



Colchester
COMMERCIAL HOLDINGS

BUSINESS PLAN 2018 - 2021

Updated December 2019

DRAFT - AWAITING UPDATED BUDGET 20/21

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EXECUTIVE SUMMARY



Colchester Commercial Holdings Ltd

is the holding company for three separate subsidiaries, with related but distinct products, services, markets and opportunities. This business plan consolidates the three sub-divisions into a high-quality commercial offer which maintains the strong public sector ethos of its shareholder.



Colchester Amphora Trading

will deliver high quality products and services to public and private sector clients in the Property, Leisure and Health Care industries.



Colchester Amphora Energy

will design and implement low carbon energy systems and provide energy services in Colchester.



Colchester Amphora Homes

will deliver high quality affordable and private sale homes in Colchester and the surrounding area, along with managing the redevelopment of Colchester Borough Council owned garage sites.



OBJECTIVES

CCHL AIMS:

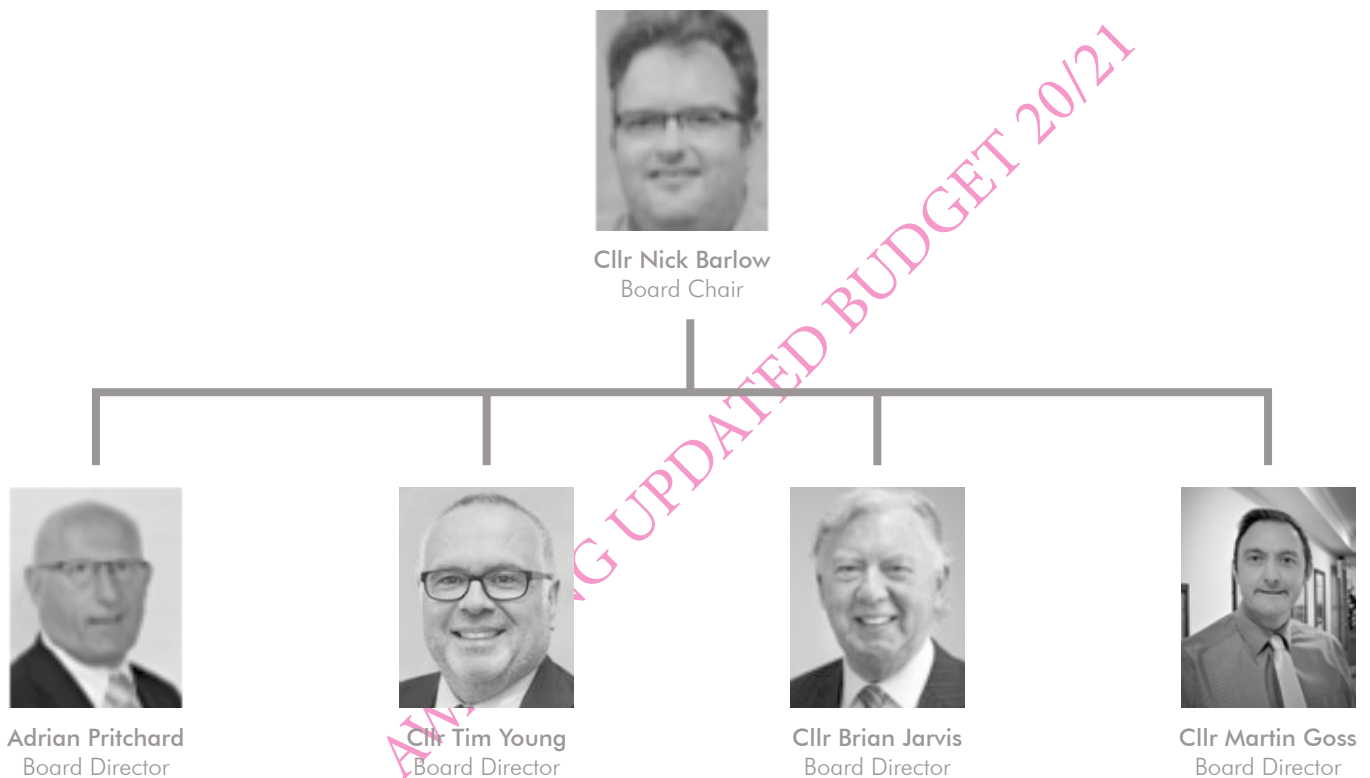
- Generate profit to maintain viability, reduce risk, return a dividend to our shareholder and re-invest in CCHL.
- Operate in a commercial, innovative manner exploring options for development and expansion.
- Provide our clients with high-quality products and services while maintaining a high level of return for the Council.
- Improve quality and availability of homes for private sale and affordable rent for local people.
- Capitalise on our unique product and services range to gain market share.
- Build the global brand of Colchester as a place to do business, invest, live, study and visit.

