



Governance and Audit Committee

Item

7

Date: 5 March 2024

Report of	Managing Director (Interim) Colchester Commercial (Holdings) Ltd	Author	Richard Carr ☎ 282421
Title	Hibernation of Colchester Amphora Homes Ltd (CAHL)		
Wards affected	All wards		

1. Executive Summary

- 1.1 In line with the approved Future Strategy for Amphora and following a review of the company's assets and agreements with third parties, to propose the formal hibernation of Colchester Amphora Homes Ltd (CAHL), including the treatment of its assets and agreements.

2. Recommended Decision

- 2.1 The Committee is recommended to commend the resolutions set out in Appendix 3 to Annexe A, to the Cabinet.

3. Reason for Recommended Decision

- 3.1 In approving the Future Strategy for Amphora towards the end of last year, the City Council approved the principle of hibernating CAHL. Appropriate due diligence has now been completed on this intention and it is now necessary to consider the formal resolutions that are required to bring about that hibernation, with a view to completing this process by 31st March 2024.

4. Alternative Options

- 4.1 Theoretically, CAHL could continue to remain in operation. However, for this to happen, the City Council would need to agree to continue to underwrite the costs of CAHL, in the knowledge that there is no realistic prospect of an offsetting income in the foreseeable future. Therefore, the costs of underwriting the losses incurred by the company would likely rise.
- 4.2 Another option would be to disband the company altogether. In practice, the steps required to disband the company altogether are essentially the same as for hibernation, but 'dormancy' leaves open the option of re-activating the company if there was a significant change in circumstances and it proved to be in the City Council's interests to do so. Hibernation or dormancy was the option recommended by CIPFA as part of their review as explained in the Future Strategy for Amphora approved by the Cabinet last November.

5. Background Information

- 5.1 The Future Strategy for Amphora was approved through both Amphora's and the City Council's formal governance processes towards the end of 2023. The Strategy included the hibernation of CAHL, as a result of the change in the City Council's ability to accommodate risk due to the more challenging financial circumstances faced by all authorities and in line with the recommendations made by CIPFA as part of their review earlier.
- 5.2 Before formal resolutions to bring about the hibernation of CAHL could be presented to the Boards of CAHL and CCHL and, thereafter, the City Council's Governance and Audit Committee and Cabinet, it was appropriate to review CAHL's assets and agreements with third parties, to determine the appropriate way forward for each of these. This has now been completed with the support of Anthony Collins, who have been advising both Amphora and the City Council on this issue. A report which has now been considered by both the CAHL Board and the Board of Colchester Commercial Holdings Ltd (CCHL), CAHL's holding company, is set out at Annexe A and summarises the outcome of the due diligence process.

6. Equality, Diversity and Human Rights implications

- 6.1 The hibernation of CAHL does not impact on the City Council's obligations covering equality, diversity and human rights.

7. Strategic Plan References

- 7.1 The hibernation of CAHL flows from the agreed Future Strategy for Amphora. That Strategy describes the links to the Council's Strategic Plan and objectives.

8. Consultation

- 8.1 Appropriate consultation has taken place with the two staff who are currently employed by CAHL.

9. Publicity Considerations

- 9.1 The rationale for the proposed decision should help with the public explanation of the proposals.

10. Financial implications

- 10.1 The full costs of hibernating CAHL cannot be established until the end of the financial year and the City Council is commissioning technical advice to ensure that the necessary financial transaction is implemented in a way which protects the interests of both the City Council and Amphora. In the meantime, the Council's S151 has set out the likely range within which the costs of hibernating both CAHL and the Colchester Amphora Energy Company (CAEL) are anticipated to fall and the implications of this in his Section 25 Report as part of the City Council.

11. Health, Wellbeing and Community Safety Implications

11.1 The hibernation of CAHL has no particular health, wellbeing and safety implications.

12. Health and Safety Implications

12.1 There are no specific health and safety implications associated the proposed hibernation.

13. Risk Management Implications

13.1 Given the understandings reached with the City Council, the hibernation of CAHL effectively extinguishes the principal risks to the company, including those flowing from the delays with the Northern Gateway which has impacted on CAHL's ability to bring forward the housing development in the way anticipated.

13.2 The residual risks stem from a failure of the arrangements with the City Council to be fully completed. However, given the discussions that have taken place with the City Council, this risk is considered manageable although it will need careful monitoring and management.

Environmental and Sustainability Implications

14.1 There are no specific implications to highlight flowing from the proposed hibernation of CAHL.

Appendices

Annexe A	Proposed Hibernation of Colchester Amphora Homes Ltd Board Report
Appendix 1	Report to Colchester City Council – Amphora Governance and Decision Making
Appendix 2	CAHL Documents Review 2024
Appendices 3	CAHL Shareholder Resolutions CCHL Board Resolutions CCHL Shareholder Resolution