

**18 January 2022**

<b>Report of</b>	<b>Assistant Director for Place &amp; Client Services</b>	<b>Authors</b>	<b>Andrew Tyrrell (CBC) Paul Smith (CCHL)</b>
<b>Title</b>	<b>Colchester Commercial Holdings Ltd (CCHL) Business Plans 2022 - 2026</b>		
<b>Wards affected</b>	<b>All Wards</b>		

## **1. Executive Summary**

- 1.1 In 2017 the Council created a wholly owned company, Colchester Commercial Holdings Ltd (CCHL). Under CCHL, three subsidiary companies have provided a diverse range of trading activities since April 2018; Colchester Amphora Energy Ltd (CAEL), Colchester Amphora Homes Ltd (CAHL) and Colchester Amphora Trading Ltd (CATL).
- 1.2 The companies have Business Plans, which are presented to the Governance and Audit Committee annually, as the Shareholding Committee. The Governance & Audit Committee are asked to review the latest Business Plans and make recommendations to Cabinet, who will then seek to agree the new Business Plans formally in March.
- 1.3 In assisting the Committee, this report also reminds the shareholder committee of the governance arrangements that the Council has in place in order to monitor and review the activities of the companies. The report also provides a short summary of achievements in this, challenging, financial year and updates from the Annual Report on performance that was considered by the Committee after the end of the last financial year (2020/21).
- 1.4 It is a second year in which a global pandemic has drastically affected the Council and the Company activities and posed many challenges, with impacts on some forecasted timelines and finances. However, it is also a period in which there have been some significant achievements, such as the opening of the Northern Gateway Sports Park, which hosted the Women's Tour of Britain cycling event as we restored an outdoor (and indoor) events programme through this year.
- 1.5 The year also saw the first occupiers move in and start enjoying the first mixed-tenure housing scheme developed by Colchester Amphora Homes Ltd, whilst the significant investment secured in both Ultrafast Broadband and CCTV were both completed to provide critical infrastructure across the town.

## **2. Recommended Decisions**

- 2.1 To review, and make recommendations to Cabinet on, the new draft Colchester Commercial (Holdings) Limited Business Plans for 2022-26, and the subsidiary companies; making an overall recommendation to agree the Business Plans (with or without any changes).

### **3. Reason for Recommended Decision**

- 3.1 At the Annual Meeting on 23 May 2018, the Governance & Audit Committee's terms of reference were amended to include the responsibility to act as the shareholder committee for Colchester Commercial (Holdings) Limited. As part of this role the Committee is required:
- To consider and review the activities and financial performance of Colchester Commercial (Holdings) Limited and its subsidiary companies.
  - To receive, review and recommend Colchester Commercial (Holdings) Limited's business plans (including its subsidiary companies) annually.
  - To monitor, challenge and make recommendations to Cabinet regarding Colchester Commercial (Holdings) Limited and its subsidiary companies.
  - To make recommendations to Cabinet on how it should exercise the functions flowing from its ownership of shares in Colchester Commercial (Holdings) Limited and its subsidiary companies.
  - To recommend the constitution and appointment of Members to the Board of Directors, including to recommend to Cabinet the appointment of additional Directors to the Board of Colchester Commercial (Holdings) Limited.
- 3.2 The Report, Appendices (both public and confidential), presentation and debate collectively provide the Committee with satisfactory information regarding the companies' performance to date and, importantly, the forecasted continuation of their business over the coming years, as required to fulfil the above role.

### **4. Alternative Options**

- 4.1 No alternative options are provided due to the required role of the Committee as shareholder, set out above and the ability to recommend with or without changes.

