

# COMMERCIAL AND INVESTMENT COMMITTEE



**Date: Friday, 12 July 2019**

**Democratic and Members' Services**

Fiona McMillan  
Monitoring Officer

**10:00hr**

Shire Hall  
Castle Hill  
Cambridge  
CB3 0AP

**Room 128**

**Shire Hall, Castle Hill, Cambridge, CB3 0AP**

## **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. Minutes of the meeting held 21st June 2019 and Action Log** **5 - 8**
- 3. Petitions and Public Questions**

### **KEY DECISIONS**

- 4. Water Procurement** **9 - 16**
- 5. Electricity Procurement for 2020-2024** **17 - 24**

## OTHER DECISIONS

- |            |  |                |
|------------|--|----------------|
| <b>6.</b>  | <b>Cambridgeshire Outdoors</b>   | <b>25 - 32</b> |
| <b>7.</b>  | <b>Investment Grade Proposal (IGP) Stage 1 update on the development of the North Angle Solar Farm</b>   | <b>33 - 44</b> |
| <b>8.</b>  | <b>Second Quarterly Monitoring Report, Mobilising Local Energy Investment</b>                            | <b>45 - 58</b> |
| <b>9.</b>  | <b>Finance and Performance Report - May 2019</b>   | <b>59 - 72</b> |
| <b>10.</b> | <b>Commercial and Investment Committee agenda plan, training plan and appointments to outside bodies</b> | <b>73 - 76</b> |

The Commercial and Investment Committee comprises the following members:

Councillor Josh Schumann (Chairman) Councillor Anne Hay (Vice-Chairwoman)

Councillor Ian Bates Councillor Lorna Dupre Councillor John Gowing Councillor David Jenkins Councillor Linda Jones Councillor Terence Rogers Councillor Mike Shellens and Councillor Tim Wotherspoon

*For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact*

Clerk Name: Dawn Cave

Clerk Telephone: 01223 699178

Clerk Email: dawn.cave@cambridgeshire.gov.uk

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# COMMERCIAL & INVESTMENT COMMITTEE

## Minutes-Action Log



**Agenda Item no. 2**  
Cambridgeshire  
County Council

### Introduction:

This is the updated action log as at **4<sup>th</sup> July 2019** and captures the actions arising from the most recent Commercial & Investment Committee meeting and updates Members on the progress on compliance in delivering the necessary actions.

### Minutes of 19<sup>th</sup> October 2018

Item no.	Item	Action to be taken by	Action	Comments/Status	Estimated completion date/ Completed
162.	<b>Service Committee Review of the draft 2019-20 Capital Programme</b>	Oliver Hayward/ Will Patten	Last two meetings of the Older People's Accommodation Strategy Working Group had been cancelled (concern that these issues were not being picked up).	See response from Service Director (appended). <b>Cllr Rogers to request an update from the Adults Committee Chair.</b>	Ongoing

### Minutes of 14<sup>th</sup> December 2018

183.	<b>Disposal of ransom strip at St Ives</b>	John Macmillan	The ownership of different parts of the site to be fully detailed in the revised report, and the planning application for the residential development be included in that report.	The Education Capital team have been carrying out feasibility work to extend school capacity at St Ives and are preparing a Justification of Need with regard to acquiring additional land at the St Ivo school which will come to the Capital Programme Board for review and a decision. This would include the Council's land.	Sept 2019
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## Minutes of 22<sup>nd</sup> March 2019

Item no.	Item	Action to be taken by	Action	Comments/Status	Estimated completion date/ Completed
209.(1)	Property at Burwell and Soham – Transfer to This Land and financing (Phase 2)	Tom Kelly	With regard to the “standardisation of routine monitoring” referred to in the report, it was noted that this referred to regular Member meetings with This Land, and it was agreed that these should be diarised quarterly, going forward.	<b>This Land have advised that the next shareholder update is being scheduled for late July.</b>	Ongoing  Late July
209.(2)	Property at Burwell and Soham – Transfer to This Land and financing (Phase 2)	Tom Kelly	Routine monitoring should include regular reports from Council’s own officers, providing a view on the This Land monitoring reports and performance.	<b>The publication deadline for the July agenda (04/07/19) is too tight a turnaround for the production of a monitoring report for the quarter ending 30/06/19, so this will be provided at the next meeting.</b>	Ongoing  Sept 2019
211.	Milestone 3 Report for the Alconbury Weald Civic Hub: Cambs 2020 Programme	Andy Preston/ Kim Davies	Project Risk Register would be shared as part of future reports.	This will be included in future C&I Committee papers as planned. Currently these are proposed for the end of MS4 (October 2019) and the end of MS6 (January 2021)	October 2019

## Minutes of 26<sup>th</sup> April 2019

225.	Estates and Building Maintenance Inspections	Alex Gee/ John Macmillan	Action Plan and related KPIs and timescales to be brought to a future meeting	This will form part of a broader Estates Strategy being worked on jointly by the Estates and Transformation teams.	Autumn 2019
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## Minutes of 24<sup>th</sup> May 2019

235.(1)	<b>Finance &amp; Performance Report</b>	Tom Kelly/ Ellie Tod	It was agreed that ways of reporting capital financing to the Committee would be explored further outside the meeting.	<b>Report to be considered at the 13<sup>th</sup> September 2019 meeting.</b>	13/09/19
235.(2)	<b>Finance &amp; Performance Report</b>	Hazel Belchamber / Matthew Gunn	It was agreed that an officer from that team would be asked to attend the meeting to explain the noting the 2268% variance for Cambridgeshire Music overspend when the Finance & Performance report was next presented to Committee.	Representatives invited to attend 12 <sup>th</sup> July meeting.	12/07/19

## Minutes of 21<sup>st</sup> June 2019

242.(1)	<b>Commercial Strategy and Action Plan</b>	Amanda Askham/ Dan Sage	Provide a clearer definition of the term 'political appetite'.	<b>Updated version of Action Plan emailed to Committee on 04/07/19.</b>	Completed.
242.(2)	<b>Commercial Strategy and Action Plan</b>	Commercial Board/Dan Sage/ Amanda Askham	Commercial Board to review scaling of contracts/ engagement with smaller businesses alongside KPIs.		
242.(3)	<b>Commercial Strategy and Action Plan</b>	Dan Sage/ Amanda Askham	Change the wording to 'delivered' and not 'launched' in the action plan.	<b>Updated version of Action Plan emailed to Committee on 04/07/19.</b>	Completed.
242.(3)	<b>Commercial Strategy and Action Plan</b>	Dan Sage/ Amanda Askham/ Dawn Cave	Report to be produced for a future meeting on cost of the Commercial team.	To be scheduled.	

244.	<b>Babraham Smart Energy Grid – Investment Grade Proposal Stage 1 Update</b>	Sheryl French/ Cherie Gregoire	Officers to revisit discussions with the new Stagecoach management team about electric buses.		
244.	<b>Babraham Smart Energy Grid – Investment Grade Proposal Stage 1 Update</b>	Sheryl French/ Cherie Gregoire	Officers to look in to approaching organisations on the Biomedical Campus.		
248.	<b>Investment Acquisition</b>	Tom Kelly	More information to be included on risk before the report was presented to GPC.	<b>To be included in report to GPC (16/07/19).</b>	July 2019.
248.	<b>Investment Acquisition</b>	Tom Kelly	Officers to review 'Other Information' in the Capital Business Case prior to submission to GPC.	<b>To be included in report to GPC (16/07/19).</b>	July 2019.

#### **Response from Service Director – Commissioning (Will Patten):**

A key theme of the accommodation strategy is to increase capacity in residential based care.

This included the potential to develop a strategic and commercial relationship with a provider(s) and include land and capital options. This work was banded under workstream 3.

As part of this strategy, we have also been working with the market and pursuing two other options and activity. These are:

1. Extending existing block contracts (workstream 1)
2. Working with the market to develop and release further existing capacity onto block contract arrangements in specific geographical areas (workstream 2)

The outcome of workstream 1 & 2 are likely to deliver the capacity we require and as a result, held workstream 3.

Once the dust has settled from the workstream 1 & 2 work, we will have a much clearer picture of what, if anything is required under workstream 3.

I would be very happy to bring a detailed report to the C&I committee if helpful.



**WATER PROCUREMENT**

*To:* **Commercial and Investment Committee**

*Meeting Date:* **12 July 2019**

*From:* **Steve Cox; Executive Director, Place and Economy**

*Electoral division(s):* **All**

*Forward Plan ref:* **2019/052**      *Key decision:* **Yes**

*Purpose:* **To update Members on a procurement of water and sewerage services, and seek approval to proceed**

*Recommendation:* **To proceed with a water services procurement in early 2020 (Option B from this report) using 'Lot 3' of the CCS framework contract with a 3-year term including the option of a further 1-year extension.**

<b><i>Officer contact:</i></b>		<b><i>Member contacts:</i></b>	
Name:	Sarah Wilkinson	Names:	Councillors Schumann and Hay
Post:	Energy Manager	Post:	Committee Chair/Vice-Chair
Email:	<a href="mailto:Sarah.wilkinson@cambridgeshire.gov.uk">Sarah.wilkinson@cambridgeshire.gov.uk</a>	Email:	<a href="mailto:joshua.schumann@cambridgeshire.gov.uk">joshua.schumann@cambridgeshire.gov.uk</a> <a href="mailto:anne.hay@cambridgeshire.gov.uk">anne.hay@cambridgeshire.gov.uk</a>
Tel:	01223 699075	Tel:	01223 706398

## 1. BACKGROUND

- 1.1. The water retail market for non-households was de-regulated in England on 1<sup>st</sup> April 2017; meaning that businesses, charities and public sector organisations are now able to shop around and switch retail service provider – similar to the electricity and gas markets. The 24 licensed retailers are a mixture of water company subsidiaries and new entrant independent companies. These ‘retailers’ now provide all meter reading, billing, account management and customer service functions to all non-household premises. ‘Wholesale’ regional water companies still maintain the supply, treatment and networks infrastructure and continue to provide retail services to household customers.
- 1.2. In response to the deregulation of the water market, Crown Commercial Services (CCS), in conjunction with ESPO and other purchasing organisations, established a framework contract - with 8 potential providers awarded it. In May 2017, Members of the Assets and Investments Committee approved the use of the CCS/ESPO framework contract to appoint a water provider. In order for us to utilise the contract, we would need to undertake a secondary form of competition as there is no provision to make a direct award. The framework agreement expires in March 2021. Customer call-off contracts can take place any time during the framework period and be let for up to 4 years from the date of signing the call-off contract.
- 1.3. Whilst the approval was granted, and the procurement route was made easily available to us, there are a number of factors that has led us to delaying our participation, in particular that in the early months following market opening, a number of suppliers simply weren’t ready to meet customer requirements (such as online, multi-site billing), and there was initially very little take-up of the opportunity to switch. In addition, with margins in this market very narrow, the opportunity to make savings was low. ESPO also advised us against procuring a supplier early on, believing that greater benefits could be obtained by waiting until the market had matured.
- 1.4. Cambridgeshire County Council is currently still supplied the ‘default’ service by the retailers that we were automatically allocated to at market opening (subsidiaries of the regional monopoly water companies, based on geographical location). Currently, approximately two thirds of our sites are supplied by Wave (the new trading name of Anglian Water Business National Limited), with the remaining third supplied by Cambridge Water Business (a trading name of Pennon Water Services).

## 2. MAIN ISSUES

- 2.1. *Compliance.* There is a compliance risk around ‘business as usual’ and continuing with our current providers, which would eventually be deemed as a ‘direct award’, and leave the Council open to challenge in terms of procurement process. Whilst this risk is very low, it is prudent that we take action in due course.
- 2.2. *Route to procurement.* ESPO had previously suggested that they had plans to run a secondary procurement exercise in the form of a bulk aggregated further competition. We were minded to wait for that to take advantage of potential greater savings (achieved through economies of scale) and to save the resource associated with running the procurement exercise ourselves. However, this option is no longer currently available to us,

with ESPO having abandoned their original plans to run such an exercise in spring 2019 and not currently planning any further such competition. CCS has also run aggregated secondary competitions in the past, but are not currently planning any further ones.

- 2.3. The other procurement option would be to run the further competition ourselves, underneath the CCS Framework, via an 'Official Journal of the European Union' (OJEU) compliant procurement process. This now looks like the only procurement option currently available to us. The CCS Framework documents include a great deal of information, guidance and templates to assist us in this process.
- 2.4. *Potential financial savings.* The level of savings that can be achieved in this market is widely regarded as small, due to the narrow margins available to water retailers in this still heavily regulated industry. Around 90 to 95% of the charges we pay consist of 'wholesale' charges which are fixed and passed through to the regional wholesalers, no matter which retail supplier we appoint.
- 2.5. However, there are opportunities to make some savings. The Council directly buys water and/or sewerage services for approximately 160 sites, and the Council's recorded spend on mains water and sewerage is around £200,000 per year. Potential savings include:
- Administrative savings from streamlining invoice processing;
  - Direct bill savings from lower prices (economies of scale from appointing a single supplier);
  - Better sight of water data allowing us to identify high usage (e.g. potential water leaks) sooner, and thus reduce consumption; and
  - Potential additional optional services from suppliers to help reduce water consumption, which is where the biggest savings can be made.
- 2.6. *Other potential benefits.* There are a number of additional potential benefits from appointing a water and sewerage services supplier. These include the following:
- Better and more streamlined service through having one supplier for all sites;
  - Since our sites are currently all billed individually (many on paper), this is an opportunity to improve the billing and invoicing process to receive one, consolidated bill for all our sites, and to be billed electronically (costs could be recharged to relevant budget codes in a similar way to that we already do for electricity bills);
  - We currently don't have sight of much of our water data. This presents a valuable opportunity to demand access to billing and consumption data online, and to collect electronic data on our water usage and spend; and
  - It is also expected that competitiveness in the market will lead to improved customer service.
- 2.7. *Ofwat Price Review.* The water industry regulator Ofwat is currently in the middle of its five-yearly Price Review ("PR19"), which will set wholesale prices for 2020 to 2025. There is some speculation that retail margins might increase, leading to greater scope for savings. The 'draft determination' for the wholesalers in our area will be published in July 2019, with the final determinations in December 2019. This sets wholesale price limits which account for the largest share of the bill. The 'Retail Exit Code' which protects non-household customers with maximum 'default' tariffs, will also be reviewed before it expires in March 2020. This means that there may be some advantage in waiting until autumn/winter 2019

or spring 2020 when there will be greater certainty over future pricing and better deals might become available.

2.8. *Ancillary services.* The CCS framework consists of 3 lots; lot 1 is the core water and sewerage services (including meter reading, billing, account management etc.) and lot 2 consists of ancillary services such as benchmarking, tariff optimisation, water efficiency audits, leakage detection, AMR, bill validation, and contingency planning. (It is possible to select which of these we wish to include in our specification). Lot 3 is a one stop shop covering both lots 1 and 2. Given the narrow available margins in this market, finding a supplier capable of helping us to use less water, through ancillary services, is likely to provide greater financial savings in the long run.

2.9. *Procurement options considered.* There are three main options, summarised below:

Option	A. Run a secondary competition ourselves, as soon as we are ready to.	B. Run a secondary competition ourselves, but wait until early 2020 after 'PR19' is concluded.	C. Wait for CCS or ESPO to run an aggregated bulk secondary competition.
<b>Advantages</b>	<ul style="list-style-type: none"> <li>We can write our own specification to suit us;</li> <li>We will be in control of the whole process;</li> <li>We can decide on the timing of the procurement and implementation; and</li> <li>Start gaining benefits sooner.</li> </ul>	<ul style="list-style-type: none"> <li>We can write our own specification to suit us;</li> <li>We will be in control of the whole process;</li> <li>We can decide on the timing of the procurement and implementation; and</li> <li>Potential for better deals depending on outcome of PR19.</li> </ul>	<ul style="list-style-type: none"> <li>Cheaper as procurement process is done for us by CCS or ESPO.</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>Cost / resource required to run procurement.</li> <li>Uncertainty of prices due to PR19 process.</li> </ul>	<ul style="list-style-type: none"> <li>Cost / resource required to run procurement.</li> </ul>	<ul style="list-style-type: none"> <li>None currently planned so unknown when (or even if) this option will be available; and</li> <li>Would be for lot 1 only, so unable to include ancillary services or amend the specification to suit us.</li> </ul>

### 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

There are no significant implications for this priority.

