

South Cambridgeshire Hall
Cambourne Business Park
Cambourne
Cambridge
CB23 6EA

t: 03450 450 500
f: 01954 713149
www.scambs.gov.uk



24 September 2019

To: The Leader – Councillor Bridget Smith
Deputy Leader (Statutory) – Councillor Dr. Aidan Van de Weyer
Members of the Cabinet – Councillors Neil Gough (Deputy Leader), Bill Handley,
Dr. Tumi Hawkins, Hazel Smith and John Williams
Quorum: Majority of the Cabinet including the Leader or Deputy Leader (Statutory)

Dear Councillor

You are invited to attend the next meeting of **CABINET**, which will be held in the **COUNCIL CHAMBER - SOUTH CAMBRIDGESHIRE HALL** at South Cambridgeshire Hall on **WEDNESDAY, 2 OCTOBER 2019 at 9.30 a.m.**

Yours faithfully
Liz Watts
Chief Executive

The Council is committed to improving, for all members of the community, access to its agendas and minutes. We try to take all circumstances into account but, if you have any specific needs, please let us know, and we will do what we can to help you.

AGENDA		PAGES
1.	Apologies for Absence To receive Apologies for Absence from Cabinet members.	
2.	Declarations of Interest	
3.	Minutes of Previous Meeting To authorise the Leader to sign the Minutes of the meeting held on 4 September 2019 as a correct record.	1 - 8
4.	Announcements	
5.	Public Questions	
6.	Issues arising from the Scrutiny and Overview Committee	9 - 10
7.	Corporate Asset Plan	11 - 32
8.	Investment Strategy	33 - 76
9.	General Fund Revenue and Capital Budget Provisional Outturn 2018/19	77 - 90

10.	Housing Revenue Account (HRA) Revenue and Capital Provisional Outturn 2018/19	91 - 100
11.	Bourn Airfield Supplementary Planning Document	101 - 116
	Appendices A, B and C are available only on the Council's website.	
12.	Councillor Appointment to the A505 Royston to Granta Park Strategic Growth and Transport Study Steering Group	117 - 122
13.	Date of Next Meeting Wednesday 6 November 2019	

GUIDANCE NOTES FOR VISITORS TO SOUTH CAMBRIDGESHIRE HALL

Notes to help those people visiting the South Cambridgeshire District Council offices

While we try to make sure that you stay safe when visiting South Cambridgeshire Hall, you also have a responsibility for your own safety, and that of others.

Security

When attending meetings in non-public areas of the Council offices you must report to Reception, sign in, and at all times wear the Visitor badge issued. Before leaving the building, please sign out and return the Visitor badge to Reception.

Public seating in meeting rooms is limited. For further details contact Democratic Services on 03450 450 500 or e-mail democratic.services@scambs.gov.uk

Emergency and Evacuation

In the event of a fire, a continuous alarm will sound. Leave the building using the nearest escape route; from the Council Chamber or Mezzanine viewing gallery this would be via the staircase just outside the door. Go to the assembly point at the far side of the staff car park opposite the staff entrance

- **Do not** use the lifts to leave the building. If you are unable to use stairs by yourself, the emergency staircase landings have fire refuge areas, which give protection for a minimum of 1.5 hours. Press the alarm button and wait for help from Council fire wardens or the fire brigade.
- **Do not** re-enter the building until the officer in charge or the fire brigade confirms that it is safe to do so.

First Aid

If you feel unwell or need first aid, please alert a member of staff.

Access for People with Disabilities

We are committed to improving, for all members of the community, access to our agendas and minutes. We try to take all circumstances into account but, if you have any specific needs, please let us know, and we will do what we can to help you. All meeting rooms are accessible to wheelchair users. There are disabled toilet facilities on each floor of the building. Infra-red hearing assistance systems are available in the Council Chamber and viewing gallery. To use these, you must sit in sight of the infra-red transmitter and wear a 'neck loop', which can be used with a hearing aid switched to the 'T' position. If your hearing aid does not have the 'T' position facility then earphones are also available and can be used independently. You can get both neck loops and earphones from Reception.

Toilets

Public toilets are available on each floor of the building next to the lifts.

Recording of Business and Use of Mobile Phones

We are open and transparent about how we make decisions. We allow recording, filming and photography at Council, Cabinet and other meetings, which members of the public can attend, so long as proceedings at the meeting are not disrupted. We also allow the use of social media during meetings to bring Council issues to the attention of a wider audience. To minimise disturbance to others attending the meeting, please switch your phone or other mobile device to silent / vibrate mode.

Banners, Placards and similar items

You are not allowed to bring into, or display at, any public meeting any banner, placard, poster or other similar item. Failure to do so, will result in the Chairman suspending the meeting until such items are removed.

Disturbance by Public

If a member of the public interrupts proceedings at a meeting, the Chairman will warn the person concerned. If they continue to interrupt, the Chairman will order their removal from the meeting room. If there is a general disturbance in any part of the meeting room open to the public, the Chairman may call for that part to be cleared. The meeting will be suspended until order has been restored.

Smoking

Since 1 July 2008, South Cambridgeshire District Council has operated a Smoke Free Policy. No one is allowed to smoke at any time within the Council offices, or in the car park or other grounds forming part of those offices.

Food and Drink

Vending machines and a water dispenser are available on the ground floor near the lifts at the front of the building. You are not allowed to bring food or drink into the meeting room.

Agenda Item 3

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Cabinet held on
Wednesday, 4 September 2019 at 9.30 a.m.

PRESENT:	Aidan Van de Weyer	Deputy Leader of Council (Statutory) (in the Chair)
	Neil Gough	Deputy Leader
	Bill Handley	Lead Cabinet Member for Environmental Services and Licensing
	Dr. Tumi Hawkins	Lead Cabinet member for Planning
	Hazel Smith	Lead Cabinet member for Housing
	John Williams	Lead Cabinet member for Finance

Officers in attendance for all or part of the meeting:

Phil Bird	Interim Corporate Programme Manager
Jonathan Dixon	Principal Planning Policy Officer (Transport)
Susan Gardner Craig	Interim Director of Corporate Services
Mike Hill	Director of Housing and Environmental Services
Kathrin John	Democratic Services Team Leader
Peter Maddock	Deputy Head of Finance
Jonathan Malton	Cabinet Support Officer
Rory McKenna	Deputy Head of Legal Practice
Trevor Roff	Interim Director of Finance
Ian Senior	Democratic Services Officer

Councillors Anna Bradnam, Jose Hales, Philippa Hart, Brian Milnes, Peter Topping, Heather Williams and Nick Wright were in attendance, by invitation.

1. APOLOGIES FOR ABSENCE

Councillor Bridget Smith (Leader of the Council) sent Apologies for Absence. Councillor Dr. Aidan Van de Weyer (Deputy Leader (Statutory)) took the Chair.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF PREVIOUS MEETING

Cabinet authorised the Deputy Leader (Statutory) to sign, as a correct record, the Minutes of the meeting held on 1 July 2019.

4. ANNOUNCEMENTS

There were no announcements.

5. PUBLIC QUESTIONS

There were no public questions.

6. ISSUES ARISING FROM THE SCRUTINY AND OVERVIEW COMMITTEE

Cabinet **received and noted**, without discussion, a report of the Scrutiny and Overview Committee meeting held on 20 August 2019. The report referred to the following:

- 2019-20 Performance Reporting Arrangements and Quarter 1 Operational Key Performance Indicator Results
- Strategic Risk Register
- Value for Money Strategy

7. 2019-20 PERFORMANCE REPORTING ARRANGEMENTS AND QUARTER 1 OPERATIONAL KEY PERFORMANCE INDICATOR RESULTS

Cabinet considered a report providing details of proposed performance reporting arrangements for the 2019-20 financial year and presenting the Council's Quarter 1 position regarding its Operational Key Performance Indicators.

There were no comments from the Scrutiny and Overview Committee other than those in the report referred to in Minute 6.

Discussion included the following:

- Councillor John Williams (Lead Cabinet Member for Finance) updated those present about the status of the Contact Centre. Regarding CC307 (Average call answer time), Councillor John Williams pointed out that the report should have said that a full report providing further details in relation to customer contact service performance had been presented to the Scrutiny and Overview Committee on 16 July 2019 (not 2020).
- Regarding AH212 (£s spent on bed and breakfast), those present noted that, in future, figures would be shown on a monthly basis rather than cumulatively to give more meaningful information.
- Councillor Dr. Tumi Hawkins undertook to investigate how best to report the cost of Appeals against planning and enforcement decisions in the context of the designation threshold.

Cabinet

- a) **Endorsed** the approach to reporting to be adopted for the 2019-20 financial year, as set out at paragraph 7 and Appendix A to the report from the Director of Corporate Services; and
- b) **Noted** the list of emerging Business Plan Indicators as set out and mapped against Business Plan focusses at Appendix B and currently being considered and shaped for reporting at the end of Quarter 2.
- c) **Reviewed** the Operational Key Performance Indicator results as set out in Appendices C and Ci to the report.

8. STRATEGIC RISK REGISTER

Cabinet considered a report on South Cambridgeshire District Council's Strategic Risk Register.

Councillor John Williams (Lead Cabinet Member for Finance) paid tribute to those officers involved in presenting such meaningful information.

In response to a comment from Councillor Brian Milnes, the Deputy Head of Finance

updated those present about progress being made in replacing the Council's telephone system. The Interim Chief Executive added that the deployment of new equipment at South Cambridgeshire District Council would take place ahead of similar deployment at Huntingdonshire District Council and Cambridge City Council.

Councillor Dr. Tumi Hawkins (Lead Cabinet Member for Planning) responded to comments from Councillor Nick Wright regarding Risk C1 (Housing delivery and maintaining five-year housing supply), and offered to meet with Councillor Wright to discuss his concerns outside of the Cabinet meeting.

The following answers were given in reply to questions from Councillor Heather Williams:

- The Investment Strategy would be reported to Cabinet on 2 October 2019 and Full Council in November.
- Audit of the Accounts for 2017-18 had not yet been completed.
- Regarding Risk C2 (Failure to meet targets for building new affordable Council housing and failure to spend Right To Buy receipts), Councillor Hazel Smith (Lead Cabinet Member for Housing) said that the risk should be reduced significantly during 2019-20.
- Consideration could be given to inviting all Councillors to attend training offered for particular committees rather than just the relevant committee members.

Councillor Peter Topping suggested that Risks should be 'owned' by appropriate Lead Cabinet Members rather than by officers.

Cabinet **approved** the amended draft Strategic Risk Register attached as Appendix A to the report from the Interim Director of Finance.

9. DRAFT LOCAL TRANSPORT PLAN - CONSULTATION RESPONSE

Cabinet considered a report on South Cambridgeshire District Council's draft response to the Cambridgeshire & Peterborough Combined Authority Draft Local Transport Plan consultation taking place between 17 June 2019 and 27 September 2019. The Combined Authority was now the Transport Authority responsible for producing a Local Transport Plan.

Cabinet noted that discussion with Cambridge City Council had raised the potential of a joint response on some or all issues.

The Deputy Leader (Statutory) said that the Local Transport Plan would help to inform, but must not constrain, progress with South Cambridgeshire District Council's next Local Plan (being prepared jointly with Cambridge City Council),

In response to a question, the Deputy Leader (Statutory) said that, while a proposal to extend the M11 or to build a new dual-carriageway standard route from Cambridge to Chatteris, March and Wisbech had not been identified as a project at this stage, it might still be explored in the future.

Councillor Anna Bradnam suggested that A.99 of the draft response should be strengthened by emphasising the need for public transport links between villages in South Cambridgeshire. Expanding on this, Councillor Peter Topping cited A.27 and said there was a good argument for South Cambridgeshire District Council submitting a supplementary response covering those issues that impacted solely on the District and not on Cambridge. Issues such as the Girton Interchange should be highlighted. The

Deputy Leader (Statutory) maintained his view that a joint response would be more effective.

Councillor Heather Williams questioned the appropriateness of supporting, without prior consideration of the implications, East West Rail (East West Rail Company), the Oxford / Cambridge expressway and Caxton to A1 / A428 improvement scheme, and the M11 Smart Motorway (Highways England). The Deputy Leader (Statutory) undertook to discuss this point with officers. Councillor Dr. Tumi Hawkins asked that A.38 be expanded to refer specifically to the A428 between Girton Interchange and the Caxton Gibbet roundabout, and a junction from the A428 dual carriageway to the proposed new village on Bourn Airfield. Councillor Nick Wright supported Councillor Hawkins on the question of such a junction. The Deputy Leader (Statutory) doubted whether the Local Transport Plan carried enough weight to influence Highways England Policy. Councillor Brian Milnes pointed out that the introduction of Smart Motorways might be paused to allow certain issues to be resolved. Councillor Nick Wright hoped that a review would be taking place and said that, in the meantime, South Cambridgeshire District Council should not support Smart Motorways.

In response to a question from Councillor Anna Bradnam, the Principal Planning Policy Officer undertook to find out whether provision was being made for charging points specifically for electric Hackney Carriages and Private Hire Vehicles.

Cabinet

1. **Agreed** in principle the draft joint response from South Cambridgeshire District Council and Cambridge City Council to the Local Transport Plan consultation as attached to the report from the Joint Director of Planning and Economic Development, subject to the addition, either as part of the joint response or of a separate South Cambridgeshire District Council response, of comments relating to
 - (i) the A428 between the Interchange at Girton and the Caxton Gibbet roundabout
 - (ii) transport links between South Cambridgeshire villages
 - (iii) the specific provision of charging points for Hackney Carriages and Private Hire Vehicles
2. **Agreed** to delegate the wording of the final joint response and any individual response to the consultation to the Joint Director of Planning and Economic Development, in consultation with the Deputy Leader (Statutory) of South Cambridgeshire District Council.

10. MOTIONS REFERRED FROM COUNCIL

Cabinet considered four Motions referred to it by Full Council at its meeting held on 18 July 2019. Cabinet received two further documents relating to the Motion about safe spaces from Councillor Gavin Clayton.

Discussion focussed on two of the Motions.

Regarding the Motion from Councillor Nick Wright (paperless meetings), Councillor Dr. Aidan Van de Weyer (Deputy Leader (Statutory)) said that there was significant support in principle for the idea of reducing paper use. He asked officers to produce a high-level report into the implications involved and agreed with the idea that Cabinet should show leadership by piloting a scheme of meetings conducted electronically. Councillor

Philippa Hart was in support but asked the Deputy Leader (Statutory) to explore whether there was a need for new equipment. However, Councillor Anna Bradnam took a contrary view and made an impassioned plea that the electronic conduct of meetings should require individual Members to opt in and be supported by extensive Member training. Councillor Brian Milnes highlighted the need for effective technical support. Councillor Jose Hales suggested that the Council should consider adopting carbon-offset measures to mitigate its use of paper.

Regarding the Motion from Councillor Gavin Clayton (safe spaces), the Corporate Programme Manager explained that, while South Cambridgeshire District Council did not have a specific Equality and Diversity Officer, he was confident that the Policy and Performance team would have enough capacity to meet the Council's statutory obligations in this regard. Every Council policy was subject to an Equality Impact Assessment (EqIA) and statistics were published annually with the Equalities Strategy being reviewed every four years. The Interim Corporate Programme Manager agreed that more could be done to increase awareness, through various communication channels, of how seriously the Council viewed the subject, but pointed out that many instances of so-called hate crime related to factors other than equality. He cautioned against duplicating the work of partner organisations. Expanding on this, the Interim Chief Executive suggested that the most effective course of action would be for the Council to approach the issue of safe spaces through its involvement with the Crime and Disorder Reduction Partnership. The Interim Chief Executive emphasised that all available evidence suggested that South Cambridgeshire remained a safe district in which to live.

Other points raised included

- The possible inclusion of equality statements on agendas and reports
- Recognition that equality is embedded in the Council's culture
- The existence of a Multi-Agency Safeguarding Hub at Cambridgeshire County Council
- The changing demographic of South Cambridgeshire
- Safe places should be an opt-in facility
- The potential cost of being 'badged' as a safe spaces Authority could be spent more effectively by providing appropriate training

Regarding the Motions referred to it from Full Council, Cabinet

1. **Noted** the Motion from Councillor Sarah Cheung Johnson about domestic violence and the White Ribbon Campaign, and asked officers to present a report to a future meeting on the implications for South Cambridgeshire District Council.
2. **Noted** the Motion from Councillor Alex Malyon about single-use plastics and plastic pollution and requested the Lead Cabinet Member for Environmental Services and Licensing and the Waste Policy, Change and Innovation Manager to take forward work to promote the Plastic Free Communities scheme to parishes and community groups in the District.
3. **Noted** the Motion from Councillor Nick Wright and:
 - a. Agreed, in principle, that the Council should embrace, as far as possible, a pragmatic approach to a transition to paperless meetings:
 - b. Requested officers to present a report to a future meeting on the options and cost implications; and
 - c. Supported the proposal for Cabinet to pilot the concept with a view to

providing leadership and identifying any issues.

4. **Noted** the Motion from Councillor Gavin Clayton about Safe Spaces, the further comments from Councillor Clayton tabled at the meeting, and agreed that officers be requested:
 - a. To present a report to Cabinet on an annual basis on the Council's work in respect of equality and diversity.
 - b. To investigate the concerns and issues that the LGBT+ community experiences in South Cambridgeshire by engaging with representatives of the community and any actions the Council could undertake to address those issues both within the organisation and within the wider community.
 - c. To explore how the Council can promote equality and diversity policies through working with partners and engaging with our communities, including encouraging community groups to consider equality and diversity issues when applying to the District Council for grant aid.

11. **VALUE FOR MONEY STRATEGY**

Cabinet considered a report seeking its adoption of a Value for Money Strategy.

Scrutiny and Overview Committee had not raised any concerns about this item.

Councillor John Williams summarised the statutory context and referred to the need to demonstrate social value. He said that South Cambridgeshire District Council should encourage those groups and organisations to which it gave grant funding also to adopt a Value for Money approach.

Cabinet approved the adoption of the Value for Money Strategy attached at Appendix A to the report from the Interim Director of Finance.

12. **OPTIONS AROUND MATERNITY, PREMATURE BIRTH AND NEO-NATAL LEAVE**

Cabinet considered a report on the proposed introduction of a premature birth and neo-natal policy that would be applied to all employees, and would support them if they had a child born prematurely requiring an extended stay in hospital.

Councillor John Williams (Lead Cabinet Member for Finance) paid tribute to Councillor Heather Williams for her contribution towards developing a policy that would establish South Cambridgeshire District Council as a vanguard Local Authority in this respect.

Following a short debate, Cabinet **agreed**:

1. To support the introduction of a premature birth and neo-natal policy, as set out in the appendix to the report; and
2. To approve option 4, at 100% of normal salary, in respect of paid leave for employees on premature or neo-natal leave.

13. **DATE OF NEXT MEETING**

Cabinet noted that its next scheduled meeting would be on Wednesday 2 October 2019 starting at 9.30am.

14. **EXCLUSION OF PRESS AND PUBLIC**

Cabinet voted, by affirmation, to exclude the press and public from the meeting during consideration of the following Minutes¹⁵ and 16 (Update from the Scrutiny and Overview Committee and Housing Revenue Account: Purchase of affordable homes and review of Executive Scheme of Delegation) in accordance with the provisions of Section 100(a)(4) of the Local Government Act 1972 (exempt information as defined in paragraph 3 of Schedule 12A (as amended) of the Act). Paragraph 3 relates to information about the financial or business affairs of any particular person (including the authority holding the information).

15. ISSUES ARISING FROM THE SCRUTINY AND OVERVIEW COMMITTEE (HOUSING REVENUE ACCOUNT - PURCHASE OF AFFORDABLE HOMES AND REVIEW OF EXECUTIVE SCHEME OF DELEGATION)

Cabinet **received and noted**, without discussion, a restricted report of the Scrutiny and Overview Committee meeting held on 20 August 2019. The report referred to the following:

- Housing Revenue Account: Purchase of Affordable Homes and Review of Executive Scheme of Delegation

16. HOUSING REVENUE ACCOUNT - PURCHASE OF AFFORDABLE HOMES AND REVIEW OF EXECUTIVE SCHEME OF DELEGATION

Cabinet considered a restricted report about a proposal that South Cambridgeshire District Council purchase affordable homes as detailed, and to review the Executive Scheme of Delegation.

Following discussion among those present, Cabinet

1. **Approved** South Cambridgeshire District Council entering into Heads of Terms, followed by a JCT Design and Build Contract, for the purpose and with the developer specified in the confidential report from the Interim Chief Executive, and a land contract and transfer to purchase the site in Sawston;
2. **Approved** South Cambridgeshire District Council entering into Heads of Terms, followed by a JCT Design and Build Contract, for the purpose and with the developer specified in the confidential report from the Interim Chief Executive, in Northstowe;
3. **Acknowledged** the significant benefits arising from the investments, outlined in the confidential report, at the sites in Sawston and Northstowe in line with the Council's key Business Plan priorities; and
4. **Agreed** that the limit for Executive Decisions by the Lead Cabinet Member for Housing be amended, with decisions above a certain level being referred to Cabinet and that the Scheme of Delegation of Executive Functions be amended accordingly.

**The Meeting ended at 12.25
p.m.**

This page is left blank intentionally.

Agenda Item 6



**South
Cambridgeshire
District Council**

REPORT TO: Cabinet 2 October 2019
FROM: Councillor Grenville Chamberlain, Chairman, Scrutiny and Overview Committee
Councillor Brian Milnes, Vice Chairman, Scrutiny and Overview Committee

Update from the Scrutiny and Overview Committee Chairman

Purpose

1. This report is to inform Cabinet of the discussions and recommendations agreed by the Scrutiny and Overview Committee at its meeting of 10 September 2019, which Cabinet may wish to take into account in its decision making.

Bourn Airfield New Village Supplementary Planning Document

2. The committee considered and commented upon the summary of representations made during the public consultation on the draft SPD, which the committee noted reflected the concerns it had raised during its consideration of the draft SPD in May 2019. The main points discussed were as follows.
3. A letter was received from Bourn Parish Council in advance of the meeting, raising concerns regarding lack of direct access to the A428, the transport modelling in the Local Plan and traffic volumes estimated by the developers.
4. Councillor Tumi Hawkins addressed the committee as the Local Member representing Caldecote. She set out concerns regarding:
 - The current problem with congestion in Caldecote.
 - The lack of direct access to the A428.
 - The treatment of the separation between the new village and Caldecote.
 - That the SPD should not allow any housing in the north east corner of the Major Development Site.
5. The committee expressed concerns that the lack of a junction to access the A428 would lead to rat running through villages and emphasised the need to protect the surrounding villages from this.
6. While there was still concern from committee members that proposals did not include direct access to the A428, the committee acknowledged that this was in line with the policy of the approved Local Plan and with which the SPD must be consistent.
7. Committee members acknowledged the Council's zero carbon policy and highlighted the need for public transport options to be available from the outset for new developments. The use of public transport needed to be made easy and appealing for residents in order for them to use it.

8. The Committee draws Cabinet's attention to the comments set out above.

Corporate Asset Plan

9. The committee considered and discussed the Corporate Asset Plan. Committee members were pleased to see the intention to manage and maintain property was reflected, and that there was a maintenance programme.
10. Committee members suggested that consideration should be given to how the Council's assets could be used to support SMEs and subject to the incorporation of this in the plan, the Scrutiny and Overview Committee supported the adoption of the Corporate Asset Plan.

Investment Strategy Update

11. The committee considered the refreshed Investment Strategy and raised the following:
 - Ethical investment needed to be ensured; the policies of the businesses that were the Council's tenants needed to be considered to ensure they were not involved in activities that the Council did not support.
 - Concern was raised regarding the assumption that the value of property would not go down, particularly given the current national political climate.
12. Subject to the incorporation of the committee's comments regarding ethical investment, the committee supported the adoption of the refreshed Investment Strategy and Cabinet's recommendation of this to Full Council.

Report Author: Victoria Wallace, Scrutiny and Governance Adviser

Agenda Item 7



**South
Cambridgeshire
District Council**

Report To: Cabinet 2 October 2019

Lead Cabinet Member(s): Councillor Bridget Smith
Leader of the Council

Lead Officer: Trevor Roff, Interim Director of Finance

SUBJECT: CORPORATE ASSET PLAN

PURPOSE

1. To consider the adoption of a Corporate Asset Plan by the Council for non-Housing Revenue Account assets in pursuance of key Business Plan priorities.
2. This is not a key decision as the report seeks to establish a plan to ensure that efficient and effective arrangements exist for the management of the Council's non-Housing Revenue Account property assets.

RECOMMENDATION

3. **That Cabinet is requested to consider the report and, if satisfied, approve the adoption of the Corporate Asset Plan 2020-2024 attached at Appendix A.**

REASONS FOR RECOMMENDATIONS

4. To ensure that efficient and effective arrangements exist for the management of the Council's property assets; that the implementation of the approved Corporate Asset Plan and supporting Asset Management Action Plan is monitored on a regular basis and that the Corporate Asset Plan continues to directly support the delivery of the Council's key Business Plan objectives.
5. The proposed Corporate Asset Plan relates to non-Housing Revenue Account (HRA) assets. The Council's HRA assets, including Council Homes and other HRA landholdings, are managed through a separate HRA Asset Management Strategy and HRA Asset Management Plan that is currently under review. It is intended that an updated version will be reported to a future meeting of Cabinet for consideration.

BACKGROUND INFORMATION

6. Non HRA assets may be held for a number of purposes, including:
 - (a) Community benefits (such as car parks or country parks);
 - (b) Operational reasons (such as South Cambridgeshire Hall);
 - (c) Investment purposes (such as assets that are held for rental income or capital appreciation reasons);
 - (d) Economic development reasons (such as job creation, encouraging sustainable communities, supporting regeneration or helping to sustain the commercial viability of a town centre).

