

18 August 2020

Report of	Assistant Director Place and Client Services	Authors:	Paul Smith (CSHL) Andrew Burrell (CBC) Amphora Managers
Title	Amphora Recovery Programme (Covid-19)		
Wards affected	All		

## 1.0 Executive Summary

- 1.1 This report provides an update on progress made to date on the Council's wholly owned companies' Covid-19 Recovery Plan; in response to the Coronavirus pandemic. The activities of the Amphora companies have been affected by the unexpected pandemic, whether that be the construction phase of projects, or activities such as the events; which will continue to be affected as we move forward and are released from the lockdown.
- 1.2 This report supports the Council's own Recovery Plan, but for each company it sets out:
  - A narrative on the impacts of the pandemic on the individual activities
  - A recovery programme for returning to pre-Covid-19 activities
  - Progress to date, against the recovery plan in the short-term period (March-July 2020)
  - Current plans for the ever-evolving medium-term period (July 2020-April 2021)
  - A summary of longer-term issues (beyond April 2021).
- 1.3 The Amphora Group's Business Recovery Plan (BRP) is commercially sensitive and cannot be shared due to the prejudicial impact this could have on their activities; however, a public version has been provided with this report (Appendix A) to illustrate some of the considerations transparently. These activities feed into the Council's own recovery plan (See other report), in the four recovery cells, and also within cross cutting themes of housing, finance, climate change and sustainability; all commerciality aligned with the strategic direction and principles of the Council's recovery programme.

## 2.0 Action Required

- 2.1 To consider the progress made to date in the Group's response to the Coronavirus pandemic as outlined in this report and detailed in Appendix A, and recovery plans and ensure that it is aligned with the Council's Recovery Plan prior to them being brought to Cabinet for approval.

## 3.0 Reason for Scrutiny

- 3.1 To ensure the Group's approach to recovery from Coronavirus is consistent with the Council's own approach and aligns with the Council's strategic direction.

- 3.2 To ensure the objectives and activity outlined in the Group's business recovery plan itself are also sound, acknowledging the plan needs to be flexible and evolve in response to future uncertainties in the economy and society as a result of the Covid-19 pandemic.

#### **4.0 Background and Action Plan Information**

- 4.1 In order to respond to the uncertainty of these times, and in line with the Council's own direct recovery planning, the Amphora group approach is built on:
- Horizon scanning – to ensure we are aware of potential business threats and opportunities and can duly respond to changing predictions for Covid-19 which affect the national and local economy in all areas of our services.
  - Agile planning – to ensure the roadmap to a full recovery can respond effectively with good business planning, resilient corporate structure and correct resources fit for the marketplace.
- 4.2 Gaining an insight into the impact of new legislation, government guidance or public opinion affecting each sector will better guide our activities and strategies. Our Recovery Plan is founded on business intelligence and insight from a variety of sources gained through continual dialogue with:
- Funders including Homes England, DCMS and BEIS
  - Contractors and other industry experts such as RICS
  - Government departments
- 4.3 The Group's structure provides a degree of independence and autonomy within the Council's governance framework which allows a small degree of agile working practices. This enables the companies to make some decisions at the required pace, whilst maintaining alignment with the strategic overview of the Council.
- 4.4 Whilst the Amphora companies contribute across all four of the Council's recovery cells, the majority of its activity is focused on economic recovery. Success will depend on delivery of number of major projects currently underway, including:
- developing and showcasing a vibrant events programme to secure Colchester's place on the national events circuit;
  - boosting local and regional participation in sport and healthy living with a diverse and inclusive sport and leisure provision at Colchester Northern Gateway's Sports Park;
  - supporting local construction industry with an extensive building programme of high quality private and mixed-tenure homes on sites across the borough – with the commencement of construction at Creffield Road and Military Road and three garage sites will start in the next three months;
  - supporting a greener economy and responding to the Council's climate emergency agenda, led with construction of the district heat network and the feasibility for a micro grid to supply electricity to CNG flagship project;
  - delivery of the expansive Local Full Fibre Network (LLFN) digital infrastructure network to drive commercial opportunities in the Borough and encourage economic recovery, particularly the ability of people to work from home, and the fostering of a positive investment climate for higher-quality employers and the potential for improved connectivity system for new Helpline services.

