	-273
Scenario (A) income pressures	9,981	-1,314	-1,549	-1,245	-2,035
New Investments	3,987	-120	-120	0	0
Impaired savings	5,316	-834	-28	2	-112
New savings	-1,074	-467	-122	-50	0
Financing Adjustments	-1,230	1,286	6	-9	24
<b>Revised budget gap (Scenario A)</b>	<b>32,796</b>	<b>7,190</b>	<b>12,185</b>	<b>13,490</b>	<b>9,990</b>

The Scenario A budget gap of £32.8m assumes a relatively swift recovery following the initial impacts of the pandemic on service delivery and is predicated on the following general assumptions:

- A low likelihood of a second peak requiring a further national lockdown
- Test and tracing is relatively successful in containing the spread of the virus
- A vaccine is available within 12 months
- A soft, open lockdown, with social distancing eased over summer 2020-21
- Demand does not return to pre-COVID levels due to economic and social impacts

- 3.1.1 Given the recent increase in the infection rate it is quite possible that the impact will be in excess of the Scenario A model. It is also quite likely that elements of the various scenarios may arise meaning that the actual position is a hybrid of the options modelled. Scenarios B and C assume further peaks of the virus leading to periods of significant disruption on a national scale. The total savings projected in each scenario are as follows:

Scenario	2021-22 Savings Requirement £'000	5 Year Savings Requirement £'000 (2021-22 – 2025-26)
A	32,796	75,651
B	50,269	84,071
C	82,167	114,281

None of the scenarios assume any additional ongoing Government support in response to the pandemic in 2021/22, either through grant funding or compensation for foregone fees and charges.

- 3.2 The following table shows the total level of savings necessary for each of the next five years (assuming scenario A), the amount of savings attributed from identified savings and the residual gap for which saving or income has still to be found:

Service Block	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
Total Saving Requirement	32,796	16,425	15,312	14,302	10,097
Identified Savings	-	-1,702	-153	-	-
Identified additional Income Generation	-	-7,533	-2,974	-812	-107
<b>Residual Savings to be identified</b>	<b>32,796</b>	<b>7,190</b>	<b>12,185</b>	<b>13,490</b>	<b>9,990</b>

- 3.2.1 Given the scale of impact from COVID-19 it is believed that the actual position could fall somewhere between the scenarios A and B. For the purpose of setting a target to focus on it is felt prudent to assume that the gap for 21/22 will be in the region of £40m.

- 3.3 The actions currently being undertaken to close the gap include:

- Reviewing all the existing proposals to identify any which could be pushed further – in particular where additional investment could unlock additional savings, including reviewing all strategies.
- Reviewing all income generation opportunities.
- Identifying, through benchmarking, any areas across the organisation we could potentially look to find additional efficiencies whilst ensuring outcomes are maintained.
- Reviewing the full list of in-year and 2021-22 pressures – particularly in line with the scenarios to see if there are any opportunities to prevent assumed increases in demand being realised.
- Being clear on areas which we wish to invest in.

- 3.3.1 In addition, the Council has worked closely with local MPs in campaigning for a fairer funding deal for Cambridgeshire. We argued long and hard that given

how much the Cambridgeshire economy was supporting the Treasury that a new approach to business rates that enabled councils to retain a greater element of the local tax take would help to underwrite the costs of supporting that growth. The implementation of both the CSR and the localization of business rates have been deferred on many occasions. With the pandemic and the uncertainty over the national position we cannot expect this position to change in the short term. However, as referenced in section 1.2.1 above, it is important to recognise that the Government have used one off interventions of additional finance in Adult Social Care (winter pressures settlement) and Highways (Roads Fund) to negate some of the growing pressure on Councils.

3.3.2 However, we will continue to campaign for additional resources. The focus of this will now need to take a slightly different approach. Whilst all the issues of growth and fairer funding still remain, the challenge is now more focused on simply being able to deliver basic service levels. Without some short term assistance from the Government, over and above the funding that has been provided to deal with the immediate impact of the pandemic (see above), the Council will be facing an unprecedented financial challenge which will unfortunately involve reductions to services upon which many of our residents have come to rely. We will of course do all we can to seek further support from the Government and will use all channels that we have at our disposal – including:

- Local M.P's (already regularly briefed)
- County Council Network
- Society of County Treasurers
- MHCLG officer communications

3.4 There are also a number of financing options available to the Council to contribute towards closing the gap for 2021-2022:

- Additional central Government funding *may* be forthcoming in response to the pandemic and previously announced funding (such as Roads Fund and support for Social Care) rolled forwards.
- Around £1.5m is available next year following an earlier change in how the Council accounts for the minimum revenue provision. These funds have previously been allocated into the Transformation Fund reserve, and decrease each year in value. This is available to the Council for a further three years before this becomes a pressure on the General Fund.
- Up to £1.5m may be available through deployment of existing grants, subject to local decision making about Public Health and Schools grant priorities.
- Funds could be re-allocated on a one-off basis from reserves. Whilst this would contribute to reducing the pressure for the 2021-2022 financial year, the pressure would be delayed until the next financial year as the option to use this funding could not be used again. As such, it is not considered that the General Fund Reserve could be reduced. Similarly, a decision could be taken to utilise the resources within the Transformation Fund, in full or in part, but this would also reduce the Council's ability to respond to any future national or local challenges and could ultimately put delivery of services at risk

- There is an option to increase the planned levels of council tax, further details are set out in section 3.6 below
- As a last resort in order to balance next year's budget the Council might have to utilise any reserves or provisions held on its balance sheet that are not a contractual commitment. This will leave the Council exposed as it would include potentially using the General Reserve resulting in little or no security against any unforeseen circumstances in 2021-2022. If this approach was adopted a clear plan would need to be in place to ensure that these provisions could be replenished in order to ensure the Council could meet future liabilities.

3.5 Through the scenarios we have identified a number of additional risks and assumptions with potential impacts on the numbers above and accompanying tables. These will be monitored closely and updated as the Business Plan is developed to ensure that any financial impacts are accurately reflected in Council budgets:

- The National Joint Council pay scales have not been confirmed for 2021-22 onwards and it is possible that the agreed uplifts will be greater than those modelled.
- The result of schools funding reforms, in particular the control of the Dedicated Schools Grant (DSG) shifting further toward individual schools. Potential additional funding from Government, and the local situation on the deficit held within the high needs block, is still under discussion. Changes in regulations mean that the Council is not permitted to support the deficit in the DSG from the General Fund, however DfE consideration of requests for cash flow support has been paused during the pandemic. Meanwhile, the deficit in the high needs block continues to rise, and authorities across the country continue to call for a significant increase in funding to this area to meet rising needs.
- Movement in current year pressures is being picked up via the scenario modelling work. We are putting monitoring measures in place so we can put in place mitigations before trigger points are met. Work is ongoing to manage our in-year pressures downwards however any change to the out-turn position of the Council will impact the savings requirement in 2021-2022. This is particularly relevant to demand led budgets such as children in care or adult social care provision.
- The inflationary cost increases set out above assume that inflation on the cost of bed-based care within Adults & Older People's Services will continue to be higher than general inflation in 2021-22.

3.6 The level of savings required is based on a 2% increase in the Adults Social Care precept and a 0% increase in Council Tax. It is likely, therefore, that the Council will be presented with the option to increase Council Tax by not less than a further 1.99% in 2021-22. The value of a 1.99% increase in the Council Tax equates to additional revenue of £6.1m.

3.6.1 The Government has not yet confirmed that Local Authorities will be granted the continued flexibility to levy the Adult Social Care precept in 2021-22 or announced the Council Tax limitation regulations for 2021-22. Local Authorities

were permitted to increase general Council Tax by a maximum of 2.99% in 2018-19 and 2019-20 and 1.99% in 2020-21 without the requirement for approval from residents through a positive vote in a local referendum. Given the financial impacts of the pandemic and precedent set in previous years, it is possible that Government could elect to set a higher referendum threshold for 2021-22. It is estimated that the cost of holding a referendum for increases deemed to be excessive would be around £100k, rising to as much as £500k should the public reject the proposed tax increase (as new bills would need to be issued).

- 3.6.2 Were there no Council Tax limitations and the Council was free to raise local revenue to meet the potential budget gap of £40m it would need to raise the Council Tax by a further 13% to cover this sum. The total Council Tax increase required would therefore be 15% and as such would be unrealistic to pursue.

## 4. Business planning context for C&I committee

### Current Context

- 4.1 The Council is operating within a new context of a global pandemic, which has added a significant financial pressure to the local authority. The impact of COVID-19 on commercial income generation and activity has been significant. However, due to the diverse nature of our portfolio that impact is lower than experienced by other authorities with commercial income strategies.

4.2 Property

Due to the local nature and diverse sectors of our commercial property tenants, our portfolio remains stable with only our investments in Cromwell Leisure Park and Brunswick House having an impairment to our income expectations. The remainder of our commercial property portfolios have navigated through the challenges of the pandemic to date, through the provision of rental deferrals and strong tenant relationship management. Strategies are in place to bring income back to pre-COVID levels as quickly as possible, however much of the success of these approaches will be reliant on the strength and speed that the economy recovers.

The Cambs 2020 programme has been impacted by contractor delays and unforeseen unavailability due to the impact of COVID-19. A delay to the new Hub is resulting in associated additional costs of up to £400k; this increase is reflected in the capital expenditure forecasts of the scheme.

4.3 Economic Recovery

As such, a significant part of the activity in 2021/22 will be to support Cambridgeshire's businesses and communities in its economic recovery. Using a range of intelligence and the detailed 'Impact of COVID-19 Needs Assessment' report, a CCC focused approach and action plan is being developed to be shared in November. This will focus on the interventions and support to help address economic hardship and enable our communities to be work ready and productive. We are engaging well with our system partners and their strategies and priorities so that a full responsive recovery approach can be gained for our businesses and communities. This will include influencing key areas such as the Industrial Strategy and building in approaches to enable a green economic recovery.

#### 4.4 Energy

The programme of Energy investment continues in the next period. The current Contract for Difference arrangement we have in operation has withstood the COVID-19 and economic challenge very well indeed with no impairment. Investment business cases and potential future projects will be assessed via a new Energy Masterplan with a commercial framework to ensure standards are known and met from the outset.

