

# Revolving Investment Fund Committee Meeting

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

**Wednesday, 11 November 2015 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**

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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, 11 November 2015 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 16 September 2015.

**16-09-15 minutes**

9 - 14

- |    |   |         |
|----|---|---------|
| 7  | <b>Revolving Investment Fund - Financial Update</b><br>See report by the Head of Commercial services  | 15 - 18 |
| 8  | <b>Sheepen Place Office Development Proposals Update Report</b><br>See report by the head of Commercial Services  | 19 - 22 |
| 9  | <b>Colchester Northern Gateway (North) Development Proposal</b><br>See report by the Head of Commercial Services  | 23 - 28 |
| 10 | <b>Exclusion of the Public (Cabinet)</b><br>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)

- |    |  |
|----|--|
| 11 | <b>16-09-15 not for publication extract</b><br><br><ul style="list-style-type: none"> <li>• This report is not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (financial / business affairs of a particular person, including the authority holding information).</li> </ul>  |
| 12 | <b>Revolving Investment Fund - Financial Update (Part B)</b><br><b>The following document 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.</b><br><br>To note the Appendices to the Head of Commercial Services Report |
| 13 | <b>Colchester Northern Gateway (North) Proposal Development Project - Business Case</b><br><b>The following document contains exempt information (financial/business affairs of a particular person, including the</b>   |

**authority holding the information) as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.**

To approve the attached business case.



**REVOLVING  
INVESTMENT FUND  
COMMITTEE  
16 September 2015**

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

*Substitutes:-* Councillor Smith for Councillor Feltham

Also in attendance: -Councillor Jarvis

**13. Appointment of Chairman**

*RESOLVED* that Councillor Cory be appointed as Chairman of the Revolving Investment Fund Committee for the 2015-16 municipal year.

**14. Appointment of Deputy Chairman**

*RESOLVED* that Councillor Frame be appointed as Deputy Chairman of the Revolving Investment Fund Committee for the 2015-16 municipal year.

**15. Minutes**

*RESOLVED* that the minutes of the meeting held on 23 February 2015 be confirmed as a correct record.

**16. Appointment of Main Contractor for the Redevelopment/Refurbishment of the Old Police Station into the Creative Business Centre**

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

Andy Hamilton addressed the Committee pursuant to the provisions of Meetings General Procedure Rule (1) to express his concern that that, like the investment in the Visual Arts Facility, this project was being pursued for the benefit of a small minority of residents. There were other more appropriate uses for the building. He noted that the Council had purchased the building in 2010 but it had been remained derelict, despite the Council having to pay business rates on it. He believed that the site should be sold so that a real business could use it.

Councillor Smith, Leader of the Council and Portfolio Holder for Strategy, explained that

that the building was listed and therefore was not subject to business rates. It had not remained derelict since it was purchased and had been leased out to a business for a period of time. It would not just benefit a small minority of residents as it would support the creative industries sector which had generated 3500 jobs in Colchester, many of which were high value jobs.

Nick Chilvers addressed the Committee pursuant to the provisions of Meetings General Procedure Rule 5(1) to ask the following questions:-

- Could an indication be given of the types of trades likely to use the project?
- Was there a plan to have dedicated manager with experience of managing facilities?
- Would the Council ensure there would be a mix of tenants and that it would not be dominated by one sector?
- Who would select tenants for places?
- How would the overarching management be structured?
- Which Portfolio Holder would have a watching brief?
- How many car parks would be provided and on what terms?
- What was the maximum tenancy length?
- Would the project be subject to annual scrutiny?
- Would tenants contribute towards occupancy costs?

Councillor Cory, Portfolio Holder for Resources, responded to each of these questions as follows:-

- The definition of the 'Creative Industries' was broad and included all businesses from potters and artists to digital, marketing and architecture. Research undertaken by the Council has demonstrated a strong digital industry within the town. The Council was not being too prescriptive as creative industries are ever changing and developing.
- The Council was seeking out an independent operator to run the creative business centre independently of both the County and Borough councils who are funding the development of the site. They will have to demonstrate a proven track record of delivering creative business centres and understand the wider industry. The Council will be using official procurement channels to find the operator.
- The operator will be tasked with filling the building with businesses from the creative industries, and as the centre itself will be a business in its own right, it will want to rent all of the spaces. Having researched other centres around the country, some stay very diverse and others organically become centres where particular industries, such as web designers establish themselves. It is however too early to understand how the dynamics of the centre will settle, if at all. The Council would however want the centre to reflect the needs of the industry of the town, and be responsive to changes rather than be prescriptive.
- Responsibility for selecting tenants will ultimately lie with the centre operator; however the lettings policy will have prior agreement with both the County and Borough councils.
- The Creative Business Centre development has been in the main funded by a grant from Essex County Council. There are strict deliverables around the number of businesses supported and jobs created through the centre as part of the agreement.