## **SHORT-TERM ACTIONS WITHIN EACH COMPANY (MAY - JULY 2020)**

- 4.5 This section explains the impact of Covid-19 on key projects and how this was managed in the short-term.
- 4.6 **Colchester Amphora Energy Ltd (CAEL)** experienced some delay to the delivery of its District Heat Network. This minor delay and flexible working has however permitted additional work to be undertaken to fine tune the design and prepare the tender specification so that the delay was made to be as productive as possible. A Government extension to the date for non-domestic RHI also now allows a more favourable timeline for installation of the Energy Centre to better match the requirement of heat delivery, aligned to the other developments.
- 4.7 **Colchester Amphora Homes Ltd (CAHL)** experienced a slight delay in the continuance of the archaeology works at Creffield Road due to the changing guidance on safer operating and social distancing on sites; and following government guidance such work was permitted which minimised delays. The contractors are now appointed, and the construction programme is back on track. All contractors are adhering to the required social distancing measures to ensure delivery can continue in line with the construction programs.
- 4.8 **Colchester Amphora Trading Ltd (CATL)** experienced immediate impact at both ends of the spectrum. Helpline, the emergency response service for vulnerable residents, saw increased demand as more residents found themselves distanced from traditional support networks of friends and family. At the other end of the spectrum the Events and Leisure World came to an immediate closure as soon as lockdown measures were announced.
- 4.9 CATL's construction projects, principally at Colchester Northern Gateway, temporarily stopped due to the initial lockdown. The Sports Park construction was halted for approximately four weeks whilst the Government developed the construction sectors safe working guidance for minimising the spread of Covid-19. During this period, we worked with the contractor to facilitate safe working operating procedures including a Covid compliant logging system and bespoke site safety rules (i.e. changes to access, body heat monitoring, work location tracking and travel plans). The contract remains affected by Covid-19 as a result of some of the Covid-safer working practices, sub-contractors on furlough and supply chain delays.
- 4.10 As the Government considered its early guidance for construction projects, CATL took the executive decision to prolong its instruction to commence works on The Walk – the dedicated walking and cycling route at CNG-South. This decision ultimately saved potential costs to the project which could have resulted in prolongation fees and additions to professional fees. The works to “The Walk” (formerly known as “The Boulevard”) began approximately a month later than planned, work timetables were retained thanks to the continuation of design work and confirmation of finishes.

- 4.11 The economic uncertainty faced by the business community also resulted in a decrease in rent collection and Estate Management activities. Rent collection dropped from 97% of rents received to 44% as tenants struggled to pay due to lockdown trading restrictions. Estate management strategies have been developed with CBC to mitigate income loss caused by the economic downturn, with existing property transactions progressed as quickly as possible.
- 4.12 The DCMS-sponsored LFFN was not affected due to the specific timing of that project (as the deployment programme was not initiated) and it was then quickly commenced as soon as the Covid-19 lockdown for construction services was permitted, with the high street cable upgrades now complete; minimising disruption to this part of the town centre as it now re-populates.
- 4.13 The Infrastructure to the A12 Inter route is ongoing, which will create a new fast digital cable connection from the Town Hall (the hub for Colchester digital networking) to Telehouse in London. These upgraded data links are due for completion in September and create a long-term revenue for CBC being managed by Amphora, as well as benefitting the residents and business who will be able to use them in due course, assisting with the town's economic recovery.
- 4.14 Multiple leases on a commercial basis, are being negotiated for the letting of land plots to the investor, VX Fiber. In addition, there are a number of other service providers showing an interest in the digital infrastructure being delivered in Colchester, which will increase commercial income during 2020-21. Upgraded connections to some of the CBH sheltered housing developments are nearing completion and will further improve service and revenue.

#### **DEVELOPED ACTIONS FOR THE MEDIUM TERM (JULY 2020-APRIL 2021)**

- 4.15 **Appendix A** is a public version of the Group's Business Recovery Plan. It presents the Group's key deliverables for the current year 2020/21 and an overview of the work that has been planned from April 2021 until 2024. Due to the commercial nature of many of the company activities it is not possible to disclose all impacts, actions or plans which may then prejudice the Council's position in future or give competitors an advantage.
- 4.16 Although much work has taken place since May 2020, the plan will continue to develop and be reprioritised and amended according to horizon scanning on changes in government policy, the economy, society, CBC and partner priorities. It also follows agreed Business Plans, which the Scrutiny Committee reviewed in late 2019, and subsequently agreed by Cabinet after recommendations from both Scrutiny and the shareholder committee (Governance & Audit).
- 4.17 **CAEL's** medium-term actions and objectives are the construction and commissioning of the Energy Centre together with the initial installations of sections of the pipe distribution network, commencing in 2020/21, and concluding the heat network in line with the CNG housing delivery programme ending December 2024. The initial pipeline has started delivery on site as part of "The Walk" contract works, which commenced in July 2020.
- 4.18 **CAHL's** medium-term actions include the continuation of the building activity at Creffield Road, progressing the construction at Military Road, Harding's Close, Buffett Way and Scarfe Way and, together with CBC, to consider future housing sites and the outline planning permission, followed by the detailed planning

consent, on Mill Road at CNG in March 2021. At Creffield Road, CAHL have recently announced the appointment of TJ Evers as the winning contractor, bringing forwards a local employment opportunity for a construction company that is based in Tiptree.

