

**REVOLVING
INVESTMENT FUND
COMMITTEE**

18 October 2016

Present:- Councillors Feltham, Smith,

Substitutes: Councillor Lilley for Councillor T. Young

Councillor Scott attended as an observer in her capacity as Chairman of the Trading Board

49. Election of Chairman for the meeting

RESOLVED that Councillor Smith be elected as Chairman for this meeting.

50. Minutes

RESOLVED that the minutes of the meeting held on 10 August 2016 be confirmed as a correct record.

51. Revolving Investment Fund – Update

The Assistant Chief Executive submitted a report a copy of which had been circulated to each Member.

Steve Heath, Finance Manager, attended and presented the report to the Committee. The position on the revenue and forecast expenditure for the Revolving Investment Fund (RIF) were highlighted. Whilst the detailed summary of the RIF was set out in the not for publication Appendix C, in broad terms the latest forecast of expenditure, capital receipts and revenue contributions showed a deficit of £3.6m in 2018/19, which was a considerable increase compared to the position reported to the Committee in March 2016. This would fall to a more manageable shortfall of £81k by the end of 2020/21. This may give rise to a short term borrowing requirement in the intervening period, which could be met by internal borrowing.

The Committee noted the latest position and thanked officers. The financial position of the RIF reflected the enterprising approach of the administration and the scale of its ambition for the next 3-4 years.

RESOLVED that the latest financial position for the Revolving Investment Fund be noted.

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 report 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.

52. The Redevelopment of 5-6 St Nicholas Street (Jacks)

The Assistant Chief Executive submitted a report a copy of which had been circulated to each Member.

Howard Davies, Regeneration Project Manager, presented the report to the Committee.

In respect of the options set out at paragraph 5.1 of the Assistant Chief Executive's report, it was the view of the Committee that a more flexible approach should be taken. It was too early to take a conclusive view of the approach that should be taken to the long term future of the development. It would be more sensible to take such a decision at a later stage taking into account the market conditions at the time and the impact of other developments in the area, such as the Curzon cinema and Primark. It was also suggested that it would be sensible to consult the Trading Board on the long term approach.

Officers highlighted that if the approach was to sell some or all of the units then it was important to get these on the market at an early stage. The Committee stressed that it would rely on officer's advice on the most appropriate time to take a decision on the long term future and anticipated it would be taken no later than twelve months after development commenced.

RESOLVED that:-

- (a) The progress to date on the project to redevelop 5-6 St Nicholas Street (Jacks) be noted.
- (b) The additional scheme cost of £126,600 which has resulted from further detailed design work for the planning application be agreed.
- (c) Further consideration to be given to the options set out at paragraph 5.1 of the report, or a combination of these options, for the long term future of the asset once development was complete, with a decision to be taken no later than twelve months after development commences.

REASONS

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.

At the February 2016 meeting of the RIF, funding was approved for the redevelopment of Jacks and it was agreed that the delivery mechanism for the residential units would be subject to a further report to the RIF. The report sets out the recommended delivery mechanism.

ALTERNATIVE OPTIONS

Funding for the redevelopment of 5-6 St Nicholas Street was approved by the RIF on 1 February 2016, and the Assistant Chief Executive's report outlines a number of ways for the delivery of the residential units to be managed. 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. Structural surveys of the building undertaken as part of the project has resulted in temporary props being required to ensure the stability of the building, therefore if the building is not redeveloped there will be an immediate need to provide a permanent solution to the existing structural deficiencies.

The building could be sold in the open market. It is unlikely that a private developer would carry out works to the existing building, as proposed by the Council. It is more likely the developer would request that the building be demolished and a completely new development take place. This would result in the loss of this popular building in Colchester. The building is not listed and protection would be unlikely.

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.

53. Minutes

RESOLVED that the not for publication extract from the minutes of the meeting held on 10 August 2016 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 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.

54. Revolving Investment Fund – Financial Update

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 any particular person (including the authority holding that 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.

55. The Redevelopment of 5-6 St Nicholas Street (Jacks)

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 any particular person (including the authority holding that information)).