In 2014 the Creative Colchester Board and Creative Colchester Project group were formed to work with the creative industries within the town and ensure that the Centre and other projects are delivering what the town needs with regards to the growth of the creative sector within Colchester. It is yet to be firmly decided which level the Centre will report too, however it is likely to be the Creative Colchester Board.

- Currently the Portfolio Holder for Economic Development and Planning, who also sits on the Creative Colchester Board, would have a watching brief on the project.
- No parking spaces are being built with the Centre. However, Priory Street car park is close by and the Council is in initial conversations about how the tenants of the Centre can secure season tickets if required. The Council would like to see people utilising public transport or cycling and walking to the town centre site where possible.
- The maximum tenancy length is part of the letting policy which is to be agreed with the operator. However it is foreseen that there is a churn of businesses as they outgrow the Centre, so there is space for new start-ups as required.
- The Operator will be required to run the business centre independently of council funds. Both the County and Borough councils have invested capital funds in the development of the site, therefore it is felt that it would not be appropriate and should not be necessary to support the Centre further by annual subsidies.
- The operator will be subject to regular performance meetings with the County and Borough councils and will also be working closely with the Creative Colchester Board and project groups to ensure the centre helps to deliver a remit of support of the creative industry throughout Colchester and not just those housed within the centre.
- The operator will be responsible for all of the costs of the building through their tenancy agreement.

Fiona Duhamel, Economic Growth Manager, introduced the report to outline the history of the project and the significant benefits the creative industries bring to Colchester. They supported 3500 jobs and generated turnover of £290 million. The Creative Business Centre would create 43 new units in the heart of the emerging creative quarter.

Members of the Committee all expressed their support for the proposals. They highlighted in particular that Colchester had twice the national average of creative industries and both the existing Business Incubation Centres were full. Therefore there was a real need for the Centre. It would help create the right environment for business start-ups and therefore help support the local economy. The Centre would benefit from the 4G network created in the town centre.

*RESOLVED* that the recommended contractor for the development/refurbishment works of the Old Police Station to transform the building into a Creative Business Centre be appointed.

## *REASONS*

The Old Police Station located at 37 Queen Street, Colchester which was purchased by the Council in 2010 in order to redevelop into a Creative Business Centre.

Funding was secured from Essex County Council and from section 106 and New Homes Bonus monies in order to bring this derelict building back to life and works are now sufficiently progressed to enable a build contract to be let.

### *ALTERNATIVE OPTIONS*

To not proceed with the works. However, this would mean the Council forfeiting the funding granted by ECC towards the project. Furthermore, if works are not undertaken now then the condition of the Old Police Station will continue to deteriorate resulting in a situation where the building would be deemed an unsafe structure and remedial works would have to be undertaken by default to make the structure sound.

### **17. Colchester Northern Gateway – Disposal of 18 Acre Leisure Anchor Site at United Way**

The Head of Commercial Services and the Assistant Chief Executive submitted a report a copy of which had been circulated to each Member.

Fiona Duhamel, Economic Growth Manager, and Patrick O'Sullivan, North Colchester Project Manager, made a presentation to the Committee setting out the objectives of the project, the main features of the proposed development, the reasons for the selection of Turnstone Colchester Limited as the main developer and the timetable for the development.

In discussion, the Committee expressed its support for the proposals. This would be a major regional attraction. It would offer new leisure attractions to residents in Colchester and beyond and would increase Colchester's catchment area. It would create approximately 600 new jobs on the site and 200 jobs during the construction phase. It would also provide an ongoing revenue stream for the Council. Members sought reassurance about the impact of the development on the town centre, how the development would be launched and whether the Council would require the development to be energy efficient.

