Agenda Item 8b

Notice of amendment to recommendation Item 8b – Civic Quarter Project: Proposed by Cllr Bick, seconded by Cllr tbc

To add on pg134:

(iv) PROTECTION OF SERVICES

INCREASE the target level for the Civic Quarter contingency reserve from £4.8m to £7.5m by 1 April 2029, to increase the buffer for unexpected developments in funding, return and construction beyond the council's control. **REQUEST** the Chief Finance Officer to bring forward a proposal to achieve this as part of the 2027/28 budget-setting process.

(v) SOCIAL VALUE

REQUEST the Chief Executive to negotiate with the lead contractor SRM, prior to signing the main works contract, to seek improvement in the 'social value' contribution to the local community from the way the Civic Quarter scheme is delivered by all contractors, consultants, architects and employer's agent; noting that the early draft proposal (appendix 18) could be tailored to better reflect the council's Social Value framework of 1% of contract value and requirement to sign up to match my project with this improvement seeking a further emphasis on the creation and support of work and skills opportunities for local young people.

(vi) ALIGNMENT WITH THE NEW UNITARY COUNCIL

REQUEST the Chief Executive to engage with the Shadow Unitary Council at the earliest feasible opportunity after its anticipated election in 2028 to inform and align plans for use of the refurbished Guildhall within the overall estate it will inherit, actively encouraging the Guildhall's utility in line with Option 1 as a base for public contact and city centre-specific services (with the remainder commercially let), benefitting from public transport access within the city and wider area, and a location which residents already regard as a centre for other purposes; recognising their viable fallback option of retaining access solely for civic use, with the majority commercially let in line with Option 2.

(vii) DEVELOPMENT OF LETTING OPTIONS FOR THE GUILDHALL

REQUEST the Chief Executive, while refurbishment is underway, to explore the viability of a potential commercial letting strategy for part of the Guildhall which made it into a multi-agency public service hub for residents of the Cambridge area in which other public services, became tenants – and to pass the nature of the opportunity to the shadow unitary council.

(viii) CORN EXCHANGE INCLUSIVITY

REQUEST the Chief Executive to maximise the inclusivity of Corn Exchange performances to the fullest extent possible within its business plan, including exploration of the feasibility of schemes such as a sponsored programme of £10 ticket allocations for young people, promoting access to schools' for dress runs and other initiatives to promote inclusion.

AMENDMENT – CIVIC QUARTER PROJECT

Full Council, 26 November 2026 – Item 8B, Civic Quarter

Proposed by Councillor Flaubert

Seconded by Councillor tbc

Cabinet recommendations
Cabinet resolved unanimously on 16 November 2026 to recommend that Full Council:

1. Approve new capital expenditure of £86.880 million to deliver Option 1, securing the long-term future of the Guildhall, Corn Exchange, Market Square and associated public realm.
2. Delegate authority to the Section 151 Officer to carry out technical virements between capital and revenue budgets in respect of costs which form part of the project but cannot be capitalised under accounting regulations, for example support to market traders.
3. As an additional recommendation, increase the proposed new capital expenditure by a further £2.5 million to incorporate the EnerPHit standard as part of attaining Net Operational Zero for the Guildhall, bringing the total proposed new capital expenditure for Option 1 to £89.380 million.

Proposed amendment

That the Executive's recommendations concerning:

1. The approval of £86.880 million in new capital expenditure to deliver Option 1 of the Civic Quarter Project;
2. The proposed delegation of authority to the Section 151 Officer to carry out technical virements between capital and revenue budgets in respect of project costs which cannot be capitalised under accounting regulations; and
3. Cabinet's additional recommendation to increase the proposed new capital expenditure by £2.5 million to incorporate the EnerPHit standard, bringing the total proposed new capital expenditure to £89.380 million;
4. be referred back to Cabinet for reconsideration before Full Council makes its decision on the proposed capital commitment and associated financial delegation.

Full Council notes

The detailed project cost increased from approximately £92 million in 2025 to £109.4 million in August 2026, comprising £97.5 million for remaining work and £11.9 million described as already spent or committed.

The Section 151 Officer subsequently clarified that the £11.9 million related to the costs of completing RIBA Stage 4, some of which could be avoided if the project did not proceed.

Subsequent value engineering identified savings of approximately £13.7 million, reducing the revised overall project budget to £95.73 million, including the £11.9 million. The proposed

£86.880 million new capital expenditure represents this budget less £8.85 million previously approved.

The value-engineering proposals replaced the higher EnerPHit specification with Part L compliance, identifying an estimated capital saving of approximately £2.5 million. Reinstating EnerPHit increases the overall project budget to approximately £98.23 million.

Appendix 4 identifies an estimated 30-year net cost of approximately £1.8 million for Option 1 after utility savings and financing costs, compared with approximately £3.8 million for Option 2. However, its modelling is based on the £95.73 million budget before reinstatement of EnerPHit and does not clearly set out gross projected energy savings or the payback period.

The original Cabinet recommendation was for £86.880 million in new capital expenditure and the associated technical virement delegation. Cabinet subsequently added a further recommendation for £2.5 million to reinstate EnerPHit, increasing the proposed new capital expenditure to £89.380 million.

