

# Revolving Investment Fund Committee Meeting

**Grand Jury Room, Town Hall, High Street,  
Colchester, CO1 1PJ**

**Wednesday, 17 October 2018 at 18:00**

**The Revolving Investment Fund Committee has delegated authority from Cabinet to manage the Revolving Investment Fund, which has been established for the commercial management, disposal of and investment into key assets in order to drive forward income generation projects.**



# Information for Members of the Public

## Access to information and meetings

You have the right to attend all meetings of the Council, its Committees and Cabinet. You also have the right to see the agenda (the list of items to be discussed at a meeting), which is usually published five working days before the meeting, and minutes once they are published. Dates of the meetings are available here:

<https://colchester.cmis.uk.com/colchester/MeetingCalendar.aspx>.

Most meetings take place in public. This only changes when certain issues, for instance, commercially sensitive information or details concerning an individual are considered. At this point you will be told whether there are any issues to be discussed in private, if so, you will be asked to leave the meeting.

## Have Your Say!

The Council welcomes contributions and representations from members of the public at most public meetings. If you would like to speak at a meeting and need to find out more, please refer to the Have Your Say! arrangements here: <http://www.colchester.gov.uk/haveyoursay>.

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## Access

There is wheelchair access to the Town Hall from St Runwald Street. There is an induction loop in all the meeting rooms. If you need help with reading or understanding this document please take it to the Library and Community Hub, Colchester Central Library, using the contact details below and we will try to provide a reading service, translation or other formats you may need.

## Facilities

Toilets with lift access, if required, are on each floor of the Town Hall. A water dispenser is available on the first floor.

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Colchester, CO1 1JB

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[www.colchester.gov.uk](http://www.colchester.gov.uk)

## **Revolving Investment Fund Committee**

### **Terms of Reference**

To make decisions regarding the following:

- (1) Develop and Set the re-investment strategy for the rolling 5 year programme including:
  - (a) Establishment of a pipeline of high rental growth projects (subject to approval by way of a business case process) and subject to a spending cap of £5m
  - (b) Agree annual capital funds to be set aside for opportunity purchase of land/new investment assets (subject to investment business case being made).
- (2) A Project selection process – Establish a process for spend on non-income producing regeneration projects (subject to business case).
- (3) Developing and monitoring a capital receipts programme.
- (4) Developing and monitoring investment performance against key financial targets.
- (5) Developing a monitoring framework for schemes being developed with RIF investment.
- (6) Develop a strategy for any borrowing activities within the fund (subject to the Council's overall treasury management strategy).
- (7) Project Appraisal – Development of a formal business case procedure to include the following criteria:
  - (a) Return on investment (or regeneration outputs for non-income producing regeneration projects) – would income from the proposed project meet rates of return required to invest the capital requested?
  - (b) Deliverability – including a review of the planning status, barriers to development, market conditions, ownership and legal limitations
  - (c) Strategic fit – does the project support Council Strategic Priorities?
  - (d) Timescale for commencement of income
  - (e) Risk versus reward – Does the projected income outweigh the deliverability risks from the investment of capital, what is the security of income?
  - (f) Wider economic impacts – the wider impact of the project on the local economy eg stimulating other local development, contributing to growth of local business or housing targets, local supply chain utilisation.
- (8) Development and overseeing the overall approach to investment risk management including appropriate reviews of risks within the RIF against wider Council risk register.
- (9) Developing the mechanism for new assets to be added to the RIF capital receipts programme.

The Committee will have the authority to commission any reports or external advice/advisors that it needs to fulfil its responsibilities.

**COLCHESTER BOROUGH COUNCIL**  
**Revolving Investment Fund Committee**  
**Wednesday, 17 October 2018 at 18:00**

**The Revolving Investment Fund Committee Members are:**

Councillor David King (Chairman)  
Councillor Tim Young (Deputy Chairman)  
Councillor Nick Barlow  
Councillor Mark Cory

**The Revolving Investment Fund Committee Substitute Members are:**

All members of Cabinet who are not members of this Committee.