DRAFT - AWAITING UPDATED BUDGET 2021

GOVERNANCE & MANAGEMENT STRUCTURE

CCHL is a company limited by shares, wholly owned by Colchester Borough Council.

A board of directors has been established to provide strategic direction and oversee performance:



The directors hold the responsibility for making decisions, providing leadership and monitoring the performance of the company. The directors are responsible for obtaining appropriate legal, financial and tax advice to enable them to make informed decisions about the running of the company. The directors are responsible for maintaining and regularly reviewing a robust risk management framework. The Board meet on a bi-monthly basis and are bound by the Articles of Association and Code of Conduct.

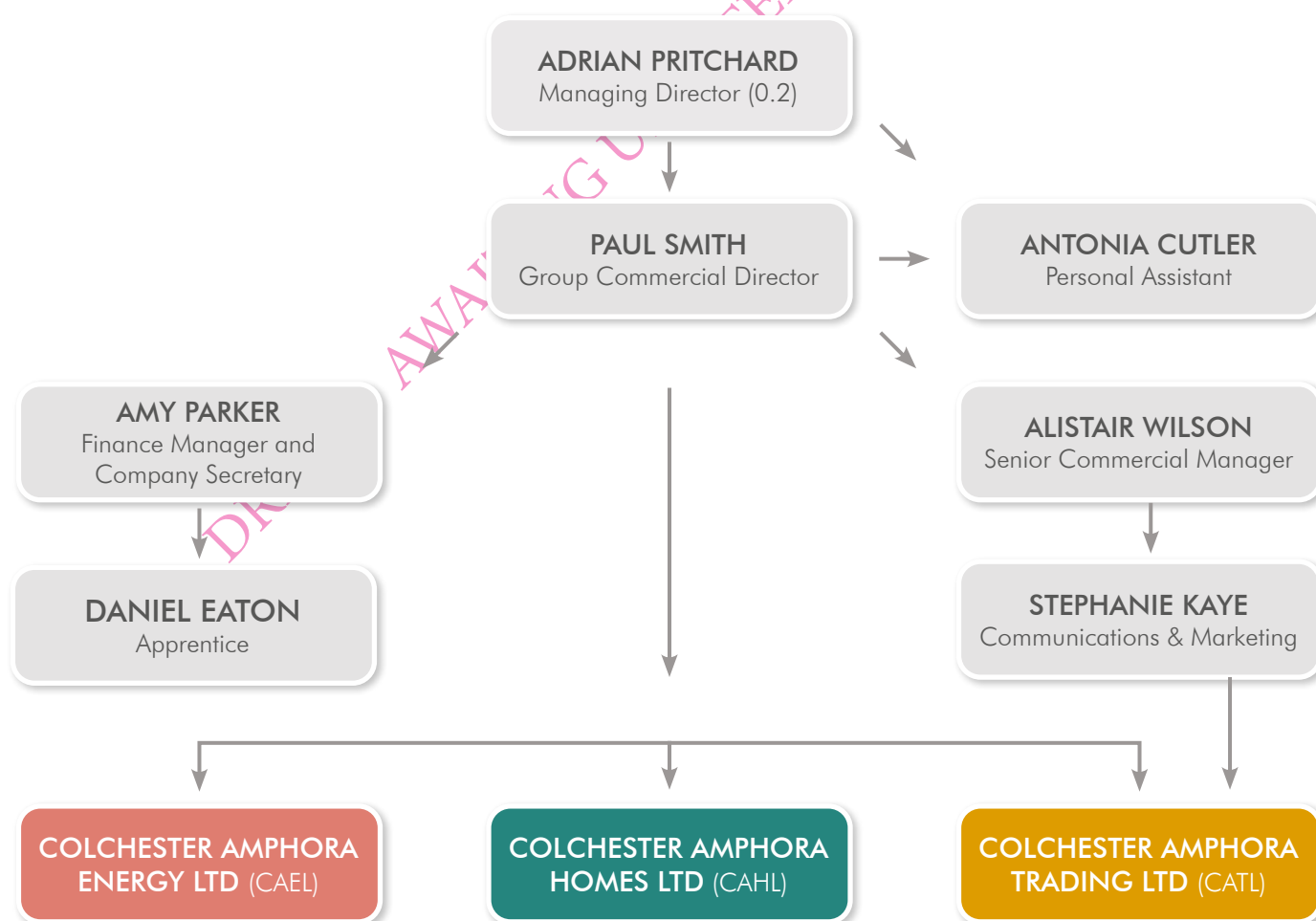
The articles of association govern the decision making and by whom. The company is required to comply with all laws governing private limited companies, such as the Companies Act 2006 and the regulatory regime for local authority companies under the Local Government and Housing Act 1989.

