



Cambridge City Council Notice of Council

Date: Thursday, 28 November 2024

Time: 6.00 pm

Venue: Council Chamber, The Guildhall, Market Square, Cambridge, CB2 3QJ

Contact: democratic.services@cambridge.gov.uk, tel:01223 457000

Dear Councillor,

A meeting of Cambridge City Council will be held in the Council Chamber, The Guildhall, Market Square, Cambridge, CB2 3QJ on Thursday, 28 November 2024 at 6.00 pm and I hereby summon you to attend.

Dated 20 November 2024

Yours faithfully

Robert Pollock

Chief Executive

Agenda

- 1 Mayor's announcements
- 2 Declarations of Interest
- 3 Public questions time
- 4 To consider the recommendations of the Executive for adoption
- 4a Treasury Management Half Yearly Update Report 2024/2025 (Executive Councillor for Finance and Resources) (Pages 15 - 36)
- 4b Civic Quarter Project Update (Executive Councillor (Pages 37 -

Appendix 3 and its associated schedules to the report relate to information which following a public interest test the public is likely to be excluded by virtue of paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 because it contains detailed cost reports that may impact a future procurement process and commercially sensitive information on existing business models.

Public appendices can be found here [Cambridge Civic Quarter: Strategy and Resources Scrutiny Committee - Cambridge City Council](#)

5 To deal with oral questions

6 To consider the following notices of motion, notice of which has been given by:

6a Councillor Tong - Support for an Essentials Guarantee

The Council notes:

- The significant increase in need for emergency food in Cambridge, with Cambridge City Foodbank providing more than 17,000 emergency food parcels in the last 12 months, a 74% increase on the same period in 2020/21.
- That for the first time in its history, the majority of people Cambridge City Foodbank supports with emergency food will be repeat rather than one-off visitors, demonstrating that a higher proportion of people who experience food security in Cambridge now continue to experiencing hunger and hardship on an ongoing basis.
- That around 5 in 6 low income households on Universal Credit are going without at least one essential like food, a warm home or toiletries¹, which shows that the social security system is not providing people with enough to afford the essentials.
- That 9.3 million people in the UK face hunger and hardship, meaning their household is more than 25% below the Social Metrics Commission poverty line. This represents one in seven people in the UK, and one in five children. Without action, a further 425,000 people are projected to face hunger and hardship by 2026/27².

¹ Joseph Rowntree Foundation: <https://www.jrf.org.uk/social-security/guarantee-our-essentials-reforming-universal-credit-to-ensure-we-can-all-afford-the>

² The Cost of Hunger and Hardship, Trussell, 2024: <https://www.trussell.org.uk/news-and-research/publications/report/the-cost-of-hunger-and-hardship>

The Council resolves:

- To support the promotion of the campaign by Cambridge City Foodbank, Trussell and Joseph Roundtree Foundation to introduce an Essentials Guarantee³, a law which would ensure that the basic rate of social security support is always enough to afford the essentials that we all need to live.
- To instruct the Leader of the Council to write to the Chancellor and Secretary to the Department for Work and Pensions in favour of the introduction of an Essentials Guarantee.
- To instruct the Leader of the Council to write to Daniel Zeichner, MP for Cambridge and Minister of State for Food Security and Rural Affairs, Ian Sollom, MP for St Neots and Mid Cambridgeshire, and Pippa Heylings, MP for South Cambridgeshire, to request that they write to the Chancellor and Secretary to the Department for Work and Pensions in favour of the introduction of an Essentials Guarantee.

6b Councillor Hossain - Street Lighting on Kings Hedges parks and open spaces

Council notes:

a. The lack of street lighting on Nuns Way Recreation Ground and on the Pulley play area of Kings Hedges Recreation Ground

b. Widespread community concerns about this lack of street lighting, which has left residents feeling unsafe and led to increased concerns around and incidents of anti-social behaviour, particularly in winter months when there are more hours of darkness.

c. The appalling arson attack on the new Pulley play area and equipment in September 2024, which was recently installed with £163,000 of council money and £75,000 wooden castle was burnt.

d. Office for National Statistics data shows that four out of five women and two out of five men feel unsafe walking alone after dark in a park or other open space.

e. Research has identified a consistent correlation between higher light levels on pedestrian paths and greater public confidence in using said paths.

f. A review of evidence by the College of Policing found that improved

³ <https://www.trussell.org.uk/support-us/guarantee-our-essentials>

street lighting reduced violent and property crime by 21% on average

Council calls on:

a. The Director of City Services to conduct a feasibility review and explore the installation of street lighting at Nuns Way Recreation Ground and the Pulley play area, as well as parks and open spaces throughout the city where issues with lighting have been identified and for the for this feasibility review to be reported back to the relevant committee.

b. The Executive Councillor for Open Spaces and City Services to urgently develop a policy to address issues of safety and anti-social behaviour in the aforementioned areas in conjunction with the local community, including a feasibility review of installing street lighting, and to subsequently report this policy and findings to the Council .

Notes:

BBC News, 'Arson investigation under way after play park fire', 1 October 2024, [link](#)

Office for National Statistics, 'Perceptions of personal safety and experiences of harassment, Great Britain: 2 to 27 June 2021', [link](#)

Fotios, S. and Castleton, C., (2016), 'Specifying Enough Light to Feel Reassured on Pedestrian Footpaths', *Leukos*, 12(4), [link](#)

College of Policing, 'Street Lighting', [link](#)

6c Councillor Bick - Cambridge Post Office

Council **notes** that

1. The Post Office has proposed to close Cambridge's city centre "Crown Office" on St. Andrew's Street;
2. That a local campaign and representations succeeded in securing a withdrawal of an earlier such proposal;
3. The current Post Office located in a prominent and accessible high street location close to public transport, is routinely busy and widely used by residents across the city as well as by its many visitors;
4. The Post Office is a wholly-owned government corporation, representing the nature of the public service that it provides and

the social impact it makes.

Council **believes** that:

1. It is a legitimate expectation that a growing city such as Cambridge, which includes a large tourist sector, continues to maintain a standalone Crown Office in its centre to complement the network of franchised postmasters serving neighbourhood areas and sparsely populated areas, who combine their service with other businesses;
2. That the alternative, as proposed in the previous exercise, to integrate the main post office as a subordinate activity of a corporate retailer, will not be acceptable on grounds of visibility, accessibility or trusted public service ethos;
3. The withdrawal of this public service provider operating in its own right from the city centre would be a regrettable erosion of diversity on the high street, removing an important ingredient of many people's wider purpose in going there.

Council **resolves** to make representations against the proposed closure in Cambridge and authorises the Chief Executive to communicate these within the appropriate Post Office consultative channels and to urge the two MPs representing the city to intercede directly with the government to support these representations.

6d Councillor Holloway - Further Action on Pollution

Council notes:

- That the River Cam at Sheep's Green received Bathing Water Designation in May 2024, following a Labour motion at Full Council in July 2023.
- That a main goal of the application was to provide information on pollution levels to help swimmers to swim safely and to create a 'Driver' to increase efforts by Anglian Water and the Environment Agency to improve water quality.
- Serious concern over the Environment Agency's monitoring during the 2024 bathing season (15 May to 30 September 2024) has recorded E. coli levels ranging from 980-6400 colonies/100ml at Sheep's Green and that this gives a strong indication the water classification will be "Poor".

- That once the Environment Agency's classification is available, the City Council will display a notice at Sheep's Green showing the classification.
- That if, as anticipated, the classification is 'Poor', notice will include advice against bathing.
- That Anglian Water has allocated £4.6m for a study and subsequent upgrades to Haslingfield Water Treatment Works under its 2025-2030 AMP8 business plan, subject to receiving Bathing Water Designation and subsequent approval by Ofwat (link: <https://www.anglianwater.co.uk/siteassets/household/about-us/pr24/anh01-our-plan-2025-2030.pdf>).

Council resolves:

- To write to the Environment Agency and Anglian Water once the bathing water assessment is made available, welcoming the increased availability of information about the quality of water and its suitability for bathing.
- If the result of the assessment is 'poor', to use that letter to express concern at the indications of unacceptable levels of faecal pollution revealed by the monitoring and to highlight the risk this poses to the health of swimmers and other recreational water users on the river Cam.
- At the same time as expressing concern, the letter should demand that agencies involved take urgent action to investigate and address the causes of pollution, as required by the Bathing Water Act 2013, and that they keep this Council informed on progress with a report to the Chief Executive every six months.

The Council should request that their investigations must include:

- The adequacy of the performance of Haslingfield Water Treatment Works and Foxton Water Treatment Works, and the unacceptable frequency of storm overflows.
- The frequency and impact of overflows from sewage pumping stations in Harston, Hauxton, Haslingfield and Grantchester.
- The frequency and impact of bursts in the Rising Mains connecting Haslingfield, Harston, Hauxton and Grantchester to Haslingfield Water Treatment Works.
- Potential misconnections into surface water drains flowing into Hobsons Conduit, Vicars Brook and Paradise Local Nature Reserve, which then flow into the River Cam just upstream of Sheep's Green.
- The murky (turbid) water in the River Cam, and whether this

may be impeding the natural action of sunlight which would otherwise help by degrading faecal bacteria released upstream.

Background

The 2024 bathing water season, with weekly monitoring by the Environment Agency at Sheep's Green, has now finished for the year. The resulting classification won't be released until sometime in November, but from the results already available online it's obvious that, as expected, the classification will be "Poor".

This classification is what we all expected, and it triggers an obligation on the Environment Agency and Anglian Water to investigate and then fix the causes. In expectation of this, Anglian Water has put around £5M in the budget for the Apportionment study and subsequent upgrades to Haslingfield Water Treatment Works (a.k.a the Sewage works)

The official Apportionment Study won't start until next financial year, but the EA and AW are already undertaking preliminary investigations. Cam Valley Forum is providing local expertise and additional testing. Following a "Poor" classification the city council will be required to display a notice about the Poor water quality, with the addition that "bathing is not advised".

Environment Agency Test Results available here
<https://environment.data.gov.uk/bwq/profiles/profile.html?site=ukh1201-09801>

Bathing Water Regulations
2013 <https://www.legislation.gov.uk/ukxi/2013/1675/regulation/13/made>

6e Councillor Blackburn Horgan - Improving Houses in Multiple Occupation (HMOs) in Cambridge

Council notes:

That HMOs provide an important, positive first step for many Cambridge residents to move into and find work and start their journey on the housing ladder;

That dwellings being converted to HMOs for over 6 people must obtain planning permission for change of use to HMO usage (a sui generis use) and that HMOs for five or more persons not forming a single household must obtain a licence from the City council, enabling

conditions to be inspected and enforced;

That smaller dwellings, with three or four persons forming two or more households, count as an HMO but do not require planning permission (as they fall under Permitted Development) or a licence to operate;

That conditions in some HMOs are not acceptable, particularly in those smaller units which do not require planning permission or a licence and which have been converted and may lack the necessary health and safety adaptations;

That our Enforcement teams already work hard to identify smaller HMOs in poor condition, but without a central register of such properties, this is very challenging;

That currently, many tenants are afraid to complain about poor conditions for fear that they may then be evicted and lose a reference for a future rental, though we note that the proposed reforms to evictions would assist in strengthening tenants' rights in this area, which is very welcome;

That the proposed Renters' Reform bill may include a requirement for landlords and properties to be registered on a national database, which we also strongly welcome;

That because demand for HMOs exceeds supply, there is a risk that more poor quality HMO provision will be available and tenants will have little choice but to accept this, despite very high rents.

Council Believes:

That increased council intervention in the standards of planning and operation of HMOs is appropriate, particularly so long as Cambridge is experiencing an overall shortage of housing, and that the council must optimise and apply the range of power that it has, and may gain in the future, across its services in order to secure a fairer deal for tenants.

Council Resolves:

To ensure that the emerging local plan requires that all HMO properties that require planning permission for construction and/or for change of use are considered under the emerging new policy covering HMOs;

To ask officers to prepare a report on the case for and feasibility of one or more Article 4 directions within the city boundaries, which would remove Permitted Development rights for smaller HMOs (currently Use Class C4) and instead require planning permission for all new builds and for change of use for existing housing stock to be used as HMOs for more than two people;

To ensure that all HMOs that require planning permission meet minimum space standards and that a record is kept of such properties.

Subject to proper consideration through the current plan making process, seek to retain the measures already in place in Policy 48 regarding positive HMO development in the new local plan;

To encourage developers to consider provision of purpose built, decent HMOs as part of their affordable and standard homes delivery;

To note council's support for a proper register of landlords and their properties as part of the proposed Renters' Reform bill;

To report back to the Planning and Transport scrutiny committee and the Joint Local Plan Advisory Group on the findings on Article 4 or any other appropriate measures to ensure high quality HMO provision, by the summer of 2025.

6f Councillor Moore - Butterfly Friendly City motion

This council notes;

- Wildlife charity Butterfly Conservation has declared a national 'Butterfly Emergency', with results of this summer's Big Butterfly Count showing a marked and hugely concerning decline in numbers.
- Overall, participants spotted just seven butterflies on average per 15-minute Count, a reduction of almost 50% on last year's average of 12, and the lowest in the 14-year history of the Big Butterfly Count. The majority of species (81%) showed declines in the number seen this year compared with 2023.
- Butterflies are increasingly being recognised as valuable environmental indicators, both for their rapid and sensitive responses to subtle habitat or climatic changes and as representatives for the diversity and responses of other wildlife.
- Insects are the largest proportion of terrestrial wildlife (more than 50% of species), so it is crucial that we assess the fate of insect groups to monitor the overall state of biodiversity. Being typical

insects, the responses seen in butterflies are more likely to reflect changes amongst other insect groups, and thus the majority of biodiversity, than established indicators such as those based on birds.

- The UK is one of the most nature depleted countries in the world (ranked 189 out of
- 218) and Cambridgeshire is one of the most nature depleted counties in the UK. Almost 15% of all species in the UK are at risk from extinction.
- The Council declared a Biodiversity Emergency in 2019.
- The Cambridge [Biodiversity Strategy](#) and associated [Park Biodiversity Tool Kit](#) contain many actions that benefit butterflies, moths and other invertebrates in formal and informal parks and open spaces. Different species have diverse lifestyles and habitat requirements, and it is important to consider all of these, not solely nectar sources, when promoting their conservation.
- The Cambridge City Herbicide Reduction Plan has discontinued herbicide use across all council owned sites, including parks, car parks and housing areas.
- The use of butterfly and bee killing neonicotinoid pesticides were repeatedly approved for emergency use under the previous government, so this council welcomes the new government's pledge to ban them in the Countryside Protection Plan and thanks the Cambridge MP Daniel Zeichner for his vital work on this.

This council will;

- Review the council's Biodiversity Strategy in 2025 aligning with the emerging Cambridgeshire and Peterborough Local Nature Recovery Strategy.
- Work with our partners on the Cambridgeshire & Peterborough Local Nature Recovery Strategy steering group to ensure the maps and priorities align with the existing Cambridge Nature Network.
- Create Butterfly friendly Areas by providing a range of butterfly food sources and habitats in our open spaces, with planting and leaving areas uncut or with reduced cutting.
- Establish The Cambridge Butterfly Trail, by signposting to the Butterfly Areas and register these 'Wild Places' on the Butterfly Conservation Wild Spaces website [Let's Create Wild Spaces - Wild Spaces](#) , aligning with the Cambridge Nature Network.
- Invite Cambridge residents to join the Butterfly Conservation Wild Spaces network with their own Butterfly friendly Areas,

which can be as small as a flowerpot or window ledge.

