

Revolving Investment Fund Committee Meeting

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

Wednesday, 13 November 2019 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.

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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.

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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
Wednesday, 13 November 2019 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.

1 Election of Chairman

The Committee will elect a Chairman for the 2019-20 municipal year

2 Election of Deputy Chairman

The Committee will elect a Deputy Chairman for the 2019-20 municipal year.

3 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.

4 Substitutions

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

5 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.

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 of 20 March 2019 are a correct record.

RIF 200319

9 - 10

8 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.

9 General Update on Schemes Funded Through the Revolving Investment Fund

11 - 16

The Committee will consider a report setting out the progress of the schemes being funded through the Revolving Investment Fund.

10 Potential Disposal of Land at the Hythe

17 - 20

The Committee will consider a report setting out the progress on the potential disposal of land at the Hythe.

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)

12 **General Update on Schemes Funded Through the Revolving Investment Fund - Part B**

The Committee to note the not for publication appendix to the Assistant Director's report.

13 **Potential Disposal of Land at the Hythe - Part B**

The Committee will consider a report inviting the Committee to agree the Heads of Terms for the disposal of a piece of land at the Hythe.

REVOLVING INVESTMENT FUND COMMITTEE

20 March 2019

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

89. Minutes

RESOLVED that the minutes of the meeting held on 16 January 2019 be confirmed as a correct record.

90. Future High Streets

The Assistant Director, Policy and Corporate, submitted a report a copy of which had been circulated to each Member. Matthew Brown, Principal Development Manager, attended to present the report and assist the Committee.

In discussion members asked Matthew about the possibility of receiving some early funding than the expected 2020 date. Matthew Brown informed the Committee that there might be a possibility of requesting some funding of at least £250,000 summer 2019, if successful with moving on to Phase 2 (business case development) which then would help with funding further studies.

Matthew Brown also highlighted three Historical buildings located within the Business Improvement District (BID); Holy Trinity Church, St Georges Hall and Jumbo. Two Heritage assets are beyond the BID boundary; the Roman Church remains off Southway, and the Roman Circus Centre – these will be referenced within the application.

RESOLVED that:-

- (a) The contents of the Assistant Directors report, be noted ; in particular the proposed Vision and Strategy, the list of key issues and evidence identified to support the development of this Strategy and the strong support it has received from key partner organisations and groups with an interest in the Town Centre.
- (b) Authority for the finalisation and submission of an Expression of Interest to Government on 22nd March 2019 be delegated to the Assistant Director, Policy and Corporate, in consultation with the Portfolio Holder for Business and Culture.
- (c) The development of related Business Cases and further stakeholder development and consultation (which would be funded through revenue drawn down

from MHCLG as part of this programme) in the event that Colchester is successful at the EOI stage be agreed.

REASONS

Future High Streets' gives Colchester an opportunity to secure financial and nonfinancial support from Government to ensure our town centre is fit for future purpose. It builds on the Council's 'Better Town Centre Plan – Colchester Town Centre Supplementary Planning Document' (2012) and the 'Our Colchester' (Business Improvement District) Vision and Business Plan (2018) identifying key themes and interventions needed to enhance the important Town Centre area.

The Vision and Strategy has been endorsed by key stakeholders including 'Our Colchester' (BID), Policy and Public Initiatives Panel, Colchester Creative Board, Safer Colchester Partnership, key organisations representing History and Heritage, Business and Enterprise, ECC & SE LEP, and wider Community Groups and Organisations that have an interest in the Town Centre.

ALTERNATIVE OPTIONS

It will be possible to apply to other Funding Opportunities from Government as they arise, however 'Future High Streets', represents a significant and timely opportunity to develop focused interventions that together will improve the sustainability and resilience of our town centre in the face of current and significant challenges.

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.

90. Minutes

RESOLVED that the not for publication extract from the minutes of the meeting held on 16 January 2019 be confirmed as a correct record.