**3.3 The best start for Cambridgeshire's children**  
There are no significant implications for this priority.

**4. SIGNIFICANT IMPLICATIONS**

**4.1 Resource Implications**

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

- Current revenue costs of approximately £200,000 per annum may be slightly reduced – see paragraph 2.5.
- Services to reduce water consumption will have a beneficial impact on the environment.

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

The report above sets out details of significant implications in paragraphs 1.2, 2.1, 2.2 and 2.3.

**4.3 Statutory, Legal and Risk Implications**

*There are no significant implications within this category.*

**4.4 Equality and Diversity Implications**

*There are no significant implications within this category.*

**4.5 Engagement and Communications Implications**

*There are no significant implications within this category.*

**4.6 Localism and Local Member Involvement**

*There are no significant implications within this category.*

**4.7 Public Health Implications**

*There are no significant implications within this category.*

Implications	Officer Clearance
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Financial Officer: Sarah Heywood
<b>Have the procurement/contractual/Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?</b>	Yes Name of Officer: Gus de Silva
<b>Has the impact on statutory, legal and risk implications been cleared by LGSS Law?</b>	Yes Name of Legal Officer: Fiona McMillan
<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	Yes Name of Officer: Elsa Evans

<b>Have any engagement and communication implications been cleared by Communications?</b>	Yes Name of Officer: Joanna Shilton
<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	Yes Name of Officer: Emma Fitch
<b>Have any Public Health implications been cleared by Public Health</b>	Yes Name of Officer: Stuart Keeble

<b>Source Documents</b>	<b>Location</b>
Crown Commercial Service Water, Wastewater and Ancillary Services framework contract information and documents	<a href="https://www.crowncommercial.gov.uk/agreements/RM3790">https://www.crowncommercial.gov.uk/agreements/RM3790</a>

## **Appendix 1: Indicative timescales**

To run the competition and appoint a supplier will involve the following steps:

<b>Step</b>	<b>Duration</b>	<b>Potential start/finish</b>
a. Complete the Customer Access Agreement and return to CCS. CCS will then send us, in commercial confidence, the maximum supplier rates agreed under the framework.	2 weeks Could do this at any time.	September 2019
b. Collect all our water supply point and meter data from existing water suppliers. (Work is already underway to secure this data.)	1 month Can start any time. Already around 80% complete.	October 2019
c. Prepare all documentation, including the switching template (with our water meter data), invitation to tender, statement of requirements, scoring/evaluation criteria, and draft call-off contract terms.	1-2 months Can start any time, but cannot complete until steps a and b complete (could do a, b and c all concurrently).	November – December 2019
d. Run the competition, with procurement team. Invite all suppliers on the framework to tender. After the closing date, evaluate all bids received and award contract. Place order, sign contract and notify CCS of the outcome.	3 months. Start after steps a, b and c complete.	January – March 2020
e. Implementation of transfer of water and sewerage supply to winning supplier.	1 month. Start after step d complete.	April 2020





**ELECTRICITY PROCUREMENT FOR 2020-24**

**To:** Commercial and Investment Committee

**Meeting Date:** 12 July 2019

**From:** Steve Cox; Executive Director, Place and Economy

**Electoral division(s):** All

**Forward Plan ref:** 2019/047      **Key decision:** Yes

**Purpose:** To consider a strategy for procurement of an electricity supply contract for 2020 to 2024.

**Recommendation:** Committee is recommended to:

a) approve renewing Cambridgeshire County Council's electricity supply contract for 2020-2024 with ESPO

<b><i>Officer contact:</i></b>		<b><i>Member contacts:</i></b>	
Name:	Sarah Wilkinson	Names:	Councillors J Schumann and Hay
Post:	Energy Manager	Post:	Chair/Vice Chair
Email:	<a href="mailto:sarah.wilkinson@cambridgeshire.gov.uk">sarah.wilkinson@cambridgeshire.gov.uk</a>	Email:	<a href="mailto:joshua.schumann@cambridgeshire.gov.uk">joshua.schumann@cambridgeshire.gov.uk</a> <a href="mailto:anne.hay@cambridgeshire.gov.uk">anne.hay@cambridgeshire.gov.uk</a>
Tel:	01223 699075	Tel:	01223 706398

## 1. BACKGROUND

- 1.1 Cambridgeshire County Council and Peterborough City Council collectively consume significant volumes of electricity per year (~21 GWh for Cambridgeshire and ~14 GWh for Peterborough), at an annual cost of approximately £6.2 million (~£3.4m for Cambridgeshire County Council and ~£2.8m for Peterborough City Council). This accounts for our entire portfolio but excluding schools. Cambridgeshire County Council currently are liable for electricity bills at circa 200 supply points, which includes around 160 buildings, plus street lighting, feeder pillars, electricity for traffic signals etc.
- 1.2 Both Councils also generate electricity from a variety of solar photovoltaic projects (including ~13 GWh per year from Cambridgeshire's Triangle farm) and Peterborough generates ~55 GWh per year from its Energy Recovery Facility.
- 1.3 The UK's electricity system is going through substantial change as we move from centralised power generation from coal, gas and nuclear to a broader mix of clean fuels including renewables and battery storage, across a greater number of sites. Energy regulation and markets are also changing and we need to prepare for this new future and benefit from the changes.
- 1.4 Cambridgeshire County Council and Peterborough City Council have established a working group to scope opportunities to improve the value obtained from the energy that we generate through (i) using it ourselves to enable us to reduce purchase costs, (ii) optimising our procurement mechanisms to create greater value from our generating assets, and (iii) managing future costs of electricity. The working group comprises of Sheryl French, Matthew Rathbone, Claire Julian-Smith and Sarah Wilkinson from Cambridgeshire County Council, plus Andy Cox, Jan Thistleton, Carole Coe, Elliot Smith and Richard Pearn from Peterborough City Council.
- 1.5 Opportunities to align all utility contract arrangements and potentially reduce associated administration fees are also being considered as part of this programme. Peterborough City Council has two electricity contracts, which are arranged through Crown Commercial Services. These are of one-year duration with six months' notice prior to the next procurement basket required to exit. Peterborough City Council also has some other smaller arrangements outside of these main contracts. Cambridgeshire County Council has a single contract in place for the supply of electricity via an arrangement with Eastern Shires Purchasing Organisation (ESPO), expiring in September 2020, with one year's notice required.

## 2. MAIN ISSUES

- 2.1 *Feasibility of options.* The working group has investigated the potential of a sleeving arrangement, to link our generation assets to our own consumption. Sleeving is a mechanism to link generation assets to specific consumers, through a Power Purchase Agreement. Under this arrangement we could be either the generator or the consumer, or both. However, upon more detailed examination have found that this is not currently a feasible option on its own. This is due to a number of factors including the following:

- Most of our generation is located at different sites to our consumption, meaning we still need to use the grid. All of the non-commodity charges (including transmission and distribution charges), will still apply as long as we are using the grid. These charges comprise a significant proportion of the purchase price of electricity.
- Non-commodity charges can only be avoided by generating on the site of consumption, or by private wires to neighbouring sites, which is of limited use. Maximising on-site generation will help, but we will still need to be connected to the grid for the remainder of our demand.
- Netting off import and export contracts could make us appear to be self-sufficient, but is not necessarily the most cost effective option.
- Much of our current generation capacity is already in an existing contractual arrangement, which is beneficial to keep as it is. For example, Triangle Solar Farm receives 'Contracts for Difference'. Contracts for Difference is a Government mechanism to support low carbon electricity generation, through guaranteeing the price we receive for the electricity we produce over a 15-year period.
- Additional generation capacity is not forecast to be operational until 2020/2021.

2.2 *Long term strategy.* In line with our Corporate Energy Strategy, we are on a journey to secure renewable and resilient energy supplies whilst maximising commercial benefit for the Councils. Procuring an energy supply contract is one part of that. This is illustrated in the diagram below. This paper is focussed on the first part of this strategy.

<p><b>1. Procurement of supplier.</b> Purchasing energy at a low cost to meet demand, through securing a supply contract.</p>	<p><b>2. Additional services</b> Making best use of our assets, generating income through selling energy, and supporting sustainable growth.</p>	<p><b>3. Continual improvement</b> Reducing costs and waste through energy efficiency, new technologies and energy investment projects.</p>
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2.3 *Route to procurement.* Currently, both Cambridgeshire County Council and Peterborough City Council purchase electricity through a purchasing body; respectively, ESPO and Crown Commercial Services. These bodies provide Cambridgeshire County Council and Peterborough City Council with a wide range of services including:

- Development of and periodic review of price risk strategy;
- Data collation and validation;
- Invitation to tender, supplier evaluation, selection and appointment;
- Contract award;
- Supply point transfers;
- Support with disputes and queries;
- Contract performance monitoring;
- Provision of market intelligence information; and
- Trading team expertise: purchase required energy volumes in line with agreed price risk strategy.

- 2.4 For these services, ESPO charge annual fees which are included in the standing charges that we pay. These fees currently equate to around £12,500 per year (excluding schools) or ~0.37% of Cambridgeshire County Council's total electricity bill. Crown Commercial Services fees are structured slightly differently but equate to a similar proportion of the bill. The service from ESPO has in general been excellent and what we get for the fee is good value for money.
- 2.5 The alternative to buying through an organisation such as ESPO or Crown Commercial Services would be to run a procurement ourselves to contract with a supplier directly. The advantage of that approach would be that we could define the contract scope ourselves and would have full control over the specification. However, this would necessitate running an 'Official Journal of the European Union' (OJEU) compliant procurement process in-house, which would require significant in-house expertise, and would be time and resource-intensive. OJEU is the publication in which all tenders from the public sector which are valued above a certain financial threshold according to EU legislation, must be published. It is vital to get the scope and specification of such a contract right, which would have to consider metering, Automated Meter Reading, Meter Operator services, site works, data provision, billing platform and more. (A Meter Operator agreement is a legal requirement for all half-hourly electricity supplied meters.) The high cost, risk and difficulty of running such an exercise is currently unlikely to be worth pursuing, when compared with the alternative option. This direct procurement option is therefore not recommended.
- 2.6 *Contract renewal deadlines.* ESPO has already procured a supplier for the 2020-24 period, and have awarded the contract to Total Gas & Power, who also have the current 2016-2020 contract. Originally ESPO asked Cambridgeshire County Council to confirm by 1 April 2019 whether or not we wished to renew our contract from October 2020, however they have granted an extension until 1 October 2019 before we need to confirm.
- 2.7 The incumbent supplier with Crown Commercial Services is EDF, but their procurement for April 2020 onwards is still in progress and so we do not yet know who the supplier from 2020 would be. This is expected to be confirmed in August 2019. The deadline with Crown Commercial Services is 14 September 2019, to confirm if we wish to join their contract starting April 2020.
- 2.8 *ESPO or Crown Commercial Services.* We have the option of procuring through either ESPO or Crown Commercial Services. A comparison of the two options is given in the table below:

	<b>ESPO</b>	<b>Crown Commercial Services</b>
Current supplier	Total Gas & Power	EDF (for Half Hourly meters) / British Gas (for Non-Half-Hourly meters)
Deadline to join	1 October 2019	14 September 2019
Contract start date	1 October 2020	1 April 2020 (for Peterborough City Council, Cambridgeshire County Council could join on 1 Oct 2020)
Supplier from 2020	Total Gas & Power	Unknown

	<b>ESPO</b>	<b>Crown Commercial Services</b>
Fees	£40.15 per Non-Half-Hourly meter per year, £120.45 per Half-Hourly meter per year, 0.02p/kWh for unmetered Half-Hourly, (=~0.37% of Cambridgeshire County Council bill.)	£5 per Non-Half-Hourly 01/02 meter per year, £24 for 03/04 meters. £240 per Half-Hourly meter per year. (=~0.35% to 0.4% of bill)
Energy costs	Unknown. Depends on buying strategy / tariffs / products chosen, and on wholesale market. We won't know actual costs before we decide. Prices are updated every 6-12 months.	
Customer base / scale of operation	Gas and electricity frameworks used by over 100 local authorities, housing associations and charities, and 1600 schools and academies.	Largest energy purchaser for the public sector - 31% of public sector use.
Buying power / historic prices achieved	Good. Electricity prices were around 20% below the market in 2018-19.	Good. Similar to ESPO, very slightly higher in some cases.
Tariffs and pricing strategies.	Two main options: Purchase in Advance (fixed annually) or Purchase within period (every six months)	Three main options: Purchase in advance (lock prices annually), Purchase throughout year, or Longer term variable.
Customer service	Very good (based on Cambridgeshire County Council experience)	Satisfactory (based on Peterborough City Council experience)
Products and services	Contract already defined. Provision of additional services included. Billing routine established.	Procurement in progress. Provision of additional services included.
Other	Cambridgeshire County Council and Peterborough City Council are both members of ESPO, and we receive a significant dividend from this.	

Taking into account all the above, ESPO appears to offer the best option overall.

- 2.9 *Green electricity tariffs.* Currently, Cambridgeshire County Council purchase Total's 'Pure Green' electricity tariff at a small extra cost. The cost of this will be 0.05 pence per kWh from October 2019, equivalent to ~0.7% of our total electricity bill, or around £23,000 per year. This tariff means that we can report zero net greenhouse gas emissions for electricity, as the electricity we use can be matched to Renewable Energy Guarantees of Origin. Continuing with this tariff option would fit well with our Corporate Energy Strategy by supporting low carbon generation and clean growth. It will also have a positive impact on the Council's reputation, particularly in line with the Environment motion passed by Full Council in May 2019. Peterborough City Council will consider this option too.
- 2.10 *Pricing strategy.* Both ESPO and Crown Commercial Services offer a choice of fixed or variable prices. The 'fixed' option favours price certainty and lowers the risk of market fluctuation by purchasing all energy in advance of the period, and fixes prices annually. The

'variable' option favours price optimisation by purchasing throughout the period but this comes with some exposure to risk and price fluctuations. We have flexibility to choose either strategy and to change strategies each year.

- 2.11 *Additional services.* Most suppliers offer a range of additional services, such as Power Purchase Agreements, Demand Side Response, electric vehicle charge points, battery storage and smart metering. A Power Purchase Agreement is a legal contract between an electricity generator and an electricity consumer. Usually purchased by electricity supply companies on behalf of their customers, commercial Power Purchase Agreements are a variant allowing owners of electricity-generating assets to contract directly with consumers. Demand Side Response is a method of reducing strain on the National Grid by turning down energy use at peak times, in return for payment. These services will be essential in developing the second and third aspects of the strategy referred to in the diagram in 2.2 above. The energy procurement group will continue to scope further potential opportunities to reduce costs and generate income, whichever procurement route we take.
- 2.12 *Data.* A key challenge for development of further business cases such as Power Purchase Agreements or Demand Side Response services is ensuring good energy data to inform the profile of how and when we use electricity and how this maps against our generating assets. Cambridgeshire County Council currently has reasonably good data. Peterborough City Council will need to do some further work to improve their data.
- 2.13 Energy efficiency and reducing energy consumption will still have a key role to play, whatever procurement option we select. (The cheapest kWh is always the one we don't use!)

### **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**

There are no significant implications for this priority.

#### **3.3 The best start for Cambridgeshire's children**

There are no significant implications for this priority.

### **4. SIGNIFICANT IMPLICATIONS**

#### **4.1 Resource Implications**

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

- Annual revenue costs to Cambridgeshire County Council of approximately £3.4m.
- Electricity supply is essential for all our property assets, buildings and street lighting.
- Green electricity tariff will help ensure that resources are being used in a sustainable way, by purchasing electricity matched to renewable generation sources.

