

Revolving Investment Fund Committee Meeting

**Online Meeting, Virtual Meeting Platform
Wednesday, 04 November 2020 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. You can register to Have Your Say! and submit your contribution of no more than 3 minutes (no longer than 500 words) via the form accessed via the link below, before noon on the working day before the meeting date:

[Revolving Investment Fund Committee Have Your Say form](#)

If you would like to submit representations to a meeting and need to find out more, please refer to the Have Your Say! arrangements here:

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

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, 04 November 2020 at 18:00**

The Revolving Investment Fund Committee Members are:

Councillor Mark Cory
Councillor Theresa Higgins
Councillor David King
Councillor Julie Young

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.

Live Broadcast

Please follow this link to watch the meeting live on YouTube:

<https://www.youtube.com/user/ColchesterCBC>

1 Appointment of Chairman

To appoint a Chairman of the Revolving Investment Fund Committee for the 2020-21 municipal year.

2 Appointment of Deputy Chairman

To appoint a Deputy Chairman of the Revolving Investment Fund Committee for the 2020-21 municipal year.

3 Welcome and Announcements (Virtual Meetings)

The Chairman will welcome members of the public and Councillors to the meeting and remind those participating to mute their microphones when not talking. The Chairman will invite all Councillors and Officers participating in the meeting to introduce themselves. The Chairman will, at regular intervals, ask Councillors to indicate if they wish to speak or ask a question and Councillors will be invited to speak in turn by the Chairman. A vote on each item of business will be taken by roll call of each Councillor and the outcome of each vote will be confirmed by the Democratic Services Officer.

4 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.

5 Substitutions

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

6 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.

7 Minutes of Previous Meeting

The Committee will be invited to confirm that the minutes of the meeting held on 13 November 2019 are a correct record.

RIF 131119 - public version

9 - 12

8 Have Your Say! (Virtual Meetings)

Members of the public may make representations to the meeting. Each representation may be no longer than three minutes (500 words). Members of the public may register their wish to address the meeting by registering online by 12.00 noon on the working day before the meeting date. In addition a written copy of the representation will need to be supplied for use in the event of unforeseen technical difficulties preventing participation at the meeting itself.

9 General Update on funded schemes

13 - 18

The Committee will receive a report providing an update on Revolving Investment Fund (RIF) funded schemes. It shows that good progress is being made in delivering the programme.

10 Verbal Update on Northern Gateway Sports Park

The Committee will receive a verbal update on the progress of the Northern Gateway Sports Park.

11 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)

Minutes - Part B

To approve the not for publication extract from the minutes of the meeting on 13 November 2019.

**REVOLVING
INVESTMENT FUND
COMMITTEE**

13 November 2019

Present:- Councillor King, Cory, Higgins, J. Young

91. Appointment of Chairman

RESOLVED that Councillor King be appointed as Chairman of the Revolving Investment Fund Committee for the 2019-20 municipal year.

92. Appointment of Deputy Chairman

RESOLVED that Councillor J. Young be appointed as Deputy Chairman of the Revolving Investment Fund Committee for the 2019-20 municipal year.

93. Minutes

RESOLVED that the minutes of the meeting held on 20 March 2019 be confirmed as a correct record.

94. General Update on Schemes Funded Through the Revolving Investment Fund Committee

The Assistant Director submitted a report a copy of which had been circulated to each Member. Holly Brett, Head of Development, Colchester Amphora Trading Ltd, attended to present the report and assist the Committee, and provided an update on progress on the following projects:-

- Northern Gateway Sports Park
- Northern Gateway South
- Town Centre
- East Colchester
- Digital Strategy

In discussion with members of the Committee the Head of Development confirmed that

Northern Gateway Sports Park was due to be completed in May 2020. Financial backing had been received from British Cycling and the England and Wales Cricket Board. It was also being financed through section 106 contributions from developments in the area, New Homes Bonus and land receipts. It was also confirmed that there was space for the provision of football pitches on the site, and discussions were underway with Leisure World's operational team on this issue. Members stressed that it would be a regional attraction and emphasised the need to communicate the potential benefits of the development to residents. It would be important to emphasise that there would be full public access to the facilities. In response to queries from members it was confirmed that access to the park and Ride site on had been negotiated for users of the site on Sundays.