#### 4.5 Procurement

Identifying efficiencies in contract management and procurement has been challenging given the impact of COVID-19 on supply chains. We have had to use the powers available to us to ensure we protect our supplier base and the quality of service to end users, including giving support to suppliers (particularly those in adult social care) and other contractual relief as appropriate. This work will continue to be a key part of activity going forward and there are a number of measures being put in place so services have the right tools, expertise and governance to ensure we can successfully navigate through these challenging periods (such as a more strategic approach to procurement allocations, improved governance boards etc.).

#### 4.6 Commercial investments

Looking forward into 2021/22 we will be continuing to ensure that strategies we have in place to protect income are successful, and that we adapt to the needs of our tenants as the impact of the pandemic shifts. The current situation is being reflected in the volatility with the financial markets. We will continue to explore how we can make better use of the cash available to us, ensuring that any future investments complement our existing portfolio and deliver attractive returns with an acceptable risk budget. We expect a strategy of making strong investment decisions, protecting our money whilst generating higher returns, will form a significant part of the way we can replace lost revenues going forward.

### 5. Overview of C&I committee's draft Revenue Programme

#### 5.1 **Baseline Budget Increases – Inflation and legislative pressures**

- 5.1.1 As can be seen in Section 2.5, inflation is increasing across the Council with expected increases of £213k within the C&I portfolio. This is mainly made up of pay inflation and inflation on utilities and building maintenance, with most indices used ranging from between 1% and 3%.

#### 5.2 **Additional Investment/Pressures**

- 5.2.1 There have been no changes to the pressures since last year with the exception of £115k relating to the operational costs of the spokes buildings (see Table in 2.8). This relates to additional Business Rate costs over and above those originally forecast for Bernard Sunley and Eastfield House. However, these costs will be off-set by the savings being delivered through Cambs 2020 programme in 2021/22.

## 6. Overview of C&I committee's draft Revenue Programme – Savings and Income Generation

### 6.1 Impact on Income Generation

6.1.1 The pandemic has had a significant impact on the delivery of savings and additional income planned for 2020/21. In many cases, the necessary work to deliver those savings or increases in income will continue in the second half of the year or into 2021/22. In some cases, however, the planned saving or additional income will take longer to recover. For C&I Committee, the savings that either need to be temporary or permanently reversed, fully or in part, are:

<b>SAVINGS / ADDITIONAL INCOME AREA</b>	<b>DESCRIPTION</b>	<b>AMOUNT  2021/22</b>
Cromwell Leisure (F/R.7.133)	Cromwell Leisure consists of a cinema unit and three restaurant units. This scenario forecasts that in the current climate the two restaurant units remain empty in 2021/22. Carter Jonas will market these units with the expectation that they will be re-let in 2022/23. 100% rental income would be received in 2023/24.	£205k  (£4k permanent impairment)
Income from County Farms (F/R.7.134)	An additional income target from the County Farms Estate was included in the 2020/21 Business Plan: <ul style="list-style-type: none"> <li>- £250k for 2021/22</li> <li>- £175k for 2022/23.</li> </ul> Specifically, this was to identify buildings for development which could be let at a higher value. This scenario forecasts a reduction in income from any new investments (50% of the year 1 and year 2 original targets, a partial recovery in year 3 and full recovery in year 4) and a small decline (£80k) in existing income in years 1 and 2, due to COVID-19.	£205k  (no permanent impairment)
Pooled Property Fund Investment (F/R.7.135)	The Pooled Property Fund Investment (CCLA) is expected to start recovery in late 2020/21, but with the risk of further challenges ahead, a forecast of 5% income reduction on the £420k originally budgeted is likely in 2021/22.	£21k  (no permanent impairment)
Multi-Class Credit (F/R.7.136)	The impact of a stronger than expected recovery since COVID-19 on fund assets, and the Council's requirements for a high level of Environment, Social and Governance (ESG) criteria, have resulted in updated forecasts for this asset with an overall reduction in the value of the returns from 5.7% to 2.9%. By 2022/23, a permanent impairment of £260k is forecast.	£580k  (£260k permanent impairment)
Brunswick House (F/R.7.137)	Brunswick House has 251 direct let student beds. At present bookings for the current academic year	£423k

	<p>have reached 185 ie 74%. Given the current teaching methods proposed this is slightly better than we might have expected. In order to make our offer more attractive we have had to offer more inducements this year than in previous years – this includes offering more short term/flexible rental terms. Not unsurprisingly there has been a drop in international student numbers but we are expecting these to return for the 2022/23 academic year with occupancy on site returning to somewhere close to 100%. However, it is likely that a more flexible approach will be required in order to ensure occupancy levels return and therefore a permanent impairment of £235k is proposed over the life of the business plan.</p>	(£235k impairment for life of business plan)
Commercial Income and Contract Efficiencies (F/R.7.138)	<p>Additional income of £500k for years 1 and 2, and £750k for years 3 and 4 is expected across the Commercial Strategy (£2.5m in total).</p> <p>The current adopted scenario forecasts that the 2021/22 £500k target will not be met, 50% of the 2022/23 £500k target will be met and 2/3<sup>rd</sup>s of the 2023/24 and 2024/25 £750k targets will be met.</p> <p>This will mean by 2024/25 we will achieve a £1.25m of additional income, however there will be an impairment of a further £1.25m, compared to the original commercial income plans based on a significant programme of investment.</p> <p>Some active analysis is underway to ascertain whether further diversification can occur late in the 2020/21 financial year to have a positive impact on the income targets in order to reduce the permanent impairment.</p> <p>Savings expected from renegotiation of contracts are £249k per year; this scenario forecasts £100k deliverable in 2021/22, £199k deliverable in 2022/23 and £249k in 2022-23. This will be wholly dependent on the economic response to COVID-19 and the ability of the supply chain to actively engage and support contractual savings.</p>	<p>£500k</p> <p>(£1.25m impairment for life of business plans)</p> <p>£149k</p> <p>No permanent impairment</p>

## 6.2 Income Impairment Profile

C&I Impairment Profile	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
Cromwell Leisure	£205	-£171	-£30	-	-
Income from County Farms	£205	£87	-£117	-£175	-
Pooled Property Fund Investment	£21	-£21	-	-	-

Multi-Class Credit	£580	-£320	-	-	-
Brunswick House	£423	-£208	£7	£7	£6
Commercial Income	£500	£250	£250	£250	-
Contract Efficiencies	£149	-£99	-£50	-	-
<b>Total Impairments</b>	<b>£2,083</b>	<b>-£482</b>	<b>£60</b>	<b>£82</b>	<b>£6</b>

6.2.1 Much of the work of the team between now and throughout 2021/22 will be to focus on protecting income levels and putting in place strategies and activities that will bring income back to expected levels and beyond as quickly as possible. Whilst these activities will be undertaken using the best level of intelligence available to us, much of the ability to recover lost income will be dependent on the speed and strength of the economic recovery. This is why supporting the economic recovery in Cambridgeshire will be a focus of our work going forward, not just to allow for our commercial investments to recover, but to ensure our businesses, suppliers and residents thrive once again.

6.2.2 The base budget for 2021/22 is proposing an impairment of £500k for additional income across the commercial strategy. There are a number of opportunities that are being reviewed at present to understand if income generation can be profiled into 2021/22. Further money has been identified that could be invested in 2021/22 that would likely generate income of around £800k within an acceptable risk profile (providing some flexibility to liquidity would be permissible). This could meet the commercial strategy savings of £500k as well as off-setting some lost income from other areas, providing markets perform well enough. Further commercial activities will be made in future years that could contribute to off-setting permanent impairments.

6.2.3 This work is ongoing and business cases will be developed for new savings/income generating proposals as part of the business planning process. Updated proposals will be presented to Committee again in December, at which point business cases and the associated equality impact assessments will be finalised for the Committee to endorse.

6.2.4 It is important to note that much of the activity taking place in 2021/22 will be focused on supporting the organisation's recovery. We will continue to work with the Energy Investment Unit, Education, Adult Social Care and our income generating services to help them make the right decisions as they implement measures to help them recover from this crisis.

## 7 Longer term transformation to create a sustainable service model

7.1 This programme of work includes innovative approaches that will improve outcomes whilst continuing to deliver a further level of efficiency and significant savings.

7.2 A Transformation resource was established in 2016 to enable investment in longer term initiatives, identifying opportunities where better outcomes can be delivered at reduced cost and demand for services can be reduced. To date, savings of £26m have been released as a result of services using this resource.



## 8. Next steps

8.1 The high level timeline for business planning is shown in the table below.

December	Business cases go to committees for consideration
January	General Purposes Committee will review the whole draft Business Plan for recommendation to Full Council
February	Full Council will consider the draft Business Plan

## 9. Alignment with Corporate Priorities

9.1 **A good quality of life for everyone**

9.2 **Thriving places for people to live**

9.3 **The best start for Cambridgeshire's children**

The purpose of the Business Plan is to consider and deliver the Council's vision and priorities and section 1 of this paper sets out how we aim to provide good public services and achieve better outcomes for communities, whilst also responding to the changing challenges of the pandemic.

9.4 **Net zero carbon emissions for Cambridgeshire by 2050**

The budget is reviewed at each stage of development to assess the carbon implications of any new investments or savings initiatives. Additionally, the Council is committed to reviewing the sufficiency of climate mitigation funds included in the Business Plan on an annual basis to deliver the Climate Change and Environment Strategy.

## 10. Significant Implications

10.1 **Resource Implications**

The proposals set out the response to the financial context described in section 4 and the need to change our service offer and model to maintain a sustainable budget. The full detail of the financial proposals and impact on budget is described in the financial tables of the business plan, attached as an appendix. The proposals will seek to ensure that we make the most effective use of available resources and are delivering the best possible services given the reduced funding.

10.2 **Procurement/Contractual/Council Contract Procedure Rules Implications**

There are no significant implications for the proposals set out in this report.

10.3 **Statutory, Legal and Risk implications**

The proposals set out in this report respond to the statutory duty on the Local Authority to deliver a balanced budget. Cambridgeshire County Council will continue to meet the range of statutory duties for supporting our citizens.