[Butterfly Square — Biophilic Cities](#)
[Butterfly Emergency | Butterfly Conservation](#)
[Butterfly as indicators | UKBMS](#)

6g Councillor Glasberg - UN International Day of Solidarity with the Palestinian People

Background

On Thursday 23 May 2024, Cambridge City Council unanimously approved a motion on Palestine and Israel. This followed three separate statements made by the Mayor and personal statements from the three political group leaders.

In addition, the city council has posted links to the main charities providing support for Gaza here

<https://www.cambridge.gov.uk/support-for-gaza>

As part of this motion, the council wrote to the then government calling upon them to:

- a. Press for an immediate and permanent ceasefire in Gaza, Israel and the rest of Palestine and to make every effort to resume the peace process.
- b. Work to ensure that international humanitarian law is upheld and that civilians are protected in accordance with those laws.
- c. Work to ensure that civilians have access to humanitarian support, including unfettered access of medical supplies, food, fuel and water.
- d. To immediately revoke all licences for arms exports to Israel and suspend arms sales to Israel.

Active Motion

This council notes that currently 73 countries are subject to a non-financial sanction under the Sanctions and Anti-Money Laundering Act 2018. It notes that 38 of these include a direct arms embargo. Israel is not one of the countries subject to a UK sanction.

The council notes that since the recent change in government a new country, Belarus, has been included in the list of countries subject to a UK arms embargo on 31 October 2024. Israel has not been added to that list.

The council notes that the government has changed since it wrote its original letter and resolves to write again to the new secretary of state for Foreign, Commonwealth and Development Affairs, the Rt Hon David Lammy to repeat its requests.

This council also notes that the United Nations International Day of Solidarity with the Palestinian People is commemorated annually on November 29. The council therefore resolves to mark this solemn occasion by flying the Palestine flag at the Guildhall at the first convenient date.

Notes

The International Day of Solidarity with the Palestinian People is observed by the United Nations on or around 29 November each year, in accordance with General Assembly mandates contained in resolutions [32/40 B](#) of 2 December 1977, [34/65 D](#) of 12 December 1979, and subsequent resolutions adopted under agenda item “Question of Palestine.”

On that day in 1947, the General Assembly adopted [resolution 181 \(II\)](#), which came to be known as the Partition Resolution. That resolution provided for the establishment in Palestine of a “Jewish State” and an “Arab State”. Of the two States to be created under this resolution, only one, Israel, has so far come into being.

The Palestinian people, who now number more than eight million, live primarily in the Palestinian territory occupied by Israel since 1967, including East Jerusalem; in Israel; in neighbouring Arab States; and in refugee camps in the region.

The International Day of Solidarity is an opportunity for the international community to focus its attention on the fact that the question of Palestine remains unresolved and that the Palestinian people have yet to attain their inalienable rights as defined by the General Assembly, namely, the right to self-determination without external interference, the right to national independence and sovereignty, and the right to return to their homes and property, from which they have been displaced.

In response to the call of the United Nations, various activities are undertaken annually by Governments and civil society in observance of the International Day of Solidarity with the Palestinian People. These activities include the issuance of special messages of solidarity with the Palestinian people.

- 7 Written questions
No discussion will take place on this item. Members will be asked to note the written questions and answers document as circulated around the Chamber.
- 8 Future of Local Government: Public Engagement (Pages 229 - 250)
- 9 Notification of appointment of Director of Economy and Place (Pages 251 - 252)

Information for the public

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- Website: <http://democracy.cambridge.gov.uk>
- Email: democratic.services@cambridge.gov.uk
- Phone: 01223 457000

This Meeting will be live streamed to the Council's YouTube page. You can watch proceedings on the livestream or attend the meeting in person.

Those wishing to address the meeting will be able to do so virtually via Microsoft Teams, or by attending to speak in person. You must contact Democratic Services democratic.services@cambridge.gov.uk by 12 noon two working days before the meeting.

The full text of any public question must be submitted in writing by noon two working days before the date of the meeting or it will not be accepted. All questions submitted by the deadline will be published on the meeting webpage before the meeting is held.

Further information on public speaking will be supplied once registration and the written question / statement has been received.

Report: **TREASURY MANAGEMENT MID-YEAR REVIEW REPORT 2024/25**

To:

The Executive Councillor for Finance and Resources: Councillor Simon Smith

Strategy and Resources Scrutiny Committee 21 November 2024

Report by:

Jody Etherington – Chief Finance Officer and S151 Officer
Tel: 01223 458130 Email: jody.etherington@cambridge.gov.uk

Wards affected:

All Wards

Key Decision

1. Executive Summary

- 1.1 The council has adopted The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (Revised 2021).
- 1.2 This half-year report has been prepared in accordance with the Code and covers the following: -
 - An economic update for the first half of the 2024/25 financial year;
 - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
 - The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
 - A review of the Council's investment portfolio for 2024/25;
 - A review of the Council's borrowing strategy for 2024/25; and
 - A review of compliance with Treasury and Prudential Limits for 2024/25.
- 1.3 Cash and investment balances as at 30 September were £105 million. The balance is forecast to gradually reduce over the remainder of the

year as existing balances are used to fund General Fund (GF) and Housing Revenue Account (HRA) capital expenditure.

- 1.4 Interest receipts for the year are projected at £6.6 million which is £3.1 million higher than the original budget. The variance is due mainly to sustained higher investment rates and higher cash balances being held for longer periods than expected.

2. Recommendations

The Executive Councillor is asked to:-

- 2.1 Recommend to Council the council's estimated Prudential and Treasury Indicators for 2024/25 to 2027/28 (Appendix A).
- 2.2 Note that no changes have been made to the counterparty list (Appendix B).

3. Background

- 3.1. In December 2021, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. These require all local authorities to prepare a Capital Strategy which is to provide the following: -
 - a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
 - an overview of how the associated risk is managed; and
 - the implications for future financial sustainability.
- 3.2 The Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly.
- 3.3 In line with the Code of Practice, all treasury management reports are presented to both Strategy & Resources Scrutiny Committee and to Full Council.
- 3.4 The Council is currently supported in its treasury management functions by specialist advisors, Link Asset Services. These services include the provision of advice to the council on developments and best practice in this area and provide information on the creditworthiness of potential counterparties, deposits, borrowing, interest rates and the economy.

4. Economic and Interest Rate Update

- 4.1 The council has appointed Link Group as its treasury advisors and part of their service is to assist the council to formulate a view on interest rates. The PWLB rate forecasts below are based on the certainty rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012.
- 4.2 In addition to this discount, the PWLB has introduced a 'Reduced HRA lending margin'. This is a reduction in the margin applied to loans that will be used to fund capital expenditure within the HRA. From 15 June 2023 qualifying loans have attracted a lower rate equivalent to 0.40% below the current PWLB certainty rate.
- 4.3 The latest forecast on 10 July 2024 is shown below. A comparison between the forecast and that included in the Treasury Management Strategy Statement shows that PWLB rates are still forecast to decrease over the next two years, but now at a slower trajectory.

	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
Bank rate	5.00%	4.50%	4.00%	3.50%	3.00%	2.75%	2.75%	2.75%
3 month Average Earnings	5.00%	4.50%	4.00%	3.50%	3.00%	2.80%	2.80%	2.80%
6 month Average Earnings	5.10%	4.60%	4.10%	3.60%	3.10%	2.90%	2.90%	2.90%
12 month Average Earnings	5.20%	4.70%	4.20%	3.70%	3.20%	3.00%	3.00%	3.00%
5yr PWLB rate	4.70%	4.50%	4.30%	4.10%	4.00%	3.90%	3.90%	3.90%
10yr PWLB rate	4.80%	4.60%	4.50%	4.30%	4.10%	4.10%	4.10%	4.00%
25yr PWLB rate	5.20%	5.00%	4.80%	4.70%	4.50%	4.50%	4.40%	4.40%
50yr PWLB rate	5.00%	4.80%	4.60%	4.50%	4.30%	4.30%	4.20%	4.20%

- 4.4 The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target. Following several years of high inflation, CPI dropped below this target for the first time to 1.7% in September 2024.

4.5 At its meeting on 31 July 2024, the MPC voted by a majority of 5-4 to reduce Bank Rate by 0.25 percentage points, to 5.00%. At its meeting on 18 September 2024, the MPC agreed to maintain the Bank Rate at 5.00%.

5. Annual Investment Strategy

5.1 The Treasury Management Strategy Statement (TMSS) for 2024/25, which includes the Annual Investment Strategy, was approved by Full Council on 15 February 2024.

5.2 The council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the council's risk appetite.

5.3 The council has endeavoured to position its portfolio to take advantage of the current interest rate environment. Officers have sought to achieve a balance between instruments offering liquidity to meet the needs of financing the capital programme, with fixed term investments agreed when the interest rates were generally understood to have peaked. The strategy will be kept under review over the remainder of the financial year and updated in line with revised profiling of capital expenditure and advice from our treasury management advisors on the future path of interest rates.

5.4 The average rate of return for all deposits to 30 September 2024 is 4.16%, compared to 4.62% over the same six-month period in 2023/24. In the year to date, the council's investment in the CCLA Property Fund has provided distributions equivalent to 5.21% (annualised) of the council's initial investment.

5.5 To ensure that minimal risk is present for the HRA nominal cash balances, returns from lower risk investments are used to transfer interest receipts to the HRA.

5.6 Current estimates for 2024/25 include gross interest receipts of £6.6 million. This is mainly due to interest rates remaining higher than anticipated for longer, and capital slippage meaning there remains more cash available to invest.

- 5.7 An analysis of the instruments the council has invested in and the associated counterparties has been prepared as at 30 September 2024 (Appendix C).
- 5.8 During the first half of 2024/25, we have utilised Link Group’s Treasury Agency Service. This service facilitates access to financial instruments which are not always available to individual local authorities accessing financial markets.
- 5.9 Officers continue to work with Link Group to understand developments within financial markets which offer the opportunity to have regard for environmental, social and governance (ESG) criteria when placing investments. The relevant CIPFA guidance asserts the primacy of ‘security, liquidity and yield’ considerations when managing the treasury portfolio and the council is required to adhere to that guidance. Where the council invests for the longer term, there are opportunities to invest in products or counterparties which align with council objectives. Currently, this is reflected in the substantial fixed-term deposits with other local authorities covering periods up to 13 months and investments in the CCLA Local Authority Property Fund. The CCLA Property Fund provides investors with regular updates about its work to reduce the carbon footprint of its property portfolio and increase the EPC rating of individual properties it owns.

6. The Council’s Capital Expenditure and Financing 2024/25 to 2027/28

- 6.1 The council undertakes capital expenditure on long-term assets. These activities may either be:
- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, developer contributions, revenue contributions, reserves etc.), which has no resultant impact on the council’s borrowing need; or
 - If insufficient financing is available, or a decision is taken not to apply other resources, the funding of capital expenditure will give rise to a borrowing need.
- 6.2 Details of capital expenditure forms one of the required prudential indicators. The table below shows the proposed capital expenditure and how it will be financed. It also includes any re-phasing during 2024/25

and is in line with the agreed capital plan and estimated future capital expenditure.

Estimate	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
GF capital expenditure	106,907	18,172	2,727	1,798
HRA capital expenditure	107,748	93,643	102,622	126,491
Total capital expenditure	214,655	111,815	105,349	128,289
Resourced by:				
• Capital receipts	(20,264)	(6,668)	(3,671)	(5,538)
• Other contributions	(52,035)	(73,959)	(98,887)	(60,379)
Total resources available for financing capital expenditure	(72,299)	(80,627)	(102,558)	(65,917)
Financed from cash balances & any Prudential Borrowing required	142,356	31,188	2,791	62,372

6.3 Capital expenditure in the General Fund in 2024/25 includes a planned £64.3 million on the Park Street car park development. This project is due to complete during the financial year so there is no spend included in future years. Capital expenditure in the HRA over the four year period shown in the table includes a total of £306.5 million on the construction, redevelopment and acquisition of new council housing stock as part of the council's ambitious ten-year programme in this area. The remaining spend is primarily in respect of the ongoing costs of maintaining existing stock to decent homes standards.

7. The Council's Prudential and Treasury Management Indicators

7.1 The table overleaf shows the Capital Financing Requirement (CFR), which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period. This is termed the Operational Boundary.

7.2 Both the GF and HRA CFR are projected to increase from current levels in line with the capital plans for the respective funds. Based on the current capital plan, the GF CFR reduces in 2026/27 as capital loans to CIP are repaid. However, the current MTFs assumes that subsequent capital

plans, approved as part of future years' budgets, will increase the CFR unless other sources of financing for GF capital expenditure can be identified.

CFR and External Borrowing Estimate	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
GF CFR	139,463	151,364	107,633	127,846
HRA CFR	284,880	302,568	305,359	367,731
Total CFR	424,343	453,932	412,992	473,916
Movement in the CFR	142,050	29,589	(40,940)	60,924
Estimated External Gross Debt/Borrowing (Including HRA Reform)	313,123	385,162	386,839	448,078
Authorised Limit for External Debt	550,000	600,000	600,000	625,000
Operational Boundary for External Debt	434,343	463,932	422,992	483,916

7.3 A further prudential indicator controls the overall level of borrowing externally. This is the Authorised Borrowing Limit (ABL) which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members.

7.4 The table below shows the council's current outstanding debt and headroom (the amount of additional borrowing that is possible without breaching the Authorised Borrowing Limit): -

UPDATE	Principal (£'000)
Authorised Borrowing Limit (A) – Agreed by Council on 15 February 2024	550,000
External Borrowing as at 30 September 2024 (B)	243,572
Total Current Headroom (A minus B)	306,428

7.5 During this financial year the council has operated within the 'authorised' and 'operational' borrowing limits contained within the Prudential Indicators set out in the council's Treasury Management Strategy Statement. The anticipated Prudential & Treasury Indicators are shown in Appendix A.

8. Borrowing

- 8.1 The council is permitted to borrow under the Prudential Framework, introduced with effect from 1 April 2004.
- 8.2 Current borrowing relates to loans from the PWLB for self-financing dwellings held within the HRA, taken out in 2012 totalling £213.572 million, and the first tranche of external borrowing undertaken to support the Park Street redevelopment project, with £30 million having been drawn down in April 2024.
- 8.3 The council's current capital plan incorporates further external borrowing in 2024/25 and future years. This represents the draw down of the remaining £55 million funding for Park Street agreed at the inception of the project, funding for delivery of the HRA capital programme and funding for GF capital projects which cannot be funded from available capital resources. The current Medium Term Financial Strategy assumes an increasing need for borrowing over the life of the forecast period. The council will take advice from its treasury management advisors about when to borrow and the appropriate terms to reflect the assets being financed.
- 8.4 The provision for the repayment of debt is known as the Minimum Revenue Provision (MRP). Regulations require the council to publish at least annually a policy by which MRP will be determined. This policy was agreed by council on 15 February 2024. Changes to the policy will be considered and amendments may be proposed in the next Treasury Management Strategy Statement, alongside the council's Capital Strategy and Budget Setting Report.

9. Implications

(a) Financial Implications

This is a financial report and implications are included in the detailed paragraphs as appropriate.

The prudential and treasury indicators have been amended to take account of known financial activities.