In respect of Northern Gateway South, it was confirmed that there were two housing elements to the scheme: Colchester Amphora Housing Ltd were bringing forward a development of 350 homes, and there would be a further development of 260 homes as part of the Healthcare campus. The innovative heat network would provide low cost heating to housing on the site, in line with the Council's sustainability principles.

Members of the Committee sought an update on bids for government funding in respect of the town centre. Ian Vipond, Strategic Director for Policy and Place, explained that the Government had published proposals for a new Town Fund., whereby a number of towns had been invited to bid for up to £25 million of funding. It had made available £173,000 of funding for feasibility work, and this would be received before Christmas 2019. The guidelines set out in detail how the bid should be approached and it emphasised the need to involve the local community and local businesses. The scope of the bid could cover the whole town, not just the town centre. Work was underway to bring together a Board to oversee the bid, and this would be submitted to members in due course.

Members stressed the importance of community and business engagement. Whilst it was appreciated that the timescale was challenging, this needed to be done in meaningful way to ensure this was not just seen as a Council initiative. There was an important role for members in ensuring effective engagement. There were several schemes at a fairly advanced stage that could be included in the bid and which could take advantage of this funding, such as St Nicholas Square. It was also important that the bid addressed issues around transport and access to the town centre.

In respect of East Colchester, members expressed concern that flooding remained an issue. Despite the being raised with Essex County Council, very little progress had been made in tackling the issue. It was important that the issue was looked at again and members requested that a report looking at the history of the issue and with a fresh look at environmental and engineering solutions be submitted to the appropriate member group. The issue also needed to be raised at high level liaison meetings with Essex County Council.

Members noted the progress of the Digital Strategy, which was being considered by Cabinet at its forthcoming meeting.

The Chairman expressed the Committee's thanks and best wishes to Holly Brett, who would shortly be leaving Colchester Amphora Trading Ltd.

RESOLVED that

- (a) The current position on the schemes funded through the Revolving Investment Fund Committee be noted;
- (b) A report on flooding in East Colchester be submitted to the appropriate member group.

REASONS

To monitor this important element of the Council's capital programme.

ALTERNATIVE OPTIONS

No alternative options were proposed.

95. Potential Disposal of Land at the Hythe

The Strategic Director, Policy and Place, submitted a report a copy of which had been circulated to each Member. Holly Brett, Head of Development, Colchester Amphora Trading Ltd, attended to present the report and assist the Committee.

It was explained that the site had been marketed several times over the last 10 years. However it had been problematic to deliver a scheme due to the high cost of decontamination required on the site. The disposal would generate a capital receipt to the RIF to support income producing schemes and would see this area of land decontaminated and redeveloped at the Hythe and bring other financial benefits to the borough

The site was allocated in both the adopted and emerging Local Plans for mixed use development including housing, small scale commercial and community uses, reflecting the desire to regenerate this part of Colchester.

Whilst the details of the bids were contained in the not for publication report in the Part B of the agenda, it was confirmed that the preferred purchaser offered the best potential capital receipt and would mean the area was regenerated and decontaminated

RESOLVED that the contents of the Strategic Director's be noted.

REASONS

This site has been marketed a number of times over the last 10 years however it has been problematic to deliver a scheme due to the high cost of decontamination required on the site. The disposal would generate a capital receipt to the RIF to support income producing schemes and would see this area of land decontaminated and redeveloped at the Hythe and brings other financial benefits to the borough

The site is allocated in both the adopted and emerging Local Plans for mixed use development including housing, small scale commercial and community uses, reflecting the desire to regenerate this part of Colchester.

The preferred purchaser offers the best value receipt and means the area is regenerated

and decontaminated

ALTERNATIVE OPTIONS

Not to dispose of the site to the proposed bidder.

