

# Revolving Investment Fund Committee Meeting

**Grand Jury Room, Town Hall, High Street,  
Colchester, CO1 1PJ  
Monday, 01 February 2016 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, which is usually published 5 working days before the meeting, and minutes once they are published. Dates of the meetings are available at [www.colchester.gov.uk](http://www.colchester.gov.uk) or from Democratic Services. Occasionally meetings will need to discuss issues in private. This can only happen on a limited range of issues, which are set by law. When a committee does so, you will be asked to leave the meeting.

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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**  
**Monday, 01 February 2016 at 18:00**

**Member:**

Councillor Mark Cory  
Councillor Annie Feltham  
Councillor Bill Frame  
Councillor Tim Young

**Substitutes:**

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

**AGENDA - Part A**  
(open to the public including the press)

**Members of the public may wish to note that Agenda items 1 to 5 are normally brief.**

**1 Welcome and Announcements**

- a) The Chairman to welcome members of the public and Councillors and to remind all speakers of the requirement for microphones to be used at all times.
- (b) At the Chairman's discretion, to announce information on:
  - action in the event of an emergency;
  - mobile phones switched to silent;
  - the audio-recording of meetings;
  - location of toilets;
  - introduction of members of the meeting.

**2 Substitutions**

Members may arrange for a substitute councillor to attend a meeting on their behalf, subject to prior notice being given. The attendance of substitute councillors must be recorded.

**3 Urgent Items**

To announce any items not on the agenda which the Chairman has agreed to consider because they are urgent, to give reasons for the urgency and to indicate where in the order of business the item will be considered.

**4 Declarations of Interest**

The Chairman to invite Councillors to declare individually any interests they may have in the items on the agenda. Councillors should consult Meetings General Procedure Rule 7 for full guidance on the registration and declaration of interests. However Councillors

may wish to note the following:-

- Where a Councillor has a disclosable pecuniary interest, other pecuniary interest or a non-pecuniary interest in any business of the authority and he/she is present at a meeting of the authority at which the business is considered, the Councillor must disclose to that meeting the existence and nature of that interest, whether or not such interest is registered on his/her register of Interests or if he/she has made a pending notification.
- If a Councillor has a disclosable pecuniary interest in a matter being considered at a meeting, he/she must not participate in any discussion or vote on the matter at the meeting. The Councillor must withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.
- Where a Councillor has another pecuniary interest in a matter being considered at a meeting and where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the Councillor's judgement of the public interest, the Councillor must disclose the existence and nature of the interest and withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.
- Failure to comply with the arrangements regarding disclosable pecuniary interests without reasonable excuse is a criminal offence, with a penalty of up to £5,000 and disqualification from office for up to 5 years.

## **5 Have Your Say!**

a) The Chairman to invite members of the public to indicate if they wish to speak or present a petition at this meeting – either on an item on the agenda or on a general matter relating to the terms of reference of the Committee/Panel not on this agenda. You should indicate your wish to speak at this point if your name has not been noted by Council staff.

(b) The Chairman to invite contributions from members of the public who wish to Have Your Say! on a general matter relating to the terms of reference of the Committee/Panel not on this agenda.

## **6 Minutes**

To confirm as a correct record the minutes of the meeting held on 11 November 2016.

**11-11-15**

**9 - 12**

- 7      **The Redevelopment of 5-6 St Nicholas Street (Jacks)**      13 - 24

See report by the Head of Commercial Services and the Assistant Chief Executive

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      **The Redevelopment of 5-6 St Nicholas Street (Jacks) (Part B)**

**The following report contains exempt information (financial/business affairs of a particular person, including the authority holding the information) as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.**

See report by the Head of Commercial Services and the Assistant Chief Executive

10      **Colchester Northern Gateway (North) Development Proposal**

**The following report contains exempt information (financial/business affairs of a particular person, including the authority holding the information) as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.**

See report by the Head of Commercial Services





**REVOLVING  
INVESTMENT FUND  
COMMITTEE**

**11 November 2015**

*Present:-* Councillors Cory, Feltham, Frame and T. Young

*Substitutes:-*None

*Also in attendance:-* Councillor Jarvis

**21. Minutes**

*RESOLVED* that the minutes of the meeting held on 16 September 2015 be confirmed as a correct record.