(b) Staffing Implications

None

(c) Equality and Poverty Implications

None

(d) Environmental Implications

None

(e) Procurement Implications

None

(f) Community Safety Implications

None

10. Consultation and communication considerations

None required

11. Background papers

No background papers were used in the preparation of this report

12. Appendices

12.1 Appendix A – Prudential and Treasury Management Indicators

Appendix B – The Council’s Current Counterparty list

Appendix C – Sources of the Council’s Deposits

Appendix D – Glossary of Terms and Abbreviations

13. Inspection of papers

13.1 If you have any queries about this report please contact:

Author’s Name:	Isabel Brittain
Author’s Phone Number:	01223 458134
Author’s Email:	isabel.brittain@cambridge.gov.uk

PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

Estimates	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Capital expenditure				
- GF	106,907	18,172	2,727	1,798
- HRA	107,748	93,643	102,622	126,491
Total	214,655	111,815	105,349	128,289
Capital Financing Requirement (CFR) as at 31 March				
- GF	139,463	151,364	107,633	106,185
- HRA	284,880	302,568	305,359	367,731
Total	424,343	453,932	412,992	473,916
Change in the CFR	142,050	29,589	(40,940)	60,924

The above tables reflect capital expenditure in the current capital plan and highlight the expected impact of that expenditure on the council's Capital Financing Requirement.

PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

Estimates	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Deposits at 31 March	47,692	90,142	132,759	133,074
External Gross Debt	313,123	385,162	386,839	448,078
Ratio of net financing costs to net revenue stream				
-GF%	(6.46)	6.58	17.13	22.14
-HRA%	14.62	18.47	18.22	18.66
Net income from commercial and service investments to net revenue stream				
-GF	10,532	12,554	14,147	14,006
-HRA	471	483	494	627
% of net revenue stream				
-GF%	43.02	46.38	69.31	65.36
-HRA%	0.84	0.83	0.81	0.94

The above table reflects the treasury management implications of the projected capital expenditure, funding sources, financing costs and investment income set out in the council's current Medium Term Financial Strategy (MTFS). The use of the MTFS is considered to provide the most relevant source of data to show how the council's performance against CIPFA's prudential indicators is expected to change over the period covered by the MTFS.

PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

Estimates	Estimate 2024/25 £'000	Estimate 2025/26 £'000	Estimate 2026/27 £'000	Estimate 2027/28 £'000
<u>Treasury Indicators</u>				
Authorised limit				
for borrowing	550,000	600,000	600,000	625,000
for other long-term liabilities	2,000	2,000	2,000	2,000
Total	552,000	602,000	602,000	627,000
Operational boundary				
for borrowing	434,343	463,932	422,992	483,916
for other long-term liabilities	1,500	1,500	1,500	1,500
Total	435,843	465,432	424,492	485,416
Upper limit for total principal sums deposited for over 364 days & up to 5 years	50,000	50,000	50,000	50,000
Analysis of exposure to fixed and variable interest rates				
Net interest on fixed rate borrowing/deposits	8,489	12,217	14,249	16,819
Net interest on variable rate borrowing/deposits	(2,152)	(1,292)	(1,050)	(1,137)
Maturity structure of new fixed rate borrowing		Upper Limit	Lower Limit	
10 years and above		100%	100%	

The above table reflects the treasury management implications of the projected capital expenditure, financing costs and investment income set out in the council's current Medium Term Financial Strategy (MTFS). The use of the MTFS is considered to provide the most relevant source of data to show how the council's performance against CIPFA's prudential indicators is expected to change over the period covered by the MTFS.

Appendix B

Treasury Management Annual Investment Strategy

The full listing of approved counterparties is shown below, showing the category under which the counterparty has been approved, the appropriate deposit limit and current duration limits.

Current Counterparty List

Link Group Colour	Council's Current Deposit Period	Category	Limit (£)
UK Banks and Building Societies: -			
Yellow	60 months	UK Banks and Building Societies	35m
Magenta	60 months	UK Banks and Building Societies	35m
Pink	60 months	UK Banks and Building Societies	35m
Purple	24 months	UK Banks and Building Societies	30m
Blue	12 months	UK Banks and Building Societies	30m
Orange	12 months	UK Banks and Building Societies	30m
Red	6 months	UK Banks and Building Societies	20m
Green	100 days	UK Banks and Building Societies	10m
No Colour	Not recommended	UK Banks and Building Societies	0m

Name	Council's Current Deposit Period	Category	Limit (£)
Specified Investments: -			
All UK Local Authorities	N/A	Local Authority	20m

Name	Council's Current Deposit Period	Category	Limit (£)
All UK Passenger Transport Authorities	N/A	Passenger Transport Authority	20m
All UK Police Authorities	N/A	Police Authority	20m
All UK Fire Authorities	N/A	Fire Authority	20m
Debt Management Account Deposit Facility	N/A	DMADF	Unlimited
Enhanced Cash Funds (Standard & Poor's: AAAf/S1, Fitch: AAA/S1)	Over 3 months and up to 1 year	Financial Instrument	10m (per single counterparty)
Enhanced Money Market Funds (not below AAf) - VNAV	Over 3 months and up to 1 year	Financial Instrument	5m (per fund)
Money Market Funds (AAf) – CNAV, VNAV & LVNAV	Liquid Rolling Balance	Financial Instrument	15m (per fund) with no maximum limit overall
UK Government Treasury Bills	Up to 6 months	Financial Instrument	15m
Members of a Banking Group	Using Link's Credit Criteria	UK Banks and UK Nationalised Banks	40m
Non-Specified Investments: -			
All UK Local Authorities – longer term limit	Over 1 year and up to 5 years	Local Authority	Up to 35m (in total)
Cambridge City Council Housing (CCHC) Working Capital Loan *	Up to 1 year	Loan	200,000
Cherry Hinton Community Benefit Society	Up to 1 year	Loan	50,000
CCHC Investment *	Rolling Balance	Loan (Asset Security)	7,500,000
Cambridge Investment Partnership (Mill Road)*	Rolling Balance	Loan (Asset Security)	17,800,000

Name	Council's Current Deposit Period	Category	Limit (£)
Cambridge Investment Partnership (Cromwell Road)*	Rolling Balance	Loan (Asset Security)	48,300,000
Cambridge Investment Partnership (Orchard Park L2)*	Rolling Balance	Loan (Asset Security)	11,529,000
Cambridge Investment Partnership	Rolling Balance	Loan (Asset Security)	33,940,000
CCLA Local Authorities' Property Fund	Minimum of 5 years	Pooled UK Property Fund	Up to 15m
Certificates of Deposit (with UK Banking Institutions)	Liquid Rolling Balance	Financial Instrument	See limits above
Certificates of Deposit (with UK Building Societies)	Liquid Rolling Balance	Financial Instrument	See limits above
Certificates of Deposit (with Foreign Banking Institutions)	Liquid Rolling Balance	Financial Instrument	2m (per single counterparty)
Enhanced Cash Funds (Standard & Poor's: AAAf/S1, Fitch: AAA/S1)	Over 1 year and up to 5 years	Financial Instrument	10m (per single counterparty)
Enhanced Money Market Funds (not below AAf) - VNAV	Over 1 year and up to 5 years	Financial Instrument	5m (per fund)
Commercial Property Investments funded from cash balances	Over 1 year	Commercial Property	25m (in total)
Municipal Bonds Agency	N/A	Pooled Financial Instrument Facility	50,000
Secured Local Bond – Allia Limited	N/A	Local Business Bond	Up to 5m in total
Supranational Bonds – AAA	Using Link's Credit Criteria	Multi-lateral Development Bank Bond	15m
UK Government Gilts	Over 1 year & up to 30 Years	Financial Instrument	15m

Note: In addition to the limits above, the total non-specified items over 1 year (**excluding balances with related parties***) will not exceed £50m.

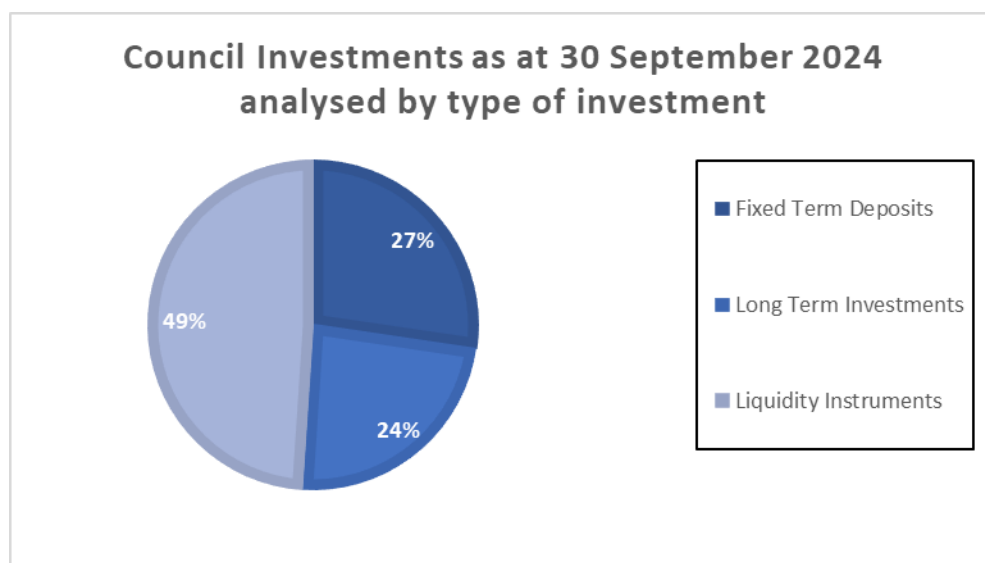
Deposits as at 30 September 2024

Local authorities are free to deposit surplus funds not immediately required to meet the costs of providing services. The council deposits amounts set aside in its general reserves and earmarked reserves.

The interest earned on these deposits is credited to the GF and HRA respectively and helps to fund the cost of providing services.

At 30 September 2024, the council had deposits of £105.4m. The table below provides a breakdown of where the money was deposited and the types of financial instrument held.

Funds Deposited as at 30 September 2024	£'000
UK Banks	14,590
Local Authorities	21,000
Money Market Funds	42,000
Enhanced Cash Funds	10,000
Property Fund	15,000
Allia Limited	2,800
Total Deposited	105,390



Treasury Management – Glossary of Terms and Abbreviations

Term	Definition
Authorised Limit for External Borrowing	Represents a control on the maximum level of borrowing
Capital Expenditure	Expenditure capitalised in accordance with regulations i.e. material expenditure either by Government Directive or on capital assets, such as land and buildings, owned by the Council (as opposed to revenue expenditure which is on day to day items including employees' pay, premises costs and supplies and services)
Capital Financing Requirement	A measure of the Council's underlying borrowing need, i.e. it represents the total historical outstanding capital expenditure which has not been paid for from either revenue or capital resources
Certificates of Deposit (CDs)	Low risk certificates issued by banks which offer a higher rate of return
CIP	Cambridge Investment Partnership
CIPFA	Chartered Institute of Public Finance and Accountancy
Corporate Bonds	Financial instruments issued by corporations
Counterparties	Financial institutions with which funds may be placed
Credit Risk	Risk of borrower defaulting on any type of debt by failing to make payments which it is obligated to do
Enhanced Cash Funds	Higher yielding funds typically for investments exceeding 3 months
Eurocurrency	Currency deposited by national governments or corporations in banks outside of their home market
External Gross Debt	Long-term liabilities including Private Finance Initiatives and Finance Leases

Term	Definition
Government CNAV	Highly liquid sovereign stock based on a Constant Net Asset Value (CNAV)
HRA	Housing Revenue Account - a ringfenced account for local authority housing where a council acts as landlord
HRA Self-Financing	A new funding regime for the HRA introduced in place of the previous annual subsidy system
Liquidity	A measure of how readily available a deposit is
Low Volatility Net Asset Value (LVNAV)	Highly liquid sovereign stock based on a Constant Net Asset Value (CNAV)
MPC	Monetary Policy Committee - The Bank of England Committee responsible for setting the UK's bank base rate
Minimum Revenue Provision (MRP)	Revenue charge to finance the repayment of debt
Non Ring Fenced Bank (NRFB)	Government and Bank of England rules apply to all UK Banks which have to split their business into 'core' retail and investment units known as Ring and Non Ring Fenced Banks
Non-Specified Investments	These are investments that do not meet the conditions laid down for Specified Investments and potentially carry additional risk, e.g. lending for periods beyond 1 year
Operational Boundary	Limit which external borrowing is not normally expected to exceed
PWLB	Public Works Loans Board - an Executive Government Agency of HM Treasury from which local authorities and other prescribed bodies may borrow at favourable interest rates
Quantitative Easing (QE)	A financial mechanism whereby the Central Bank creates money to buy bonds from financial institutions, which reduces interest rates, leaving businesses and individuals to borrow more. This is intended to lead to an increase in spending, creating more jobs and boosting the economy

Term	Definition
Ring Fenced Bank (RFB)	Government and Bank of England rules apply to all UK Banks which have to split their business into 'core' retail and investment units known as Ring and Non Ring Fenced Banks
Sterling Over Night Index Average (SONIA)	SONIA is a widely used benchmark based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.
Security	A measure of the creditworthiness of a counter-party
Specified Investments	Those investments identified as offering high security and liquidity. They are also sterling denominated, with maturities up to a maximum of 1 year, meeting the minimum 'high' credit rating criteria where applicable
Supranational Bonds	Multi-lateral Development Bank Bond
UK Government Gilts	Longer term Government securities with maturities over 6 months and up to 30 years
UK Government Treasury Bills	Short term securities with a maximum maturity of 6 months issued by HM Treasury
Variable Net Asset Value	MMF values based on daily market fluctuations to 2 decimal places known as mark-to-market prices
Weighted Average Life (WAL)	Weighted average length of time of unpaid principal
Weighted Average Maturity (WAM)	Weighted average amount of time to maturity
Yield	Interest, or rate of return, on an investment

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Revised Recommendations and addendum to Civic Quarter report

1 Recommendations

It is recommended that the Executive Councillor for Finance and Resources,

- 1.1 Recommends that Full Council notes the indicative capital cost budget of £55m as set out in 8.3 and approves an allocation of £3m from the existing Civic Quarter reserve for stage 3 design costs and associated on-costs.

And subject to Full Council agreement approves the recommendations below outlined in the report that includes, Concept Design Report, Public Engagement Report and the Commercial Report for the Civic Quarter including to:

- 1.2 Note the outcomes from the first Public Consultation that took place to shape the outcomes of the Concept Designs.
- 1.3 Approve to proceed to the next stage of design with a planning submission in late summer 2025 for the Guildhall, Corn Exchange, Market Square and the associated public realm, carrying out a second public consultation in Spring 2025
- 1.4 Grant delegated authority to the Chief Executive Officer to carry out a procurement process for the appointment of a contractor by Spring 2025
- 1.5 Approve the Civic Quarter Project team to work closely with the Corporate team, Market Operations team, Cultural Services team and Market traders to develop a business plan by Spring 2025 which includes:
1. Completion of the Terms and Conditions and the balance of trade work on the Market ahead of the proposed second public consultation for the Civic Quarter in Spring 2025
 2. An assessment of the revenue impact of decanting the Guildhall, Market and Corn Exchange
 3. A business plan for the operation of the future Guildhall, Market and Corn Exchange
- 1.6 Note the review by the Property Team of property assets including Mandela House to generate a capital receipt to contribute towards the Civic Quarter project.

Addendum to Civic Quarter Update Report

Following an updated set of recommendations, there is a need to clarify some of the funding allocation approvals for works that are referred to in the published committee report.