The additional EnerPHit recommendation represents a material change to the original financial proposal and requires corresponding updated financial modelling and affordability assessment.

The Chief Executive has advised that the Section 151 Officer's draft update concludes that reinstating EnerPHit would not alter the overall affordability assessment of Option 1, but that this update was due to be published after the deadline for Councillors to submit amendments.

The Chief Executive has advised that the £11.86 million expenditure figure relates to a project cost code containing other items, and that an initial estimate suggested approximately £8–9 million may actually have been spent. The confirmed figure was expected on 26 November 2026.

The Chief Executive has advised that contractual commitments may be subject to different interpretations by the Council and contractors if the project does not proceed or only some elements proceed, potentially requiring legal advice on individual contracts.

The Section 151 assessment identifies anticipated Park Street hotel rental income of approximately £3.8 million annually under a 30-year lease, approximately £1.9 million above the prudent budget assumption. The financial proposals provide for the additional income to be placed in reserve for two years, followed by the use of approximately £954,000 annually over 15 years.

Approximately £11.7 million of unspent Park Street borrowing is also being redirected to support the Civic Quarter.

Park Street borrowing totals £85 million and extends over 50 years, compared with the proposed 30-year hotel lease. The relationship between borrowing, debt servicing, rental

income and the amount genuinely available to support the wider General Fund requires transparent examination.

Appendix 4 identifies a construction contingency of approximately £2.3 million, equivalent to around 3% of construction costs, and examines 5% and 10% cost overruns. It also identifies moderate and severe downside scenarios requiring additional General Fund savings of approximately £1.1 million and £2.5 million annually respectively.

Appendix 4 identifies projected financial headroom of approximately £1.8 million by 2030/31, while recognising that Local Government Reorganisation could create additional costs of up to £1.5 million and substantially reduce that headroom.

The Section 151 assessment recommends a revenue contingency reserve of £4.8 million, but its establishment and funding arrangements are not included as a separate recommendation to Full Council.

The financial affordability of Option 1 is not based on the project being self-financing. Its implications for the wider General Fund, reserves and future Council budgets therefore require transparent consideration before the capital commitment is approved.

The proposed technical virement delegation also requires clear safeguards to ensure that the transfer of costs between capital and revenue budgets does not obscure the true financial implications of the project or result in unapproved additional expenditure.

Local Government Reorganisation introduces further uncertainty concerning the future ownership, management and financial responsibilities associated with the Guildhall and other Civic Quarter assets. Cambridge City Council should establish its own position on these matters before making substantial long-term financial commitments.

Cabinet is therefore requested to reconsider its proposals and address the following matters.

1. Independent financial review and assurance
Cabinet is requested to commission an independent financial review of the Civic Quarter business case, undertaken by suitably qualified external financial professionals who have not been involved in preparing, approving or auditing the business case.

The review should build on existing financial modelling and external advice, rather than simply repeat it, and have access to all relevant financial models, contracts, cost reports, risk registers and supporting information.

The review should examine:

a) Project budget, value engineering and contingency
Verify the revised £95.73 million project budget, increasing to approximately £98.23 million with EnerPHit.
Verify the approximately £13.7 million value-engineering savings, including their deliverability and any implications for operating costs or long-term performance.

Assess whether the approximately £2.3 million construction contingency is adequate against the 5% and 10% cost-overrun scenarios identified in Appendix 4.
Confirm that all necessary construction costs, professional fees and associated expenditure have been properly identified and included.
Assess the impact of construction inflation, delays and increased material and labour costs.
Identify what financial approvals and safeguards would apply if the construction contingency were exhausted.
b) Expenditure and contractual commitments
Provide a complete and independently verified reconciliation of Civic Quarter expenditure since project inception, distinguishing between:

- Actual payments made and unpaid invoices.
- Outstanding contractual commitments.
- Estimated future expenditure.
- Discretionary expenditure and costs that could be avoided if the project, or individual elements, did not proceed.
- This should include:
-
- Verification of the approximately £11.86 million expenditure figure, including the actual amount spent and the balance relating to commitments or future work.
- Reconciliation of the Chief Executive's provisional estimate that approximately £8–9 million may actually have been spent.
- A breakdown of the £5.5 million multidisciplinary consultancy contract, including its original value, variations, payments, outstanding liabilities and remaining work.
- Identification of other significant professional fees and consultancy costs.
- Identification of potential termination liabilities, disputed contractual commitments and the financial consequences of stopping, suspending or changing the project.
- The review should establish the Council's actual financial exposure and distinguish sunk costs from future expenditure and avoidable commitments.

c) Borrowing, income and General Fund implications
Examine borrowing requirements, interest-rate exposure, debt servicing and the assumptions underpinning projected commercial income, including Guildhall rental income and Corn Exchange trading income.

The review should assess the sensitivity of the forecasts to lower income, higher operating costs and increased borrowing costs, including the consequences for the wider General Fund.

d) EnerPHit whole-life assessment and additional Cabinet recommendation
Independently assess the financial and environmental implications of Cabinet's additional recommendation to increase new capital expenditure by £2.5 million to incorporate EnerPHit as part of attaining Net Operational Zero for the Guildhall.