The board of directors are responsible for decisions regarding business development and the day-to-day operation of the company. However, the Cabinet, on behalf of the Council, are required to approve any decisions that would affect the shareholder's rights.

CCHL accesses a range of services from the Council through a series of Service Level Agreements. These are reviewed on a quarterly basis to ensure performance and to ensure the company and Council are achieving value for money.

Any profits made will either be repaid to the Council as a dividend, for the Council to invest in local services or reinvested in to the company.

The senior management of CCHL, as shown below, will produce an annual report on company performance to be taken to Governance and Audit Committee in June each year to provide an update on performance.



OPERATIONAL MANAGEMENT



Accommodation

To provide office accommodation and associated facilities at Rowan House, Sheepen Road, Colchester



Finance

The provision of accountancy services for all aspects of the budget cycle, cash flow management and administration of the Council's financial systems.



ICT and Telephony

To provide efficient and effective ICT services in relation to advice, best practice, policy development, data security and general ICT services



Governance

The provision of hall keeping, insurance, internal audit (via Mazaars), Health and Safety, legal and procurement advice



HR

The People and Performance Team and HRSC will provide operational HR and strategic support



Communication, Marketing and PR

Develop, market, maintain and protect CCHL brand/s and services locally, regionally and nationally to raise their profile, increase customer awareness and satisfaction, communicate with target audiences and engage new audiences



Fleet Services

The provision of vehicles and maintenance in line with the specification required.



Customers

The provisions of customer business services, Multi-Functional Devices and Customer Experience Services.

MARKET OVERVIEW

COLCHESTER AMPHORA HOMES LTD (CAHL)

The need for housing in Colchester continues to grow, and supply constraints are an ongoing issue.

The current housing market nationally has suffered from some stagnation as a result of uncertainty around Brexit and other policy changes, e.g. tax changes regarding Buy to Lets. However, government policy incentives around first time buyers such as Help to Buy are stimulating an active housing market around smaller homes.

Supply and Demand

Whilst most indicators show an increase in new housing completions in Colchester over the last two years, the number of new housing starts has fallen and remains well short of projected need.

Outlook

There is a clear recognition across political parties of the urgent need to build more homes in the country overall, and specifically in Colchester. Long run trends in population growth and cumulative impact of years of undersupply point to an ongoing need for high quality new homes at an affordable price for both purchase and rent. This market dynamic is driving CAHL's desire to increase output and therefore to help address Colchester's housing shortage over the coming years. This currently stands at 2,890. CAHL looks to address the high levels of local demand by providing 30% Affordable Housing allocation on new development sites.



MARKET OVERVIEW

COLCHESTER AMPHORA ENERGY LTD (CAEL)

The Northern Gateway Heat Project will provide services to the core scheme identified, as such it will not be in competition with other energy service providers in this area.