## **5. Background Information**

### **5.1 Company Origins**

- 5.1.1 The Localism Act 2011 enabled local authorities to undertake activities designed to make a profit, but only if delivered within a trading company structure. Using these powers, the Council established wholly owned companies that were incorporated under the Companies Act 2006 on 1 June 2017 and began operating from 1 April 2018.
- 5.1.2 The original Business Plans covered a three-year period from 2018-21 and reflected the Council's aim to create a commercial approach to activities that could deliver some services and products directly, whilst generating profits that would be reinvested in the Council to help continue to deliver non-profitmaking services with social value. This public sector ethos, at the heart of the companies, remains a core purpose that will be increasingly important as the borough, Council and companies all recover from the current global pandemic.
- 5.1.3 Three subsidiary companies, each with distinct areas of trading, were also formed:
- Colchester Amphora Energy Ltd (CAEL)
  - Colchester Amphora Homes Ltd (CAHL)
  - Colchester Amphora Trading Ltd (CATL)

### **5.2 Governance Structure**

- 5.2.1 Good governance, accountability and transparency are essential to Council activities and a cornerstone to improving public services. In discharging this accountability, the Council is required to make proper arrangements for the governance of its companies. It was imperative that an appropriate governance structure was put in place to ensure the sound and robust management of the companies, alongside protection of the Council's financial and reputational investment in them.
- 5.2.2 CCHL is a private company limited by shares, with the Council being the sole shareholder. The Council consequently retains full control over the direction of the companies, manages the risks and receives the resulting financial benefits. Profits made by the company are returned to the Council after tax via an annual dividend payment although there are other financial benefits to the Council too (e.g. see 5.4 below).
- 5.2.3 The Board of Directors of CCHL is made up of four Councillors from the main political parties and the Managing Director of CCHL. The Chair of the Board is appointed by the Directors and is a Councillor from the coalition in Administration of Colchester Borough Council. The CCHL Board is governed by the Management and Governance Agreements between CCHL and the Amphora Subsidiaries with Colchester Borough Council. The composition of the Board of Directors and the Management and Governance Agreements ensures the Council's direction is embedded within the holding company and its subsidiaries (whilst providing freedom to operate in a commercial marketplace). This has seen the companies driving forward delivery of several activities as outlined in past Business Plans.
- 5.2.4 Each subsidiary also has a Board with three Directors; each with legal duties through the common law directors' duties and the statement of general directors' duties which are set out in the Companies Act 2006. These are not exhaustive in terms of the duties that are owed by a Director to an organisation. Board members are also subject to other legal duties, including many important legal obligations for making investments, disposing of property, health and safety requirements, employment laws, as examples.

### 5.3 Management Agreement

- 5.3.1 A Management Agreement between the Council and CCHL sets out how the companies will provide a range of services to the Council. The companies are then managed and monitored in accordance with the target budgets and other KPI's agreed with the Council under the Management Agreement.
- 5.3.2 Within the Management Agreement there is a schedule of Council and Company representatives and related arrangements for governance. Representatives meet in regular liaison meetings, where the Council, as "Client", monitors the provision of services, financial and budgetary performance, non-financial performance, and other matters set out in the Management Agreement.
- 5.3.3 The Management Agreement also sets out audit requirements, with the companies subject to the same audit and inspection requirements as the Council. Copies of audited accounts must also be provided to the Council. Similar requirements also exist regarding complaints, enquiries and legal proceedings related to any services provided by the companies.
- 5.3.4 Budgets are set in accordance with the Council budget setting process, framework, and timeframe. Submissions are made and considered as part of the overall annual Council budget process. This includes a Management Fee for services that the Council receives from the companies. This fee is set out in the Management Agreement and agreed annually, as part of the Council budget process.

### 5.4 Service Level Agreements (SLAs)

- 5.4.1 Alongside an annual dividend payment, the Council receives income from the companies rent for use of office space and other Council venues, as well as payments for services the companies receive from the Council. These services are outlined in a Service Level Agreement (SLA). The current SLA runs from 1 April 2021 to 31 March 2024 to continue these arrangements.
- 5.4.2 The SLA forms another part of the intrinsic partnership between the Council's companies and the services provided by the Council. The SLAs govern the respective roles and responsibilities of each party in the provision of the paid services and provide service specification and standards. The following services are commissioned from the Council by CCHL:
- ICT and telephony
  - Communications, marketing, and PR
  - Human Resources
  - Finance
  - Legal, audit, insurance, health and safety, procurement, security, and post
  - Room and Hall keepers' services (Governance)
  - Accommodation
  - Fleet
  - Customer Services.
- 5.4.3 Performance of each service, delivery standards and any quality assurance matters are monitored at quarterly review meetings between named individuals within Council service areas and CCHL.