This should include:

Confirmation that the revised £98.23 million overall project budget and £89.380 million new capital expenditure have been incorporated into updated financial modelling.

The additional £2.5 million capital expenditure and associated borrowing costs.
Gross projected annual energy savings and resulting net savings.
Estimated payback period and 30-year financial impact.
Projected carbon reduction benefits.
The corresponding financial and environmental consequences of retaining Part L compliance.
Confirmation that the revised EnerPHit proposals have been subject to appropriate financial scrutiny and affordability assessment.
The review should explain the assumptions behind the approximately £1.8 million net 30-year cost identified in Appendix 4 and establish whether the additional investment represents value for money.

e) Reconciliation of project funding and overall budget
Reconcile the proposed £89.380 million new capital expenditure with the revised overall project budget of £95.73 million, increasing to approximately £98.23 million with EnerPHit.

This should identify:

The £8.85 million previously approved.
The approximately £11.86 million expenditure figure.
The additional £2.5 million EnerPHit provision.
All funding sources.

Any expenditure not included within the proposed capital approval.
Any revenue expenditure arising from the project.

f) Park Street income, borrowing and financial dependency
Examine the relationship between the Park Street and Civic Quarter projects, including:

The outstanding balance of the original £85 million Park Street borrowing and annual interest and principal repayment obligations.
The 30-year hotel lease, rental arrangements, tenant reliability and risks to the continuity of rental income.
The difference between gross annual rental receipts of approximately £3.8 million and the net contribution available after borrowing repayments and associated costs.
The basis on which approximately £1.9 million additional annual income is considered available above the prudent budget assumption.
The proposed two-year reserve arrangement and subsequent use of approximately £954,000 annually over 15 years.
The allocation of approximately £11.7 million of unspent Park Street borrowing to the Civic Quarter and its opportunity cost.
The financial contribution that would otherwise be available to support the wider General Fund.
The consequences of reduced or interrupted rental income, tenant default or changes to the lease.
The position when the 30-year lease expires, given the 50-year borrowing period.
The review should provide a year-by-year cash-flow analysis showing the relationship between Park Street rental receipts, interest payments, principal repayments, reserves and

the net contribution genuinely available to the General Fund throughout the borrowing period.

The review should establish whether allocating Park Street income and borrowing to the Civic Quarter represents a sustainable use of Council resources and whether adequate safeguards exist to protect the wider General Fund.

g) Financial sustainability and downside scenarios
Independently examine the moderate and severe financial scenarios in Appendix 4, including:

The assumptions underpinning each scenario and the Council's ability to deliver the required additional savings.
The consequences for reserves, future budgets and essential services.
The impact of construction cost increases beyond the existing contingency.
The combined effect of lower commercial income, higher operating and borrowing costs and reduced Park Street income.
The impact of higher interest rates, inflation and construction delays.
The ability of the Council to manage these pressures without undermining its wider financial position.
The independent review, together with the Section 151 Officer's written response and updated assessment, including an updated public version of Appendix 4 and supporting financial schedules, should be provided to all Councillors before the revised proposals return to Full Council.

The findings should be published, subject to necessary protection of genuinely commercially confidential or legally privileged information. Where information is withheld, the Council should publish the reasons and provide the fullest possible non-confidential financial summary.

2. Full financial comparison of the four options
Cabinet is requested to provide an updated, like-for-like financial comparison of all four options, incorporating the reinstatement of EnerPHit where applicable and reflecting the latest project costs, borrowing requirements, income assumptions and financial risks.

The options are:

Option 1: Full Civic Quarter refurbishment incorporating value engineering.
Option 2: Guildhall refurbishment, with the majority of the building leased commercially while retaining civic functions.
Option 3: Proceed with Market Square and Corn Exchange improvements while deferring the Guildhall decision.
Option 4: Proceed with Market Square and Corn Exchange improvements while selling the Guildhall.
Option 3 is included for comparison only and does not imply that the Guildhall decision should be deferred.

The comparison should identify:

a) Capital costs and borrowing requirements.

b) Projected commercial income and operating costs.

c) Long-term General Fund implications and net present value.

d) Financial, operational and delivery risks.

e) The consequences of proceeding with Market Square and Corn Exchange independently of the Guildhall investment.

f) The assumptions concerning Park Street rental income, borrowing and the opportunity cost to the wider General Fund.

g) The whole-life financial and environmental implications of including or excluding EnerPHit.

h) Long-term maintenance, repair and compliance liabilities under each option, including the consequences of deferring expenditure rather than eliminating it.

Cabinet should explain the financial and strategic reasoning underpinning its preferred option and demonstrate how it represents long-term value for Cambridge residents.

3. Determining and protecting the future of the Guildhall
Cabinet is requested to establish a clear and agreed position on the future purpose, ownership, use and long-term protection of the Guildhall before committing to the proposed investment.

Cambridge City Council should not leave the future of this important historic civic asset entirely to a successor unitary authority.

The Council should take responsibility for determining what the Guildhall is intended to provide for Cambridge residents, including its civic, public, cultural and commercial functions.