10.4 **Equality and Diversity Implications**

As the proposals are developed ready for December service committees, they will include, Equality Impact Assessments that will describe the impact of each

proposal, in particular any disproportionate impact on vulnerable, minority and protected groups.

#### **10.5 Engagement and Consultation Implications**

Our Business Planning proposals are informed by the CCC public consultation and will be discussed with a wide range of partners throughout the process. The feedback from consultation will continue to inform the refinement of proposals. Where this leads to significant amendments to the recommendations a report would be provided to GPC.

#### **10.6 Localism and Local Member Involvement**

As the proposals develop, we will have detailed conversations with Members about the impact of the proposals on their localities. We are working with members on materials which will help them have conversations with Parish Councils, local residents, the voluntary sector and other groups about where they can make an impact and support us to mitigate the impact of budget reductions.

#### **10.7 Public Health Implications**

We are working closely with Public Health colleagues as part of the operating model to ensure our emerging Business Planning proposals are aligned and support improvement in the health and wellbeing of the population.

### **Implications**

**Have the resource implications been cleared by Finance?** Yes, officer: Chris Malyon

**Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?** Yes, officer: Gus de Silva

**Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?** Yes, officer: Fiona McMillan

**Are there any Equality and Diversity implications?** Yes, officer: Beatrice Brown

**Have any engagement and communication implications been cleared by Communications?** Yes, officer: Christine Birchall

**Have any localism and Local Member involvement issues been cleared by your Service Contact?** Yes, officer: Kelly Allen

**Have any Public Health implications been cleared by Public Health?** Yes, officer: Liz Robin

### **Source Document**

## **Appendix 1**

Financial summary – Commercial and Investment Table 3



## Section 3 - F: Commercial and Investments

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

		Detailed Plans	Outline Plans					
Ref	Title	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	Description	Committee
1	OPENING GROSS EXPENDITURE	22,678	22,263	25,526	26,045	26,182		
F/R.1.003	Commercial Team	258	-	-	-	-	Establishment of a dedicated commercial resource to deliver the Council's Commercial Strategy; the Commercial Team will be base funded from 2021-22.	C&I
1.999	REVISED OPENING GROSS EXPENDITURE	22,936	22,263	25,526	26,045	26,182		
2 F/R.2.001	INFLATION Inflation	229	162	164	189	221	Forecast pressure from inflation, based on detailed analysis incorporating national economic forecasts, specific contract inflation and other forecast inflationary pressures.	C&I
2.999	Subtotal Inflation	229	162	164	189	221		
3	DEMOGRAPHY AND DEMAND							
3.999	Subtotal Demography and Demand	-	-	-	-	-		
4 F/R.4.001 F/R.4.007	PRESSURES East Barnwell Community Centre LGSS Law dividend expectation	100 -	- -	- -96	- -	- -	- Operating costs for the proposed new community centre in East Barnwell, Cambridge. - LGSS Law Ltd was in deficit in 2017-18 and 2018-19, and the company has retained losses as result. Following significant changes including improvements in fee earner utilisation and in management and direction, the company has returned to profitability in 2020, however this line reflects that a dividend is unlikely to be payable from the company before 2024. The primary financial purpose of the company is to provide cost effective services, which is achieved through fees, rather than the delivery of dividend.	C&I C&I
F/R.4.008	Spokes buildings operating costs	115	-	-	-	-	- The acquisition, development and change of use of spokes buildings will lead to an increase in the operating costs of those buildings. This will be offset by the savings from the Cambs 2020 programme in 2021-22 (Bernard Sunley & Eastfield House).	C&I
F/R.4.010	St Ives Smart Energy Grid - operating costs	-	39	1	1	1	1 The Council is building a Smart Energy Grid at the St Ives Park & Ride site, capital project reference F/C.2.118. These are the expected operating costs.	C&I
F/R.4.011	Babraham Smart Energy Grid - operating costs	-	45	2	3	3	- The Council is building a Smart Energy Grid at the Babraham Park & Ride site, capital project reference F/C.2.119. These are the expected operating costs.	C&I
F/R.4.012	Trumpington Smart Energy Grid - operating costs	-	-	63	2	2	- The Council is building a Smart Energy Grid at the Trumpington Park & Ride site, capital project reference F/C.2.120. These are the expected operating costs.	C&I
F/R.4.013	Stanground Closed Landfill Site - operating costs	-	120	3	3	3	3 The Council is installing a solar park facility and battery storage system at the Stanground closed landfill site, capital project reference F/C.2.121. These are the expected operating costs.	C&I
F/R.4.014	Woodston Closed Landfill Site - operating costs	-	48	1	2	2	- The Council is installing a solar park facility and battery storage system at the Woodston closed landfill site, capital project reference F/C.2.122. These are the expected operating costs.	C&I
F/R.4.015	North Angle Solar Farm, Soham - operating costs	-	499	14	15	15	15 The Council is installing a solar park facility at North Angle Farm, Soham, capital project reference F/C.2.123. These are the expected operating costs.	C&I
F/R.4.017	Babbage House dilapidation costs	-190	-	-	-	-	- One-off repair and reinstatement costs associated with restoring Babbage House to its original pre-let state following the end of the Council's tenancy.	C&I

## Section 3 - F: Commercial and Investments

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

		Detailed Plans	Outline Plans					
Ref	Title	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	Description	Committee
F/R.4.903	Renewable Energy - Soham	5	40	6	6	-	- Operating costs associated with the capital investment in Renewable Energy, at the Soham Solar Farm. Links to capital proposal C/C.2.102 in BP 2016-17.	C&I
<b>4.999</b>	<b>Subtotal Pressures</b>	<b>30</b>	<b>791</b>	<b>-6</b>	<b>32</b>	<b>19</b>		
<b>5</b>	<b>INVESTMENTS</b>							
F/R.5.001	Invest to Save Housing Schemes - Interest Costs	-79	-	-	-	-	- Revenue costs associated with the development of the Cambridge Housing and Investment Company in order to generate long-term income streams.	C&I
F/R.5.002	St Ives Smart Energy Grid - Interest Costs	-	24	72	-1	-1	- The Council is building a Smart Energy Grid at St Ives Park & Ride site, capital project reference F/C.2.118. These are the expected borrowing costs associated with the scheme to be repaid using income from the sale of energy.	C&I
F/R.5.003	Babraham Smart Energy Grid - Interest Costs	-	331	-3	-4	-	- The Council is building a Smart Energy Grid at the Babraham Park & Ride site, capital project reference F/C.2.119. These are the expected borrowing costs associated with the scheme to be repaid using income from the sale of energy.	C&I
F/R.5.004	Trumpington Smart Energy Grid - Interest Costs	-	-	366	-4	-	- The Council is building a Smart Energy Grid at the Trumpington & Ride site, capital project reference F/C.2.120. These are the expected borrowing costs associated with the scheme to be repaid using income from the sale of energy.	C&I
F/R.5.005	Stanground Closed Landfill Site - Interest Costs	-	434	-4	-5	-4	- The Council is installing a solar park facility and battery storage system at the Stanground closed landfill site, capital project reference F/C.2.121. These are the expected borrowing costs associated with the scheme to be repaid using income from the sale of energy and provision of grid services.	C&I
F/R.5.006	Woodston Closed Landfill Site - Interest Costs	-	133	-2	-1	-	- The Council is installing a solar park facility and battery storage system at the Woodston closed landfill site, capital project reference F/C.2.122. These are the expected borrowing costs associated with the scheme to be repaid using income from the sale of energy and provision of grid services.	C&I
F/R.5.007	North Angle Solar Farm, Soham - Interest Costs	-	1,438	-16	-16	-16	- The Council is installing a solar park facility at North Angle Farm, Soham, capital project reference F/C.2.123. These are the expected borrowing costs associated with the scheme to be repaid using income from the sale of energy.	C&I
F/R.5.008	Renewable Energy Soham - Interest Costs	-9	-10	-9	-10	-	- The Council has invested in building a solar park at Triangle Farm, Soham. These are the borrowing costs associated with the scheme to be repaid using income from the sale of energy.	C&I
F/R.5.009	Commercial Investments - Interest Costs	-43	-42	-43	-43	-	- The Council is developing a portfolio of commercial property investments. These are the associated borrowing costs to be repaid using rental income generated from the leases of these properties.	C&I
<b>5.999</b>	<b>Subtotal Investments</b>	<b>-131</b>	<b>2,308</b>	<b>361</b>	<b>-84</b>	<b>-21</b>		
<b>6</b>	<b>SAVINGS</b>							
	<b>C&amp;I</b>							
F/R.6.003	Babbage House closure	-198	-	-	-	-	- The lease on Babbage House is due to end in 2020-21, and will not be renewed.	C&I
F/R.6.108	Energy Efficiency Fund - Repayment of Financing Costs	2	2	-	-	-	- Savings to be generated from Energy Efficiency Fund capital investment. Element to repay financing costs. Links to capital proposal B/C.5.029	C&I