- 4.19 **CATL's** diverse activities break down into Commercial Development Services, Estates and Asset Management and Trading activities such as Helpline, Events, Fibre and CCTV as well as providing commercial and strategic management of the Council's Sport and Leisure service and Economic and Social Development delivery.
- 4.20 For Commercial Development Services the focus between now and April is on the CNG Sports Park and CNG "South" site with:
- Completion and fit-out of the Sports Park as a fully operational venue of cycling excellence, home of Colchester Rugby Club, and sport and leisure for all.
  - Preparation to ensure the Sports Park is operationally ready for the public launch in January 2021, with the team recruited and trained, and marketing in place to attract multiple and diverse users.
  - Completion of additional post contract works, including signage for promotion and accessibility.
  - Management of the offsite highway improvements which are under a separate contract and will be complete in mid to late 2021.
- 4.21 At CNG-South, to accommodate a delayed move of the Rugby Club to the Sports Park in January 2021, the start of "Phase 2" works for "The Walk" are projected for early 2021 with a completion by mid-2021. Planning consent for the hybrid planning application in October 2020 shall continue with the reserved matters by March 2021 and an expectation to commence works mid to late 2021.
- 4.22 Our Economic and Social Delivery team will continue to work in partnership with CBC Communities Team, to support the growth of Colchester's creative and cultural economy. Projects include development of the new Stanway Community Facility on the Western Bypass; and feasibility and development of projects at Queen Street Bus Depot and public spaces at St Nicholas Square and Balcerne Gardens. Additional financial support until the end of 2020 was achieved from the ERDF funded South East Creative Cultural and Digital Support Programme.
- 4.23 Safeguarding of income is the medium-term focus for Estates and Asset Management Team to be achieved through tenant management and the implementation of estate strategies to minimise voids and empty property costs and progress transactions. The Asset Management Strategy will be revised to incorporate the changing economic context and support for the Council's emerging Economic Recovery Strategic Plan.
- 4.24 For other trading activities the focus will be on re-opening and recovery:
- Socially distanced and restricted weddings recommenced from 4<sup>th</sup> July
  - Selected outdoor and indoor, Covid-19 compliant, events recommencing as and when permitted (and from July/August)
  - Sport & leisure facilities, with restricted capacities, online pre-bookings and new cleaning and operating procedures, re-opened from 25<sup>th</sup> July (however, some services are still not permitted to open e.g. Aqua Springs).
  - Delivery of the digital upgrade of CCTV, aligned to the LFFN roll out, recommenced in May 2020

- The Digital team is in early discussion with mobile operators and an external adviser about the entry of the mobile operators into the network to facilitate 5G deployment in Colchester. The latter is likely to emerge in the coming 1-2-year period as an important source of revenue and is one of the key success metrics required of the project by DCMS. It is important that all service lines consider potential uses for the new LFFN digital infrastructure, which will grow into one of the largest of its type in the UK over the next year.

## **LONGER TERM ACTIONS (POST APRIL 2021)**

- 4.25 The Group will continue to develop the work it has agreed under its current Business Plans (2018-21) with consideration to future business planning currently in development for the period 2021-2024. With the impacts of coronavirus expected to continue into this period, the subsequent Business Plans and budget setting processes will address these ongoing ramifications.
- 4.26 **CAEL's** longer term objectives focus on boosting a greener economy and supporting the de-carbonisation of the town. Principally, this currently lies with developing the Northern Gateway Heat Network to maximise the Energy Centre's capacity and explore the potential to extend the Network; as well as developing other sustainable, energy related projects such as a micro grid at the Northern Gateway and heat networks in Colchester.
- 4.27 **CAHL's** longer-term actions will do much to stimulate the local economy including progress of the Mill Road development proposals for up to 350 new homes with commencement on site; exploring St Runwald Street to accommodate up to 55 new homes; ensuring sales of new homes are achieved at Creffield Road; processing Phase 2 development sites along with managing the Phase 2 garage sites; and promoting Phase 3 garage sites and reviewing proposals for Phase 3 development sites.
- 4.28 **CATL's** longer term focus will be to continue to ensure its Estates Management income is safeguarded and new income generating opportunities are identified which adapt to the changing economic climate. Implementation of the updated Asset Management Strategy will be a key driver.
- 4.29 For CATL's other trading activities, beyond April 2021 work will continue to:
- Re-establish and develop further the events programme across all venues, taking a leading role in the cultural recovery of Colchester, encouraging both residents and visitors into the town.
  - Develop an exciting and inclusive sports and leisure provision and programme at the Sports Park to maximise users and participation for all abilities and to manage commercial performance.
  - Extend Helpline's services both in terms of offer and geographical reach utilising the possibilities the digital upgrade will deliver.
  - Continue roll out for ultra-fast fibre across the Borough working with strategic partners to maximise customer sign ups and market the benefits for residents and businesses.
  - Develop business opportunities with third parties by offering our:
    - F & M Services
    - Project Management
    - Sports and Leisure Management
    - Property development
    - Sustainable communities