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

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

- Procurement through either ESPO or Crown Commercial Services framework energy supply contracts will ensure compliance with Council's contract procedure rules.
- The Espo contract would provide an electricity supplier for October 2020 to September 2024.

#### 4.3 Statutory, Legal and Risk Implications

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

- Whilst there are no significant implications in this category at this stage, legal advice will need to be sought in future on any new procurement arrangements especially where we plan to use our generating assets and Demand Side Response assets for greater commercial gain. £10k has already been allocated for legal advice, however it must be noted that the cost of advice required may be in excess of this.

#### 4.4 Equality and Diversity Implications

*There are no significant implications within this category.*

#### 4.5 Engagement and Communications Implications

*There are no significant implications within this category.*

#### 4.6 Localism and Local Member Involvement

*There are no significant implications within this category.*

#### 4.7 Public Health Implications

*There are no significant implications within this category.*

Implications	Officer Clearance
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Financial Officer: Sarah Heywood
<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?</b>	Yes Name of Officer: Gus de Silva
<b>Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law?</b>	Yes Name of Legal Officer: Fiona McMillan
<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	Yes Name of Officer: Elsa Evans
<b>Have any engagement and communication implications been cleared by Communications?</b>	Yes Name of Officer: Joanna Shilton

<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	Yes Name of Officer: Emma Fitch
<b>Have any Public Health implications been cleared by Public Health</b>	Yes Name of Officer: Stuart Keeble

<b>Source Documents</b>	<b>Location</b>
ESPO electricity framework 2020-24	<a href="https://www.espo.org/Frameworks/Energy/191-Electricity">https://www.espo.org/Frameworks/Energy/191-Electricity</a>
Crown Commercial Services Energy services framework	<a href="https://www.crowncommercial.gov.uk/agreements/RM6011">https://www.crowncommercial.gov.uk/agreements/RM6011</a>



**CAMBRIDGESHIRE OUTDOORS**

**To: Commercial and Investment Committee**

**Meeting Date: 12 July 2019**

**From: Steve Cox; Executive Director: Place & Economy**

**Electoral division(s): All**

**Forward Plan ref: N/a**                      **Key decision: No**

**Purpose: To provide the Committee with the conclusions and recommendations following completion of the Outcome Focused Review (OFR) process of the Cambridgeshire Outdoors service**

**Recommendation: The Committee is asked to note the research, options appraisal and conclusion of the OFR process and approve the officers recommendation to:**

- 1) retain the three Outdoor Centres recognising that short term subsidies will be required in order to continue to deliver the positive outcomes for our young people;**
- 2) Approve the next phase of work and set up governance arrangements as described in paragraph 4.1, to be overseen by Children and Young People Committee (CYP); and**
- 3) Agree that officers should develop a business improvement plan in line with the governance arrangements above and to deliver the efficiency savings as part of the on-going improvements to the Centres (described in paragraph 2.8 and Appendices 3 & 4).**

<b><i>Officer contact:</i></b>		<b><i>Member contacts:</i></b>	
Name:	Emma Fitch	Name:	Councillor Joshua Schumann Councillor Anne Hay
Post:	Joint Interim Assistant Director, Environment & Commercial Services	Post:	Committee Chair and Vice Chair
Email:	<a href="mailto:Emma.fitch@cambridgeshire.gov.uk">Emma.fitch@cambridgeshire.gov.uk</a>	Email:	<a href="mailto:joshua.schumann@cambridgeshire.gov.uk">joshua.schumann@cambridgeshire.gov.uk</a> <a href="mailto:anne.hay@cambridgeshire.gov.uk">anne.hay@cambridgeshire.gov.uk</a>
Tel:	01223 715531	Tel:	01223 706398

## 1. Background

- 1.1. Cambridgeshire County Council (CCC) has three outdoor learning centres; Grafham Water, Cambridgeshire Environmental Education Centre (Stibbington), and Burwell House; which offer day and residential visits, adventurous and curriculum-based activity courses, outreach services and conference facilities.
- 1.2. CCC has no statutory duty to provide these activities. However, the centres currently achieve a clear contribution to CCC outcomes including supporting the Public Health agenda with the direct physical activity benefits (as described in section 5). The core delivery of the Service is focused on children and young people and enables those users to learn necessary life skills whilst developing personal resilience and appreciation of the wider community. In 2017/2018 financial year, the Service directly delivered to 709 schools, 464 of which were Cambridgeshire schools. 23,727 participants visited the sites, 13,464 of which were Cambridgeshire school children.
- 1.3. Each of the three centres have unique selling points and all have a large number of dedicated customers that continuously book year-on-year as they value the high quality adventurous activities, outdoor education and sole-use residential products offered. Both Burwell and Stibbington offer exclusive use of a residential centre that has a 'homely' feel suitable for smaller groups of younger children and a 'first' residential experience plus Stibbington has a period classroom to enhance learning. Grafham Water day and residential offer access to sailing and water activities with accompanying instructors and equipment.
- 1.4. Cambridgeshire Outdoors became the subject of the Council's Outcome Focused Review (OFR) process in 2017, because it was recognised that the service's future financial viability was at risk if it did not look for more sustainable ways to deliver the service. It was identified that there were five options available for the service as follows:
  - **Option 1:** Do nothing (which would require the Council to continue to subsidise the Service);
  - **Option 2:** Keep the service, but close one or two of the outdoor centres and transfer the provision to the remainder creating a centre of excellence;
  - **Option 3:** Go into partnership or lease the centres to the private or another public sector organisation;
  - **Option 4:** Keep all three sites and develop a better in-house aligned running model; and
  - **Option 5:** Close the Service.
- 1.5. This paper outlines the conclusions of this OFR process.

## 2. Findings

- 2.1. In order to assess the financial stability of the three centres to enable a decision to be made on their future, two sets of financial forecasts have been produced; a 'Base Case' which reflects a continuation of the current operation of the centres and a 'Realistic Improved Case' which reflects improvements that could be made to marketing, utilisation and efficiencies. These have been derived from discussions with the Heads of Centres' and an analysis of how competing organisations work.

- 2.2. As part of this analysis, an important element to understand is the market place within which the Service operates; understanding the factors that influence demand and supply, as well as an assessment of our prices compared with the competition. These findings are summarised in **Appendix 1**.
- 2.3. As part of our findings, it is important to highlight that it is expected the centres will never generate a significant amount of income for the Council. However, there are opportunities to reduce the subsidies with a potential for creating a surplus position. For both of the scenarios modelled, the financial analysis assumes that the current demand levels do not reduce and, through reviewing the product offering and increasing marketing, additional income and savings can be achieved. However, the threat of schools offering similar services, and the competitive market providing adventurous activities, does mean that a reduction in demand remains a risk. With this in mind, improvements to governance and financial monitoring/management will need to be implemented to identify and swiftly respond to such changes to control the level of exposure for CCC (see paragraph 4.1).
- 2.4. The two modelled scenarios are shown in Table 1, and a full breakdown per centre is detailed in **Appendix 2**.

Table 1 showing two estimated financial forecasts

All Centres	2019/20	2020/21	2021/22	2022/23	2023/24
Scenario 1 (Base Case)	DEFICIT £35,183	DEFICIT £31,270	DEFICIT £22,947	DEFICIT £19,372	DEFICIT £15,772
Scenario 2 (Realistic Improved Case)	DEFICIT £30,183	SURPLUS £47,349	SURPLUS £94,881	SURPLUS £139,259	SURPLUS £146,032

- 2.5. From the analysis, Table 1 shows that if the current position with regards overheads is retained (which recognises the benefits of the Service being part of the wider organisation), loan obligations continue to be met and property maintenance is funded through capital budgets, then it is expected that subsidies of £125k would be required over 5 years (Scenario 1). This assumes income/demand remains static and there are no unexpected increases in expenditure.
- 2.6. The figures in Table 1 exclude any rental income for the sites on the open market if they were not used as Outdoor Centres or any one-off capital receipts if they were disposed of. Rental income was assessed in 2018 at around £260k/year (£70k Burwell, £155k Grafham Water, and £40k Stibbington).
- 2.7. As outlined in paragraph 2.5 above, Scenario 1 (Base Case) effectively uses the current forecasts for the Service taking no identified efficiencies and including the costs of the existing staffing structure, loans, and current overheads. The Service currently has a budget of £77k surplus for 2019/20, so a deficit of £35k in 2019/20 represents a negative variance of £112k from that budget.
- 2.8. In addition officers have then modelled a 'Realistic Improved Case' which uses the same baseline information from Scenario 1 and adds in the efficiencies outlined in **Appendix 3**. The majority of the efficiencies aren't modelled in until 20/21 which allows time for the proposed changes to be implemented.
- 2.9. The OFR process has identified opportunities for the Service to reduce costs and increase income. It is estimated that through operating more efficiently, the need for subsidies would

reduce and could result in a surplus of up to £146k by 2023/24 (Scenario 2). As noted above, full details of these additional savings/income are included in Appendix 3.

- 2.10 The growth of residentials modelled in Scenario 2 will see an increase in participant numbers to approximately 203 school participants per year for Stibbington as of 2020 and Grafham Water school participants will grow by 740 school participants by 2023, which will show an overall growth of 943 school participants per year as of 2023. As part of the business improvement plan; a full product review will be undertaken, so the service can continue to meet the changing demands of the education sector especially with a focus on products that can't be replicated at schools, maintaining pricing and affordability. Product development will be supported by the appropriate sales and marketing strategy with a focus of growing participant numbers beyond the target of 943 by 2023.
- 2.11 Scenario 2 will improve the financial position of all 3 centres. However, the council will need to maintain the buildings across the 3 sites to retain the value of its asset and as with any council building there will be the necessary maintenance work to maintain the asset. Over the longer term (5-10 years), all 3 centres will require some additional investment for the buildings owing to the age of the properties.
- 2.12 Stibbington residential is currently delivered from a terrapin building, which is subject to a temporary planning permission currently live until 31<sup>st</sup> August 2023, however there could be a possibility of extending this further. The last council survey conducted at Stibbington for the OFR process highlighted the building was in a good state of repair and will not need replacing in the immediate future. However this is a temporary building and a review of residential accommodation at Stibbington will need to be undertaken. Full replacement of the temporary accommodation with permanent accommodation has been quoted at £600k. For this reason the Business Improvement Plan (see paragraph 3.2) will need to look at both the short and long term strategy of the service to meet the future needs of customers. As part of this, the strategy will continually review what products will be offered and where they will be delivered from. Also investigating opportunities around funding and partnership opportunities.

### **3 CREATING A LONG-TERM SOLUTION**

- 3.1 Based on the analysis of the financial data and taking into account the contribution to the Council's outcomes that the Service provides, Officers recommend that the Council should retain the three centres but that in doing so, there needs to be a fundamental change to the operation and performance of those centres so they can quickly reduce the subsidies required and move to a position of financial surplus and long term financial stability. To achieve this, key areas that will need to be considered are:
- Aligning the centres' products and sales strategy with CCC's corporate priorities and challenges such as targeted work with Looked After Children, utilising off-peak periods to engage with schools in deprived areas, maximise funding opportunities including sports premium, and developing our products to meet future demands from schools.
  - Explore partnership working (such as county farms, universities and other potential partners).
  - Upskilling existing service staff, supported by central teams, with the skills to drive the business forward, embracing opportunities and accountability.
  - Creating a management board that sets a clear vision with a plan for delivery, ensuring targets are achieved and objectives are being met.
- 3.2 The above elements are proposed to be delivered through a Business Improvement Plan, which will need to be approved and finalised by the relevant Committee. This will need to

set out the review periods to assess progress against the following key deliverables as recommended in **Appendix 4**:

- Strategic Leadership;
- Vision and service delivery;
- Social Value;
- Business Process Improvements;
- Efficiency Savings;
- Funding Opportunities;
- HR review; and
- Property.

- 3.3 Implementation of the above key deliverables will require resources in order to further develop the centres, project manage the change, upskill existing centre resource (in sales and marketing for instance) and support from internal expertise to help drive through the improvements. The OFR process has largely been delivered by a dedicated Project Manager and expertise from the Transformation Team and, whilst this work will need to continue, a review will be undertaken to identify resource required and the cost implications. Additional to this, some external expertise may be required to deliver the depth of change needed, and in this event any requirement for funding will be supported by a robust business case that will need Commercial and Investment approval.
- 3.4 Alongside the Business Improvement Plan, the longer term strategic vision for the service will also need to be investigated to create a sustainable, commercially viable outcome-focused service including exploring partnership opportunities. Officers propose that such opportunities should be reviewed jointly with Councillors, which is discussed in the governance arrangements below.
- 3.5 The service has the opportunity to reach more children to support CCC corporate priorities. Through further efficiencies and alignment of products, this could realise further capacity to undertake more day, evenings and weekend bookings. The service currently makes a contribution to the CCC outcomes, including offering opportunities to the more vulnerable groups. However, there is an opportunity to maximise this further with more targeted work including a more targeted focus on Looked After Children and the Disabilities team, which would enable the cash flow to be kept within CCC.

#### **4. Governance arrangements**

- 4.1 There will need to be clear governance arrangements agreed to oversee the implementation plan, scrutinise and monitor performance of the Service and to ensure suitable interventions are in place in the event targets are at risk of not being met. Having concluded the OFR process and identified the commercial opportunities / efficiencies that can be delivered to help reduce the subsidies required for this Service, officers would recommend that the next phase should be driven by the Children and Young People (CYP) Committee, who are best placed to focus on the educational outcomes of the work and the assessment and measurement of social value undertaken across the three centres. The reason why officers are recommending that the next phase is driven by CYP is to ensure that the service will be developed with a 'service' focus and be centred around the positive outcomes for the children and young people of Cambridgeshire and maximising those opportunities with the most vulnerable groups including our Looked After Children. The proposed governance arrangement would allow CYP to set up a steering group made up of both officers and Councillors to ensure these opportunities are driven forward. The officer leadership group would then be clearly linked to a Service Director to ensure that there is a key accountability for these proposals. It will require CYP to agree a high level forward plan and the

deliverables, as outlined in draft in the Business Improvement Plan Key Deliverables in Appendix 4.

## **5. ALIGNMENT WITH CORPORATE PRIORITIES**

### **5.1 A good quality of life for everyone**

5.2 The Cambridgeshire Outdoors Service would continue to operate across the three sites, and would therefore continue to benefit the local economy and the good quality of life for the residents of Cambridgeshire. The core delivery is children and young people focussed and enables those users to learn necessary life skills whilst developing personal resilience and appreciation of the wider community. The services clearly make a significant contribution to the CCC outcomes, including supporting the Public Health agenda with direct physical activity benefits and offering opportunities to the more vulnerable groups, which is fully chargeable. There is also an opportunity to maximise some targeted work with these groups and this will be developed as part of the action plan in the next phase with a focus on Looked After Children and the Disabilities team.

5.3 The development of environmental products will also support the Council's pledge regarding climate change and commitment to phasing out single use plastics.

### **5.4 Thriving places for people to live**

See wording under section 5.1.

### **5.5 The best start for Cambridgeshire's children**

See wording under section 5.1.

## **6. SIGNIFICANT IMPLICATIONS**

### **6.1 Resource Implications**

6.2 To retain the Service across the three sites, it is expected that subsidies of £125k would be required over 5 years, providing that income/demand remains static and there are no unexpected increases in expenditure. A number of efficiency and income measures (detailed in paragraph 2.8 and Appendix 3) can be implemented to reduce the subsidy needed and, if successful, could reach a position where a surplus is achieved.

6.3 Table 2 below shows the revenue impact on the Council's Business Plan of keeping all three centres open between 2020/21 – 2023/24, on the basis that the Business Plan has already been set for 19/20. Nonetheless in reaching a decision Councillors also need to take account of a pressure of £112,000 for 19/20 (which is made up of £77,000 income generation for Traded Services that won't be achieved and an under achievement of income currently estimated at £35,000).

Table 2 showing the revenue impact on the Business Plan of keeping all three centres open.