However, we will work with the local authority to promote the heat network as part of a wider vision for the new Northern Gateway destination, a place which is proving to be a local and regional trailblazer for innovation around sustainability and digital communications.

In addition, as one of the 9 UK heat network pilots funded by BEIS, CAEL will continue to promote the ultra-low carbon scheme at Northern Gateway through national networks and local channels.



MARKET OVERVIEW

COLCHESTER AMPHORA TRADING LTD (CATL)

Development Management

Development management is a client-driven industry, and as clients' needs change, the sector - and the firms within it - must adapt quickly in terms of services, structure and operations.

The past few years have seen significant transition, particularly in terms of technology, legislation, financial market Brexit uncertainty and the construction industry. Development management firms have had to respond rapidly, while maintaining their competitive edge and ensuring their own long-term growth.

"The market for development management is borne from investors and landowners seeking to drive best value from their assets".

CATL is new in this sector and as such will target smaller bespoke projects to work on as the larger established nationwide firms have larger multi-disciplinary teams who are able to respond to large scale development projects with ease.





Helpline has been established in the Borough of Colchester, and provided a service to residents across North Essex, for over 20 years with a current customer base of over 3500 individuals.

Helpline prides itself on being the leading provider in North Essex of a dedicated Monitoring & Response falls pick up service, which operates 24 hours a day, 7 day a week. The key ethos of the organisation is to allow residents to remain independent at home and provide peace of mind to friends and family at the touch of a button.

Nationally, NHS England recognize the valuable input Technology Enabled Care (TEC) has on individuals, as it allows people to be in control of their own health, wellbeing and support, keeping them safe, well and independent and offering them and their families peace of mind.

TEC uses phone networks and internet connections to provide access to a range of health practitioners as well as care and support organisations that can respond to emergencies.

By 2025, analogue telephone services will be switched off as the UK's telecoms infrastructure is upgraded to digital connectivity. This shift has major implications for the technology enabled care sector and the 1.7 million people who rely on telecare in the UK. With this digital changeover TEC providers need to carry out work to upgrade their systems and recognise the opportunity digital connectivity represents to devise new services and product offerings.



COLCHESTER EVENTS COMPANY



The UK events industry is worth £42.3 billion and there are over 85m event attendees with 1.3 million business events held each year.

Colchester Event Company strives for excellence across the events industry, ensuring a vibrant and challenging selection of entertainment. Maximising the use of venue and outdoor space alike, attracting nationally profiled artists and events due to the commercial viability of the area plus can-do attitudes.



Focusing on social inclusion to ensure that all demographics of audience can be catered for through cultural diversity, working with minority groups to enable organisation and participation in events.



Colchester Events Company wants to develop long lasting partnerships and relationships to ensure sustainability moving forward with projects and initiatives that ensure a level of engagement and delivery for a wide spectrum of partners.

SPOTLIGHT ON: COLCHESTER AMPHORA HOMES LTD

Colchester Amphora Homes Ltd is a housing development company which has four sites from the Council to deliver over 300 units, including 30% affordable homes, whilst exploring a further three Phase 2 sites, and a number of garage sites for Phase 3.