## 5.5 Achievements During 2021

- 5.5.1 The effects of both Covid and Brexit have continued to affect the activities of all of the Council companies, just as they have affected Council service operations. Areas particularly affected have been the events team, and development services; where some of the issues on maintaining labour, supply chains and materials have been seen nationally and well-documented.
- 5.5.2 Despite this continuing situation, at the end of the third quarter of the financial year, the companies again remain on track to return the estimated financial returns for the year to the Council, in the form of the dividend. This income is used within the Council's own budget, redistributed to help continue to provide important public services. However, the key achievements, in a very challenging climate, go beyond this financial return. Some examples are set out below.
- 5.5.3 The Northern Gateway is the Council's flagship growth area and is important to meeting the needs of Colchester for the future. It is the largest scale urban growth area that the Council has ever undertaken and provides a mixed-use urban expansion of housing, employment, commercial use, health services and leisure; to create role-modelling, place-making, outcomes and elevate Colchester's destination status for the benefit of anyone who visits, works, or lives in the borough.
- 5.5.4 A key milestone, the opening of the £28.8m "Northern Gateway Sports Park", occurred in May as restrictions ceased. The formal "opening" event day at the start of the school holidays in July was then very well attended and enjoyed (safely) by many hundreds of people. Since then the site has continued to establish itself and was a host venue for the 2021 Women's Tour of Britain, welcoming several Olympic and world champions with great feedback from competitors (and visitors) who will now be returning to the town from the "Grand Depart" which Colchester will be hosting on 6 June 2022 - tied in with Jubilee weekend.
- 5.5.5 Another milestone achieved more recently was the signing of the agreements with Turnstone Estates that will result in the start of the agreed £60m+ "Northern Gateway Leisure Park". This commercial leisure, food and drink Park will commence construction before the end of the financial year, creating a destination attraction for Colchester that is also easily accessible from the A12 and by Park and Ride connections to the town centre and rail. This development will include a 12-screen Cineworld, a 90-bed Travelodge hotel, a Hollywood Bowl tenpin bowling alley, Puttstars indoor golf centre and a Jump Street climbing centre, as well as seven restaurants, two drive-thru restaurants, a high-quality landscaped piazza, and parking for 750 cars including rapid charge electric vehicle charging points.
- 5.5.6 In November 2021 CATL also completed "The Walk", a core walking and cycling route to provide sustainable travel through the northern gateway south side. This car-free key priority route, provide an attractive tree-lined link to the new facilities at the opened Sports Park and the forthcoming Leisure Park from existing communities in Myland and Highwoods. It was part of an infrastructure first approach taken ahead of the delivery of the St Marks Community Centre that has now commenced redevelopment, and the 350 new homes that will be built by CAHL; ensuring that from "day one" the infrastructure is already there to encourage better travel behaviours and more sustainable living.