**AGENDA**  
**THE LIST OF ITEMS TO BE DISCUSSED AT THE MEETING**  
**(Part A - open to the public)**

**Please note that Agenda items 1 to 6 are normally dealt with briefly.**

**1 Welcome and Announcements**

The Chairman will welcome members of the public and Councillors and remind everyone to use microphones at all times when they are speaking. The Chairman will also explain action in the event of an emergency, mobile phones switched to silent, audio-recording of the meeting. Councillors who are members of the committee will introduce themselves.

**2 Substitutions**

Councillors will be asked to say if they are attending on behalf of a Committee member who is absent.

**3 Urgent Items**

The Chairman will announce if there is any item not on the published agenda which will be considered because it is urgent and will explain the reason for the urgency.

**4 Declarations of Interest**

Councillors will be asked to say if there are any items on the agenda about which they have a disclosable pecuniary interest which would prevent them from participating in any discussion of the item or participating in any vote upon the item, or any other pecuniary interest or non-pecuniary interest.

**5 Minutes of Previous Meeting**

The Councillors will be invited to confirm that the minutes are a correct record of the meeting held on 27 June 2018.

**RIF minutes 270618**

7 - 10

**6 Have Your Say!**

The Chairman will invite members of the public to indicate if they wish to speak or present a petition on any item included on the agenda or any other matter relating to the terms of reference of the meeting. Please indicate your wish to speak at this point if your name has not been noted by Council staff.

**7 Land North of Junction 28 of the A12 - Disposal of Two Sites (Sites A and B)**

11 - 16

This report invites the Committee to give approval to enter into negotiations with the preferred bidders for two sites (Site A & B) North of Junction 28 of the A12 and that delegated authority be granted to the Assistant Director, Policy and Corporate, in conjunction with the Portfolio Holder for Resources to approve the subsequent sale of the sites.

**8 Exclusion of the Public (Cabinet)**

In accordance with Section 100A(4) of the Local Government Act 1972 and in accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 to exclude the public, including the press, from the meeting so that any items containing exempt information (for example personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).

**Part B**  
**(not open to the public including the press)**

**9 Land North of Junction 28 of the A12 - Disposal of Two Sites (Sites A and B) - Part B**

The Committee is invited to consider the not for publication appendix to the Assistant Director's report.

**REVOLVING  
INVESTMENT FUND  
COMMITTEE**

**27 June 2018**

*Present:-* Councillors Barlow, Cory, King, T. Young

**73. Election of Chairman**

*RESOLVED* that Councillor King be elected Chairman of the Revolving Investment Fund Committee for the 2018-19 municipal year.

**74. Election of Deputy Chairman**

*RESOLVED* that Councillor T. Young be elected Deputy Chairman of the Revolving Investment Fund Committee for the 2018-19 municipal year.

**75. Minutes**

*RESOLVED* that the minutes of the meeting held on 6 December 2017 be confirmed as a correct record.

**76. Revolving Investment Fund (RIF) Programme Update**

The Strategic Director, Policy and Place, submitted a report a copy of which had been circulated to each Member.

Ian Vipond, Strategic Director, Policy and Place, Fiona Duhamel, Assistant Director, Colchester Commercial Holdings Ltd and Holly Brett, Commercial Programme and Resource Manager, Colchester Amphora Trading Ltd, attended to assist the Panel.

Fiona Duhamel introduced the report and provided the Committee with an update on the progress of the key Revolving Investment Fund (RIF) schemes. The success of a number of schemes completed through the RIF, such as Sheepen Road Phase 1 and the Commercial Business Centre, were also highlighted.

Significant progress had been made on a number of the projects. Northern Gateway was the largest project and in view of its value, was reported to Cabinet. The planning application was due to be considered by the Planning Committee on 5 July, and work was underway to allow the enabling works to begin. The associated project to relocate the rugby and cricket clubs from Mill Road was also underway. In respect of the town centre projects, a local tenant had been found for Sheepen Road Phase 2, and negotiations with

the tenant for the former “Jacks” building were ongoing. Tenders would be issued shortly with work due to start on site later in the summer.

In response to questions from the Committee it was confirmed that the tenders for the former “Jacks” building would be for the initial work to make the building safe, which would then enable the tenant to proceed to fit out the building. In respect of the area around Jacks, members asked about the progress of the redevelopment of St Nicholas Square and the old Co-op building. It was explained that HAT Projects, an award winning local firm, had been appointed to undertake consultation with businesses in the area, including the Co-op.