<b>All Centres</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Scenario 1 (Base Case)	£108k Pressure	£8k Saving	£4k Saving	£4k Saving
Scenario 2 (Best Case)	£30k Pressure	£48k Saving	£44k Saving	£7k Saving

- 6.4 The day to day operation of the Service across the three sites should not require additional resources. However, staffing at Grafham Water may need to be reviewed from a model relying on temporary staff in the peak season, to permanent staff employed all year round, but supported as required through the increases in uptake in residential products during the off-peak season.
- 6.5 Implementation of efficiency measures will require resources in order to further develop Centre specific business improvement plans, project manage the change, upskill existing Centre resource (in sales and marketing for instance) and support from internal expertise to help drive through the improvements (as described in paragraph 3.3). The OFR process has largely been delivered by a dedicated Project Manager and expertise from the Transformation Team and, whilst this work will need to continue a review will be undertaken to identify resource required and the cost implications.
- 6.6 It is possible that external expertise may be required to deliver the depth of change needed, and in this event any requirement for funding will be supported by a robust business case that will need Commercial and Investment approval.

#### **6.7 Procurement/Contractual/Council Contract Procedure Rules Implications**

There are no significant procurement implications.

#### **6.8 Statutory, Legal and Risk Implications**

The provision of outdoor education is not a statutory duty for Local Education Authorities. The statutory responsibility places the provision of providing outdoor education to the school's governing body. Therefore schools have the ability to procure provision from third party providers.

#### **6.9 Equality and Diversity Implications**

There are no significant implications. The efficiency savings around no longer offering a free place to schools that book in advance at Burwell House will not have a negative impact on a specific child, as schools currently apply this to the whole class, enabling the school to lower the price slightly for all parents.

#### **6.10 Engagement and Communications Implications**

As part of the Member led OFR process, services including schools, public health and members have been included in the discussion. A robust communications plan is in place to communicate the outcome of this OFR to staff at the Centres.

#### **6.11 Localism and Local Member Involvement**

Since the commencement of this OFR process, Members have been informed of its progress, including updates to C&I Committee and CYP, along with more regular updates with the Chair of each of these committees. As there will continue to be further improvements made to the Service, a steering group will be created to govern this process (see paragraph 4.1 for further details), which will ensure continued Member involvement.

#### **6.12 Public Health Implications**

The school setting is vital in supporting children's health and wellbeing. The Public Health Directorate works to promote healthy lifestyles in schools and therefore it's important to include Public Health as we develop the second phase.

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of financial officer: Tom Kelly
<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?</b>	Yes Name of officer: Gus De Silva
<b>Has the impact on statutory, legal and risk implications been cleared by LGSS Law?</b>	Yes Name of officer: Fiona McMillan
<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	Yes Name of officer: Elsa Evans
<b>Have any engagement and communication implications been cleared by Communications?</b>	Yes Name of officer: Jo Dickson



**INVESTMENT GRADE PROPOSAL (IGP) STAGE 1 UPDATE ON THE  
DEVELOPMENT OF THE NORTH ANGLE SOLAR FARM**

*To:* **Commercial and Investment Committee**

*Meeting Date:* **12 July 2019**

*From:* **Executive Director, Place and Economy**

*Electoral division(s):* **Soham South & Haddenham**

*Forward Plan ref:* **N/a** *Key decision:* **No**

*Purpose:* **To provide a progress update on Stage 1 of the Investment Grade Proposal development process for this project and seek approval to proceed to Stages 2-3.**

*Recommendation:*

- a) Note the findings of the Stage 1 work;**
- b) Note the risks around grid connection costs; and**
- c) Approve the progression to Stage 2 and 3 of the IGP development.**

<b><i>Officer contact:</i></b>		<b><i>Member contacts:</i></b>	
Name:	Claire Julian-Smith & Hugo Mallaby	Names:	Councillors J Schumann & A Hay
Post:	Programme Manager/Asset Manager (Rural)	Post:	Committee Chair/Vice-Chair
Email:	<a href="mailto:Claire.julian-smith@cambridgeshire.gov.uk">Claire.julian-smith@cambridgeshire.gov.uk</a>	Email:	<a href="mailto:joshua.schumann@cambridgeshire.gov.uk">joshua.schumann@cambridgeshire.gov.uk</a> <a href="mailto:anne.hay@cambridgeshire.gov.uk">anne.hay@cambridgeshire.gov.uk</a>
Tel:	01223 715349	Tel:	01223 706398

## 1. BACKGROUND

1.1. At the 18 January 2019 Commercial and Investment Committee meeting, a development budget of £600,000 for an Investment Grade Proposal (IGP) for an energy project at North Angle farm (previously referred to as Mere Farm) was approved. The IGP development is split into three stages to obtain the maximum level of certainty and security at the earliest stage of the development, in terms of cost and commitment and to create a decision gateway between stages. This report covers the IGP Stage 1 findings for the project (a 37 MW solar farm). Stage 1 includes:

- Initial design work;
- Pre-planning process;
- Distribution Network Operator feasibility study for a grid connection; and
- Application to the Distribution Network Operator.

## 2. MAIN ISSUES

- 2.1. **Grid Connection.** The previous report highlighted that securing a grid connection in a constrained area is a key risk. Feedback from UK Power Networks (UKPN) indicated that an unconstrained connection would cost approximately £22m and a constrained connection (i.e. limiting the electricity we are allowed to sell) would cost approximately £6.5 million with a forecasted curtailment<sup>1</sup> figure of 6.35%.
- 2.2. The £6.5M breaks down to an allocation of approximately £1.5M for non-contestable works that UKPN will have to undertake (upgrades at the substation), and the £5M is allocated for contestable works (including laying cable from the site to the substation). It is our understanding that the £5M figure can be realistically lowered, and work is underway to identify such solutions, including connecting to battery storage schemes in the area.
- 2.3. While the increased connection cost has lowered the expected returns from the project, the impact of that has been partially offset by other factors, such as a reduction in interest rates, and the prospects for a positive return remain good. Table 1 illustrates the change in the expected return from the original High Level Assessment (HLA) presented to Committee in January 2019. The figures are before considering the potential mitigations outlined in paragraph 2.5.

Table 1 – Changes to expected returns:

	Capital cost	Payback period (years)	IRR (Internal Rate of Return)	NPV (Net Present Value)	25 year Net Return
18/01/2019	£22,777,260	14.18	6.56%	£2,365,600	£32.9M

<sup>1</sup> Enforced restriction (by UKPN) on the volume of electricity generated from the solar farm, which is delivered to the grid, thereby losing a proportion of the revenue.

12/07/2019	£27,580,092	15.12	4.95%	£2,085,428	£23.9M
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- 2.4 A sensitivity analysis has been done to review the impact of changes in all the major factors that affect the projected return. The table in Appendix A summarises the results. While the returns are sensitive to changes in factors such as the wholesale price of electricity and interest rates, the analysis suggests there is currently more scope for increases than decreases in the projected return.
- 2.5. **Alternative Grid Connection Options.** Officers are actively exploring alternative grid connection options, presented in Table 2 below, with indicative costs (where known). Further information is being sought to inform the options appraisal. The solution offering the best business case will be pursued.

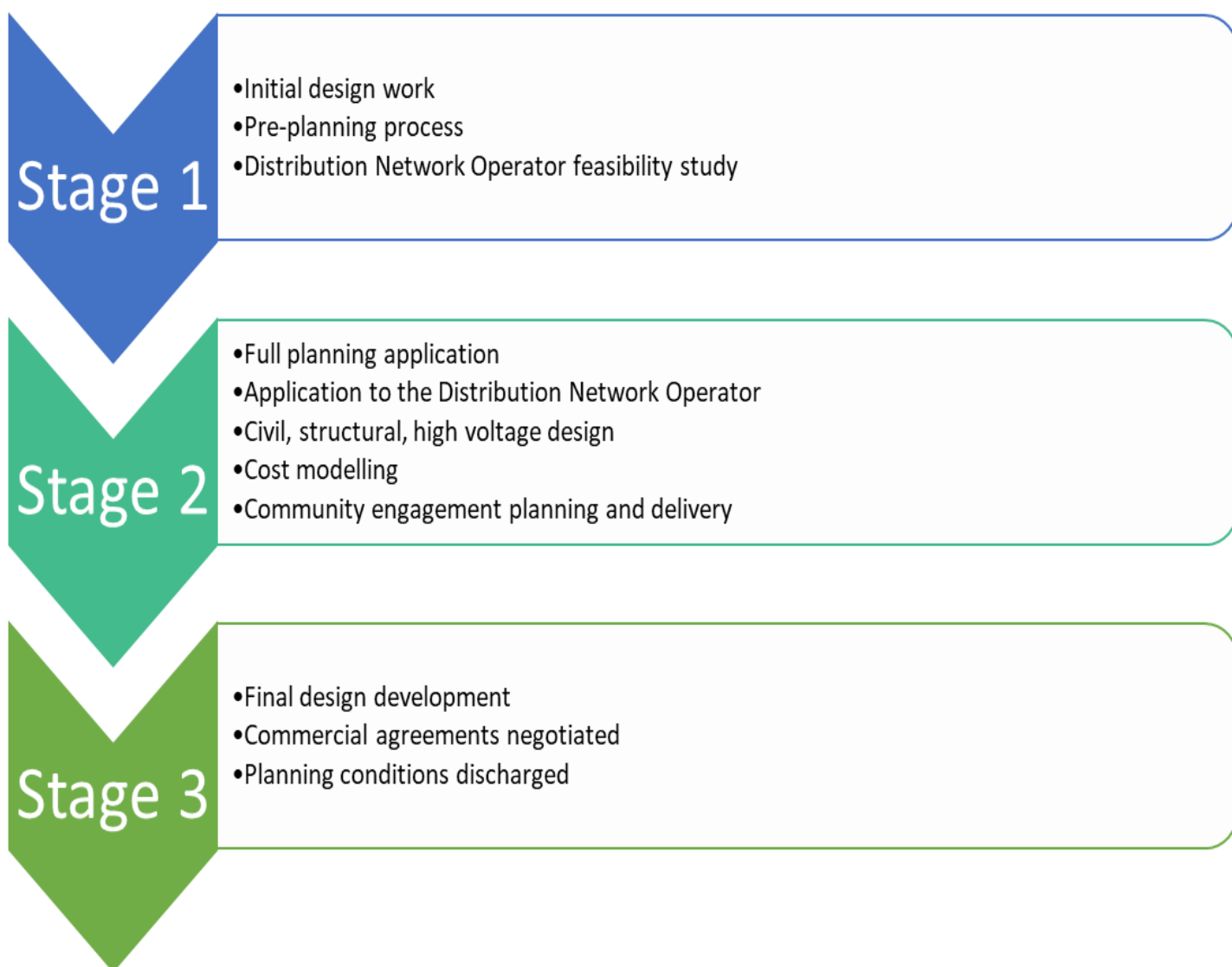
Table 2 – Connection Options:

	Capacity	Grid Connection Option	Indicative Costs	Risks & Issues
1.	29MW	UKPN (Burwell Local 33kV grid)	£3M	Cannot pursue options 1 & 2 simultaneously. If this option is withdrawn, the application process for option 1 will have to be started again.
2.	50MW	UKPN (Burwell main 132kV grid)	Under discussion with UKPN	Legal advice required to confirm that the capacities of Triangle and North Angle solar farms are viewed separately and that the capacity of North Angle could be increased to 50MW without reaching the threshold of a Nationally Significant Infrastructure Project (NSIP).
3.	37MW	Battery storage scheme	Under discussion.	Untested connection option. Timescales for the construction of each project would need to be aligned.

- 2.6. **Planning.** Pre-application advice has been sought from the Planning Authority, which is due week ending 19 July 2019. At this stage, it is not anticipated that a full Environmental Impact Assessment will be needed, however this remains a risk – particularly in relation to the historic environment and cumulative impact of existing and anticipated projects. Should this be required, officers will seek to scope the content to minimise cost. In order to mitigate any

planning delays, the seasonal environmental surveys required associated with a project of this size, as advised by our planning consultant, are under way.

- 2.7. **Cumulative Impact.** There are plans for a number of solar farms in close proximity to the North Angle site, including the Sunnica application for a 500MW solar farm. It is understood that these projects are at broadly the same stage of project development as North Angle. It is therefore important that the North Angle project is progressed quickly to mitigate potential issues of cumulative impact in the planning process
- 2.8. **Community Engagement.** Early engagement with key parish councils has started to gain feedback that will inform the planning application, due to be submitted by the end of 2019. The scope of the project has already been presented to both Wicken Parish Council and Soham Town Council for their views on any impacts and mitigation that can be included as part of the early design work. Procurement of external engagement expertise has started to support the planning application and this support will be in place from September 2019 as part of the next phase of work.
- 2.9. **Next stages.** The diagram below outlines the scope of work for the stages of the IGP development, this report seeks to proceed to stages 2-3 In contrast to the other energy projects, the development of the IGP for the North Angle project is split in to 3 stages, rather than 4. This is both a reflection of a comparatively less complex project, utilising a single technology; however, it also demonstrates how the development of these types of projects has evolved, and in the future it is likely that they will continue to be 3 stages, rather than 4.



2.9 Spend to date on stage 1 is a total of £55,100, and indicative costs for stages 2 and 3 are set out in Table 3 below:

*Table 3 – Indicative costs for stages 2 and 3:*

Element	Estimated cost*
Investment Grade Proposal – phase 2 <ul style="list-style-type: none"> <li>• RIBA Design Stage 3**;</li> <li>• Planning application documentation and fee;</li> <li>• Cost modelling; and</li> <li>• Payment to Local Partnerships to assist in technical development / Framework compliance.</li> </ul>	£390,000
Investment Grade Proposal – phase 3 <ul style="list-style-type: none"> <li>• RIBA Design Stage 4**;</li> <li>• Measurement &amp; Verification planning;</li> <li>• IGP finalisation;</li> <li>• Commercial documentation;</li> <li>• Discharge of planning conditions; and</li> <li>• Construction programme planning.</li> </ul>	£140,000

\*For each phase, costs for internal staff, legal and financial services are included above.

\*\* A description of RIBA Plan of Work stages is included in **Appendix B**.

- 2.10 Spend against this project and progress within each stage will continue to be reported in the Energy Investment Unit's quarterly reports to C&I Committee.
- 2.11 Project issues and progress updates will be reported to the Members working group for the energy investment projects.

### **3. ALIGNMENT WITH CORPORATE PRIORITIES**

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

- 3.1 There are no significant implications for this priority.

#### **Thriving places for people to live**

- 3.2 There are no significant implications for this priority.

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

- 3.3 There are no significant implications for this priority.

### **4. SIGNIFICANT IMPLICATIONS**

#### **4.1 Resource Implications**

If, following the development of the detailed business case, the Council decides not to invest, the funding for the development of the detailed business case will have to be paid. A buffer to protect against the failure of any individual project is managed through the development of a pipeline of projects. The current proposition is to offset any sunk costs against the revenues generated from the wider program of energy projects being developed on our assets (excluding the schools and corporate building energy projects).

There are no implications for Information and Communications Technologies or data ownership.

Impact on human resources: The costs for County Council staff involvement to deliver the project are included in the project development budget.

Sustainable Resources: The aim of the project is to generate low-carbon electricity, generate an income for the Council and provide solutions to the grid capacity problems experienced across Cambridgeshire.

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

Bouygues Energies & Services was procured under a mini-competition run under the Refit 3 Framework. As the Framework does not expire until April 2020, there are no significant implications from a procurement or contractual standpoint. Any resulting construction contract would only need to be in place before the expiration of the Framework.

#### **4.3 Statutory, Legal and Risk Implications**

All projects have to demonstrate compliance with State Aid requirements, even where there is no grant funding. The main way of doing that for this project will be to demonstrate that the Authority is acting commercially when generating and selling electricity.

The Council is able to sell electricity to the grid, and already does so through its extensive programme of schemes across schools, service buildings and County Farms Estate – including Triangle Farm.

