

Revolving Investment Fund Committee Meeting

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

Thursday, 20 December 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>.

Audio Recording, Mobile phones and other devices

The Council audio records public meetings for live broadcast over the internet and the recordings are available to listen to afterwards on the Council's website. Audio recording, photography and filming of meetings by members of the public is also welcomed. Phones, tablets, laptops, cameras and other devices can be used at all meetings of the Council so long as this doesn't cause a disturbance. It is not permitted to use voice or camera flash functions and devices must be set to silent. Councillors can use devices to receive messages, to access meeting papers and information via the internet. Looking at or posting on social media by Committee members is at the discretion of the Chairman / Mayor who may choose to require all devices to be switched off at any time.

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.

Evacuation Procedures

Evacuate the building using the nearest available exit. Make your way to the assembly area in the car park in St Runwald Street behind the Town Hall. Do not re-enter the building until the Town Hall staff advise you that it is safe to do so.

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Colchester, CO1 1JB

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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
Thursday, 20 December 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 17 October 2018.

RIF minutes 171018 - public version

9 - 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 Plot 600 Colchester Business Park - Disposal of Site

11 - 16

The Committee will be invited to give approval to the Council entering into negotiations with the recommended preferred bidder for a site located within Colchester Business Park, known as Plot 600 and to delegate authority to the Assistant Director for Policy and Corporate in consultation with the Portfolio Holder for Resources to approve the final terms and legal documents for the subsequent sale of the site.

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 Minutes - Part B

The Committee will be invited to approve the not for publication extract from the minutes of the meeting on 17 October 2018

10 Plot 600 Colchester Business Park - Disposal of Site: Part B

The Committee will consider the exempt information contained in Appendix B to the report.

**REVOLVING
INVESTMENT FUND
COMMITTEE**

17 October 2018

Present:- Councillor King (Chairman) Barlow, Cory, T. Young

78. Minutes

RESOLVED that the minutes of the meeting held on 27 June 2018 be confirmed as a correct record.

79. Land North of Junction 28 of the A12 – Disposal of Two Sites (Sites A and B)

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

Elizabeth Simpson, Head of Estates, Colchester Amphora Ltd, presented the report to the Committee and explained that both sites that were the subject of the report were 0.9 acre sites to the north of the A12. They had been marketed openly and expressions of interest had been invited. Bids had been received on a freehold basis and had been assessed against a number of criteria including price, conditions, the ability of the bidder to deliver the proposed scheme and the fit with Northern Gateway plans and objectives. The sale of the sites would generate capital receipts that would be used towards the Northern Gateway Sports Hub. ,

RESOLVED that:-

- (a) Sites A and B, as identified on the site plan at Appendix A to the Assistant Director's report, be disposed of.
- (b) It be noted that the total capital receipt for these sites will be 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.
- (c) Negotiations be entered into with the preferred bidders for Site A and Site B as detailed in the not for publication Appendix B.
- (d) If agreement is not reached with the preferred bidder for either site, authority be 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.

(e) Authority be delegated 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.

REASONS

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.

ALTERNATIVE OPTIONS

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.

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.

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.

80. Land North of Junction 28 of the A12 – Disposal of Two Sites (Sites A and B)

This minute is not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (information relating to the financial or business affairs of a particular person, including the authority holding the information).

20th December 2018

Report of	Assistant Director – Policy and Corporate	Author	Elizabeth Simpson
Title	Plot 600 Colchester Business Park – Disposal of Site		01206 508792
Wards affected	Highwoods		

1. Executive Summary

- 1.1 This report seeks approval to enter into negotiations with the recommended preferred bidder for a site measuring 3.1 acres located within Colchester Business Park, known as Plot 600 and requests that delegated authority is granted to the Assistant Director for Policy and Corporate in consultation with the Portfolio Holder for Resources to approve the final terms and legal documents for the subsequent sale of the site.

2. Decision(s) Required

- 2.1 To agree the disposal of Plot 600, as identified on the site plan at Appendix A to this report.
- 2.2 To agree that the total capital receipt for this site is allocated into the Revolving Investment Fund (RIF).
- 2.3 To approve that negotiations are entered into with the preferred bidders for Plot 600 as detailed in the Confidential Appendix (Appendix B).
- 2.4 To agree that if agreement is not reached with the preferred bidder for the 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 site.

3. Reasons for Decision(s)

- 3.1 To enter into negotiations with the preferred bidder for the site with the objective of disposing of them to secure capital receipts to support the Revolving Investment

Fund (RIF) which recycles capital to fund regeneration projects and income producing investments.

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 earmarked to support regeneration projects 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 Plot 600 is located in the heart of Colchester Business Park close to J28 of the A12 and shown on the Site Plan (Appendix A). The site measures 3.1 acres.
- 5.2 The site has been openly marketed. Marketing included a hard copy advert in the Estates Gazette and an online advert with the Estate Gazette which went live on 27th September 2018. The property was also advertised on Colchester Borough Council's (CBC) Inward Investment Ultra Ready Website. Expressions of interest via informal tender were requested by 18th October 2018. 6 expressions of interest were received from 6 different parties.
- 5.3 Best and final offers were subsequently requested by 30th November 2018. 3 bids were received and details of these offers can be found in the Confidential Appendix.
- 5.4 To compare and assess the quality of the bids, a weighted scoring matrix was undertaken. The offers were scored by assessing purchase price, site area required, conditions of offer, suitability of the proposed use for the site and the bidders ability to perform (financial and timescales). The scoring matrix can be found in the Confidential Appendix.
- 5.5 Following a process of evaluation, it is proposed to dispose of the site on a freehold basis to the preferred bidder as detailed in the Confidential Appendix.

6. Strategic Plan References

- 6.1 'Growth' - The planned development will attract inward investment into Colchester, additional businesses and more employment opportunities. There will be a significant investment in the site which will provide economic growth through the retention and creation of a substantial number of jobs. The Council will also benefit from increased business rate revenue.
- 6.2 'Opportunity' – it will promote and enhance Colchester as a place for economic growth and job creation and help to create an attractive location where people can be proud to work.

7. Consultation

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

8. Publicity Considerations

- 8.1 The site has been openly marketed.

9. Financial implications

- 9.1 The proposed disposal of this freehold site will generate a capital receipt for the Council. It is proposed this receipt will be held within the Revolving Investment Fund (RIF). 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 – 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:

Risk description	Impact and / or Consequences	Risk Mitigation / Controls
Planning permission is not obtained for the proposed development.	<p>Would need to find an alternative purchaser who may offer less for the site.</p> <p>If elements of the proposed development are unacceptable the preferred bidder may want to renegotiate the purchase price.</p>	The site is currently designated as a strategic employment zone in the local plan and initial informal discussions with CBC planners have indicated that B1 use would be acceptable.
The preferred bidder decides 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.
One of the conditions of the preferred bidder 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.

Background Papers

None

Appendix A – Site Plan