2.5.2 and 8.2.6

It is recommended that £4.5m is allocated as phase 1 to enable completion of a full roof replacement at the Corn Exchange, and this will be tabled for approval at Full Council in Autumn 2025. Approval of further funding beyond the initial £4.5m will remain subject to the agreement of the business plan. Any immediate emergency repairs required will be brought forward for approval as an out of cycle decision.

2.6.2. and 8.2.4

It is recommended that an initial capital investment of £3m is allocated as phase 1 to enable the re-surfacing works of the Market Square, and this will be tabled for approval at Full Council in Autumn 2025. Approval of further funding beyond the initial £3m will remain subject to the agreement of the business plan.

2.8.1 and 8.3

The overall estimated costs for the completion of the Guildhall and phase 1 of the Market Square and phase 1 of the Corn Exchange remain the same at £55m. With the updated recommendations, the estimate for design costs and associated on costs for RIBA Stage 3 is £3m (£2.5m design and survey fees plus £0.5m on costs). Approval is sought for this £3m at this stage. An updated cost estimate for design and associated on costs beyond RIBA Stage 3 will be tabled for approval in Autumn 2025

2.8.2 and 8.9.1 Addition of the following milestones

Full Council 28 November 2024

Full Council September 2025

REPORT TITLE: Civic Quarter Project Update

To: Executive Councillor for Finance and Resources

Strategy & Resources Scrutiny Committee, Thursday 21st November 2024

Report by:

Benedict Binns, Assistant Director, Development

Tel: 01223 450000 Email: ben.binns@cambridge.gov.uk

Wards affected:

All

1 Recommendations

It is recommended that the Executive Councillor for Finance and Resources, approves the recommendations outlined in the report that includes the business case, Concept Design Report, Public Engagement Report and the Commercial Report for the Civic Quarter including:

- 1.1 Noting the outcomes from the first Public Consultation that took place to shape the outcomes of the Concept Designs.
- 1.2 Approve to proceed to the next stage of design with a planning submission in late summer 2025 for the Guildhall, Corn Exchange, Market Square and the associated public realm, carrying out a second public consultation in Spring 2025
- 1.3 Approve the allocation of a capital budget of £55m as set out in 8.3 and delegate authority to the Council's Section 151 Officer to apply the agreed capital financing to the project in the most cost effective way.
- 1.4 Delegated authority to the Chief Executive Officer and Executive Councillor for Finance, and Resources to carry out a procurement process for the appointment of a contractor by Spring 2025
- 1.5 Approve the Civic Quarter Project team to work closely with the Corporate team, Market Operations team, Cultural Services team and Market traders to develop a business plan by Spring 2025 which includes:
 1. Completion of the Terms and Conditions and the balance of trade work on the Market ahead of the proposed second public consultation for the Civic Quarter in Spring 2025
 2. An assessment of the revenue impact of decanting the Guildhall, Market and Corn Exchange
 3. A business plan for the operation of the future Guildhall, Market and Corn Exchange
- 1.6 Delegated authority to the Chief Executive Officer and Executive Councillor for Finance and Resources for the future use of Mandela House subject to review by Property Services.

2. **Executive Summary**

2.1 The Civic Quarter has seen the changes of time and developments over the centuries with the site of the Guildhall celebrating a history dating back 800 years this year, the Corn Exchange approaching its 150th anniversary and a market that dates back over a thousand years.

The council is now looking at proposals for investment in the Guildhall, Market Square, Corn Exchange and public realm, making them fit for a fast growing global city in the 21st century society that our residents can be proud of.

2.2 This report outlines investment proposals that include:

- 1) making our heritage buildings net zero, and improve biodiversity and water efficiency across the site
- 2) improving accessibility and creating a welcoming new civic heart open to the public
- 3) consolidating office space in the city and creating a working environment that supports staff retention, collaboration and enhanced productivity
- 4) creating space for a cultural attraction within the Guildhall
- 5) saving the council money by reducing running costs and creating opportunities for additional income

2.3 Designs at this stage are concept, indicative and will continue to evolve depending on feedback from staff, traders, members and the public as well as financial constraints. The investment proposals provided in this report are target budgets based on current information and have been reviewed by Calford Seaden, the council's employers' agent (Project Manager and Quantity Surveyor) who will continue to provide independent advice for the council.

It should be noted that further survey work, reviews with the planners and market conditions will mean cost risks remain. Early contractor engagement will de-risk the project further by providing greater cost assurance.

2.4 The Guildhall

- 2.4.1 For the Guildhall, a number of options were considered as set out in this report. The recommendation is to proceed with Option 3 (Commercial Offices with a Cultural Attraction) which retains the entrance area – the heart space - for the public and all users of the building on the Ground floor, with council staff located at Ground, First and Second floors. The Civic Spaces are retained on the first floor, and Commercial Office space, accessed separately from Peas Hill, on the upper floors. This is set out in pages 2-4 of the Concept Design Report Executive Summary (Appendix 1). This option includes meeting the new Net Zero Standard.

Option 3 includes an opportunity for a Cultural Attraction and discussions are in progress with the Museum of Cambridge. As this depends on the Museum of Cambridge attracting external funding, which is uncertain, the design team have assumed a fallback position of

Option 2a (Office provision) in their technical reports.

- 2.4.2 The indicative investment budget to refurbish the Guildhall for the preferred option is estimated at c.£41m.

This current net running cost of the Guildhall and Mandela House is c £2.4million. This investment is estimated to generate a net saving for the council of c. £1,000,000 per annum after the cost of capital.

- 2.4.3 Decant options will focus on committee and civic spaces as it is expected that Mandela House will continue to provide office space for staff and existing tenants until works, if approved, are completed.

2.5 The Corn Exchange

- 2.5.1 For the Corn Exchange, investment proposals include designs to increase revenue streams including fire capacity increase to c.2000; delivery of additional events and enhanced bar offerings. This is set out in pages 5-7 of the Concept Design Report Executive Summary (Appendix 1).

Proposals include transforming Parson's Court into an attractive Food and Beverage offer with a transformed pedestrianised breakout space. For the Corn Exchange, designs include: additional lifts to make the building fully accessible; expanded back of house facilities; new plug-and-play Audio Visual systems will allow a quicker turnaround of events allowing more daytime use for conferences and new mechanical ventilation and cooling systems are proposed to improve the experience for audiences during performances.

There are a number of heritage challenges to making the Corn Exchange sustainable, but the investment includes design improvements getting as close to Net Zero as possible. Enhancements to the fabric of the building along with air source heat pumps are proposed to significantly reduce energy consumption and maintenance costs. Solar Photovoltaic (PV) panels are proposed on both sides of the large roof which will also generate significant renewable energy.

- 2.5.2 The cost to redevelop the Corn Exchange, along with Parsons Court, is estimated at c.£22m. With constrained council finances, it is recommended the committee approves an initial budget of £4.5m as Phase 1 to enable completion of a full roof replacement (as well as immediate emergency repairs), including insulation and installation of PVs on the roof. Phase 2 will be completed when funds permit.

It is also recommended to develop a new business plan for the Corn Exchange that includes consideration of additional funding routes, the revenue model and the impact of a period of closure on the Corn Exchange. Approval of further funding beyond the initial £4.5m will remain subject to the agreement of the business plan.

Investment in the new designs, according to initial financial modelling, could produce an increase in revenue for the council.

2.6 The Market Square including surrounding public realm

- 2.6.1 For the Market Square, investment proposals include designs for a lightweight canopy to cover approximately half of the market. The canopy will support traders in permanent stalls as well as providing storage for market operations and seating for the general public. This is set out in pages 8-10 of the Concept Design Report Executive Summary (Appendix 1)

The remaining space in the market will be available for additional trading during weekends and busier months using demountable stalls, while also providing opportunity for occasional event space.

The proposals also include an accessible shared surface approach surrounding the market. While vehicular access for blue badge holders and emergency vehicles are maintained, the shared surface approach promotes and prioritises greater pedestrian use, while addressing issues of motorised scooter use around the square.

The investment includes sustainability improvements to biodiversity with more tree planting along with a commitment to water efficiency and the use of renewable energy.

- 2.6.2 The investment to deliver the improvements to the market, including surrounding public realm, is estimated at c.£12.6m. Improving the market square is a priority, but with constrained council finances, it is therefore recommended that an initial capital investment of £3m as Phase 1 is approved to support re-surfacing works with phase 2 to be considered at a later date.

A detailed business plan will be developed for the market that will consider further funding opportunities, a Balance of Trade policy, and management approach for a fully redeveloped market. Approval of further funding beyond the initial £3m will remain subject to the agreement of the business plan.

- 2.6.3 Redeveloping the market square offers multiple benefits beyond the purely commercial aspect. The introduction of placemaking improvements—such as the ability to host events and an enhanced market – will create a vibrant public space for cultural events, social gatherings, and local commerce, further boosting the city's identity and enhancing the overall urban experience.

The improved placemaking should lead to increased occupancy improving the long term viability of the market.

2.6.4 On 9 October the Market Traders Group were asked to give a steer on their preferred decant option if works are approved (see 4.13.1). This was followed up with an all-trader survey. The majority of respondents (88%) supported the principle of remaining close to the Market Square shown in options 1 (21%) and 2 (67%), with little support expressed for an off-site solution. Therefore, option 2 will form the basis of the next stage of design with option 1 to continue to be tested. Consideration will need to be given to engagement with local businesses as part of the development of the decant approach.

As part of the decant process, a support package for market traders will be developed to ensure the decant process is as smooth as possible.

2.7 Engagement

2.7.1 The report includes the outcomes of the first public consultation process and demonstrates how the extensive engagement undertaken has influenced the design proposals and preferred business case options, including how Community Wealth Building (in section 8.7) and support for Cultural Services will be delivered through the project.

2.7.2 The first consultation period began on 17th June and concluded on 28th July 2024. During the engagement period, 885 survey responses were received through the Council's online consultation portal. This is the highest level of response since the introduction of the online portal. This included 863 individuals and 22 responses from representatives of organisations.

Section 4.5 outlines the key findings from the engagement process.

2.8 Overall Costs and Programme

2.8.1 Total costs are outlined below:

Stage 3 Design Costs for whole Civic Quarter to Planning	£3.6m
Construction allowance for Guildhall – option 3	£41m
Construction allowance for priority Market Square Works	£3m
Construction allowance for Corn Exchange roof replacement	£4.5m
Council on-costs (further professional fees and staff costs)	£2.9m
Total	£55m

The key expenditure in the 2024/25 and 2025/26 financial years will be the Stage 3 Design Costs. No construction expenditure is expected until the 2026/27 Financial Year.

2.8.2 Programme

The report also considers funding, procurement, programme and phasing options for the delivery of the project. The indicative programme below highlights the next steps

Milestone	Target date
S&R Committee	Nov 24
Design development and reviews	Dec 24
Building Surveys start	Dec 24
Design development and reviews	Jan-March25
Appointment of contractor	April 25
Target public consultation 2	Spring 25
Design development and reviews	June-Sept 25
Submission of planning applications	Sept 25
Planning Approval	June 26
Build Contract signed	Sept 26
Start on Site	Oct 26

- 2.8.3 There is an exempt annex attached to this report that is NOT FOR PUBLICATION by reason of paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 because it contains detailed cost reports that may impact a future procurement process and commercially sensitive information on existing business models. The public interest test has been applied to the information contained within this exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

3 Alternative options considered

3.1 The January 2024 report considered the alternative option of disposal of the Guildhall and Mandela House, and subsequent acquisition of a lease for alternative offices. This resulted in a lower Net Present Value over 30 years compared to retention and redevelopment of the Guildhall, as well as cultural and civic loss associated with the disposal of the Guildhall.

This paper sets out a number of alternative options for the Guildhall use, with analysis provided in section 4.10. The preferred option is considered to provide the optimal balance of net savings to the council, future flexibility and community use. Alternative funding options have also been considered at section 8.4.1.

4 Background and key issues

4.1 The January 2024 Strategy and Resources Committee approved a budget of £1.45m for progression of a design to RIBA Stage 2 and accompanying commercial report for the Guildhall, the Market Square, the Corn Exchange and connecting public realm.

Following an open tender process, a development consortium led by Cartwright Pickard Architects was appointed in April 2024. The consortium includes a commercial advisor, engagement advisor and design specialists in sustainability, landscape, transport, heritage and engineering.

4.2 This report refers to RIBA Stages. This are a widely recognised framework established by the Royal Institute of British Architects (RIBA) for Construction work. They organise the process of managing and designing construction projects into eight easy-to-understand stages.

Stage 0 Strategic definition	Project Brief
Stage 1 Preparation and Briefing	Initial design concepts: “proof of concept” for the Guildhall and Stage 1 LDA Report for market
Stage 2 Concept Design	Testing of concepts and public consultation 1 This is what is being presented in this report
Stage 3 Detailed Design	Design refinement, public consultation 2 and planning submission
Stage 4 Technical Design	Technical designs for contractor; often part of the build contract
Stage 5 Construction	Refurbishment and Build contract
Stage 6 Handover	Handover to the council with defects period
Stage 7 Use and Maintenance	Management and operation of the building

4.3 Initial Project Objectives

4.3.1 Guildhall

The procurement brief set the following requirements for each asset for the stage 2 work:

- 1) Sustainability – the Council will require the Guildhall to be an exemplar project with a Net Zero Carbon aspiration.
- 2) Office – the proposals should demonstrate that the Guildhall is capable of providing sufficient modern office desk space to accommodate current and future needs of the Council.
- 3) Civic function – the proposals should demonstrate how the core civic functions will continue to be met. In addition, the building should accommodate a Customer Service function for the public.
- 4) Commercial use - Opportunity should be taken to maximise commercial use for areas of the building surplus to required office and civic use.

4.3.2 Market Square

- 1) Proposals should accord with the agreed vision for the Market Square presented to the Environment and Community Scrutiny Committee in March 2022. The vision includes for 'a bustling 7-day market, space for seating and eating, additional business and social opportunities and engaging and inclusive cultural events will add to the richness of the area, making this an active day and evening hub in the city centre for local businesses, residents, and the wider community.'
- 2) Proposals should respond to existing limiting factors affecting the market square, including limited accessibility due to uneven surface and the surrounding highway uses, and lack of an evening offer.
- 3) Proposals should also set out decanting options during works period that maintain current levels of trade.

4.3.3 Corn Exchange

Proposals should improve:

- 1) the acoustics of the Corn Exchange
- 2) the spend per head of customers
- 3) energy efficiency and reduce annual operational costs.

The brief was subsequently extended to include Parsons Court and the Council-owned premises above the current Box office at no.3 Parsons Court. Following a slight reduction in overall capacity following a fire assessment, it was also agreed that proposals should restore previous fire capacity as a minimum.

4.4 Design Proposals for Public Consultation 1 (Appendix 5, p.93-104)

4.4.1 The key features from the proposals that formed the basis of the public consultation are set out below. A number of these proposals evolved following the consultation process as set out in 4.9, notably the move away from the hotel as the primary commercial option.

4.4.2 Guildhall:

- 1) New lightwells created that extend into existing basement area, creating additional usable floorspace.
- 2) Shared ground floor lobby, with café for use by public, council staff and commercial occupiers
- 3) primary Commercial option proposed as a hotel – this was advised as the most attractive commercial option, with third party leased or managed offices as alternative commercial use.
- 4) To accommodate hotel requirements for upper floors, council office staff to be located in new basement area, ground and first floors.
- 5) Extensive use of Photovoltaics (PVs) on roof and major internal retrofitting to deliver Net Zero enhancements.
- 6) Extension of 4th floor roof area to create rooftop pavilion space
- 7) a range of commercial uses for the parts of the building not occupied by the council were initially considered, including student accommodation, residential and retail uses, the advice of the consortium's commercial advisor was clear that hotel or commercial offices were the two most attractive and deliverable uses for the Guildhall.