7. The Corporate Asset Plan 2020 – 2024 sets out (i) the Council's vision for its non-HRA corporate assets, (ii) the approach to asset management, which is driven by the Council's key goals and closely linked to the Investment Strategy, Economic Growth Strategy, HRA Asset Management Strategy and New Build Strategy and (iii) the six key strategic priorities for the Plan, which are to:
 - (i) Manage Council assets strategically as a corporate resource and continue to embed the Corporate Landlord model;
 - (ii) Support and empower local people by providing the right property in the right place, at the right time;
 - (iii) Provide value for money and secure efficiencies for the future;
 - (iv) Support economic growth and regeneration by supporting and responding to local business needs;
 - (v) Work effectively with partners to maximise sharing and delivery opportunities; and
 - (vi) Reduce the environmental impact of the property estate through initiatives such as energy reduction/efficiency.
8. The purpose and aims of the Corporate Asset Plan are to support the redesign and delivery of service priorities and providing a fit for purpose portfolio that will be:
 - (i) Able to support and contribute to service delivery and social benefits;
 - (ii) Commercially effective to obtain a financial return;
 - (iii) Accessible for customers and staff;
 - (iv) Well-designed;
 - (v) Efficient financially and environmentally;
 - (vi) Flexible and fully optimised; and
 - (vii) Well-maintained.
9. The Corporate Asset Plan has been prepared having regard to guidance provided jointly by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Royal Institution of Chartered Surveyors to ensure that the Council has in place arrangements to deliver value for money and the effective management of its property assets. The Corporate Asset Plan is a high-level strategic document that is underpinned by the priorities set out in the Councils Business Plan 2019-2024.
10. The proposed Corporate Asset Plan is reproduced at **Appendix A** to the report.
11. The supporting Asset Management Action Plan for the financial year 2020/2021 is attached, for information, at **Appendix B** and sets out the proposed activity under each of the six priority areas identified in section 7 above. This will be continually monitored by the established Investment Selection Team, which has day to day oversight of asset management issues, and which is currently reviewing the extent, condition and value of its corporate estate. Reports will be submitted to Cabinet, as necessary, for the approval of specific projects.

OPTIONS

12. The option of not adopting the Corporate Asset Plan is not considered to be appropriate. It seeks to establish a plan to ensure the efficient and effective management of the Council's non-Housing Revenue Account property assets and it is consistent with the aims and priorities identified in the approved Business Plan.

IMPLICATIONS

13. In the writing of this report, taking into account the financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered:

Policy

14. The Corporate Asset Plan is one of the key resource management strategies of the Council and sets out the Council's priorities in respect of the management of its operational and non-operational property, including an overarching property strategy.
15. Following guidelines issued by the Ministry for Housing, Communities and Local Government (MHCLG), Councils are expected to review, on an ongoing basis, the retention and management of their property assets and to seek continuous improvement. For this reason, the Corporate Asset Plan and supporting Asset Management Action Plan will be regularly reviewed in order to monitor the progress made in respect of the management of land and property assets.
16. The established Investment Selection Team (IST), identified in the approved Investment Strategy, will provide the regular opportunity to oversee the management of the Council's property assets and to address operational property requirements together with Capital investment priorities. All asset management matters affecting the Council's property are considered by the IST forum which links closely to other key strategic officer groups within the Council. This forum will regularly review action plan progress against the approved Corporate Asset Plan.

Legal

17. There are no specific legal issues in the report, but the Corporate Asset Plan recognises the requirement upon the Council to comply with its statutory obligations as an owner of property.
18. There is a requirement for the Council to maintain and publish an Asset Register in accordance with the Local Government Transparency Code 2015 although the form that register takes is for the Council to decide. It is generally accepted that to maintain such a register using spreadsheets is not now appropriate because of the complexities around Capital Accounting introduced in 2007 and that a proper database system is a necessity. The Council is currently reviewing its corporate arrangements to ensure that the Asset Register holds the relevant information on all Council assets such as address, valuation, size, type of property and reference numbers (including links to the asset information held on the GIS system).

Financial

19. The Corporate Asset Plan outlines the revenue implications and funding requirements for the provision of premises to deliver services to the public and the means of ensuring the Council continues to receive revenue income and capital receipts from the corporate estate. Property is regarded as a key corporate resource for which the Leader of the Council has specific portfolio responsibility.
20. More specifically, the Corporate Asset Plan sets out the strategic framework for the management of the Council's current and future land and property interests to ensure that these will be used to help deliver the Council's Business Plan objectives. The Plan establishes the six priority areas (identified at Section 7) that will guide the allocation of both financial and staff resources in respect to the management of the Council's non-HRA property portfolio.

Risk

21. By adopting a strategy for the effective management of its non-HRA property the Council is in a position to ensure that:
 - (i) The provision of property for service delivery is sufficient for the approved service level and that properties are fit for purpose;
 - (ii) The Council continues to receive the required level of income to support the revenue budget;
 - (iii) Properties are regularly assessed in terms of hold/dispose/invest opportunities and those identified for disposal can provide capital receipts to support the approved capital programme.
22. It is also relevant that the identified risks are mitigated in a variety of ways for the Council's non-HRA property assets:
 - (i) A programme of condition surveys will be completed in order to identify current and future repairs. These surveys will inform the annual planned maintenance programme;
 - (ii) Capital programme bids are submitted for a range of works to property to cover health and safety, ongoing maintenance and service enhancement;
 - (iii) Workspace inspections are carried out twice yearly on all operational property;
 - (iv) Biennial assessments of legionella system risks in all of the Council's operational property are commissioned and regular monitoring is undertaken by Building Managers;
 - (v) Annual inspections of identified asbestos in the Council's premises are undertaken.
23. The effective management and regular assessment of non-HRA assets, therefore, mitigates the compliance risks associated with assets falling into disrepair.
24. There is a commitment to ensure compliance with the requirement to publish an Asset Register in accordance with the Local Government Transparency Code 2015.

Environmental

25. A key priority for the Corporate Asset Plan is to reduce the environmental impact of the Council's non-HRA property assets and to identify opportunities to invest to save to meet the Council's 2050 zero-carbon pledge.

Effect on Council Priority Areas

26. The Corporate Asset Plan supports the key priority in the approved Business Plan, "Growing Local Businesses and Economies". This could include investment in assets that help deliver employment opportunities or by the creation of business space that helps support the growth of small and medium-sized enterprises.

BACKGROUND PAPERS

Where the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require documents to be open to inspection by members of the public, they must be available for inspection:

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

The following documents are relevant to this report:

- Business Plan 2019 - 2014 – Report to Council: 21 February 2019
- An Organisation for a Sustainable Future – Report to Cabinet: 1 May 2019
- Link to the Local Government Transparency Code 2015 which details the requirements for the publication of an asset register, with paragraphs 35 – 37 dealing with local Authority land and paragraph 37 setting out what must be published:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/408386/150227_PUBLICATION_Final_LGTC_2015.pdf

APPENDICES

A Corporate Asset Plan

B Asset Management Action Plan: October 2019

REPORT AUTHORS:

Trevor Roff – Interim Director of Finance
e-mail: trevor.roff@scambs.gov.uk

David Ousby – Head of Commercial Development & Investment
e-mail: david.ousby@scambs.gov.uk

Peter Maddock – Head of Finance
e-mail: peter.maddock@scambs.gov.uk

CORPORATE ASSET PLAN

ASSET MANAGEMENT ACTION PLAN
NON HOUSING REVENUE ACCOUNT (HRA)

PRIORITY 1: MANAGE COUNCIL ASSETS STRATEGICALLY AS A CORPORATE RESOURCE AND CONTINUE TO EMBED THE CORPORATE LANDLORD MODEL

Ref.	Action	Lead Responsibility	Target/Review Date
1.1	Complete programme of condition surveys for all corporate and community buildings.	HCDI	Ongoing
1.2	Develop 5-year planned maintenance programme for corporate and community buildings based on condition surveys and identified service priorities.	HCDI	Ongoing
1.3	Continue to support and develop the established Investment Selection Team (IST) to ensure a corporate and robust approach to property-related investment decisions and clear corporate decision making on all property matters.	HCDI	Ongoing
1.4	Review the staffing structure within the Commercial Development & Investment Team to ensure that the workforce is aligned to key service priorities.	CEX	Spring 2020
1.5	Complete programme of workplace inspections, biennial assessments of legionella system risks and inspections of identified asbestos in Council premises.	FM	Ongoing

PRIORITY 2: SUPPORT AND EMPOWER LOCAL PEOPLE BY PROVIDING THE RIGHT PROPERTY IN THE RIGHT PLACE, AT THE RIGHT TIME

Ref.	Action	Lead Responsibility	Target/Review Date
2.1	Specify, procure and manage the construction contract for new community building at Northstowe (Phase 1).	HCDI/HNB	Autumn 2021
2.2	Specify, procure and manage the new construction contract for the new Civic Hub at Northstowe (Phase 2), incorporating medical provision and community space.	HCDI/HNB	Autumn 2022
2.3	Work with stakeholders to support the regeneration of a local centre at Cottenham to provide affordable housing, medical facilities and employment opportunities.	HCDI	Winter 2021
2.4	Update/Develop the Community Asset Transfer Policy to ensure that it reflects best practice and the revised senior management structure (when determined).	DHLP	Spring 2020

PRIORITY 3: PROVIDE VALUE FOR MONEY AND SECURE EFFICIENCIES FOR THE FUTURE FROM THE PROPERTY PORTFOLIO

Ref.	Action	Lead Responsibility	Target/Review Date
3.1	To support the implementation of Agile working to reduce office requirement within South Cambridgeshire Hall.	HRM	Ongoing
3.2	To establish meaningful set of KPIs and continue to measure performance and efficiency of property assets.	CPM	Ongoing
3.3	To actively challenge service area use of property assets in order to ensure that utilisation of property assets is maximised.	HCDI	Ongoing
3.4	To continue to monitor and coordinate non-HRA property disposals programme to ensure that capital receipts targets are met.	HCDI	Ongoing
3.5	To organise/complete annual programme of asset valuations.	HCDI	Ongoing
3.6	To review each asset within the investment portfolio alongside annual asset valuations to ensure that performance is maximised, and under-performance is addressed. To consider in terms of hold/dispose/invest.	HCDI	Annual

PRIORITY 4: SUPPORT ECONOMIC GROWTH AND REGENERATION BY SUPPORTING AND RESPONDING TO LOCAL BUSINESS NEEDS

Ref.	Action	Lead Responsibility	Target/Review Date
4.1	To identify and implement development opportunities from allocated resources	HCDI	Ongoing
4.2	The promotion and appraisal of investment potential of a Local Centre and Enterprise Zone at Northstowe comprising a mix of retail, commercial and community facilities consistent with Business Plan priorities. This would ensure a holistic approach to local needs, investment economies of scale and enhanced public realm.	HCDI/HNB	Ongoing
4.3	To appraise and determine the optimum regeneration scheme for the proposed local centre at Cottenham, targeted to include affordable housing, medical facilities and employment opportunities (see 2.3 above).	HCDI	Ongoing
4.4	The appraisal, design and potential provision of a new business incubator space on the ground floor of South Cambridgeshire Hall in line with Business Plan economic development and business support objectives, principles of asset management rationalisation and the realisation of income generation ambitions.	HCDI/FM	Ongoing

PRIORITY 5: WORK EFFECTIVELY WITH PARTNERS TO MAXIMISE SHARING AND DELIVERY OPPORTUNITIES

Ref.	Action	Lead Responsibility	Target/Review Date
5.1	To work with the Council's established Housing Company, Ermine Street Housing, to increase the stock of private rented accommodation.	HCDI	Ongoing
5.2	To continue to identify the pipeline of sites for potential Investment Partnership opportunities in line with the approved Investment Strategy.	HCDI	Ongoing
5.3	To develop strategic partnerships (including potential joint venture opportunities) to increase the capacity of the Council to deliver against Council investment objectives and achieve value for money.	HCDI	Ongoing
5.4	To aggressively pursue grant opportunities to enable investment in the Council property assets.	HCDI	Ongoing

PRIORITY 6: REDUCE THE ENVIRONMENTAL IMPACT OF THE PROPERTY ESTATE THROUGH INITIATIVES SUCH AS ENERGY REDUCTION/EFFICIENCIES

Ref.	Action	Lead Responsibility	Target/Review Date
6.1	To continue to support the delivery of the Council's Carbon Action Programme through investment opportunities that will help to reduce CO ₂ emissions.	HCDI/CPM	Ongoing
6.2	<p>To undertake green energy investment at South Cambridgeshire Hall, in line with the 2019-2024 Business Plan priority 'Being Green to our Core', comprising the following specific energy efficiency and renewable generation initiatives:</p> <ul style="list-style-type: none"> • Solar Canopies in the carpark; • Ground Source Heat Pump; • Upgrade of internal lighting to LED; • Replacement of existing Building Management System (currently unsupported); • Installation of Electric Vehicle Charging Points; • Air Handling Unit fan upgrade; • Chiller modifications/enhancements. 	HCDI/CPM/FM	March 2021

6.3	To review the Energy Performance Certificates (EPCs) for the Investment portfolio to identify properties falling below the Minimum Energy Efficiency Standards. Implement investment programme to bring those properties above the threshold.	HCDI/FM	Ongoing
6.4	To review the energy performance of operational estate to identify opportunities for improving performance and opportunities for introduction of renewable energy sources.	HCDI/FM	Ongoing

KEY

CEX: Chief Executive
 HCDI: Head of Commercial Development & Investment
 DHLP: Deputy Head of Legal Practice
 HNB: Head of New Build
 CPM: Corporate Programme Manager
 HRM: Human Resources Manager
 FM: Facilities Manager

DATE OF CURRENT VERSION: October 2019

SOUTH CAMBRIDGESHIRE
DISTRICT COUNCIL

CORPORATE ASSET PLAN

2020-2024

Contents

Forward	page 3
Our Vision	page 4
Our Approach	page 5
Our Priorities	page 6

Purpose and Aims	page 7
Our Assets	page 8
Our Priorities	page 10



Foreword

Like all public services, South Cambridgeshire District Council faces significant economic challenges in uncertain times, so it is imperative that land and property assets are used to support our Business Plan ambition for the District to be a place to grow. The proactive management of resources – including our land and property – is essential and this Corporate Asset Plan clearly sets out how this will be achieved.

Alongside other corporate plans and strategies, the Corporate Asset Plan (CAP) sets out 6 clear priorities to ensure that the Council acts as a responsible landlord, landowner and partner dedicated to ensuring public services are delivered efficiently and effectively. There is a commitment to develop and effectively manage the commercial estate, operational buildings and other property assets that exist for the benefit of the community and to work with our partners to exploit opportunities to share premises and reduce costs to the tax payer. This Plan provides the necessary framework for delivering effective asset and estate management.

Of key importance is how the CAP assists our Economic Growth Strategy to realise economic development and regeneration opportunities, thereby creating wealth and place-shaping opportunities throughout the District.

As a responsible landlord the Council is committed to reducing the environmental impact of its estate and the Plan shows how we will be building on carbon-reduction investment opportunities to ensure our commercial premises and council buildings continue to meet stringent environmental legislation.

Overall our aim is to provide value for money services at the right time, from the right property, in the right location and this Plan and its associated action plan will ensure that we continue to focus on excellent service delivery to the District's residents, visitors and businesses in the District, contributing towards South Cambridgeshire becoming the place to grow.



Bridget Smith

Bridget Smith

Leader of the Council

Our vision is to:

“ Create an efficient, fit for purpose and sustainable estate to deliver better-integrated public services across South Cambridgeshire District, to support business and enable economic growth. In short, we will ensure that our property assets actively contribute towards the Council’s ambition of South Cambridgeshire becoming the place to grow. ”



Our Approach

‘Strategic Property Asset Management is the process which aligns business and property asset strategies, ensuring the optimisation of an organisation’s property assets in a way which best supports its key business goals and objectives’

RICS Public Sector Asset Management Guidelines 2nd Edition

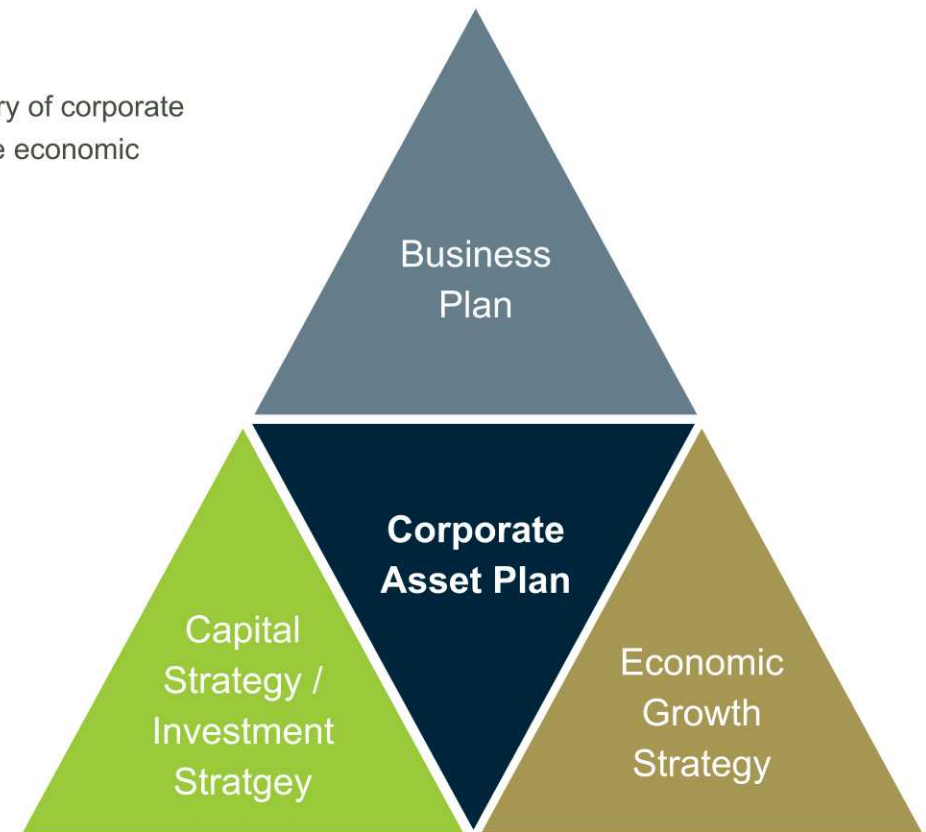
The use and management of the authority’s assets can play a key role in the delivery of corporate and local priorities, as well as shape and influence the quality of life and sustainable economic growth for local people and businesses.

Our Corporate Asset Plan (CAP) priorities are driven by the Council’s key goals set out in the Business Plan 2019-24, which are:

To help business to grow

- Being Green to our core
- Building homes that are truly affordable
- Putting our customers at the centre of everything we do.

The CAP specifically relates to non-Housing Revenue Account (HRA) assets and will work alongside other Council plans and strategies to deliver these goals, including the Economic Growth Strategy, the Capital Strategy and the Investment Strategy. A separate HRA Asset Management Strategy and a New Build Strategy also exist for the Council’s HRA assets, comprising Council Homes and other HRA landholdings, and these also support the Council’s Business Plan priorities.



Our Priorities



Manage our assets strategically as a corporate resource and continue to embed the Corporate Landlord model



Support and empower local people by providing the right property, in the right place, at the right time



Provide value for money and secure efficiencies for the future



Support economic growth and regeneration by supporting and responding to local business needs



Work effectively with partners to maximise sharing and delivery opportunities



Reduce the environmental impact of our estate through initiatives such as energy reduction/efficiencies

Purpose and Aims

Purpose

The overriding objective of the CAP is to ensure that the Council's use of property assets will support the redesign and delivery of service priorities. The CAP provides an overarching document, underpinned by an action plan and a number of property related policies and strategies that together will work to ensure the vision becomes reality.

Our Aims

The CAP and associated plans, strategies and policies set out the ways in which the Council will improve the quality and flexibility of the portfolio.

Property is a key resource and there is a real commitment to ensure that it is fit for purpose.

Our portfolio will be:

• Able to support and contribute to service delivery and social benefits

• Commercially effective to realise a financial return

• Accessible for customers and staff

- Well-designed
- Efficient financially and environmentally
- Flexible and fully optimised
- Well-maintained

We will achieve this by:

- Working with services and partners to understand their needs
- Improving, releasing, adapting or replacing properties to meet our evolving needs
- Challenging services and partners to demonstrate their needs, adopt modern and flexible working practices and meet the corporate accommodation standards
- Ensuring our actions are consistent with council policy and governance arrangements

Our Assets

An expanding commercial property portfolio to support business needs



140 Cambridge Science Park



Over **30ha**
of Woodland,
parks and
amenity land



Milton Country Park Visitor Centre



Council Building: Completed in 2004

Well maintained
operational property
includes two smaller
“hub” offices in
local villages



£2.1m

funding allocation
to support
renewable
projects

Our Assets



over £150,000

Annual maintenance spend on buildings used for service delivery

Target planned to reactive maintenance ratio:

75%

25%



A commitment to increase commercial rental income

Target
100%
occupancy in commercial property



**Investment
in Local Centres**



2050
zero-carbon
pledge

reduce CO₂
emissions
on corporate
estate



180 Smaller parcels
of land complete
the land and
building assets

Our Priorities

Page 30

Aims	Manage our assets strategically as a corporate resource	Support and empower local people	Provide value for money and secure efficiencies
Objectives	To plan and manage property as a strategic resource for the benefit of the people of South Cambridgeshire.	To provide the right property, fit for purpose, in the right place, to meet current service needs and plan for the future.	To manage and maintain property effectively and efficiently together with optimising commercial opportunities.
Strategies	<ul style="list-style-type: none"> • Consolidate the Corporate Landlord model • Continue to develop sound and effective corporate asset management planning • Clear corporate decision making on all property matters • Property budgets managed centrally to prioritise investment needs • Property is integrated with other resources • Ensure that property information is accurate, current, comprehensible and readily available • Capital projects are managed effectively and efficiently to support Council goals • Forward planning is targeted at delivering the Council's ambitions • Recognise the importance of property assets held for community benefit (e.g. Milton Country Park) 	<ul style="list-style-type: none"> • Ensure property is suitable and sufficient for service delivery • Ensure that property is flexible and is planned to respond to future needs • Ensure that property is secure, safe to use and fulfills statutory requirements • Proactively work with services to understand their longer term requirements in order to plan for the future • Work with Parish Councils and community organisations to build capacity and optimise the use of assets where beneficial to do so • Where appropriate, to support the transfer of assets in line with the Community Asset Transfer Policy 	<ul style="list-style-type: none"> • Ensure that all property is suitably managed and maintained within budget constraints • Continuously challenge the use of assets including disposals where appropriate • Seek efficiencies in occupancy and utilisation particularly through the introduction of Agile Working • Challenge the cost of property activities to help drive performance management • Proactively manage and enhance the Council's investment portfolio in order to maximise income • Regularly monitor the performance of the Council's assets through KPIs • Identify surplus assets available for development or re-investment

Our Priorities

Aims

Support economic growth and regeneration

Work effectively with partners to maximise sharing and delivery opportunities

Reduce environmental impact

Objectives

To use land and buildings to stimulate growth and development together with supporting local business needs and encouraging new business into the area.

To promote joint working in order to achieve service delivery benefits and secure efficiencies.

To reduce the environmental impact of our estate and contribute towards meeting the objectives of South Cambridgeshire's Carbon Reduction Targets.

Strategies

- Use key assets to support the delivery of the Economic Growth Strategy, including the use of investment to create local employment and training opportunities, the provision of support to small and medium-sized enterprises (SMEs) and actively promoting the use of apprenticeships
- Manage the commercial portfolio, effectively balancing regeneration needs, job creation and income generation
- Identify and deliver new development from allocated resources
- Support the delivery of programmes to bring forward the creation and regeneration of key local centres and edge of local centre sites
- Release land for housing development to contribute towards meeting housing targets within the District

- Work with other agencies to promote co-location and joint service delivery
- Work with the Council's housing company to bring forward viable housing developments
- Actively seek to share our own buildings with key partners and if possible provide incubator space for new businesses in Council premises.
- Seek out joint venture and partnership arrangements to enhance our capacity to deliver
- Support our communities and partners engaged in delivering services on our behalf
- Develop strategic partnering to create a mixed economy of in-house and external provision to ensure value for money

- Ensure that property is as sustainable as possible in design, construction, operation and maintenance
- Reduce energy and water consumption and CO₂ emissions
- Using renewable energy solutions where viable
- Minimise waste
- Actively support and meet the targets set out in Council's Carbon Management Action Plan
- Implement policies to ensure environmental aspects are covered in all projects and maintenance programmes
- Proactively invest in our commercial estate to ensure that it meets the Minimum Energy Efficiency Standards and remains lettable

**For further information or
to contact us, please visit:**



www.scambs.gov.uk



[@SouthCambridgeshireDistrictCouncil](https://www.facebook.com/SouthCambridgeshireDistrictCouncil)



[@SouthCambs](https://twitter.com/SouthCambs)

Agenda Item 8



**South
Cambridgeshire**
District Council

Report To: Cabinet

2 October 2019

Lead Cabinet Member(s): Councillor John Williams,
Lead Cabinet Member for Finance

Lead Officer: Trevor Roff, Interim Director of Finance

SUBJECT: INVESTMENT STRATEGY

PURPOSE

1. To consider a refreshed version of the Investment Strategy for consideration and adoption by the Council.
2. This is a key decision as the report seeks to establish a strategy that is designed to target economy, efficiency and effectiveness in the allocation of capital resources to achieve the investment priorities of the Council.