#### **4.4 Equality and Diversity Implications**

There are no significant implications.

#### **4.5 Engagement and Communications Implications**

Given the number of solar farm projects coming forward, as described in 2.7, community engagement is a priority as the project develops to ensure that the North Angle scheme becomes the preferred community option.

Presentations have been delivered to Wicken Parish Council (11 June 2019) and Soham Town Council Planning Committee (24 June 2019). Further community engagement activity will be conducted in Stages 2 & 3. In particular as part of the planning application development at Stage 2, a consultant will be procured to deliver a series of community engagement events.

#### **4.6 Localism and Local Member Involvement**

The East Cambridgeshire Local Plan supports solar renewable energy generation. Concerns at loss of productive agricultural land is mitigated by siting the development on Grade 3 agricultural land.

#### **4.7 Public Health Implications**

The project will generate high voltage electricity. Designs must therefore include security fencing and CCTV cameras relaying images to a central control room to deter unauthorised access to the site.

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Financial Officer: Sarah Heywood
<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?</b>	Yes Name of Officer: Gus de Silva
<b>Has the impact on statutory, legal and risk implications been cleared by LGSS Law?</b>	Yes Name of Legal Officer: Fiona McMillan
<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	Yes Name of Officer: Elsa Evans
<b>Have any engagement and communication implications been cleared by Communications?</b>	Yes Name of Officer: Sarah Silk / Eleanor Bell
<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	Yes Name of Officer: Emma Fitch
<b>Have any Public Health implications been cleared by Public Health</b>	Yes Name of Officer: Stuart Keeble



Source Documents	Location
<b>1</b> <b>Outline Business Cases for Solar Farm on Rural Estate Land at Mere Farm</b>	1. <a href="https://tinyurl.com/y64yk828">https://tinyurl.com/y64yk828</a>
<b>2</b> <b>18 January 2019 C &amp; I Committee Decision Statement</b>	2. <a href="https://tinyurl.com/y27xm75e">https://tinyurl.com/y27xm75e</a>

## **Appendix A – Sensitivity Analysis:**

<b>Factor</b>	<b>Committee</b>	<b>Current</b>	<b>Sensitivity</b>	<b>NPV</b>	<b>Reason for choosing sensitivity figure</b>
System capacity in MW	36.9	36.9	40.0	+£3.2m	Capacity proposed in grid connection application
Solar yield (kWh/kWp)	984	1,062	1,034	-£1.3m	Figure used for Triangle farm model (actual performance is 1,034)
Degradation rate	0.75%	0.60%	0.50%	+£0.6m	Research studies show less drop in performance over time
Curtailment	4.00%	3.00%	1.00%	+£0.9m	The 6.35% in UKPN report assumed a much higher yield than actual
Strike price (MWh)	£60.33	£66.87	£60.33	-£5.3m	Impact of reverting to Committee figure
Electricity inflation	4.07%	1.88%	4.07%	+£12.3m	Impact of reverting to Committee figure
General inflation (affects discount rate)	2.75%	2.20%	2.75%	-£2.9m	Impact of reverting to Committee figure
Loan interest rate	2.90%	2.06%	1.86%	+£1.5m	Impact of successfully gaining access to Local Infrastructure Finance
Capital costs	£22.8m	£27.6m	£28.6m	-£1.2m	Other costs could potentially rise, e.g. due to exchange rate
Impact of Targeted Charging Review		BSUoS charges		-£2.6m	

### **Notes on factors:**

System capacity – the peak generation capacity of the solar farm

Solar yield – the efficiency of the panels in converting solar energy into electricity

Degradation rate – the reduction in efficiency of the panels as they get older

Curtailment – the extent to which UKPN prevent electricity from being exported in order to balance the overall grid

Strike price – the current price of wholesale electricity

Electricity inflation – the future increase expected in the wholesale electricity price

General inflation – the future increase expected in other prices

Loan interest rate – the current cost of a PWLB loan for 25 years

Capital costs – the total initial cost of the project, including Council development costs

Targeted Charging Review – Ofgem proposals out to consultation that could result in an increase in costs to renewable energy projects of using the grid

## Appendix B: – Description of RIBA stages

The RIBA Plan of Work organises the process of briefing, designing, constructing and operating building projects into eight stages and details the tasks and outputs required at each stage.

### Stages

The stages are represented by numbers to avoid confusion with the stages in the RIBA Outline Plan of Work 2007, which were represented by letters.

The shift to numbers also allows the stages to be aligned with a set of unified industry stages agreed through the Construction Industry Council (CIC). Aligning the stage numbers in the RIBA Plan of Work 2013 with this structure helps to achieve one of the core objectives of the RIBA Plan of Work 2013, namely greater cohesion within the construction industry.

The eight stages of the RIBA Plan of Work 2013 are derived as follows:



**Stage 0** Strategic Definition is a new stage in which a project is strategically appraised and defined before a detailed brief is created. This is particularly relevant in the context of sustainability, when a refurbishment or extension, or indeed a rationalised space plan, may be more appropriate than a new building. Certain activities in Stage 0 are derived from the former (RIBA Outline Plan of Work 2007) Stage A – Appraisal.



**Stage 1** Preparation and Brief merges the residual tasks from the former Stage A – Appraisal – with the Stage B – Design Brief – tasks that relate to carrying out preparation activities and briefing in tandem.



**Stage 2** Concept Design maps exactly to the former Stage C – Concept.



**Stage 3** Developed Design maps broadly to the former Stage D – Design Development – and part of Stage E – Technical Design. The strategic difference is that in the RIBA Plan of Work 2013 the Developed Design will be coordinated and aligned with the **Cost Information** by the end of Stage 3. This may not increase the amount of design work required, but extra time will be needed to review information and implement any changes that arise from comments made before all the outputs are coordinated prior to the **Information Exchange** at the end of Stage 3.



**Stage 4** Technical Design comprises the residual technical work of the core design team members. At the end of Stage 4, the design work of these designers will be completed, although they may have to respond to **Design Queries** that arise from work undertaken on site during Stage 5. This stage also includes and recognises the importance of design work undertaken by specialist subcontractors and/or suppliers employed by the contractor (Performance Specified Work in JCT contracts) and the need to define this work early in the process in the **Design Responsibility Matrix**.



**Stage 5** Construction maps to the former Stage K – Construction to Practical Completion – but also includes Stage J – Mobilisation.



**Stage 6** Handover and Close Out maps broadly to the former Stage L – Post Practical Completion – services.



**Stage 7** In Use is a new stage which includes **Post-occupancy Evaluation** and review of **Project Performance** as well as new duties that can be undertaken during the In Use period of a building.

### Procurement and tendering

Although the RIBA Plan of Work 2013 does not include a stage corresponding to Stages G, H and J of the RIBA Outline Plan of Work 2007, which relate to the tendering activities associated with traditional procurement, it includes these activities in the Procurement task bar.



**SECOND QUARTERLY MONITORING REPORT, MOBILISING LOCAL ENERGY INVESTMENT**

*To:* **Commercial and Investment Committee**

*Meeting Date:* **12 July 2019**

*From:* **Steve Cox, Executive Director - Place and Economy**

*Electoral division(s):* **All**

*Forward Plan ref:* **N/a** *Key decision:* **No**

*Purpose:* **Second quarterly monitoring reporting on the four energy investment programmes.**

*Recommendation:* **Members are asked to:**

- a) **Approve the second quarterly report**
- b) **To note the key challenges and risks delivering the programmes**
- c) **Approve a one year extension to the Energy Efficiency Fund as set out in paragraph 2.3**

<b><i>Officer contact:</i></b>	<b><i>Member contact:</i></b>
Name: Sheryl French Post: Project Director, Energy Investment Unit Email: <a href="mailto:sheryl.french@cambridgeshire.gov.uk">sheryl.french@cambridgeshire.gov.uk</a> Tel: 01223 728552	Names: Joshua Schumann Post: Chairman, Commercial and Investment Committee Email: <a href="mailto:Joshua.schumann@cambridgeshire.gov.uk">Joshua.schumann@cambridgeshire.gov.uk</a> Tel: 01223 706398

## 1. BACKGROUND

1.1 In March 2017, the Council approved its Corporate Energy Strategy with the view to invest in clean energy projects on its assets to generate income and make savings for the Council. The strategy also supports using the Council's assets to facilitate school and community energy projects plus work to develop the broader low carbon economy including the electrification of transport, housing and delivery of smart communities.

1.2 In March 2019, Committee approved the First Quarterly Monitoring Report for the energy investment programmes and the format for subsequent progress reporting to include:

- Share progress on the four investment programmes;
- Track development budgets allocated to the Energy Investment Programme to understand timelines for capital investment and revenue generation;
- Identify market changes and how these impact the Energy Investment, other Programmes and forecast revenues;
- Suggest and agree mitigation actions on projects where progress has slowed, e.g. political intervention on State Aid discussions;
- Update Committee with new policy relating to the energy market and how these may impact future revenues positively or negatively; and
- Identify key opportunities for future investment and pipeline development.

1.3 The four investment programmes cover:

- The £1million Energy Efficiency Fund for corporate buildings
- The Schools £10 million Energy Programme
- The £46.4 million Energy Investment Programme comprising four significant projects
- A Community Energy Programme, building a future project pipeline.

## 2. MAIN ISSUES

2.1 Progress across the four Energy Investment programmes is summarised in Table 1 below. Further detail can be found in paragraphs 2.3 and 2.8 and **Appendices A & B**.

Table 1. Progress across Energy Investment Unit work

Programme	Key Projects	Forecast /target Investment ( £) Millions	Investment to date (£) Millions	Actual net profit/ Savings (£) million per annum	Expected or actual Carbon savings – first year (tonnes / year) <sup>1</sup>	Comments	Overall RAG status
<b>Energy Efficiency Fund</b>	38 LED Lighting Projects & 2 heating projects so far. More to follow.	1	0.489↓	0.11	215 <sup>2</sup>	Behind profile, but 25 LED lighting projects are now scoped. Awaiting approval from Cambs2020 Board to proceed. Further projects to be scoped.	A
<b>Schools Programme<sup>3</sup></b>	36 Primary & 19 Secondary	10	9.2↑	0.91↑	3,314↑	Schools pipeline to target £1million investment during 19/20.	G
<b>Energy Investment Programme</b>	Triangle Solar Farm		10.2	0.4	3,570	£1.1million gross profit in 17/18.	G
	North Angle Solar Farm	22.8	0.0045	0	8,240	Options for most cost effective capacity and grid connection being scoped and costed. Preliminary ecological surveys in progress and pre-planning process underway.	G
	Babraham Park and Ride Solar + battery	11.4	0.03↑	0	470	C&I Committee approved progression to phase 2 of the Investment Grade Proposal in June 2019	G
	Trumpington P+R, Solar and battery	0	0.025↑	0	0	The land is likely to be made available for housing in the Local Plan, therefore work is unlikely proceed on the solar and battery storage project.	A ↑
	Stanground solar and battery	9.7	0.0706↑	0	500	Flexible connection offered received for Stanground at a lower cost than included in the business case.	A
	Woodston- Battery only	2.5	0.0053	0	N/A		A
<b>Community Energy</b>	St.Ives Smart Energy Grid	1.8975	0.256	0	210	Agreeing final details of the grant agreement. Greater risk now on securing PPAs with key customers.	A
	Swaffham Prior Community Heat Scheme	TBC	0	0	831 estimated	£100,300 grant awarded March 2019 by the Department for Business, Energy & Industrial Strategy (BEIS).	G

<sup>1</sup> These emissions reduction figures are calculated using long-run marginal electricity emissions factors for generation published on gov.uk. As the national grid decarbonises, these avoided emissions will decrease over time.

<sup>2</sup> EEF carbon figures are based on 2018 UK Government carbon conversion factors applied to Imtech's forecast annual electricity savings.

<sup>3</sup> The total net profit/savings is shared with schools. Schools receive £756,000 p.a. and the Council £155,000 p.a.

<b>TOTAL</b>		<b>£59.3M</b>	<b>£20.29 ↑</b>	<b>£1.42M</b>	<b>17,800 t/yr↑</b>
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## Energy Efficiency Fund

- 2.2 *The Energy Efficiency Fund* has completed its third year, with total investment at £488,869 split over 39 projects, mainly LED lighting upgrades. Investment to date is already delivering annual revenue savings of around £110,000, comprising of reduced energy consumption and maintenance savings. One more project from last year is still to complete and a further 25 LED lighting projects have now been scoped and quoted with a total value of £182,750. These 25 projects are currently on hold awaiting the approval to go ahead from the Cambs2020 Board, who requested the delay in order to complete the 'Spokes' work before deciding which properties to invest in.
- 2.3 If all 25 projects go ahead this will leave £328,380 remaining in the fund. It is unlikely that the remaining funds will be invested by March 2020, the original end date for fund investments. There is still plenty of scope for further energy efficiency investments across our property portfolio, which directly benefit our revenue position. A one year extension to the fund timeline will help realise this revenue benefit.

Table 2. *Energy Efficiency Fund summary*

Year	Number of projects completed	Investment value	Annual savings
Year 1 total (2016-17)	5	£104,470	At least £10,377 (Prior to EIU taking over the fund)
Year 2 total (2017-18)	5	£165,805	£43,917
Year 3 total (2018-19)	29	£218,593	£55,523
<b>Years 1 to 3 total</b>	<b>39</b>	<b>£488,869</b>	<b>£109,819</b>

NB. The year that a project fits in to is determined by when a project is completed. Annual savings are forecast savings including energy bill savings and maintenance savings, where known and applicable.

## Schools Programme

- 2.4 *The Schools Retrofit Programme* is commencing its fifth year of investment, 2019/20. Of the total number of existing schools in Cambridgeshire, 21% (55 of 265) of schools have taken up energy performance contracting of which 56% (19 of 34) of all secondary schools are included in the programme. The forecast investment for this year is £1m. Please see **Appendix A** for a breakdown of committed funding, income and energy bill savings.
- 2.5 Risks and issues
- The end of Feed in Tariff (FiT) subsidies for solar PV makes business cases, especially for small schools, more challenging. Rising electricity prices mitigate this to a degree, but securing Renewable Heat Incentive subsidy while it remains available (until March 2021) will become more important.

- The programme has financed replacement of some end of life gas and oil fired boilers. Government has now identified the need for nearly all building heat to be decarbonised by 2050 and committed to phase out fossil fuel heating in off gas grid buildings in the 2020s<sup>4</sup>. In this light, and bearing in mind the 20+ year lifecycle of boilers, boiler replacement should now focus on low carbon heating solutions such as ground source heat pumps instead of oil or gas fired boilers unless economically unviable.
- A pilot project is being explored with Comberton Village College for low carbon heating in the form of a Ground Source Heat Pump (GSHP). This project will be capital intensive and may necessitate a new business model e.g. the Council owning the plant and supplying heat to the school under a Heat Purchase Agreement. Progress on the business model development will be reported regularly to Committee and subject to a separate committee report for an investment decision.

## Energy Investment Programme

2.6 The Energy Investment Programme in 2019/20 will be seeking approvals to progress to the second phase of their Investment Grade Proposals for four of the five projects. Work will focus on developing designs, conducting studies to support planning applications, developing detailed energy modelling and finalising grid connection agreements. If projects remain viable, construction is expected to be completed between 2021 and 2022. Work is currently in abeyance on Trumpington Park and Ride, whilst discussions with Property progress on this site, please see below.