4.4.3 The Market square:

- 1) Establishment of permanent structure on southern edge of market to provide storage and Food and Beverage offering.
- 2) Mix of permanent and demountable stalls to allow the market to grow and contract during the week
- 3) More formal events space created on northern edge of market
- 4) Tree planting on and surrounding the market square

4.4.4 The Corn Exchange:

- 1) New roof proposed with enhanced insulation and PVs
- 2) Deep acoustics/Audio Visual equipment upgrades
- 3) Revamped main bar and additional Food and Drink offering to increase spend per head, including use of Parsons Court and no.3 Parsons court as additional Food and Beverage offering.

4.5 Consultation, engagement and communication

4.5.1 The Civic Quarter is a major project with multiple stakeholders. An extensive engagement process was designed to ensure feedback from the public and external stakeholders was received and would influence design development. Concurrently, the consortium engaged in a Planning Performance Agreement with Greater Cambridge Shared Planning Services, ensuring significant feedback from planning officers during Stage 2. In addition, both staff and Councillors provided additional feedback on design requirements and emerging proposals.

4.5.2 The consortium's Engagement specialists, ECF Communications, undertook community and stakeholder engagement on behalf of the council on the proposals set out in 4.4. The first consultation period began on 17th June and concluded on 28th July 2024. During the engagement period, 885 survey responses, through the Council's online consultation portal were received. This is the highest level of response since the introduction of the online portal. This included 863 individuals and 22 responses from representatives of organisations.

In addition, 15 feedback emails were received from individuals and 4 formal written responses from groups. In relation to the market, 60+ market traders engaged through a roadshow, dedicated workshop, webinar, surveying and online engagement. To reach a wider audience across Cambridge, 6 pop-up events were organised in Abbey, Arbury, East Chesterton, Market, Romsey and Trumpington wards with 100+ people engaged, and a youth workshop organised with 14 attendees. As well as this, a workshop with Cambridge Business Improvement District members, 4 community workshops and 3 themed workshops on Sustainability, Transport and Heritage took place.

4.5.3 The outcomes of the first public consultation were presented to the Civic Quarter Liaison and Market Traders groups on 9 October 2024 and the full report published on the [project website](#), the Council's website and via the Council's online consultation portal. This can also be viewed at Appendix 5.

Key themes from the engagement feedback included:

Guildhall

Desire was expressed for the building to be more open, and an inviting space with the inclusion of community uses. The proposal for a hotel in the Guildhall received mixed feedback, with a lot of support but also a lot of opposition.

Market Square

Further improvements to the security and deterring anti-social behaviour in the square were needed, along with enhanced biodiversity and sustainability.

Accessibility was a key issue, and conflicting views were clear from the feedback gathered. For example, heritage groups and some traders preferred to retain the granite setts (i.e. the cobbles), while other traders raised the challenges in cleaning the setts and accessibility.

Wheelchair users also highlighted the accessibility issues created by the setts. The

addition of a permanent structure and demountable stalls received some support with others less enthusiastic, while there was considerable support for measures to improve the biodiversity of the market.

Corn Exchange

Support was demonstrated for measures that improved acoustics, accessibility and the atmosphere, including support for enhancing the bar areas. The uninviting nature of current entrance and the proximity to the road network when queuing were seen as areas that needed improvement.

4.6 Planning Feedback

4.6.1 The consortium entered into a Planning Performance Agreement with Greater Cambridge Shared Planning Services. Engagement over the period included an officer walkaround, breakout sessions on each site as well as a separate Movement breakout focussed on the public realm, and two formal all party pre-application meetings. An initial meeting with Historic England also took place.

4.6.2 At completion of Stage 2, the key principles of redevelopment for the Guildhall and Corn Exchange were accepted. Officers were content with the direction of travel for the Corn Exchange. Key risks for the Guildhall remain the treatment of certain historic spaces, the appearance and use of a rear extension, and the size and appearance of rooftop plant screening. Officers were not opposed to hotel or office use but were more supportive of a potential incorporation of a cultural attraction.

4.6.3 The development of the proposed canopy structure was seen as potentially positive, albeit further detail would be needed to assure the planners of its benefits given the sensitive location.

4.6.4 Currently, the preferred design approach for a shared surface around the market will require further discussion and development during RIBA Stage 3.

The trade-offs between heritage and accessibility were recognised and retention of the setts was the clearly stated preference, which has influenced the approach to 'lift and level' the setts rather than surfacing over the setts.

Further engagement with key planning stakeholders particularly Historic England and Cam Cycle will be required in RIBA Stage 3.

4.7 Staff and Member feedback

4.7.1 Ahead of design development, workshops took place with Council teams, including Democratic Services, Customer Services and a cross section of office users to capture key design requirements for the Guildhall. Similarly, workshops were held with Markets and Cultural Services team to understand operational requirements for the Market and Corn Exchange. A cross-party Member Steering group also provided input.

4.7.2 The key feedback in relation to the Guildhall centred around the balance between council

office space, community/cultural space and the need for commercial revenue. The importance of a working environment that supports staff retention, collaboration between staff and enhanced productivity was fed back to the design team. In addition, there was a strong desire to support a community and cultural space within the Guildhall.

- 4.7.3 In relation to the Market Square, the design trade-offs that emerged during the pre-application process between accessibility and sustainability objectives on one hand and heritage and highways aims on the other was recognised, particularly in relation to treatment of the setts and greening of the market and surrounding areas.

However, the primacy of accessibility and sustainability as overarching objectives for the Council was confirmed. This recognises the Council's obligations under the Equality Act 2010 and the commitment to Net Zero on Council assets by 2030, and internal feedback promoted an ambitious approach for the market that would facilitate a modern trading environment to safeguard the enduring appeal of the market for residents and visitors.

4.8 Future Engagement

- 4.8.1 If approved, the RIBA stage 3 design process will commence in December 2024. Public Consultation 2 is proposed for late Spring 2025, ahead of a planning application in late Summer 2025. Additional engagement with members and staff will continue through the RIBA stage 3 process to ensure the emerging designs reflects the needs of users.

- 4.8.2 In relation to the market, following approval at the Environment and Community Scrutiny Committee in March 2024, engagement with traders on updates to the market's Terms and Conditions and Market Licensing Powers will be undertaken by the Markets Team, with a consultation period commencing in January 2025.

Alongside this, engagement on a Balance of Trade Policy will also be developed. This will enable a settled position on Terms and Conditions and Balance of Trade to be reached by March 2025 which will enable the Stage 3 designs to be developed to reflect these settled positions.

4.9 Development of preferred design options

4.10 Guildhall

- 4.10.1 Following the engagement process which validated much of the design work, the council undertook an options appraisal on the commercial options.

Therefore, five options were reviewed: three office options (leased, management agreement, leased with Museum of Cambridge space) ; and two hotel options (one with the Museum of Cambridge).

The commercial advisor undertook significant engagement with hotel operators and office agents as part of the development of these options. Further detail on the financial performance of each option is provided in the commercial report at Appendix 3, p.22.

- 4.10.2 The analysis demonstrates that the hotel options generate the highest per annum revenue

levels for the council. However, these options also require the highest level of capital investment.

Although the hotel options continued to demonstrate the highest level of commercial return and security of income with a 25 year lease these options offered less future flexibility for council workspace and no cultural or community offer.

On the other hand, the office options, whilst providing more flexibility for council workspace and a cultural or community offer, generates less commercial revenue and will be within a more volatile office market environment.

Option 3 retains the entrance – the heart space - for the public and all users of the building on the Ground floor, with council staff located at Ground, First and Second floors, with the Civic Spaces being retained on the first floor, and Commercial Office, accessed separately from Peas Hill, on the upper floors. This option includes meeting the new Net Zero Standard

Option 3 includes an option for a Cultural Attraction and discussions are in progress with the Museum of Cambridge. The Council currently owns the Museum of Cambridge's current premises, and the opportunity to relocate the Museum to the Guildhall offers potential benefits to all parties.

If approved, Option 3 will be explored further with the Museum of Cambridge or another cultural attraction. As Option 3 depends on the Museum of Cambridge attracting external funding, which is uncertain, the design team have assumed a fallback position of Option 2a (Office provision) in their technical reports and assumed a 2/3 lease and 1/3 management agreement for the commercial space.

Full details of the RIBA stage 2 designs for the Guildhall can be seen at Appendix 2, section 3 and schedule 1 to Appendix 2. It is recommended that the scheme is now progressed to RIBA Stage 3 through to a planning application.

4.11 Corn Exchange

- 4.11.1 For the Corn Exchange, designs include: increasing fire capacity to c.2000 due to better movement flows and additional fire escapes; additional lifts to make the building fully accessible; expanded back of house facilities; new plug-and-play Audio Visual systems will allow a quicker turnaround of events allowing more daytime use for conferences and new mechanical ventilation and cooling systems are proposed to improve the experience for audiences during performances.
- 4.11.2 In addition, a remodelled bar area, including additional mezzanine bar will improve the customer experience and bar revenues as well as facilitating movement throughout the building. The inclusion of Parsons Court has also enabled the transition of this space from a bin storage area into an attractive Food and Beverage offer with a transformed pedestrianised breakout space for the Corn Exchange.

4.11.3 Consultation feedback also demonstrated the inherent risks with proximity to traffic when queuing for entrance or leaving the venue. While the plans will need further development and discussion with planners at RIBA stage 3, the proposals include for the removal of the right turn out of the Grand Arcade and enforcement of traffic restrictions on Corn Exchange Street, Wheeler Street, Benet Street and Market Street.

4.11.4 There are a number of heritage challenges to making the Corn Exchange sustainable, but the investment includes design improvements getting as close to Net Zero as possible. Enhancements to the fabric of the building along with air source heat pumps proposed to significantly reduce energy consumption and maintenance costs. Solar Photovoltaic (PV) panels are proposed on both sides of the large roof which will also generate significant renewable energy. A future potential connection to a district heating network is also feasible.

4.11.5 Full details of the RIBA stage 2 designs for the Corn Exchange and surrounding Public Realm can be seen at Appendix 2, Section 4, and schedule 1 to Appendix 2. It is recommended that the scheme is now progressed to RIBA stage 3 through to a planning application.

4.12 Market Square

4.12.1 Indicative designs for a lightweight canopy structure have been developed in response to feedback from public consultation 1 and the pre-application process on the location of the canopy, the impact on views to the Guildhall and the impact on footfall flow into and out of Rose Crescent.

This lightweight canopy is proposed to cover approximately half of the market, to support a critical mass of traders at all times of the year, with the remaining space in the market available for additional trading during weekends and busier months, while also providing opportunity for occasional event space.

The proposals also include the establishment of a more accessible shared surface approach for the roads surrounding the market. While vehicular access for blue badge holders and emergency vehicles is maintained, the shared surface approach, supported by reduced kerb levels, promotes and prioritises greater pedestrian use. In addition, the traffic management approach, together with appropriate enforcement, will tackle the issue of motorised scooters that impact usability of the square.

Full details of the RIBA stage 2 proposals for the Market Square and surrounding public realm can be seen at Appendix 2, Section 5. It is recommended that the scheme is now progressed to RIBA stage 3 through to a planning application.

4.13 Market Square Decant and Support Package

4.13.1 To deliver a high quality market in accordance with the agreed vision, it will be necessary for market traders to decant from the market square during construction. Feedback from traders focussed on the desire to stay close to the existing location in order to retain continuity of trade with customers as far as possible, while maintaining a nucleus of stalls together.

This feedback informed the development of two high level decant options that would locate traders in roads close to the Market Square. Under option 1, Peas Hill, Guildhall Street and Sidney Street were identified as locations that could house market stalls during

the decant period, while under option 2, the Market Square works would be phased, enabling some traders to remain on the square, with Peas Hill and Guildhall Street accommodating other stalls.

A third option was for the market to move 'off-site' to another location in the city during the works. Options were presented at the Market Traders Group on 9 October, with a summary of the presentation subsequently issued to all traders. Details of the options can be viewed at Appendix 2, p.191-192.

While it was recognised none of the options were fully developed and all would need significant additional detail around servicing, waste and ensuring requisite permissions are agreed the majority of respondents (88%) supported the principle of remaining close to the Market Square shown in options 1 (21%) and 2 (67%), with little support expressed for an off-site solution. Therefore, option 2 will form the basis of the next stage of design with option 1 to continue to be tested. Consideration will need to be given to engagement with local businesses as part of the development of the decant approach.

4.13.2 As stated in section 1.5, it is recommended a Business plan is developed by Spring 2025 which will include the impact of decanting and the future operation of the market. As part of the decant process, there will be a support package for market traders to ensure the decant process is as smooth as possible. This will be fully developed when a contractor is appointed to assist with the phasing and construction impacts.

Support will include:

- 1) upgrading the market web site
- 2) signage to assist shoppers
- 3) A compensation package considering relocation costs
- 4) Business support advice

5 Corporate plan

- 5.1 The Civic Quarter project and decisions around proceeding to the next stage has wide ranging positive impacts on the Council's new vision.

Residents enjoy a high quality of life and exemplar public service

The works to the public realm will create enhanced open spaces with trees and seating for all to enjoy.

The Guildhall will become the focus for residents and communities to engage with the Council for civic, democratic and customer services. The operational savings from consolidating staff accommodation and commercial income will support the delivery of front-line services.

Decarbonisation and sustainability are central to prosperity

The project will make the Guildhall operational net zero, and the Corn Exchange will become significantly more energy efficient, although further work is needed to understand, due to heritage issues, whether Enerphit standards can be met in full.

The market square and public realm will see investment in sustainability to improvements to biodiversity with more tree planting and increasing green spaces along with a commitment to water efficiency and the use of renewable energy.

Innovation benefits people and planet

The project will rejuvenate this part of the city and investment in the Market will help to enhance its long-term viability, together with improvements to the Corn Exchange and will support a thriving local economy which benefits residents and workers.

Development is sustainable and inclusive

The project will invest in our heritage buildings, meeting net zero standards making them accessible with inclusive facilities, with more options for community use.

Arts, sports, and culture are thriving

The investment in the Corn Exchange and the Guildhall halls and by making them more accessible will contribute to the City's diversity through a vibrant arts and cultural scene, including music, food and drink.

Democratic accountability is genuine and accessible

The community engagement and the inclusion of stakeholder groups are an important part of the project, and this will continue through the next stage of the design work. The feedback and views received have shaped the concept design proposals.

6 Consultation, engagement and communication

Please see sections 4.5 – 4.8.

7 Anticipated outcomes, benefits or impact

Please see sections 4.10 – 4.13, 5.1, 8.2, 8.5, 8.7

8 Implications

8.1 Relevant risks

The project has a comprehensive risk register with mitigation measures; however, the key risks are set out below:

8.1.1

Business case

Risk: The costs included for the refurbishment are indicative based on the work done to date on the concept design stage and are subject to detailed surveys e.g. intrusive asbestos surveys. The value for the future use of Mandela House forms a significant part of the overall budget for the Guildhall refurbishment and market forces may not realise the expected value.

Mitigation: Stage 3 detailed design work and early engagement with appointed contractor will firm up the costs. Employers' agent, Calford Seaden reviewing the cost plans submitted by the design consortia.

8.1.2 **Project scope and benefits**

Risk: There is a risk that Cambridge residents may misunderstand the project's benefits. This risk is heightened by the current need for the Council to make budgetary savings, as well as the ongoing cost-of-living crisis.

