

4th November 2020

Report of	Assistant Director Place and Client	Author	Paul Smith Mandy Jones Paul Cook
Title	General Update on schemes funded through the RIF		
Wards affected	All Wards		

1. Executive Summary

- 1.1 This report provides an update on Revolving Investment Fund (RIF) funded schemes. It shows that good progress is being made in delivering the programme.

2. Recommended Decision

- 2.1 To note the contents of this report.

3. Reason for Recommended Decision

- 3.1 To monitor this important element of the Council's capital programme.

4. Alternative Options

- 4.1 Not applicable.

5. Background Information

- 5.1 The RIF was set up to recycle capital receipts into high performing investments for the Council in order to produce income.

Updates on the current projects are set out below:

- **Northern Gateway Sports Park**
 - The Sports Park project is continuing on site and due to complete by the end of November 2020.
 - The Sports Park opening has been delayed until 22nd March 2021 due to Covid-19.
 - The recruitment of staff is being reviewed for the sports park opening during March 2021.
 - The S278 works are underway for the Junction 28 on the A12. The works are set to complete April 2021 at the latest with a possibility of completion in January 2021, dependent on weather and permissions.
 - Planning conditions were approved allowing the Sports Park to use the Boxted Road and Severalls Lane as access for pedestrians whilst the Junction 28 pedestrian crossings are completed within 12 months post occupation of the Sports Park.

- Consultation with key stakeholders, sports users and funders has been ongoing throughout the construction period for the operational opening of the Sports Park.
- The site benefits from a café area under the Paddy and Scotts franchise which will be managed under the CBC Sports and Leisure.

- **Northern Gateway South**

- A hybrid planning application has been submitted for the land south of Axial Way. Due to elongated highway negotiations, the planning application may not be taken to a planning meeting until the first quarter of 2021. The scheme comprises of new homes, commercial floor space, open space, Walk (formerly 'Boulevard'), access roads and a healthcare campus with a retirement living village.
- The hybrid planning application requires an MOU on health and wellbeing to accompany any S106 contributions which is being progressed.
- Following Cabinet approval of the heads of terms, work is progressing with the health care provider and key stakeholders to develop proposals for the land sale but highways issues mentioned above need to be resolved first.
- The Heat Network boreholes have been completed and the delivery of the Heat Network is dependent on the CNG hybrid planning consent.
- Works commenced to the 'Walk', the works were split into phases to facilitate the current residents (Archery and Rugby).
- Phase 1 and 1a are due to complete October/November 2020 with Phase 2 due to restart April 2021.
- The restart of works will incur prolongation costs which are still under negotiation.
- The 'Walk' contract works has facilitated some additional infrastructure to accommodate the Heat Network Borehole chambers along the Walk.
- Virement costs from the Walk project were taken to facilitate further works for the Hybrid Planning Application, these funds are required for the completion of Phase 2. A request for the hybrid planning application to virement these costs was agreed in October 2020

- **Town Centre**

- 'Jacks': The building works and lease with the tenant completed early 2020.
- The feasibility work on St Nicholas Square is now complete and is progressing with the advance payment from the Town Deal.
- The feasibility project for 'Grow on Space' is well underway and additional funding solutions are being sought.
- Land assembly around Vineyard Gate is nearly complete while a feasibility scheme is being designed.
- Sport and leisure asset review is progressing with feasibility work ongoing to look at potential options.
- St Botolph's public realm, improvements and repairs to existing public realm, work is ongoing to develop further improvements in this area

- **East Colchester**

- Enhanced facilities for moored boats at the Hythe is underway with the installation of new electricity and water bollards.
- Broad Lane Sports Ground-solution sought through wider strategic project.

- **Digital Strategy**

- A £3.3m DCMS-funded digital deployment (local full fibre network programme) is underway and due for completion by the end of June 2021. This deployment

will form the core network enabling follow-on investment from the private sector (£10m initial investment secured) to improve connectivity across Colchester. A number of key elements of the project, including a new 95km link to London, have been completed. Work is underway to fully replace Colchester's existing CCTV system with a brand new, digital system to improve community safety and wellbeing. The new digital system will allow for expansion of the system to new areas, will significantly reduce high operational costs on maintenance and repair, and provide better storage of footage for use by the police when requested.

6. Equality, Diversity and Human Rights implications

- 6.1 All RIF projects are subject to Council policy on Equality and Diversity and legislation, policy and good practice is considered in emerging project plans. The Northern Gateway Sports Park development has been designed to promote access for all, inclusive use and accessibility to all groups.

7. Strategic Plan References

- 7.1 All projects outlined contribute directly to the Council's Strategic Plan 2020-23 priority 'Growing a better economy so everyone benefits' contributing to the ability, as outlined in the plan, to 'Enable Economic Recovery from Covid-19 ensuring all residents benefit from growth'. This is specifically detailed in the in the goal to 'Transform the Northern Gateway as a hub for improved wellbeing, physical activity, jobs, housing and renewable energy' 'address the inequality of access to Gigabit Broadband in communities' through the Digital Strategy. In addition, the projects are a major contribution to the Council's Covid-19 recovery plan providing jobs through construction and enabling economic recovery.
- 7.2 The Northern Gateway is specifically identified as a theme in the Council's Strategic Plan 2020-2023 under the priority 'Develop the Northern Gateway as a sustainable place for people to live, work and visit'. This also underpins to the Council's strategic priority to 'create new communities and adopt a Local Plan that delivers jobs, homes and the infrastructure to meet the borough's future needs'.
- 7.3 This update illustrates the contribution these projects make to the Strategic plan priority: 'Create an environment that attracts inward investment to Colchester and help businesses to flourish' and to 'Ensure a good supply of employment land and premises to attract new businesses and allow existing firms to expand and thrive'.
- 7.4 The projects also contribute to the Strategic Plan priority of 'Creating safe, healthy and active communities' as outlined in item 11 below.