**Appendix B** is a summary of the project finance if all projects except Trumpington P+R proceed.

2.7 Risks and issues.

- The risks and opportunities of investing in battery energy storage projects were highlighted in a June 2019 report to C&I Committee entitled 'Battery Energy Storage System Market Opportunity & Risk'. Committee unanimously supported continued development of battery storage projects and agreed to create a Member's Working Group to advise on the development on the Energy Investment Programme. The Woodston project, the only utility scale battery only project in our portfolio, is particularly sensitive to these risks.
- Development of a smart energy grid project at Trumpington Park + Ride was initially delayed pending a decision by the Greater Cambridge Partnership (GCP) in June 2019 on park and ride provision in the Cambridge Southern Fringe. Proposals to build a second P+R off junction 11 of the M11 will be presented to GCP for decision.
- At the same time, the Cambridge City and South Cambridgeshire District Councils shared planning service is scoping new development sites to promote through the next local plan. Trumpington Park and Ride has been identified as a valuable growth area for housing development. Discussions are now

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<sup>4</sup> Clean Growth Strategy

underway to understand whether the park and ride should be promoted for housing or remain as is. Whilst this discussion continues, the EIU has stopped work on the Park and Ride energy project and removed the project from forecast income projections. The key issue to note is that existing investment into the site by the EIU is now at risk and will need to be picked up by the housing project if that proceeds.

- Further projects are being scoped to supplement the current pipeline of investment projects. This is required for a number of reasons including (i) the Trumpington P+R project may not progress due to the site having more lucrative housing development opportunities (ii) changes to market mechanisms adversely impacting one technology more than others (iii) developing a diverse portfolio of technology projects will provide greater resilience across the portfolio and future revenues.
- There are plans for a number of solar farms in close proximity to the North Angle site. It is understood that these other projects are at broadly the same stage of project development as North Angle. The North Angle project is being progressed quickly to mitigate potential issues of cumulative impact in the planning process.

## **Community energy projects**

**2.8 St Ives Smart Energy Grid.** The land title for the St.Ives Park and Ride has been secured pending stamp duty payment. MHCLG have been unwilling to commit to a grant until this was secured, as covenants must be registered against the land title. The project programme is currently being updated along with securing final costs for the project. The grant agreement should be in place during July 2019 with a plan to proceed to construction by the end of the year. Discharging of planning conditions should be complete by end of July 2019. The key risks remaining on the project include decisions from local customers on participating in power purchase agreements and the application to UKPN for grid capacity.

**2.9 Swaffham Prior Community Heat Project.** Carbon Smart and Janet Hall Ltd have been procured as external project managers and community engagement specialists to work in the village during May-September 2019. The Swaffham Prior project is in a critical stage managing some key project risks including community by-in to the scheme and technical risks associated with ground conditions for the design of the ground source heat pump. BEIS has sponsored the cost of the project managers and community engagement specialists and these roles are making a positive difference to how the community understands and is involved in the project. The specification to review technical risks has been agreed with BEIS and Bouygues and work is progressing on getting heat data to check modelling assumptions and preparing for a test borehole to check thermal conditions for the heat pump. The outcomes from this work are expected during September 2019.

## **2.10 Further community heat projects**

The Council has been approached by a further three parishes to discuss opportunities to progress community heat projects including Great Staughton (Huntingdonshire), Reach (East Cambs) and Wicken (East Cambs). Further communities are expected to also come forward during this year.

Table 3. Community Energy scheme investment and forecasted income

Project	Grant /Value	Council's Development Budget	Investment to date from development budget to March 2019	Forecast Council Investment value	Forecast income over 25 years
St.Ives Smart Energy Grid	ERDF/£1.8million	*£257,000		£1.8million	£1.8million (IRR 4.2%)
Swaffham Prior Community Heat Scheme	BEIS HNDU/Round 8/£100,300	**To match BEIS Round 8 grant £29,700	-	£3.2million	TBA
<b>TOTALS</b>	<b>£1,900,300</b>	<b>£276,700</b>		<b>£5 million</b>	<b>TBA</b>

\* Please note spend to date on the St.Ives Smart Energy Grid Demonstrator Project is £257,000. This includes the EIU's time negotiating the grant application process. The excess will be reduced once ERDF grant is secured.

\*\* Initial grant from the Round 8 Funding for Swaffham Prior means that we only need to draw down £29,700 initially from the total of £97,500 agreed by Committee.

## 2.11 Energy market changes and risk

- Capacity Markets** – The Capacity Market is part of the government's Electricity Market Reform package to ensure security of electricity supply. In November 2018, the Capacity Market was suspended following a challenge in the European Court of Justice by Tempus Energy. In March 2019, the Government announced interim measures to cope with the standstill on the UK's Capacity Market. Delayed auctions will now take place throughout this standstill period until October 2020 (the cut-off date for this ruling). In re-opening auctions the Government is optimistic that approval will be forthcoming, however there remains substantial risk with entering the market at this time – while contracts can now be entered into, payments will be conditional on state aid approval being given by October 2020. Tempus Energy has also brought judicial review proceedings against BEIS, alleging that the legal effects of the Tempus Decision require that the UK not just suspend the Capacity Market as it has done, but also recover all of the payments that it has made to Capacity Market contract-holders to date. Further to this, Tempus Energy are also filing a similar suit in Poland which may have a bearing on the EU's decisions.
- Targeted Charging Review.** OFGEM has been consulting on changes to its charging regime for use of the network for all asset types across the UK power system. The proposals aim to level the playing field between different forms of

generation from 2023. However, the current proposals would negatively impact solar and battery storage schemes connecting to the distribution or transmission network more than any other type of asset. This has led Ofgem to review their proposals, but if left unchanged, this has the potential to delay subsidy free solar and battery schemes by up to 3-5 years, as there may be no mechanism for these projects to recover the additional charges. Other asset classes can access Contract for Difference or Capacity Markets to recoup the additional charges. Discussions are ongoing with the Department for Business, Energy & Industrial Strategy to prepare Government on the impact of these proposals on their Clean Growth Strategy.

- The Department for Business, Energy and Industrial Strategy will be releasing an energy policy white paper this summer. This paper will set the longer term strategy for the energy sector and influence the shape of the market, as well as existing and future projects.

### **3. ALIGNMENT WITH CORPORATE PRIORITIES**

#### **3.1 A good quality of life for everyone**

Utilising Council's assets to help the community to reduce greenhouse gas emissions and improve local air quality for residents.

#### **3.2 Thriving places for people to live**

Investments into clean energy projects support the local economy through developing the local supply chain skills and knowledge, supports local energy generation providing local jobs for operations and maintenance of systems and helps the economy to move off fossil fuels and better manage future energy costs.

#### **3.3 The best start for Cambridgeshire's children**

The Community Energy projects in particular will help prevent vulnerable households falling into fuel poverty by providing cheaper and cleaner alternatives. The schools energy work will free up resources that can be redirected to hiring teaching staff.

### **4. SIGNIFICANT IMPLICATIONS**

#### **4.1 Resource Implications**

All development projects carry risk which need careful management. Sometimes projects cannot progress as planned due to unforeseen changes or issues. The impact of this on the Council's budget and forecast revenue projections will need to be

monitored carefully but it is anticipated that overall benefits can be realised for the Council and its communities.

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

Exploring and testing new business models and schemes can bring procurement and contractual risk.

#### **4.3 Statutory, Legal and Risk Implications**

There are no statutory, legal or risk implications of this progress update.

#### **4.4 Equality and Diversity Implications**

There are no significant implications in this category.

#### **4.5 Engagement and Communications Implications**

All energy projects require engagement activities. For projects in close proximity or involved closely with the community require good communication and engagement strategies to ensure acceptance of schemes.

#### **4.6 Localism and Local Member Involvement**

Where projects are based in local areas Members are kept informed on progress with project development.

#### **4.7 Public Health Implications**

There are no negative public health implications.

<b>Source Documents</b>	<b>Location</b>
The Council's Corporate Energy Strategy	<a href="https://www.mlei.co.uk/section-1/ccc-energy-strategy/">https://www.mlei.co.uk/section-1/ccc-energy-strategy/</a>
Trumpington and Babraham Outline Business Cases – May 2018 C&I Committee	<a href="https://tinyurl.com/yaya9xgi">https://tinyurl.com/yaya9xgi</a>
Woodston and Stanground Closed Landfill Outline Business Cases – Sept 2018 C&I Committee	<a href="https://tinyurl.com/yxpbhmf5">https://tinyurl.com/yxpbhmf5</a>
Clean Growth Strategy	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/700496/clean-growth-strategy-correction-april-2018.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/700496/clean-growth-strategy-correction-april-2018.pdf</a>

Outline Business Case for Solar Farm on Rural Estate Land at Mere Farm– Jan 2019 C&I Committee	<a href="https://tinyurl.com/y4nvgmlc">https://tinyurl.com/y4nvgmlc</a>
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<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	<b>Yes / No</b> Name of Financial Officer: Sarah Heywood
<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?</b>	<b>Yes / No</b> Name of Officer: Gus da Silva
<b>Has the impact on statutory, legal and risk implications been cleared by LGSS Law?</b>	<b>Yes / No</b> Name of Legal Officer: Debbie Carter-Hughes
<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	<b>Yes / No</b> Name of Officer: Elsa Evans
<b>Have any engagement and communication implications been cleared by Communications?</b>	<b>Yes / No</b> Name of Officer: Joanna Shilton
<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	<b>Yes / No</b> Name of Officer: Emma Fitch
<b>Have any Public Health implications been cleared by Public Health</b>	<b>Yes / No</b> Name of Officer: Stuart Keeble

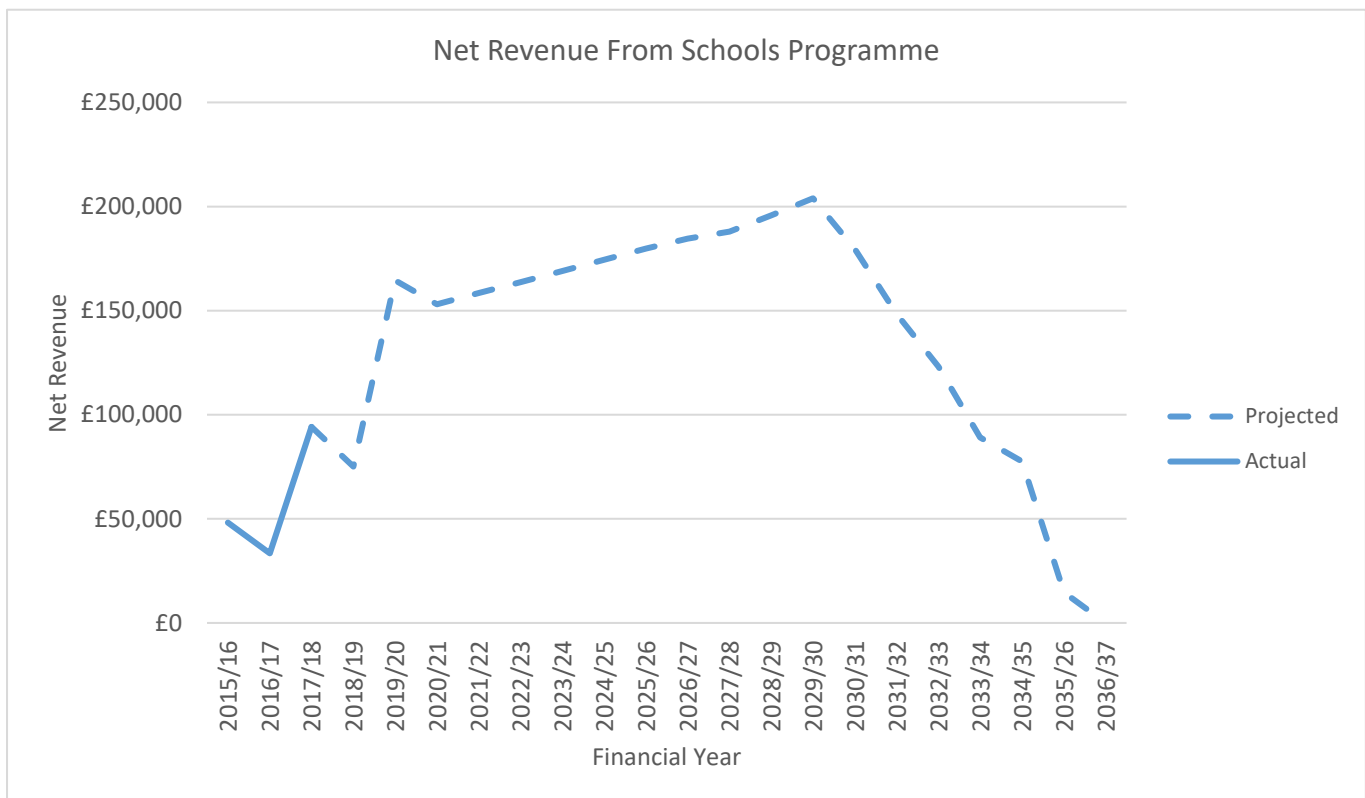
## Appendix A: Schools Programme

	Number of schools	Total Value Loaned	Net Income over Loan/managed service Period*	Annual Savings to Schools		
				Cost Saving (£) <sup>1</sup>	Energy Saving (MWh)	Carbon saving (tonnes)
Maintained Schools	32	£2,469,345	£497,804	£184,463	2,125	778
Academies	23	£6,764,906	£1,390,750	£571,848	7,277	2,536
<b>TOTAL</b>	<b>55 ↑</b>	<b>£9,234,251↑</b>	<b>£1,888,554↑</b>	<b>£756,311↑</b>	<b>9,402↑</b>	<b>3,314↑</b>

\* Loans are typically 15 years duration

<sup>1</sup> Gross saving prior to loan repayment, based on first year of operation

Figure 1. Net Revenue from Schools Programme



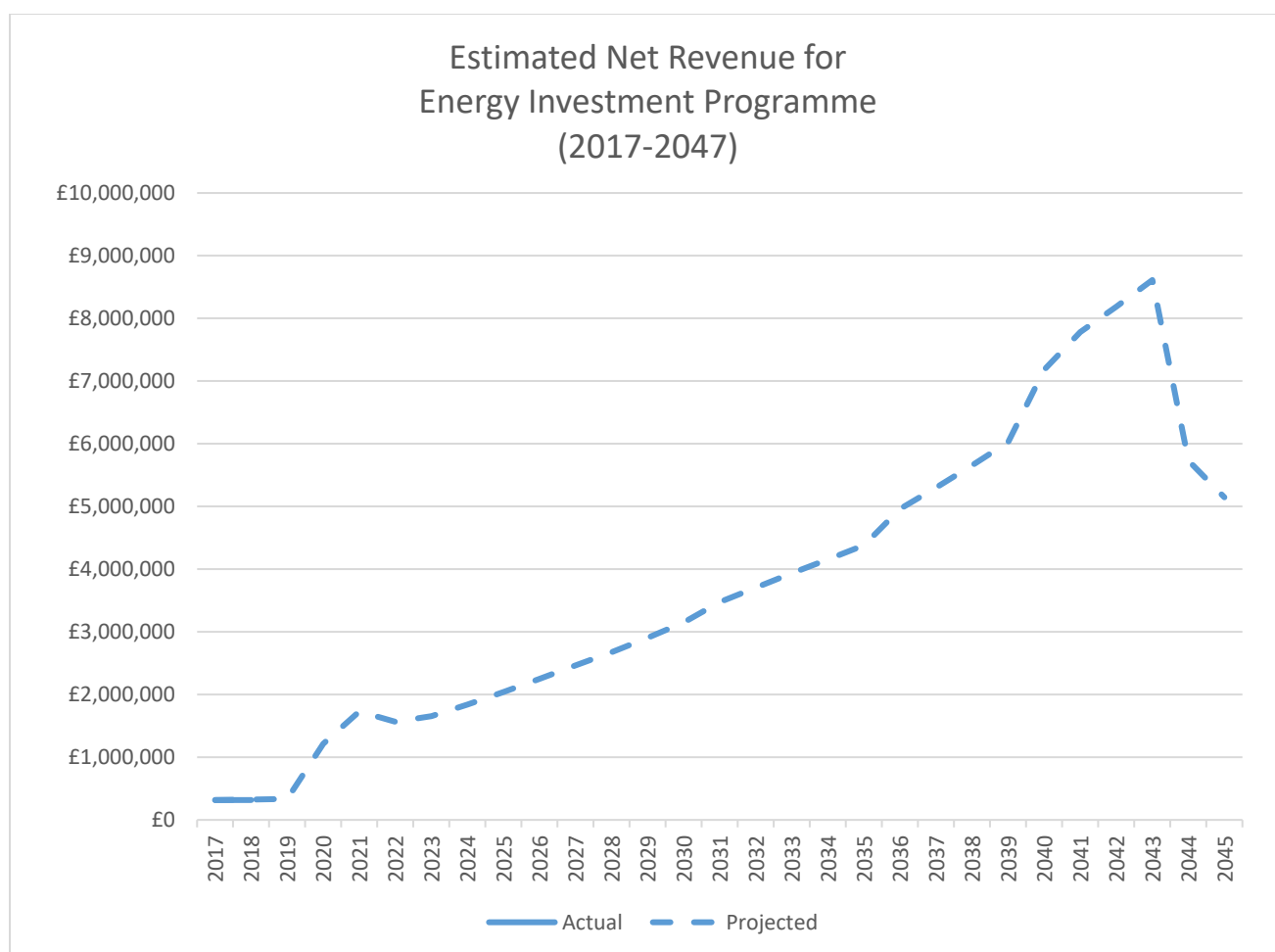


## Appendix B: Energy Investment Programme

Table 4. Summary of financials for approved Energy Investment Projects

Project	Development Budget	Expenditure through 31 Mar 2019	Total Expected Capital Revenue	25 year net revenue
Babraham P+R	£150,000	£29,730	£11.4M	£24.5M
Trumpington P+R	£150,000	£25,576	0	0
Woodston Closed Landfill	£150,000	£10,675	£2.5M	£9.0M
Stanground Closed Landfill	£150,000	£12,887	£9.7M	£36.9M
North Angle Farm Solar Farm	£600,000	£8,761	£22.7M	£29.4M
<b>TOTAL</b>	<b>£1,200,000</b>	<b>£87,629</b>	<b>£46.3M</b>	<b>£99.8M</b>