Ian Vipond, Strategic Director Commercial and Place, and Fiona Duhamel, Economic Growth Manager, explained that the development would complement the town centre. Many of the uses proposed would not be appropriate for a town centre location. The development would draw more people to Colchester, some of whom would also visit the town centre or other attractions such as Colchester Zoo. It was near the Park and Ride site so travel between the site and the town centre was relatively easy. The terms of the lease would ensure that town centre businesses were protected. In terms of opening, it was anticipated that the developer would aim for a major launch, with all the site opening at once, but it was too early for this to be confirmed. The development brief required that it be a sustainable development.

**RESOLVED** that the recommended proposal detailed on Part B of the Agenda for the long leasehold disposal of the 18 acre site at United Way, and that delegated authority will be given to the Executive Director for Commercial and Place in Consultation with the Portfolio Holder for Economic Growth and Planning to agree final terms and complete legal

documents associated with the disposal, be noted.

### *REASONS*

The disposal meets the Council key objectives for Northern Gateway to:

- support wider economic growth targets and deliver infrastructure to enable regeneration,
- create a new destination within the Borough to promote new sports participation and provide a regional quality leisure experience
- to generate significant new income streams to support the Council to maintain quality front line services.

The disposal of these sites and their subsequent redevelopment will act as a catalyst for the wider development of the remaining land at Northern Gateway.

### *ALTERNATIVE OPTIONS*

The Council can maintain an income stream from its land if it disposes of the sites on a long leasehold basis. It could instead sell the freehold of the land which would generate a substantial capital receipt but would lose control of the sites and would not provide an ongoing revenue stream to support Council services.

**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.**

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

*RESOLVED* that the not for publication extract of the minutes of the meeting held on 23 February 2015 be confirmed as a correct record.



11 November 2015

Report of	Head of Commercial Services	Author	Fiona Duhamel
	Assistant Chief Executive		☎ 282976
			Steve Heath
			☎ 282389
Title	RIF – Financial Update		
Wards affected	All		

**This report concerns a review of the financial position on the RIF (Revolving Investment Fund) and proposed allocation of resources.**

## 1. Decisions Required

- 1.1. To note the financial position in the RIF.
- 1.2. To agree the proposed allocations of funding set out in summary at Para 4.13.

## 2. Reasons for Decisions

- 2.1 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.

## 3. Alternative Options

- 3.1 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.

## 4. Supporting Information

### *Revenue income*

- 4.1. The Council's budget and Medium Term Financial Forecast (MTFF) include assumptions in respect of revenue income from activities within the RIF. The table below sets out the total income forecast that specifically relates to the RIF. Given the confidentiality of certain information this is set in more detail in the confidential **Appendix A**. It should be remembered that the figures below represent current targets and will be revised on a regular basis. It should also be noted that, subject to the nature of the lease arrangements, an element of the above figures may need to be classified as capital receipts. Furthermore, the returns for some of the investments shown in this report may start or increase after the period shown.

	2015/16	2016/17	2017/18	2018/19	Ongoing
	£'000	£'000	£'000	£'000	£'000
Forecast	(123)	(305)	(709)	(954)	(954)

- 4.2. The appendix also sets out anticipated additional business rates income generated from RIF activities.

*Expenditure forecast*

- 4.3. Reports to this Committee and Cabinet have previously shown anticipated spend on certain projects and some allocations for general themes of work. A detailed review of projected costs for various programmes from 2015/16 onwards has been carried out and this is detailed at **Appendix B** and summarised below:

	2015/16	2016/17	2017/18	2018/19	Total
	£'000	£'000	£'000	£'000	£'000
Northern Gateway - North	331	256	0	0	587
North Gateway - South	190	470	0	0	660
Town Centre	2,147	490	1,100	5,000	8,737
East Colchester	268	145	0	0	413
Other investment opportunities	1,362	3,800	700	500	6,362
<b>Total RIF</b>	<b>4,298</b>	<b>5,161</b>	<b>1,800</b>	<b>5,500</b>	<b>16,759</b>

- 4.4. This information shown does not make a distinction between capital and revenue costs, and it is likely that an element of the costs shown above will need to be charged to and funded from revenue resources.
- 4.5. It has previously been agreed that the three main sources of funding into the RIF would initially be existing capital programme allocations, capital receipts and revenue funding. The following paragraphs detail how the above projections will be funded from these three sources.