RECOMMENDATIONS

3. **That Cabinet is requested to consider the report and, if satisfied, recommend to Full Council:**
 - (a) **The updated Investment Strategy attached at Appendix A which includes (i) a range of investment indicators to comply with the Statutory Guidance on Local Government Investments and (ii) the governance arrangements that enable the Council to seek approval for priority investments in a timely manner in response to market conditions.**
 - (b) **The consequent changes to the Scheme of Delegation to enable the Head of Commercial Development & Investment to progress investment opportunities, including due diligence checks, and to authorise the S151 Officer to submit non-binding offers in line with market practice.**

REASON FOR RECOMMENDATION

4. To establish and approve an updated Investment Strategy that complies with CIPFA's revised Prudential Code for Capital Finance in Local Authorities (2017 edition) and Prudential Code Guidance Notes for Practitioners (2018 edition), CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2017 edition), and revised Statutory Guidance on Local Government Investments (3rd Edition) issued in February 2018.

BACKGROUND INFORMATION

Statutory Guidance on Local Government Investments

5. The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code, the CIPFA Treasury Management Code of Practice (the Code) and Investment Guidance (the Guidance) issued by The Ministry of Housing Communities and Local Government (MHCLG) in order to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

6. The revised Statutory Guidance in relation to Local Government Investments, issued in February 2018, widened the definition of an investment to include all the financial assets of a local authority as well as other non-financial assets held primarily or partially to generate a profit. This wider definition includes investment property portfolios as well as loans made to wholly owned companies or associates, joint ventures or third parties. The Guidance applies for financial years commencing on or after 1 April 2018 and was reflected in the new Investment Strategy that was considered and approved by Council at its meeting on 21 February 2019.
7. Previous editions of the Guidance covered treasury investments only, but the current edition focuses on non-treasury investments including:
 - Loans made for service purposes e.g. to wholly owned companies, suppliers, local businesses, to support local public services and stimulate local economic growth;
 - Shares in companies bought for service purposes;
 - Debt Instruments (Loans) and Equity in subsidiaries;
 - Non-financial assets (e.g. property) held primarily or partially to generate profit.
8. The Guidance requires the Strategy to be approved by Full Council on an annual basis and sets out the disclosure and reporting requirements. Any mid-year material changes to the Strategy must also be subject to Full Council approval. The Strategy should also be publicly available on the local authority's website.

Investment Strategy

9. The approved Investment Strategy seeks to ensure compliance with the Government's requirements, including the need for an Investment Strategy to include:
 - the contribution that investments make towards the service delivery objectives and/or place making role of the authority, recognising that each investment can make more than one type of contribution. This could include:
 - Yield/Profit
 - Regeneration;
 - Economic benefit/business rates growth;
 - Responding to local market failure;
 - Treasury management;

and, where the authority, classifies an investment as contributing to regeneration or local economic growth, it should be able to demonstrate that the investment forms part of a project in its Local Plan;

 - quantitative indicators that allow Councillors and the public to assess a local authority's total risk exposure as a result of its investment decisions;
 - how investments are funded and the rate of return and, where investment decisions are funded by borrowing, the indicators should reflect the additional debt servicing costs taken on;

- indicators to assess the risks and opportunities of the investment;
- the security of the investment as a paramount consideration to protect the capital sum invested from loss. Treasury management investments should consider security, liquidity and yield in that order of importance whilst other types of investment (such as property investments) should consider the balance between security, liquidity and yield based upon the risk appetite and the contribution the investment activity makes;
- demonstration that total financial exposure to loans (e.g. to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth) is proportionate and formally setting out limits on the total level of loans;
- for investment property, with a fair value above cost, the Strategy should include a statement that a fair value assessment has been made within the past twelve months, and that the underlying assets provide security for the capital investment;
- for investment property, with a fair value below cost, the Strategy should detail of the mitigating actions that the local authority is taking or proposes to take to protect the capital invested;
- how the authority has assessed the market that it is/will be competing in, the nature and level of competition, how it thinks that the market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements;
- whether and, if so how, a local authority uses external advisors be they treasury management advisors, property investment advisors or any other relevant persons; and how it monitors and maintains the quality of advice provided by external advisers;
- the sources of information used to assess and monitor risk;
- for financial investments that are not treasury management investments or loans (e.g. equity investments) the Strategy should set out procedures for determining the maximum periods for which funds may prudently be committed; what those maximum periods are; and how the local authority will stay within its stated investment limits;
- for non-financial investments (e.g. property) the Strategy should set out the procedures for ensuring that the funds can be accessed when they are needed, for example to repay capital borrowed, and the local authority's view of the liquidity of the investments that it holds, recognising that assets can take a considerable period to sell in certain market conditions;
- the extent to which funding expenditure to meet the service delivery objectives and/or place making role of the local authority is dependent on achieving the expected net profit from investments and the local authority's contingency plans should it fail to achieve the expected net profit;

- the commitment not to borrow more than, or in advance of needs, purely in order to profit from the investment of the extra sums borrowed and, where the authority plans to borrow or has borrowed purely to profit from the investment of the extra sums borrowed, why the local authority has decided not to have regard to the Guidance and the local authority's policies for investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing;
 - the steps taken to ensure that those elected members and statutory officers involved in the investments decision making process have appropriate capacity, skills and information to enable them to take informed decisions as to whether to enter into a specific investment, to assess individual assessments in the context of the strategic objectives and risk profile of the local authority and to enable them to understand how the quantum of these decisions have changed the overall risk exposure of the local authority;
 - the steps taken to ensure that those negotiating commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate;
 - the corporate governance arrangements that have been put in place to ensure accountability, responsibility and authority for decision making on investment activities within the context of the local authority's corporate values.
10. It is appropriate to consider the Investment Strategy in the context of other relevant Council Plans and Strategies that are being refreshed in line with Business Plan objectives and priorities. This includes the Corporate Asset Plan (for non-Housing Revenue Account properties) that is also scheduled to be considered by Cabinet at this meeting and the Economic Growth Strategy which will be considered by Cabinet on 6 November 2019. There is also a need to have regard to more recent advice proffered by the Chartered Institute of Public Finance & Accountancy (CIPFA), including the outcome and learning from the Member and Officer training held on 24 April 2019 and, moreover, the need to ensure effective governance arrangements. This aspect of the review includes the consideration of the following:
- The need to ensure that the governance framework provides effective control and enables the Council to seek approval for priority investments in a timely manner in response to market conditions;
 - The need to ensure that the Investment Strategy accords with the Scheme of Delegations, including the appropriate delegation to Officers to make non-binding offers and incur potentially abortive due diligence and feasibility costs;
 - The need to review all Corporate policies and plans to ensure consistency with the aims and objectives of the Investment Strategy;
 - The specific need to assess the Commercial estate against a comprehensive and agreed asset list, expected performance criteria and asset requirements using the Investment Strategy as a guide as to whether to hold, dispose or invest in specific assets.

11. An updated version of the Investment Strategy is attached at **Appendix A** which seeks to meet the requirements of the statutory investment guidance and effective governance arrangements. Proposed changes to the current version of the Strategy, approved on 21 February 2019, are identified in red and crossed through text.
12. The analysis at **Appendix B** sets out the issues and options arising from the CIPFA training held on 24 April 2019, and further consideration of the original draft document and guidance, together with the proposed actions.
13. The Council has a separate Treasury Management Strategy covering treasury investments and borrowing and this is subject to review on an annual basis. The Council typically receives its income (e.g. from taxes and grants) before it pays for expenditure incurred (e.g. through payroll and invoices). It also holds Reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The Council's borrowing and investment involves substantial sums of money and, therefore, there is a potential exposure to financial risks including the loss of invested funds and the effect of changing interest rates. The successful identification, monitoring and control of risk, is therefore central to the Council's Treasury Management Strategy.
14. In addition, investments are held for service purposes. In this regard, the Council has a wholly owned housing development company called South Cambs Limited trading as Ermine Street Housing. The Council's main objective for creating the company is to generate a financial return by operating a commercial entity to develop underutilised and surplus assets to generate value. Instead of disposing of assets and giving up future increases in value through asset sales Ermine Street Housing offers a way for the Council to retain control of these assets through its ownership of the company and, in this way, secure an additional return from development and potentially long term value in the form of rental income.

OPTIONS

15. The option of not reviewing the Investment Strategy is not considered to be appropriate. Local authorities are required to have regard to guidance issued in relation to investments and are accountable to their communities for the performance of them. Local politicians and officers operate within local governance frameworks of checks and balances to ensure that decision-making is lawful, informed by objective advice, transparent and consultative. Good governance means that proper arrangements are in place to ensure that an authority's intended objectives are achieved, and the security, liquidity and yield of investments are paramount commitments. The Council is required to obtain approval for the Investment Strategy each financial year and, where the Council proposed to make a material change to its Strategy during the year, a revised Strategy must be presented to Council for approval before the change is implemented.

IMPLICATIONS

16. In the writing of this report, taking into account the financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered:

Policy

17. The Investment Strategy has been developed to fulfil the requirements of the revised Statutory Investment Guidance, and provides the framework for:
- governance of service loans, equity investments and commercial property investment;
 - assessing risk of providing loans, equity investments and investing in commercial property;
 - borrowing in advance of need;
 - income generating investment activities.

Legal

18. The Local Authorities (Capital Finance and Accounting) Regulations 2003 provides operational detail and specifically states that Authorities must have regard to CIPFA's Prudential Code when setting and reviewing borrowing limits. Local Authorities must also have regard to the Investment Guidance issued by Secretary of State under section 15(1)(a) of the Local Government Act 2003.

Financial

19. The Investment Strategy sets out how the Council determines its capital investment priorities in particular in relation to corporate priorities taking into account the capital resources available including borrowing in line with the Council's approved Prudential Indicators. There are no additional resource requirements as a result of the refreshed Investment Strategy, but it does provide the framework for determining investment priorities for the Council from allocated capital resources.
20. The sum of £100 million has been identified in the approved capital programme to enable investment of £20 million in each financial year until 2023/2024. Variations to these allocations are identified in the revised Investment Strategy and will require consideration and approval by Council. A full review of capital programme allocations will also be required as part of the budget determination process and this will be included as part of the budget setting report to Council on 5 February 2020.
21. It is appropriate to reconsider the level of investment given the opportunities that exist in the market to support business plan objectives and to generate income to help support and sustain the ongoing delivery of priority services to the community. There is a balance of only £6.26 million available in 2019/2020 following the initial investment of prime commercial real estate at the Cambridge Science Park (a defined "Stream 1" investment in the approved Investment Strategy).
22. Further similar prime and close to prime commercial real estate investments are currently available that are let on long leases to good covenants, but the Council does not have the financial allocation to proceed with many of these opportunities. There are also several investments that can generate regeneration or economic development benefits as well as positive financial returns for the Council (i.e. "Stream 2" investments in the approved Investment Strategy) but further consideration of the level of allocated funding will be required to enable these to proceed.

23. It is also relevant that the Council is now appointing, following procurement processes, Framework Suppliers for the pursuance of carefully assessed development opportunities that support key priorities of the Council and that can deliver positive financial returns. This investment specifically relates to Stream 3 investment [Investment Partnerships] in accordance with the Investment Strategy and, in accordance with procurement limits, these arrangements enable works up to a value of £340 million to be delivered, equally funded by the parties (i.e. up to £42.5 million per annum from the Council and a similar amount by the joint venture contractor). This is the maximum limit prescribed in the procurement framework and does not impose a requirement on the Council to commit to this level of investment. Each investment opportunity would be subject to a business case justification and appropriate due diligence before being considered for investment. This level of investment exceeds the level specified in the current Investment Strategy.
24. The revised Investment Strategy identifies the sum of £340 million for potential investment that provides (i) an allocation for Stream 1 investments in line with the potential investment pipeline, (ii) a £10 million per annum allocation in Stream 2 investments (e.g. energy storage projects or investments with regeneration benefits) and (iii) the capacity to deliver the level of investment with the two framework suppliers (subject to completion of the Members Agreements). The projection of likely investments in all three streams as follows:

Funding Allocation	2019/2020 £'000	2020/2021 £'000	2021/2022 £'000	2022/2023 £'000	2023/2024 £'000
Stream 1	40,000	60,000	80,000	100,000	120,000
Stream 2	10,000	20,000	30,000	40,000	50,000
Stream 3	-	42,500	85,000	127,500	170,000
Totals	50,000	122,500	195,000	267,500	340,000

Risk

25. The Investment Strategy is a key financial planning and resource management tool for the Council. An effective strategy for capital investment provides the framework for eliminating the risk of approving schemes which:
- are not affordable in either capital or ongoing revenue terms;
 - do not meet legal obligations or the Council's key stated priorities.

Environmental

26. There are no environmental implications arising directly from the report. The environmental impacts of each capital investment opportunity will need to be considered as part of the feasibility assessments and evaluations.

Equality Analysis

27. In preparing this report, due consideration has been given to the District Council's statutory Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010. It is considered that the report has no relevance to South Cambridgeshire District Council's statutory equality duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relation.

28. An equality analysis is not needed. Individual capital investments may, however, have specific equality impacts that need to be considered and evaluated.

BACKGROUND PAPERS

Where the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require documents to be open to inspection by members of the public, they must be available for inspection:

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

The following documents are relevant to this report:

- General Fund Medium Term Financial Strategy – Report to Cabinet: 7 November 2018
- Budget Report – Report to Cabinet: 6 February 2019
- Business Plan 2019 - 2014 – Report to Council: 21 February 2019
- Medium Term Financial Strategy and General Fund Budget – Report to Council: 21 February 2019

APPENDICES

A Investment Strategy

B Investment Strategy – Summary of Key Revisions

REPORT AUTHORS:

Trevor Roff – Interim Director of Finance

e-mail: trevor.roff@scambs.gov.uk

Rory McKenna, Deputy Head of Practice

e-mail: rory.mckenna@scambs.gov.uk

David Ousby – Head of Commercial Development & Investment

e-mail: david.ousby@scambs.gov.uk

Peter Maddock – Head of Finance

e-mail: peter.maddock@scambs.gov.uk

APPENDIX A



**South
Cambridgeshire
District Council**



INVESTMENT STRATEGY

OCTOBER 2019 [REVISED]

1. INTRODUCTION

The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code, the CIPFA Treasury Management Code of Practice (the Code) and Investment Guidance (the Guidance) issued by The Ministry of Housing Communities and Local Government (MHCLG) to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

In February 2018 the Secretary of State issued new guidance on Local Government Investments (the Guidance), which widened the definition of an investment to include all the financial assets of a local authority as well as other non-financial assets held primarily or partially to generate a profit. This wider definition includes investment property portfolios as well as loans made to wholly owned companies or associates, joint ventures or third parties. The Guidance applies for financial years commencing on or after 1 April 2018.

The Guidance requires the Investment Strategy to be approved by Full Council on an annual basis and sets out the disclosure and reporting requirements. Any mid-year material changes to the Strategy will also need to be subject to Full Council approval.

The Council has set out within this Strategy its approach to risk and risk mitigation, including the requirement for fully tested and scrutinised business cases, sound due diligence indicators and the need for regular and formal reporting and the effective scrutiny of investment decisions and performance.

2. THE INVESTMENT STRATEGY

- 2.1 South Cambridgeshire is located centrally in the East of England region at the junction of the M11/A14 roads and with direct rail access to London and to Stansted Airport. It is a largely rural district which surrounds the city of Cambridge and comprises over 100 villages and 1 town, none currently larger than 8,000 persons. It is surrounded by a ring of market towns just beyond its borders, which are generally 10–15 miles from Cambridge. Together, Cambridge, South Cambridgeshire and the Market Towns form the Cambridge Sub-Region. South Cambridgeshire has long been a fast growing district and in 2011 had a population of 146,800 persons (bigger than Cambridge itself) and has become home to many of the clusters of high technology research and development in the Cambridge Sub-Region.
- 2.2 The Council recognises that it faces a unique set of challenges to deliver the services and infrastructure required to support the new communities on the strategic growth sites within the Greater Cambridge area, where the District will see the majority of the 22,000 jobs and 19,500 homes to be delivered between 2011 to 2031. To meet this challenge, against further funding uncertainty from central government to deliver essential services, the Council has recognised the need to make investments to ensure it has the capacity to continue to grow and deliver essential services.
- 2.3 The Council has taken independent advice during the development of the Strategy and continues to engage with commercial advisors and regulators to ensure that its officers and members are engaged in continual professional development in relation to property investment activities by local authorities.
- 2.4 **Aims:** The Investment Strategy aims to provide a robust and viable framework for the acquisition of commercial property investments and the pursuance of redevelopment and regeneration opportunities that **contribute to Business Plan objectives** and can deliver positive financial returns for the Council.

2.5 **Value:** The Investment Strategy identifies the sum of £340 million for prime and close to prime commercial real estate investment, investment which can generate regeneration or economic development benefits as well as positive financial returns for the Council and for investment partnerships with third party developers to deliver new homes. These streams of investment are outlined in more detail at Section 7. The Strategy also covers the existing portfolio of investments comprising of the following loans to third parties:

- (a) A loan to Cambridge Ice Arena with a value of £2.5 million for a term of 25 years at a rate of 4.31%. The interest cost for the loan is based on a PWLB rate of 2.56% plus a margin of 1.75%;
- (b) Loans to South Cambs Ltd (Trading as Ermine Street Housing) with a value of £63.317 million (at September 2019) at a rate of 3.78% (reviewed annually). The Council earmarked a total investment of £100 million to Ermine Street in its capital programme to enable the supply of 500 private rented housing stock; loans are based on an opportunity cost of 1% plus a margin of 2.78%.

2.6 **Contribution:** The Council invests in local commercial property with the intention that profits will be spent on local public services. The following table provides details of the current portfolio:

Category	Fair Value £000
Commercial	13,000
Offices	0
Retail	0
Industrial	0
Ground Lease	0
Agriculture	0
Other	0
TOTAL	13,000

2.7 **Security:** In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs. A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for the capital investment. Should year end accounts preparation and audit processes value these properties below their purchase cost, then an updated Investment Strategy will be presented to Council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

2.8 **Financing the Strategy:** The Council will fund the investment property acquisitions by utilising the most appropriate and efficient funding strategy available at the time of purchase. The Council has the option of utilising prudential borrowing, capital receipts, and reserves and may consider other structures such as joint ventures with pensions and insurance funds. Financing decisions will link to the Council's Medium Term Financial Strategy and Treasury Management Strategy.

2.9 **Risk Assessment:** The Council assesses the risk of loss before entering into and whilst holding property investments. The Council is engaged in the market through the proactive management of the investment portfolio, the asset valuation exercise and the economic growth activity and, through this, gaps/opportunities in the market are identified. Each asset is reviewed on an annual basis in order to review its performance, investment requirements and whether it should remain in the portfolio.

The Council intends to adopt a risk spread profile but its commercial portfolio is, at this stage, limited and not diversified (see table at 2.6 above). It is recognised, therefore, that the Council is potentially exposed to greater risk in the early period of the Investment Strategy through the absence of diversification. As the portfolio develops, there will be a need to assess the continuing appeal of the Council's property investments in the market. In some property investment classes this could be more significant than others, for example functional obsolescence in the industrial sector may have less impact on market appeal and rental growth than in the office sector. Economic obsolescence risk may be higher in markets which are more susceptible to social change and popular culture.

The Head of Commercial Development & Investment is responsible for ensuring that each investment decision is measured against the investment criteria set out in the Investment Strategy, which includes an assessment of risk. Asset investment advice is provided by retained agents and, where necessary, additional specialist advice is procured from suitably experienced external advisers. This will include the provision of pre-purchase reports and building surveys and other due diligence required to support the business case. The advice by the retained agents will include an assessment of the market and how it will evolve over time, the nature and level of competition and the impact that any asset acquisition or disposal could have on the projected income generated. The retained agent advice is monitored against the specification of requirements detailed in the invitation to tender and contract.

- 2.10 **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. The Council has no immediate plans or needs to sell any of the property investment assets. However, lower yielding assets may be sold and replaced with higher yielding assets within manageable risk tolerances.
- 2.11 **Loan Commitments:** Although not strictly counted as investments, since no money has exchanged, loan commitments and financial guarantees carry similar risks to the Council. The Council has no such loan commitments or financial guarantees.

3. PROPORTIONALITY

- 3.1 In setting a balanced budget (as required by statute) the Council takes into account the contribution of income that is generated by its investment activity and, in doing this, it recognises that such investment activity meets wider economic and service objectives of the Council. The table below shows the extent to which expenditure planned to meet the service delivery objectives and/or place making role of the Authority is funded by the expected net income from investments over the lifecycle of the Medium Term Financial Strategy.

Investment Net Rate of Return	2019/2020 Budget £000	2020/2021 Budget £000	2021/2022 Budget £000	2022/2023 Budget £000	2023/2024 Budget £000
Net Revenue Stream	18,590	15,651	16,262	16,479	16,528
Net Investment Income	3,238	4,765	7,148	9,533	11,372
PROPORTION	0.17	0.30	0.44	0.58	0.69

Note: The Net Revenue Stream will need to be updated in line with future medium term financial forecasts.

- 3.2 An appropriate level of contingency within the General Fund Reserve is assessed annually as part of the outturn position each year. The Council also has a contingency revenue allocation of £75,000 to cover specified "precautionary" items. These contingencies cover any net reduction in income sources, including rental income from investment properties, compared to the levels estimated.

4. BORROWING IN ADVANCE OF NEED

- 4.1 Government guidance is that local authorities must not borrow more than, or in advance of their needs, purely in order to profit from the investment of the extra sums borrowed.
- 4.2 Where exceptionally the Council chooses to disregard the CIPFA Prudential Code and Government Guidance in respect of borrowing to fund investment activity, the rationale for this decision must be explained in the Strategy.
- 4.3 The Council has noted and has had regard to the Guidance and **has no plans to borrow in advance of need and is, therefore, compliant with the CIPFA Prudential Code in respect of this matter. The Council** will only depart from it in exceptional cases, within the parameters set out in this Strategy, for the purposes of delivering Business Plan objectives and maintaining a robust financial position. In these exceptional cases, the reasons for so doing will be fully explained, together with the Council policies for investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing.

5. CAPACITY, SKILLS AND USE OF EXTERNAL ADVISORS

- 5.1 The Guidance requires that elected members and officers involved in the investment decision making process have appropriate capacity, skills and information to enable them to take informed decisions as to whether to enter into a specific investment. In addition, it places a duty on the Council to ensure that advisors negotiating deals on behalf of the Council are aware of the core principles of the prudential framework and the regulatory regime in which the Council operates. **This will be achieved by ensuring an adequate and effective training programme, obtaining appropriate advice to inform the decision making process and by ensuring that procurement arrangements provide relevant information to potential advisers of the specific principles, regulations and governance relevant to the local authority sector.**
- 5.2 The Council will appoint specialist advisors to provide training to ensure that relevant Officers and Members have the required skills to make informed decisions and assess the associated risks. This training will take place before any investment decisions associated with the Strategy are considered **and on a regular basis to ensure that Officers are engaged in continual professional development in relation to property investment activity and that Members, as decision makers, have the skills, knowledge and relevant information to effectively assist the decision making process. This will include training for new Members of the Council.**
- 5.3 The Council recognises that investing in land and properties to achieve business objectives and to generate returns is a specialist and potentially complex area. **The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions.** Where skills, or capacity are lacking, the Council will engage the services of professional property, legal and financial advisors, where appropriate, to access specialist skills and resources to inform the decision-making process associated with this Strategy. **The Council measures the impact of investment decisions on borrowing and affordability through Investment Indicators to ensure that the overall risk exposure remains within acceptable levels.**

6. GOVERNANCE ARRANGEMENTS

- 6.1 It is necessary to have a framework for determining which properties and development opportunities should be invested in.
- 6.2 The ~~PST~~ **IST** will advise a designated ~~Property~~ Investment Governance Board (IGB) on potential purchases and development opportunities that meet the pre-determined selection criteria contained within the Strategy. The ~~PST~~ **IST** will identify investment opportunities based on the selection criteria set out in this Strategy, will carry out all necessary due diligence and will present a full business case to the IGB for approval. The structure of the IGB is also outlined in **APPENDIX 4**. The purpose of the IGB is to challenge and scrutinise investment opportunities identified by the ~~PST~~ **IST**, ensuring that only credible options are progressed. It also provides the forum for the strategic management of the overall portfolio of investments, consistent with the aims of the Strategy.
- 6.3 A designated ~~Property~~ **Investment** Selection Team (~~PST~~ **IST**), structured as outlined in **APPENDIX 4**, ~~provides the setting for senior property, finance, service and legal professionals to share details of investment proposals ensuring that the core principle of the CIPFA Prudential Framework and the regulatory regime within which the Council operate are adhered to.~~
- 6.4 Investment decisions ~~delegated to the Executive Director~~ **taken by Cabinet** will be subject to the fulfilment of the minimum criteria set out within the Strategy, satisfaction with the business case and risk assessment, and will have regard to the ~~approval~~ **recommendation** of the IGB. Acquisitions and development opportunities that do not meet the minimum criteria set out within the Strategy may still be considered, where they would bring other compelling benefits to the District, but would require Cabinet approval.
- 6.5 ~~Cabinet is required to approve investment in new capital schemes prior to any expenditure being incurred (subject to 6.6 below) and Council approval will be required if additional, or the reprofiling of, funding is required. There may be occasions when an investment opportunity may be lost by the market need for speed; in these exceptional cases, decisions may be taken by the Leader after consultation with IGB and in accordance with the Access to Information Procedure Rules as set out in the Constitution and a full report will be prepared to inform the decision, fully outlining the opportunities and risks. The requirements relating to the giving of notice of the decision in the Forward Plan and for call-in of any decision shall apply unless the urgency procedures in the Council's Constitution are required to be used for urgent investment decisions.~~
- 6.6 To enable the timely and decisive decision making which is essential in this type of industry, to respond to opportunities as they arise, regular meetings of the IGB will be scheduled. ~~The Council's Scheme of Delegations provides the basis for enabling Officers to progress investment opportunities, including due diligence checks and the submission of non-binding offers in line with market practice.~~

7. INVESTMENT STREAMS

- 7.1 Investments will be focussed within the District, the Greater Cambridge Partnership area and the Travel to Work Area as shown in **APPENDIX 5**.

