

**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.