Mitigation: To address this, it is essential to adopt clear, consistent messaging that highlights the long-term financial benefits of the project. This includes communicating that the project will deliver annual operational savings and generate additional income, ensuring that Cambridge residents and decision-makers understand its long-term value.

8.1.3 **Stakeholder Engagement**

Risk: The project touches upon a wide range of stakeholders, many with a significant interest and if not effectively managed there is a risk that future changes are not well received nor meet needs and that emotive risks around the project will emerge.

Mitigation: - Key role for Communications Consultant in the design consortium, working alongside Council's Communications team. Communications Strategy and comprehensive stakeholder list in place. Project governance includes the continuing key groups of Civic Quarter Liaison and Market Traders Groups. A second public consultation and further engagement is planned as the project moves to the next stage.

8.2 Financial Implications

8.2.1 The Financial implications of the Civic Quarter work is set out below and has been

reviewed by the Council's Section 151 Officer. Both cost and revenue figures reflect current day figures with no allowance made for inflation. This approach aligns with standard industry practice when assessing redevelopment opportunities and has been reviewed by Calford Seaden.

The financial assessments do not reflect any loss of profit arising from cessation of revenue streams for the Guildhall and the Corn Exchange during a period of closure of the buildings to allow for works to be undertaken. There may also be a period of the business streams re-establishing themselves after closure before the per annum figures set out below are reached. This will form part of the business plans for the Market, Corn Exchange and the Guildhall as set out in section 1.5.

8.2.2 The January 2024 S&R report included a financial analysis based on a 'proof of concept' design for the Guildhall with commercial office assumed as the primary commercial use for the non-council areas.

This preliminary analysis did not take into account the cost of capital as the project was still at an early stage and potential sources of capital financing were still uncertain.

The updated analysis below now assumes that first £36m of capital investment is financed from civic quarter reserves and £16m capital receipts. The remaining investment will be funded through external borrowing.

The table shows that the project delivers a significant net saving for the council even after the cost of borrowing is taken into consideration.

	Income	Existing Scenario	Recommended Option 3
	Commercial Office net Income	£114,000 ¹	£474,000 ²
	Cultural Services net income (Guildhall Halls)	£3,000 ³	£129,000 ⁴
a	Total Annual Net Income	£117,000	£603,000
	Costs		
	Annual operational cost of Guildhall and Mandela	£2,568,000 ⁵	
	Annual operational cost of refurbished Guildhall		£515,000 ⁶
	Annual cost of capital		£1,507,500 ⁷
b	Total Annual Cost	£2,568,000	£2,022,500
b-a	Net annual Cost to Council	£2,451,000	£1,419,500
	Net Annual Revenue saving compared to existing		£1,031,500

¹ S&R January 2024 Civic Quarter Proposals

² Page 5 Commercial Report (Appendix 3)

³ 2024/25 Forecast, Page 22, Commercial Report.

⁴ Page 22, Commercial Report year 3 figure

⁵ S&R October 2022 Future Office Accommodation Strategy

⁶ Page 13, Commercial Report

⁷ S151 Officer treasury management calculations

8.2.3 **The Market Square**

The proposed investment for the market will improve the destination and environment. In turn, it is reasonable to expect this will positively impact both occupancy due to:

- Improved destination is perceived as a more favourable option to consumers;
- Increasing numbers of consumers results in greater money is spent at the market;
- As consumer propensity to spend more time & money at the rejuvenated Market Square increases, traders have more opportunity to produce revenues and occupancy levels increase.

The Commercial advisors have assumed an improvement in occupancy to reflect the improved environment and this results in an enhanced operating margin of the market

8.2.4 Redeveloping the market square offers multiple benefits beyond the purely commercial aspect. The introduction of placemaking improvements - such as the ability to host events and an enhanced market – will create a vibrant public space for cultural events, social gatherings, and local commerce, further boosting the city's identity and enhancing the overall urban experience.

The investment proposals to deliver the improvements to the market, including surrounding public realm, is estimated by Marick, the consortium's commercial advisors at c.£12.6m, with the cost plan having been reviewed and validated by Calford Seaden. The council, at this stage, does not have the funds to commit to full redevelopment, however, it is recommended that an initial budget of £3m is approved to support priority works on the market within the proposed scheme (Phase 1). These are currently considered to be the re-surfacing works.

Should works be completed in more than one phase, overall costs would increase above the £12.6m level.

8.2.5 It is also recommended that a detailed business case be developed for the market that will consider further funding opportunities, a Balance of Trade policy, and management approach for a fully redeveloped market. Approval of further funding beyond the initial £3m will remain subject to the agreement of the business plan.

8.2.6 **Corn Exchange**

The cost to redevelop the Corn Exchange, along with Parsons Court, is estimated at c.£22m. The cost plan has been developed by Marick, the consortium's commercial advisors and has been reviewed and validated by Calford Seaden. Should works be completed in more than one phase, overall costs would increase above the £22m level.

It should be noted that in the event of a wider redevelopment not occurring, the current roof would need replacing and significant works would be needed to support the Council's Net Zero 2030 commitment.

The proposals include significant interventions that are designed to increase revenue streams. These are driven through 1) fire capacity increase to c.2000 2) Delivery of additional events and 3) Enhanced bar offerings.

8.2.7 The Commercial Advisor’s projections demonstrate an increase in net surplus per annum over a five year period if the full suite of works were completed.

Despite the significant improvements that the proposals would bring, there remains a significant gap between available funding and the full £22m cost of the works.

It is therefore recommended to approve an initial budget of £4.5m. This will enable completion of a full roof replacement (as well as immediate emergency repairs), including insulation and installation of PVs on the roof as Phase 1.

8.2.8

It is also recommended to develop a business plan for the Corn Exchange, that includes consideration of additional funding routes, the revenue model and the impact of a period of closure on the Corn Exchange. Approval of further funding beyond the initial £3m will remain subject to the agreement of the business plan.

8.3 Overall Costs

8.3.1

Across the Civic Quarter, approval is sought at this stage for £55m. The table below sets out the component parts of this. Costs reflects the current designs but remain indicative at this stage and will be further developed through the RIBA Stage 3 process, and particularly following appointment of a contractor under a two stage tender process as set out in section 8.8.

Stage 3 Design Costs for whole Civic Quarter to Planning submission and technical design for Guildhall	£3.6m
Construction allowance for Guildhall – Option 3	£41m
Construction allowance for priority Market Square Works (Phase 1)	£3m
Construction allowance for Corn Exchange roof replacement (Phase 1)	£4.5m
Council on-costs (further professional fees and staff costs)	£2.9m
Total	£55m

The key expenditure in the 2024/25 and 2025/26 financial years will be the Stage 3 Design Costs. No construction expenditure is expected until the 2026/27 Financial Year.

8.4 Funding Routes

8.4.1 The January Strategy and Resources approved the provision of £20m of reserves for the redevelopment of the Civic Quarter. In addition, a further £16m was assumed through capital receipts, and a further £1.5m of Cambridgeshire & Peterborough Combined Authority (CPCA) funding has been approved subject to a business case.

Subsequently a request to the government to reallocate £1.5m of unspent A14 funding to the Civic Quarter has been submitted.

The Commercial advisor considered alternative funding options including an Income Strip approach for the Guildhall but this has been discounted

The funding gap is likely to be met through external borrowing.

8.5 Net Zero Carbon, Climate Change and Environmental implications

8.5.1 The RIBA stage 2 designs have been tested against the project's key Sustainability targets of Operational Net Zero for the Guildhall, water neutrality and a Biodiversity Net gain of 20% across the Civic Quarter. Proposals have been developed by the consortium's Sustainability consultant, Max Fordham who provided MEP Engineering and Sustainability services on the exemplar Entopia building in Cambridge and specialise in low-carbon design.

One of the restricting factors at commencement of design was the absence of an agreed Net Zero standard. Therefore, delivering to Enerphit standards - which can be characterised as Passivhaus for existing buildings – was agreed with the planning officer as the appropriate tool to drive the required improvements to existing buildings.

Towards the end of the RIBA stage 2 process, the Pilot Net Zero Building Standard was released. Modelling was undertaken that demonstrated the proposed Enerphit interventions to the Guildhall deliver the required improvements to meet the new Pilot Net Zero Standard, without the need for offsetting. The design also allows for a potential future connection to a district heating network.

There are a number of heritage challenges to making the Corn Exchange sustainable, but the investment includes design improvements getting as close to Net Zero as possible. Enhancements to the fabric of the building along with air source heat pumps are proposed to significantly reduce energy consumption and maintenance costs. Solar Photovoltaic (PV) panels are proposed on both sides of the large roof which will also generate significant renewable energy. A future potential connection to a district heating network is also feasible.

These improvements represent a significant achievement on listed buildings and play a major part in demonstrating how the Civic Quarter can contribute to the Council's Net Zero 2030 objectives if the recommendations are approved.

8.5.2 Similarly, the Stage 2 modelling demonstrates that the proposals across the Civic Quarter can support a Biodiversity Net Gain of 20%, and that water neutrality is achievable. The full Sustainability report that sets out these measures is provided in Appendix 2, schedule 5.

8.5.3 Significant further work will be required during RIBA Stage 3 to secure these improvements in the final designs, and the management of user behaviour will also be crucial during the implementation phase. Nonetheless, the designs and modelling to date provide confidence that the overarching objectives are deliverable

8.5.4 Climate Change assessment rating = Medium Positive See Appendix 7 for Climate Change Assessment

8.6 Equalities and socio-economic Implications

8.6.1 An Equalities Impact Assessment for the project has been updated following the

completion of the RIBA stage 2 work. This is included at Appendix 6.

The impact assessment recognises that the project provides the opportunity to make considerable improvements to accessibility to the Market Square and within the Guildhall and Corn Exchange which together with improved facilities, such as Changing Places toilets, will have a positive impact.

Further community engagement work will take place as the project progresses to shape and inform the detailed design stage work. The impact assessment will also continue to be a “live” document and reviewed at key stages during the project.

8.7 Community Wealth Building

8.7.1 The Guildhall and surrounding space combine social and community use, business and the very heart of democracy in Cambridge. Its redevelopment through the Civic Quarter project presents a key opportunity to build community wealth, providing social benefits for local communities, businesses, partners and tourism. Engagement with these groups played a major part in development of the proposals presented in this paper.

A Community Wealth Building Assessment has been undertaken. This demonstrates opportunity to embed community wealth through design, development and occupation phases. The assessment is included at Appendix 8.

8.8 Procurement Implications

8.8.1 In relation to the design team, the terms of the RIBA Stage 2 appointment enabled the retention of the consortium team for further phases, and it is recommended that CPA are engaged for RIBA Stage 3 to retain the continuity of the team.

8.8.2 Calford Seaden have produced a Procurement Strategy that analyses a variety of approaches to contractor procurement, with a Traditional and Design and Build Approach being the two primary routes considered. The full Strategy is included at Appendix 4. While a Traditional model allows the Council’s design team to retain full guardianship of the design, given the importance of establishing cost assurance, the early input of a contractor into the design process is considered a key priority. Therefore, a two stage Design and Build process has been recommended.

8.8.3 This will result in a procurement process being launched that will enable selection of a preferred contractor in Spring 2025. The contractor would enter into a Pre-Contract Services Agreement with the Council, that would enable the Council to harness the Contractor’s expertise on buildability, survey requirements, design and cost implications, alongside the retained Design team.

8.8.4 This would ensure that at the point of both the public engagement, and planning submission, designs would have benefited from involvement of the contractor, with a clear understanding of expected costs for the proposals at each stage. This approach also retains flexibility for the Council, as there is no commitment to enter into a Build Contract unless there is comfort that the final contract sum aligns with available funding.

8.8.5 It is expected that a Public Procurement exercise will be undertaken in early 2025, and

support from the Procurement team will be required.

8.9 Programme and Phasing

8.9.1 The table below sets out key milestones. The programme has been developed with Calford Seaden and Cartwright Pickard Architects and is considered robust.

The delivery programme post planning submission remains indicative. This will be developed further together with a detailed phasing plan following completion of the Market Square and Corn Exchange Business plans and in conjunction with a contractor during the Pre-Contract Services Agreement period.

Date	Key Milestone
21 November 2024	Strategy and Resources Committee
January 2025	Launch of Contractor Procurement Process
January 2025	Launch of engagement of Market Terms and Conditions, Licensing and Balance of Trade Policy
April 2025	Appointment of preferred contractor under PCSA
June 2025	Public consultation 2 launched
September 2025	Planning and Listed Building submissions for Guildhall, Market Square and Corn Exchange
January 2025 (TBC)	Statutory Consultation
June 2026	Planning Approval and commencement of RIBA Stage 4
September 2026	Build contract entered into with contractor
September 2026	Decant of Guildhall, Market Square and Corn Exchange
October 2026	Start on Site
September 2027	Completion of initial priority works for Market Square and Corn Exchange
September 2028	Completion of Guildhall works

8.10 Community Safety Implications

The project team met with the Designing Out Crime Officers as part of the community engagement work in the summer and will continue to liaise with them as the project progresses.

8.11 Project Interdependencies

8.11.1 There are several project interdependencies that are related to the Civic Quarter Project. These include the District Heating Feasibility Study and the proposals for the Guildhall have been designed to enable future connection to the District Heating Network.

8.11.2 The Council's Cultural Strategy was approved at the March 2024 Environment and Communities Scrutiny Committee. The strategy is designed to maximise cultural dividends in Cambridge and is key to realising Cambridge's cultural potential as it adapts to a period of rapid growth and change. The Civic Quarter proposals include the establishment of event space in the Market and enhancement of the Corn Exchange, in alignment with this strategy.

8.11.3 The March 2024 Environment and Community Scrutiny Committee also approved

proposals to commence engagement with traders on updates to the market's Terms and Conditions and Market Licensing Powers will be undertaken by the Markets Team, with a consultation period commencing in January 2025. Alongside this, engagement on a Balance of Trade Policy will also be developed.

8.12 Legal Implications

- 8.12.1 A Report on Title was completed ahead of RIBA Stage 2. This will be refreshed to include Parsons Court ahead of pre-planning public engagement in Spring 2025.
- 8.12.2 The roof of the Guildhall currently holds telecommunications equipment. An 18 month Notice has been served on the operator Cornerstone to remove equipment. This will continue to be monitored.
- 8.12.3 Legal support will be required for the procurement of a contractor, to ensure the appropriate form of contract is used.
- 8.12.4 Legal support may also be required in relation to securing decant locations for the market and potential changes in Traffic Regulation Orders because of the Civic Quarter proposals.

9 Background documents

- 9.1 S&R January 2024 Civic Quarter Proposals

S&R October 2022 Future office Accommodation Strategy

Environment and Community Scrutiny Committee March 2022 Proposed Improved to the Market Square

10 Appendices

- 10.1 Link to appendices can be found here - [Cambridge Civic Quarter: Strategy and Resources Scrutiny Committee - Cambridge City Council](#)

- 10.2 EXEMPT Appendix 3 and schedules: Commercial Report

To inspect the background papers or if you have a query on the report please contact Ben Binns, Assistant Director, Development: email: ben.binns@cambridge.gov.uk

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FUTURE OF LOCAL GOVERNMENT FOR CAMBRIDGE: PUBLIC ENGAGEMENT

To: Council, 28 November 2024

Report by: Chief Executive Officer

01223 457003 robert.pollock@cambridge.gov.uk

Wards affected: not applicable

EXECUTIVE SUMMARY

At its meeting on 19 October 2023, Council passed a motion (see **annex A**), which noted that:

“... the current fragmentation of responsibilities and decision-making presents an unhelpful hurdle to strategic focus on the big range of issues which bind the city of Cambridge, affecting lives and livelihoods of all our residents. This fragmentation frequently leaves many of our residents confused about the location of responsibilities and accountability.”