- 5.5.7 Another part of this infrastructure first approach was the continued installation of the underground chambers and pipework for the Northern Gateway Heat Network. This infrastructure was required to go under The Walk and was consequently installed at the same time, ahead of the larger network, so that this part of the works could be delivered more effectively and efficiently. It is now in situ and ready for the development of the rest of the site at a later date.
- 5.5.8 CAEL also completed the early feasibility on a potential Solar Farm and Microgrid at the Northern Gateway. This demonstrated what could be achieved here in future, with work now proceeding onto subsequent feasibility and viability work through 2022 with the aim of potentially developing a renewable electricity source in 2023. This was not part of the original Northern Gateway plans and could be an additional benefit that helps the Council meet its climate emergency response ambitions, whilst leading by example for others. This has some commercial sensitivities around it, and is very early in its development, so more details cannot be provided in this public report at this time.
- 5.5.9 Milestones were also reached, after delays previously, with the CAHL housing development that is also part of the wider “CNG South” planning application. This application unlocked progress on highway improvements and traffic decongestion that allowed it to be progressed through planning and consequently received a Committee decision to grant planning consent for the whole commercial, health and residential mixed-use developments in July. Following this, CAHL will now bring forwards 350 homes (including 30% affordable homes) and have continued to undertake more detailed work on the housing element. CAHL are currently tendering a contract for architectural services to prepare the final detailed housing scheme and progress onto commence development in 2023.
- 5.5.10 In addition to the important planning landmark for their largest site (at Mill Road), CAHL also saw their first homes finished at Creffield Villas, Creffield Road. The first housing development completed by the housing company was achieved in August, with several sales before the site was completed, and other then taking place quickly afterwards. The 8 hoes at this site included 2 affordable homes that the Council has acquired, which would not usually be secured at a site below 10 units (via s106 planning gain). The 6 private market homes have been built to a very high standard, and the whole development was undertaken using local contractors (from Tiptree) to provide local employment opportunities during the more uncertain earlier periods of the global pandemic.
- 5.5.11 In 2021 CAHL also helped the Council deliver its first new affordable homes within its own HRA-funded “New Council Housing Programme” that will deliver 350 homes by 2024. The development at Hardings Close (Aldham) saw the first of the three “Phase 2 Garage Sites” finished in July, with 4 new homes now providing for families who were on the housing needs register. Another 20 homes being project managed by CAHL, alongside CBC and CBH, will complete over the next few months. CAHL have also helped progress on the “Phase 3 garage Sites” and this is resulting in the next planning application starting to be submitted following public engagement and design stages.
- 5.5.12 Meanwhile, The Local Full Fibre Network (LFFN), or “Ultrafast Broadband” project, has also reached completion of the project led by CATL. This network expanded from the Town Centre and spread the core “Metronet” cabling across urban areas of Colchester to aid economic recovery and growth in the borough, with the last section along the Northern Approach road recently installed. The direct connection to Telehouse London, and the 16km of connections now available around Colchester, have led to further

significant investment by private sector partners that is now taking the connection capacity into parts of the borough that would otherwise not be provided for by the usual market provision. This phased roll out has started but will continue in a planned approach over the next couple of years now that CATL has completed its core infrastructure project for the Council.

- 5.5.13 The complete upgrade of the Council's CCTV network was also aligned and managed by CATL, making efficiencies in deployment of a new digital network completed at the same time as the broadband works occurred. The new digital system has been completed for several months now, with great success, and the replacement of the entire town centre CCTV system with a new digital system has given better coverage and picture quality; resulting in an increased number of CCTV-assisted arrests and contributing to a safer Colchester experience.
- 5.5.13 Helpline is another service that CATL have maintained throughout the pandemic as a source of reassurance to some of our more vulnerable residents, some of whom underwent periods where family support was not as possible for them as pre-Covid times. Despite the previous loss of the Essex contract that was announced (before the year started), the Helpline customer numbers have remained consistent since then by CATL's increased partnerships with the CCG and St Helena Hospice. There also remains ongoing business development work to continue to provide the vital support service.
- 5.5.14 The Colchester Events Team within CATL has also bounced back well from the 2021 lockdowns ending in May. Events have quickly re-established a summer programme of 45 outdoor events and attracted 58,000 visitors between May and October in a safe and enjoyable manner. Events included the "Smoke & Fire Festival", and both Olly Murs and Scouting for Girls performed in Castle park before the Oktoberfest returned. Re-established the indoor events programme also saw great success, with sell-out shows of major comedians such as John Bishop, Jason Manford, Omid Djalili, Jimmy Carr and, Sarah Millican amongst a diverse programme of shows.
- 5.5.15 The Old Library restoration has also now been completed, including repairs to the wheelchair lift that had been out of action under the previous tenancy, with this part of the Town Hall brought back into beneficial use to hold its first events; meaning that the public can once again access the building and enjoy it.
- 5.5.16 A further achievement of the events team, though one that will not be seen until this summer, is that they have also secured summer concerts for 2022. The first of these was publicly announced with Simply Red. Other great additions to the line-up are going to be announced soon

## 5.6 2022-26 Business Plans

- 5.6.1 The companies' Business Plans must be delivered in full compliance with the governance requirements of the Council. The Business Plans require the agreement of the Cabinet following recommendations from this Committee as the shareholder duties (see above).
- 5.6.2 The overarching Business Plan for CCHL (Colchester Commercial Holdings Ltd) reflects their holding company role in providing the strategic direction, financial performance monitoring and senior management capacity for the subsidiary companies. Although CCHL is a holding company, it does undertake some trading activities that are also set out in this overarching Business Plan.