## Section 3 - F: Commercial and Investments

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

		Detailed Plans	Outline Plans					
Ref	Title	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	Description	Committee
F/R.6.109	Cambs 2020 Operational Savings	-605	-	-	-	-	Savings to the running costs of corporate buildings as a result of the Cambs 2020 programme.	C&I
<b>6.999</b>	<b>Subtotal Savings</b>	<b>-801</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>		
	<b>TOTAL GROSS EXPENDITURE</b>	<b>22,263</b>	<b>25,526</b>	<b>26,045</b>	<b>26,182</b>	<b>26,401</b>		
<b>7</b>	<b>FEES, CHARGES &amp; RING-FENCED GRANTS</b>							
F/R.7.001	Previous year's fees, charges & ring-fenced grants	-31,955	-30,971	-35,831	-37,085	-37,912	Previous year's fees and charges for the provision of services and ring-fenced grant funded rolled forward.	C&I
F/R.7.003	Fees and charges inflation	-16	-17	-15	-15	-16	Uplift in external charges to reflect inflation pressures on the cost of services.	C&I
	<b>Changes to fees &amp; charges</b>							
F/R.7.105	Renewable Energy Soham - Income Generation	-13	-13	-14	-13		- Income generation resulting from capital investment in solar farm at Soham. Links to capital proposal C/C.2.102 in BP 2016-17.	C&I
F/R.7.113	Invest to Save Housing Schemes - Income Generation	-188	-	-	-		- The Council is a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. This will require CCC to move from being a seller of sites to being a developer of sites, through a Housing Company. In the future, CCC will operate to make best use of sites with development potential in a co-ordinated and planned manner to develop them for a range of development options, generating capital receipts to support site development and significant revenue and capital income to support services and communities.	C&I
F/R.7.114	St Ives Smart Energy Grid - Income Generation	-	-117	-5	-6	-6	The Council is building a Smart Energy Grid at St Ives Park & Ride site, capital project reference F/C.2.118. This is the expected income to be generated from the sale of energy.	C&I
F/R.7.116	Babraham Smart Energy Grid - Income Generation	-	-304	-16	-18		- The Council is building a Smart Energy Grid at the Babraham Park & Ride site, capital project reference F/C.2.119. This is the expected income to be generated from the sale of energy.	C&I
F/R.7.118	Trumpington Smart Energy Grid - Income Generation	-	-	-463	-15		- The Council is building a Smart Energy Grid at the Trumpington Park & Ride site, capital project reference F/C.2.120. This is the expected income to be generated from the sale of energy.	C&I
F/R.7.120	Stanground Closed Landfill Site - Income Generation	-	-510	-23	-24	-25	The Council is installing a solar park facility and battery storage system at the Stanground closed landfill site, capital project reference F/C.2.121. This is the expected income to be generated from the sale of energy and provision of grid services.	C&I
F/R.7.122	Woodston Closed Landfill Site - Income Generation	-	-380	50	12		- The Council is installing a solar park facility and battery storage system at the Woodston closed landfill site, capital project reference F/C.2.122. This is the expected income to be generated from the sale of energy and provision of grid services.	C&I
F/R.7.125	North Angle Solar Farm, Soham - Income Generation	-	-2,362	-78	-80	-82	The Council is installing a solar park facility at North Angle Farm, Soham, capital project reference F/C.2.123. This is the expected income to be generated from the sale of energy.	C&I
F/R.7.127	County Farms - Commercial uses	-250	-175	-	-		- Conversion of barns on the County Farms Estate for non-agricultural commercial uses, including storage and distribution.	C&I
F/R.7.131	Commercial Income	-758	-500	-750	-750		- Commercial return from the Council's Commercial Strategy, to be generated by the newly established Commercial Team.	C&I
F/R.7.132	Shire Hall Car Park Income	126	-	-	-		- Loss of income due to the closure of the Shire Hall site car park.	C&I
F/R.7.133	Scenario (A) - Cromwell Leisure	205	-171	-30	-		- Cromwell Leisure consists of a cinema unit and three restaurant units. This scenario forecasts that in the current climate the 2 restaurant units remain empty in 2021-22. Carter Jonas will market these units with the expectation that they will be re-let in 2022-23. 100% rental income would be received in 2023-24.	C&I

## Section 3 - F: Commercial and Investments

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

		Detailed Plans	Outline Plans					
Ref	Title	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	Description	Committee
F/R.7.134	Scenario (A) - County Farms	205	87	-117	-175		- An additional income from the County Farms Estate was included in the 2020-21 Business Plan, £250k - 2021-22 and £175k - 2022-23. Specifically this was to identify buildings for development which could be let at a higher value. This scenario forecasts a reduction in income from new investments and a small decline in existing income due to COVID-19.	C&I
F/R.7.135	Scenario (A) - Pooled Property Fund	21	-21	-	-		- The Pooled Property Fund Investment (CCLA) is expected to start recovery in late 2020-21, but with the risk of further challenges ahead a forecast of 5% income reduction is likely.	C&I
F/R.7.136	Investment Scenario (A) - Multi-Class-Credit	580	-320	-	-		- The impact of COVID-19 on fund assets and the Council's requirements for a high level of Environment, Social and Governance (ESG) criteria have resulted in updated forecasts for this asset with an overall reduction in the value of the returns from 5.7% to 4.4%.	C&I
F/R.7.137	Scenario (A) - Brunswick House	423	-208	7	7		6 Brunswick House (BH) has 251 direct let student beds. This scenario is forecasting 1/3 reduction in the occupancy levels in the 2020-21 academic year due to the expectation that some students will stay at home and opt for online learning and a drop in international student numbers is also expected. The 2021-22 academic year occupancy is expected to go back up to 100%.	C&I
F/R.7.138	Scenario (A) - Contract Efficiencies/Contract Management	649	151	200	250		- An additional income of £500k per year is expected across the Commercial Strategy, this scenario forecasts no additional income in 2021-22, 50% 2022-23, 100% 2023-24. Savings expected from renegotiation of contracts is £249k per year, this scenario forecasts £100k in 2021-22, 100% in 2022-23. This will be wholly dependent on the economic response to COVID-19.	C&I
7.999	<b>Subtotal Fees, Charges &amp; Ring-fenced Grants</b>	<b>-30,971</b>	<b>-35,831</b>	<b>-37,085</b>	<b>-37,912</b>	<b>-38,035</b>		
	<b>TOTAL NET EXPENDITURE</b>	<b>-8,708</b>	<b>-10,305</b>	<b>-11,040</b>	<b>-11,730</b>	<b>-11,634</b>		
<b>FUNDING SOURCES</b>								
8	<b>FUNDING OF GROSS EXPENDITURE</b>							
F/R.8.001	Budget Surplus	8,708	10,305	11,040	11,730	11,634	Net surplus from Commercial and Investment activities contributed to funding other Services.	C&I
F/R.8.003	Fees & Charges	-30,189	-35,049	-36,303	-37,130	-37,253	Fees and charges for the provision of services.	C&I
F/R.8.004	Arts Council Funding	-782	-782	-782	-782	-782	Ring-fenced grant from the Arts Council to part-fund Cambridgeshire Music	C&I
8.999	<b>TOTAL FUNDING OF GROSS EXPENDITURE</b>	<b>-22,263</b>	<b>-25,526</b>	<b>-26,045</b>	<b>-26,182</b>	<b>-26,401</b>		

## Service Committee Review of the draft 2021-22 Capital Programme

To: Commercial & Investment Committee

Meeting Date: 16<sup>th</sup> October 2020

From: Chief Finance Officer

Electoral division(s): All

Forward Plan ref: Not applicable

Key decision: No

Outcome: To present to Committee an overview of the draft Business Plan Capital Programme for Commercial & Investment and provide an opportunity to comment.

Recommendation: Committee is asked to:

- a) Note the overview and context provided for the 2021-22 Capital Programme for Commercial & Investment
- b) Comment on the draft proposals for Commercial & Investment's 2021-22 Capital Programme and endorse their development

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## 1. Capital Strategy

- 1.1 The Council strives to achieve its vision through delivery of its Business Plan. To assist in delivering the Plan the Council needs to provide, maintain and update long term assets (often referred to as 'fixed assets'), which are defined as those that have an economic life of more than one year. Expenditure on these long term assets is categorised as capital expenditure, and is detailed within the Capital Programme for the Council.
- 1.2 Each year the Council adopts a ten-year rolling capital programme as part of the Business Plan. The very nature of capital planning necessitates alteration and refinement to proposals and funding during the planning period; therefore whilst the early years of the Business Plan provide robust, detailed estimates of schemes, the later years only provide indicative forecasts of the likely infrastructure needs and revenue streams for the Council.
- 1.3 This report forms part of the process set out in the Capital Strategy whereby the Council updates, alters and refines its capital planning over an extended planning period. New schemes are developed by Services and all existing schemes are reviewed and updated as required before being presented to the Capital Programme Board and subsequently Service Committees for further review and development.
- 1.4 An Investment Appraisal of each capital scheme (excluding committed schemes and schemes with 100% ring-fenced funding) is undertaken / revised, which allows schemes within and across all Services to be ranked and prioritised against each other, in light of the finite resources available to fund the overall Programme and in order to ensure the schemes included within the Programme are aligned to assist the Council with achieving its outcomes.

## 2. Development of the 2021-22 Capital Programme

- 2.1 Prioritisation of schemes (where applicable) is included within this report to be reviewed individually by Service Committees alongside the addition, revision and update of schemes. Prioritisation of schemes across the whole programme will also be reviewed by General Purposes Committee (GPC) in November, before firm spending plans are considered again by Service Committees in December. GPC will review the final overall programme in January, in particular regarding the overall levels of borrowing and financing costs, before recommending the programme as part of the overarching Business Plan for Full Council to consider in February.
- 2.2 The introduction of the Transformation Fund has not impacted on the funding sources available to the Capital Programme as any Invest to Save or Earn schemes will continue to be funded over time by the revenue payback they produce via savings or increased income. This is the most financially sensible option for the Council due to the ability to borrow money for capital schemes and defray the cost of that expenditure to the Council over the life of the asset. However, if a scheme is transformational, then it should also move through the governance process agreed for the transformation programme, in line with all other transformational schemes, but without any funding request to the Transformation Fund.
- 2.3 There are several schemes in progress where work is underway to develop

the scheme, however they are either not sufficiently far enough forward to be able to include any capital estimate within the Business Plan, or a draft set of figures have been included but they are, at this stage, highly indicative. The following are the main schemes that this applies to:

- There is the potential for further capital schemes to be developed as part of the Older People's Accommodation Strategy, in line with the Adults' Committee's previous decision for a blended approach to increasing capacity for residential and nursing care. One element of this is to procure an increase in capacity through a number of new build sites, which has potential for implications for the Council's capital plans through provision of land or other assets, or involvement with construction. The Council is engaged with health partners on these challenges, to maximize a 'one public estate' approach; however, plans are not yet developed sufficiently to include any capital estimate within the Business Plan.

- 2.4 Where the Covid-19 pandemic is anticipated to have an impact on the costs of a capital scheme and this has been quantified, this has been worked into revised budgets based on the current situation. However, work is still ongoing in some areas to quantify impact, and as such there is the potential for budgets to continue to be revised over the next few months as the situation unfolds. Any further changes to Government guidelines in response to the pandemic, or local lockdowns, would also require further revision of costs/timescales, and therefore capital budgets.