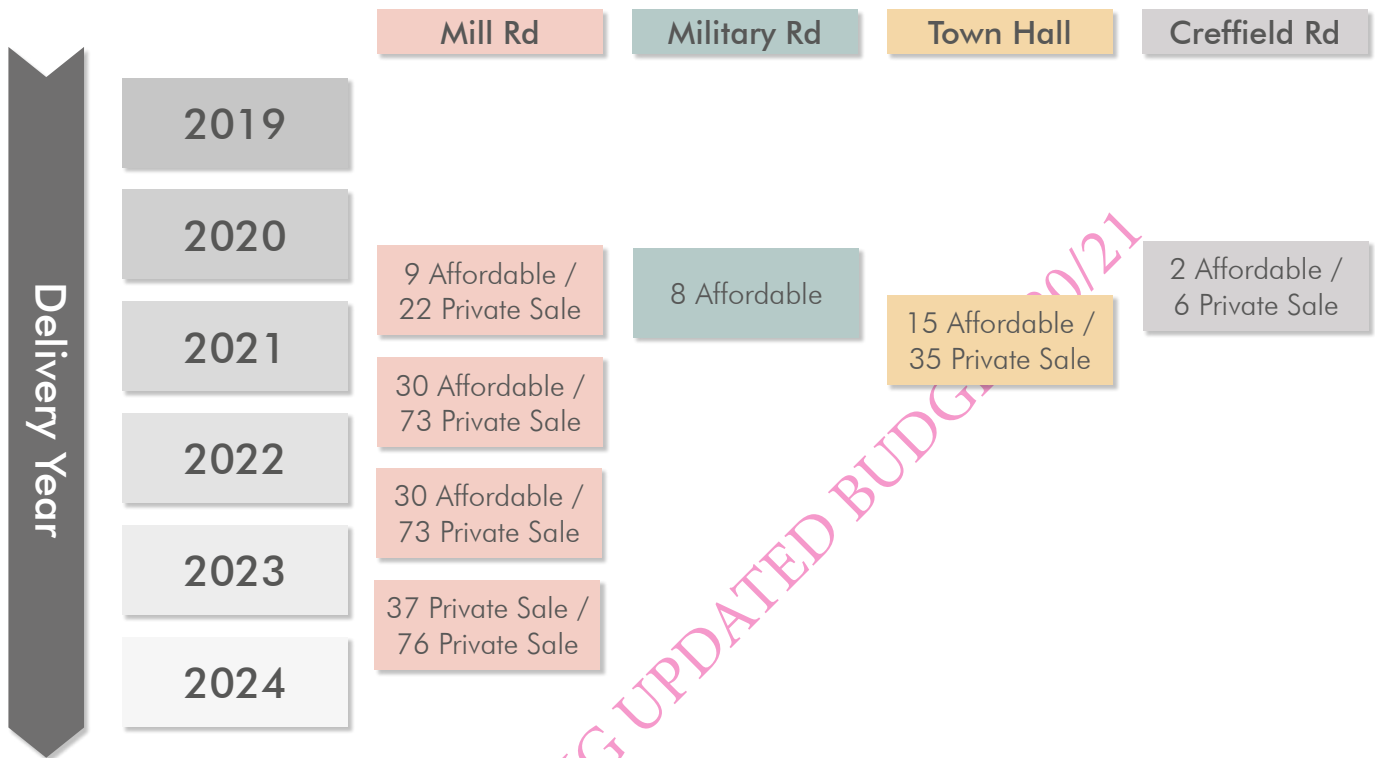


The Company aims to be on site building its first homes in Summer 2020.

CAHL will:

- Seek to become a successful local developer with a reputation for delivering high quality, well-designed residential property
- Make a positive contribution to the delivery of more housing across Colchester to meet need across a mix of tenures
- Recycle surplus funds generated from these projects to support corporate objectives of the Council as single shareholder
- Provide 30% affordable housing on its sites
- Trade in a manner that, wherever possible, acts in the best interest of the Council
- Develop new homes at the Northern Gateway

CAHL Delivery Schedule



Within CAHL we will continue to offer products and services which are:

- High quality but good value for money
- Based on local provision, both in terms of the sites bought, which will be in or around the Borough, and the local suppliers CAHL seeks to use
- Sustainable - CAHL will strive to create homes which reflect the highest possible levels of environmental sustainability
- Reliable - CAHL will aim to become known as a trusted housebuilder who delivers a quality product
- Innovative - where possible we will seek to introduce new levels of innovation in homes without adding to cost for buyers.