**22. Revolving Investment Fund (RIF) – Financial Update**

The Head of Commercial Services submitted a report a copy of which had been circulated to each Member.

Steve Heath, Finance Manager, presented the report and explained the sources of revenue income into the RIF. This is currently projected to increase to £954k per year by 2018/19. The anticipated additional income from business rates from RIF activities was not yet available, but it would have a positive impact on the amount that the Council retains. The RIF expenditure forecast was £16,759,000. This would be met through a mixture of capital programme allocations, capital receipts and revenue funding. The capital programme allocations had been reviewed and reallocated since the Committee had last reviewed the RIF. The shortfall from the capital programme would be met through capital receipts and revenue funding. In summary, over the period to the end of 2018/19, a small surplus of £780,000 was forecast. The proposed budgets for RIF projects in the capital programme, were set out in Appendix B.

*RESOLVED* that:-

- (a) The financial position in the Revolving Investment Fund be noted.
- (b) The proposed allocations of funding set out in summary at paragraph **Error! Reference source not found.** of the Head of Commercial Services report be agreed.

*REASONS*

Cabinet agreed to create the RIF as a way to recycle capital receipts into profitable high income producing development schemes and regeneration / economic growth projects. This paper sets out the updated financial position of the RIF and proposes allocations of funding to specific projects.

#### *ALTERNATIVE OPTIONS*

It would be possible to consider different allocations to projects. However, the proposals in this report represent a considered view of the cost to deliver a number of projects and income budget targets.

### **23. Sheepen Place Office Development Proposal – Update Report**

The Head of Commercial Services submitted a report a copy of which had been circulated to each Member.

Fiona Duhamel, Economic Growth Manager, presented the report and explained progress on the development since the proposal had been approved at the Committee meeting on November 2014. An agreement for the lease had been signed with Birkett Long and planning permission had been granted on 5 November 2015. The project remained on timescale and on budget. The next key milestone would be the issue of tenders in early December. Now planning permission had been granted for this phase of the project, work would begin on marketing and finding a tenant for the next phase.

Members of the Committee expressed their support for the development. It was encouraging for Colchester that a successful local business wanted to develop its business in Colchester. It was also a good example of the commercial approach to the use of the Council's assets which would generate an ongoing income stream. The green credentials of the building were emphasised, which was demonstrated by the fact that the building had been designed to reach the BREAM standard of Very Good.

- (a) Progress made against key milestones in the development programme be noted.
- (b) Progress against programmed capital budget spend be noted.

#### *REASONS*

To ensure the development programme progresses on time and on budget and meets the Council's overall objectives of delivering a high quality scheme with a revenue income to support service delivery.

#### *ALTERNATIVE OPTIONS*

No alternative options were proposed.

### **24. Colchester Northern Gateway (North) Development Proposal**

The Head of Commercial Services submitted a report a copy of which had been circulated to each Member.

Fiona Duhamel, Economic Growth Manager, presented the report and highlighted the vision for the site which was based on the related themes of participation, elite performance and health activity. It was anticipated that the development would improve performance at elite level and would widen participation in sport more generally. Increased participation in sport would also bring health benefits.

The site was close to the park and ride site and its linkages with cycleways, footpaths and bridleways would be developed. It was anticipated that the site would include the relocation of Colchester Rugby Club, including a 3G pitch, a multi sports building and cycling facilities, including a velodrome or closed road circuit. The Council was working with national agencies such as Sports England and sporting associations, as well as local sports clubs, in developing the proposals.

Members of the Committee considered that the proposals fitted well the Strategic Plan priorities, particularly in relation to providing opportunities for health, wellbeing and enjoyment for all. It would also complement the more commercial leisure developments to the south of the A12. The scheme, in particular the cycling facilities, had great potential to attract large numbers of visitors to Colchester,

In response to queries from members it was confirmed that all of the existing activities at the rugby club would be relocated, either to this site or elsewhere. The exact nature and extent of the facilities to be provided for the club was still to be determined.

*RESOLVED* that progress made to date on the feasibility study for the development of the site be noted.

#### *REASONS*

To ensure the development of Northern Gateway as a key sports/leisure destination within the Borough and wider.