This assessment should:

a) Establish a clear long-term vision for the Guildhall, recognising its historic significance and importance to Cambridge.

b) Identify which civic and public functions should be retained and protected.

c) Examine alternative approaches to refurbishment, maintenance, commercial letting and future use, including phased refurbishment, essential repairs and retention of historic civic and public functions.

d) Establish the financial implications and long-term liabilities associated with the proposed investment and alternative approaches.

e) Consider safeguards against disposal or fundamental changes of use without transparent public consultation, democratic scrutiny and a fully evidenced business case.

f) Ensure that the Council's intentions concerning the Guildhall are formally recorded and presented as part of any future Local Government Reorganisation and asset-transfer arrangements.

g) Ensure that the implications of transferring the building, its borrowing, contractual commitments and future maintenance liabilities are fully assessed before any transfer takes place.

h) Identify what protections can lawfully be secured to recognise the Guildhall's historic, civic and public importance in any future reorganisation arrangements.

The Council should not proceed on the assumption that a successor authority will automatically retain the Guildhall's intended civic and public functions or adopt the current Council's investment decisions.

The objective is to establish a clear position now, protect Cambridge's interests and avoid committing substantial public resources without properly considering the consequences of Local Government Reorganisation.

4. Protection of Cambridge's financial interests during Local Government Reorganisation
Recognising that the Government has paused the reorganisation process, Cabinet is requested to provide clear financial assurances concerning the potential implications of Local Government Reorganisation for the Civic Quarter Project and the Council's wider financial position.

Should reorganisation proceed, this should address:

a) How Civic Quarter assets, borrowing, contractual commitments, reserves and liabilities may be treated under future unitary arrangements.

b) How the financial consequences of the investment would be recognised and allocated between the existing Council and any successor authority.

c) Safeguards to protect Cambridge's financial resources, reserves and essential services from additional transition costs.

d) Transparent recording of capital commitments, grants, borrowing, projected income and outstanding liabilities before any transfer of assets or responsibilities.

e) How Cambridge's financial interests can be properly represented in transition arrangements.

f) Confirmation that a successor authority should not be assumed to automatically adopt the existing Council's investment, borrowing or commercial income assumptions without its own consideration.

g) The potential additional costs of reorganisation and their impact on the projected General Fund headroom identified in Appendix 4.

h) An assessment of the risk that the Guildhall could subsequently be sold, commercially redeveloped, have its civic functions removed or be subject to fundamental changes of use by a successor authority.

i) The extent to which the Council's intentions, the public investment made and the reasons for that investment can be formally recorded and represented in any reorganisation and asset-transfer arrangements.

j) The financial consequences of transferring the Civic Quarter assets and associated liabilities, including any mismatch between the duration of borrowing, contractual commitments, projected income and the expected transfer arrangements.

Cabinet should identify what protections can lawfully be secured and what matters would remain subject to decisions by the successor authority.

5. Financial monitoring and safeguards
Cabinet is requested to establish clear financial monitoring and control arrangements for the Civic Quarter Project, including:

a) Clear project cost limits and appropriate construction and financial contingencies.

b) Regular financial reporting and appropriate approval requirements before material increases in expenditure are committed.

c) A bespoke capital project monitoring process to identify emerging overspends and allow early mitigating action.

d) Controls ensuring that financial commitments take account of Local Government Reorganisation and do not create avoidable risks for Cambridge residents or any successor authority.

e) Regular financial updates to Councillors covering actual and forecast expenditure, borrowing, commercial income, contingency usage and emerging risks.

f) Technical virement delegation
Establish clear limits, reporting arrangements and safeguards for the proposed delegation to the Section 151 Officer to carry out technical virements between capital and revenue budgets for project costs which cannot be capitalised under accounting regulations.

These arrangements should:

Confirm that the delegation is restricted to genuine accounting and budget adjustments necessary to reflect the correct treatment of project expenditure.
Ensure that all revenue expenditure arising from the project is identified, quantified and reported.
Confirm that the delegation cannot increase the overall approved project budget or authorise additional project expenditure.
Ensure that virements cannot be used to disguise overspending, obscure the true cost of the project or circumvent Full Council approval.
Require material virements and their financial consequences to be reported transparently to Councillors.
Establish appropriate approval and reporting requirements where proposed changes have material implications for the General Fund or other Council budgets.
g) Revenue contingency reserve
Confirm that the £4.8 million revenue contingency reserve recommended by the Section 151 Officer will be established, identifying its funding source, arrangements for maintaining it, how its adequacy will be reviewed, how its use will be authorised and how it will be reported to Councillors.

Cabinet should also clarify whether the reserve represents additional financial provision or the reallocation of resources from existing reserves or other budget commitments.

h) Park Street income and protection of the General Fund
Establish specific monitoring and reporting arrangements for Park Street rental income and its contribution to the Civic Quarter and wider General Fund.