- Grant applications

## **5.0 Equality, Diversity and Human Rights implications**

- 5.1 In alignment with the work on response to date, the emerging work on recovery has been informed by the requirements of the Coronavirus pandemic, the Coronavirus Act, Government guidance (statutory and non-statutory) and market intelligence. Several of the projects are designed to improve<sup>3</sup> access or services for our more vulnerable user groups, including (but not limited to) the “access for all” elements of the Sports Park, increased affordable housing, provision of better broadband to less affluent areas, and helpline.
- 5.2 As the Recovery plan emerges, further equality and diversity issues will be considered where policies or procedures emerge or change as a result of the Recovery Programme. This will include producing further Equality Impact Assessments where appropriate for individual areas of activity.

## **6.0 Strategic Plan References**

- 6.1 The Amphora Group’s activities span most of the strategic plan priorities. The Group’s Business Recovery Plan therefore aligns with the Council’s recovery planning and the existing strategic priorities. This will need to be reviewed considering the significant economic and social impacts of the Pandemic. The future Recovery Plan will be aligned with those priorities.
- 6.2 The group activities advance or positively contribute to most of the Councils strategic priorities, whether this be place-making, sustainability, health and wellbeing, community safety, housing delivery, or economic growth.

## **7.0 Consultation**

- 7.1 Appropriate consultation and engagement with partners, all sectors of the community, business, contractors, and stakeholders will be considered in relation to the individual projects and activities undertaken.

## **8.0 Publicity Considerations**

- 8.1 The Group’s Business Recovery Plan is not publicised in the same way that the Council may publicise its Recovery Plan. As the companies work through the recovery period each area of work will be promoted or publicised wherever appropriate and utilising the company and Council communication channels, with communication plans attached to major project areas.

## **9.0 Financial Implications**

- 9.1 Overall, following the business Recovery Plan, a revised forecast for CCHL for the year ending 31 March 2021 was presented and approved by the Governance and Audit and the Cabinet for a dividend of £226k, previously £528k, as a direct result of Covid-19.
- 9.2 The successful recovery of CCHL will deliver the dividends assumed in the Council’s Medium-Term Financial Forecast.

- 9.3 Continuing successful delivery of the Council's capital programme will achieve better value for money and the delivery of income targets associated with the programme.

## **10.0 Health, Wellbeing and Community Safety Implications**

- 10.1 Health and wellbeing is at the heart of the company activities, whether it be through the management of Leisureworld, the project management for the new Sports Park and the wider Northern Gateway, or the events programme. The wellbeing of residents, businesses and visitors is a primary consideration in the development of the Business Recovery Plan.

## **11.0 Health and Safety Implications**

- 11.1 The development of the recovery plan complies with applicable Health and Safety legislation and the Company's and Council's policies. On construction sites, the contractors on site are complying with the latest national safe operating procedures, whilst the events business operations have restarted in line with government guidance (and in the same way we are managing for the leisure facilities).

## **12.0 Risk Management Implications**

- 12.1 Risk management will be a key part of the development of the plan and risks have been assessed for projects according to the current risk management framework.

## **13.0 Environmental and Sustainability Implications**

- 13.1 Environmental and sustainability considerations are considered of paramount importance in the Recovery Plan. The activities of CAEL are a prime example of how the companies are directly influencing sustainability, with the Northern Gateway Heat Network being a flagship, innovative, carbon-cutting scheme. Each opportunity will be considered in relation to the Climate Emergency Action Plan to ensure the Council's climate change, environmental and sustainability ambitions and policies are actively addressed and promoted throughout the development of the Recovery Plan in all areas. We are committed to sustainable development and our aim is to improve our impact on lives, communities and the economy in which we operate, we strive to account for our economic, social and environmental impact whilst aiming to reduce our carbon footprint and other pollutants.

## **Appendices**

Appendix A: Colchester Commercial Holdings Ltd Outline Business Recovery Plan