To ensure the initial business case is reviewed and agreed before progressing onto the more detailed work around the proposal.

#### *ALTERNATIVE OPTIONS*

At this stage there are few alternative options as work is still at an early stage although the RIF could decide to re-visit the mix of uses and proposals for the site in the light of planning policy and market conditions

**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 items 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.**

## **25. Minutes – Not for Publication Extract**

*RESOLVED* that the not for publication extract of the minutes of the meeting held on 16 September 2015 be confirmed as a correct record.

**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 items 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.**

## **26. Revolving Investment Fund - Financial Update**

*RESOLVED* that the appendices to the Head of Commercial Services report be noted.

**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 items 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.**

## **27. Colchester Northern Gateway (North) Development Proposal**

The Head of Commercial Services submitted an initial business case for the Colchester Northern Gateway Sports Hub a copy of which had been circulated to each Member together with

*RESOLVED* that the initial business case for the proposed development be approved and that work be undertaken to progress a detailed business case to be presented to the RIF in January 2016.

### *REASONS*

As set out in minute 24.

### *ALTERNATIVE OPTIONS*

As set out in minute 24.

# Revolving Investment Fund Committee

Item  
**7**

1 February 2016

Report of	Head of Commercial Services Assistant Chief Executive	Howard Davies 01206 507885
Title	The redevelopment of 5-6 St Nicholas Street (Jacks)	
Wards affected	Castle	

**This report concerns the proposal to use RIF (Revolving Investment Fund) funds for the redevelopment of 5-6 St Nicholas Street (Jacks) in order to meet the Council's regeneration objectives for this part of the town centre, stimulate economic development, deliver jobs and help meet the Council's future financial targets.**

## 1. Decisions Required

- I. To approve the recommended proposal outlined in the confidential Part B of the agenda, including high level building specification, costings and delivery programme for the proposed mix use development at 5-6 St Nicholas Street (known as Jacks).
- II. To approve the release of capital funding identified in the confidential section of this agenda from the RIF for spend on the project, together with an agreement to carry out short term borrowing if required (subject to final viability check at the point of planning consent).
- III. To note the options, financial assumptions and associated risks as set out in the confidential business case.
- IV. To give delegated authority to the Strategic Director for Commercial and Place in consultation with the Portfolio Holder for Business and Resources to submit a planning application and subject to final viability checks, to appoint a building contractor following an open tender process.
- V. To note that a further report will come back to Cabinet in respect of the delivery mechanism for the residential units.

## 2. Reasons for Decisions

- 2.1 The RIF was established to recycle capital receipts into projects that could deliver against a number of Council objectives. The RIF can be used to support wider economic growth targets and deliver infrastructure supporting regeneration but its principle function is to recycle capital funds from the sale of assets for investment into income producing opportunities which can in turn support provision of frontline Council services. This proposal delivers on a number of these objectives by, restoring a historic building in a

key part of the town centre to deliver economic growth, creating new town centre living opportunities and providing a return through a robust investment case.

- 2.2 Where the Council wishes to secure high levels of future income there is a need to carry out investment decisions in a more commercially focused way based on a clear business case. The Business case is attached to the report on Part B of the agenda.

### **3. Alternative Options**

- 3.1 The business case in Part B of this agenda outlines a number of ways in which the site can be redeveloped but the only alternative option to redevelopment is to leave the building in its existing state with the current temporary tenant on the ground floor and vacant space on the upper floors. Given the age and general condition of the building it is not recommended that this option is pursued as costs of maintenance and repair will increase. Furthermore this area is starting to benefit from increased inward investment and if the location improves then values will rise making redevelopment an attractive option.

### **4. Supporting Information**

- 4.1 5-6 St Nicholas Street was purchased by CBC in 1967. The property was for some time leased by Jacks at a rent of £17,150 but this firm went into liquidation in January 2013. Since September 2014 the property has been let to the Bridge Way charity.
- 4.2 The Council allocated £30k in 2015 to carry out a feasibility exercise into the opportunity to redevelop the site for a mixed used development. This work included, initial designs, cost plans, building surveys, planning, viability work and investigations into general market conditions in the locality.
- 4.3 Following a procurement process the Council appointed Purcell, a Colchester based architectural firm, to carry out an initial design process on the site.
- 4.4 A series of meetings have been held between the Council as client, the architects and planning service to agree the design concept which would be appropriate for the character of the building and its surroundings.
- 4.5 This feasibility work has now completed (see Appendix A Plans) and a number of development options have been identified in the confidential business case attached to Part B of this agenda.