These should include:

- Actual rental income received against budget and projections.
- The financial performance and contractual position of the hotel lease.
- Outstanding Park Street borrowing and associated debt servicing costs.
- Net income allocated to the Civic Quarter and the amount remaining available to support the wider General Fund.
- The status and adequacy of the proposed income reserve arrangements.
- The remaining borrowing obligations following the expiry of the 30-year hotel lease.
- Any material change in rental income, tenant position, lease arrangements, borrowing costs or financial assumptions should be reported promptly to Councillors, together with an assessment of the implications for the Civic Quarter Project and wider General Fund.
-
- Cabinet should establish arrangements for managing any shortfall and ensure its financial consequences are assessed before additional General Fund resources, reserves or borrowing are committed.
-
- Any proposal to meet a shortfall through additional General Fund resources, reserves or borrowing should be subject to transparent financial assessment and appropriate democratic approval.

The Council should not assume that the General Fund can automatically absorb any shortfall without consequences for other priorities and essential services.

6. Full Council oversight and approval
Cabinet is requested to ensure that the revised proposals, together with the independent financial review, the updated Section 151 Officer assessment and all relevant supporting financial information, are provided to Councillors in sufficient time for proper consideration before Full Council makes its decision on the proposed capital commitment.

No further material discretionary expenditure or new contractual commitments beyond those already authorised should be entered into pending Full Council's consideration, except where necessary to discharge existing contractual or legal obligations, protect the Council's interests or prevent deterioration of its assets.

Full Council should have the opportunity to consider the complete financial position, outstanding risks, contractual commitments and recommendations before deciding whether to approve the proposed investment, amend its scope or defer any part of the project.

Purpose of the amendment

The purpose of this amendment is not to prevent investment in the Civic Quarter, but to ensure that substantial public expenditure is supported by robust financial evidence, appropriate independent scrutiny and a clear understanding of the long-term consequences for Cambridge residents and essential Council services.

It seeks to ensure that Cambridge City Council takes responsibility for determining the future purpose and role of the Guildhall now, rather than leaving its future entirely to a successor authority.

A central concern is the allocation of Park Street rental income and borrowing to support the Civic Quarter investment. Although the hotel is let on a 30-year lease and the rental income is described as relatively secure, the Council's borrowing extends over 50 years. The amendment therefore seeks proper scrutiny of the relationship between rental income and borrowing obligations, the risks associated with the tenant and lease arrangements, and the opportunity cost of allocating these resources to the Civic Quarter rather than retaining them to support the wider General Fund.

It also seeks clarity on how much Park Street income genuinely remains available after borrowing repayments and associated costs, how the proposed income reserve arrangements will operate and what safeguards are needed to protect the Council's wider financial position.

The amendment recognises that the proposed investment is not self-financing and that the financial scenarios identified in Appendix 4 could require substantial additional General Fund savings. It therefore seeks independent examination of the business case assumptions, the adequacy of the construction contingency and the potential consequences for reserves, future budgets and essential Council services.

It also seeks clarity on the additional EnerPHit expenditure introduced by Cabinet, its whole-life financial and environmental implications, and the arrangements for establishing and maintaining the £4.8 million revenue contingency reserve recommended by the Section 151 Officer.

The comparison of all four options is for financial transparency and scrutiny purposes only. Inclusion of Option 3, involving deferral of the Guildhall decision, and Option 4, involving potential sale of the Guildhall, should not be interpreted as an endorsement of either course of action.

The amendment also recognises that Local Government Reorganisation creates uncertainty about the future ownership, control and financial responsibilities associated with the Civic Quarter. Cambridge City Council should establish its own position on the Guildhall, protect its financial interests and ensure that the public investment and its intended benefits are properly documented before any transfer to a successor authority.

The objective is to protect Cambridge's financial interests, preserve its important historic civic assets and ensure that decisions are made transparently and in the long-term interests of the city.

Update to S151 Financial Assessment: Civic Quarter

1.1 This paper considers the financial impact on the Civic Quarter scheme of the following changes proposed since the Cabinet meeting on 16 November:

- Reinstatement of the Enerphit specification at the Guildhall
- Amendments proposed by the Liberal Democrat Group
- Amendments proposed by the Green Group

1.2 **Conclusion:** Neither the reinstatement of the Enerphit specification, nor the amendments proposed by the Liberal Democrat Group, would alter the overall affordability assessment of the recommended option 1 as set out in the Cabinet report (paragraph 6.3).

1.3 As senior officers were not sighted on the amendments proposed by the Green Group until they were submitted for publication it has not been possible to provide a considered view to Council about their deliverability or affordability.