- 5.6.3 As a Council-owned company, this Business Plan is shared openly and transparently as part of good governance that allows anyone to understand what the companies are designed to achieve, and the intentions over the Business Plan period(s). The subsidiary company Business Plans then add some finer details to those overarching aims, projects and workstreams; but are not shared publicly because they contain a level of detail that is sensitive information in so far as it would commercially disadvantage the intentions of the companies (e.g. with commercial competition in respective fields, in legal or financial negotiations, or during future contract tenders, etc).
- 5.6.4 The 2022-2026 CCHL Business Plan continues from the previous plans that had identified some growth objectives which (due to the global pandemic) have had to be realigned and, as expected, ongoing recovery in the continuing Covid pandemic is reflected in the new Business Plan. Alongside delivery of the management agreement services for the Council). The Plan sets out aims to:
- Continue to deliver against set targets
  - Return to the successful ongoing series of events that help raise Colchester's profile
  - Continue delivering the Colchester Northern Gateway
  - Assist with the Town Deal and other capital projects
  - Develop a second programme of sites for CAHL to continue building desirable homes
  - Carry on assisting with the 'New Council Affordable Housing Programme' for the Council
  - Complete the commenced Colchester Northern Gateway (CNG) Heat Network and explore new opportunities to develop more low carbon projects in Colchester
  - Continue to explore markets for other CCHL products and services
- 5.6.5 The CAEL (Colchester Amphora Energy Ltd) Business Plan builds on the energy section of the CCHL Business Plan and sets out the rationale for the company activities. This has initially been focussed on the Northern Gateway Heat Network; completing successful trials, secured funding, and started to be developed on site in anticipation of the forthcoming housing, health, and commercial developments. The future<sup>3</sup> of this project is intrinsically linked with the timings of adjacent development, which uses the Heat Network. To be able to trade and supply heat the Council needs the energy company and the Plan reflects how this may progress into operational phases as part of our commitment to the low carbon agenda and leadership in the development of 'infrastructure-first' energy solutions.
- 5.6.6 The resulting Northern Gateway Heat Network, which secured £3.45m of Department of Business, Enterprise and Industrial Strategy (BEIS) funding, will provide an innovative ultra-low carbon heat solution to residents, businesses, and other commercial users as part of the proposed growth planned in this part of the borough. The project will be the first of this scale in the UK and was 1 of only 9 pilot projects that gained grant funding nationally.
- 5.6.7 The 2022-26 CAEL Business Plan outlines future feasibility work associated with the potential Micro Grid project at the Northern Gateway and other potential activities. The CAEL Business Plan sets out intention to work closely with the Council, and other partners, to drive forward carbon reduction strategies to meet the wider climate change objectives of the Council.
- 5.6.8 The CAHL (Colchester Amphora Homes Ltd) Business Plan (22-26) builds on from the completion of the first housing site by the 'new' company and illustrates a continuation of the "Phase 1" developments by CAHL. It reflects the aims established in 2018: to respond to the need for more high-quality homes in the borough, including homes that are affordable for local people. This is now being achieved with developments that deliver cross subsidy mechanism with the target 30% affordable homes being provided alongside the sale of private market homes (and still creating a surplus to reinvest in other Council



priorities). The mixed-tenure homes model also provide larger housing schemes that can optimise existing assets owned by the Council, through its house building company.