### 3. Revenue Implications

- 3.1 All capital schemes can have a potential two-fold impact on the revenue position, relating to the cost of borrowing through interest payments and repayment of principal and the ongoing revenue costs or benefits of the scheme. Conversely, not undertaking schemes can also have an impact via needing to provide alternative solutions, such as Home to School Transport (e.g. transporting children to schools with capacity rather than investing in capacity in oversubscribed areas).
- 3.2 The Council is required by the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Prudential Code for Capital Finance in Local Authorities 2017 to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to ensure that it achieves this, GPC recommends an advisory limit on the annual financing costs of borrowing (debt charges) over the life of the Plan. In order to afford a degree of flexibility from year to year, changes to the phasing of the limit is allowed within any three-year block (starting from 2015-16), so long as the aggregate limit remains unchanged.
- 3.3 For the 2020-21 Business Plan, GPC agreed that this should continue to equate to the level of revenue debt charges as set out in the 2014-15 Business Plan for the next five years (restated to take into account the change to the MRP Policy agreed by GPC in January 2016), and limited to around £39m annually from 2019-20 onwards. GPC are due to set limits for the 2021-22 Business Plan as part of the Capital Strategy review in November.

### 4. Summary of the draft Capital Programme

4.1 The revised draft Capital Programme is as follows:

<b>Service Block</b>	<b>2021-22 £'000</b>	<b>2022-23 £'000</b>	<b>2023-24 £'000</b>	<b>2024-25 £'000</b>	<b>2025-26 £'000</b>	<b>Later Years £'000</b>
People and Communities	41,010	140,781	91,275	45,777	18,672	33,311
Place and Economy	40,488	21,620	15,206	15,185	15,185	15,200
Corporate and Managed Services	18,038	907	106	-	-	-
Commercial and Investment	63,748	5,412	8,882	5,960	1,000	10,757
<b>Total</b>	<b>163,284</b>	<b>168,720</b>	<b>115,469</b>	<b>66,922</b>	<b>34,857</b>	<b>59,268</b>

4.2 This is anticipated to be funded by the following resources:

<b>Funding Source</b>	<b>2021-22 £'000</b>	<b>2022-23 £'000</b>	<b>2023-24 £'000</b>	<b>2024-25 £'000</b>	<b>2025-26 £'000</b>	<b>Later Years £'000</b>
Grants	27,988	27,145	27,434	32,363	27,938	42,702
Contributions	45,988	69,727	58,628	42,706	3,113	102,672
Capital Receipts	33,386	200	2,200	2,200	2,200	10,000
Borrowing	60,613	68,416	49,053	16,327	1,606	-7,134
Borrowing (Repayable)*	-4,691	3,232	-21,846	-26,674	-	-88,972
<b>Total</b>	<b>163,284</b>	<b>168,720</b>	<b>115,469</b>	<b>66,922</b>	<b>34,857</b>	<b>59,268</b>

\* Repayable borrowing nets off to zero over the life of each scheme and is used to bridge timing gaps between delivery of a scheme and receiving other funding to pay for it.

4.3 The following table shows how each Service's borrowing position has changed since the 2020-21 Capital Programme was set:

<b>Service Block</b>	<b>2020-21 £'000</b>	<b>2021-22 £'000</b>	<b>2022-23 £'000</b>	<b>2023-24 £'000</b>	<b>2024-25 £'000</b>	<b>2025-26 £'000</b>	<b>Later Years £'000</b>
People and Communities	-3,566	-15,421	56,864	11,963	-669	3,019	563
Place and Economy	-4,974	12,288	1,830	-	-	-	-
Corporate and Managed Services	1,872	9,302	795	-6	-	-	-
Commercial and Investment	-1,024	20,407	-4,264	5,073	-2,040	-100	-2,676
Corporate and Managed Services – relating to general capital receipts	2,004	-	500	-1,500	-1,500	-1,500	-9,000
<b>Total</b>	<b>-5,688</b>	<b>26,576</b>	<b>55,725</b>	<b>15,530</b>	<b>-4,209</b>	<b>1,419</b>	<b>-11,113</b>

4.4 The table below categorises the reasons for these changes:

Reasons for change in borrowing	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000	Later Years £'000
New	390	1,917	14,094	2,494	4,191	1,980	150
Removed/Ended	-2,265	0	0	0	0	0	0
Minor Changes/Rephasing *	-49,277	-174	31,313	20,907	5,832	840	2,636
Increased Cost (includes rephasing)	10,760	5,342	8,471	4,276	1,983	382	0
Reduced Cost (includes rephasing)	-1,005	4,760	7,620	-9,142	-14,562	-530	0
Change to other funding (includes rephasing)	9,028	15,610	-4,056	-2,715	-1,725	-1,670	-8,759
Variation Budget	26,681	-879	-1,717	-290	72	417	-5,140
<b>Total</b>	<b>-5,688</b>	<b>26,576</b>	<b>55,725</b>	<b>15,530</b>	<b>-4,209</b>	<b>1,419</b>	<b>-11,113</b>

*\*This does not off-set to zero across the years because the rephasing also relates to pre-2020-21.*

- 4.5 These revised levels of borrowing will have an impact on the level of debt charges incurred. The debt charges budget is also currently undergoing thorough review of interest rates, internal cash balances, Minimum Revenue Provision charges and estimates of capitalisation of interest – the results of this will be fed into the next round of committee papers on capital.

## 5. Overview of Commercial & Investment's draft Capital Programme

- 5.1 The revised draft capital programme for the Commercial & Investment Service is as follows:

	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000	Later Yrs £'000
Commercial Activity	73,946	2,438	6,852	3,200	200	9,446
Property Services	3,800	3,800	3,800	3,800	600	2,400
Strategic Assets	1,884	400	400	400	400	1,600
Capital Programme Variation	-15,882	-1,226	-2,170	-1,440	-200	-2,689
<b>Commercial and Investment Total</b>	<b>63,748</b>	<b>5,412</b>	<b>8,882</b>	<b>5,960</b>	<b>1,000</b>	<b>10,757</b>

- 5.2 It is anticipated to be funded by the following resources:

Funding Source	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000	Later Yrs £'000
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Grants	1,249					
Developer Contributions	260					
Capital Receipts	30,799	200	2,200	2,200	2,200	10,000
Borrowing	31,440	5,212	6,682	760	-1,200	-6,243
Borrowing (Repayable)*	-2,040	-	-15,000	-22,000	-	-88,972
Other Contributions	2,040	-	15,000	25,000	-	95,972
<b>Total</b>	<b>63,748</b>	<b>5,412</b>	<b>8,882</b>	<b>5,960</b>	<b>1,000</b>	<b>10,757</b>

*\* All funding sources above are off-set by an amount included in the capital variation budget, which anticipates a degree of slippage across all programmes (see Table 5.1) and then applies that slippage to individual funding sources.*

5.3 The full list of Commercial & Investment capital schemes are shown in the draft capital programme at Appendix 1.

5.4 The following changes have been made to existing schemes from the 2020-21 Business Plan:

- St Ives Smart Energy Grid - The budget for this scheme has been rephased to reflect the timing of the work. Commencement of work on this scheme has been delayed due to prolonged negotiations over securing the land title, settling the State Aid position, customer negotiations, retendering the works, and discharging planning conditions. This scheme is to be part funded from specific grants and the remainder from prudential borrowing.
- Babraham Smart Energy Grid - The budget for this scheme has been rephased to reflect the timing of the work. Additional planning considerations and wayleaves negotiations have resulted in minor delays to the construction timescales. This scheme is to be funded from prudential borrowing.
- Trumpington Smart Energy Grid - The budget for this scheme has been rephased as development has been suspended due to uncertainty around the future use of the site. The status of the project will be reviewed following the outcome of current discussions. This scheme is to be funded from prudential borrowing.
- Stanground Closed Landfill Energy Project - The budget for this scheme has been rephased to reflect the timing of the work. Uncertainty surrounding future battery market revenues has required ongoing updates to the technical design of the project and negotiations with potential customers are currently being progressed. This scheme is to be funded from prudential borrowing.
- North Angle Solar Farm - The budget for this scheme has been rephased to reflect the timing of construction. Additional development work has been required to fully assess the grid connection costs and options for the scheme. This scheme is to be funded from prudential borrowing.
- Woodston Closed Landfill Energy Project - The budget for this scheme has been rephased as development has been suspended owing to the current cost of grid connection. It is anticipated that work will recommence following upgrades to the local grid which will reduce the cost of connection. This scheme will be funded from prudential borrowing.

- Community Hubs - East Barnwell - The budget for this scheme has been rephased to reflect the timing of the work. The scheme is currently at the planning stage and will need to continue into next financial year. This scheme is to be funded from prudential borrowing and S106 funding.
- Housing Schemes - This budget has been rephased to reflect the timing of investment and slightly increased in order to reflect the anticipated purchase of equity. This scheme is largely funded from repayable prudential borrowing, as well as capital receipts for the element that relates to purchasing equity.

5.5 The following new schemes have been added to the programme since it was approved by Full Council in February 2020:

- Development Funding - Strategic Assets is responsible for optimising the value of CCC property assets prior to disposal. This relates mainly, but not exclusively, to surplus assets and those held for long-term development. Obtaining outline planning permission for a higher alternative use, e.g. residential use, is the best means of optimising the value of an asset prior to sale. In order to maximise CCC's potential to obtain planning permission on specific sites, Strategic Assets draws on its own professional knowledge and specialist knowledge of planning consultants. Sites which were or are to be transferred to This Land already have an allocated budget. This scheme is to be funded from prudential borrowing.

5.6 Work is ongoing to revise the 2021-22 Business Plan, with further updates due to be reported to Committee in December. In addition to the revisions already mentioned, the following work is underway:

- Cambs 2020 Spokes Asset Review and Shire Hall Relocation - The schedule for both of these schemes is currently being reviewed and updated phasing will be included in the December reports.
- Building Maintenance – Further review of the work required as a result of conditions surveys, integration with other corporate programmes and Members' requests to review specific projects, and the timing of that work, is being undertaken.

## 6. Alignment with Corporate Priorities

6.1 A good quality of life for everyone

The Services discussed in this report play a significant role in enabling the Council to achieve this priority.