13th November 2019

Report of	Assistant Director Policy and Corporate	Author	Holly Brett ☎ 508830 Paul Cook ☎ 505861
Title	General Update on schemes funded through the RIF		
Wards affected	All Wards		

1. Executive Summary

- 1.1 This report provides an update on 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 on site and work is well underway, with completion expected in early summer next year
 - Work has begun on the programming of sports events to take place upon opening
 - Consultation with key stakeholders, sports users and funders is ongoing
 - Works to the cricket pavilion and wicket at Mile End is now complete
- Northern Gateway South
 - A hybrid planning application has been submitted for the land south of Axial Way and is expected to be heard at planning committee later this year. The scheme comprises of new homes, commercial, open space, boulevard, access roads and a healthcare campus

- Following the cabinet approval of the heads of terms, work is progressing with the health care provider and key stakeholders to develop proposals further for the site off Axial Way
 - Work has started on site for the borehole test required for the heat network project, this work now forms part of Amphora Energy's remit and will be reported on though the board
- Town Centre
 - Work is progressing on site at the former "Jacks" building with work expected to complete before the end of the year
 - The feasibility work on St Nicholas Square is now complete and funding solutions are being investigated
 - The feasibility project for "Grow on Space" is well underway funding sought from SELEP, this was not successful in this round and alternative funding solutions are being sought
 - Land assembly is ongoing with the acquisition of properties in the surrounding area of Vineyard gate
 - Sport and leisure asset review; feasibility work is ongoing to look at potential options
 - St Botolphs 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
 - We continue to work with Essex County on the Haven Road flood issues
 - Broad Lane Sports Ground-solution sought through wider strategic project
- Digital Strategy
 - The Town Centre network has been extended in places to allow new business connections to the network
 - A bid has made to Department for Culture Media and Sport Local Full Fibre Network fund. This will enable expansion of the existing network to most of urban Colchester and to some outlying areas. This bid will pay for the infrastructure works required for the expansion]

6. Equality, Diversity and Human Rights implications

6.1 Not applicable

7. Strategic Plan References

7.1 The RIF supports the Strategic Plan in terms of Growth: Ensuring all residents benefit from the growth of the borough and Opportunity; promoting and improving Colchester and its environment

8. Financial implications

8.1 Progress on the 2019/20 RIF capital programme is set out in Appendix A.

- 8.2 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.
- 8.3 Expenditure and income from specific projects is set out in the table in the Appendix in Part B of the agenda.

	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 also benefits by outperforming its business rates baseline and its membership of the Essex business rates pool</p> <p>The Government expects to reform local government finance in 2021/22. The Government intends to move to 100% council retention of business rates in 2021/22. 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 2021/22. 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> <p>Under the current system bonus earned is paid for 4 years. 80% goes to the Council and 20% to ECC.</p> <p>Government has reserved the right to review the new homes bonus system in the 2020/21 local government finance settlement.</p> <p>Government has also announced a fundamental review of New Homes Bonus in 2021/22 as part of its proposal to reform local government finance</p>
5	S106	Major RIF projects may lead to S106 agreements

9. Standard References

- 9.1 There are no particular consultation or publicity considerations; community safety; health and safety or risk management implications.

	Total Programme £'000	Accrued spend to Q2 £'000	Forecast 2019/20 £'000	Forecast 2020/21 £'000	Forecast 2021/22 £'000	Forecast 2022/23 £'000	(Surplus) / Shortfall £'000	RAG Status		
Appendix A								REVOLVING INVESTMENT FUND	Previous	Current
Northern Gateway North	61	5	61	0	0	0	0	G	G	
CNGN - Mile End Cricket	59	4	59	0	0	0	0	G	G	
CNGN - Sports Hub	21,960	6,703	20,259	1,701	0	0	0	A	A	
Northern Gateway South	30	37	30	0	0	0	0	G	G	
CNGS - Detailed Planning	214	181	214	0	0	0	0	G	G	
CNGS - Boulevard	3,250	170	500	2,750	0	0	0	G	G	
Town Centre	2,185	105	500	1,685	0	0	0	A	A	
Jacks - St Nicholas St	644	203	644	0	0	0	0	G	G	
St Nicholas Square & Balcerne Gardens	26	2	26	0	0	0	0	G	G	
Sheepen Road Phase 2	85	53	85	0	0	0	0	G	G	
St Botolphs Public Realm	118	1	10	108	0	0	0	G	G	
East Colchester Enabling Fund	141	0	141	0	0	0	0	G	G	
Moorings Utility Works	75	3	75	0	0	0	0	-	G	
Breakers Park	69	0	69	0	0	0	0	G	G	
Digital Strategy - feasibility	160	51	160	0	0	0	0	G	G	
Sport & Leisure Asset Review	120	0	120	0	0	0	0	G	G	
Grow-on - former Queen St Bus Depot	31	0	31	0	0	0	0	G	G	
Broad Lane Sports Ground Wivenhoe	12	0	12	0	0	0	0	G	G	
Pre development/feasibility funds	250	0	0	250	0	0	0	G	G	
TOTAL - RIF	29,490	7,518	22,996	6,494	0	0	0			