- 7.2 The Investment Strategy identifies the sum of £340 million for potential commercial investments into three streams of activity outlined in 7.3 below. This provides (i) an allocation for Stream 1 investments in line with the potential investment pipeline, (ii) a £10 million per annum allocation in Stream 2 investments (e.g. energy storage projects or investments with regeneration benefits) and (iii) the capacity to deliver the level of investment with the two approved framework suppliers in line with Member Agreements. The projection of likely investments in all three streams as follows:

Funding Allocation	2019/2020 £'000	2020/2021 £'000	2021/2022 £'000	2022/2023 £'000	2023/2024 £'000
Stream 1	40,000	60,000	80,000	100,000	120,000
Stream 2	10,000	20,000	30,000	40,000	50,000
Stream 3	-	42,500	85,000	127,500	170,000
Totals	50,000	122,500	195,000	267,500	340,000

- 7.3 Investment relating to **commercial premises** will be directed towards three streams of activity:

7.3.1 **Stream 1**

Prime and close to prime commercial real estate investment let on long leases to good covenants which will provide a secure long-term income over and above their ability to pay back the purchase price debt. **The minimum target yield for a stream 1 assessment is 5% per investment, excluding MRP and the cost of borrowing.**

The contributions from Stream 1 investments will include:

- Yield / profit
- Long term capital uplift

Commercial lease arrangements in relation to the Council's portfolio are classed as operating leases. International Financial Reporting Standard (IFRS) 9 relates to treatment of various financial instruments. Sundry Debtor Balances are classed as a financial instrument and all financial instruments need to be subject to impairment when the expected recoverable amount is less than the actual amount outstanding. All outstanding amounts relating to leases will be recorded at the net recoverable amount after allowing for an appropriate provision for bad and doubtful debts (If any).

7.3.2 **Stream 2**

Investment which can generate regeneration or economic development benefits as well as positive financial returns for the Council. Financial returns for the Council may come in the form of increased business rates income, New Homes Bonus where the investment is within the District and residential letting income from Build to Rent developments. **The minimum target yield for a stream 2 investment is 2.5%, excluding MRP and the cost of borrowing.**

The contributions from Stream 2 investments will include positive financial returns for the Council, and may also include the following:

- Investment loans to 3rd parties
- Investing in climate and environmental initiatives
- Investing in Social Capital
- Redeveloping Council owned assets
- Building homes and commercial premises
- Using public land and buildings to achieve long-term socio-economic development within the District and wider Greater Cambridgeshire Area, as identified in the Local Plan and **APPENDIX 5**.

To provide a longer term perspective for Stream 2 investments, the Internal Rate of Return (IRR) may be an appropriate metric to assess the strength of an investment. The IRR is the interest rate at which the net present value of all cash flows arising from an investment is equal to zero.

7.3.3 Stream 3

Investment partnerships with third party developers to deliver new homes that will include:

- Acquisition of 3rd party land
- Include public sector and bank debt
- Incorporation of grants and other funding
- A sharing of risk and reward between partners

The investment assessment criteria for all three streams are shown in **APPENDIX 1 (1a)**. The minimum target yield for a stream 3 investment is 5%, excluding MRP and the cost of borrowing. IRR may also be appropriate as a measure of an investment's rate of return.

8. PRUDENTIAL INDICATORS

- 8.1 The Guidance requires local authorities to develop quantitative indicators that allow Councillors and the public to assess a local authority's total risk exposure as a result of commercial property investment decisions.
- 8.2 Local Authorities are required to charge to their revenue account each year a Minimum Revenue Provision (MRP) to make provision for the repayment of debt, as measured by the underlying need to borrow. The MRP should be prudent and, although it is for each authority to determine the amount, the published guidance by the Government is "local authorities should align the period over which they charge MRP to one that is commensurate with the period over which their capital expenditure provides benefits". Provision has, therefore, been made for MRP in the performance indicators in line with the approved Capital and Treasury Management Strategies and based on the equal instalment method, amortising expenditure equally over the estimated useful life of the asset for which borrowing is required.
- 8.3 The approved Treasury Management Strategy does, however, confirm that where a loan is made to a wholly owned subsidiary of the Council, the loan is deemed to be secured on the assets of the company. Evidence of the ability to repay the loan will be based on the company's business plan and asset valuation, and no MRP will be made. Exceptionally, where capital expenditure is part of a loan agreement to other than a wholly owned subsidiary – such as the loan to Cambridge Ice Arena – MRP will be applied in these cases.

- 8.4 The indicators associated with the Council's proposed Commercial Property Investment Strategy are detailed below.

8.4.1 Debt to Net Service Expenditure (NSE) Ratio

This indicator measures the gross debt (as cash or loan financing) associated with Commercial Property Investments and loans to third parties as a percentage of the Council's net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority.

Estimate £'000	2019/20	2020/21	2021/22	2022/23	2023/24	Limit
Third Party Loans	78,568	91,257	90,827	90,396	89,902	
Commercial Investments	50,000	122,500	195,000	267,500	340,000	
Funding Allocation	20,000 128,568	40,000 213,757	60,000 285,827	80,000 357,896	100,000 429,902	
NSE	20,701	22,089	21,627	21,086	20,701	
Debt to NSE Ratio	97% 621%	181% 968%	277% 1,322%	379% 1,697%	483% 2,077%	500% 2,100%

The indicator shows that the debt level proposed by the Strategy will be approximately ~~up to 5 times~~ 21 times the level of the Council's net revenue budget if the proposed investment in the Strategy is funded solely from borrowing cash or loan financing.

Given that the Strategy will take the risk profile of investments into account in the decision-making process and the Council sees property investments as a long-term investment this ratio is reasonable. A maximum limit of ~~500%~~ 2,100% has been set for this indicator.

8.4.2 Net Commercial Income to NSE Ratio

This indicator measures the Council's dependence on the income from commercial property investments to deliver core services.

The commercial income will be the gross income from all investments made through the strategy less all operational costs, including the operational costs shown in indicator 8.4.7. All income forecasts should allow for void periods where applicable. The table below identifies gross income:

Estimate £'000	2019/20	2020/21	2021/22	2022/23	2023/24	Limit
Third Party Loans	2,132	2,511	2,499	2,487	2,474	
Commercial income	2,600 1,107	3,200 3,350	3,800 7,195	4,400 11,042	5,000 14,344	
Total Net Income (less MRP)	3,239	4,765	7,148	9,533	11,372	
NSE	20,701	22,180 22,089	21,718 21,627	21,177 21,086	20,786 20,701	
Net Commercial income to NSE Ratio	12.6% 15.6%	14.4% 21.6%	17.5% 33.1%	20.8% 45.2%	24.1% 54.9%	30% 55%

The additional income generated from the investments set out within this Strategy will be equivalent to **54.9%** of the Council's Net Service Expenditure by 2023/2024. This ratio is considered reasonable and a maximum limit of **55%** has been set for this indicator.

The indicator allows for MRP in accordance with the approved Treasury Management Strategy with the following allowance for each year:

Estimate £'000	2019/20	2020/21	2021/22	2022/23	2023/24
Minimum Revenue Provision	0	1,096	2,546	3,996	5,446

8.4.3 Investment Cover Ratio

This indicator measures the total net income from property investments compared to interest expense:

Estimate £'000	2019/20	2020/21	2021/22	2022/23	2023/24
Net Commercial income	2,600 3,239	3,200 4,765	3,800 7,148	4,400 9,533	5,000 11,372
Interest cost	594 1,219	1,188 3,105	1,782 4,961	2,376 6,817	2,970 8,673
Investment cover Ratio	4.38 2.66	2.69 1.53	2.13 1.44	1.85 1.40	1.68 1.31

For commercial investments within Streams 1 to 3, the rate of 2.56% (reflecting current medium to long term PWLB rates) is used to determine the interest expense in the above ratio through to 2023/2024. The interest rates on loans to third parties range from 4.31% to 3.78%. These assumptions will be revised in future years as the size of the portfolio develops. The indicator shows that the net income from property investments is expected to be at least 1.68 times higher than anticipated interest expense.

8.4.4 Loan to Value (LTV) Ratio

This indicator measures the amount of debt compared to the total asset value. In the period immediately after purchase it is normal for the directly attributable costs of purchasing commercial property investments to be greater than the realisable value of the asset (e.g. because of non-value adding costs such as stamp duty). A decrease in the loan to value ratio from 2020/21 reflects that debt finance will be raised through Public Works Loan Board borrowings and Current market advice indicates that commercial property values are expected to remain constant for the foreseeable future, however, borrowings will be repaid.

Estimate £'000	2019/20	2020/21	2021/22	2022/23	2023/24
Funding Allocation	20,000 128,568	40,000 213,757	60,000 285,827	80,000 357,896	100,000 429,902
Total asset values	86,597 128,298	128,478 217,622	153,509 292,817	177,559 368,011	201,715 443,142

LTV Ratio	4.33 1.00	3.21 1.02	2.56 1.02	2.22 1.03	2.02 1.03
------------------	-------------------------	-------------------------	-------------------------	-------------------------	-------------------------

Each year the Council will assess whether assets purchased via the Strategy retain sufficient value to provide security of investment using the fair value model in International Accounting Standard 40: Investment Property. If the fair value of assets is not sufficient to provide security for the capital investment the Strategy will provide detail of the mitigating actions that are being taken, or are proposed to be taken, to protect capital investment. **The IST will also provide a liquidity assessment of the portfolio when undertaking the Fair Value assessment.**

8.4.5 Target Income Returns (Yield)

This indicator shows **the target gross yield for each stream of investment activity** ~~net revenue income compared to equity~~ and is a measure of **the minimum expected return for achievement** ~~of the property investment portfolio. The net return is shown after making allowance for financing and borrowing costs.~~

Target income returns	2019/20	2020/21	2021/22	2022/23	2023/24
Stream 1	5%	5%	5%	5%	5%
Stream 2	2.5%	2.5%	2.5%	2.5%	2.5%
Stream 3	5%	5%	5%	5%	5%

8.4.6 Gross and Net Income

Estimate £'000	2019/20	2020/21	2021/22	2022/23	2023/24
Gross Income:	5,046 4,324	6,509 7,217	8,690 11,182	9,397 15,126	10,107 18,523
Net Income	2,600 3,239	3,200 4,765	3,800 7,148	4,400 9,533	5,000 11,372

~~The net income target of £2.6 million in 2019/2020 to £5 million by 2023/2024 from Commercial Property Investments is not currently incorporated into the Council's financial projections for the period up to 2023/2024. This income will need to be delivered if current service delivery is to be maintained by the Council.~~

~~The non-achievement of this income will require the identification of alternative savings proposals, which may result in cuts in service.~~

The achievement of the target income required from the Investment Strategy will be closely monitored as part of the Council's budget monitoring process.

8.4.7 Operating Costs

Estimate £'000	2019/20	2020/21	2021/22	2022/23	2023/24
Operating Costs	233	259	260	260	260

	261	404	541	654	767
--	-----	-----	-----	-----	-----

The above operating costs relate to the cost of the Council's PST acquiring and maintaining the investments made through the Strategy. The costs shown reflect the estimated cost of internal staff, external asset management and a budget for feasibility work to conduct due diligence prior to investment managing the procurement of assets under this Commercial Property Investment Strategy and developing the future pipeline of investments.

Additional operating costs have been allowed as a result of the purchase of Commercial Investment Properties. These costs will be factored into the financial appraisals as part of the purchase assessment to ensure that target net rates of return are achieved. This indicator may, therefore, need to be revised once investments are made.

8.4.8 Vacancy Levels and Tenant Exposures

Estimate £'000	2019/20	2020/21	2021/22	2022/23	2023/24
Operating Costs	0% 3%	0% 3%	0% 3%	0% 3%	0% 3%

This indicator measures and sets targets for the void periods within the property portfolio.

The target of 3% reflects the strong tenant covenant strengths that will be required under the Stream 1 investment criteria. Void periods will be factored into the financial appraisals as part of the assessment criteria where relevant, therefore this indicator may be revised once investments are made.

APPENDIX 1: PROPERTY INVESTMENT STREAM 1

1. Objective

The objective of the Stream 1 investment criteria is to establish a framework for the identification of commercial property investments which, if acquired, would contribute to established Business Plan priorities and provide the Council with a positive rental return and capital growth.

The investment criteria are designed to ensure that funds are invested in properties that deliver yield and security commensurate with the Council's risk appetite.

Each potential investment will be evaluated to ensure the income received is sufficient to provide an acceptable rate of return following the payment of borrowing costs, acquisition costs, management fees and any running costs.

Purchases will take regard of the need to diversify the Council's property portfolio to manage risks across the entire portfolio.

The Council will procure external advisors to act on its behalf for the acquisition of investments, who will provide pre-purchase reports and building surveys to support the business case. These consultants will be managed by the Commercial Development & Investment Team, who will be responsible for monitoring the service that is provided.

2. Market Analysis and Background

As with other forms of investment at their most basic level, property investment is a trade-off between risk and return. A traditional well diversified property portfolio (spread across different property sectors and geographical regions) will deliver long term rental and capital growth with relatively low risk. Prime property in the target regions covered by this Strategy will typically provide an initial yield of between 5-7% with the additional prospect of capital growth leading to a higher total return to the Council.

The Strategy will adopt the same underlying principle of diversification in acquiring property investments offering a similar return profile. The three main property sectors will be included (industrial, office and retail) and in turn, these will be additionally diversified on criteria including location, the lease term and lot size. When added to the existing portfolio this will assist in protecting the Council's overall risk and return profile should an individual property investment cease to be income producing (for example, it is undergoing refurbishment or awaiting a new tenant).

3. Property Acquisition Methodology

Identification, consideration and recommendation of assets suitable for acquisition will be undertaken by the ~~Property Selection Team (PST)~~ **IST** in conjunction with outside specialist guidance and professional support, procured in accordance with the Council's established Contract Procedure Rules.

The ~~PST~~ **IST**, through the designated **Head of Commercial Development & Investment** and appointed agents, will undertake a search of the market which will include approaches and introductions of opportunities direct from the sellers, their agents and third parties. Introductions from third party agents will be accepted on a first come first served basis by verbal or written communication to the ~~PST~~ **Head of Commercial Development & Investment**.

Investment opportunities will initially be submitted to IST for consideration and subsequently to the Investment Governance Board (IGB). If after the introduction is made, the Council wishes to pursue the purchase further written agreement on the "basis of engagement" and fees will be required.

The use of independent consultants will be required to assess properties prior to bidding and any purchase will be subject to due diligence on all physical, financial and legal aspects of the property to address its suitability as an asset for long term security and growth.

All investments considered for purchase that meet pre-determined criteria and strategy aims (see section 4 below) will undergo qualitative and quantitative appraisal to establish portfolio suitability which will consider rental levels, location, property type, rent review and lease expiry pattern, tenant(s), industry sector, tenure, lease covenants, market exit constraints and physical and environmental factors. In addition, 3rd party advice will be called upon where specialist market knowledge is required. It is recognised that some of the cost of feasibility work and technical appraisal and assessment will be abortive.

Property investment markets are, in general, controlled by national and regional commercial property agencies and establishing links and relationships with several such property agents is the best method of sourcing suitable properties for acquisition. Staffing resources will need to be made available to source suitable property assets for acquisition that match the criteria set under the Strategy. This can be done by both recruitment into the ~~PST~~ IST team and by employing additional external expertise as required.

All commercially based investments involve risk and, at each stage of the process, the commitments made will be at risk as there can be no guarantee that a fully successful development will be achieved. The terms of the agreement between the parties will seek to mitigate the inherent risks. Moreover, the timing of the exercise can also be a critical factor in achieving optimum success, particularly in terms of market conditions, the state of the national economy and levels of investment confidence within the development industry.

4. Minimum Investment Criteria

For a Stream 1 property investment to be considered by the ~~Property Investment Governance Board~~ IGB for recommendation to the ~~Executive Director~~ Cabinet for approval it must:

- 4.1. Achieve a minimum weighted score of 100 from the investment criteria matrix shown in **APPENDIX 1 (1a)**;
- 4.2. Have a Net Initial Yield of 5% after making allowance for purchasers costs;
- 4.3. Be accompanied by a full business case prepared by the ~~PST~~ IST.

Each potential property investment will undergo a qualitative and quantitative appraisal, together with a risk assessment, to establish portfolio suitability and the legal and financial implications of the purchase.

The findings of these appraisals will be reported to the IGB as part of the business case. **APPENDIX 1 (1b)** details the specific areas that will be included in the business case as a minimum.

All acquisitions, where relevant, will be subject to building and plant survey, independent advice and valuation.

An investment opportunity that does not meet the minimum criteria under investment stream 1 may have separate investment or regeneration benefits and, therefore, may be considered separately under Stream 2 of the strategy.

5. Risk Management

- 5.1. Financing Risk:** As with all investments, there are risks that capital values and rental values can fall as well as rise. To mitigate against future unfavourable market forces, Stream 1 acquisitions will be made on the basis that the Council is willing and capable of holding property investments for the long term i.e. 35 years +. This will ensure income and capital returns are considered over the long term thereby smoothing out any cyclical economic/property downturns.

Where the purchase of a property is reliant on increases in borrowing the business case will factor in fixed rate borrowing costs. By utilising fixed rate borrowing options the Council will be protected from future increases in financing costs. **The Council can mitigate the limitations that come with the term commitment characteristic of fixed rate options through using a portfolio of loans of different terms at different rates, as part of its wider Treasury Management Strategy, thereby creating options to 'recycle' loans for other purposes, should net disposals of assets held within the Investment Strategy exceed the value of net acquisitions.**

- 5.2. Portfolio Risk – void periods:** To mitigate the risk of void periods where the property is either partially or fully vacant, or a tenant has defaulted on its rental obligations, the investment portfolio will be actively managed. The investment criteria specified in the scoring matrix will tend to favour secure property investments i.e. high-quality buildings in prime locations, thus mitigating the risk of void periods on re-letting.

Void periods for commercial investment properties acquired under this Strategy will be monitored and vacancy levels will be reported to the IGB throughout the year so that they can be actively managed.

6. Portfolio Management

Newly purchased property acquired under this Strategy would be added to the existing portfolio and the **Commercial Development & Investment Team (currently comprising the Head of Commercial Development & Investment, the Delivery & Innovations Officer and the Green Energy Investment Officer)**, would undertake asset and property management to maintain and improve the performance of an investment property; **with established core staff supplemented, as required, by external commercial asset investment/management advisors from approved budgets or additional specialist resources may need to be bought in as necessary.** This would include ensuring statutory and regulatory compliance, tenant compliance, landlord responsibilities, securing receipt of rents, dealing with voids and insurance matters. The costs associated with these areas would be considered in the financial appraisal for the property acquisition.

The property asset management will be subject to an annual review and incorporated within the Asset Management Plan **(Housing Revenue Account) and Corporate Asset Plan (General Fund)** which **are** presented to Full Council annually.

APPENDIX 1 (1a) – Investment Criteria Matrix

The **PST IST** will score the property against the scoring criteria shown below in order of priority. The minimum score for Stream 1 at least 100 out of a maximum score of 184; this is equivalent to at least the 54th percentile of the maximum. There will however be a trade-off between the level of return and the score. For example, a high return would reflect higher risk and consequently a lower score; conversely, a lower level of return would reflect a lower level of risk and a higher score. **The Investment Criteria Matrix is comparable with methods used by other local authorities, such as New Forest, Kettering and Redditch, which all broadly follow a format recommended by CIPFA.**

The table below shows the suggested scoring criteria to be applied when considering an investment property.

Score		4	3	2	1	0
Scoring Criteria	Weighting Factor	Excellent / very good	Good	Acceptable	Marginal	Unacceptable
Location	12	Major Prime	Micro Prime	Major Secondary	Micro Secondary	Tertiary
Tenancy Strength	10	Single tenant with strong financial covenant	Single tenant with good financial covenant	Multiple tenants with strong financial covenant	Multiple tenants with good financial covenant	Tenants with poor financial covenant strength / vacant
Tenure	9	Freehold	Lease 125 years plus	Lease between 50 & 125 years	Lease between 20 & 50 years	Lease less than 20 years
Occupiers remaining lease length	5	Greater than 10 years	Between 7 and 10 years	Between 4 and 7 years	Between 2 and 4 years	Less than 2 years; vacant
Building Quality / obsolescence	4	Newly Built (useful life 50+ years)	Recently refurbished (within the past 5 years)	Average condition and likely to continue to be fit for current use for 25+ years	Aged property with redevelopment potential	Nearing end of useful life / unlikely to continue when lease expires
Repairing obligations	4	Full repairing and insuring	Internal repairing – 100% recoverable	Internal repairing – partially recoverable	Internal repairing – no recoverable	Landlord
Lot size	2	Between £6m and £12m	Between £4m & £6m or £12m and £18m	Between £2m & £4m or £18m and £20m	Between £1m & £2m or £20m & £25m	Less than £1m or more than £25m

INVESTMENT CRITERIA DEFINITIONS

Location - property is categorised as prime, secondary or tertiary in terms of its location desirability. For example, a shop located in the best trading position in a town would be prime, whereas a unit on a peripheral neighbourhood shopping parade would be considered tertiary.

Tenancy Strength – the financial strength and risk of failure of a tenant determines the security of the property's rental income. A financially weak tenant increases the likelihood that the property will fall vacant. Rating agencies, such as Dun & Bradstreet are often used to evaluate covenant strength, ranging from "5A" to "HH" to reflect company size based upon worth or equity, and a Composite Credit Appraisal from 1 to 4 to reflect the assessment of the firm's creditworthiness. The minimum acceptable financial strength for any given tenant will be determined through financial appraisal of company accounts and the use of appropriate methods of risk assessment and credit scoring. To minimise management and risk, the preference will be for single occupancy investments wherever possible.

Tenure – anything less than a freehold acquisition will need to be appropriately reflected in the price. If leasehold, is the lease free from unencumbered/onerous terms? Is the rent periodically reviewed to take into account inflation and upward market movement?

Occupational Lease Length – the lease term will determine the duration of the tenant's contractual obligation to pay rent. The most attractive investments offer a long lease with a strong tenant covenant. The lease term will reflect any tenant break clauses. The optimum lease length will depend on the sector, with commercial B1 offices typically 7+years and 10+ years for industrial. Retained agents will be expected to qualify the quality of the length lease in their pre-acquisition report.

Building Quality – a brand new or recently refurbished building with an anticipated life of at least 40 years will not usually require capital expenditure for at least 15 years. This is attractive for income investors requiring long term rental income with the minimum of ongoing capital expenditure.

Repairing Obligations – under a Full Repairing & Insuring Lease (FRI), the tenant is responsible for the building's interior and exterior maintenance / repair. The obligation is limited to the building's interior under an Internal Repairing & Insuring Lease (IRI). The preference will be to favour FRI terms (or FRI by way of service charge i.e. all costs relating to occupation and repairs are borne by the tenants and administered through a service charge).

Lot Size – to maintain portfolio balance the preference will be for no single property investment to exceed £12m for a single let property.

In addition to the above criteria the IGB and the Executive Director should, when assessing the merits of an investment, specifically consider compatibility with all SCDC policies on matters relating to use such as: -

- Alcohol or tobacco production or sale;
- Animal exploitation;
- Environmentally damaging practices;
- Gambling;
- Pornography.

APPENDIX 1 (1b) – Stream 1 Business Case

The ~~PST~~ **IST** will prepare a business case for Stream 1 investments where the minimum weighted score target has been met. The business case will include as a minimum:

a) Financial Appraisal

A detailed financial appraisal setting out the projected income and costs associated with a potential acquisition along with an assessment of the proposed financing options and associated risks and considerations. **This will include an assessment of the net yield over various scenarios up to a 50 year period, and include the following inputs:**

- anticipated void periods at the end of the initial and subsequent occupiers lease(s);
- anticipated Capital Expenditure required by the Landlord, taking into account the age and condition of the premises and Landlords repairing obligations;
- assumptions in the approved Capital and Treasury Management Strategies.

b) Lease Classification

A lease should be classified, for accounting purposes, as an operating lease rather than finance lease, to ensure that all rental income can be treated as revenue income (rather than a mix of capital receipt and revenue income). Operating leases are those where the risks and rewards of ownership are retained by the lessor (the Council) and must meet certain criteria. The main criteria being that the lease term should not be for the major part of the property's economic life and at the start of the lease, the total value of minimum lease payments (rents) should not amount to a significant proportion of the value of the property.

c) Risk Management Assessment

A detailed risk assessment of the potential purchase, including but not limited to:

- Specific risks associated with individual assets;
- Tenant default on rental payment (covenant risk);
- Risk of failure to re-let (void risks);
- Costs of ownership and management;
- Differing lease structures (e.g. rent review structure, lease breaks);
- Sector risk (portfolio spread);
- **Provide an exit strategy financial assessment as a 'worse case' scenario;**
- **Liquidity assessment;**
- **LTV ratio assessment.**

Market Risks, including risks of structural change or market failure, which may affect the market as a whole or particular subsectors or groups of property:

- Illiquidity upon sale (e.g. lot size, transaction times, availability of finance);
- Failure to meet market rental expectations (forecast rental growth);
- Failure to meet market yield expectations (forecast yield shift);
- Risk of locational, economic, physical and functional depreciation through structural change;
- Risks associated with legislative change (e.g. planning or changes in fiscal policy).

d) Portfolio Assessment

An assessment to establish suitability against the Council's existing property portfolio which will consider rental levels, location, property type, rent review and lease expiry patterns, industry sector, tenure, lease covenants, market exit constraints and physical and environmental factors.

e) Report on Title

To confirm ownership.

APPENDIX 2: PROPERTY INVESTMENT STREAM 2

1. Objective

The objective of the Stream 2 investment criteria is to establish a framework for the identification of properties or land for redevelopment. These opportunities may deliver placemaking or economic development benefits, as defined in the Councils Business Plan, as well as positive financial returns for the Council in the form of future revenue income streams or capital uplifts. Future revenue income streams could include increases in retained business rates income and New Homes Bonus.