*Existing capital programme allocations*

- 4.6. The balances against existing capital projects have been reviewed and re-allocated in accordance with the above spending allocations. The table below shows the balances brought forward from 2014/15 that have been allocated to these schemes, plus any in year allocations. It then compares this total resource to the projected spend (para 4.3) to identify the level of resource requiring funding from capital receipts and revenue.

	B/Fwd	In-year	Total Prog	Forecast	Shortfall
	£'000	£'000	£'000	£'000	£'000
Northern Gateway - North	216	27	243	587	344
North Gateway - South	0	0	0	660	660
Town Centre	1,715	303	2,018	8,737	6,719
East Colchester	190	10	200	413	213
Other investment opportunities	361	4,000	4,361	6,362	2,001
<b>Total RIF</b>	<b>2,482</b>	<b>4,340</b>	<b>6,822</b>	<b>16,759</b>	<b>9,937</b>

- 4.7. The £6.8m in the current capital programme includes £4.6m of capital receipts, and external grant funding totalling £1.8m, with the remainder consisting of Section 106 and revenue funding.

*Capital receipts*

- 4.8. The confidential **Appendix C** details the latest capital receipt position showing a projection for receipts up to 2018/19. In total this forecasts £9.5m of uncommitted receipts over this period as summarised below:



	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000
Shortfall / (Surplus) B/Fwd	(168)	(1,339)	(3,601)	(6,619)
Uncommitted Capital Receipts	(1,171)	(2,262)	(3,018)	(3,018)
<b>Shortfall / (Surplus) C/Fwd</b>	<b>(1,339)</b>	<b>(3,601)</b>	<b>(6,619)</b>	<b>(9,637)</b>

#### *Revenue Funding*

- 4.9. Delivering capital investment and generating capital receipts requires incurring costs such as pre-development, master planning, marketing, communications / public engagement and technical studies. Some of these may be treated as revenue or capital as appropriate. The issue of providing some revenue funding **into** the ring fence is therefore essential to provide some flexibility. The Council has already agreed revenue contributions towards the RIF, which have been transferred into an earmarked reserve. The current balance against this reserve is summarised below:

	£'000
2014/15 Balance B/Fwd	765
Movement to date 2015/16	315
Current Balance	1,080

- 4.10. In addition to the resources shown above, the earmarked reserve is currently planned to increase by an annual contribution of £250k from the New Homes Bonus from 2016/17.
- 4.11. Section 106 monies have also been released to support specific projects. These currently total £340k and comprise £263k for the Creative Business Hub and £77k for Surface Water Flooding at Distillery Lane/Haven Road. They are included in the "Existing Capital Programme" line in the table at 4.12 below.

#### *Summary RIF position*

- 4.12. The following table provides a summary of the RIF account. This shows that based on the forecast expenditure, capital receipts and revenue contributions set out in the above paragraphs, the account is broadly balanced, showing a surplus of £780k as at the end of 2018/19.

	2015/16	2016/17	2017/18	2018/19	Total
	£'000	£'000	£'000	£'000	£'000
Total Schemes	4,298	5,161	1,800	5,500	16,759
<b>Funded by:</b>					
Existing Capital Programme	(3,322)	(3,300)	(200)		(6,822)
Projected Capital Receipts	(1,339)	(2,262)	(3,018)	(3,018)	(9,637)
Use of earmarked reserve	(1,080)				(1,080)
<b>Sub total</b>	<b>(5,741)</b>	<b>(5,562)</b>	<b>(3,218)</b>	<b>(3,018)</b>	<b>(17,539)</b>
<b>Shortfall / (Surplus) C/Fwd</b>	<b>(1,443)</b>	<b>(1,844)</b>	<b>(3,262)</b>	<b>(780)</b>	<b>(780)</b>

- 4.13. Based on the above summary, it is proposed that the budgets for RIF projects in the capital programme are adjusted to match the revised forecast in **Appendix B**. It should be noted that in the early stages of projects a lot of costs may need to be classed as Revenue expenditure, and as such will need to be funded from the revenue reserve.
- 4.14. Future monitoring reports will review progress against funding targets, level of spending, changes to existing allocations and income projections.

## **5. Strategic Plan References**

- 5.1. The proposal contributes to the Council's aim to be more financially sustainable and also delivers against the following areas in the Strategic Plan of Regenerating our borough through buildings, employment, leisure and infrastructure and bringing investment to the borough.