### **5.0 The Proposal**

- 5.1 The option which Purcell has produced provides for commercial/retail space on the ground floor; this commercial use would be along the whole of the St Nicholas Street elevation, providing an active retail frontage. Seven residential flats would be created over the three floors, a mixture of one and two bedrooms. The proposal includes a three storey rear extension and alterations to existing roof height within the building. The front elevation will remain as existing.
- 5.2 The flats are generally of a larger size than most modern flatted developments to reflect the high quality of the development. Given the Town Centre location, car parking would not be provided, but a cycle storage area would be included.

- 5.3 It is proposed that the Council would develop the scheme using capital within the Revolving Investment Fund and retain the completed investment to provide an ongoing revenue stream.

## **6. Strategic Plan References**

- 6.1 The scheme will “Promote Colchester to attract further inward investment and additional businesses, providing greater and more diverse employment” by investing in an area of the town centre which is currently benefiting from private sector investment.
- 6.2 The preferred development is expected to “Promote Colchester’s heritage and wide ranging tourism attractions to enhance our reputation as a destination” by giving a new lease of life to a well loved historical building within the town centre.

## **7. Consultation**

- 7.1 Given the small scale nature of the development, it is not envisaged that a public consultation exercise will be required, although the plans for the building could be included in any wider consultation exercise or exhibition for the Town Centre.
- 7.2 The redevelopment will require a planning application which will provide an opportunity for public consultation.

## **8. Publicity Considerations**

- 8.1 Although the redevelopment of this building will be a relatively small project there has been strong public interest in plans for its future. Therefore opportunities will be taken all the way through the redevelopment process to engage with the public, local historical groups and ward councillors.

## **9. Financial implications**

- 9.1 The financial implications and case for investment are addressed in detail in the Part B report and confidential Business Case.

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

- 10.1 Please see EQIA report here - <http://www.colchester.gov.uk/article/12743/Commercial-Services> or by following the pathway [www.colchester.gov.uk](http://www.colchester.gov.uk) / Your Council/How the Council Works/Equality and Diversity/Equality Impact Assessments/Commercial Services.