SPOTLIGHT ON: COLCHESTER AMPHORA TRADING LTD

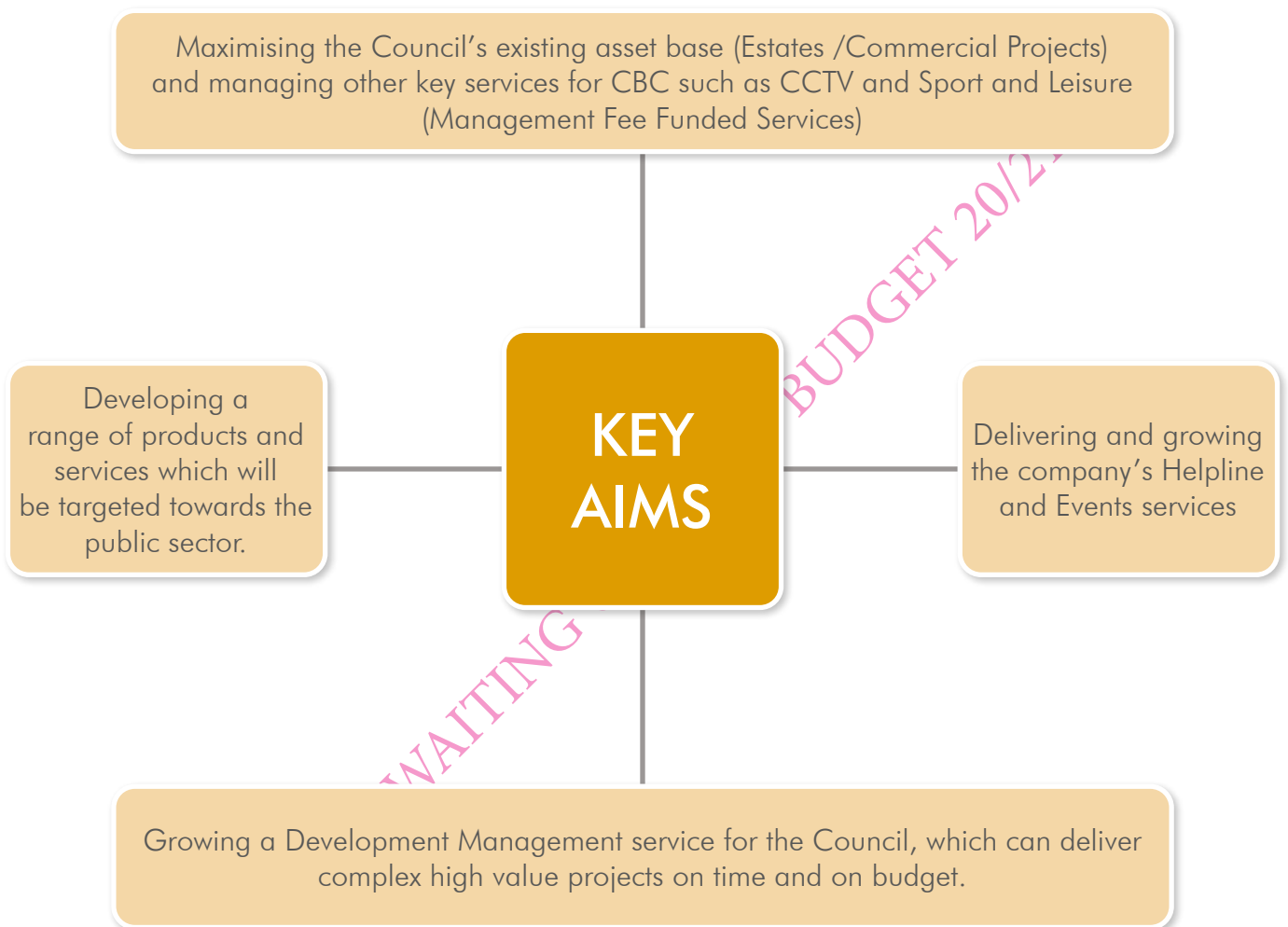
CATL delivers a diverse range of products and services to individuals and businesses across the borough.

CATL will:

- Maximise commercial opportunities and to trade our services in a manner which reflects the ethos of our parent company and sole shareholder, Colchester Borough Council.
- Build our customer and client base and grow a local and regional reputation by delivering high quality services which are good value for money.
- Deliver key services to our largest client, Colchester Borough Council, which maintain and grow its asset-based income levels AND maximise economic and social benefits across the Borough
- Develop new areas of business across all our services
- Maintain a happy and productive workforce



CATL will focus on four key areas of work within this plan period:



Our Services will be:

- Flexible and innovative with tailor-made options to meet the needs of the individual customer
- Locally delivered - wherever possible (and relevant) we will utilise local suppliers
- Delivered by trusted, reliable and skilled employees.