Developed properties may be retained for the benefit of their long-term rental income and will become an investment asset after completion. **The decision on whether or not these investments would meet the overall objectives of this Strategy will be informed by a financial appraisal as described in Appendix 1.**

The Stream 2 investment criteria will be designed to ensure that the financial returns delivered from investments are commensurate with the deemed levels of associated risk. A higher risk investment will therefore require the delivery of greater financial returns.

2. Market Analysis and Background

Stream 2 investment opportunities could come in a diverse range of forms. Examples include, but are not limited to:

- Investing in climate and environmental initiatives, **further exploiting and supporting green energy generation and maximising energy efficiency**
- Investing in Social Capital
- Redeveloping Council owned assets;
- Building homes and commercial premises;
- Using public land and buildings to achieve long-term socio-economic development within the District and wider Greater Cambridgeshire Area, as identified in the Local Plan and Appendix 4 of this Strategy;

As with other forms of investment there is a trade-off between risk and return. Given the more speculative nature of this type of investment activity the risks associated with this type of investment may, in some cases, be higher than those associated with Stream 1 activity. It may be possible to share risks and rewards of Stream 2 activities with adjoining councils and other public sector and private sector partners.

The assessment criteria for Stream 2 activities needs to be agile enough to allow significantly different schemes to be assessed using the same overarching principles.

For a Stream 2 property investment to be considered by the IGB ~~and the Executive Director~~ it must:

- a) Deliver a rate of return commensurate with the deemed level of risk associated with the investment;
- b) Be accompanied by a full business case prepared by the ~~PST~~ **IST**, and other officers where relevant.

The investment opportunities considered under Stream 2 could vary significantly and, due to the speculative nature of some schemes, there will be higher risks attached to some investment opportunities.

Each potential Stream 2 investment will undergo a qualitative and quantitative appraisal and risk assessment to establish the financial returns, financial and legal implications and risks associated with the purchase. The findings of these appraisals will be reported to the IGB as part of the business case.

An investment opportunity that does not meet the minimum criteria under investment stream 2 may have separate investment or regeneration benefits and, therefore, may still be considered for progression, however, decision making in this case is to be reserved to the Cabinet. For investments where there is a variable revenue stream, such as some energy projects, or a long time gap between investment and first revenue, such as development projects, alternative valuation options, such as the Internal Rate of Return (IRR) may be appropriate as a measure of an investment's rate of return.

3. Property Acquisition/Development Methodology

Identification, consideration and recommendation of assets suitable for acquisition and/or development will be undertaken by the PST designated Head of Commercial Development & Investment in conjunction with internal resource and outside specialist guidance and professional support, as required, procured in accordance with the Council's established Contract Procedure Rules. These investment opportunities will initially be submitted to IST for consideration and subsequently to the IGB.

All investments considered for purchase will undergo qualitative and quantitative appraisal to establish portfolio suitability and risks. In addition, 3rd party advice will be called upon where specialist market knowledge is required. It is recognised that some of the cost of feasibility work and technical appraisal and assessment will be abortive.

All commercially based investments and/or developments involve risk and, at each stage of the process, the commitments made will be at risk as there can be no guarantee that the investment will be secured or a fully successful development will be achieved. The terms of the agreement between the parties will seek to mitigate the inherent risks. Moreover, the timing of the exercise can also be a critical factor in achieving optimum success, particularly in terms of market conditions, the state of the national economy and levels of investment confidence within the development industry.

4. Green Energy Projects

The approved Business Plan 2019-2024 identifies the following Focus, Actions and Measures which relate to green energy investments within the 'Green to our core' priority:

Focus	Action	Measures
We will become a Zero Carbon Council	In recognition of the global climate and health emergency, develop an action plan to deliver a zero-carbon future for South Cambridgeshire	<ul style="list-style-type: none"> Gather evidence to establish a carbon baseline by December 2019. Establish the resources and budget needed to address the zero-carbon pledge for the end of March 2021 budget. Run a zero-carbon conference to develop scenarios and learn from best practice to drive decarbonisation by 2050. Commit to a medium-term carbon action plan by April 2020.

We will increase green energy generation and promote environmentally friendly energy consumption	Explore opportunities for renewable energy generation and maximise the energy efficiency of the Council offices and estate. Provide support and guidance to community groups for projects that will reduce reliance on fossil fuels and promote behaviour change to help achieve the zero-carbon target. Look into how electric vehicle charging points can be delivered in the district.	<ul style="list-style-type: none"> • Complete an assessment of investment opportunities at our Cambourne office and Waterbeach Depot by June 2019. • Commission green energy project(s) to fully invest the Renewable Energy Fund by end of March 2021. • Reduction in grid energy usage • Renewable energy generated onsite • Reenergise the Sustainable Parish Energy Partnership and investigate opportunities for helping local groups secure grant funding to kick start projects by the end of April 2019.
--	---	---

The Investment Strategy will develop projects identified in the Green Energy Programme, which is responsible for co-ordinating transformation activities within the South Cambridgeshire District Council commercial estate and assess these using the same criteria as other Stream 2 investments.

5. Minimum Investment Criteria

In addition to the investment criteria matrix in **APPENDIX 1 (1a)**, Stream 2 investments will be assessed for their strategic fit against the Objectives and Focus Areas contained within the 2019-2024 Business Plan.

5.1. Business Plan Objectives

The IGB will from time to time advise the target scores for the business plan objectives, and the weighting to be given to individual focus areas within each business plan area

6. Risk Management

6.1. Financing Risk: As with all investments, there are risks that capital values, rental values and development values can fall as well as rise. Where the acquisition or development is reliant on increases in borrowing the business case will factor in fixed rate borrowing costs commensurate with the anticipated holding period of the asset. By utilising fixed rate borrowing options the Council will be protected from future increases in financing costs.

Financial returns from Stream 2 activities may come in the form of capital receipts either in place of or in addition to revenue returns. This would need to be considered carefully as part of the overall Strategy given the requirement to achieve net revenue returns of 2.5% from the investment strategy overall.

7. Business Case

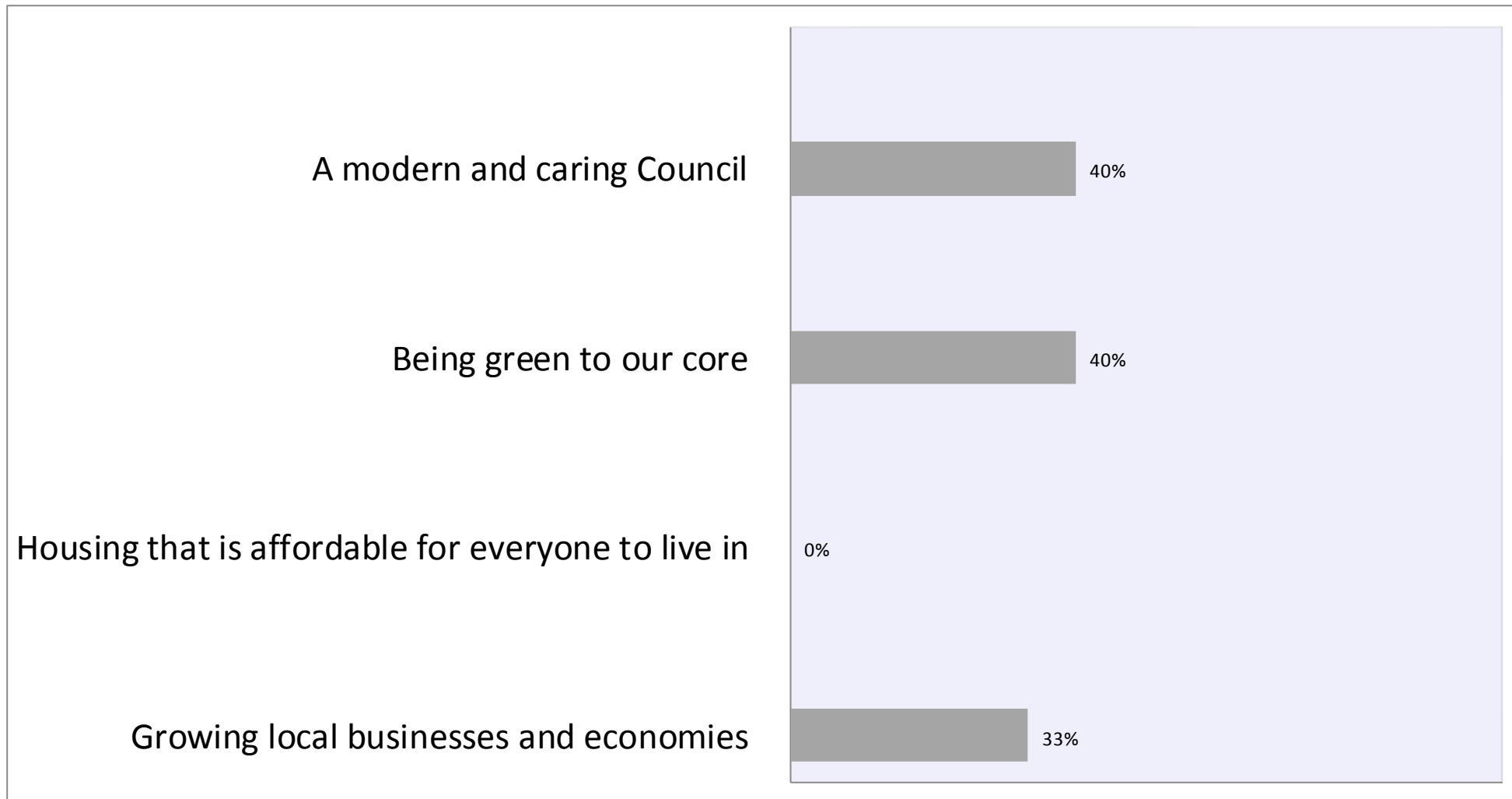
The ~~PST~~ **IST** will prepare a business case for Stream 2 investments where the minimum weighted score target has been met (**APPENDIX 6**).

The minimum score target will be determined by the ~~Interim Executive Director~~ **Head of Commercial Development & Investment and their Team**, in consultation with the Lead Member for Finance, once Business Plan objectives and focus areas have been finalised.

EXAMPLE: ENTERPRISE ZONE INVESTMENT / DEVELOPMENT – STREAM 2 SCHEME FIT AGAINST DRAFT BUSINESS PLAN

Draft Business Plan areas		score	focus area	actions	measures
1	Growing local businesses and economies	33%	We will make it easy to do business in South Cambridgeshire	Deliver support to start-ups and small businesses that is not available elsewhere to help them grow, create new local jobs and deal with the impacts of Brexit	Number of new start-ups and small business growth by 2024
			We will improve environmentally friendly transport links	Improve walking, cycling and public transport links between existing villages and employment sites	Successful delivery of new or improved travel routes
2	Housing that is affordable for everyone to live in	0%			
3	Being green to our core	40%	We will increase green energy generation and promote environmentally friendly energy consumption	Explore opportunities for renewable energy generation and maximise the energy efficiency of the Council offices and estate.	Renewable energy generated onsite
			We will maintain and improve air quality across the district	Reduce carbon footprint and impact on air quality of the Council's activities	Install electric vehicle charging points at our Cambourne and Waterbeach offices for staff, members and visitors
4	A modern and caring Council	40%	We will generate new and innovative sources of income to invest in services for local people	Develop options to generate income by investing in the district in line with the criteria set out in the Council's investment strategy	Income generated from investments
			We will reduce costs and improve customer service	Develop and support Councillors to ensure that they can best serve their communities	Carry out a programme of Member development and training as part of the Organisational Development strategy

EXAMPLE: ENTERPRISE ZONE INVESTMENT / DEVELOPMENT – STREAM 2 SCHEME FIT AGAINST DRAFT BUSINESS PLAN



APPENDIX 3: PROPERTY INVESTMENT STREAM 3 – INVESTMENT PARTNERSHIPS

1. Objective

The objective of the Stream 3 investment criteria is to establish a framework for the identification of properties or land for development of new homes through Investment Partnerships. These opportunities may deliver regeneration or economic development benefits as well as positive financial returns for the Council in the form of future revenue income streams or capital uplifts. Future income streams may include:

- Rental income from Council Housing (HRA Affordable Homes);
- Rental income from Private Rented Sector Housing (PRS) through Ermine Street Housing;
- Capital receipts from Intermediate Home Ownership staircasing;
- Capital receipts from Right to Buy;
- Increases in retained business rates;
- New Homes Bonus.

Developed properties may be retained for the benefit of their long-term rental income and will become an investment asset after completion. **The decision on whether or not these investments would meet the overall objectives of this Strategy will be informed by a financial appraisal as described in Appendix 1.**

The Stream 3 investment criteria will be designed to ensure that the financial returns delivered from investments are commensurate with the deemed levels of associated risk. A higher risk investment will therefore require the delivery of greater financial returns.

2. Market Analysis and Background

Stream 3 Investment Partnerships could come in a diverse range of forms. Examples include, but are not limited to:

- Building homes and commercial premises;
- Using public land and buildings to achieve long-term socio-economic sustainability for the District and wider Greater Cambridgeshire Area, as identified in the Local Plan and Appendix A4 of this strategy.

As with other forms of investment there is a trade-off between risk and return. Given the more speculative nature of this type of investment activity the risks associated with this type of investment may, in some cases, be higher than those associated with Stream 1 activity. However, these risks and rewards would be shared with the investment partner.

The assessment criteria for Stream 3 activities needs to be agile enough to allow significantly different schemes to be assessed using the same overarching principles.

3. Minimum Investment Criteria

For a Stream 3 property investment to be considered by the IGB it must:

- Deliver a rate of return commensurate with the deemed level of risk associated with the investment;
- Be accompanied by a full business case prepared by the ~~PST~~ IST, and other officers where relevant.

The scoring matrix for Stream 3 investments will be based on the targets for Stream 2 investments. Schemes with higher risks will be expected to deliver higher levels of return to cover the risk considerations, and only schemes that deliver the assessed rate of return will pass the minimum assessment criteria.

Each potential Stream 3 investment will undergo a qualitative and quantitative appraisal and risk assessment to establish the financial returns, financial and legal implications and risks associated with the purchase. The findings of these appraisals will be reported to the IGB as part of the business case.

An investment opportunity that does not meet the minimum criteria under investment stream 3 may have separate investment or regeneration benefits and, therefore, may still be considered for progression, however, decision making in this case is to be reserved to the Cabinet rather than the IGB. For investments where there is a variable revenue stream, such as some energy projects, or a long time gap between investment and first revenue, such as development projects, alternative valuation options, such as the Internal Rate of Return (IRR) may be appropriate as a measure of an investment's rate of return.

4. Acquisition/Development Methodology

Identification, consideration and recommendation of assets suitable for acquisition and/or development will be undertaken by the ~~PST~~ designated Head of Commercial Development & Investment in conjunction with internal resource and outside specialist guidance and professional support, as required, procured in accordance with the Council's established Contract Procedure Rules. These investment opportunities will initially be submitted to IST for consideration and subsequently to the IGB.

All investments considered for purchase will undergo qualitative and quantitative appraisal to establish portfolio suitability and risks. In addition, 3rd party advice will be called upon where specialist market knowledge is required. It is recognised that some of the cost of feasibility work and technical appraisal and assessment will be abortive.

All commercially based investments and/or developments involve risk and, at each stage of the process, the commitments made will be at risk as there can be no guarantee that the investment will be secured or a fully successful development will be achieved. The terms of the agreement between the parties will seek to mitigate the inherent risks. Moreover, the timing of the exercise can also be a critical factor in achieving optimum success, particularly in terms of market conditions, the state of the national economy and levels of investment confidence within the development industry.

In addition to the investment criteria matrix in **APPENDIX 1 (1a)**, Stream 3 investments will be assessed for their strategic fit against the Objectives and Focus Areas contained within the 2019-2024 Business Plan.

The IGB will from time to time advise the target scores for the business plan objectives, and the weighting to be given to individual focus areas within each business plan area.

5. Risk Management

- 5.1. Financing Risk:** As with all investments, there are risks that capital values, rental values and development values can fall as well as rise. Where the acquisition or development is reliant on increases in borrowing the business case will factor in fixed rate borrowing costs commensurate with the anticipated holding period of the asset. By utilising fixed rate borrowing options the Council will be protected from future increases in financing costs.

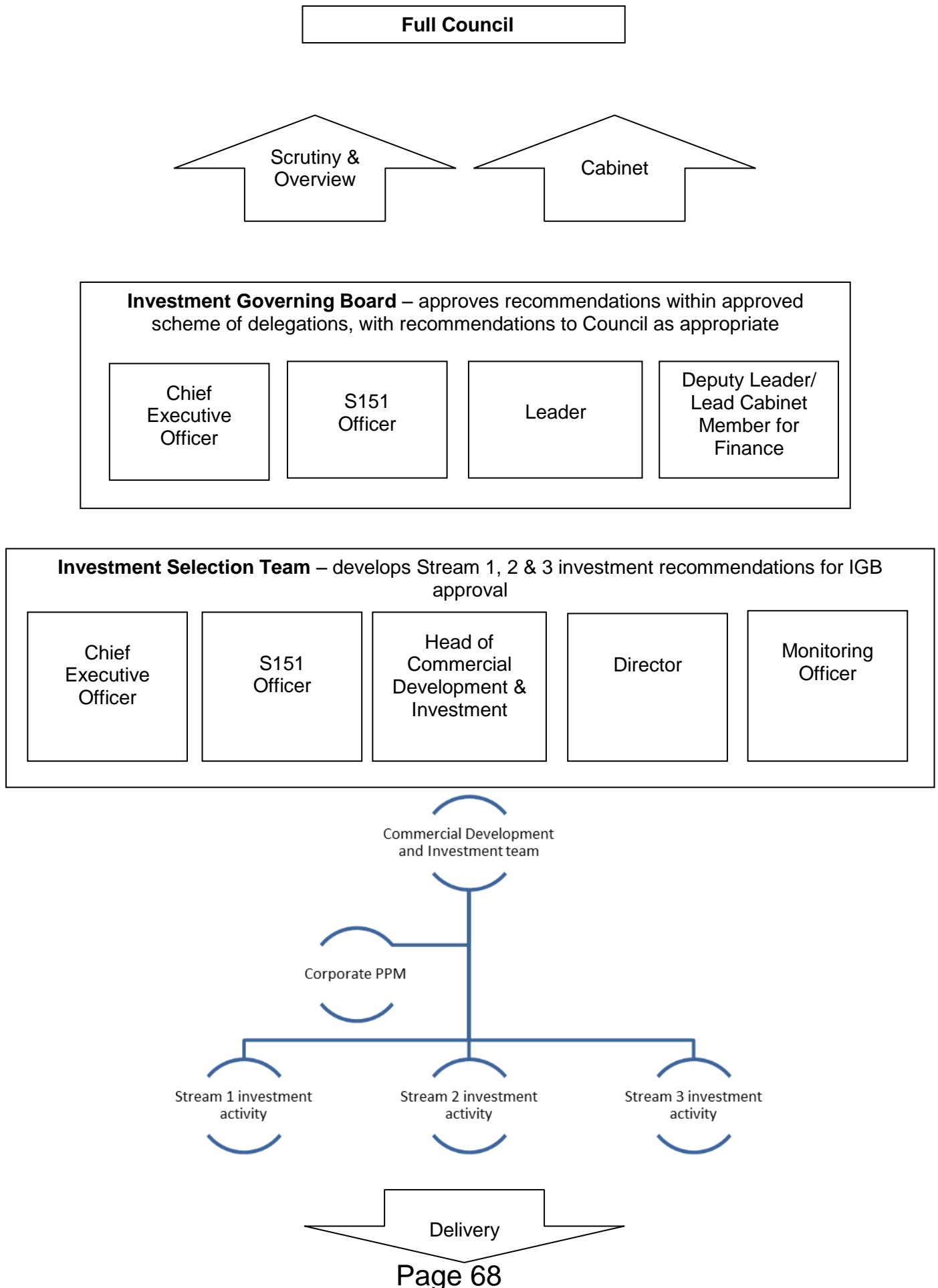
Financial returns from Stream 3 activities may come in the form of capital receipts either in place of or in addition to revenue returns. This would need to be considered carefully as part of the overall Strategy given the requirement to achieve net revenue returns of 2.5% from the investment strategy overall.

6. Business Case

The ~~PST~~ **IST** will prepare a business case for Stream 2 investments where the minimum weighted score target has been met (**APPENDIX 6**).

The minimum score target will be determined by the ~~Interim Executive Director~~ **Head of Commercial Development & Investment and their Team**, in consultation with the Lead Member for Finance, once the Business Plan objectives and focus areas have been finalised.

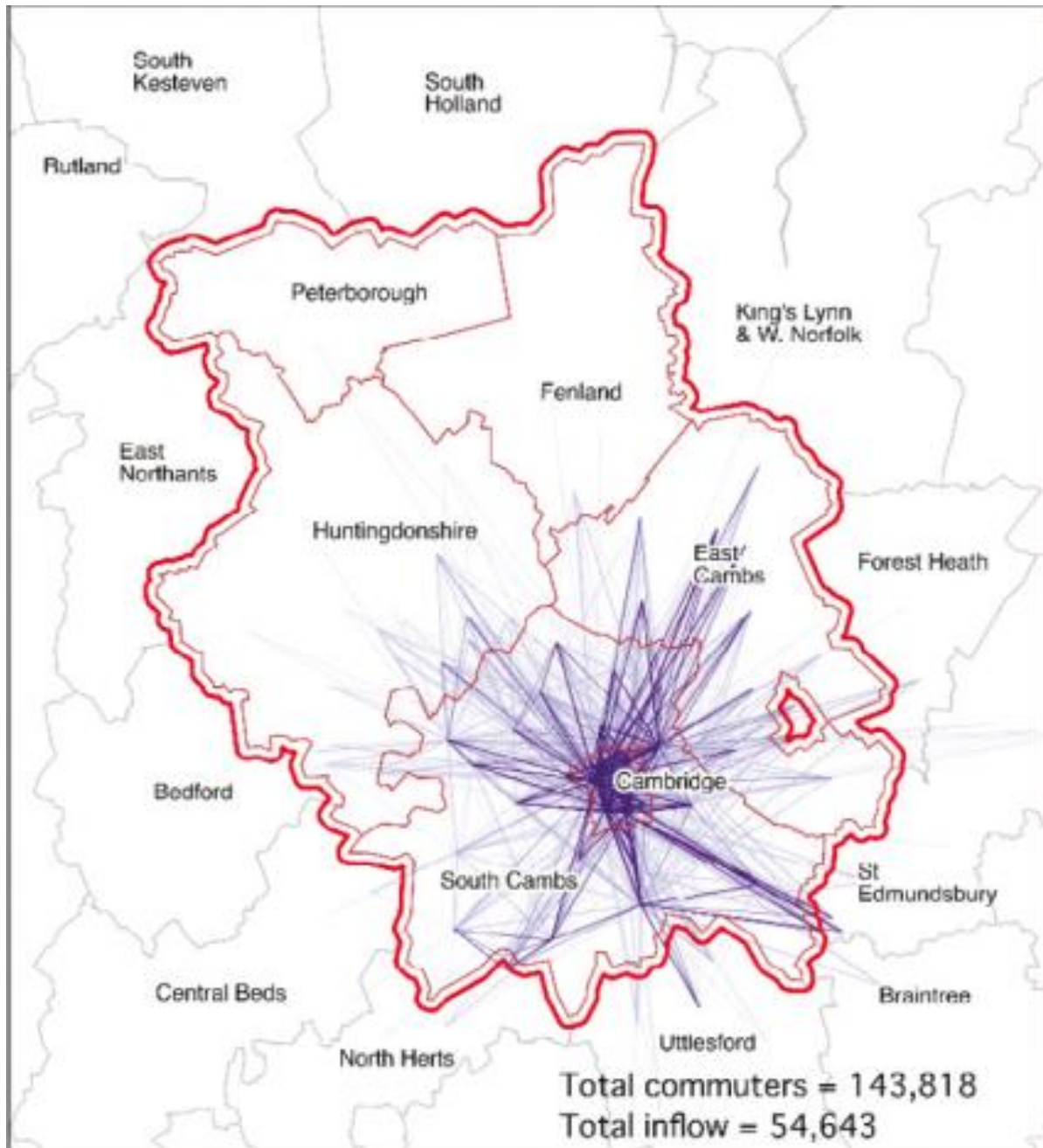
APPENDIX 4: GOVERNANCE



APPENDIX 5: INVESTMENT AREA

Investment Target Area

The investment target area outside of the Local Plan boundary follows the definition of the Greater Cambridge commuting pattern, as identified in the Cambridgeshire and Peterborough Independent Economic Review (September 2018):



APPENDIX 6: STREAM 2 AND 3 BUSINESS CASE OUTLINE

The business case will include the following as a minimum:

Reasons - Why is the investment needed?

Options - What are the options available?

Benefits - What would be the benefits of the investment? How would it help deliver the Business Plan objectives?

Investment Appraisal - A detailed financial appraisal setting out the projected income and costs associated with a potential acquisition along with an assessment of the proposed financing options and associated risks and considerations.

Risk Management Assessment - A detailed risk assessment of the potential investment, including mitigation measures that can be employed:

- Specific risks associated with the proposed investment:
- Risk of failure (sales / letting void risks)
- Costs of ownership and management
- Differing ownership structures (e.g. wholly owned subsidiaries).
- Sector risk (portfolio spread)
- Provide an exit strategy financial assessment as a 'worse case' scenario
- Liquidity assessment
- LTV ratio assessment

Market Risks, including risks of structural change or market failure, which may affect the market as a whole or particular subsectors or groups of property:

- Illiquidity upon sale (e.g. lot size, transaction times, availability of finance)
- Failure to meet market value expectations (forecast value growth)
- Failure to meet market yield expectations (forecast yield shift)
- Risk of locational, economic, physical and functional depreciation through structural change
- Risks associated with legislative change (e.g. planning or changes in fiscal policy)

Portfolio Assessment - An assessment to establish suitability against the Council's existing property portfolio which will consider rental levels, location, property type, rent review and lease expiry patterns, industry sector, tenure, lease covenants, market exit constraints and physical and environmental factors.