Enerphit

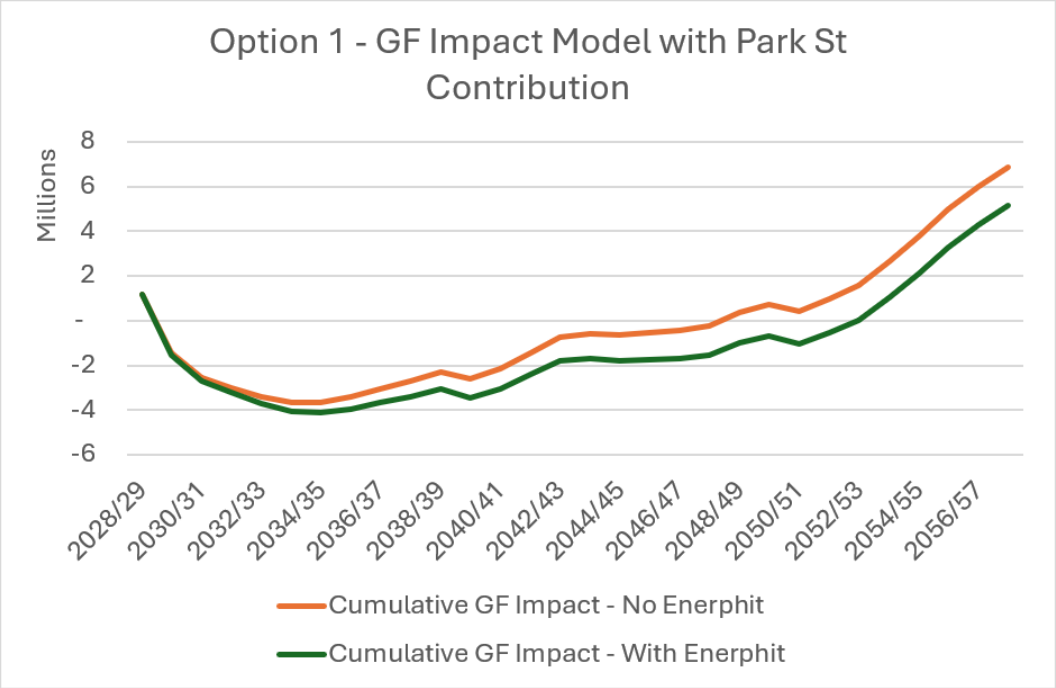
2.1 As already set out at Appendix 4 to the Cabinet report, reinstatement of the Enerphit specification would add £2.5 million to the capital budget for the project. After considering potential energy savings, the net cost to the General Fund over 30 years is estimated at £1.8 million (or £1.3 million if discounted to today's prices).

2.2 The impact on the key financial metrics set out within Appendix 4 of the Cabinet report would be as follows:

General Fund impact modelling – including Park Street income	**Option 1 (no Enerphit)**	**Option 1 with Enerphit**
Total impact over period to 2031/32	-£3.0m	-£3.2m
Total impact over 30 years	+£6.9m	+£5.1m
Discounted impact over 30 years at today's prices	+£3.3m	+£2.0m

Investment appraisal modelling	Option 1 (no Enerphit)	Option 1 with Enerphit
Total capital expenditure	£95.7m	£98.2m
Net present value (NPV) over 30 years	-£49.1m	-£50.5m
Internal rate of return (IRR) over 30 years	0.42%	0.39%
Payback period	29 years	29 years

2.3 The following chart shows the effect on the project's General Fund impact of reintroducing the Enerphit specification:



2.4 The peak draw on General Fund reserves in 2034/35 would increase slightly from £3.7 million to £4.1 million. This remains within the proposed allocation of £4.8 million to the Civic Quarter contingency reserve, albeit with slightly reduced headroom. This does not materially alter the risk profile of the project. It could be further mitigated if the proposal to increase the Civic Quarter contingency reserve to £7.5 million is adopted.

2.5 The chart shows the base case as modelled, which will remain subject to the same sensitivities to key assumptions as modelled in Appendix 4 of the Cabinet report. That appendix includes future

income from the Guildhall and Corn Exchange, interest rates, and the impact of capital overruns, and other risks.

2.6 Including the Enerphit specification increases the technical complexity of the project. It therefore increases the inherent risk of capital overruns. Controls will be put in place to mitigate that risk as set out at paragraphs 4.12-4.15 of the Cabinet report. If the proposal to increase the allocation to the Civic Quarter contingency reserve is adopted, this would provide further mitigation.

Liberal Democrat amendments

3.1 Several senior officers, including the S151, were asked to provide detailed comments and feedback on the proposals before they were submitted to consider the implications for council policy, and whether the proposals are deliverable and affordable.

3.2 The impact of the proposed amendments on project finances, including the capital cost of the project and future revenue streams, has been assessed as negligible.

3.3 The proposal to increase the Civic Quarter contingency reserve from £4.8 million to a target of £7.5 million, whilst not impacting on the 'base case' financial modelling, would provide additional headroom should project finances differ from the key assumptions made. This may prove helpful if the Enerphit specification is reintroduced as set out above.

3.4 The amendment seeks to delegate authority to the Chief Finance Officer to determine how best to fund the uplift in contingency reserves. Subject to the 2027/28 budget setting process, it is likely that substantially all the increase can be funded from existing headroom within unallocated General Fund reserves during the construction period.

3.5 Any shortfall may need to be built up over a longer period, for example, by allocating a higher percentage of Park Street income to the reserve from 2028/29 onwards. The exact mechanism would

be subject to agreement by Full Council as part of the 2027/28 Budget Setting Report.

3.6 The proposals also seek to achieve ‘social value’ for the services provided by the lead Civic Quarter contractor, in line with Council policy. That policy framework is attached at Annex A below.

Green amendments

4.1 Senior officers, including the S151, were not asked to comment on the implications the proposals may have for council policy, or whether they are deliverable and affordable. As a result, it is not possible to provide Council with a firm opinion on the proposals.