Council asked the Leader and Chief Executive to:

“... initiate discussions... to identify options for a less fragmented and more cohesive model of Government for Cambridge, that best serves the needs of its residents. These discussions should involve and engage with the people of the city in a meaningful way, thereby recognising the need for our governance structures to reflect the wishes of the people we serve.”

From July to September this year, the Council carried out a public engagement exercise. 507 people responded to a survey and 60 people attended two public meetings at the Guildhall to share their views.

The results of the survey and the key themes that emerged from the engagement are summarised in this report. Nearly 83% of respondents thought that options for a unitary authority for Cambridge should be explored in more detail.

A majority of the public who took part felt that current local government arrangements are complex and can be confusing. Moreover, that they can work against the delivery of efficient, joined-up public services and can frustrate local democratic accountability on key issues.

Respondents also suggested that a single democratic voice for an international and fast-growing city such as Cambridge was important when engaging local communities, government, businesses, and other key partners.

Respondents noted that administrative structures are just one of several factors that enable good governance and effective public services. Others include sufficient financial resources, evidenced based policy, political leadership, and meaningful community engagement.

The Autumn Budget on 30 October 2024, announced, *“The upcoming English Devolution White Paper will set out more detail on the government’s devolution plans, including on working with councils to move to simpler structures that make sense for their local areas, with efficiency savings from council reorganisation helping to meet the needs of local people”*.

This report invites Council to consider the public feedback and the issues arising and asks the Leader and senior officers to explore next steps.

RECOMMENDATIONS

Council is invited to consider the findings of the public engagement and agree the following recommendations:

1. that the Leader discusses the findings with the Leaders of other relevant authorities and other public services such as health, including the potential scope for more effective place based and joint working and that officers follow-up on opportunities;
2. that the Leader and officers engage Ministers and civil servants in relation to the findings of the public engagement, and, develop insights into the potential costs-benefits and models of provision for adults and children’s social care; and,
3. that following those discussions and early evidence gathering, the Leader reports to the relevant committee about appropriate next steps in summer 2025, or earlier depending on proposals in the English Devolution White Paper.

ALIGNMENT WITH COUNCIL VISION

The new ‘One Cambridge – Fair for All’ vision, approved by the full Council in July 2024, highlights the role of well-run public services in supporting thriving and empowered communities. It also emphasises the importance of genuine and accessible democratic accountability championed through transparent and simplified local government.

BACKGROUND: WHY WE UNDERTOOK THIS PUBLIC ENGAGEMENT

In October 2023, the Council passed a motion calling on the Leader and the Chief Executive to initiate discussions about a less fragmented and more cohesive model of local government for Cambridge that best serves the needs of its residents.

The purpose of the engagement was to involve the public in a meaningful way as the needs and wishes of the people the Council serves should be reflected in way the city is governed.

This report presents the findings of the public engagement that has taken place.

WHAT DID WE DO?

Public engagement took place over an eight-week period between 8 July and 3 September 2024. Alongside awareness-raising about the current 'two-tiers', it was an exercise in canvassing opinion about the effectiveness of those arrangements and gauging appetite for exploring change.

The engagement exercise did not put forward any specific proposals for local government reorganisation.

The engagement was publicised on the council's website and social media channels, through posters and digital screens, in Cambridge Matters the Council's residents' magazine delivered to every home in the city, and in the local media.

Members of the public and other interested parties were invited to submit views via:

- a short survey about the current local government arrangements, the potential to improve them and initial views about the merits of considering a unitary authority. 507 completed responses were received. Of the 305 respondents who indicated where they live, nearly 84% were from Cambridge.
- two public events held at The Guildhall – with around 60 participants across the two events.
- and, by sharing views via letter or email, 5 responses were received.

There was a limited amount of commentary on social media. This was not analysed.

WHAT DID THE PUBLIC TELL US?

The relatively high quantity of responses to the engagement suggests there is public interest in how the city is governed.

Just over half of respondents suggested they had a good or full understanding of which council, City or County, is responsible for different services. Almost half indicated they *'don't know or don't think it is easy'* to find out how to access the services they want.

More than two thirds of the public that responded *'disagree or strongly disagree'* that the current arrangements are effective at achieving the purpose of local government. This includes for example, providing a democratic voice for residents; delivering efficient and effective local services; improving wellbeing; facilitating initiatives with partners to benefit the local area; and representing local interests on the national stage.

Almost half of respondents *'agree or strongly agree'* that current arrangements can be improved. However, nearly 71% also *'agree or strongly agree'* that a unitary authority would serve their and the city's interests more effectively.

And finally, nearly 83% agree that options for a unitary council for the Cambridge area should be explored.

Respondents were also given the opportunity to explain their answers to the survey questions. Key themes emerged. Respondents felt that:

- current structures are **complicated, unclear, and create confusion over roles and responsibilities**. There are too many layers of government, too many separate bodies, and various partnership bodies active in the area. A unitary structure could streamline decision making and could be simpler to understand and engage with for the public.
- current structures **do not currently facilitate joined-up services and a coherent sense of direction**. A unitary structure could be more joined-up and could allow easier access to services.
- current structures undermine **local control, accountability and transparency over decisions that affect the city**. A unitary structure for Cambridge could enable better local decision making and control, as well as improve transparency and accountability.
- current structures are **inefficient at a time of significant financial pressures for local government** which are unlikely to improve over the medium term. A unitary structure could be more efficient and cost effective.

- **local government should receive appropriate levels of funding as well as greater devolution of policy, regulatory and fiscal powers.** It was noted that the UK is a very centralised state, and that further devolution may allow local government to be more accountable and more capable of meeting local needs.
- irrespective of any potential changes to current structures, **councils and other partners, for example health, should consider how to improve joint working to simplify access to services for residents.** The ideal would be to provide single front doors to enable residents to access services in a more coherent way.
- the **geography of a potential unitary local government** would be important. A variety of views were put forward: the existing Cambridge City boundary established in 1935; an expanded boundary including surrounding urban areas; a Greater Cambridge unitary; a County unitary; and two, three, and four unitary authorities across Cambridgeshire and Peterborough, and other suggestions.
- any new arrangements **should ensure that the needs of residents are given due weight in decision making.** This was set against a perception that some respondents had that powerful external and local interests currently have disproportionate influence.
- Some respondents commented that **more joined up services or a unitary structure would be better able to address complex issues** such as inequality, climate change and environmental improvement across the broad area around Cambridge where residents look to the city for services and solutions.
- Some respondents noted that it would be essential to understand **and mitigate the impact of any changes to local government structures on other authorities** in Cambridgeshire and Peterborough.
- Several respondents noted that **better outcomes for residents should be the most important driver for change**, alongside a more active, influential role for residents' voices.
- A smaller number of respondents suggested that **a geographically large unitary authority would be too distant from local communities.**
- A few respondents expressed **concerns about the costs of change** and the financial implications of providing adults and children's social care.

Further detail and analysis about the public engagement exercise can be found in **Annex B.**

HISTORIC CONTEXT OF LOCAL GOVERNMENT FOR CAMBRIDGE

Cambridge has been a strategically significant centre for trade, civil, legal, and military administration since the Anglo-Saxon period. In 1086, the Domesday Book recognised it as a principal English borough with 10 wards. Cambridge received its first royal writ from Henry I between 1120 and 1131. This gave the town a monopoly on waterborne traffic and recognised the borough court.

The town received royal charters in 1201, and 1207, which allowed it to become a corporation, appoint a mayor, tax and regulate the local economy. Subsequent monarchs granted letters patent, royal and town charters, and property, including the right to hold markets and seasonal fairs which attracted overseas merchants.

During the Middle Ages municipal government continued to develop at the present-day Guildhall site based around a 'common council' of 24 elected representatives. Records of decisions, taxation, justice dispensed, and town ordinances were kept, most famously in the Cross Book. In 1575, Cambridge received a charter from Queen Elizabeth I, which granted the town its own coat of arms.

Cambridge was confirmed as a municipal corporation by King James in 1605. It became the Borough of Cambridge following the Municipal Corporations Act in 1833. At that time the Borough Council was responsible for policing, highways, drainage, libraries, welfare, public health, and from 1902 elementary education.

The Borough's boundaries were extended in 1912 to include Chesterton and parts of Queen Edith's. The boundary was extended again in 1935 to include Trumpington, parts of East Barnwell and Cherry Hinton. At that time Cambridge had a population of around 70,000 people. The administrative boundary has remained unchanged since then.

Cambridge Borough Council submitted proposals for County Borough status, equivalent to a modern unitary authority, three times during the 20th century - in 1912, 1946 and 1960. On each occasion, independent Commissioners or Government Inspectors recommended that Cambridge should become a County Borough.

Town Clerk, Alan Swift, helped Cambridge to secure City status from King George VI in 1951 in recognition of its history, administrative importance, and economic success. The University of Cambridge had opposed a previous proposal in 1616.

In 1969, the Royal Commission on Local Government recommend two-tier arrangements should be abolished in favour of unitary authorities. It proposed a Greater Cambridge authority in the south and a Greater Peterborough authority in the north.

These proposals were partly implemented by the Local Government Act 1972, which established unitary authorities across much of urban and metropolitan England but introduced the current 'two-tiers' in provincial shires.

The Act established Cambridgeshire County Council from a merger of Huntingdon and Peterborough County Council, and Cambridgeshire and the Isle of Ely County Council. These authorities had been merged from four to two in 1965.

Until 1974, when the current 'two tiers' were introduced, Cambridge City Council enjoyed wide ranging delegated powers, including responsibility for education, health and welfare, sewage disposal, libraries, transport, planning, and weights and measures.

At the last occasion local government reorganisation was seriously considered in 1994 there was consensus in favour of unitarisation. City and district authorities supported the creation of four new unitary councils based on historic administration and identity:

- **City of Cambridge** – based on an expanded administrative footprint to include urban extensions and boundaries created by new transport schemes
- **Huntingdonshire County Council** – based on its historic geography
- **Greater Peterborough Council** – to include the northern part of Fenland
- **Cambridgeshire County Council** – based on the county's historic geography involving a merger of South Cambridgeshire, East Cambridgeshire and the southern part of Fenland up to March.

The County Council was in favour of a two unitary option, but also supported three.

The rationale presented for a Cambridge unitary was based on the city's growing urban geography and identity, long tradition of self-government as well as its importance as a centre of excellence for science and technology.

The cities and districts' proposal noted that since the late 19th century local government had been characterised by the constant search for greater independence by Cambridge and Peterborough and unstable mergers of historic county areas.

Their report emphasised that 'two tiers' arrangements were too remote from local communities, caused inefficiency, duplication and lack of co-ordination, and clouded accountability.

At that time the Audit Commission recommended compact urban authorities of more than 90,000 population were capable of being more economical than the two-tier system. At the 1991 census, Cambridge had a population of around 92,000 people and Peterborough 153,000.

Peterborough became a unitary authority in 1998. It delivers the functions of a city council and a county council.

In 2009, Cambridge City Council and South Cambridgeshire District Council asked the Boundary Commission to review proposals to expand the city's administrative boundary to take account of urban growth and community identity. This was not taken forward.

This year is the 800-year anniversary that local government has operated from the site of the Guildhall in Cambridge.

CURRENT LOCAL GOVERNMENT ARRANGEMENTS FOR CAMBRIDGE

Cambridge is served by two tiers of local government – a city council and a county council. Each provides different services over different geographies. There are some overlapping responsibilities.

[Cambridge City Council](#) has 42 elected councillors representing 14 city wards. [Cambridgeshire County Council](#) has 61 councillors - 12 represent electoral divisions in Cambridge.

Cambridge City Council provides services in the city, such as:

- benefits and housing advice
- community development and community centres
- council housing and homelessness support
- council tax and business rates collection
- economic development
- planning for sustainable development and planning applications
- environmental health
- household waste collection
- parks and open spaces
- sports and leisure facilities

Cambridgeshire County Council provides services across the whole of Cambridgeshire, including:

- birth, death and marriage registration
- education and libraries
- highways, including parking, traffic management, street lighting and potholes
- social care, including children's services, SEND and early years
- flood risk management, minerals and waste planning
- trading standards
- waste disposal

In 2014, a City Deal worth up to £500m was agreed with the coalition government. A joint committee, the [Greater Cambridge Partnership \(GCP\)](#), made up of Cambridge City Council, South Cambridgeshire District Council and Cambridgeshire County Council was established to oversee implementation.

The government subsequently devolved powers and funding to support growth in Greater Cambridge and the wider sub-region. The [Cambridgeshire and Peterborough Combined Authority \(CPCA\)](#) was established in 2017. It has a directly elected mayor. The CPCA is responsible for coordinating economic growth and transport.

Other bodies responsible for key local public services across Cambridgeshire and Peterborough, include:

- [Cambridgeshire Constabulary](#)
- [Cambridgeshire and Peterborough Fire Authority](#)
- [Cambridgeshire & Peterborough Integrated Care System \(ICS\)](#)

LEGAL PROCESS FOR ESTABLISHING UNITARY AUTHORITIES

The Local Government and Public Involvement in Health Act 2007 sets out the legal process for creating unitary local authorities. The Secretary of State must invite an authority or authorities to submit a proposal. The English Devolution White Paper may set out new criteria or a different approach to local government reorganisation.

It was the previous government's policy to consider whether two conditions had been met before issuing an invitation:

- First, that there is a local request for an invitation.
- Second, the request demonstrates local opinion is coalescing around a single option which is reasonably likely to meet existing publicly announced criteria for unitarization.

Criteria were set out in a parliamentary statement by the Secretary of State on 22 July 2019, which states that a proposal should:

- improve an area's local government;
- command a good deal of local support;
- cover a credible geography, including that a new unitary authority's population would be expected to be in excess of 300,000.

The Secretary of State has the final say on a proposed restructure. Affected councils are not required to give formal consent. Neither is there a requirement for the public to express their support for a change via a referendum or other means. Advisory referendums have been held in some areas in the past.

NEXT STEPS

See recommendations.

If further work is undertaken to develop unitary local government options for the Cambridge area, in addition to assessing these against the core purpose of local government, and issues raised by the public, the following themes should also be explored:

- The financial costs and benefits of change as well as potential disruption during a transition period for residents, other local authorities, and partners.
- The benefits for the sustainable growth of the city-region arising from the potential integration of planning and highways, and other responsibilities.
- Alignment with emerging government policy in relation to devolution, housing, infrastructure, environment and Net-Zero, as well as local government reform.
- The nature of community identity, democratic engagement and interdependency that different geographies might enable and facilitate.

APPENDICES

Annex A: Council motion 19 October 2023 'A Unitary Council'.

Annex B: Analysis of public engagement

ANNEX A: CAMBRIDGE CITY COUNCIL, MOTION 19 OCTOBER 2023

‘A Unitary Council’

Council notes that:

There is renewed public interest in how Cambridge is governed.

Although many important partnership relationships are in place between this and other councils, that the current fragmentation of responsibilities and decision-making presents an unhelpful hurdle to strategic focus on the big range of issues which bind the city of Cambridge, affecting lives and livelihoods of all our residents.

This fragmentation frequently leaves many of our residents confused about the location of responsibilities and accountability.