Legal

- Report on title (to confirm ownership)
- Options for legal structures (e.g. use of wholly owned subsidiaries)
- Advice on SDLT and VAT linked to use of legal structure options

Estimated Timescale

- Proposed start date
- Estimated end date
- Duration

Estimated project resources

- Identify role and name of officers
- Estimate the demand on officer time
- Identify resource gaps and whether these can be met
- Identify external resources required and estimated budget cost

INVESTMENT STRATEGY – SUMMARY OF KEY REVISIONS

ISSUE	OPTIONS	ACTION
1) Publication of Investment Strategy. Currently this is difficult to find on the website. A list of council policies and strategies would aid transparency.	Improve accessibility on the Councils website	Note that Head of Commercial Development & Investment is currently working with the Comms team to present the Strategy on a separate and fully accessible version on the website
2) Loans to 3rd parties. IGB should consider that any loans made to 3rd parties (i.e. Ice Rink) should be explained within the Investment Strategy, and not within other Capital Strategies. The rates of return on such loans need to be explained.	Amend Investment Strategy to include loans to 3 rd parties within 'stream 2' investments	Agree to modify the Investment Strategy within the <i>Acquisition / Development methodology</i> section to include: <u>investments via loans to 3rd parties</u> as an area of activity within stream 2
3) Fair value assessment. Should IGB consider requiring this to be done as part of the annual strategy / review for inclusion within the MTFs?	To require the IST to undertake an annual Fair Value assessment of the portfolio of investments made through the Investment Strategy	No action needed. Paragraph 8.2.4 of the Investment Strategy states that: <i>Each year the Council will assess whether assets purchased via the Strategy retain sufficient value to provide security of investment using the fair value model in International Accounting Standard 40: Investment Property. If the fair value of assets is not sufficient to provide security for the capital investment the Strategy will provide detail of the mitigating actions that are being taken, or are proposed to be taken, to protect capital investment</i>
4) Dependency on yield bearing investment to fund NSE. Investment Strategy should set out extent of dependency and contingency plans if expected yields are not realised. IGB should consider the requirement for each investment proposal to provide an exit strategy financial assessment as a 'worse case' scenario, in order that members can appreciate the level of risk associated with each investment.	To require the IST to include an exit strategy financial assessment within each investment business case for the worst case scenario	Agree to modify the Investment Strategy under APPENDIX 1 (1b) - Stream 1 Business Case item c) Risk Management Assessment, and APPENDIX 6 Stream 2 & 3 Business Case outline, under Risk Management Assessment to include the wording: <u>provide an exit strategy financial assessment as a 'worse case' scenario</u>

ISSUE	OPTIONS	ACTION
<p>5) Liquidity. What procedures exist to ensure funds can be accessed when they are needed? What is the liquidity associated with each asset class?</p>	<p>To require the IST to assess the liquidity of each investment and to maintain a register of the same in the Asset Management Plan for the investment portfolio</p>	<p>Agree to modify the Investment Strategy to include the wording: <u>liquidity assessment</u> under APPENDIX 1 (1b) - Stream 1 Business Case item c) Risk Management Assessment, and APPENDIX 6 Stream 2 & 3 Business Case outline, under Risk Management Assessment Agree to require the IST to provide a <u>liquidity assessment</u> when undertaking the annual Fair Value Assessment (as described in paragraph 8.2.4 of the Investment Strategy)</p>
<p>6) Use of cash as opposed to borrowing. The Investment Strategy assumes all investments would be made through PWLB borrowing, however as the Council has cash available. The indicator Debt:NSE (Net Service Expenditure) only records the amount borrowed. MHCLG guidance requires that the Investment Strategy needs to cover all assets not being used to deliver council services (i.e. cash as well as borrowing). Is a separate indicator required to record use of cash, or should the existing indicator be modified?</p>	<p>a) to modify the existing indicator to include cash and debt within the Debt:NSE indicator (i.e. £20m per annum including cash and debt financing) b) to add an additional indicator determining the amount of cash that can be invested each year (as a proportion of Net Service Expenditure)</p>	<p>Agree to modify the Investment Strategy to include cash within the Debt:NSE ratio by adding the words <u>(as cash or loan financing)</u> after the words 'gross debt' in paragraph 8.2.1 Debt to Net Service Expenditure (NSE) Ratio, OR Agree to <u>create an additional indicator</u> after paragraph 8.2.1 of the Investment Strategy to measure the amount of cash associated with Commercial Property Investments</p>
<p>7) b. Debt:NSE ratio. IGB should consider whether the limits set are reasonable, given the Council's business plan objectives and the growth agenda generally across the District.</p> <p>Consideration should be given as to whether the Council should target specific investment limits for each stream. Note that Investment Partnerships (Stream 3) could deliver schemes up to a total investment value of £340m over 4 years (£85m per annum), but that these investment swill also deliver capital returns at the completion of the developments when the properties are sold.</p>	<p>To modify to the level of investment from a fixed £20m per annum to a range from £20m up to £120m per annum.</p>	<p>Agree to modify the level of investment (as expressed through the Debt:NSE ratio and any additional cash indicators) from a fixed £20m per annum to a range from £20m to £120m per annum</p>

ISSUE	OPTIONS	ACTION
8) Income:NSE ratio. IGB should consider refining this to reflect the different levels of financial return that each investment stream can deliver	a) Stream 1 - generally 5% minimum yield – what is the target level of income from this stream? b) Stream 2– Investment Strategy states minimum level return of 2.5% - what level of investment is the target? c) Stream 3 – could require significant levels of investment (exceeding current Debt:NSE limits) but will deliver capital receipts rather than annual revenue stream over the long term.	Agree target yield for Stream 1 investments at least 5% Agree target yield for stream 2 investment at least 2.5% Agree each project within stream 3 to be individually assessed with a minimum yield required of 5%
9) LTV ratio. Is it appropriate to have a fixed indicator for each year, given that cash inflows and outflows (especially from stream 3) will fluctuate within year? Should IGB consider setting an LTV limit no lower than 2.0 as a prudent indicator, including the requirement to calculate LTV of all investments within the Investment Strategy portfolio prior to any investment decision being made (as values can go down within year as well as up).	To modify the LTV ratio to require limit of 2.0 and require the ratio to be assessed prior to any investment being made when preparing the business case	Agree to modify the Investment Strategy to include the wording: <u>LTV ratio assessment</u> under APPENDIX 1 (1b) - Stream 1 Business Case item c) Risk Management Assessment, and APPENDIX 6 Stream 2 & 3 Business Case outline, under Risk Management Assessment
10) Consideration should be given as to a statement of how net revenue is calculated	Annual Net Revenue = Income – acquisition costs - operational costs – loan interest (or where cash is used, the loss of interest), divided by the Total amount invested	Agree to require the IST to agree the formula to calculate net revenue for each investment, and report this to IGB meetings within the Asset Management update
11) Gross and net income and Operating Costs. IGB should consider requiring the Investment Strategy to provide further detail of the operational costs. Going forward each year the Investment Strategy should provide out-turn costs and revenues compared against budgets set the previous year	Operational costs to include staff time and the following: i. Repairs, ii. Sinking fund, iii. Running costs (other than those recoverable from tenant) iv. Business rates (if not recoverable for tenants) v. Voids vi. Finance costs vii. Asset management costs, including: insurance; inspections; surveys; lease events; invoicing and arrears management; covenant enforcement, and service charge management.	Agree to amend the indicator at para 8.2.2. of the Investment Strategy (Commercial Income to NSE Ratio) to include all operational costs, thereby reporting the net income from investments

ISSUE	OPTIONS	ACTION
12) Vacancy levels. Currently set at zero, but what are acceptable parameters for ongoing portfolio management? What allowance should be made of void periods and capital expenditure during investment lifecycle? Is there an asset / portfolio management plan in place and who is responsible for this?	To include an allowance for voids or not	Agree to include an allowance for voids based on the anticipated 25 year cash flow for each investment and include the void costs within the Commercial Income to NSE ratio above
13) Strengthen the Strategy to ensure that it covers all requirements of the CIPFA guidance and statutory guidance.	To review the coverage in relation to contribution, security, risk assessment, liquidity, proportionality and borrowing in advance of need.	Agree to include further clarification if the requirements in relation to contribution, security, risk assessment, liquidity, proportionality and borrowing in advance of need.
14) Clarify governance arrangements, including arrangements for the approval of priority investments	<p>To make appropriate amendments to the Investment Strategy to confirm the role of Council in capital funding allocations and the profiling of expenditure.</p> <p>To make appropriate amendments to the Scheme of Delegations to enable Officers to progress investment opportunities, including undertaking essential due diligence checks and the submission of non-binding offers in line with market practice.</p>	Agree to clarify governance arrangements in the Investment Strategy, including amendments to the Scheme of Delegations to Officers.



**South
Cambridgeshire**
District Council

This page is left blank intentionally.

Agenda Item 9



**South
Cambridgeshire
District Council**

Report To: Cabinet

2 October 2019

Lead Cabinet Member(s): Councillor John Williams,
Lead Cabinet Member for Finance

Lead Officer: Peter Maddock, Head of Finance

SUBJECT: 2018/2019 PROVISIONAL GENERAL FUND REVENUE AND CAPITAL BUDGET OUTTURN

PURPOSE

1. To receive the General Fund and Capital outturn position for the financial year 2018/2019 with Reserve balances as at 31 March 2019, and to agree proposed changes to the Capital Programme.
2. This is a key decision as there are resource implications directly arising from the report. The report provides a statement of the year-end financial position and progress with approved capital investment projects and identifies the use of the revenue outturn surplus for transfer to earmarked Reserves and also proposes variations to the approved capital programme.

RECOMMENDATIONS

3. That Cabinet is requested to consider the report and, if satisfied, to:
 - (a) Acknowledge the 2018/2019 General Fund revenue outturn position and the net overspend on day to day services in the year of £0.541 million and the explanations provided for the variances compared to the approved 2018/2019 revenue budget;
 - (b) Acknowledge the additional surplus primarily from Business Rates and related Grants of £6.519 million and how this has occurred;
 - (c) Acknowledge the consequent increase in the General Fund Balance as at 31 March 2019 of £5.978 million to £17.446 million;
 - (d) Recommend to Council that the Business Efficiency Reserve be re-designated to the Transformation Reserve and that the sum of £3 million be appropriated from unallocated General Fund Reserve to enable the service transformation and organisational change programme to be resourced, noting that the General Fund unallocated reserve would then be £14.446 million;
 - (e) Recommend to Council the General Fund Revenue Carry Forwards in the sum of £1.227 million as outlined in Appendix A;

(f) In relation to the Capital Programme:

- (i) Note the 2018/2019 capital budget outturn of £27,190 million;**
- (ii) Recommend to Council the carry forwards of £6.464 million in relation to General Fund capital projects due mainly to slippage as outlined in the report;**
- (iii) To note that a full review of the Capital Programme will be submitted to Cabinet at its November 2019 meeting to include re-phasing of the existing programme and new Capital bids for the next budget cycle.**

REASON FOR RECOMMENDATION

4. To advise the Cabinet of the 2018/2019 revenue and capital outturn position, the impact that this will have on the General Fund and to consider and, if satisfied, support the carry forward of slippage within the 2018/2019 capital programme. To note that a further review of the Capital Programme performance will be carried out and presented to Cabinet at its meeting on 6 November 2019.

BACKGROUND INFORMATION

2018/2019 Revenue Budget – Outturn

5. This report sets out the 2018/2019 Outturn position with a brief commentary on some of the variances. The Council's draft Statement of Accounts will be submitted to Audit Committee on 26 November 2019 for approval; it is not envisaged that there will be any issues arising that will impact on the Outturn.
6. The table below sets out the Outturn position for each Directorate:

	Current Net Budget £ million	Outturn £ million	Variance £ million	%
Housing Services	1.373	1.129	(0.244)	(17.7)
Health & Environmental Services	6.639	6.523	(0.116)	(1.7)
Corporate Services	6.609	5.626	(0.983)	(14.9)
Planning	4.727	3.465	(1.262)	(26.7)
Operational Net Cost	19.348	16.743	(2.605)	(13.5)
City Deal and Drainage Levy	1.119	1.078	(0.041)	(3.7)
Investment Income & Expenditure	(1.702)	(1.506)	0.196	11.5
Appropriation to/(from) Earmarked Reserves	(0.443)	2.852	3.295	743.8
Accounting reversals and MRP	(1.313)	(1.617)	(0.304)	(23.2)
Non Operational Budgets	(2.339)	0.807	3.146	134.5
Total	17.009	17.550	0.541	3.1

7. The Operational Net Cost of the Council relates to the day to day spending/service areas of the Council. The outturn for Net Operational Cost is £16.743 million representing an underspend of £2.605 million; this is offset by an overspend of £3.146 million in relation to Non Operational Budgets. The net position being an overspend of £0.541 million. Much of the underspend in operational areas is related to a compensating increase in appropriation to reserves as funding for those projects was intended to come from this source, although some of the transfer to reserves relates to Business Rates income which features in the table at paragraph 10.
8. The key variances in operational areas are detailed below with some commentary on each area:

Directorate	£m	Reason for Variance
Housing	(0.244)	A further allocation of Flexible Homelessness Grant was received during the year. This has been transferred to the Earmarked reserve to aid Homelessness prevention activities for spending over the next 3 years. There were also savings on the Private Sector Leasing Scheme support.
Health and Environmental Services	(0.116)	The variance is made up of a number of under and overspends, with largest savings realised in Health and Wellbeing due to staff savings and additional income. A credit of £40,000 also contributed to savings in Awarded Watercourses.
Corporate Services	(0.983)	Corporate services are underspent in most areas, most notably an underspend of £489,000 on Renewable Energy projects which will now be implemented in 2019/2020. Funding for these projects was planned as a withdrawal from Earmarked reserves. Other notable underspends are in Revenues and Benefits due to staff vacancies and in Democratic services £106,000 were saved on members allowances/travel and subsistence.
Planning Shared Service	(1.262)	The original budget was prepared on a South Cambs only basis, however, the shared service was created during that year and as a result both expenditure and income were substantially different; resulting in an overall under-spent of £1.262 million. Income was up by £2.008 million and expenditure up by £0.746 million. Part of the 2018/2019 savings are also attributable to compensation and appeal costs which are being requested to be rolled over into the financial year 2019/2020.
Overheads	0.642	There were two main areas of overspend relating firstly to ICT of £308,000 and Planning Administration of £542,000. The latter again related to the formation of the shared planning service. There were a number of offsetting underspends including Environmental support (£63,000) and the Contact Centre (£45,000). These services are allocated to both General Fund and Housing Revenue Account services and form part of the costs reported in each operational area above.
Non Operational Budgets	3.146	This most significant part of this overspend is in reality additional contributions to Earmarked Reserves because of the underspends experienced within the operational areas. There is, however, also an additional contribution to reserves from business rate income received from renewable energy schemes. The income appears as part of the next table.

9. It is usual practice to submit any requests for rollover to 2019/2020 as part of this report and the rollovers are listed with some commentary at **Appendix A**.
10. In addition to operation and non operational income and expenditure above the following table shows the outcome for Council Tax, Business Rates and the various other non-ring-fenced grants received from Central Government:

	Current Net Budget £ million	Outturn £ million	Variance £ million	%
Total Expenditure (from above)	17.009	17.550	0.541	0
Government Grants	(2.923)	(5.752)	(2.829)	(96.8)
Council Tax	(8.616)	(8.616)	0	0
Business Rates	(5.470)	(5.942)	(0.472)	(8.6)
Collection Fund Surplus	0	(3.218)	(3.218)	0
Income from Taxation and Government Grants	(17.009)	(23.528)	(6.519)	(38.3)
Appropriation (to)/from General Fund	0	(5.978)	(5.978)	

11. The Outturn position set out in the table above reflects the following:
- That due to the constant changes to business rate reliefs since the introduction of 50% local retention, the government is required to compensate local authorities for the loss of revenue as a result. In 2018/2019 this was £2.829 million more than expected.
 - That growth in business rates income in the district has been substantial since the setting of the baseline and, although 50% of that growth has to be paid over to central government (amounting to £2.438 million), there was still additional income of £0.472 million.
 - The surplus on the business rates collection fund (3.119 million) and Council Tax Collection fund (£0.99 million). It is normal practice to make provision for this surplus or deficit in setting the revenue budget but, for no known reason, there was no allowance made in the 2018/2019 budget. The same situation has also been repeated in the 2019/2020 budget which will again lead to a more favourable outturn than the approved budget indicates.
12. It is worth noting at this point the complexities of forecasting income in a growth area, particularly for Business Rates. Rather than taking account of the income due in the current year and applying a percentage uplift, there are many factors that need to be accounted for during the estimate process. The evaluation, or "rating", of non-domestic premises is conducted by the Valuation Office Agency (VOA), a process which can take many months following completion of a build. There is a requirement to predict the likely impacts on income of properties being built or demolished, along with reductions in business rates due to appeals which may or may not come to fruition during the financial year. Whilst every endeavour is made to make informed predictions, it is important to accept that there is limited influence over such events, which tend to be driven by economic and market factors; these may arise after estimates have been prepared.

13. It should also be noted that legal challenges on VOA decisions, such as the high profile cases around the rating of ATMs or by NHS trusts who are seeking 80% charitable relief, both of which are yet to be decided, also have the potential to significantly impact estimates. Whilst a provision is made within accounts for such eventualities, there remains a degree of uncertainty and the approach reflects a level of prudence on this basis.
14. The budget assumed no change in the General Fund Balance however as a result of the additional income particularly from Business Rates, £5.978 million has been added to the General Fund Balance.
15. The option of allocating the surplus for an alternative earmarked purpose exists. For example, the establishment of a Property Investment Reserve could enable Council priorities in relation to housing, economic growth and income generation to be advanced further (e.g. land acquisition, asset refurbishment or additions to the property portfolio without reliance on capital funding). It is important that the revenue implications of any investment decision is carefully and fully taken into account.

Reserves

16. There are a substantial number of General Fund revenue reserves in existence and the balance on these as at 31 March 2019 was a little over £24 million. There is a need to review these reserves as to their level and appropriateness and to ensure they are aligned to Council priorities. It is intended to carry out a thorough review of these Reserves as part of the 2020/2021 budget process with a view to rationalising them as appropriate.
17. The major Revenue Reserves held by the Council are detailed below with some commentary on each:

New Homes Bonus (NHB) GCP Reserve – £3.131 million: This reserve was set up to receive a proportion of the NHB monies the authority receives from the Government; 30% is currently set aside each year for costs of the Greater Cambridge Partnership. It is likely that, in the longer term, more will be paid out of the Reserve than received as it is expected that the NHB will either be reduced significantly or phased out completely. The position will need to be reviewed given the impact of any changes to NHB on the existing commitment. During 2018/2019 a contribution of £886,000 was paid towards the Partnership with the contribution inwards being £922,000.

New Homes Bonus A14 upgrade Reserve – £3.318 million: The A14 contribution of £5 million is expected to eventually come from this reserve, collected from the remainder of the NHB funds after the allocation to GCP and General Fund. No funds were allocated to this Reserve for 2018/2019.

Renewables Reserve – £3.425 million: This was set up at the end of 2015/2016 in order to fund an investment programme to build new sources of renewable energy. The funds are built up from amounts retained in respect of Renewable Energy Schemes as per National Non Domestic Rates (NNDR) 3 returns. In 2018/2019, £834,462 was received from Renewable Energy sources, 100% of which is retained locally in order to be reinvested back in Renewable Energy projects. In 2018/2019, £75,172 of the funds were utilised, including funding the installation of the solar panels on the Waterbeach Depot. It is proposed to use some of the balance of funds going forward at South Cambridgeshire Hall to improve energy efficiency and implement green energy schemes.

Business Rates Growth Reserve – £6.230 million: This relates to retained funds from the 100% Business Rates pilot. At the time the funds were made available, it was not clear if there were any restrictions on expenditure funded by this pilot, therefore, funds were put in a reserve pending further clarification from the Government. It is proposed that funds from this reserve are used to top up the A14 Upgrade Reserve at the time payment will fall due.

Business Efficiency Reserve – £1.026 million: Set aside to meet costs associated with council actions, implementation of business improvement and efficiency programmes and commercialisation programme projects and the Shared Services programme. It is proposed to re-designate this reserve as a Transformation Reserve. The Council is embarking on a programme of transformation and there will inevitably be transitional costs arising from the review of business processes, the investment required to achieve the change required and the costs associated with reviewing the level of resource across the Council. There will, therefore, be a need for one-off expenditure to realise on-going savings and it is proposed, at this stage, to set aside a further £3 million from the 2018/2019 outturn surplus to this Reserve for costs associated with the transformation programme over the next few years.

General Fund Capital Programme 2018/2019 – Outturn

18. The outturn in relation to the 2018/2019 Capital Programme identifies an expenditure underspend of £7.316 million and equivalent financing underspend. The budget for comparison purposes is the revised budget that was reported to Council on 21 February 2019 as part of the 2019/2020 budget papers:

	Revised Budget £ million	Outturn £ million	Variance £ million	C/F
Housing Services	2.212	1.063	(1.149)	0.030
Health & Environmental Services	0.921	1.050	0.129	0.052
Corporate Services	0.839	0.604	(0.235)	0.330
Planning Services	0.080	0.071	(0.009)	0
Advances to Housing Company	28.054	23.147	(4.907)	4.907
CLIC Investment	2.400	1.255	(1.145)	1.145
Expenditure	34.506	27.190	(7.316)	6.464
Capital Receipts	1.702	1.773	0.071	
Revenue (Inc. Reserves & HRA)	0.690	0.299	(0.391)	
Contributions (Inc. Section 106)	0.814	0.716	(0.098)	
Borrowing (Internal & External)	31.300	24.402	(6.898)	
Funding	34.506	27.190	(7.316)	

19. Expenditure on Housing includes the re-purchase of General Fund sheltered Properties and Private Sector Housing Grants including Disabled Facilities Grants (DFG's). With regard to the former, an allocation is put in each year as it is unknown how many will occur. There were not as many as expected leading to an underspend and the allocation in for 2019/2020 is felt to be adequate so there is no need to carry forward any monies. The latter was overspent by £50,000 relating to DFG's and home assistance grants, but the Council received additional funding of £80,000 at the end of 2018/2019 so in reality a carry forward of £30,000 is appropriate.

20. The Health and Environmental Services budget is provided in the main for vehicle replacements for the waste and street cleansing fleet. This was overspent when compared to the revised budget mainly due to additional vehicle purchases. There was also an order placed during February 2019 for additional tail lift vehicles but not delivered until April 2019. The cost of £52,000 needs to be carried forward into 2019/2020 but in any event is funded from Earmarked Reserves.
21. The Corporate Support Services budget includes ICT projects and Capital works at the Camborne offices. Overall budgets were underspent by £235,000. The underspend on the Camborne offices was £330,000, with an overspend on ICT projects. It is proposed to carry forward the underspend for the office refurbishment to enable the projects in the programme to be completed.
22. It was expected that £28,054 million would be advanced to Ermine Street Housing Ltd, the Council's wholly owned subsidiary. In the event £23,147 million was actually advanced as the number of properties acquired in the second half of 2018/2019 was lower than expected. These loan advances count as Capital Expenditure as they are for a specific purpose and, as such, the unspent allocation should be carried forward into 2019/2020.
23. The Council has been providing loan finance for the creation of an Ice Rink in the sum of £2.4 million. It was expected that the rink would be complete during 2018/2019 but, in the event, it did not complete until the summer of 2019. The outstanding amount of £1.145 million needs to be carried forward into 2019/2020 to enable the commitment to the project to be met.
24. A summary of the service related rollovers, totalling £412,000, is identified at **Appendix B**.
25. Use of Capital Receipts to fund the programme was slightly higher than expectations due to additional spend in Health and Environmental Services. Funding for DFG's from the Better Care Fund exceeded expenditure but this funding can be applied during 2019/2020 and there is an expectation that expenditure will rise as demand appears to be increasing. The expected call on reserves was less than anticipated and due to the under-spend this was fairly modest. All borrowing in the year was from internal sources and, due to slippage, was significantly lower than expected.

IMPLICATIONS

26. In the writing of this report, taking into account the financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered:

Legal

27. It is a legal requirement for a Local Authority to set a balanced budget (which can include the use of past surpluses). This report is measuring the actual position against the budget set in February 2018 for 2018/2019.

Policy

28. It is Council Policy and indeed good practice to report on the year end outturn against the budget.

Finance

29. The 2018/2019 General Fund Revenue budget was approved by Council during February 2018. The latest capital budget was approved during February 2019. This report compares the actual outturn for General Fund revenue and capital to the appropriate most recently agreed budgets.

Risk

30. Measuring actuals against budgets is essential for good financial management. A failure to do so carries the risk of not knowing the true financial position.

Environmental

31. There are no environmental implications arising directly from the report.

Equality Analysis

32. In preparing this report, due consideration has been given to the District Council's statutory Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010. A relevance test for equality has determined that the activity has no relevance to South Cambridgeshire District Council's statutory equality duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relation. An equality analysis is not needed.

Effect on Council Priority Areas

33. Timely and robust consideration of the Council's outturn is vital to ensure that the financial position of the Council is effectively managed and monitored.

BACKGROUND PAPERS

Where the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require documents to be open to inspection by members of the Public, they must be available for inspection:

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) In the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

The following documents are relevant to this report:

- General Fund Medium Term Financial Strategy – Report to Cabinet: 7 November 2018
- Budget Report – Report to Cabinet: 6 February 2019
- Business Plan 2019 - 2024 – Report to Council: 21 February 2019
- Medium Term Financial Strategy and General Fund Budget – Report to Council: 21 February 2019
- An Organisation for a Sustainable Future – Report to Cabinet: 1 May 2019

APPENDICES

A 2018/2019 General Fund Revenue Rollovers

B 2018/2019 General Fund Capital Rollovers

REPORT AUTHORS:

Peter Maddock – Head of Finance

E-mail: peter.maddock@scambs.gov.uk

Suzy Brandes – Principal Accountant

E-mail: suzy.brandes@scambs.gov.uk

Martin Lee – Housing Accountant

E-mail: martin.lee@scambs.gov.uk

This page is left blank intentionally.