## **6. Consultation and Publicity Considerations**

- 6.1 No specific issues in respect of this report, however, publicity and consultation will be considered for specific projects as appropriate.

## **7. Financial implications**

- 7.1 These are set out within the report.

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

- 8.1 None identified at this stage.

## **9. Risk Management Implications**

- 9.1 The main area of risk identified concerns the financial risk attached to delivery of income targets (capital and revenue) and management of costs within allocations. This will be managed through regular monitoring and reporting on the RIF position.

11 November 2015

Report of	Head of Commercial Services	Author	Fiona Duhamel ☎ 282976
Title	Sheepen Place Office Development Proposal - Update Report		
Wards affected	All		

**This report seeks to provide a progress update to RIF (Revolving Investment Fund) committee on the development of a new income producing office building at the Sheepen Road car park site**

## 1. Decisions Required

- To note progress against key milestones in the development programme
- To note progress against programmed capital budget spend

## 2. Reasons for Decisions

- 2.1 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.

## 3. Alternative Options

- 3.1 This is an information report only.

## 4. Supporting information

- 4.1 In November 2014 the RIF Committee approved the proposal for the Council to develop a new 17,000sq ft. office building at the current Sheepen Road car park on the basis that a pre let tenant had been identified.
- 4.2 The scheme would be the first office development in Colchester for a number of years, would provide a new prestigious new home for Birkett Long solicitors retaining and creating jobs, and would provide a valuable revenue stream for the Council.
- 4.3 Following a period of feasibility, which included site surveys, early negotiations with the tenant and scheme concept design and costings, a business case was presented to RIF.

## **5. Current programme update**

5.1 A number of key milestones have already been met in the development programme which are reported below:

- (a) Agreement for lease signed with tenant Birkett Long
- (b) Design progressed sufficiently to ensure a planning application was submitted in August 2015
- (c) A Planning Performance Agreement (PPA) has been signed by the local planning authority and the applicant to ensure a collaborative process through planning. The design team have met regularly to discuss the details of the design and planning matters as they have arisen. The application is now listed for planning committee on November 5<sup>th</sup>
- (d) The design team are currently working up the detailed design of the building including the internal specifications and have been working closely with the tenants' interior designers. The building is being designed to reach the BREEAM standard of Very Good; there are a number of features of the building that will contribute to achieving this standard including PV panels.
- (e) The procurement process has started with the notice and PQQ's being issued, this is with a view to the tenders being sent out in early December.
- (f) Budget spend on the project is on target with professional team fees now agreed and all survey work completed.

5.2 The current timeline is set out below:

- Tenders to be sent out at the beginning of December 2015
- Tenders returned late January 16 to be evaluated
- Appointment of the contactor in February 16
- Start on site March 16
- Completion March 17

## **6. Strategic Plan References**

- 6.1 The scheme will support the strategic aim of "Thriving" - attracting business and selling Colchester as a destination
- 6.2 The scheme will "Create the right environment for people to develop and flourish in all aspects of life both business and pleasure".
- 6.3 It will also promote Colchester to attract further inward investment and additional businesses, providing greater and more diverse employment and tourism opportunities

## **7. Consultation**

7.1 The project has been subject to public consultation as part of the planning application.

## **8. Publicity Considerations**

- 8.1 Colchester Gazette reported a positive story in September when the scheme was submitted for planning. The development was also reported more widely in the area through the “Business in East Anglia” magazine in October.

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

- 9.1.1 None identified at this stage.

## **10. Risk Management Implications**

- 10.1 A risk register has been prepared for the scheme and is monitored monthly.



# Revolving Investment Fund Committee

Item  
**9**

11 November 2015

Report of	Head of Commercial Services	Author	Fiona Duhamel ☎ 282976 Lois Bowser ☎ 282573
Title	Colchester Northern Gateway (North) development proposal		
Wards affected	Myland, Boxted, Highwoods		

**This report provides an initial business case for the creation of a new leisure and community sports hub development on land to the North of the A12 at Northern Gateway, Colchester.**

## 1. Decisions Required

- To note progress made to date on the feasibility study for the development of the site see attached site plan.
- To agree the initial business case, attached as a confidential report, for the proposed development and agree for work to progress onto a detailed business case which will be presented to the RIF in January 2016.