Past doubts about the critical mass required to justify unitary status are being questioned again, as they were in the 1890s, after both World Wars, in the 1950s and again in the 1960s.

Council affirms that:

1. Power should reside as close to people as is possible.
2. For purposeful, democratic government, we should therefore consider whether a single tier council, amongst other options, framed around the urban geography of the city, is the most appropriate model of Government for our city.
3. We support the calls currently being made for deeper devolution of powers from central government and are committed to working with the Mayor to progress those discussions, for the benefit of both Cambridge and the wider region, to ensure we can best support our communities through the cost of living, climate and biodiversity emergencies. Specifically, we believe devolution in relation to single funding settlements and fiscal powers, devolved skills and adult education budgets and clearer, transport responsibilities would give power back to local communities.

In addition, Council affirms:

4. Its continued commitment to the many, complex partnership arrangements of which it is a part as the best available current means of pursuing joined-up decision-making so long as local government structure remains as it is.

5. Its awareness that whatever model of Governance might emerge, working co-operatively and supportively with our partners and communities is essential to deliver better outcomes for our residents.
6. That the increasing expectations of change and economic growth that face us in this area make it no longer optimal that we have less dedicated local self-government than city areas such as Peterborough, Luton, York, Bedford, Reading or Bath. In particular, reference should be made to the structures in Manchester given that this city sits within a Combined Authority.
7. Its belief that an alternative model of local government could better connect our residents to their representatives and local service providers, and facilitate joined-up decision-making, and strengthen our voice in dialogue with central government and improve the life chances, health and wellbeing, and opportunities for our residents.

Accordingly, Council asks the Leader and Chief Executive to initiate discussions with other Authorities in the region and then central Government to identify options for a less fragmented and more cohesive model of Government for Cambridge, that best serves the needs of its residents. These discussions should involve and engage with the people of the city in a meaningful way, thereby recognising the need for our governance structures to reflect the wishes of the people we serve.

ANNEX B: ANALYSIS OF PUBLIC ENGAGEMENT

Opportunities to take part in the public engagement exercise through surveys, events or by written feedback were publicised via the Council's website, social media and news releases. The engagement exercise also featured in 'Cambridge Matters', July 2024.

Fourteen comments were received about the engagement exercise. These included feedback about the wording of survey questions, the role of partner councils in the exercise, and requests for proposals to change to local government structures.

SURVEY RESPONSES

The survey took place between 8 July and 3 September 2024. It was available online and as a paper. There were 507 replies. Of the 11 questions, six asked respondents to choose from a range of possible answers.

Q1. Do you understand which services the City Council and the County Council are responsible for providing for residents in Cambridge?

On a scale of 1-5, where 1 = 'don't understand at all' and 5 = 'fully understand'

1	2	3	4	5
44	71	128	161	103

52% of survey respondents rated their understanding of which services are provided by which council as 4 or 5 out of 5 indicating good or fully understanding.

Q2. How easy is it for you to find out which council, City or County Council, provides the services you want to access?

Don't know	Not at all easy	Not easy	Neither/nor	Easy	Very Easy
18	67	160	126	98	38

Nearly 45% of respondents replied that it is 'not easy' or 'not at all easy', compared to nearly 27% who replied 'easy' or 'very easy' to find out which council provides the service they want to access.

Q4. How strongly do you agree or disagree that the current arrangements, with a city and county council serving Cambridge, achieve the purposes of local government?

Don't know	Strongly disagree	Disagree	Neither/nor	Agree	Strongly agree
10	194	158	64	44	37

69% of survey respondents 'disagree' or 'strongly disagree' that current arrangements achieve local government's purposes. 16% agree that they do.

Q6. How strongly do you agree or disagree that the city and county councils can improve the two-tier arrangements?

Don't know	Strongly disagree	Disagree	Neither/nor	Agree	Strongly agree
33	64	76	93	132	109

Nearly 48% of respondents 'agree' or 'strongly agree' that the city and county can improve the two-tier arrangements. Nearly 28% disagree or strongly disagree.

Q8. How strongly do you agree that a unitary council for the Cambridge area would achieve local government purposes more effectively than the current system?

Don't know	Strongly disagree	Disagree	Neither / nor	Agree	Strongly agree
16	37	44	52	115	243

Nearly 71% of respondents 'agree' or 'strongly agree' that a unitary council for the Cambridge area would be more effective than the current system. 16% disagree or strongly disagree.

Q10. Do you think that options for a unitary council for the Cambridge area should be explored?

Don't know	No	Yes
19	68	420

Nearly 83% of respondents think that unitary council options for the Cambridge area should be explored. 13% did not support this. 4% don't know.

WHERE DO RESPONDENTS RESIDE?

The survey asked respondents to indicate where they live. 202 out of 507 respondents chose not to provide this information. Nearly 84% of respondents who disclosed their place of residence were from Cambridge.

A breakdown of responses to question 8 of the survey, whether a unitary authority would achieve the purposes of local government more effectively than the current system, by place of residence is provided below.

Location	Number of replies	Reply to Question 8		
		Agree / Strongly agree	Disagree / Strongly disagree	Neither agree nor disagree / Don't know
Cambridge	255	71.5%	13.5%	15%
South Cambridgeshire	32	56%	22%	22%
Other Cambs districts	11	45.5%	45.5%	9%
Outside county	7	57%	28.5%	14.5%
Not provided	202	73.5%	15.5%	11%

SUMMARY OF COMMENTS RECEIVED

The survey invited respondents to provide written commentary on their answers under questions 3, 5, 7, 9 and 11. All but seven survey respondents provided comments. In addition to this feedback, two letters and three emails were also received. There were 505 sets of written responses in total.

The free text responses and other feedback received has been analysed and grouped around recurring themes. The interpretation of written comments is intended to be fair and consistent. It provides a general sense of the main themes raised. That analysis was checked against output from an AI language model to provide additional assurance.

Comments on the current approach

Comments about the benefits of the current system were mentioned in around 7% of written responses, including from respondents who recognised some merits of the existing arrangements but in principle prefer unitary local government. Each of the following views were mentioned in around 2% of responses:

- Satisfaction with the efficiency and effectiveness of councils and/or council services

- Current arrangements enable local control of local issues and a strategic approach to issues affecting a wider area
- Current arrangements enable local accountability, representation, and focus.

Suggestions for improving existing arrangements

Around 15% of written responses proposed ways of strengthening existing arrangements. These responses sometimes placed more emphasis on the desired outcomes being achieved and less emphasis on the local government structures. The most frequently raised themes relate to:

- Improving collaboration, co-ordination and join-up of services across councils and partners (6%)
- Clarifying roles and responsibilities of councils and their partners (4%)
- Improving public communications and council websites (3.5%)
- Reviewing and re-assigning which council does what (2.5%).

However, when those who replied 'agree/strongly agree' to question 6 (about improvements to current arrangements) were invited to explain potential improvements they would support, at least 56 suggested a move to a unitary authority. This equates to around 11% of all 505 respondents that provided written comments.

Comparisons between current arrangements and unitary local government

Criticisms of the current system and/or reasons for supporting unitary local government were mentioned in over 77% of written responses. These were raised primarily by respondents who felt a unitary council could be more effective, although some criticisms of the current system were also made by others who were undecided about which local government arrangements would be better. Recurring themes expressed were:

- Confusion over roles and responsibilities of councils and partners under the current system and/or a unitary authority would be simpler to understand (39%)
- Lack of efficiency and cost effectiveness under the current system and/or a unitary authority could be more efficient and cost effective (28%)
- Lack of a joined-up approach to services under the current system and/or a unitary authority could have a more joined-up approach to services (24%)
- Lack of transparency and accountability under the current system and/or a unitary authority could be more transparent and accountable (22%)

- Too many layers of local government and/or a unitary authority could streamline the layers of local government (21%)
- Lack of local control (reflecting local democracy and will) under the current system and/or a unitary authority could provide local control (17%)
- Lack of easy access to services under the current system and/or a unitary authority could provide easier access to services (16%)
- Difficult to get things done under the current system and/or a unitary authority could get things done (10%)
- Lack of joined-up vision/direction/priorities under the current system and/or a unitary authority could provide joined-up vision/direction/priorities (9%)
- Lack of knowledge and focus on the needs of the local area under the current system and/or a unitary authority could have more knowledge and focus on the needs of the local area (8%)
- The current system discourages people from engaging with local government and/or a unitary authority could encourage people to engage (4%)
- Ineffective decision-making processes under the current system and/or a unitary authority could be more effective at making decisions (4%)
- Lack of influence at national and regional levels under the current system and/or a unitary authority could have influence at national and regional levels (4%)
- Dissatisfaction with council services/outcomes and/or a unitary authority could provide better services/outcomes (4%).

Wider comments about local government

Respondents' written comments were not limited to existing two-tier arrangements and unitary local government. Other recurring themes included:

- Criticisms of the Greater Cambridge Partnership, including questions about whether it should continue (16%)
- Criticisms that local government is not focused on residents' needs (10%)
- Criticisms of Cambridgeshire and Peterborough Combined Authority and questions about whether it should continue (9%)
- The needs of the Cambridge urban area being different from rural areas elsewhere in the county (9%)

- Criticisms of disagreement and fractiousness between councils (6%)
- Criticisms of buck-passing between councils (6%)
- Criticisms of council websites (6%)
- Criticisms of politics and political posturing (5%)
- Criticisms of congestion charge proposals and traffic calming measures (5%).

Key words relevant to local government services were mentioned in the 505 written responses as follows:

- Roads, highways and/or potholes (27%)
- Transport and/or traffic (17%)
- Buses and/or public transport (11%)
- Planning policy and/or planning services (7%)
- Pavements, footpaths and/or paths / (7%)
- Infrastructure (7%)
- Parking and/or car parks (7%)
- Cycling and/or cycles (6%)
- Housing (6%)
- Education and/or schools (5%)

Comments on a unitary local government

Comments made primarily by those in favour of a unitary local government included:

- Need for a unitary authority to manage the growth of the city and surrounding area effectively (6%). *A small number of these also mentioned the need to consider how a unitary council might relate to any plans for a development corporation.*
- Recognition of the relationships between Cambridge and surrounding area (4%)
- That a unitary authority would need to be larger than Cambridge (3%)
- That the development of proposals would need careful consideration (3%)
- Don't delay in taking forward a unitary authority model (2%).

In addition, 3% of written comments, mostly from those undecided about a unitary council, said change should focus on achieving the best possible outcome for residents.

Concerns about the implications of a unitary authority were raised in 8% of written responses, primarily by those in favour of the current arrangements. These included:

- A unitary authority, not least, one larger than Cambridge and its surrounding area, could reduce local democratic representation and participation (2%)
- Unilateral steps by Cambridge to move to a unitary authority arrangement would adversely impact the rest of the county (2%)
- Cambridge should not be considered in isolation because it has an impact on the surrounding area (1.5%)
- It is not the councils but the recent additional layers of governance that are the problem (1.5%)
- Keep the current arrangements as specialist services and those benefitting from economies of scale need to be provided over a wide area (1%)
- Moving to a unitary authority model is not worth all the cost and disruption that change would create and/or wider financial implications (1%).

Options suggested for unitary local government

The engagement exercise did not put forward any specific proposals for local government reorganisation. However, 17% of written responses offered specific suggestions. These included:

- a unitary authority for Cambridge and the immediate surrounding area (5.5%)
- two unitary councils spanning Cambridgeshire & Peterborough (3%)
- a unitary Greater Cambridge (3%)
- a unitary authority larger than Cambridge and South Cambridgeshire (2%)
- a unitary Cambridge, including based on existing boundaries (2%)
- a unitary Cambridgeshire (1%)
- miscellaneous other proposals (2.5%)

KEY POINTS FROM PUBLIC EVENTS

Around 60 people, in total, attended two 90-minute events at the Guildhall on 23 July (midweek evening) and 31 August 2024 (Saturday morning). The Council Leader and Chief Executive set the context before participants were invited to discuss and feedback their views. The conversations were loosely structured around four questions.

Does structure have a bearing on achieving the goals of local government?

There was broad recognition that the structure of local government does matter, although unitary local government would not necessarily resolve all issues. Comments included the following points:

- That local government should be designed to meet the needs of residents. Some suggested that residents should be able to access all local public services through the 'same front door' or via the most convenient route.
- An increasing emphasis on providing digital access may not work for everyone.
- Current arrangements can appear to be confusing, inefficient and disjointed. As a result, it was more difficult to focus on local community needs in Cambridge holistically across housing, transport, economic development and infrastructure, social care and community development.
- Attempts to be more joined-up through partnership working can slow down decision making and delivery. It should be simpler, with clearer direction and leadership.
- Cambridge has multiple layers of local government, not just two tiers. This includes the Greater Cambridge Partnership (a joint committee) and the Cambridgeshire and Peterborough Combined Authority. This is a unique arrangement.
- Some participants raised concerns about decisions at county level not reflecting the needs and wishes of the Cambridge area. These points tended to emphasise the importance of greater local control over the way the city is run.

What other factors are important?

- **Finance:** several attendees suggested that the success of any system of local government was dependent on it being appropriately funded. There were calls for central government to allow local authorities to have greater fiscal powers to enable finance raised to be retained locally. Some suggested that a unitary authority might be better able to draw investment into the area.
- **Local representation and accountability:** Some participants referred to a 'democratic deficit' in relation to the wider public's understanding of how to influence

local government decisions and hold decision-makers to account. Some attendees alluded to a perception that university and business interests have undue influence.

- **Disempowerment:** some noted this feeling had been exacerbated by central government constraints on local powers to act and concerns that future decisions could be taken out of local hands. For instance, if a development corporation was introduced to oversee the future growth of Cambridge and the surrounding area.
- **Increasing community engagement:** Participants emphasised bringing decisions closer to the people; educating residents on how decisions are made; promoting active citizenship and the use of deliberative democracy techniques including, but not limited to, citizens' assemblies. The importance of strengthening engagement with young people was stressed.
- **Joined-up delivery:** emphasis was placed on local government for Cambridge being better able collectively to tackle poverty and inequality, take local action on climate change and address the need for economic growth and more housing.

What scope is there for improving the current system?

- Whilst existing shared services between councils were noted, some questioned their efficiency and effectiveness and whether this was the way forward.
- Others identified opportunities for strengthening joined-up working and collaboration with health, fire and police services as part of a unitary authority approach.

Should options for a unitary authority be explored?

- There was broad consensus that a unitary authority would be worth exploring. Some participants commented that the boundaries would be important. It was suggested that councils that are too large can be too remote; those that are too small may create a sense of belonging and local accountability but may not be financially viable.
- It was suggested that a unitary authority could cover an area wider than the city's existing boundaries. That administrative geography should reflect social, economic and environmental realities, and an understanding of local connection, possibly including travel-to-work areas too.
- Some participants queried how much Cambridge has in common with Peterborough and rural parts of the county. Others emphasised the importance of maintaining connection with communities and businesses in other parts of the county.
- Participants also emphasised the importance of learning from the experience of other areas that have sought too or introduced unitary authorities, as well as insights from previous reports and studies on local government reorganisation.

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Full Council to note:

NOTIFICATION OF THE APPOINTMENT TO DIRECTOR OF ECONOMY & PLACE

The recruitment and selection campaign for the Director of Economy & Place took place between August and September 2024 which comprised of a full recruitment process to engage a permanent Officer to the role.

Lynne Miles was appointed Director of Economy & Place by the Employment (Senior Officer) Committee and will commence in post on 13 January 2025.

Robert Pollock

Chief Executive

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