4.2 At a general level, commissioning additional independent advice to provide a second opinion on the Civic Quarter project costs would have financial implications. It would duplicate advice already paid for that is provided by Calfordseaden - the Council’s independent cost consultants for the project.

4.3 Deferral of the decision would also have cost implications which at this stage are not possible to quantify, and subject to the length of delay, may require another planning application.

4.4 Deferral may also lead to greater risk of project overruns and build cost inflation as set out in relation to option 3, which was discussed at the Performance, Assets and Strategy Overview and Scrutiny meeting on 3 November.

4.5 Deferral would also likely create greater uncertainty and potentially greater disruption for market traders and local businesses.

ANNEX A: Social Value Framework attached below

Cambridge City Council Social Value Framework

What is Social Value?

Social value refers to the additional, wider benefits an organisation brings to society beyond its core service delivery. This includes actions that improve individual and community wellbeing, strengthen social capital, support the local economy, and protect and enhance our environment.

Social value in procurement is using every opportunity in purchasing decisions, contract awards, leases and grants to maximise social value. Therefore, as part of our approach to Community Wealth Building it means maximising the use of all the Council's funds to improve the economic, social and environmental well-being of our City. Social value can also be created through economic policies and business practices such as fair employment and commissioning policy. We want to help facilitate collaboration, encourage subcontracting, be accessible to Small Medium Enterprises, involve the Voluntary Community Social Enterprise sector & service users, essentially promoting a holistic/systems approach.

This Framework supports officers, suppliers and partners to identify, measure and deliver social value through our contracts and agreements, ensuring that the resources we spend produce real, lasting benefits for Cambridge communities.

How is Social Value is assessed at Cambridge City Council?

Social value will form part of the evaluation on all procurements, not just those over threshold (£). Cambridge City Council recognises that social value is delivered not only through additional commitments, but also through the inherent nature of the contract and the embedded practices of the organisation delivering it. Bidders must therefore clearly demonstrate their existing social value baseline, including employment practices, local economic contribution and environmental sustainability. These elements are legitimately recognised and contribute to overall social value assessment alongside any additional, contract-specific commitments.

When contracting with an organisation, social value can be thought to be created in three ways.:

- **Inherent social value**: Benefits that naturally arise when a contract or service directly supports community wellbeing—for example, maintaining social housing or delivering a support service

- **Embedded social value**: Value that results from an organisation's built-in practices, such as fair employment, environmental responsibility, ethical operations. This may include being based in Cambridge, employing local people, and using local supply chains, as well as models such as social enterprises where profits benefit the community.

- **Additional social value**: where social value is committed to through specific, measurable and time-bound commitment(s) linked to the relevant social value outcome for the *contract*

All three forms of social value detailed above contribute to social value assessment and scoring. Social value scoring will reflect both the strength of a bidder's existing embedded practices and the quality of their additional commitments. Bidders with a strong embedded social value baseline who also propose clear, measurable additional outcomes are likely to achieve higher scores.

For more information on minimum social value requirements, please see the table at the end of this document.

What are we looking for?

- To provide tangible long term social and environmental benefits for a greener Cambridge
- Innovative, cost-effective supplier solutions which benefit the city, its residents and economy
- Sourcing more goods, services and works locally
- Ethical and sustainable sourcing through supply chains
- Creating employment opportunities for local people, especially those facing disadvantage
- Using contracts to maximise social value benefits
- Maximising tendering opportunities for local Small Medium Enterprises and Voluntary, Community and Social Enterprises

Needs Assessment

Our approach is informed by data on poverty and inequality and ongoing engagement with communities to understand emerging issues.

While areas such as East Barnwell, Abbey and Kings Hedges show higher deprivation, we focus on priority groups rather than geography to ensure those most in need are not overlooked.

Priority Groups and Strategic Objectives

These groups are identified as most at risk of disadvantage, including inequality linked to low income or skills. This includes care leavers, in line with County commitments, and reflects the Council's support for the Armed Forces Covenant.

Priority groups: women, disabled people, low paid and unskilled people, minority ethnic people, those not in employment education or Training, young people from low-income families, LGBTQ+ people, religion and belief, single parents, older people, care leavers, armed forces veterans, and refugees and

The following five strategic objectives define the priority themes for social value, reflecting identified needs in Cambridge. The supporting bullet points are intended to guide proportionate and relevant activity. Bidders are not expected to address all objectives; they provide a flexible framework aligned to the nature of the contract.

Strategic objective 1 - **Employment, Education, Skills and Training:** Promoting an inclusive economy by raising skills, and by improving access to a range of employment opportunities for people from the priority group

- Developing sustainable employment pathways for people from the priority group
- Offering Careers advice, work experience and internship opportunities for the priority group

Strategic objective 2- Income and financial resilience- shared prosperity: Help people on low incomes to maximise their income and minimise costs. Support people who are more likely to experience poverty, inequality and vulnerability

- Activities which increase financial capability for adults and older people or reduce digital exclusion
- Improving Real Living Wage pa for local staff delivering the contract
- Providing structured support to local suppliers to build capability, skills or readiness for future contracts
- Assistance and support for people in-work or to access and maintain work.