Comments on Sports Hub:

Main contractor on site and work is well underway with target completion of May 2020. Work ongoing with funders to meet funding criteria and with end users of the completed facility.

Comments on Town Centre:

The programme will be delivered but some spend in 2020/21.

13th November 2019

Report of	Strategic Director Policy and Place	Author	Holly Brett
Title	Potential Disposal of Land at the Hythe		☎ 508830
Wards affected	Old Heath and the Hythe Ward		

1. Executive Summary

- 1.1 This report seeks to provide an update on the potential disposal of land at the Hythe and offers received

2. Recommended Decision

- 2.1 To enter into Heads of Terms with the preferred bidder on the land at the Hythe as outlined in the confidential part of this report

3. Reason for Recommended Decision

- 3.1 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 de contamination 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 re developed at the Hythe and brings other financial benefits to the borough
- 3.2 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.
- 3.3 The preferred purchaser offers the best potential capital receipt and means the area is regenerated and decontaminated

4. Alternative Options

- 4.1 Not to dispose of the site to the preferred purchaser

5. Background Information

- 5.1 The 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 de contamination required on the site, estimated at circa £4m. Previously, the Cabinet agreed to pursue the Legacy proposal, that delivered homes, sports facilities and student accommodation. Whilst this proposal carried risk for the Council, it did bring the benefit of regeneration to the area, including some open and green space provision.

- 5.2 The Legacy proposal has not progressed as the scheme viability showed a funding shortfall of £10m and CBC's bid to the Housing Infrastructure Fund (HIF) to breach the gap was unsuccessful. This scheme also relied on the transfer of the COLDOC site from Homes England to CBC, however they decided to sell the property at auction, meaning that the scheme could not be delivered.
- 5.5 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.
- 5.6 A marketing exercise has been undertaken and the bids received are set out in the confidential part of this report
- 5.8 On evaluation of the bids the recommendation is to dispose of the site on a long leasehold deal to the preferred bidder as set out in the confidential part of this report

6. Equality, Diversity and Human Rights implications

- 6.1 Not applicable at this stage

7. Standard References

- 7.1 This report details references to a number of elements of the Strategic Plan; describes consultation undertaken with a wide range of stakeholders, the publicity, financial, community safety, H&S, and risk management implications of the undertaking.

7. Strategic Plan References

- 7.1 The RIF supports the Strategic Plan in terms of Growth: Ensuring all residents benefit from the growth of the borough and Opportunity; promoting and improving Colchester and its environment

8. Consultation

- 8.1 Marketing has been carried out for this site through the Council's inward investment website and through national estates publications
- 8.2 As the Heads of Terms progresses further consultation will be undertaken

9. Publicity Considerations

- 9.1 The site has been publicly marketed, as the Heads of Terms progresses to an agreement for lease further publicity will be undertaken

10. Financial implications

- 10.1 A capital receipt to the RIF would be generated as set out in the confidential part of this report

11. Health, Wellbeing and Community Safety Implications

11.1 None identified at this stage

12. Health and Safety Implications

12.1 None identified at this stage

13. Risk Management Implications

13.1 Risks will be closely managed throughout the process to ensure they can be mitigated as far as is possible