Details of rollovers from 2018/19 into 2019/20

General Fund Revenue Budgets

Item		Rollover Value £ 000's
	Planning	
1	Consultancy BNE Village Design DCLG Grant received for £130k. Slippage in the works have resulted in a £53,135 underspend at 2018-19 year end. Further project costs are to be incurred in 2019-20 (POs have been raised and c/f in 2019-20).	43
2	Planning Policy Greater Cambridge Local Plan No spend incurred YTD. Budget requested to be rolled over by Assistant Director of Strategy	250 10
3	Economic Development Market research : Managed workspaces on Cambridge Compass Enterprise Zone in South Cambridgeshire. Match funding from Cambridgeshire & Peterborough Combined Authority	8
4	Development Management Increase of budget due to the amount of outstanding 5 year land supply appeals, that have potential for costs appeals being submitted. Cost award appeals can be submitted either at the start of the appeal or at the start of the hearing or inquiry. There is a known appeal that we know costs will be submitted and is likely to be awarded against us. We anticipate that this cost being in the region of £200,000 Increase of budget due to the amount of outstanding 5 yr land supply appeals, that have yet been through the appeal process. We have a known appeal that will be submitted and we estimate that it will cost in the region of £150,000 to defend the appeal.	200 150
	Housing General Fund	
5	Improvement Grants Carry forward £30,000 remaining from the 2018/19 budget. The additional flexibilities in the Cambridgeshire Housing Adaptations & Repairs Policy approved by Cabinet in March 2019 will enable us to support a wider group of residents to enable them to live healthy, independent lives in their own home. This money is grant funding received via the Better Care Fund and is ring-fenced to be used under the Cambridgeshire Housing Adaptations & Repairs Policy. We will undertake a targeted campaign in 2019/20 to improve energy efficiency of existing homes to vulnerable households.	30
	Health & Environmental Services	
6	Renewable Energy A delay in starting the Renewable Energy Programme- this is funded from Earmarked Reserves	536
	Total General Fund revenue budget rollovers from 2018-19 to 2019-20	1,227

This page is left blank intentionally.

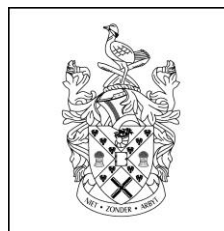
Details of rollovers from 2018/19 into 2019/20

Capital Budgets

Item		Rollover Value £
	Corporate Services	
1	Cambourne Offices- First floor Improvements	
1	Ground floor reception improvements did not progress due to quotes received too high. Money to be rolled over to fund alternative improvements projects including reception pods, AV equipment, members' lounge & post room	330
	Housing Services	
2	Private Sector Housing Grants	
	Disabled Facilities Grants underspend required in 2019/20 due to increased demand	30
	Health & Environmental Services	
3	Greater Cambridge Shared Waste Service	
	Late delivery of replacement tail lift collection vehicles as part of the capital replacement programme.. These vehicles are now at the end of their economical useful lives.	
	Vehicles were ordered in February 2019 but not delivered until Q1 in 2019-20.	52
	Funding for these vehicles is coming from earmarked allocation within the Commercial vehicle sinking fund held on reserve.	
	Total General Fund Capital budget rollovers from 2018-19 to 2019-20:	412

This page is left blank intentionally.

Agenda Item 10



**South
Cambridgeshire
District Council**

Report To: Cabinet

2 October 2019

Lead Cabinet Member(s): Lead Cabinet Member for Finance

Lead Officer: Peter Maddock, Head of Finance

SUBJECT: 2018/2019 HOUSING REVENUE ACCOUNT (HRA) REVENUE AND CAPITAL BUDGET OUTTURN

PURPOSE

1. To receive the HRA revenue and Capital outturn position for the financial year 2018/2019 with Reserve balances as at 31 March 2019, and to agree proposed changes to the Capital Programme.
2. This is not a key decision as there are no additional resource implications directly arising from the report at this stage; the report provides a statement of the year-end financial position and progress with approved capital investment projects.

RECOMMENDATIONS

3. That Cabinet is requested to consider the report and, if satisfied, to:
 - (a) Acknowledge the 2018/2019 revenue outturn position and the net underspend in the year of £2.042 million, and the explanations provided for the variances compared to the approved 2018/2019 revenue budget;
 - (b) Acknowledge the consequent increase in the Housing Revenue Account balance as at 31 March 2019 of £1.051million to £11.148 million;
 - (c) Recommend to Council the Housing Revenue Account Revenue Budget Carry Forwards in the sum of £0.739 million, identified at Appendix A;
 - (d) In relation to the Capital Programme:
 - (i) Note the 2018/2019 capital budget outturn of £15,625 million;
 - (ii) Recommend to Council the carry forwards of £1.124 million in relation to HRA capital projects due mainly to slippage.
 - (iii) To note that a full review of the Capital Programme will be submitted to Cabinet at its November 2019 meeting to include re-phasing of the existing programme and new Capital bids for the next budget cycle.

REASON FOR RECOMMENDATIONS

4. To advise the Cabinet of the 2018/2019 revenue and capital outturn position, the impact that this will have on the Housing Revenue Account and to consider the carry forward of slippage within the 2018/2019 capital programme. To note that a further review of the Capital Programme performance will be carried out and presented to Cabinet at its meeting on 6 November 2019.

BACKGROUND INFORMATION

2018/2019 Revenue Budget – Outturn

5. This report sets out the 2018/2019 Outturn position with a brief commentary on some of the variances. The Council's draft Statement of Accounts will be submitted to Audit Committee on 26 November 2019 for approval; it is not envisaged that there will be any issues arising that will impact on the Outturn.
6. The table below sets out the outturn position for the Housing Revenue Account:

	Current Net Budget £ million	Outturn £ million	Variance £ million	%
Housing Management	6.995	6.671	(0.324)	(0.05)
Housing Repairs	4.284	3.788	(0.496)	(11.6)
Depreciation	9.881	6.455	(3.426)	(34.7)
Interest Payable	7.193	7.193	0	
Capital Expenditure funded from Revenue	2.925	5.743	2.818	96.3
Other Items	0.122	0.112	(0.010)	(8.2)
Gross Expenditure	31.400	29.962	(1.438)	(4.6)
Rents	28.020	28.506	(0.486)	(1.7)
Charges for services and Facilities	1.804	1.747	0.057	5.6
Interest on Balances	0.585	0.760	(0.175)	(29.9)
Gross Income	30.409	31.013	(0.604)	(2.5)
Contribution (to)/from HRA Balance	0.991	(1.051)	(2.042)	(200.0)

7. HRA expenditure was £1.438 million or 4.6% below expectations and income was £0.604 million or 2.5% above expectations. The net effect was to move from taking £0.991 million from HRA balances to adding £1.051 million to HRA balances a swing of £2.042 million.

8. The key variances are as follows:

Directorate	£m	Reason for Variance
Housing Revenue Account	(2.042)	<p>The reported underspend against the original budget is due to:</p> <ul style="list-style-type: none"> i) Significant reduction in level of depreciation charged to the HRA following a review of asset lives, resulting in longer residual lives for many dwellings ii) Increase in direct revenue financing of capital expenditure as a result of the approval of rollovers as part of the outturn process for year 2017/2018 iii) underspending in respect of response repair works iv) An increase in the rental income for the year due to removal of the original assumption of the need to hold void dwellings from October 2018 to meet a higher value voids levy. v) An increase in the interest received on cash balances for 2018/19 due to the level of cash balances held.

9. It is usual practice to submit any requests for budget rollover to 2019/2020 as part of this report and the rollovers are listed with some commentary at **Appendix A**.

Reserves

10. There are two Earmarked Reserves relating to the HRA. These are an insurance reserve holding £1 million and a reserve set up when Housing Self Financing was introduced in 2012 holding £8.5 million. As regards the latter the original intention was that this could be used to pay off some of the self financing debt early but it is now proposed that this be used to fund HRA Capital Expenditure and a recommendation on this will be brought forward in due course. There was no usage or addition to either of these reserves during 2018/2019.

Capital Programme 2018/2019 – Outturn

11. The outturn in relation to the 2018/2019 Capital Programme identifies an expenditure underspend of £2.742 million and equivalent financing underspend. The budget for comparison purposes is the revised budget that was reported to Council on 21 February 2019 as part of the 2019/20 budget papers:

	Current Net Budget £ million	Outturn £ million	Variance £ million	C/fwd
New Homes Programme	8.916	8.040	(0.876)	0.843
Capitalised Repairs	7.546	6.640	(0.906)	0.281
Self-Build Plot Preparation	0.695	0.092	(0.603)	0
Re-provision of Existing Homes	0.910	0.799	(0.111)	0
Re-Purchase of Shared Ownership Properties	0.300	0.054	(0.246)	0
Gross Expenditure	18.367	15.625	(2.742)	1.124
Capital Receipts	3.319	2.881	(0.438)	
Major Repairs Reserve	6.429	6.455	0.026	
Revenue Funding	5.095	5.538	0.443	
Contributions including S106	3.524	0.751	(2.773)	
Total Funding	18.367	15.625	(2.742)	

12. The proposed capital budget rollovers from 2018/2019 to 2019/2020 are identified at **Appendix B** and total £1.124 million.
13. There was an underspend within the New Homes Build Programme of £0.876 million. Most of this is slippage and needs to be carried forward into 2019/2020 to continue with the schemes currently being carried out. The extent of carry forward is identified, by scheme, in Appendix A.
14. There was also an underspend on capitalised repairs of £0.906 million due to delays and some this is requested as a carry forward to 2019/2020.
15. Self build plot preparation costs have been significantly lower than expected with an underspend of £0.603 million identified. A carry over is not requested as the budget in 2019/2020 is felt adequate.
16. The re-provision of existing homes budget was for a specific project at Robinson Court, Gamlingay, which has now completed with an underspend of £0.111 million.
17. The re-purchase of Shared Ownership properties budget is set annually at £0.300 million to cover any necessary purchases. It is not known how many will occur in each year so the underspend of £0.246 million will not need to be carried forward.
18. Funding for the programme was somewhat different than expected with section 106 and other contribution funding being lower due in part to slippage but also due to lower sales of self build plots.

IMPLICATIONS

19. In the writing of this report, taking into account the financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered:

Legal

20. It is a legal requirement for a Local Authority to set a balanced budget (which can include the use of past surpluses). This report is measuring the actual position against the budget set in February 2018 for 2018/2019.

Policy

21. It is Council Policy and indeed good practice to report on the year end outturn against the budget.

Finance

22. The 2018/2019 Housing Revenue Account budget was approved by Council during February 2018. The latest capital budget was approved during February 2019. This report compares the actual outturn for Housing Revenue Account revenue and capital to the appropriate most recently agreed budgets.

Risk

23. Measuring actuals against budgets is essential for good financial management. A failure to do so carries the risk of not knowing the true financial position.

Environmental

24. There are no environmental implications arising directly from the report.

Equality Analysis

25. In preparing this report, due consideration has been given to the District Council's statutory Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010. A relevance test for equality has determined that the activity has no relevance to South Cambridgeshire District Council's statutory equality duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relation. An equality analysis is not needed.

Effect on Council Priority Areas

26. Timely and robust consideration of the Council's outturn is vital to ensure that the financial position of the Council is effectively managed and monitored.

BACKGROUND PAPERS

Where the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require documents to be open to inspection by members of the Public, they must be available for inspection:

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) In the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

The following documents are relevant to this report:

- Budget Report – Report to Cabinet: 6 February 2019
- Business Plan 2019 - 2014 – Report to Council: 21 February 2019
- Medium Term Financial Strategy (HRA) and HRA Budget – Report to Council: 21 February 2019
- An Organisation for a Sustainable Future – Report to Cabinet: 1 May 2019

APPENDICES

- A 2018/2019 Housing Revenue Account: Proposed Revenue Rollovers
- B 2018/2019 Housing Revenue Account: Proposed Capital Rollovers

REPORT AUTHOR: Peter Maddock – Head of Finance
E-mail: peter.maddock@scambs.gov.uk

Martin Lee – Housing Accountant
E-mail: martin.lee@scambs.gov.uk

This page is left blank intentionally.

Details of rollovers from 2018/19 into 2019/20

HRA Revenue Budgets

Item		Rollover Value £
	Housing Revenue Account	
1	Direct Revenue Financing of Capital Expenditure	
	As a direct result of the request to rollover budget in the housing capital programme, any revenue funding to meet this cost will need to be rolled forward to match.	
	Stock Improvements (100% of cost) 280,500	
	New Build – Teversham (70% of 3/5 of cost) 195,720	
	New Build – Balsham (70% of 9/13 of cost) 352,320	
	New Build – Gibson CI (70% of 6/9 of cost) 231,930	
	New Build – Highfields (70% of cost) 119,700	
	New Build – Gt Abington (70% of 13/18 of cost) (307,380)	
	New Build – Hardwick (70% of 27/39 of cost) (344,080)	
	New Build – Unallocated (70% of cost) 210,000	
		739
	Total General Fund revenue budget rollovers from 2018-19 to 2019-20:	739

This page is left blank intentionally.

Details of rollovers from 2018/19 into 2019/20

Capital Budgets

Item		Rollover Value £
	Housing Revenue Account	
1	Improvement of Housing Stock Energy Conservation - delayed due to planning decisions: waiting for Planning to decision for external thermal render to 11 Swedish Timber properties at various locations	186
2	Estate Roads & Paths Delay in start to works due to tender process. Resurfacing of Roadway - Hollmans Cl, Fulbourn £12,580.95 Resurfacing of Roadway - Church Cl, Lt Abington £20,010.10	33
3	Parking Facilities Delay in start to works due to tender process. Parking Scheme - Davey Crescent, Gt Shelford £62,199.52	62
4	New Homes Build Program Carry forward of balances for active new build sites: Carry forward balance of funding identified in 2018/19 to provide new homes in Pembroke Way, Teversham 466,000 Carry forward balance of funding identified in 2018/19 to provide new homes in High St, Balsham 727,000 Carry forward balance of funding identified in 2018/19 to provide new homes in Gibson Close, Waterbeach 497,000 Carry forward balance of funding identified in 2018/19 to provide new homes in Highfields, Caldecote 171,000 Recognise early use of 2019/20 resource to fund investment in 2018/19, to provide new homes in Linton Road, Great Abington (608,000) Recognise early use of 2019/20 resource to fund investment in 2018/19, to provide new homes in Grace Crescent, Hardwick (710,000) Carry forward balance of funding identified in 2018/19 for new build expenditure. 300,000	843
	Total HRA Capital budget rollovers from 2018-19 to 2019-20:	1,124

This page is left blank intentionally.



REPORT TO: Cabinet

2 October 2019

**LEAD CABINET
MEMBER:** Deputy Leader of Council (Statutory)

LEAD OFFICER: Joint Director for Planning and Economic Development

Bourn Airfield New Village Supplementary Planning Document

Executive Summary

1. The adopted South Cambridgeshire Local Plan allocates land south of the A428 for the development of a new village under Policy SS/7: 'New Village at Bourn Airfield'. This policy requires the preparation of a Supplementary Planning Document (SPD) to provide further guidance and detail to supplement its provisions and requirements. The SPD will help guide the development of the area and will provide greater detail to support delivery of the site. It outlines the aspirations for the new village, as well as the key issues, constraints and opportunities that will influence how new development will take place. A draft SPD has been prepared, consulted upon and a summary of the representations received considered by Scrutiny and Overview Committee on the 10th September 2019.
2. Cabinet are requested to consider the summary of representations made on the draft SPD during the public consultation held between 17 June and 29 July 2019, the comments of Scrutiny and Overview Committee and the officers' response to the main issues arising and adopt the SPD with a number of consequential proposed changes.
3. This is a key decision and was first published in the July 2019 Forward Plan.

Recommendations

4. That Cabinet:
 - (a) consider the main issues raised in the public consultation, and the comments of Scrutiny and Overview Committee; agree responses to the representations received and agree consequential proposed changes to the SPD as set out in the Consultation Statement and Schedule of SPD Changes (See Appendices A and B);
 - (b) subject to (a), adopt the amended Bourn Airfield New Village SPD; and
 - (c) delegates to the Joint Director of Planning and Economic Development in liaison with the Deputy Leader, the authority to make any necessary editing changes to the SPD prior to publication including to the figures and spatial framework diagram to ensure consistency with the agreed text of the SPD.

Reasons for Recommendations

5. Scrutiny and Overview Committee considered a report on the outcome of the public consultation on draft SPD on the 10 September 2019. Committee were also advised of a letter sent from Bourn Parish Council concerning the draft SPD which is attached for information as Appendix C. The comments of the Committee were as follows:
 - The committee considered and commented upon the summary of representations made during the public consultation on the draft SPD, which the committee noted reflected the concerns it had raised during its consideration of the draft SPD in May 2019. The main points discussed were as follows.
 - A letter was received from Bourn Parish Council in advance of the meeting, raising concerns regarding lack of direct access to the A428, the transport modelling in the Local Plan and traffic volumes estimated by the developers.
 - Councillor Tumi Hawkins addressed the committee as the Local Member representing Caldecote. She set out concerns regarding:
 - The current problem with congestion in Caldecote.
 - The lack of direct access to the A428.
 - The treatment of the separation between the new village and Caldecote.
 - That the SPD should not allow any housing in the north east corner of the Major Development Site.
 - The committee expressed concerns that the lack of a junction to access the A428 would lead to rat running through villages and emphasised the need to protect the surrounding villages from this.
 - While there was still concern from committee members that proposals did not include direct access to the A428, the committee acknowledged that this was in line with the policy of the approved Local Plan and with which the SPD must be consistent.
 - Committee members acknowledged the Council's zero carbon policy and highlighted the need for public transport options to be available from the outset for new developments. The use of public transport needed to be made easy and appealing for residents in order for them to use it.
 - The Committee draws Cabinet's attention to the comments set out above.
6. The comments of Scrutiny and Overview Committee reflect many of the comments summarised and assessed in the Consultation Statement (Appendix A) and accordingly no separate response is provided. A short response is provided for completeness in respect of the comments included in the letter from Bourn Parish Council at Appendix C.
7. To ensure that the SPD is changed to take account of the outcome of the recent consultation as appropriate and to ensure that the adopted SPD is available to assist the determination of planning applications for the site.

Details

Background

8. The South Cambridgeshire Local Plan was adopted in September 2018. Policy SS/7 allocates land for a new village at Bourn Airfield and requires that a Supplementary Planning Document is prepared to guide and support the delivery of the new village.

The policy allocates land to the south of the A428 based on Bourn Airfield for the development of approximately 3,500 dwellings. The final number of dwellings will be determined through a design-led approach and spatial framework diagram included in the SPD. These new homes are to be supported by a range of infrastructure and community facilities and services.

9. The majority of the land allocated by Policy SS/7 is subject to an option agreement with Countryside Properties (UK). An outline planning application for the development of a new village at Bourn Airfield was submitted in September 2018, with all matters reserved except for the principal highways junctions from the St Neots Road roundabout and onto the Broadway. There are some differences between the site allocated in the Local Plan (and the Major Development Site it identifies) and for which guidance is provided in the draft SPD, and the submitted planning application. This will be a matter for separate consideration through the planning application process.
10. The existing employment area on the site is owned by Diageo Holdings (the former Thyssen Krupp site) and an outline planning application has been submitted for its development for B1 business uses. The DB Group (formerly David Ball group) have stated that at this stage they intend to remain in this location and are currently considering their future prospects and plans.
11. The provisions and requirements of Policy SS/7 have been found to be 'sound' through the Local Plan examination process and these cannot now be amended or changed by the SPD. Public consultation on the main Local Plan modifications needed to make the plan 'sound' (including modifications to Policy SS/7 for the new village at Bourn Airfield) took place between January and February 2018, and the responses to the consultation were considered by the Local Plan Planning Inspector.
12. A draft Bourn Airfield New Village SPD was prepared with Arup and working in collaboration with technical and community stakeholders and the site promoters. Cabinet agreed the draft SPD for consultation on 5 June 2019. Public consultation on the draft Bourn Airfield New Village SPD was held for 6 weeks between 17 June 2019 and 29 July 2019. Consultation was undertaken in accordance with the Greater Cambridge Statement of Community Involvement adopted in July 2019 and included staffed public exhibitions in Cambourne on 27 June, in Highfields Caldecote on 3 July, and in Bourn on 10 July.
13. In considering the outcome of public consultation on the SPD it is important that the planning status of SPDs and their purpose and place in the planning journey which takes a site from allocation in a Local Plan to development on the ground, is clear. In this regard planning law and national policy states that SPDs must supplement Local Plan policy and whilst they can add further detail and guidance to it they cannot make new policy or allocate sites for development. Were an SPD to seek to do so it would be at risk of legal challenge and may not be accorded weight in planning decision making. The National Planning Policy Framework (NPPF) is clear that applications for planning permission must be decided in accordance with the development plan (our new Local Plan), unless material considerations indicate otherwise. It states in this regard that 'SPDs are capable of being a material consideration in planning decisions but are not part of the development plan'.

Results of Consultation

14. The outcomes of the consultation are set out in the Consultation Statement in Appendix A which has been prepared in accordance with the Town and Country

Planning (Local Plan) (England) Regulations 2012. Regulation 12 requires that SCDC prepare a consultation statement setting out the persons consulted when preparing the SPD, a summary of the main issues raised by those persons and how these have been addressed in the SPD.

15. During the consultation, 312 representations were received, made by 71 respondents. Of the representations 36% were objections, 56% were comments and 8% were supports. 8 comments were also received to the Sustainability Appraisal (SA) and Habitat Regulations Assessment (HRA) Screening Documents and the Equalities Impact Assessment (EQIA). A late submission was received from Caldecote Parish Council on 12 September which is not included in the representations. It raises no new issues.
16. All of the SPD representations are available to be read in full on our online consultation system at <https://scambbs.jdi-consult.net/localplan/>. The main issues raised concern:
 - Transport
 - Public transport
 - Village centre
 - Health
 - Schools
 - Employment
 - A Responsive and sustainable place
 - Local character / distinctiveness
 - Delivery
 - Consistency with Waterbeach New Town SPD and Caldecote Village Design Statement (VDS SPD)
 - The Spatial Framework Diagram
17. All district councillors were invited to a member briefing into the representations received on the draft SPD held on the 6th September 2019.

Considerations

18. The SPD is considered to be consistent with Local Plan Policy SS/7 and the evidence supporting the plan and tested through the examination process, subject to the proposed changes that are recommended to be made in response to representations as set out in the Consultation Statement (Appendix A) and brought together in Appendix B; the main ones of which are discussed below. Cabinet is recommended to adopt the amended SPD to provide appropriate further guidance and detail on the implementation of Policy SS/7 for the Bourn Airfield New Village.
19. The Consultation Statement includes a detailed summary of the representations made to the SPD, presents a Council response to each issue and where appropriate includes proposed changes to the SPD to address the main issues raised in the consultation. For convenience Appendix B brings all the proposed changes together in a composite schedule.
20. Having considered the results of consultation, officers' view remains that the SPD is consistent with Local Plan Policy SS/7. The role of an SPD as set out in regulations is to provide guidance about environmental, social, design and economic objectives which are relevant to a Local Plan allocation.

21. The main issues raised are summarised below together with a proposed response which identifies where changes to the SPD are proposed in the Consultation Statement. Where changes have spatial implications, these are included in the final section about the Spatial Framework Diagram, and a cross reference is included under the relevant topic.

Transport – key issues raised:

- There should be direct access onto A428 (serious consequences of having only 2 junctions, plenty of room, safety issues of not implementing, environmental costs from congestion more than actual cost, numerous examples of close junctions)
- Concerns about A428 / A14 Girton interchange single lane & lack of access onto M11
- Impacts of rat running traffic through villages
- Need to mitigate southbound & northbound traffic
- Childerley roundabout needs upgrade
- The Broadway junction design and preventing 'u' turning traffic at St Neot's Road junction
- Concerns about traffic through St Neots Road, Hardwick
- No easily accessible Park and Ride
- Too much strategic thinking (Bedford to Cambridge) and no local focus
- Electric vehicles do not reduce congestion
- Concerns about the modelling / modal shift assumptions
- Consider wider destinations – not everyone is headed towards Cambridge
- More detail needed on parking provision, e.g. close to HQPT stops.

Summary response:

- Highways England has provided a clear position in its responses to the consultation that direct access onto A428 is not policy compliant or needed. This confirms advice received during preparation of the draft SPD. Their response states:

“Policy is set out in DfT Circular 02/2013 The Strategic Road Network and the Delivery of Sustainable Development.

The policy states proposals for the creation of new junctions or direct means of access may be identified and developed at the plan-making stage in circumstances where it can be established that such new infrastructure is essential for the delivery of strategic planned growth.

Policy also requires consideration of the standard of road. For motorways and routes of near motorway standard development access is limited to the use of existing junctions with all-purpose roads. Modifications to existing junctions will be agreed where these do not have an adverse impact on traffic flows and safety. In line with the standards contained in the Design Manual for Roads and Bridges, for safety and operational reasons, direct connections to slip roads and/or connector roads will not be permitted. For other roads there is a graduated approach.

The A428 is part of the Cambridge to Oxford expressway which has a high status, and therefore in line with policy there is a presumption against a new junction at this location. This position needs to be

balanced with strategic need, and whilst within the context of the local plan, Bourn Airfield New Village can be considered as a strategic site, its wider strategic importance is more limited. Consequently, the case for a new junction is not made.”