## 2. Reasons for Decisions

- 2.1 To ensure the development of Northern Gateway as a key sports/leisure destination within the Borough and wider.
- 2.2 To ensure the initial business case is reviewed and agreed before progressing onto the more detailed work around the proposal.

## 3. Alternative Options

- 3.1 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

## 4. Supporting Information

- 4.1 This project is complex, involving a range of potential uses, land areas, users and rental streams and further work is needed to present a full business case and viable business plan for the sport and leisure complex itself. The initial business case therefore outlines some of the key elements which could contribute to a successful scheme but it must be appreciated that the project continues to undergo iteration and re-appraisal. The Council appointed Leisure Consultants, FMG, in June 2015 to assist in project development and feasibility.
- 4.2 Following development of the Northern Gateway Masterplan in 2012, the Vision for this site has developed following consultation with key stakeholders, market research, the

practicalities of site layout and initial feasibility. There are three related themes providing structure being *participation*, elite *performance*, and *health* and activity:

- Improving performance
- Improving community health
- Elite and high performing sports
- Using sport and exercise to improve health
- Accessing the pathways to sports and physical activity
- Improving participation in activity and sport

## 5.0 The Proposal

- 5.1 It is proposed to develop approximately 100 acres of agricultural land to the north of the A12 at Cuckoo Farm for community sport and leisure purposes. The aim is to provide an exciting regional leisure destination that meets local needs for participation in a range of sporting activities with a particular focus around cycling. It will provide for the needs of the semi-professional and high performing athlete and the local community, aiming to increase participation in physical activity and improve community health.

In summary the project that is developing includes:

- British Cycling interest in supporting a Closed Road Circuit facility or outdoor velodrome, with initial preference to a road circuit, and indoor cycling-focused health and fitness facilities
- Multi sports building including conventional and extreme sports, broadly related to the cycling experience and including bespoke areas for cycling fitness as well as capacity for wellbeing sessions and treatments
- Informal recreational facilities and linkages to the wider public realm including bridleways, cycle paths, informal running tracks and a Village Green on the Mill Road Site encouraged by the Parish Council
- Rugby Club relocation mostly to the western end of the site with benefit from the Park and Ride scheme. The club's requirements include up to two 3G pitches, a show pitch with a first floor viewing gallery from the pavilion and a range of different sized playing surfaces, the precise configuration of which are under discussion. The different site layout options produced to date demonstrate that the Club can be accommodated on the site.
- Discussions are ongoing with the Colchester United Football Club in respect of land in this area to enhance current facilities.
- Encouraging discussions have commenced with some health providers and it is hoped that well-being programmes in the widest sense can complement some of the more sport focused elements of the site and multisport building.

- 5.2 The ambition is to create a self sustaining recreation facility and parkland location. Utilising part of the Mill Road rugby club site will create enabling capital funding from



quality residential development, reducing the revenue burden for open space and playing field maintenance. As a proposed major visitor attraction around a cycling theme there must be a range of exciting, conventional and informal recreation activities to attract from the wider catchment area. Some of the potential extreme sports that are under consideration are illustrated below:

5.3 The proposed building will be of high architectural quality so that it makes an iconic statement about place making and encompasses state of the art communications, low carbon energy generation, and sports facilities as well as informal meeting space, treatment rooms and café areas. The rugby club will have their own building nearby incorporating a 200 seater function room overlooking the dozen playing pitches and sharing a car park with the multi sports building. There would be two artificial playing surfaces. Other external users will be the relocated archery club, American football club and long-established dog training club. The site will include different cycling tracks and a BMX track as well as the potential velodrome, suited to a range of abilities. Equipment will be for hire, including tricycles and bicycles for those learning to ride or less confident. The whole will be in a landscaped setting with walking cycling and equestrian routes.

5.4 All building options designs must be flexible and permit new uses to be accommodated or to occupy different floorspace as necessary. The building would also provide a base for established clubs, particularly triathlon, cycling, badminton and possibly gymnastics, together with rental streams from other more adventurous activities. In particular, the proposal would entail development outside the existing Colchester settlement boundary. If the principle of development there is accepted the amount of built development involved will need to be justified and treated sensitively to minimise impacts.