SPOTLIGHT ON: COLCHESTER AMPHORA ENERGY LTD

Colchester Amphora Energy Ltd (CAEL) will continue to develop and promote the use of local low carbon sources of heat and power through a range of projects and initiatives.

CAEL's current focus is on the delivery of a large heat network at North Colchester that will provide an ultra-low carbon heat solution to residents, businesses and other commercial users as part of the proposed growth location in this part of the Borough.

Delivery Timeline:



Image of borehole testing compound at the Northern Gateway

CAEL continues to explore new opportunities and are working with local and regional partners to develop proposals for further projects in the Borough.

OUR SECOND YEAR IN NUMBERS

COLCHESTER AMPHORA TRADING

COLCHESTER EVENTS COMPANY

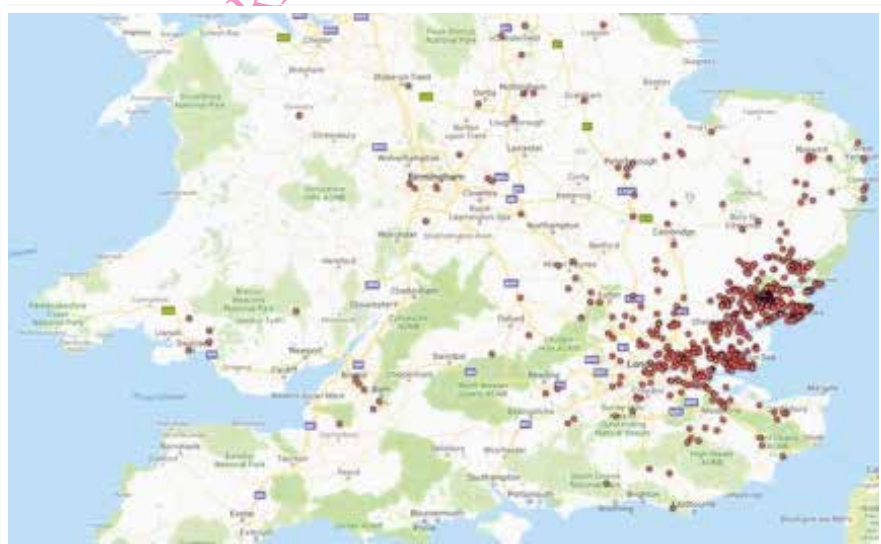
CEC	18/19	19/20	Change	% Change
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Number of Visitors by venue:

Charter Hall	31,000	42,000	11,000	
Open Air/Park	180,000	185,850	5,850	
	211,000	227,850	16,850	+8%

Number of Events by venue:	18/19	19/20	Change	% Change
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Charter Hall	55	70	15	
Town Hall	359	491	132	
Castle	57	47	-10	
Open Air/Park	46	45	-1	
	517	653	136	+26%



Map illustrating ticket purchasers in 2017/18 season for Colchester Events Company

OUR SECOND YEAR IN NUMBERS

HELPLINE

Helpline	18/19	19/20	Change	% Change
Answered Calls	56,000	57,862	1,862	+3.3%
Customers	3,500	3,655	155	+4.4%
Customer Falls	3,000	2,945	-55	-1.9%



Helpline response officer with vehicle



CCTV office

CCTV	18/19	19/20	Change	% Change
Assisted Arrests	150	283	133	+89%

OUR SECOND YEAR IN NUMBERS



COLCHESTER AMPHORA ENERGY LTD

- Testing and drilling of Boreholes
- Heat System Design



COLCHESTER AMPHORA HOMES LTD

- 1 housing development site acquired
- Phase 3 developments feasibility assessment
- Assessing Garage Sites and progressing towards planning applications
- Detailed planning granted for 2 Phase One sites and applications pending for 2 Garage Sites