## **11. Risk Management Implications**

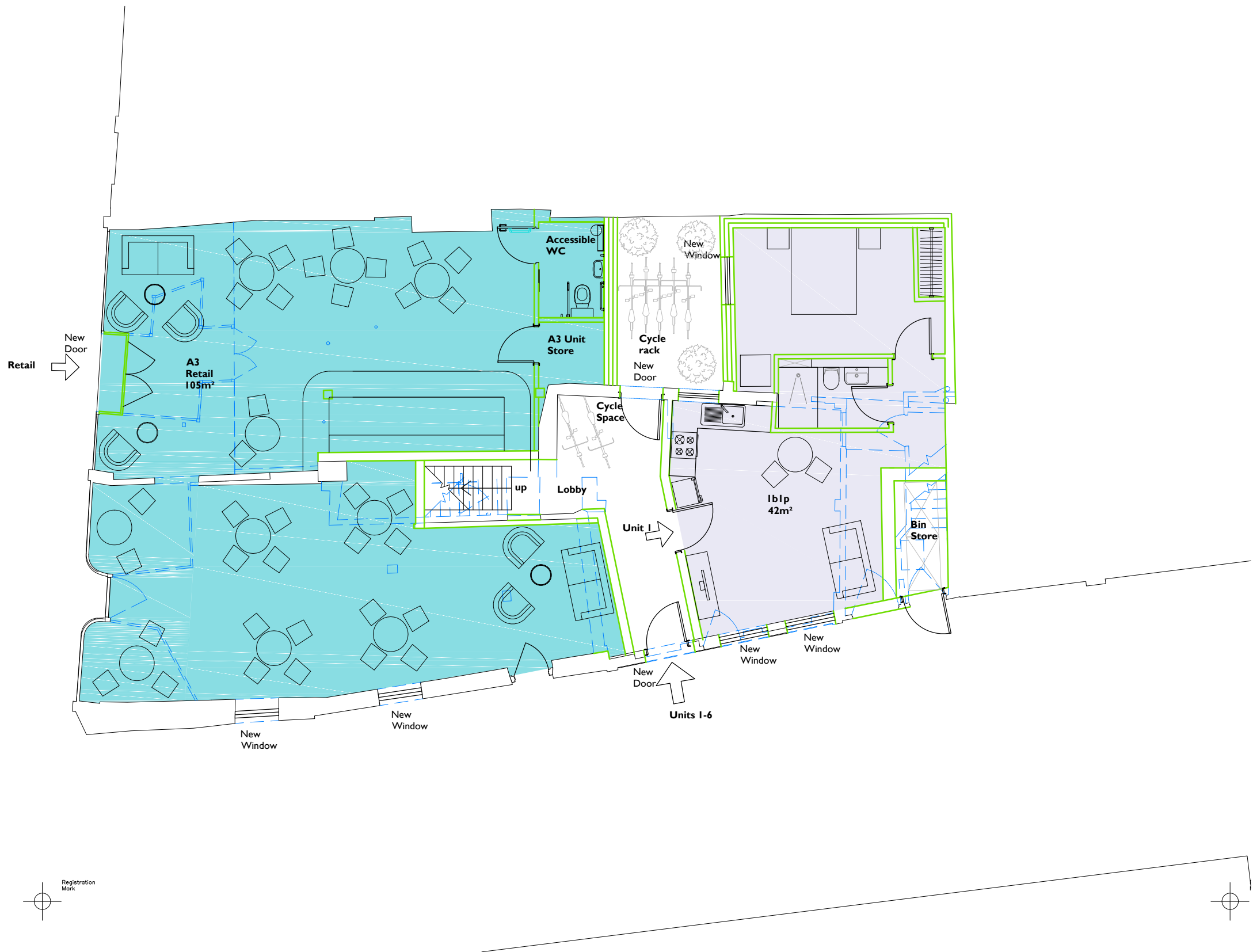
- 11.1 A risk register has been prepared for the scheme. The key identified risks are reported in the Business Case.

### **Appendices**

Appendix A –site plans  
Appendix B – site map







**I**  
**000** **Ground Floor Proposed**  
**1:100@A3**

**Notes:**  
Drawings are based on survey data and may not accurately represent what is physically present.  
Do not scale from this drawing. All dimensions are to be verified on site before proceeding with the work.  
All dimensions are in millimeters unless noted otherwise.  
Purcell shall be notified in writing of any discrepancies.

**Key Plan**  
not to scale

First Issue	May 2012	AE		
ISSUE	DATE	DRAWN	CHECKED	DESCRIPTION
CLIENT	Colchester Borough Council			
PROJECT	Jacks, 5-6 St Nicholas St & 60 Culver St East			
DRAWING TITLE	Option 3 Ground Floor Plan			
SIZE & SCALE	A3L	1:100@A3		
DRAWING STATUS	WORK IN PROGRESS			

**JOB NUMBER** 236788  
**DRAWING NO.** 001  
**REVISION** -

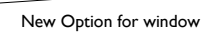







Purcell shall be notified in writing of any discrepancies.