Figure 2. Estimated Net Revenue for Energy Investment Programme





**FINANCE AND PERFORMANCE REPORT – MAY 2019**

*To:* **Commercial and Investment Committee**

*Meeting Date:* **12<sup>th</sup> July 2019**

*From:* **Chief Finance Officer**

*Electoral division(s):* **All**

*Forward Plan ref:* **N/a**

*Key decision:* **No**

*Purpose:* **To present to Commercial and Investment (C&I) Committee the May 2019 Finance and Performance Report for C&I Committee.**

**The report is presented to provide C&I Committee with an opportunity to comment on the projected financial and performance outturn position, as at the end of May 2019.**

*Recommendation:* **The Committee is asked to:**

- **review, note and comment upon the report**
- **recommend to General Purposes Committee for approval the changes to the capital programme budgets from the 2019-20 Business Plan as summarised in section 3.5 of Appendix A**

<b><i>Officer contact:</i></b>		<b><i>Member contacts:</i></b>
Name:	Eleanor Tod	Cllrs Schumann and Hay
Post:	Strategic Finance Manager	Chairman and Vice-Chairwoman
Email:	<a href="mailto:Eleanor.Tod@cambridgeshire.gov.uk">Eleanor.Tod@cambridgeshire.gov.uk</a>	<a href="mailto:Joshua.schumann@cambridgeshire.gov.uk">Joshua.schumann@cambridgeshire.gov.uk</a> <a href="mailto:anne.hay@cambridgeshire.gov.uk">anne.hay@cambridgeshire.gov.uk</a>
Tel:	01223 715333	01223 706398

## 1. BACKGROUND

- 1.1 Commercial and Investment Committee will receive the Commercial and Investment Finance and Performance Report at all of its meetings (except June, as there is no April report), where it will be asked to review, note and comment on the report and to consider and approve recommendations as necessary, to ensure that the budgets and performance indicators for which the Committee has responsibility remain on target.

## 2. MAIN ISSUES

- 2.1 Attached as **Appendix A**, is the May 2019 Finance and Performance report.
- 2.2 **Revenue:** At the end of May, Commercial and Investment Committee is forecasting an overspend of £626k on revenue budgets. There is one new significant forecast outturn variance by value (over £100,000) to report.
- 2.3 **Capital:** At the end of May, Commercial and Investment Committee is forecasting a balanced position on the capital programme budget.  
**Commercial and Investment Committee is asked to recommend to General Purposes Committee for approval the carry forward of funding from 2018/19 to 2019/20 as set out in section 3.5 of Appendix A.**
- 2.4 There are no Commercial and Investment Committee **performance indicators** reported for May, however these have been developed in conjunction with Committee and it is anticipated that they will be reported quarterly, starting with the July report.

## 3. ALIGNMENT WITH CORPORATE PRIORITIES

### 3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

### 3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

### 3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

## 4. SIGNIFICANT IMPLICATIONS

### 4.1 Resource Implications

This report sets out details of the overall financial position for Commercial and Investment for this Committee.

#### 4.2.1 Statutory, Risk and Legal Implications

There are no significant implications within this category.

#### 4.3 Equality and Diversity Implications

There are no significant implications within this category.

#### 4.4 Engagement and Consultation Implications

There are no significant implications within this category.

#### 4.5 Localism and Local Member Involvement

There are no significant implications within this category.

#### 4.6 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	N/A
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	N/A
Are there any Equality and Diversity implications?	N/A
Have any engagement and communication implications been cleared by Communications?	N/A
Are there any Localism and Local Member involvement issues?	N/A
Have any Public Health implications been cleared by Public Health	N/A

Source Documents	Location
C&I Finance & Performance Report (May 19)	1 <sup>st</sup> Floor, Octagon, Shire Hall, Cambridge



**Commercial and Investment****Finance and Performance Report – May 2019****1. SUMMARY****1.1 Finance**

<b>Previous Status</b>	<b>Category</b>	<b>Target</b>	<b>Current Status</b>	<b>Section Ref.</b>
	Income and Expenditure	Balanced year end position	<b>Amber</b>	2.1 – 2.4
	Capital Programme	Remain within overall resources	<b>Green</b>	3.2

**2. INCOME AND EXPENDITURE****2.1 Overall Position**

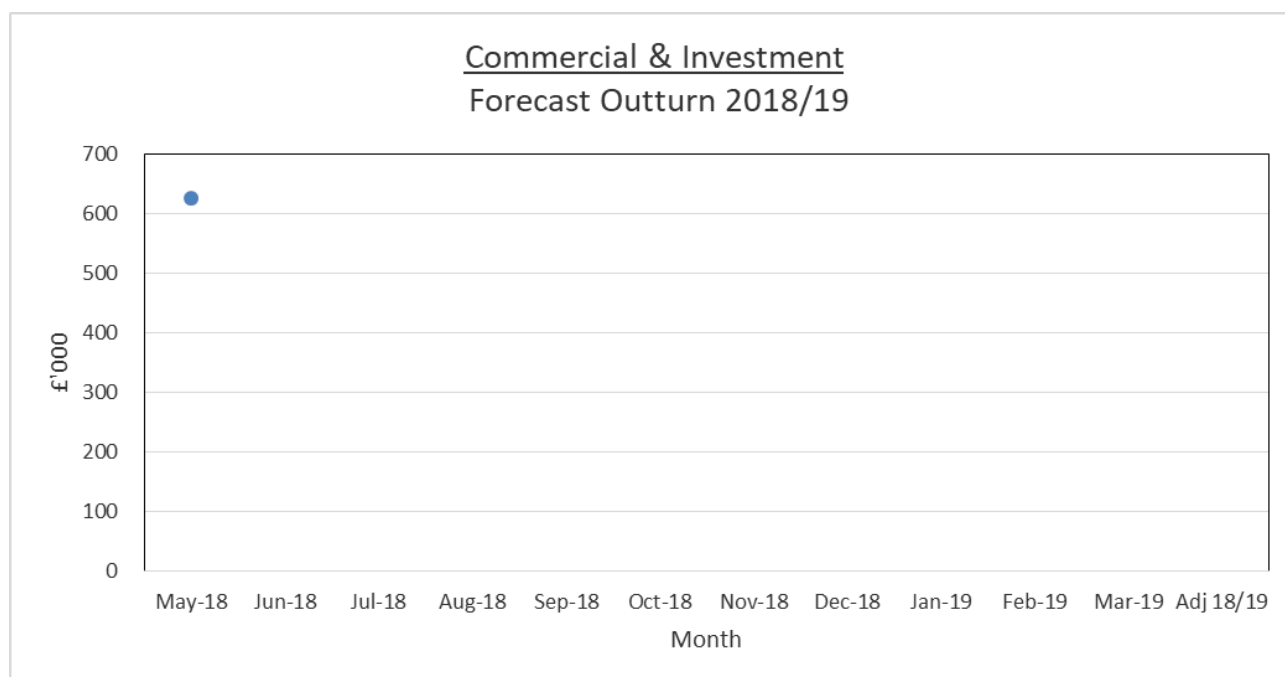
To ensure financial information is presented in a consistent way to all Committees a standardised format has now been applied to the summary tables and service level budgetary control reports included in each F&PR. The same format is also applied to the Integrated Resources and Performance Report (IRPR) presented to General Purposes Committee (GPC). The data shown provides the key information required to assess the financial position of the service and provide comparison to the previous month.

<b>Directorate</b>	<b>Budget £000</b>	<b>Actual £000</b>	<b>Outturn Variance £000</b>	<b>Outturn Variance %</b>
Commercial Activity	-11,205	255	475	8.1%
Property Services	6,229	1,331	63	1.0%
Strategic Assets	-4,175	-409	-0	0.0%
Traded Services	-343	-804	88	25.7%
<b>Total</b>	<b>-9,493</b>	<b>373</b>	<b>626</b>	<b>6.6%</b>

Commercial and Investment (C&I) has a negative budget as it has an income target for 2019/20 of -£9,493k. As such, the forecast outturn variance of £626k means that C&I is expecting to achieve a net income position of -£8,867k by year-end.

The service level budgetary control report for Commercial and Investment for May 2019 can be found in [C&I Annex 1](#).

Further analysis of the results can be found in [C&I Annex 2](#).



## 2.2 Significant Issues – Commercial and Investment

At the end of May 2019, Commercial and Investment is forecasting an underachievement of income of £626k in 2019/20. This is mainly due to underachievement of income expected in Commercial Activity.

### **Housing Investment (This Land Company)**

At the end of May 2019 an underachievement of income of £475k is forecast on Housing Investment. This relates to interest received on loans made to This Land; whilst -£4.5m of the -£5.9m budget is secure through loans already issued to date, the forecast underachievement is as a result of delays in issuing further loans.

## 2.3 Additional Income and Grant Budgeted this Period (De minimis reporting limit = £30,000)

No new items were recorded during May 2019.

A full list of additional grant income for Commercial and Investment can be found in [C&I Annex 3](#).



**2.4 Virements and Transfers to / from Reserves (including Operational Savings Reserve)**  
**(De minimis reporting limit = £30,000)**

	£'000	Reported
<b>Budget as per Business Plan</b>	<b>-9,502</b>	
Movement of Contract Efficiency saving target from Corporate Services	-51	May 2019
Clear Traded Services Central income target from Central Services Risks budget.	58	May 2019
<b>Revised Budget</b>	<b>-9,493</b>	

A full list of virements made in the year to date for Commercial and Investments can be found in [C&I Annex 4](#).

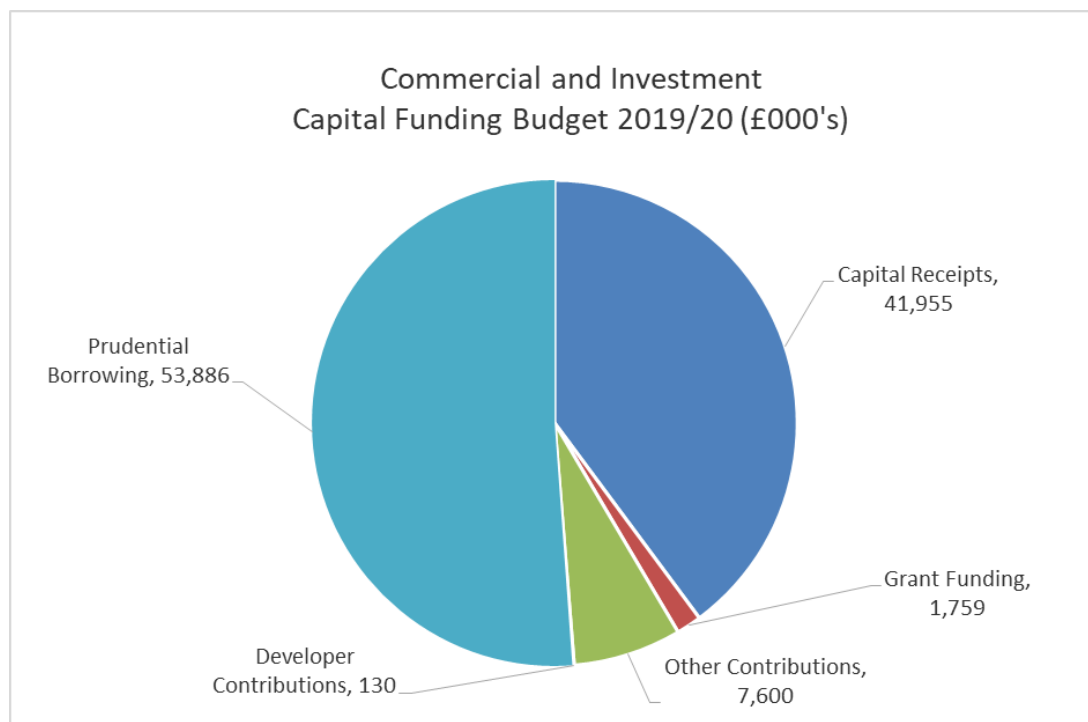
**3. BALANCE SHEET**

**3.1 Reserves**

The Commercial and Investment reserves contain various earmarked reserves and funds held for specific purposes, and capital reserves. The schedule of these reserves can be found in [C&I Annex 5](#).

**3.2 Capital Expenditure and Funding**

Commercial and Investment Committee has a capital budget of £105m in 2019/20, which is funded by the following capital resources:



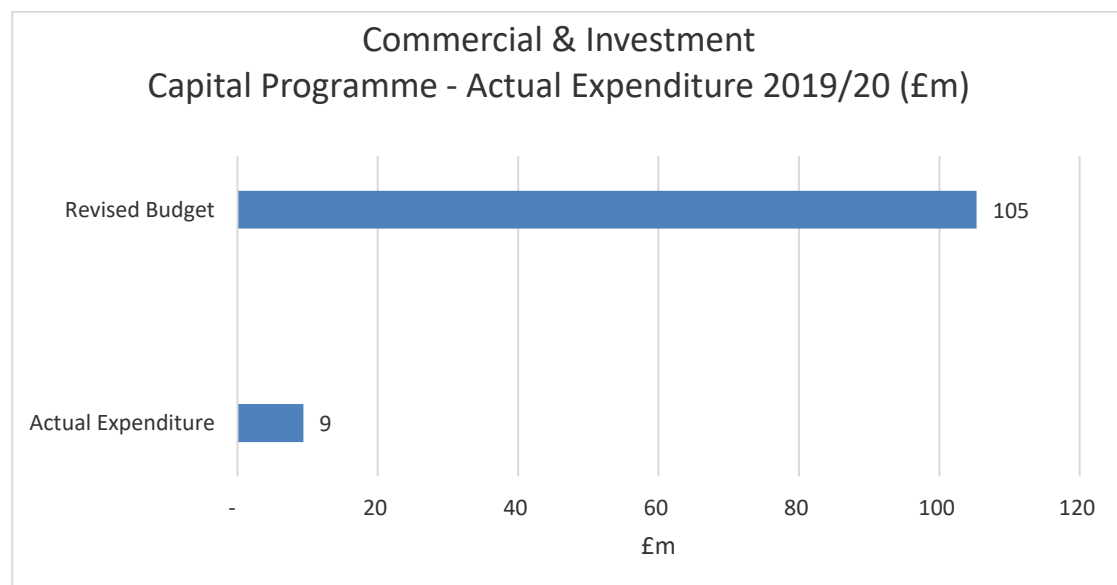
### 3.3 Variations Budget

A summary of the use of capital programme variations budget is shown below. As forecast underspends are reported, these are offset with a forecast outturn for the variation budget, leading to a balanced outturn overall up to the point when slippage exceeds this budget.