Strategic objective 3- Housing and Facilities: providing a safety net - address the high cost of housing, improving housing conditions and reducing homelessness

- Investment/ innovation in housing options, retrofitting and improvements
- Supporting affordable housing projects
- Supporting homeless and rough sleeping prevention initiatives

- Improving community buildings so they are safer, more inclusive, more welcoming or better used by residents.

<u>Strategic objective</u> 4- Decarbonisation and sustainability are central to prosperity: deliver a just transition towards our vision of a net zero Cambridge by 2030

- Investment in lower carbon and sustainable travel options
- Actions to reduce and decarbonise energy and fuel use
- Investment in projects that will increase resilience to the impacts of climate change (such as overheating and flooding)
- Improving, increasing and protecting biodiversity and the urban forest in Cambridge.
- Increase available access to essential services without the need to use a car
- Investment in projects which reduce waste and consumption
- Investment in projects or actions which safeguard and conserve water in Cambridge
- Investment in projects which promote sustainable food, increase access to local, low impact food and reduce food waste

<u>Strategic Objective 5</u>- Wellbeing and Community Cohesion: providing opportunities for people from different backgrounds to come together and have a common sense of belonging**.**

- Provide opportunities for people from different backgrounds to come together and have a common sense of belonging**.**
- Activities which positively celebrate diversity
- Increasing positive health outcomes for all
- Enhance and increase community spaces where strong and positive relationships can be developed between people from different backgrounds in these areas-- Cherry Hinton, Kings Hedges, Coleridge, Arbury

Minimum Social Value Requirement

The following information outlines the thresholds for social value expectations. This isn't prescriptive but aims to help guide expectation for a minimum cap on social value.

Overall Contract Value	Expectation
£10-£25k- current	When requesting 3 quotes ,embedded and inherent social value will be considered favourably, information for how to demonstrate this is listed below. And request that you register on Match My Project
£178k and under	Information on how Inherent and embedded social value is provided through the contract, information for how to demonstrate this is listed below. And request that you register to support projects through Match My Project
£179k and 4.4million	Information on how Inherent and embedded social value is provided through the contract, A range of social value activities up to a value of 1% of the contract value is desirable including registering and offering or supporting projects through Match My Project
£4.4million and over	Information on how Inherent and embedded social value is provided through the contract, There is a minimum requirement for 1% of contract value to be demonstrated through a comprehensive social value offer including registering and committing to projects on Match My Project

Match my Project

Match my Project Match My Project is the Council's platform connecting suppliers with local community needs. It enables targeted delivery of social value through skills, funding, and in-kind support, while helping community groups access resources and retain control of their needs.

All suppliers should register and use it to deliver part of their social value offer through the platform. Including a total commitment value, number of hours or number of projects for contractual commitments.

Appendix A

Examples of Inherent Social Value

Inherent social value: the changes that occur when a contract that is inherently for the benefit of society is fulfilled.

- Maintaining social housing
- Services which reduce rough sleeping and reoccurrence
- Increasing and maintaining green spaces and biodiversity
- Providing recreational facilities and services which enhance health and wellbeing
- Building or maintaining community facilities

Examples of Embedded Social Value

Embedded social value: where a social and environmentally conscious approach is intrinsic to the organisation. This is compounded where social enterprise is their core activity and profits are for the benefit of society. This list is not exhaustive, it seeks to provide examples of different types of embedded social value:

- Cambridge-based organisations, including SMEs, charities, and social enterprises
- Commitment to sustainable supply chains, procurement, and materials
- Use of sustainable transport and local/ethical employment (e.g. B Corps, social enterprises)
- Promotion of a circular economy through waste reduction, reuse, recycling, and sustainable food access
- Reduction of energy use, carbon emissions, and water consumption through efficiency and renewables
- Actions to improve climate resilience, and protect nature and biodiversity
- Promotion of equality, including reducing the disability employment gap and improving health, wellbeing, and community integration

Examples of how suppliers can add social value

We don’t want to be prescriptive; these are examples of where we believe suppliers can add value:

- Focus on Cambridge's Strategic Objectives and priority groups, focusing on priority groups, especially through employment and reducing inequality
- Create pathways into work.e.g apprenticeships, work experience and jobs for priority groups.
- Become an inclusive employer(e.g. Disability Confident, Carer Friendly, Armed Forces Covenant)
- Provide skills, training and volunteering support to lcal communities, schools and voluntary organisations through Match My Project
- *Support local communities through sponsorship, training initiatives and charitable giving – also available through Match My Project.*
- *Contribute to environmental goals including urban greening, carbon reduction, energy efficiency and climate action projects including* Trees for Streets - Let's fill our streets with trees
- Sponsor free arts and culture in the city and/or projects led by the City Council
- Share carbon emissions data and develop carbon reduction plans
- Enable employee volunteering, particularly with community, health and homelessness organisations
- Focus charitable giving, to charities local to where the contract is being delivered, more information on where this can be directed through Match My Project or contacting
- working with or run by different equality groups with their events

If you are not familiar with local charities, City events or opportunities in the City, our social value team would be happy to connect you to local opportunities for consideration grants@cambridge.gov.uk

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