## **6. Strategic Plan References**

6.1 In creating a visitor destination, the scheme will “Promote Colchester to attract further inward investment and additional businesses, providing greater and more diverse employment and tourist opportunities.” It will “enhance the diverse retail and leisure mix supporting independent businesses valued by residents and visitors” and will “create the right environment for people to develop and flourish in all aspects of life, both business and pleasure” by creating a new sports and leisure hub, within which new businesses can be developed as well as residents using the facilities during their leisure time.” The nature of the project will “provide opportunity to increase the number of homes available including those that are affordable for local people...” on the site at Mill Road.

6.2 It is anticipated that the preferred scheme will make a significant contribution to the Council’s wish to “cultivate Colchester’s green spaces and opportunities for health, wellbeing and the enjoyment of all” by creating a quality landscape setting. The scheme will also improve sustainability, cleanliness and health of the place by supporting events that promote fun and wellbeing” as part of the overall programme of activities at the complex. The building will be run very much as “a welcoming and safe place for residents, visitors and businesses with a friendly feel and will embrace tolerance and diversity”. In so doing it will encourage and be clear about the financial and sporting “opportunities to work in partnership with public, private and voluntary sectors to achieve more for Colchester.”

6.3 The wider context for the CNG North project is national policy and guidance relating to sport, health, physical activity and participation. The Council’s Strategies on Playing Pitch and Leisure Facility Needs Assessment identify local need. Sport England funding is dependent on identifying how the CNG North project addresses this identified local need.

In terms of the National Strategy Sport England's objectives reflect the ambitions for CNG North:

- To see more people starting and keeping a sporting habit for life.
- To create more opportunities for young people.
- To nurture and develop talent.
- To provide the right facilities in the right places.
- To support local authorities and unlock local funding.
- To ensure real opportunities for communities.

6.4 Officers are in regular dialogue with Sport England over the bid to the Strategic Facilities Fund. It is important to bear in mind that support from Sport England for capital funding rests on how the CNG project relates to and delivers the strategies for the *Borough*, crucially, not on its own but in association with other partners such as The Garrison, University and Colchester Institute. Our funding bid will need to address the question: "To what extent does the CNG North project deliver against the strategies for the benefit of Colchester as a whole?"

## **7. Consultation**

- 7.1 The project was subject to a consultation programme on the Master Plan a year ago. All stakeholders are engaged in the emerging proposals and relocation requirements. Officers attend the local parish council meetings to share understanding of the plans and to invite comment. It is intended to hold a stakeholders' workshop and to run a pre-application consultation in order to encourage public engagement. Once the hybrid planning application has been submitted in spring next year there will be a separate period of statutory consultation when all aspects of the scheme including the transport and access proposals, layout, building design concepts, landscaping and environmental concerns will be subject to public scrutiny.

## **8. Publicity Considerations**

- 8.1 The Colchester Northern Gateway scheme has had regular publicity primarily relating to developments on the south side. The creation of a leisure destination with quality facilities for elite sports people and exciting recreational cycling activities will increasingly attract press attention and is a positive news story. One of the consultants' studies is to derive a branding strategy and to reconsider the CNG logo in order that an appropriate image is portrayed and the destination becomes attractive to potential investors.

## **9. Financial implications**

- 9.1 The detailed financial implications and the business plan will be addressed in a full business case for investment at a later date. However the key financial elements currently being addressed are:
- The capital cost of the scheme is intended to be largely funded from recycled capital receipts from the sale of the existing rugby club site, funding from external sporting bodies and from other funding sources.
  - Any income will need to balance against the costs of maintenance, depreciation and management of the site leading to a fully financially sustainable scheme
  - Income from potential lease of part of the site to users
  - Building design to be environmentally sustainable leading to lower running costs.

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

- 10.1 The underlying ambition for the leisure proposals is to encourage participation from a wide a range of people as possible including children, older people, people with disabilities, and people who have health or recuperation needs that would benefit from increased physical activity and related well-being programmes, as well as high performing athletes and sports people. The scheme is designed to address these needs.

The design of the sport and recreational facilities will comply fully with health and safety standards, and in the design of the landscaping, outdoor spaces and routes, and buildings will ensure that community safety implications are fully addressed.

## **11. Risk Management Implications**

- 11.1 The CNG programme as a whole scheme has a risk register. Key risks to the project are identified in the confidential initial business case attached to this report.

## Site Plan for Colchester Northern Gateway –North