- 5.6.9 The CAHL Business Plan sets out how the company will try to develop several other sites, including two others that were agreed by Cabinet in October 2018 (St Runwald Street and Mill Road) that remain ongoing, as well as bringing forwards plans for 'Phase 2' sites to develop a longer-term pipeline of new homes (and other beneficial development). The 'Phase 1' sites will deliver approximately 400 new homes (30% of these being affordable homes that are being retained in Council ownership using the Housing Revenue Account).
- 5.6.10 Finally, the Business Plan for CATL (Colchester Amphora Trading Ltd) sets out how the company continues a range of commercial trading businesses and services to customers which generate income for the Council and raise the social and economic profile of Colchester as a place. CATL's offering has two main functions.
- Direct commercial trading services, including Helpline, Monitoring and CCTV and Events.
  - Professional property and business services offered initially to the Council and then to external clients as the company grows. These services include estates management of the Council's assets and commercial development and regeneration project management.
- 5.6.11 The CATL Business Plan highlights the trading company services' ongoing recovery from the impacts of Covid. Areas such as Events, which were expanding very successfully prior to the pandemic, were drastically affected but have started to re-establish as shown above. In the Business Plan period, events activities will continue both within and outside of the Borough, and their future growth will also focus on increasing and improving the venues and introducing new event markets for the company.
- 5.6.12 For Helpline, there are also new markets to be explored as the business is trading effectively and potential arises to make better use of the enhanced digital technologies. This includes the LFFN "Ultrafast Broadband" expansions that continue. That network, owned by the Council, is also included in CATL's Business Plan which sets out how the deployment stages can be developed through the subsequent operational phases this project has now entered into. The continuing private investment will expand the network even further; becoming available to the whole of urban Colchester in the new Plan period and the annual incomes resulting to the Council (as owner of the network) will increase.
- 5.6.13 For Development Services, CATLs Plan covers more work for the Council where CATL act as project managers, with newer projects coming forwards now that the Sports Park, Mercury Theatre and "The Walk" all completed in 2021. Whilst core capital projects, such as other Northern Gateway sites will continue, work is also being picked up as 'commissions' for other Council departments, leading to plans to seek other public sector clients.

## **6. Equality, Diversity and Human Rights implications**

- 6.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:
- eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act;
  - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and

- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

6.2 The recommendations will have no disproportionate impact on any protected group.

## **7. Strategic Plan References**

7.1 Governance is integral to the delivery of the Strategic Plan's priorities and direction for the Borough as set out in that Plan. The activities of the Council's companies contribute to most of the Strategic Plan priorities.

## **8. Consultation**

8.1 There is no specific consultation requirement generated in relation to this Report. The Business Plans are considered by the Governance & Audit Committee in their role as shareholder prior to them being put before Cabinet for approval, providing consultation and a chance to comment and make recommendation on the Plans.

## **9. Publicity Considerations**

9.1 There is no specific publicity consideration in relation to this Report. Individual activities of the companies that require public consultation will undertake them at appropriate times, by stakeholder engagement workshops, planning application consultations, press releases and Council reports.

## **10. Financial implications**

10.1 In terms of overall governance, the companies operate as separate organisations with financial regulations agreed by relevant company boards. Where the companies are spending money on behalf of the Council, such as sport and leisure, capital budgets within the RIF, then all approvals are required to be in line with normal Council procedures.

10.2 In terms of the financial assumptions and dividend targets, when the companies were set up the financial targets and estimated dividend for 2018/19, 2019/20 and 2020/21 were broadly based on existing budget assumptions when services were operating within the Council and some year-on-year growth and expansion targets.

10.3 The 2018/19, 2019/20, 2020/21 and 2021/22 targets for dividend were set out in the previous CCHL business plans and council budgets assumed an increase in income until 2021 when Covid impacted. In both the first and second years of trading activities these dividend targets were met, with a £107,000 increase achieved. The third year, the dividend target was affected significantly by the unpredictable nature of Covid-19 on the world, however, a revised dividend which was agreed by the Council in mid-2020 was achieved for 2020/21 and the companies are on track to meet the target for 2021/22.

10.4 The new Business Plan for CCHL sets out how it is expecting to deliver (once again) increased dividends for the Council over the Business Plan(s) period, so that the Council can benefit from this in providing our services to the public. The first year will still be affected by the Covid-19 pandemic. For 2022-2026 the Business Plans set out a forecast as follows:

Table 1 - Group Consolidated Forecast

	2022/23	2023/24	2024/25	2025/26
Income	6,803,707	8,403,389	9,844,315	10,309,623
Expenditure	(6,462,199)	(7,046,553)	(7,594,400)	(7,938,776)
Profit before Tax	341,508	1,356,836	2,249,915	2,370,847
Tax	85,377	339,209	562,479	592,712
Net Profit available for Distribution	256,131	1,017,627	1,687,436	1,778,135

- 10.5 The 2022/23 Budget and Medium-Term Financial Forecast reported to 26 January 2022 Cabinet and recommended to February Budget Council assumes the dividend income set out in the table below. A proportionate element of housing dividends may be used to deliver the dividend assumptions.