6.2 Thriving places for people to live

The Services discussed in this report play a significant role in enabling the Council to achieve this priority.

6.3 The best start for Cambridgeshire's children

The Services discussed in this report play a significant role in enabling the Council to achieve this priority.

- 6.4 Net zero carbon emissions for Cambridgeshire by 2050  
The Services discussed in this report play a significant role in enabling the Council to achieve this priority.

## 7. Significant Implications

### 7.1 Resource Implications

The resource implications have been noted within the main body of the report.

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

There are no significant implications within this category.

### 7.3 Statutory, Legal and Risk Implications

The following bullet points set out details of significant implications identified by officers:

- There is a risk that capital schemes which are expected to result in revenue income do not deliver the level of income expected.

### 7.4 Equality and Diversity Implications

There are no significant implications within this category.

### 7.5 Engagement and Communications Implications

There are no significant implications within this category.

### 7.6 Localism and Local Member Involvement

The following bullet point sets out details of significant implications identified by officers:

- Local Members will be engaged where schemes impact on their area and where opportunities for strategic investment arise.

### 7.7 Public Health Implications

There are no significant implications within this category.

Have the resource implications been cleared by Finance?

Yes, by Ellie Tod

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?

Not applicable

Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?

Not applicable

Are there any Equality and Diversity implications?

Not applicable

Have any engagement and communication implications been cleared by Communications?

Not applicable

Are there any Localism and Local Member involvement issues?

Not applicable

Have any Public Health implications been cleared by Public Health

Not applicable

## 8. Source documents

8.1 The 2020-21 Business Plan, including the Capital Strategy, Capital Planning and Forecast: financial models.

8.2 Location

[Council's 2020-21 Business Plan](#)

1<sup>st</sup> Floor Octagon  
Shire Hall,  
Cambridge



# Appendix 1: Draft Capital Programme

## Section 3 - F: Commercial and Investments

**Table 4: Capital Programme**

Budget Period: 2021-22 to 2030-31

Summary of Schemes by Start Date	Total Cost £000	Previous Years £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	Later Years £000
Ongoing	179,185	155,634	23,338	-288	-1,170	-440	800	1,311
Committed Schemes	183,051	168,367	4,622	62	-	3,000	-	7,000
2018-2019 Starts	50,326	6,602	32,388	2,238	6,652	-	-	2,446
2019-2020 Starts	6,427	6,427	-	-	-	-	-	-
2020-2021 Starts	15,675	3,675	2,400	3,200	3,200	3,200	-	-
2021-2022 Starts	1,800	-	1,000	200	200	200	200	-
<b>TOTAL BUDGET</b>	<b>436,464</b>	<b>340,705</b>	<b>63,748</b>	<b>5,412</b>	<b>8,882</b>	<b>5,960</b>	<b>1,000</b>	<b>10,757</b>

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	Later Years £000	Committee
<b>F/C.01</b>	<b>Commercial Activity</b>												
F/C.1.117	Commercial Investments	Development of a portfolio of strategic investments which are able to provide an income return. This will be developed through commercial research into options available, appropriate balance of portfolio and the extent of risk.	F/R.7.110	Ongoing	192,416	154,192	38,224	-	-	-	-	-	C&I
F/C.1.118	Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride	Low carbon energy generation assets with battery storage on Council assets at St Ives Park and Ride	F/R.7.114, F/R.7.115	Committed	3,645	511	3,134	-	-	-	-	-	C&I
F/C.1.119	Babraham Smart Energy Grid	The project is to develop a high level assessment, then an Investment Grade Proposal for a renewable energy scheme on the Babraham Park and Ride site. This project at Babraham will look to build on the skills developed in the St Ives project to replicate on other Park and Ride sites. A 2.1 MW solar canopy project is proposed at the HLA stage.	F/R.7.116, F/R.7.117	2018-19	6,306	338	3,999	1,969	-	-	-	-	C&I
F/C.1.120	Trumpington Smart Energy Grid	The project is to develop a high level assessment, then an Investment Grade Proposal for a renewable energy scheme on the Trumpington Park and Ride site. This project at Trumpington will look to build on the skills developed in the St Ives project to replicate on other Park and Ride sites. A 2.1 MW solar canopy project is proposed at the HLA stage.	F/R.7.118, F/R.7.119	2018-19	6,969	3	45	269	6,652	-	-	-	C&I
F/C.1.121	Stanground Closed Landfill Energy Project	The project is to develop a high level assessment, then an Investment Grade Proposal for a clean energy scheme on the closed landfill site in Stanground. Bouygues propose a 2.25MWp Solar PV ground mounted array on the site together with a 10MW 2C battery storage system for demand side response.	F/R.7.120, F/R.7.121	2018-19	8,267	479	7,788	-	-	-	-	-	C&I

# Appendix 1: Draft Capital Programme

## Section 3 - F: Commercial and Investments

**Table 4: Capital Programme**

Budget Period: 2021-22 to 2030-31

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	Later Years £000	
F/C.1.122	Woodston Closed Landfill Energy Project	The project is to develop a high level assessment, then an Investment Grade Proposal for a clean energy scheme on the closed landfill site in Woodston. A tailored 3MW 2C Battery Storage for Demand Side Response services is proposed. This would provide a steady revenue stream, while being respectful of the local environment in terms of disruption and visual amenity.	F/R.7.122, F/R.7.123	2018-19	2,526	80		-	-	-	-	2,446	C&I
F/C.1.123	North Angle Solar Farm, Soham	Investment in a second solar farm at Soham, bordering the Triangle Farm solar farm site. The scheme aims to maximise potential revenue from Council land holdings, help to secure national energy supplies and help meet Government carbon reduction targets.	F/R.7.125, F/R.7.126	2018-19	26,258	5,702	20,556	-	-	-	-	-	C&I
F/C.1.240	Housing schemes	The Council is in a position of continuing to be a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. This will require CCC to move from being a seller of sites to being a developer of sites, through a Housing Company. In the future, CCC will operate to make best use of sites with development potential in a co-ordinated and planned manner to develop them for a range of development options, generating capital receipts to support site development and significant revenue and capital income to support services and communities.	F/R.7.113	Committed	158,222	148,222		-	-	3,000	-	7,000	C&I
F/C.1.241	Light Blue Fibre	Equity share capital investment in the Council's joint venture company with Cambridge University to develop and market fibre assets on a commercial basis.		2019-20	40	40		-	-	-	-	-	C&I
F/C.1.242	LGSS Law Equity	Equity share capital investment in LGSS Law.		2020-21	475	475		-	-	-	-	-	C&I
F/C.1.243	Development Funding	Capital expenditure related to planning applications.		2021-22	1,000	-	200	200	200	200	200	-	C&I
<b>Total - Commercial Activity</b>					<b>406,124</b>	<b>310,042</b>	<b>73,946</b>	<b>2,438</b>	<b>6,852</b>	<b>3,200</b>	<b>200</b>	<b>9,446</b>	
<b>F/C.02</b>	<b>Property Services</b>												
F/C.2.112	Building Maintenance	This budget is used to carry out replacement of failed elements and maintenance refurbishments.		Ongoing	6,442	1,042	600	600	600	600	600	2,400	C&I
F/C.2.113	Decarbonisation Fund	An investment in the decarbonisation of Council owned and occupied buildings (approximately 69 buildings). All Council buildings will be taken off fossil fuels (primarily oil and gas) and will be replaced with low carbon heating solutions such as Air or Ground Source Heat Pumps. This investment is expected to be recouped in full from savings delivered on the Council's energy bills.		2020-21	15,000	3,000	2,400	3,200	3,200	3,200	-	-	C&I

# Appendix 1: Draft Capital Programme

## Section 3 - F: Commercial and Investments

**Table 4: Capital Programme**

Budget Period: 2021-22 to 2030-31

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	Later Years £000	
F/C.2.114	Electric Vehicle chargers	An investment in Electric Vehicle (EV) charging infrastructure for main offices to host Cambridgeshire County Council electric pool cars/vans and staff vehicles.		2020-21	200	200		-	-	-	-	-	C&I
F/C.2.115	Oil Dependency Fund	Provision of financial support for oil dependent schools and communities to come off oil and onto renewable sources of energy. The initial investment of £500k will be paid back through business case investments into heat infrastructure.		2021-22	500	-	500	-	-	-	-	-	C&I
F/C.2.116	Climate Action Fund	A fund to support the delivery of projects brought forward by services to improve the carbon efficiency of Council assets and services.		2021-22	300	-	300	-	-	-	-	-	C&I
<b>Total - Property Services</b>					<b>22,442</b>	<b>4,242</b>	<b>3,800</b>	<b>3,800</b>	<b>3,800</b>	<b>3,800</b>	<b>600</b>	<b>2,400</b>	
<b>F/C.03</b>	<b>Strategic Assets</b>												
F/C.3.101	County Farms investment (Viability)	To invest in projects which protect and improve the County Farms Estate's revenue potential, asset value and long term viability.	F/R.7.103	Ongoing	3,000	300	300	300	300	300	300	1,200	C&I
F/C.3.103	Local Plans - representations	Making representations to Local Plans and where appropriate following through to planning applications with a view to adding value to County Farms and other Council land, whilst meeting Council objectives through the use / development of such land.		Ongoing	1,000	100	100	100	100	100	100	400	C&I
F/C.3.109	Community Hubs - East Barnwell	Creation of a community hub in the Abbey ward by renovating and extending East Barnwell community centre and adjoining preschool. To accommodate a library, a base for the South City locality team, to extend the childcare facility to address insufficiency in local provision, as well as provide flexible community facilities with dedicated space for young people.		Committed	1,981	497	1,484	-	-	-	-	-	C&I
F/C.3.116	Shire Hall Relocation	As part of the Cambs 2020 vision, the Council plans to vacate Shire Hall and relocate to outside of Cambridge.	TBC	Committed	18,534	18,534	-	-	-	-	-	-	C&I
F/C.3.119	Cambs 2020 Spokes Asset Review	The Cambs 2020 Programme will see the current Shire Hall site will be disposed, moving to a 'Hub and Spokes' model with a central purpose built Hub in Alconbury Weald and Spokes sites across the County. This was an opportunity to review our asset portfolio based on organisational needs. This project includes: - acquisition of a new freehold asset - disposal of properties surplus to requirements - major refurbishment works - minor refurbishment works - move related costs (i.e. staff relocation allowance)		2019-20	6,387	6,387	-	-	-	-	-	-	C&I
<b>Total - Strategic Assets</b>					<b>30,902</b>	<b>25,818</b>	<b>1,884</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>1,600</b>	