Service	Capital Programme Variations Budget £000	Forecast Variance - Outturn (May) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (May) £000
C&I	-26,312	0	0	0%	0

### 3.4 Expenditure

Commercial and Investment Committee has expenditure of £9.4m to date on the Capital Programme, against a revised budget of £105m:



In-year, a balanced position is forecast. The total scheme forecast is also on budget.

### 3.5 Funding

Commercial and Investment Committee has capital funding of £105m in 2019/20. This includes £18.6m funding carried forward from 2018/19, which has been reviewed by Capital Programme Board.

Commercial and Investment Committee is asked to consider and recommend to General Purposes Committee to approve the carry forward of funding from 2018/19 into 2019/20 for the following schemes:

<b>Scheme</b>	<b>Carry Forward Amount</b>	
	<b>Prudential Borrowing £'000</b>	<b>Capital Receipts £'000</b>
Commercial Investments		537
Housing Schemes	3,950	9,830
Building Maintenance	738	
Shire Hall Campus	81	
MAC Joint Highways Project	582	
Community Hubs - East Barnwell	131	
Shire Hall Relocation	2,338	
St Ives Smart Energy Grid	98	
Babraham Smart Energy Grid	69	
Trumpington Smart Energy Grid	22	
Stanground Closed Landfill Energy Project	57	
Woodston Closed Landfill Energy Project	39	
North Angle Solar Farm	23	
Marwick Centre Roof Repairs	113	

A detailed explanation of the position for Commercial and Investment Committee can be found in [C&I Annex 6](#).

#### **4. PERFORMANCE**

- 4.1** Relevant indicators have been established in conjunction with C&I Committee and in line with the development of the Council's Commercial Strategy. However, the mechanism for reporting of performance data in Finance and Performance Reports is currently being reviewed across the Council. It is anticipated that as a result of this review, performance will be reported quarterly moving forward; as such, C&I Committee will review the first quarter's performance in the July report at its September Committee.

## C&I ANNEX 1 – Commercial and Investment Budgetary Control Report

The variances to the end of May 2019 for Commercial and Investment are as follows:

Forecast Outturn Variance (Previous)		Budget 2019/20	Actual May 2019	Forecast Outturn Variance	
£000's		£000's	£000's	£000's	%
<b>Commercial Activity</b>					
0	Property Investments	-4,700	-349	0	0%
0	Shareholder Company Dividends	-206	530	-0	0%
0	Housing Investment (This Land Company)	-5,850	74	475	8%
0	Contract Efficiencies & Other Income	-449	0	-0	0%
<b>0</b>	<b>Commercial Activity Total</b>	<b>-11,205</b>	<b>255</b>	<b>475</b>	<b>0</b>
<b>Property Services</b>					
0	Facilities Management	5,369	1,204	63	1%
0	Property Services	655	116	0	0%
0	Property Compliance	205	12	0	0%
<b>0</b>	<b>Property Services Total</b>	<b>6,229</b>	<b>1,331</b>	<b>63</b>	<b>1%</b>
<b>Strategic Assets</b>					
0	County Farms	-4,988	-211	-0	0%
0	Strategic Assets	813	-198	0	0%
<b>0</b>	<b>Strategic Assets Total</b>	<b>-4,175</b>	<b>-409</b>	<b>-0</b>	<b>0%</b>
<b>Traded Services</b>					
0	Traded Services - Central	0	12	0	0%
0	ICT Service (Education)	-200	-1,196	0	0%
0	Professional Development Centres	-71	-17	0	0%
0	Cambridgeshire Music	5	210	0	0%
0	Outdoor Education (includes Grafham Water)	-77	187	88	114%
<b>0</b>	<b>Traded Services Total</b>	<b>-343</b>	<b>-804</b>	<b>88</b>	<b>26%</b>
<b>0</b>	<b>Total</b>	<b>-9,493</b>	<b>373</b>	<b>626</b>	<b>7%</b>

## C&I ANNEX 2 – Commentary on Forecast Outturn Position

Number of budgets measured at service level that have an adverse/positive variance greater than 2% of annual budget or £100,000, whichever is greater.

Service	Current Budget	Forecast Outturn Actual	Forecast Outturn Variance	
	£000	£000	£000	%
<b>Housing Investment (This Land Company)</b>	<b>-5,850</b>	<b>-5,375</b>	<b>475</b>	<b>8</b>
At the end of May 2019 an underachievement of income of £475k is forecast on Housing Investment. This relates to interest received on loans made to This Land; whilst -£4.5m of the -£5.9m budget is secure through loans already issued to date, the underachievement is as a result of delays in issuing further loans.				

## C&I ANNEX 3 – Grant Income Analysis

There is no additional grant income recorded in 2019/20.

## C&I ANNEX 4 – Virements and Budget Reconciliation

	£'000	Reported
<b>Budget as per Business Plan</b>	<b>-9,502</b>	
Movement of Contract Efficiency saving target from Corporate Services	-49	May 2019
Clear Traded Services Central income target from Central Services Risks budget.	58	May 2019
<b>Revised Budget</b>	<b>-9,493</b>	

## C&I ANNEX 5 – Reserve Schedule

### 1. Commercial and Investment Reserves

Fund Description	Balance at 01 April 2019	Movements in 2019/20	Balance at 31 May 2019	Forecast Balance at 31 March 2020	Notes
	£'000	£'000	£'000	£'000	
<b><u>Equipment Reserves</u></b>					
The ICT Service (Education)	56	0	56	0	1
<b>subtotal</b>	<b>56</b>	<b>0</b>	<b>56</b>	<b>0</b>	
<b><u>Other Earmarked Funds</u></b>					
North Cambridge Academy site demolition costs	600	0	600	679	2
<b>subtotal</b>	<b>600</b>	<b>0</b>	<b>600</b>	<b>679</b>	
<b><u>Capital Reserves</u></b>					
General Capital Receipts	20,415	13,200	33,615	0	3
<b>subtotal</b>	<b>20,415</b>	<b>13,200</b>	<b>33,615</b>	<b>0</b>	
<b>TOTAL</b>	<b>21,070</b>	<b>13,200</b>	<b>34,270</b>	<b>679</b>	

#### Notes

- 1 ICT Equipment Reserve will to be used to replace critical equipment in 2019/20
- 2 Rental income from Bellerbys buildings on the North Cambridge Academy site is being held to offset demolition costs when the lease expires in 2021.
- 3 General Capital Receipts received during 2019/20 will be used to fund the capital programme at year-end, and This Land Capital Receipts will be used for Commercial Investment.

## C&I ANNEX 6 – Capital Expenditure

### 1. Capital Expenditure Summary 2019/20

Commercial & Investment Capital Programme 2019/20						TOTAL SCHEME	
Original 2019/20 Budget as per BP £000	Scheme	Revised Budget for 2019/20 £000	Actual Spend 2019/20 £000	Forecast Spend - Outturn £000	Forecast Variance 2019/20 £000	Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
51,907	Commercial Activity	52,444	6,817	52,444	-	91,907	-
43,067	Commercial Investments	56,847	2,032	56,847	-	153,009	-
94,974	Housing Schemes	109,291	8,849	109,291	-	244,916	-
	<u>Property Services</u>						
600	Building Maintenance	1,338	442	1,338	-	6,000	-
-	Shire Hall Campus	81	-	81	-	6,150	-
550	Investment in the CCC asset portfolio	550	-	550	-	550	-
1,150	<u>Strategic Assets</u>	1,969	442	1,969	-	12,700	-
100	Local Plans	100	6	100	-	1,000	-
300	Representations	300	11	300	-	3,000	-
4,616	County Farms	5,198	-	5,198	-	5,198	-
910	Investment	1,041	-	1,041	-	1,950	-
5,633	MAC Joint Highways	7,971	105	7,971	-	18,326	-
3,280	Project	3,378	-	3,378	-	3,645	-
383	Community Hubs - East Barnwell	452	0	452	-	11,399	-
292	Shire Hall Relocation	314	0	314	-	6,969	-
397	St Ives Smart Energy	454	-	454	-	9,745	-
246	Grid	285	-	285	-	2,526	-
672	Babraham Smart Energy	695	-	695	-	23,219	-
-	Grid	113	-	113	-	113	-
16,829	Trumpington Smart	20,301	123	20,301	-	87,090	-
81	Energy Grid	81	-	81	-	134	-
(22,591)	Stanground Closed	(26,312)	-	(26,312)	-	(40,969)	-
90,443	Landfill Energy Project	105,330	9,415	105,330	-	303,871	-
	Woodston Closed Landfill						
	Energy Project						
	North Angle Solar Farm						
	Marwick Centre Roof						
	Repairs						
	Capitalisation of Interest						
	Budget						
	Capital Programme						
	Variations Budget						
	<b>TOTAL</b>	<b>105,330</b>	<b>9,415</b>	<b>105,330</b>	<b>-</b>	<b>303,871</b>	<b>-</b>

## **2. Reported Amendments – Capital Expenditure**

There are no new exceptions to report this month.

## **C&I ANNEX 7 – Capital Funding**

### **1. Capital Funding Summary 2019/20**

<b>Commercial and Investment Capital Programme 2019/20</b>				
<b>Original 2019/20 Funding Allocation as per BP £000</b>	<b>Source of Funding</b>	<b>Revised Funding for 2019/20 £000</b>	<b>Forecast Funding - Outturn £000</b>	<b>Forecast Variance £000</b>
42,077	Capital Receipts	41,955	41,955	-
2,309	Grant Funding	1,759	1,759	-
7,600	Other Contributions	7,600	7,600	-
130	Developer Contributions	130	130	-
38,327	Prudential Borrowing	53,886	53,886	-
<b>90,443</b>	<b>TOTAL</b>	<b>105,330</b>	<b>105,330</b>	<b>-</b>

## **2. Reported Amendments – Capital Funding**

<b>Capital Scheme</b>	<b>Original Budget 2019/20 £000</b>	<b>Revised Budget 2019/20 £000</b>
<b>Investment in the CCC Asset Portfolio</b>	<b>550</b>	<b>550</b>
This scheme was reported in the 2019/20 Business Plan as funded from Capital Maintenance Grant. The scheme will actually be funded from Prudential Borrowing, and the revised funding has been updated to reflect this.		



# COMMERCIAL AND INVESTMENT COMMITTEE AGENDA PLAN

Published on 1st July 2019  
Updated on 4th July 2019



Cambridgeshire  
County Council

## Notes

Committee dates shown in bold are confirmed.

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.

Draft reports are due with the Democratic Services Officer by 10.00 a.m. eight clear working days before the meeting.

The agenda dispatch date is six clear working days before the meeting.

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

- Minutes of previous meeting and Action Log;
- Finance and Performance Report;
- Agenda Plan, Appointments to Outside Bodies and Training Plan;

Committee Date			Reference if key decision	Deadline for draft reports	Agenda despatch date
<b>12/07/19</b>	Procuring a Water Provider	Sarah Wilkinson	2019/052	03/07/19	04/07/19
	Electricity Procurement post 2020	Sarah Wilkinson	2019/047		
	Cambridgeshire Outdoors OFR Stage 3 – recommendations	Victoria Stacey/ Emma Fitch			
	North Angle Solar Farm	Claire Julian-Smith			
	Energy Investment Projects: Quarterly finance and progress update	Sheryl French			
<b>16/08/19</b>				07/08/19	08/08/19

<b>Committee Date</b>			<b>Reference if key decision</b>	<b>Deadline for draft reports</b>	<b>Agenda despatch date</b>
<b>13/09/19</b>	Nearly zero energy buildings Policy: Implications for new Public Sector Buildings	Sheryl French/ Sarah Wilkinson	2019/039	04/09/19	05/09/19
	Notice to Proceed for St Ives Smart Energy Grid	Cherie Gregoire			
	Proposed Commercial Team	Chris Sutton			
	Closed landfill energy projects (Woodston)	Chris Parkin			
	Cambs 2020 - Spokes		2019/055		
<b>18/10/19</b>				09/10/19	10/10/19
<b>22/11/19</b>				13/11/19	14/11/19
<b>13/12/19</b>	Energy Investment Projects: Quarterly finance and progress update	Sheryl French		04/12/19	05/12/19
<b>17/01/20</b>				08/01/20	09/01/20
<b>21/02/20</b>				12/02/20	13/02/20
<b>20/03/20</b>	Energy Investment Projects: Quarterly finance and progress update	Sheryl French		11/03/20	12/03/20
<b>24/04/20</b>	Loans to Voluntary Organisations	Tom Kelly		15/04/20	16/04/20
<b>22/05/20</b>	Confirmation of Chairman/Vice Chairman	Dawn Cave		13/05/20	14/05/20

To be programmed: St Ives Football club – ransom strip benefit for CCC (John Macmillan) ICT Future Delivery Options (John Chapman); Land Swap at Swavesey (John Chapman); Oasis Centre, Wisbech (Hazel Belchamber); Property Services OFR (Paul Tadd); Trumpington Park & Ride Smart Energy Grid (Sheryl French)

# COMMERCIAL AND INVESTMENT COMMITTEE TRAINING PLAN

Ref	Subject	Desired Learning Outcome/Success Measures	Date	Responsibility	Attendance by:
1.	Provisional training slot		24 <sup>th</sup> April 2020 (12-3pm)	Tbc	C&I
2.	Provisional training slot		24 <sup>th</sup> January 2020 (10am-1pm)	Tbc	C&I
3.	Provisional training slot		18 <sup>th</sup> October (12-3pm)	Tbc	C&I
4.	Provisional training slot		16 <sup>th</sup> July 2019 (1-4pm)	Tbc	C&I
5.	Nearly Zero Energy Buildings members/officers workshop		24 <sup>th</sup> May 2019(1-2.30pm)	Sarah Wilkinson/Sheryl French	C&I and GPC
6.	Commercialisation training (all Members)		26 <sup>th</sup> April 2019 (1-4pm)	Amanda Askham	All Members
7.	Finance/KPIs		3 <sup>rd</sup> December 2018 (1pm)	Tom Kelly/Ellie Tod/Amanda Askham/Sue Grace	C&I
8.	Commercial Strategy		9 <sup>th</sup> November 2018 (12.30pm)	Amanda Askham	C&I
9.	Members' duties and obligations in considering Promotion Agreements.		2 <sup>nd</sup> November 2018 (12.30pm)	Chris Malyon	C&I
10.	Future Smart Energy Systems Demonstrator Project		18 <sup>th</sup> October 2018 (13.30)	Sheryl French/Emily Bolton	C&I
11.	Finance/Performance Indicators		tbc	Tom Kelly/Ellie Tod	C&I
12.	This Land Performance Workshop		12 <sup>th</sup> March 2018	David Gelling/David Bethell /Chris Malyon/John Macmillan	C&I
13.	Asset & Risk Workshop	<ul style="list-style-type: none"> <li>• Asset Strategy</li> <li>• CHIC</li> <li>• Risk approach and risk register</li> <li>• Site tenure mix and retention of rental housing</li> <li>• Affordable housing</li> <li>• Community Land Trusts</li> </ul>	20 <sup>th</sup> October 2017	Chris Malyon/Stephen Conrad/ David Gelling	C&I

14.	Business Planning Session		15 <sup>th</sup> September 2017	Chris Malyon/ James Wilson	C&I
15.	CHIC Workshop		27 <sup>th</sup> June 2017	Chris Malyon/ David Gelling/ David Bethell/ John Macmillan	C&I
16.	Introductory Session for the Commercial & Investment Committee	The Committee's remit, focus on work areas e.g. CHIC, Strategic Estates, Facilities Management and Horizon Scanning	26th May 2017	Chris Malyon/ John Macmillan	C&I

Updated 13/06/19