- Transport modelling was undertaken to support the preparation of the Local Plan and did not identify a need for a new junction onto the A428. The modelling did identify a need for a dedicated high quality public transport route to link with jobs and services in and around Cambridge, within the Local Plan policy. The overarching vision for the adopted Local Plan, including for the new settlements, is to secure a modal shift away from use of the private car. This is also consistent with the recent declaration by the Council of a “climate emergency” alongside an adaptation to achieve net zero carbon for the district by 2050. Major new car-based infrastructure would not be compatible with that vision.
- Notwithstanding the principle of whether a major new junction onto the A428 is necessary to serve the development, such provision would have significant land take implications and contribute to a car dominated independent gateway to the site from the A428.
- Officers are not recommending any changes to include a junction onto A428. Changes to the text at Section 2.4 (Road) are proposed to amend the existing text to explain that the Local Plan process did not identify a need for a new junction to the A428 and to Guiding Principle 1D to delete the paragraph that says “the new village will not be served by direct access from the A428”.
- Amend text in Section 1D of the SPD to reflect the Infrastructure Delivery Plan (IDP) item No.14 and be clear that traffic calming and other measures should be implemented in surrounding villages if demonstrated to be needed by Transport Assessments and that appropriate monitoring will also be needed.
- Amendments are proposed to strengthen the wording in respect of the western access to the site in Fix A. These include that the detailed design of the junction on the Broadway should incorporate physical islands, or similar, to prohibit traffic movements to the south (location 1). Amendments are proposed in respect of the junction with St Neots Road to clarify that measures should be included to deter and hamper as far as possible any u-turns that would enable southern movements (location 3). The detail will be a matter for the planning application process, which will be supported by a detailed Transport Assessment.
- Parking provision is to be determined through a design-led approach, consistent with Local Plan Policy TI/3, with the aim of providing shared use parking where possible to minimise provision (for example provision to serve the mixed-use area and HQPT stop).

Public transport – key issues raised:

- Concerns over delivery of GCP Cambourne to Cambridge scheme & impacts of busway proposals (particularly loss of trees near Hardwick) and that it only gets to Grange Road and not wider destinations
- Cost of bus travel prohibitive
- Relocation of Childerley bus stop with HQPT stop? Distance for Caldecote residents. Caldecote desperately needs a better bus service.
- Concerns about how modal shift will be achieved
- Not joined up with East-West Rail
- Potential impacts on rail – including car park provision
- Alignment of HQPT through site and location of stops – not accessible

- Broad support for walking, cycling and horse-riding routes, although also some detailed comments about their design and further improvements which could be provided to ensure all inclusive

Summary response:

- The Greater Cambridge Partnership (GCP) confirms delivery intentions for completion of Cambourne to Cambridge scheme by 2024. It forms part of a future network of public transport improvements being delivered by GCP, Combined Authority etc. to reach a range of destinations in and around Cambridge, South Cambridgeshire and the County.
- By 2024 the anticipated cumulative number of housing completions on the new village is only around 275 homes (and 1,325 homes by 2031).
- HQPT alignment through the site agreed with GCP and County Council as the most appropriate and future proofs Mayor's Cambridge Autonomous Metro (CAM) proposals. To address concerns about accessibility to the stops it is proposed to move the eastern HQPT stop eastwards, closer to Highfields Caldecote.
- Concerns raised about the impacts off site in respect of the Cambourne to Cambridge HQPT scheme are outside the scope of the SPD. They will be matters for the separate GCP processes.
- Amendments to the text are proposed to provide clarity on the types of walking, cycling and horse-riding routes, and their design.
- Include additional text on East-West Rail to address how any proposed new station at Cambourne (if that is announced as the preferred alignment) would be accessible from Bourn Airfield. It is anticipated that this could be appropriately achieved using the movement network proposed in the SPD, including new HQPT, cycle and walking routes that will connect to Cambourne.

Village centre – key issues raised:

- Locate village centre more centrally within the site accessible to majority of residents
- Concern that location is too close to Cambourne and may impact on its retail offer.
- Suggestion to move to North East corner, further from the Broadway
- Concern whether Neighbourhood hub would be viable

Summary response:

- The broad location is an appropriate balance between proximity to the HQPT stop and proximity to the rest of the new village including to its areas of higher density housing. A change to the shape of the Village Centre to make it more elliptical is proposed to maintain the relationship with the HQPT stop and runaway park, whilst enabling a spread of retail and service uses towards the centre of the site. See the Spatial Framework Diagram section.

Health – key issues raised:

- Village centre should include a health centre (local alternatives cannot cope)
- Monkfield Medical Practice, Cambourne already being expanded for Cambourne West.
- Support for dementia friendly design
- Clarify intentions towards fast food outlets

Summary response:

- To meet the needs of an ever-growing population, where many people are living with long term conditions such as diabetes and heart disease or suffer with mental health issues, the NHS has reorganised the delivery of primary care. From July 2019 groups of GP practices will form 'primary care networks' (PCNs), typically covering populations of 30,000-50,000 providing services together.
- The Bourn Airfield site will generate additional demand for local health care services including primary care. The Cambridgeshire and Peterborough Clinical Commissioning Group (CCG) are responsible for commissioning healthcare services and will take a strategic overview of existing provision across the district to determine how care will be delivered in relation to patient capacity and services within the framework of the local PCN. There are a number of options to consider including on-site, off-site or a mixture of both and will incorporate a digital element.
- In respect of the capacity concerns raised with existing local medical centres, discussions will continue with health providers to inform consideration through the planning application process.

Schools – key issues raised:

- Should be in car-free zones, to encourage walking, cycling and "park and stride".
- Nursery, school and college on or nearby roads – pollution – in direct conflict with CCC signing UK100 clean energy pledge and protection of young.
- Potential dual use of secondary school sports pitches would mean not all sports pitches shown on draft spatial framework diagram would be needed – provide more flexibility / certainty in either event.

Summary response:

- Strategic objective focusses on maximising opportunities for travel by sustainable modes, including walking and cycling. SPD includes provision of a comprehensive network of direct routes, and priority is given to these modes over the car.
- Proposed to revise the locations where formal playing pitches will be provided, whilst ensuring provision at a level that would meet full requirements under circumstances where dual / shared use of the school pitches were not secured. See the Local Character / Distinctiveness and the Spatial Framework Diagram sections.

Employment – key issues raised:

- Existing employment providers concerned to ensure that the SPD considers existing employment operations & planned proposals and does not hinder future operations / aspirations.
- Provide more local employment opportunities

Summary response:

- Note the concerns of existing employment providers. Additional text provided concerning the existing employment uses and any mitigation that would be required, e.g. noise bunding.
- Local employment opportunities are provided for in the Village Centre, Neighbourhood Hub and mixed-use areas. A new mixed-use area is proposed in the north west corner of the site (see Spatial Framework Diagram section

below). This reflects that it is located between transport routes away from the main part of the site. This approach will integrate new employment into the development rather than create zones of mono-use which are less intensively used throughout the day and night. Changes to the text at Section 2A are proposed to make clear that this would include compatible residential and other uses including C1 hotels, C2 residential care homes, C3 dwelling houses and small offices.

Responsive and sustainable – key issues raised:

- Broad support for vision and objectives, although also some detailed comments about wording.
- Support for measures to protect and enhance natural environment, including biodiversity net gain.
- Concerns about the types of sustainability measures required & viability, and whether there is enough flexibility to respond to advances in technology.
- Concerns about potential noise, air quality and light impacts, particularly from existing employment site, road infrastructure and open space uses.
- Comment about how the Council will reconcile its aspirations for zero carbon with building 3,500 houses with 70% of residents using their cars.

Summary response:

- SPD is sufficiently flexible in that it notes that consideration should not be limited to the technologies and methods listed in the SPD. The Council will be open to alternative technologies available at the time of individual reserved matters applications which can be used to meet, and where possible exceed, policy requirements.
- Some amendments are proposed to closer align with Local Plan policy, for example in relation to sustainable show homes and site wide energy strategy.
- Additional text is proposed to give consideration to the existing employment uses on site and the potential need to retain the noise bund / whether any new bund may be required, and to ensure sufficient separation from residential uses. In addition, to require planning applications to be accompanied by a Noise Impact Assessment and Air Quality Assessment.
- Additional text is proposed to reflect the Council objective to move towards net zero carbon by 2050. Whilst it is clear that this is a matter to be addressed through the next Local Plan, all possible opportunities will be taken to secure enhanced sustainability measures in developments already allocated in the adopted Local Plan.

Local character / distinctiveness – key issues raised:

- Support for landscape-led approach and provision of substantial open space, green infrastructure.
- Concern about the North Eastern corner and maintaining openness and separation
- The promoters comment that the Spatial Framework Diagram excludes any indicative development within the MDS as defined on the Local Plan Policies Map in the north-east gateway into the site. Particularly important to create a sense of arrival into new village by a combination of built form within an appropriate landscape-led setting. For design flexibility and conformity with the adopted Local Plan, the Spatial Framework Diagram should be revised to accord with the extent of MDS as shown on Adopted Policies Map.
- Separation and uses along eastern boundary – impact on residents.

- Opportunities to make more use of heritage assets - heritage trails and interpretation
- Concern about densities – 3-4 storeys unsuitable in village, lower density around the edge of the site. Would like more detail on high-density including height and storey limits.
- Road alignment on the eastern side should be amended so that it does not pass so close to the Bucket Hill Plantation.

Summary response:

- North East corner – The provision of a large area of landscaped open space in this location will provide both a strategic landscape area and informal recreation area to serve the new village and will also be a positive benefit for many residents from Highfields Caldecote for whom it will be closer than their existing village recreation ground which is located towards the south west corner of Highfields Caldecote. See also Spatial Framework Diagram section below.
- The Major Development Site (MDS) identified on the adopted Local Plan Policies Map includes a relatively narrow area of land in the north east part of the site. Local Plan Policy SS/7 states that the built area of the new settlement will be contained within the MDS. The draft SPD for consultation did not identify any built development in this narrow area. Officers consider that in policy terms some development could be appropriate in this north east area within the MDS but that given the sensitivity of this location and its role as both a gateway to the new village and separation between it and Highfields Caldecote, the appropriate approach to this area should be considered through a design-led approach as part of the planning application process. No change is therefore proposed to the Spatial Framework Diagram or SPD text.
- Following a review of sport pitch provision referred to in the Schools section above, it is proposed to consolidate the sports pitches in the north and in the south west of the site, with these areas proposed to be enlarged. Dual / shared use of school pitches is encouraged but is subject to agreement with the school providers. Given the current uncertainty and, in order to provide certainty in either eventuality, some land is shown as hatched. This is to denote that if it proves possible to secure dual / shared use of school sports pitch provision, these areas would not be required to meet formal sports pitch standards opening the potential for alternative residential use. Sports pitches are not needed on the western and eastern boundaries. On the eastern boundary, delete the pitches and replace with a reshaped rectangular area of additional strategic landscaping running north-south closer to the employment area and more elongated along the boundary. The western pitches revert to residential use. See Spatial Framework Diagram section below.
- Provide additional text to elaborate on the site's historic context and encourage greater incorporation of the heritage within the new village, for example through the provision of heritage trails.
- Densities and building heights allow for a range across the site to add visual interest and legibility across the site. In some areas, such as in and around the Village Centre, higher densities and building heights are appropriate to make effective use of land and maximise accessibility to services and facilities and the HQPT stop by sustainable modes. More sensitive areas, such as on the fringes of the site, will have lower densities and building heights.
- Amend the road alignment on the eastern side so that it does not pass so close to the Bucket Hill Plantation. See Spatial Framework Diagram below.

Delivery – key issues raised:

- Detailed comments on items included / missing from the Infrastructure Delivery Plan, trigger points and ensuring provision for longer-term maintenance

Summary response:

- Discussions are ongoing with stakeholders and service providers. Some amendments are proposed to provide updating and further clarity.

Consistency with Waterbeach New Town SPD and Caldecote Village Design Statement SPD (VDS SPD) – key issues raised:

- Concern that the SPD will not be consistent with the emerging Caldecote VDS SPD.
- Concern that SPD wording is more onerous and less flexible in some instances than that included in the Waterbeach New Town SPD.

Summary response:

- Additional text is provided in section 1.6 Planning Policy Context to outline the relationship between the Bourn Airfield and Caldecote VDG SPDs.
- Officers have ensured that the SPD and the Caldecote VDG SPD are consistent, e.g. in the alignment of walking and cycling connections.
- Officers have reviewed the SPD to ensure an appropriate level of consistency with the approach included in the Waterbeach SPD. Some amendments have been proposed.

Spatial Framework Diagram - Summary response:

Proposed refinements to the Spatial Framework Diagram in response to issues raised in representations are outlined below (the proposed changes are illustrated on the annotated Spatial Framework Diagram in Appendix B):

North West corner

- Show an area of mixed use area in North West corner north of the site, bounded by the HQPT route, (shown in orange).

North East corner

- Amend the alignment of the road slightly northwards, closer to the A428 and the HQPT route.
- Move the eastern HQPT stop slightly eastwards to improve accessibility to Caldecote residents, whilst serving the existing employment and mixed use hub.
- Realign the walking / cycling routes from the existing employment site and Highfields Caldecote to serve the relocated HQPT stop.
- Move the primary school slightly to the east to front the primary road.

Village Centre

- Revise the shape of the Village Centre to be more elliptical, towards the centre of the site, whilst maintaining the relationship with the western HQPT stop and runway park.

Sports pitches

- Extend the area of the northern sports pitches to include additional land to the south, up to the primary street.
- Enlarge the sports pitches in the south western corner to include additional land to the north.
- Show the extensions to the northern and south western corner pitches as hatched for potential sports pitches or residential (dependent upon whether it is possible to secure dual / shared use of school sports pitch provision).
- Delete the pitches on the eastern boundary and replace with a reshaped rectangular area of additional strategic landscaping along the eastern boundary.
- Delete the western pitches and show as residential use.

Secondary road alignment

- Amend the road alignment on the eastern side so that it does not pass so close to the Bucket Hill Plantation.

Walking and cycling routes

- Amend pedestrian routes connecting eastern boundary to Caldecote for consistency with Highfields Caldecote VDS.

Wider context

- Show the staggered junction at the top of the Broadway towards Knapwell.

Next Steps

22. The SPD as proposed to be changed in response to consultation is consistent with Policy SS/7 of the Local Plan 2018 which it supplements and adds further detail and guidance to. The guidance it provides will help to ensure that the new village will be a vibrant and sustainable new community that is a good neighbour to nearby villages and to Cambourne. The adoption of the SPD will assist the Council when it makes planning decisions in future concerning the new village.
23. Subject to approval by Cabinet, the Consultation Statement will be published on the Council's website.
24. If the SPD is adopted, officers will prepare an adoption statement and carry out various other actions laid down by regulation including actions to publicise the adoption of the SPD and make it available for reference.
25. On adoption the SPD is capable of being a material planning consideration in the determination of planning applications for the development of the site. The Council's position is that the determination by Planning Committee of planning applications covering the site cannot take place until there is considerable certainty as to the content of the SPD.

Options

1. Members may decide to:
 - Approve the Consultation Statement including the proposed changes to the SPD;

- Approve the Consultation Statement including the proposed changes to the SPD with amendments;
- Not approve the Consultation Statement including the proposed changes to the SPD;
- Not delegate to the Joint Director of Planning and Economic Development in liaison with the Deputy Leader, the authority to make any editing changes prior to publication including to the figures and spatial framework diagram to ensure consistency with the agreed text of the SPD.

Implications

26. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

Risk Management

27. Following adoption of the SPD planning decisions will be able to be made which take its guidance into account.

Equality and Diversity

28. The SPD has been subject to an Equalities Impact Assessment, as was the Local Plan 2018 which allocates the site for development. The EqIA will be updated as part of the adoption process.

Climate Change

29. The SPD responds to climate change consistent with the provisions of the Local Plan 2018 including Policy SS/7.

Effect on Council Priority Areas

Priority 1 - Growing local businesses and economies

30. The SPD includes provisions and proposals to address the needs of businesses both existing and future. Business and economic growth across Greater Cambridge relies upon the provision of local housing for staff to minimise commuting from the wider sub-region.

Priority 2 - Housing that is truly affordable for everyone to live in

31. The new village will provide a wide range of housing to address the needs of different households including those requiring housing for rent and ownership at less than market cost.

Priority 3 – Being green to our core

32. The SPD seeks to ensure a development that integrates with the natural environment, which meets and where possible exceeds sustainability policy targets, and which secures net gains in biodiversity.

Priority 4 – A modern and caring Council

33. The SPD has been prepared in accordance with the recently adopted Greater Cambridge Statement of Community Involvement which sets out how and when we will involve the community and key stakeholders in preparing, altering and reviewing our plans and guidance to guide future development.

Background Papers

Where [the Local Authorities \(Executive Arrangements\) \(Meetings and Access to Information\) \(England\) Regulations 2012](#) require documents to be open to inspection by members of the public, they must be available for inspection: -

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
 - (b) on the Council's website; and
 - (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.
- South Cambridgeshire Local Plan 2018 - <http://www.scambs.gov.uk/planning/local-plan-and-neighbourhood-planning/the-adopted-development-plan/south-cambridgeshire-local-plan-2018/>
 - Consultation Draft Bourn Airfield New Village SPD - <https://www.scambs.gov.uk/planning/local-plan-and-neighbourhood-planning/bourn-airfield-spd/>
 - Emerging Caldecote Village Design Guide SPD - <https://www.scambs.gov.uk/villagedesign>
 - Draft Bourn Airfield New Village SPD Sustainability Appraisal (SA) and Habitats Regulations Assessment (HRA) Screening Report June 2019 – <https://www.scambs.gov.uk/planning/local-plan-and-neighbourhood-planning/bourn-airfield-spd/>
 - Draft Bourn Airfield New Village SPD Equalities Impact Assessment - <https://www.scambs.gov.uk/planning/local-plan-and-neighbourhood-planning/bourn-airfield-spd/>
 - Draft Bourn Airfield New Village SPD Consultation Statement - <https://www.scambs.gov.uk/planning/local-plan-and-neighbourhood-planning/bourn-airfield-spd/>
 - Representations to the Draft Bourn Airfield New Village SPD - <https://scambs.idi-consult.net/localplan/>
 - Report to the 10th September Scrutiny and Overview Committee concerning the draft Bourn Airfield New Village SPD - <http://moderngov.ie/ListDocuments.aspx?CId=417&MIId=7551&Ver=4>

Appendices

- Appendix A Consultation Statement (summary of main issues and changes to the SPD).
- Appendix B Schedule of SPD changes (text and figures)
- Appendix C Letter from Bourn Parish Council received 10th September 2019 referenced at the Scrutiny and Overview Committee at its meeting on the 10th September 2019 and an officer assessment.

Report Authors:

David Roberts - Principal Planning Policy Officer
Telephone: (01223 713348)

Email: David.roberts@scambs.gov.uk

Claire Spencer – Senior Planning Policy Officer

Telephone: (01223 713418)

Email: Claire.spencer@scambs.gov.uk

This page is left blank intentionally.

REPORT TO: Cabinet

2 October 2019

LEAD CABINET MEMBER: Deputy Leader (Statutory)

LEAD OFFICER: Joint Director of Planning and Economic Development

Councillor Appointment to the A505 Royston to Granta Park Strategic Growth and Transport Study Steering Group

Executive Summary

1. Cambridgeshire County Council are being recommended to establish a A505 Royston to Granta Park Study Member Steering Group and to appoint three Cambridgeshire County Councillors to the Steering Group. This report concerns the appointment of three District Councillors to the Steering Group. This is not a key decision. It was first published in the August 2019 Forward Plan.

Recommendations

2. That Cabinet:
 - a. appoint three District Councillors to the A505 Royston to Granta Park Strategic Growth and Transport Study Member Steering Group and:
 - b. appoint substitute Members to the Steering Group
 - c. agree that South Cambridgeshire representation on the Steering Group should comprise two nominations from the Liberal Democrat group and one from the Conservative group.

Reasons for Recommendations

3. Member and stakeholder involvement throughout the study, which is in the early stages of development, will help to ensure its success. To this end, the Cambridgeshire County Council led project team wish to set up a Member Steering Group in preparation for Councillor involvement being required. The proposal is for the advisory group to comprise three Cambridgeshire County Councillors, and the same number from South Cambridgeshire District Council.
4. A communication and engagement strategy will be developed by Cambridgeshire County Council to guide stakeholder and public input.

Details

5. The Cambridgeshire and Peterborough Combined Authority (CA) presented a paper at its 27 March 2019 Board meeting that gave funding approval of £1million for Cambridgeshire County Council to procure and deliver a study to understand in detail the options to deliver multi-modal transport improvements to address current problems and future transport demand between Royston and the A11. A link to the Board report is included in the background papers section of this report.
6. The study will consider what transport improvements and policy interventions are required to support and enable the continued success of the internationally important life sciences cluster to the southeast of Cambridge, including aspirations for expansion of the Research Campuses and Science Parks. It will also take account of aspirations for new housing and development opportunities in the wider area. The study will be aligned with the Combined Authority's emerging Cambridge Autonomous Metro (CAM) project and the Greater Cambridge Partnership's Cambridge South East Transport Study (CSETS).
7. Consultant resource is currently being procured by Cambridgeshire County Council, with work due to begin in October.

Member Steering Group

8. Cambridgeshire County Council are being recommended via a report to their 17th October Economy and Environment Committee to establish the steering group. With consultants due to start work on the study in October the study will soon reach a stage where Councillor involvement will be beneficial. Guidance on the purpose and function of the Group will be clarified in terms of reference to be agreed when the Group first meet. For information, a draft Terms of Reference is in Appendix 1:
9. It is proposed that the South Cambridgeshire representation on the Steering Group should comprise 2 Councillors from the Liberal Democrat group and one from the Conservative group.

Options

10. Cabinet may decide to agree or not agree to the appointment of members and substitute members to the Steering Group.

Implications

11. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

Financial

12. There are no significant financial implications likely to arise as an outcome of the establishment and considerations of the Steering Group.

Legal

13. There are no significant legal implications likely to arise as an outcome of the establishment and considerations of the Steering Group.

Staffing

14. There are no significant staffing implications likely to arise as an outcome of the establishment and considerations of the Steering Group.

Risks/Opportunities

15. There are no significant risk management implications likely to arise as an outcome of the establishment and considerations of the Steering Group.

Equality and Diversity

16. There are no significant equality and diversity implications likely to arise as an outcome of the establishment and considerations of the Steering Group.

Climate Change

17. The Steering Group will be able to consider climate change impacts of the multi-modal options arising and ensure that it takes account of the need to plan for mitigation of and adaptation to climate change.

Effect on Council Priority Areas

18. It is likely that the primary effect of the study would eventually be in regard to priorities 1 and 3.
- Priority 1 - Growing local businesses and economies
 - Priority 3 – Being green to our core

Background Papers

List any background papers in relation to the report. Where [the Local Authorities \(Executive Arrangements\) \(Meetings and Access to Information\) \(England\) Regulations 2012](#) require documents to be open to inspection by members of the public, they must be available for inspection: -

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

Cambridgeshire and Peterborough Combined Authority Board Paper 27th March 2019 – A505 Strategic Study (item 4.7 from page 330)

<https://cambridgeshirepeterboroughcagov.cmis.uk.com/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=pURmvEeGSTsBBOFj0HowpEEEx3c3594WTW62Jc7rsH9%2bpHKqyUvV0TA%3d%3d&rUzwRPf%2bZ3zd4E7lkn8Lyw%3d%3d=pwRE6AGJFLDNih225F5QMaQWCtPHwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9lXnlq%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5oIA%3d%3d=NHdURQburHA%3d&d9Qjj0aq1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCPMRKZMwaG1PaO=ctNJFf55vVA%3d>

Appendices

Appendix 1: Draft Terms of Reference

Report Author:

David Roberts – Principal Planning Policy Officer
Tel: 01954 713 348

Draft Terms of Reference

A505 Royston to Granta Park Strategic Growth and Transport Study

Member Steering Group

Terms of Reference – DRAFT

1. The Member Steering Group has been established to assist in the review and development of schemes identified by the Royston to Granta Park Strategic Transport and Growth Study.
2. The aim of the Study is to understand in detail the options to deliver multi-modal transport improvements to address current problems and future transport demand between Royston and the A11. The study will consider what transport improvements and policy interventions are required to support and enable the continued success of the internationally important life sciences cluster to the southeast of Cambridge, including aspirations for expansion of the Research Campuses and Science Parks.
3. It will also take account of aspirations for new housing and development opportunities in the wider area. It is fundamental that the study is comprehensively aligned with the Combined Authority's emerging Cambridge Autonomous Metro (CAM) project and the Greater Cambridge Partnership's Cambridge South East Transport Study (CSETS).
4. This note sets out the roles that the Member Steering Group will fulfil during the study, with the main role of the Group to provide guidance regarding the general direction of the study, while representing the concerns of constituents within the limitations of the respective study remits. The group will be asked to comment on the schemes identified by the study using their local knowledge of transport and other issues.
5. A Communications Strategy will be developed to support the Terms of Reference document. This Strategy will set out protocols for communication of the study and Members have a role to adhere to the communications strategy to enable effective implementation of the study.
6. To ensure that the County and District Councils are all involved in the study, the Group will represent their respective authorities and play a role in disseminating information back to fellow Members where appropriate. Three nominated representatives for each authority will be able to attend the Member Steering Group meetings. Councillors will nominate a chairperson for the group from amongst its membership at the first meeting.
7. The A505 Royston to Granta Park Strategic Transport and Growth Study is funded by the Cambridge and Peterborough Combined Authority, with power delegated to Cambridgeshire County Council (CCC) to run and manage the study through the County Council's Economy and Environment Committee. It is envisaged that the Steering Group will make recommendations to the Economy and Environment Committee, which would in turn make recommendations to the Combined Authority.
8. In parallel, the Member Steering Group will make recommendations to South Cambridgeshire District Council's Cabinet to ensure that support is obtained is obtained from all authorities.