# Appendix 1: Draft Capital Programme

## Section 3 - F: Commercial and Investments

**Table 4: Capital Programme**

Budget Period: 2021-22 to 2030-31

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	Later Years £000	
F/C.04 F/C.4.001	<b>Capital Programme Variation</b> Variation Budget	The Council includes a service allowance for likely Capital Programme slippage, as it can sometimes be difficult to allocate this to individual schemes due to unforeseen circumstances. This budget is continuously under review, taking into account recent trends on slippage on a service by service basis.		Ongoing	-23,673	-	-15,886	-1,288	-2,170	-1,440	-200	-2,689	C&I
F/C.4.002	Capitalisation of Interest Costs	The capitalisation of borrowing costs helps to better reflect the costs of undertaking a capital project. Although this budget is initially held on a service basis, the funding will ultimately be moved to the appropriate schemes once exact figures have been calculated each year.		Committed	669	603	4	62	-	-	-	-	C&I
	<b>Total - Capital Programme Variation</b>				<b>-23,004</b>	<b>603</b>	<b>-15,882</b>	<b>-1,226</b>	<b>-2,170</b>	<b>-1,440</b>	<b>-200</b>	<b>-2,689</b>	
	<b>TOTAL BUDGET</b>				<b>436,464</b>	<b>340,705</b>	<b>63,748</b>	<b>5,412</b>	<b>8,882</b>	<b>5,960</b>	<b>1,000</b>	<b>10,757</b>	

Funding					Total Funding £000	Previous Years £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	Later Years £000
<b>Government Approved Funding</b>												
Specific Grants					1,249	-	1,249	-	-	-	-	-
<b>Total - Government Approved Funding</b>					<b>1,249</b>	<b>-</b>	<b>1,249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Locally Generated Funding</b>												
Agreed Developer Contributions					260	-	260	-	-	-	-	-
Capital Receipts					121,992	74,393	30,799	200	2,200	2,200	2,200	10,000
Prudential Borrowing					162,754	126,103	31,440	5,212	6,682	760	-1,200	-6,243
Prudential Borrowing (Repayable)					3,697	131,709	-2,040	-	-15,000	-22,000	-	-88,972
Other Contributions					146,512	8,500	2,040	-	15,000	25,000	-	95,972
<b>Total - Locally Generated Funding</b>					<b>435,215</b>	<b>340,705</b>	<b>62,499</b>	<b>5,412</b>	<b>8,882</b>	<b>5,960</b>	<b>1,000</b>	<b>10,757</b>
<b>TOTAL FUNDING</b>					<b>436,464</b>	<b>340,705</b>	<b>63,748</b>	<b>5,412</b>	<b>8,882</b>	<b>5,960</b>	<b>1,000</b>	<b>10,757</b>

# Appendix 1: Draft Capital Programme

## Section 3 - F: Commercial and Investments

**Table 5: Capital Programme - Funding**

Budget Period: 2021-22 to 2030-31

Summary of Schemes by Start Date	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000
Ongoing	179,185	-318	-	-	115,052	64,451
Committed Schemes	183,051	1,567	260	146,512	5,940	28,772
2018-2019 Starts	50,326	-	-	-	-	50,326
2019-2020 Starts	6,427	-	-	-	-	6,427
2020-2021 Starts	15,675	-	-	-	-	15,675
2021-2022 Starts	1,800	-	-	-	1,000	800
<b>TOTAL BUDGET</b>	<b>436,464</b>	<b>1,249</b>	<b>260</b>	<b>146,512</b>	<b>121,992</b>	<b>166,451</b>

Ref	Scheme	Linked Revenue Proposal	Net Revenue Impact	Scheme Start	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000	Committee
<b>F/C.01</b>	<b>Commercial Activity</b>										
F/C.1.117	Commercial Investments	F/R.7.110	-225,791	Ongoing	192,416	-	-	-	106,677	85,739	C&I
F/C.1.118	Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride	F/R.7.114, F/R.7.115	-2,022	Committed	3,645	1,567	-	-	-	2,078	C&I
F/C.1.119	Babraham Smart Energy Grid	F/R.7.116, F/R.7.117	-10,571	2018-19	6,306	-	-	-	-	6,306	C&I
F/C.1.120	Trumpington Smart Energy Grid	F/R.7.118, F/R.7.119	-7,001	2018-19	6,969	-	-	-	-	6,969	C&I
F/C.1.121	Stanground Closed Landfill Energy Project	F/R.7.120, F/R.7.121	-8,898	2018-19	8,267	-	-	-	-	8,267	C&I
F/C.1.122	Woodston Closed Landfill Energy Project	F/R.7.122, F/R.7.123	-8,816	2018-19	2,526	-	-	-	-	2,526	C&I
F/C.1.123	North Angle Solar Farm, Soham	F/R.7.125, F/R.7.126	-40,112	2018-19	26,258	-	-	-	-	26,258	C&I
F/C.1.240	Housing schemes	F/R.7.113	-126,591	Committed	158,222	-	-	146,512	5,878	5,832	C&I
F/C.1.241	Light Blue Fibre		-	2019-20	40	-	-	-	-	40	C&I
F/C.1.242	LGSS Law Equity			2020-21	475	-	-	-	-	475	C&I
F/C.1.243	Development Funding			2021-22	1,000	-	-	-	-	1,000	C&I
	<b>Total - Commercial Activity</b>		<b>-429,802</b>		<b>406,124</b>	<b>1,567</b>	<b>-</b>	<b>146,512</b>	<b>113,555</b>	<b>144,490</b>	
<b>F/C.02</b>	<b>Property Services</b>										
F/C.2.112	Building Maintenance		-	Ongoing	6,442	-	-	-	-	6,442	C&I
F/C.2.113	Decarbonisation Fund		-	2020-21	15,000	-	-	-	-	15,000	C&I
F/C.2.114	Electric Vehicle chargers		-	2020-21	200	-	-	-	-	200	C&I
F/C.2.115	Oil Dependency Fund		-	2021-22	500	-	-	-	-	500	C&I
F/C.2.116	Climate Action Fund		-	2021-22	300	-	-	-	-	300	C&I
	<b>Total - Property Services</b>		<b>-</b>		<b>22,442</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,442</b>	

# Appendix 1: Draft Capital Programme

## Section 3 - F: Commercial and Investments

**Table 5: Capital Programme - Funding**

Budget Period: 2021-22 to 2030-31

Ref	Scheme	Linked Revenue Proposal	Net Revenue Impact	Scheme Start	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000	
<b>F/C.03</b>	<b>Strategic Assets</b>										
F/C.3.101	County Farms investment (Viability)	F/R.7.103	-7,400	Ongoing	3,000	-	-	-	-	3,000	C&I
F/C.3.103	Local Plans - representations		-	Ongoing	1,000	-	-	-	-	1,000	C&I
F/C.3.109	Community Hubs - East Barnwell		-	Committed	1,981	-	260	-	62	1,659	C&I
F/C.3.116	Shire Hall Relocation	TBC	-45,200	Committed	18,534	-	-	-	-	18,534	C&I
F/C.3.119	Cambs 2020 Spokes Asset Review		-	2019-20	6,387	-	-	-	-	6,387	C&I
	<b>Total - Strategic Assets</b>		<b>-52,600</b>		<b>30,902</b>	<b>-</b>	<b>260</b>	<b>-</b>	<b>62</b>	<b>30,580</b>	
<b>F/C.04</b>	<b>Capital Programme Variation</b>										
F/C.4.001	Variation Budget		-	Ongoing	-23,673	-318	-	-	-7,625	-15,730	C&I
F/C.4.002	Capitalisation of Interest Costs		-	Committed	669	-	-	-	-	669	C&I
	<b>Total - Capital Programme Variation</b>		<b>-</b>		<b>-23,004</b>	<b>-318</b>	<b>-</b>	<b>-</b>	<b>-7,625</b>	<b>-15,061</b>	
F/C.9.001	Excess Corporate Services capital receipts used to reduce total prudential borrowing			Ongoing	-	-	-	-	17,000	-17,000	C&I
	<b>TOTAL BUDGET</b>				<b>436,464</b>	<b>1,249</b>	<b>260</b>	<b>146,512</b>	<b>121,992</b>	<b>166,451</b>	

# Cambridgeshire County Council

## Commercial and Investment Policy and Service Committee Agenda Plan

Published on 1st October 2020

Updated on 8<sup>th</sup> October 2020

### 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
- Finance Report – The Council's Virtual Meeting Protocol states that no monitoring or information reports (includes the Finance report) will be included on committee agendas, they will instead be circulated to Members separately
- Agenda Plan, Training Plan and Appointments to Outside Bodies and Internal Advisory Groups and Panels

Committee date	Agenda item	Report author	Reference if key decision	Deadline for draft reports	Agenda despatch date
16/10/20	Service committee review of the draft 2021-22 Capital Programme	Chris Malyon		06/10/20	08/10/20
	Service Committee Review of Draft Revenue Business Planning Proposals for 2021/22 to 2025/2026	Chris Malyon			
	+ Proposal for additional investment in the County Farms portfolio	Tony Cooper			
	This Land Update (confidential appendix)	Tom Kelly	2020/038		
20/11/20	Cambs 2020 full Business Case	Andy Preston/ Kim Davies		10/11/20	12/11/20