**Key Plan**  
not to scale

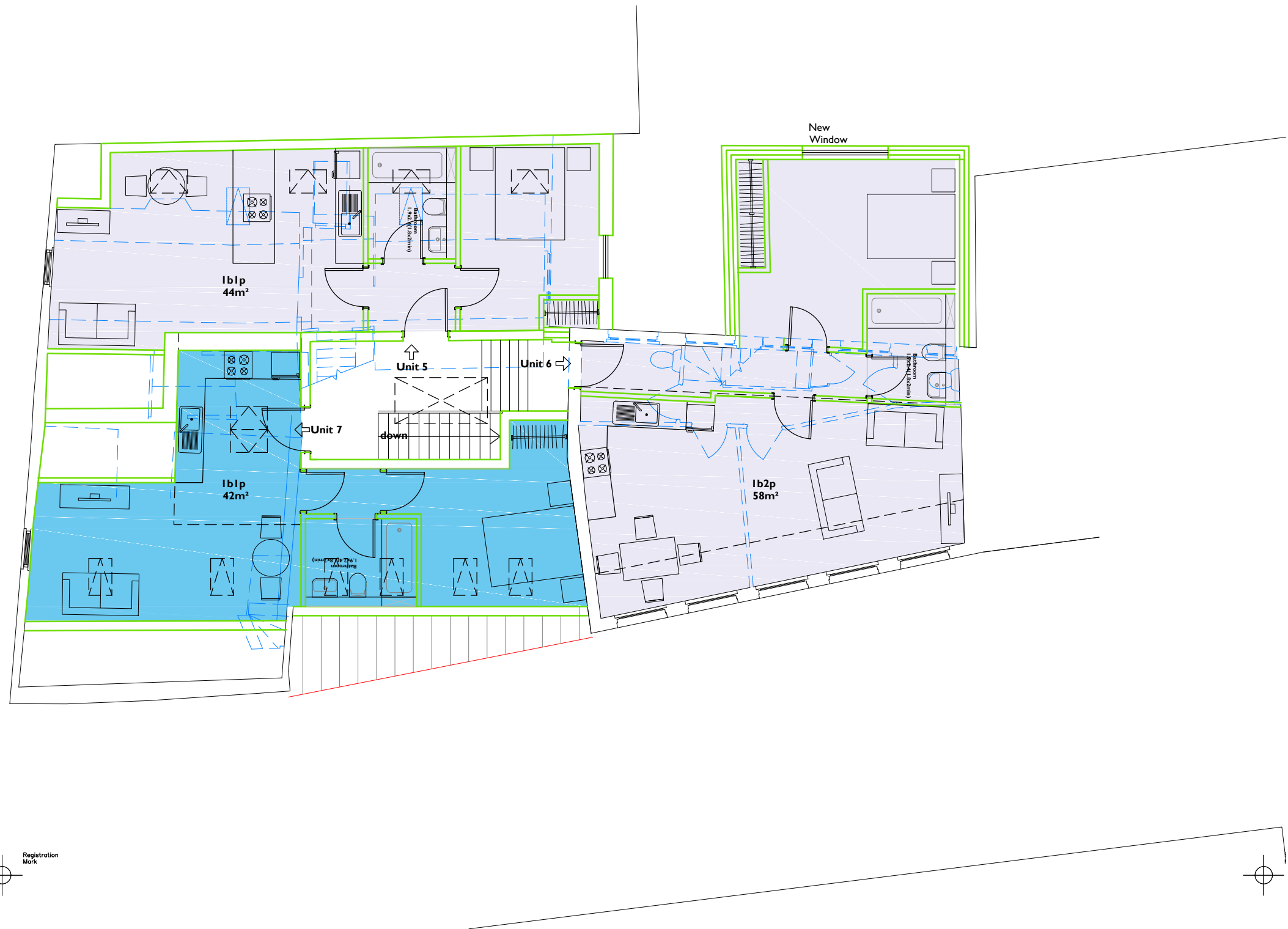


First Issue		May 2012		AE	
ISSUE	DATE	DRAWN	CHECKED	DESCRIPTION	
<b>CLIENT</b>		Colchester Borough Council			
<b>PROJECT</b>		Jacks, 5-6 St Nicholas St& 60 Culver St East			
<b>DRAWING TITLE</b>		Option 3 First Floor Plan			
<b>SIZE &amp; SCALE</b>		A3L 1:100@A3			
<b>DRAWING STATUS</b>		WORK IN PROGRESS			

<b>JOB NUMBER</b>	236788	
<b>DRAWING NO.</b>	002	
<b>REVISION</b>	-	

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Key Plan

not to scale

First Issue

28 May 2012

AE

ISSUE	DATE	DRAWN	CHECKED	DESCRIPTION
CLIENT				Colchester Borough Council
PROJECT				Jacks, 5-6 St Nicholas St & 60 Culver St East
DRAWING TITLE				Option 3 Second Floor Plan
SIZE & SCALE		A3L	1:100@A3	
DRAWING STATUS				WORK IN PROGRESS
JOB NUMBER		236788		
DRAWING NO.		003		
REVISION		-		

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