It was also confirmed that progress on the “Grow On Space” project would be reported to the RIF Steering Committee in July. In respect of the digital strategy, it was anticipated that the roll out of ultrafast broadband would cover the whole borough, which would significantly improve the broadband service to rural areas. The government voucher scheme had been operational since April 2018 and a number of businesses had used the scheme. The importance of funding from the Department of Culture, Media and Sport for the digital strategy was stressed.

It was also noted by the Committee that the vote on Business Improvement District would be held on 29 June. If this was successful, it would be significant boost for the town centre, and would also help with the delivery of the town centre projects as it would enable the town centre businesses to speak with one voice.

The Committee thanked officers of Colchester Borough Council and Colchester Commercial Holdings Ltd, and the previous portfolio holder Annie Feltham, for their work on the projects funded by the RIF. The scale of the projects showed the ambition the Council had for Colchester and its commitment to regeneration. The role of partner organisations such as the University of Essex was also acknowledged. This would leave a lasting legacy for Colchester. It was also important that the public understood this ambition and were kept informed about the progress of these key projects.

*RESOLVED* that the report be noted.

## *REASONS*

To provide the Committee with a timely update on progress of the key capital projects which are managed through the RIF. A number of the larger projects have previously been reported to the Cabinet due to their value and this report seeks to provide an update on these projects alongside other RIF schemes in delivery.

## *ALTERNATIVE OPTIONS*

No alternative options were proposed, as the Strategic Director’s report was an update for the Committee to note.

**The Committee resolved under Section 100A(4) of the Local Government Act 1972 and in accordance with the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 to exclude the public from the meeting for the following item as they involved the likely disclosure of exempt**



information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

**77. Minutes**

*RESOLVED* that the not for publication extract of the minutes of the meeting held on 6 December 2017 be confirmed as a correct record.



17<sup>th</sup> October 2018

<b>Report of</b>	<b>Assistant Director – Policy and Corporate</b>	<b>Author</b>	<b>Elizabeth Simpson</b>
<b>Title</b>	<b>Land North of J28 of the A12 – Disposal of Two Sites (Site A &amp; B)</b>		<b>01206 508792</b>
<b>Wards affected</b>	Mile End		

## 1. Executive Summary

- 1.1 This report seeks approval to enter into negotiations with the recommended preferred bidder for two sites (site A and B) North of Junction 28 of the A12 on the land known as Northern Gateway and requests that delegated authority is granted to the Assistant Director for Corporate and Policy in consultation with the Portfolio Holder for Resources to approve the final terms and legal documents for the subsequent sale of the sites.

## 2. Decision(s) Required

- 2.1 To agree the disposal of Sites A and B, as identified on the site plan at Appendix A to this report.
- 2.2 To note that the total capital receipt for these sites is allocated into the Revolving Investment Fund (RIF) and earmarked for funding for the Colchester Northern Gateway Sports Hub as agreed by Cabinet in November 2016 and as amended in August 2017.
- 2.3 To approve that negotiations are entered into with the preferred bidders for Site A and Site B as detailed in the Confidential Appendix (Appendix B).
- 2.4 To agree that if agreement is not reached with the preferred bidder for either site, authority is delegated to the Assistant Director, Policy and Corporate in consultation with the Portfolio Holder for Resources to approach the under bidders to secure the best terms for disposal.
- 2.5 To delegate to the Assistant Director, Policy and Corporate in conjunction with the Portfolio Holder for Resources the authority to negotiate the Heads of Terms and the conclusion of legal documentation for the sale of the sites.

### **3. Reasons for Decision(s)**

- 3.1 To enter into negotiations with the preferred bidder for each site with the objective of disposing of them to secure capital receipts for funding for the Colchester Northern Gateway Sports Hub.

### **4. Alternative Options**

- 4.1 The Council could keep hold of the land and retain it as a longer term asset to develop it itself in the future. However, the capital receipt has already been allocated for a regeneration project within the RIF.
- 4.2 The Council could seek to accept bids which were not conditional on planning or on any other factors. Whilst this may be suitable in order to dispose of the property quickly, it may not achieve the highest value and/or the best use of the site although it would remove some of the risks surrounding a conditional disposal.