Committee date	Agenda item	Report author	Reference if key decision	Deadline for draft reports	Agenda despatch date
	Swaffham Prior Community Heat Project	Sheryl French	2020/032		
	Littleport Land Acquisition	Tony Cooper			
	Insourcing the delivery of overnight short breaks and residential children's homes for young people with disabilities	Debbie McQuade/ Sasha Long			
	2020 CUSPE Policy Challenge #4	Dustin McWherter			
	Soham Northern Gateway - Plot B - Expansion of The Shade School	Tony Cooper	2020/059		
18/12/20	Quarterly performance reporting against Commercial Strategy KPIs and Risk Register	Chloe Rickard		08/12/20	10/12/20
	Development budget for Fordham Renewable Energy Network Demonstrator	Cherie Gregoire	No		
	Babraham Smart Energy grid, Investment Case	Cherie Gregoire	2020/052		
	North Angle Solar Farm – Investment Case	C Julian-Smith	2020/053		
22/01/21	Finance Monitoring Report	Eleanor Tod		12/01/21	14/01/21
	Approval for paying the balance owed to UKPN for the grid connection and an investment key decision for the Stanground Closed Landfill Energy Project	Cherie Gregoire	2021/008		
19/02/21	Finance Monitoring Report	Eleanor Tod		09/02/21	11/02/21
19/03/21	Quarterly performance reporting against Commercial Strategy KPIs and Risk Register	Chloe Rickard		09/03/21	11/03/21
	Stanground Solar and battery project	Cherie Gregoire	2021/007		
	Finance Monitoring Report	Eleanor Tod			

Committee date	Agenda item	Report author	Reference if key decision	Deadline for draft reports	Agenda despatch date
16/04/21	Finance Monitoring Report	Eleanor Tod		06/04/21	08/04/21
11/06/21	Finance Monitoring Report	Eleanor Tod		01/06/21	03/06/21
	Quarterly performance reporting against Commercial Strategy KPIs and Risk Register	Chloe Rickard			

To be programmed: ICT Future Delivery Options (John Chapman); Trumpington Park & Ride Smart Energy Grid (Sheryl French); Oasis Centre (Adrian Chapman)

Please contact Democratic Services [democraticservices@cambridgeshire.gov.uk](mailto:democraticservices@cambridgeshire.gov.uk) if you require this information in a more accessible format



## COMMERCIAL AND INVESTMENT COMMITTEE TRAINING PLAN

Ref	Subject	Desired Learning Outcome/Success Measures	Date	Responsibility	Attendance by:
1.	Commercial Strategy Refresh Workshop		25 <sup>th</sup> October at 2pm	Amanda Askham/Chloe Rickard	C&I
2.	Redington Investment training session		10 <sup>th</sup> July at 2pm	Amanda Askham/Dan Sage	C&I
3.	Performance reporting		17 <sup>th</sup> January 2020	Amanda Askham	C&I
4.	Presentation on Shire Hall site plans		22 <sup>nd</sup> November 2019	Chris Malyon	C&I
5.	Committee Training: MLEI/Energy projects		18 <sup>th</sup> October (12-3pm)	Sheryl French	C&I
6.	Nearly Zero Energy Buildings members/officers workshop		24 <sup>th</sup> May 2019(1-2.30pm)	Sarah Wilkinson/Sheryl French	C&I and GPC
7.	Commercialisation training (all Members)		26 <sup>th</sup> April 2019 (1-4pm)	Amanda Askham	All Members
8.	Finance/KPIs		3 <sup>rd</sup> December 2018 (1pm)	Tom Kelly/Ellie Tod/Amanda Askham/Sue Grace	C&I
9.	Commercial Strategy		9 <sup>th</sup> November 2018 (12.30pm)	Amanda Askham	C&I
10.	Members' duties and obligations in considering Promotion Agreements.		2 <sup>nd</sup> November 2018 (12.30pm)	Chris Malyon	C&I
11.	Future Smart Energy Systems Demonstrator Project		18 <sup>th</sup> October 2018 (13.30)	Sheryl French/Emily Bolton	C&I
12.	Finance/Performance Indicators		tbc	Tom Kelly/Ellie Tod	C&I



## THIS LAND – PROGRESS UPDATE, FINANCING & RELATED REQUESTS

To: Commercial & Investment Committee

Meeting Date: 16 October 2020

From: Deputy Chief Executive & Chief Finance Officer

Electoral division(s): All

Forward Plan ref: 2020/038

Key decision: Yes

Outcome: That the Committee consider the progress made by This Land, and the detailed funding request received. This funding enables continued development of housing by the company.

Recommendation: The Committee is invited to

- a) Agree to advance loan funds to meet the request received from This Land, as set out within the paragraph 9 of the appendix (in accordance with the strategy and overall totals previously agreed), delegating agreement of the final terms to the Section 151 officer, in consultation with the Chairman
- b) Agree to advance a further equity share capital investment in This Land, in accordance with paragraph 9 of the appendix.
- c) Re-confirm agreement to the consequential property transactions arising from the approach set out in paragraph 3 of the appendix, delegating agreement of the final terms to the Section 151 officer, in consultation with the Chairman.

### Officer contact:

Name: Chris Malyon or Tom Kelly  
Post: Deputy Chief Executive / Head of Finance  
Email: [chris.malyon@cambridgeshire.gov.uk](mailto:chris.malyon@cambridgeshire.gov.uk) [tom.kelly@cambridgeshire.gov.uk](mailto:tom.kelly@cambridgeshire.gov.uk)  
Tel: 01223 703599

### Member contacts:

Names: Councillors M Goldsack and C Boden  
Post: Chair/Vice-Chair  
Email: [Mark.Goldsack@cambridgeshire.gov.uk](mailto:Mark.Goldsack@cambridgeshire.gov.uk) [Chris.Boden@cambridgeshire.gov.uk](mailto:Chris.Boden@cambridgeshire.gov.uk)  
Tel: 01223 706398

## 1. Background

- 1.1 This Land is the Council's wholly owned housing development company. The company aims to develop the land it has acquired, predominantly from the Council, to provide homes that are in much demand in this region. In doing so, it has a parallel task to pay interest on capital loaned to the company by the Council, and in due course, repay that capital. As at September 2020 the financing advanced to This Land by the County Council is as follows:

Long term loans	£104.01m
Loans maturing in less than one year	£ 2.04m
Equity share capital	<u>£ 4.95m</u>
Total	£111.00m

Since the last report to this Committee, This Land has repaid to the Council £8.5m of loans that were maturing, according to schedule, and received new long term loans of £18.04m. These transactions are reflected in the figures shown above. Interest is payable by This Land on the loans at commercial rates, in order to ensure state aid compliance.

- 1.2 At its meeting in April, this Committee received the updated This Land business plan and agreed a number of associated recommendations and strategies. This included setting the total financing limit for This Land at £185m, with an operational boundary for loans at £150m, and agreed to advance specific lending of £18.6m at that time. That £18.6m has subsequently been utilised or is anticipated to be shortly. As progress continues, and in line with the company's business plan, This Land now request their next funding advance within the operational boundary the Committee has previously agreed.
- 1.3 Further details of the latest funding request, supporting information and other updates from the company are included in the confidential appendix. The section below summarises other recent developments.

## 2. Recent updates

- 2.1 In accordance with the nomination by this Committee, Councillor J Schumann has taken up appointment as a director of This Land Limited, as well as all of its subsidiary companies. During August 2020, the company's incoming substantive Finance Director, Mr J Heuerman-Williamson commenced his role – he has extensive experience of property development businesses. The Council's Chief Finance Officer has now stood down from the board of This Land, meaning that he is unencumbered in advising the Council, for its part, in relation to This Land going forward.
- 2.2 The company's annual general meeting took place on 2 September 2020, to which all members of this Committee, as shareholder, were invited. The shareholder heard updates from the directors and asked questions about the company's performance and plans. The remuneration policy was received as were the audited financial statements for the year ending December 2019.
- 2.3 In terms of planning applications, outline planning consent was achieved in September 2020 for the land at Worts Causeway, Cambridge, one of the company's major developments. Additionally, detailed planning consents were obtained at both Malta Road

and Fitzwilliam Road in Cambridge and a consent for a revised design was also granted at Over in South Cambridgeshire.

- 2.4 The company has completed the construction of apartments at Milton Road, Cambridge. The scheme also includes re-provision of a public library. This Land are considering the optimum strategy for selling the property in the current market in order to receive a capital receipt in due course, as long planned. The Council's has a 25 year lease as the tenant of the library, and it is likely that this long term commitment, and the resilience of the rental yield derived from a public body such as CCC, will be appealing to any purchaser.

### 3. Alignment with corporate priorities

- 3.1 A good quality of life for everyone  
There are no significant implications for this priority.
- 3.2 Thriving places for people to live  
This Land, and its approach to place shaping form a key aspect of the Council's contribution to creating thriving places for people to live.
- 3.3 The best start for Cambridgeshire's children  
There are no significant implications for this priority
- 3.4 Net zero carbon emissions for Cambridgeshire by 2050  
This Land's ambition is to provide housing that is environmentally efficient, including a commitment to cleaner energy projects as part of its developments.

### 4. Significant Implications

#### 4.1 Resource Implications

The resource implications are summarised on the title page of this report, in paragraph 1.1 and in various sections of the appendix.

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

Approval of the recommendations in this report will entail enter further contractual arrangements with This Land. Attention is drawn to paragraphs 3 and 13 of the appendix.

There are no implications for CCC Procurement

#### 4.3 Statutory, Legal and Risk Implications

Members of the Committee are reminded that as part of consideration of the recommendations in this report, the Council must have regard to:

- its fiduciary duties to ensure overall best value for Council taxpayers in the deployment of public funds – taking account of the security of funds at This Land and that risk is commensurate with potential returns.

- the prudential code and capital financing – that loans and equity to be activated by this report are affordable for the Council in the context of the total capital programme and indebtedness

An assessment of the principal risks facing the venture is included at paragraph 20 of the appendix.

- 4.4 Equality and Diversity Implications  
There are no significant implications
- 4.5 Engagement and Communications Implications  
There are no significant implications
- 4.6 Localism and Local Member Involvement  
This Land operates on an arms-length basis from the Council. The company reports regularly on the steps it takes to engage with local politicians and local authorities.
- 4.7 Public Health Implications  
There are no significant implications

### Implications Sign offs

**Have the resource implications been cleared by Finance?** Yes  
Name of Financial Officer: C Malyon

**Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement?** Not applicable

**Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law?** Yes  
Name of Legal Officer: A Smith & F McMillan

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

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

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

**Have any Public Health implications been cleared by Public Health** Not applicable

## 5. Source documents

Listed in the appendix