8. Consultation

- 8.1 There are no particular consultation considerations necessary for this report. However, consultation (both statutory and non-statutory) is a major element of the individual project plans.

9. Publicity considerations

- 9.1 There are no particular publicity considerations necessary for this report. However, each project and the Northern Gateway itself has a communications and marketing plan, including targeted publicity and marketing to attract investment.

10. Financial implications

- 10.1 Progress on the 2020/21 RIF capital programme to Q1 2020/21 as reported to 8 September Governance and Audit Committee is set out in Appendix A.
- 10.2 Gains may be made directly from a RIF project, or indirectly where the RIF project facilitates wider developments that generate increased income in their turn. The subsequent table summarises the wider benefits of RIF projects. Returns are likely to be impacted by the Covid-19 situation in the short and medium term.

	Category of income	Summary of income source
1	Rental income	RIF projects may generate an ongoing income stream. Against this income stream should be offset the cost of any borrowing after allowing for grants and contributions from government and other sources.
2	Business Rates	<p>Commercial development leads to business rates income</p> <p>Under the current funding system, Colchester has a 40% share of business rates. MHCLG's assessment of Colchester's funding requirement is exceeded by business rates income so a tariff is paid.</p> <p>Colchester has previously benefited by outperforming its business rates baseline and its membership of the Essex business rates pool. Because of Covid-19 business rates performance is expected to be reduced by £1m in 2021/22 and £2m in 2022/23 compared to original MTFF assumptions as reported to 14 October 2020 Cabinet.</p> <p>The Government expects to reform local government finance in the near future. It is expected that the 2021/22 local government finance settlement will be a one year settlement only in view of Covid-19. The Government intends to move to 100% council retention of business rates in the medium term. It is unclear what proportion of existing and future growth would be retained by councils and for how long.</p>
3	Council Tax	<p>Residential development increases the council tax base</p> <p>The Government expects to reform local government finance in the medium term. It is likely at that stage the Council's funding base would be reset to reflect actual income levels. It is unclear whether future gains in council tax income would be retained by the Council.</p>
4	New Homes Bonus	<p>Residential development is rewarded by New Homes Bonus. Each additional unit is rewarded at the national average council tax for that band. Bonus is only paid for units above a 0.4% annual growth assumption.</p> <p>There are additional supplementary rewards for empty homes returned to use and affordable properties</p>

		Under the current system bonus earned is paid for 4 years. 80% goes to the Council and 20% to ECC.
		Government plans a fundamental review of New Homes Bonus in the medium term as part of its proposal to reform local government finance
5	S106	Major RIF projects may lead to S106 agreements

11. Health and Wellbeing and Community Safety implications

- 11.1 The development of the Sports Park contributes directly to the Strategic Plan priority of 'Creating safe, healthy and active communities' and facilitates health and well-being of borough residents in general. The provision of a major new sports facility for the borough with a diverse offer and access for all enables increased access to healthy lifestyles and inclusion in sports and leisure activities.
- 11.2 As outlined in item 5.1 the Digital Strategy includes the work to replace Colchester's existing CCTV system will improve community safety and wellbeing, enabling enhanced monitoring and improving public safety.

12. Environment and Sustainability Implications

- 12.1 The Council has declared a Climate Emergency and has committed to being carbon neutral by 2030. This project will help promote sustainable travel and renewable energy that will contribute towards the achievement of sustainable development as defined in the National Planning Policy Framework. Achieving sustainable development means meeting three overarching objectives, which are interdependent and need to be pursued in mutually supportive ways. These are economic, social and environmental objectives.
- 12.2 The projects 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. The award of the contract, and subsequent development delivered, will promote the Climate Emergency and the sustainable development objectives set out in the National Planning Policy Framework.

APPENDIX A: Finance report to September Governance and Audit with updated comments. These are Quarter 1 figures.

	Total Programme £'000	Accrued spend to Q1 £'000	Forecast 2020/21 £'000	Spend against forecast %	Forecast 2021/22 £'000	Forecast 2022/23 £'000	Forecast 2023/24 £'000	RAG Status Current
CNGN - Sports Park	7,078	1,414	6,664	21%	414	0	0	Amber
CNGS (Including The Walk)	5,161	67	4,991	1%	170	0	0	Green
Colchester Northern Gateway Heat Network	3,896	6	3,896	0%	0	0	0	Green
Digital Strategy - works	3,186	434	3,186	14%	0	0	0	Green
Town Centre	2,099	12	964	1%	1,135	0	0	Amber
Pre-development and feasibility funds	250	0	250	0%	0	0	0	Green
St Botolph's Public Realm	118	0	118	0%	0	0	0	Green
Jacks - St Nicholas St	-22	71	-93	N/A	0	0	0	Amber

Comments on amber rated schemes:

Colchester Northern Gateway North

Timing: There was a target Sports Park completion of May 2020. The estimated practical completion is now November 2020.

Cost: Work ongoing with funders to meet funding criteria and with end users of the completed Sports Hub facility.

Complexity: There have been social distancing, and lock-down delays to project and an agreed variation to project, to the Sports Park building which is now having a balcony built that has also delayed completion.

Town Centre

Timing: The programme will be delivered with the majority of the spend in 2020/21.

Cost and complexity: No new issues

Jack's – St Nicholas Square

Timing: Project has completed with a new tenant.

Cost: There is a overspend of £90k to the end of Q1 which will increase to approximately £120k Q2 once the retention money is paid.

Complexity: The project has been exceptionally complex but is now complete. It is expected that any overspend can be met by virement.