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.

96. General Update on Schemes Funded Through the Revolving Investment Fund Committee

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).

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.

97. Potential Disposal of Land at the Hythe

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).

4th November 2020

Report of	Assistant Director Place and Client	Author	Paul Smith Mandy Jones Paul Cook
Title	General Update on schemes funded through the RIF		
Wards affected	All Wards		

1. Executive Summary

- 1.1 This report provides an update on Revolving Investment Fund (RIF) funded schemes. It shows that good progress is being made in delivering the programme.

2. Recommended Decision

- 2.1 To note the contents of this report.

3. Reason for Recommended Decision

- 3.1 To monitor this important element of the Council's capital programme.

4. Alternative Options

- 4.1 Not applicable.

5. Background Information

- 5.1 The RIF was set up to recycle capital receipts into high performing investments for the Council in order to produce income.

Updates on the current projects are set out below:

- **Northern Gateway Sports Park**
 - The Sports Park project is continuing on site and due to complete by the end of November 2020.
 - The Sports Park opening has been delayed until 22nd March 2021 due to Covid-19.
 - The recruitment of staff is being reviewed for the sports park opening during March 2021.
 - The S278 works are underway for the Junction 28 on the A12. The works are set to complete April 2021 at the latest with a possibility of completion in January 2021, dependent on weather and permissions.
 - Planning conditions were approved allowing the Sports Park to use the Boxted Road and Severalls Lane as access for pedestrians whilst the Junction 28 pedestrian crossings are completed within 12 months post occupation of the Sports Park.

- Consultation with key stakeholders, sports users and funders has been ongoing throughout the construction period for the operational opening of the Sports Park.
- The site benefits from a café area under the Paddy and Scotts franchise which will be managed under the CBC Sports and Leisure.
- **Northern Gateway South**
 - A hybrid planning application has been submitted for the land south of Axial Way. Due to elongated highway negotiations, the planning application may not be taken to a planning meeting until the first quarter of 2021. The scheme comprises of new homes, commercial floor space, open space, Walk (formerly 'Boulevard'), access roads and a healthcare campus with a retirement living village.
 - The hybrid planning application requires an MOU on health and wellbeing to accompany any S106 contributions which is being progressed.
 - Following Cabinet approval of the heads of terms, work is progressing with the health care provider and key stakeholders to develop proposals for the land sale but highways issues mentioned above need to be resolved first.
 - The Heat Network boreholes have been completed and the delivery of the Heat Network is dependent on the CNG hybrid planning consent.
 - Works commenced to the 'Walk', the works were split into phases to facilitate the current residents (Archery and Rugby).
 - Phase 1 and 1a are due to complete October/November 2020 with Phase 2 due to restart April 2021.
 - The restart of works will incur prolongation costs which are still under negotiation.
 - The 'Walk' contract works has facilitated some additional infrastructure to accommodate the Heat Network Borehole chambers along the Walk.
 - Virement costs from the Walk project were taken to facilitate further works for the Hybrid Planning Application, these funds are required for the completion of Phase 2. A request for the hybrid planning application to virement these costs was agreed in October 2020
- **Town Centre**
 - 'Jacks': The building works and lease with the tenant completed early 2020.
 - The feasibility work on St Nicholas Square is now complete and is progressing with the advance payment from the Town Deal.
 - The feasibility project for 'Grow on Space' is well underway and additional funding solutions are being sought.
 - Land assembly around Vineyard Gate is nearly complete while a feasibility scheme is being designed.
 - Sport and leisure asset review is progressing with feasibility work ongoing to look at potential options.
 - St Botolph's public realm, improvements and repairs to existing public realm, work is ongoing to develop further improvements in this area
- **East Colchester**
 - Enhanced facilities for moored boats at the Hythe is underway with the installation of new electricity and water bollards.
 - Broad Lane Sports Ground-solution sought through wider strategic project.
- **Digital Strategy**
 - A £3.3m DCMS-funded digital deployment (local full fibre network programme) is underway and due for completion by the end of June 2021. This deployment

will form the core network enabling follow-on investment from the private sector (£10m initial investment secured) to improve connectivity across Colchester. A number of key elements of the project, including a new 95km link to London, have been completed. Work is underway to fully replace Colchester's existing CCTV system with a brand new, digital system to improve community safety and wellbeing. The new digital system will allow for expansion of the system to new areas, will significantly reduce high operational costs on maintenance and repair, and provide better storage of footage for use by the police when requested.