### **5. Background Information**

- 5.1 The two sites are located to the north of J28 off the A12 and shown on the Site Plan (Appendix A), labelled Site A and Site B. Both measure 0.9 acres.
- 5.2 Both sites have been openly marketed. Marketing included an online advert with the Estate Gazette which went live in June 2018. The property was also advertised on Colchester Borough Council's (CBC) Inward Investment Ultra Ready Website. Offers via informal tender were requested by 10<sup>th</sup> August 2018. 12 offers in total were received from 12 different parties on both a conditional and unconditional basis. Details of all offers can be found in the Confidential Appendix.
- 5.3 To compare and assess the quality of the bids, a weighted scoring matrix was undertaken for all of the bids received for Site A and the top 6 bids for Site B. The offers were scored by purchase price, conditions of offer, suitability of the proposed use for Colchester Northern Gateway and the bidders ability to perform (financial and timescales). The scoring matrix can be found in the Confidential Appendix.
- 5.4 Access for both sites for all of the proposed bidders will be needed through the Park and Ride. Some initial discussions have been undertaken on this basis with Essex County Council (ECC) and this principle is generally accepted however further detailed negotiations will now be undertaken.
- 5.5. Following a process of evaluation, it is proposed to dispose of the sites on a freehold basis to the preferred bidders as detailed in the Confidential Appendix.

### **6. Strategic Plan References**

- 6.1 The planned developments will enhance the diverse retail and leisure mix planned in Northern Colchester which will meet the 'Growth' and 'Opportunity' strategic aims and will help create an attractive and sustainable location where people can be proud to work.
- 6.2 One of the developments will have a direct influence on the health of the borough and will therefore help to meet the 'Wellbeing' and 'Opportunity' strategic goals.

- 6.3 The recommended developments will “Promote Colchester to attract further inward investment and additional businesses, providing greater and more diverse employment.”

## **7. Consultation**

- 7.1 No public consultation has been undertaken. Any development on sites will be subject to gaining planning consent which will include a period of public consultation.

## **8. Publicity Considerations**

- 8.1 Both sites have been openly marketed.

## **9. Financial implications**

- 9.1 The proposed disposal of these freehold, sites will generate a capital receipt for the Council. It has previously been agreed that these receipts will be held within the Revolving Investment Fund (RIF) and specifically used to support the delivery of the Northern Gateway Sports Hub project. The detailed financial implications are addressed in the Confidential Appendix.

## **10. Equality, Diversity and Human Rights, Community Safety and Health and Safety implications**

- 10.1 An Equality Impact Assessment is available to view [here](#) and selecting Disposals and Marketing or via the following pathway from the Council's website [www.colchester.gov.uk](http://www.colchester.gov.uk) – How the Council Works / Equality and Diversity / Equality Impact Assessments / Commercial Equality Impact Assessment / Disposals and Marketing.

## **11. Community Safety Implications**

- 11.1 There are no community safety implications.

## **12. Health and Safety Implications**

- 12.1 There are no Health and Safety implications.

## **13. Risk Management Implications**

- 13.1 The key risks identified are set out below:

<b>Risk description</b>	<b>Impact and / or Consequences</b>	<b>Risk Mitigation / Controls</b>
Planning permission is not obtained for the proposed developments.	Would need to find an alternative purchaser who may offer less for the site.  If elements of the proposed development are unacceptable the preferred bidders may want to renegotiate the purchase price.	The sites are currently undesignated in the emerging Local Plan with the exception of part of Plot A which is designated for Sport and Leisure use. Initial informal discussions have been held with CBC planners and these would be continued.

The preferred bidders decide not to go ahead with the purchase.	Would need to find an alternative purchaser who may offer less for the site.	It will be necessary to ensure that the preferred bidders sign contracts and pay a deposit as soon as possible.
The purchasers decide not to go ahead with the purchase as access can't be agreed to their satisfaction.	Would need to find an alternative purchaser who may offer less for the site.	Discussions to continue with ECC Park and Ride and Essex Highways.
One of the conditions of the preferred bidders can't be satisfied.	Would need to find an alternative purchaser who may offer less for the site.	Ensure the purchasers proceed quickly with their due diligence.

## Appendices

Appendix A – Site Plan

Appendix B – Not for publication material

Appendix A – Site Plan