COLCHESTER COMMERCIAL HOLDINGS LTD

- £394,000 dividend for year two is on forecast for delivery

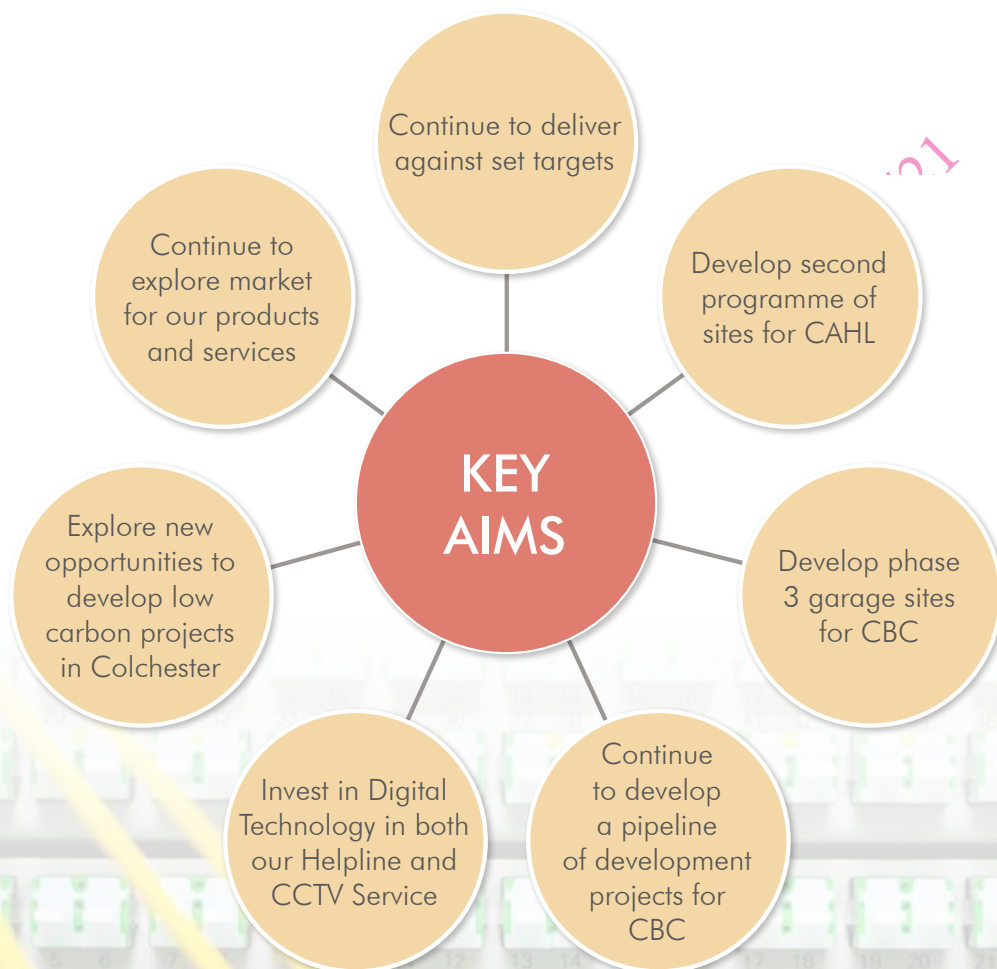


COMMERCIAL DEVELOPMENT & ESTATES

- £3.5m income raised for Colchester Borough Council (CBC) via commercial lets
- £19m of external funding secured for CBC
- Managed £30m capital programme for CBC

FORWARD LOOK

BUILDING UPON OUR PERFORMANCE TO DATE:



FINANCIAL PLAN

Colchester Commercial (Holdings) Limited Group Forecast Consolidated Forecast 2019 to 2022

	2019/2020	2020/2021	2021/2022	TOTAL
Income	4,456,944	4,742,789	5,027,179	13,908,912
Expenditure	-3,970,835	-4,089,690	-4,213,141	-12,273,666
Profit before tax	486,108	653,098	814,039	1,635,245
Tax	-92,361	-124,089	-154,667	-310,697
Net Profit (Available for dividends)	393,748	529,010	659,371	1,324,549

The above forecast ignores the potential impact of the Local Government Pension Scheme movements as they cannot be accurately predicted.

Due to the fact that the balance sheet is relatively simple and no large fluctuations are expected it has not been deemed necessary to include a forecast balance sheet.

Due to the fact that the level of cash is controlled against the level of debt held with the Council it has also not been deemed necessary to include a forecast statement of cash flows.



www.colchesteramphora.com