6. Equality, Diversity and Human Rights implications

- 6.1 All RIF projects are subject to Council policy on Equality and Diversity and legislation, policy and good practice is considered in emerging project plans. The Northern Gateway Sports Park development has been designed to promote access for all, inclusive use and accessibility to all groups.

7. Strategic Plan References

- 7.1 All projects outlined contribute directly to the Council's Strategic Plan 2020-23 priority 'Growing a better economy so everyone benefits' contributing to the ability, as outlined in the plan, to 'Enable Economic Recovery from Covid-19 ensuring all residents benefit from growth'. This is specifically detailed in the in the goal to 'Transform the Northern Gateway as a hub for improved wellbeing, physical activity, jobs, housing and renewable energy' 'address the inequality of access to Gigabit Broadband in communities' through the Digital Strategy. In addition, the projects are a major contribution to the Council's Covid-19 recovery plan providing jobs through construction and enabling economic recovery.
- 7.2 The Northern Gateway is specifically identified as a theme in the Council's Strategic Plan 2020-2023 under the priority 'Develop the Northern Gateway as a sustainable place for people to live, work and visit'. This also underpins to the Council's strategic priority to 'create new communities and adopt a Local Plan that delivers jobs, homes and the infrastructure to meet the borough's future needs'.
- 7.3 This update illustrates the contribution these projects make to the Strategic plan priority: 'Create an environment that attracts inward investment to Colchester and help businesses to flourish' and to 'Ensure a good supply of employment land and premises to attract new businesses and allow existing firms to expand and thrive'.
- 7.4 The projects also contribute to the Strategic Plan priority of 'Creating safe, healthy and active communities' as outlined in item 11 below.

8. Consultation

- 8.1 There are no particular consultation considerations necessary for this report. However, consultation (both statutory and non-statutory) is a major element of the individual project plans.

9. Publicity considerations

- 9.1 There are no particular publicity considerations necessary for this report. However, each project and the Northern Gateway itself has a communications and marketing plan, including targeted publicity and marketing to attract investment.

10. Financial implications

- 10.1 Progress on the 2020/21 RIF capital programme to Q1 2020/21 as reported to 8 September Governance and Audit Committee is set out in Appendix A.
- 10.2 Gains may be made directly from a RIF project, or indirectly where the RIF project facilitates wider developments that generate increased income in their turn. The subsequent table summarises the wider benefits of RIF projects. Returns are likely to be impacted by the Covid-19 situation in the short and medium term.

	Category of income	Summary of income source
1	Rental income	RIF projects may generate an ongoing income stream. Against this income stream should be offset the cost of any borrowing after allowing for grants and contributions from government and other sources.
2	Business Rates	<p>Commercial development leads to business rates income</p> <p>Under the current funding system, Colchester has a 40% share of business rates. MHCLG's assessment of Colchester's funding requirement is exceeded by business rates income so a tariff is paid.</p> <p>Colchester has previously benefited by outperforming its business rates baseline and its membership of the Essex business rates pool. Because of Covid-19 business rates performance is expected to be reduced by £1m in 2021/22 and £2m in 2022/23 compared to original MTFF assumptions as reported to 14 October 2020 Cabinet.</p> <p>The Government expects to reform local government finance in the near future. It is expected that the 2021/22 local government finance settlement will be a one year settlement only in view of Covid-19. The Government intends to move to 100% council retention of business rates in the medium term. It is unclear what proportion of existing and future growth would be retained by councils and for how long.</p>
3	Council Tax	<p>Residential development increases the council tax base</p> <p>The Government expects to reform local government finance in the medium term. It is likely at that stage the Council's funding base would be reset to reflect actual income levels. It is unclear whether future gains in council tax income would be retained by the Council.</p>
4	New Homes Bonus	<p>Residential development is rewarded by New Homes Bonus. Each additional unit is rewarded at the national average council tax for that band. Bonus is only paid for units above a 0.4% annual growth assumption.</p> <p>There are additional supplementary rewards for empty homes returned to use and affordable properties</p>