	22/23 £k	23/24 £k	24/25 £k	25/26 £k
Amphora dividend assumptions	287	287	487	687

- 10.6 Whilst the Council pays a management fee to the companies, the companies then provide other return income to the Council (aside from the headline dividend). The companies pay rent for use of the Council office space that they occupy, they also pay for the services they receive from the Council under the SLAs, as well as paying for use of the Council's venues in order to deliver the commercial events programme.
- 10.7 Under a government consultation published November 2021, the Council will be required to make minimum revenue provision on advances to the companies outstanding in April 2023. More information is set out in the Resetting the Capital Programme report to 26 January 2022 Cabinet. If in force the consultation proposals would make the current system of Council advances to the companies financially unsustainable. The advances are under review pending resolution of the consultation.
- 10.8 Subject to the above, alternative funding strategies are to be considered. The existence of commercial companies allows the Council to access funding streams that are not available to the public sector, and for funding to be combined in projects where the Council and its companies form a partnership (each accessing their own grant or funding). This has been successfully combined in the past, and there remain other avenues that have not yet been used that could be explored in future pending the consultation outcomes.

## **11. Health, Wellbeing and Community Safety Implications**

- 11.1 Health and wellbeing is influenced by several factors, many of which fall under the responsibility of the Council. The Company activities span various aspects and assist the

Council to do all it reasonably can to promote positive health benefits to our residents; whilst reducing, removing, or minimising any unintended consequences to health that may arise from services or decisions. A number of the activities outlined in the main report, and the appended Business Plans demonstrate how health and wellbeing are being improved, such as the new Colchester Northern Gateway Sports Park, or the new CCTV system.

## **12. Health and Safety Implications**

- 12.1 The matters herein do not result in harm to the health and safety of the general public. The work of the companies has individual health and safety requirements relevant to each activity. For example, construction is managed on site in accordance with a number of health and safety regulations.

## **13. Risk Management Implications**

- 13.1 CCHL has a risk register that is actively managed. Each of the subsidiary companies also have their own risk register. All the companies have a Business Continuity Plan.
- 13.2 The key risks associated with the companies concern the financial risk attached to the delivery of income targets (capital and revenue) and management of costs. This is actively managed through regular monitoring and reporting on the financial position and the governance arrangements detailed within the report.
- 13.3 One specific issue that has arisen recently, due to Government consultation, is a potential change in the consideration of Minimum Revenue Provision (MRP) and how this may be viewed going forwards (see section 10 above). External financial advice is being taken on this specialist matter subject to the conclusions of the current consultation.

## **14. Environmental and Sustainability Implications**

- 14.1 The Council has declared a Climate Emergency and has committed to being carbon neutral by 2030. Many of the company activities are helping deliver projects that will contribute towards the achievement of sustainable development as defined in the National Planning Policy Framework. Achieving sustainable development means that the meeting three overarching objectives, which are interdependent and need to be pursued in mutually supportive ways. These are economic, social, and environmental objectives.
- 14.2 This report and the Business Plans outline the activities of the companies. Projects such as the delivery of homes, jobs and sports and leisure provision, contribute towards sustainable communities. Projects such as the Heat Network, an innovative low-carbon energy network, make positive contributions to reducing the impact of growth. Thus, in summary, activities undertaken by the Council through its companies has considered the Climate Emergency and the sustainable development objectives set out in the National Planning Policy Framework (NPPF).

## **15. Appendices**

### **PUBLIC Appendix**

Appendix A: CCHL Business Plan 2022-26

### **CONFIDENTIAL Appendices**

Appendix B: CAEL Business Plan 2022-26

Appendix C: CAHL Business Plan 2022-26

Appendix D: CATL Business Plan 2022-26

PLEASE NOTE that these 3 Business Plans contain commercially sensitive details and are confidential; but the overarching activities within them are consistent with, and reflected within, the public Business Plan for CCHL.