		Under the current system bonus earned is paid for 4 years. 80% goes to the Council and 20% to ECC.
		Government plans a fundamental review of New Homes Bonus in the medium term as part of its proposal to reform local government finance
5	S106	Major RIF projects may lead to S106 agreements

11. Health and Wellbeing and Community Safety implications

- 11.1 The development of the Sports Park contributes directly to the Strategic Plan priority of 'Creating safe, healthy and active communities' and facilitates health and well-being of borough residents in general. The provision of a major new sports facility for the borough with a diverse offer and access for all enables increased access to healthy lifestyles and inclusion in sports and leisure activities.
- 11.2 As outlined in item 5.1 the Digital Strategy includes the work to replace Colchester's existing CCTV system will improve community safety and wellbeing, enabling enhanced monitoring and improving public safety.

12. Environment and Sustainability Implications

- 12.1 The Council has declared a Climate Emergency and has committed to being carbon neutral by 2030. This project will help promote sustainable travel and renewable energy that will contribute towards the achievement of sustainable development as defined in the National Planning Policy Framework. Achieving sustainable development means meeting three overarching objectives, which are interdependent and need to be pursued in mutually supportive ways. These are economic, social and environmental objectives.
- 12.2 The projects contribute towards sustainable communities. Projects such as the Heat Network, an innovative low-carbon energy network, make positive contributions to reducing the impact of growth. The award of the contract, and subsequent development delivered, will promote the Climate Emergency and the sustainable development objectives set out in the National Planning Policy Framework.

APPENDIX A: Finance report to September Governance and Audit with updated comments. These are Quarter 1 figures.

	Total Programme £'000	Accrued spend to Q1 £'000	Forecast 2020/21 £'000	Spend against forecast %	Forecast 2021/22 £'000	Forecast 2022/23 £'000	Forecast 2023/24 £'000	RAG Status Current
CNGN - Sports Park	7,078	1,414	6,664	21%	414	0	0	Amber
CNGS (Including The Walk)	5,161	67	4,991	1%	170	0	0	Green
Colchester Northern Gateway Heat Network	3,896	6	3,896	0%	0	0	0	Green
Digital Strategy - works	3,186	434	3,186	14%	0	0	0	Green
Town Centre	2,099	12	964	1%	1,135	0	0	Amber
Pre-development and feasibility funds	250	0	250	0%	0	0	0	Green
St Botolph's Public Realm	118	0	118	0%	0	0	0	Green
Jacks - St Nicholas St	-22	71	-93	N/A	0	0	0	Amber

Comments on amber rated schemes:

Colchester Northern Gateway North

Timing: There was a target Sports Park completion of May 2020. The estimated practical completion is now November 2020.

Cost: Work ongoing with funders to meet funding criteria and with end users of the completed Sports Hub facility.

Complexity: There have been social distancing, and lock-down delays to project and an agreed variation to project, to the Sports Park building which is now having a balcony built that has also delayed completion.

Town Centre

Timing: The programme will be delivered with the majority of the spend in 2020/21.

Cost and complexity: No new issues

Jack's – St Nicholas Square

Timing: Project has completed with a new tenant.

Cost: There is a overspend of £90k to the end of Q1 which will increase to approximately £120k Q2 once the retention money is paid.

Complexity: The project has been exceptionally complex but is now complete. It is expected that any overspend can be met by virement.