

27th June 2018

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|----------------|---|--------|-------------|
| Report of | Strategic Director of Policy and Place | Author | Holly Brett |
| Title | Update on Revolving Investment Fund (RIF) programme | | ☎ 508830 |
| Wards affected | All Wards | | |

1. Executive Summary

- 1.1 This report provides a summary of progress of key Revolving Investment Fund (RIF) projects including details of spending during the last financial year

2. Recommended Decision

- 2.1 To note the contents of this report including the capital spend update which has previously been reported to Scrutiny Panel.

3. Reason for Recommended Decision

- 3.1 To provide the RIF Committee with a timely update on progress of key capital projects which are managed through the RIF. A number of the larger projects have previously been reported to Cabinet due to their value and this report seeks to provide an update on these projects alongside other RIF schemes in delivery.

4. Alternative Options

- 4.1 There are no alternative options as this paper is an update for information only.

5. Background Information

- 5.1 Cabinet agreed to create the RIF as a way to recycle capital receipts into profitable high income producing development schemes and regeneration / economic growth projects.
- 5.2 Since the Committee was set up there have been a number of successful schemes delivered including the Amphora Place development at Sheepen Road which saw the Council build a 3 storey office building for an established Colchester firm, Birkett Long.
- 5.3 The success of this scheme which delivered a considerable new income stream for the Council has been followed by a number of schemes which are now in progress and outlined below;

- Northern Gateway

Sports Hub

- The sports hub planning application north of the A12 has been submitted and is due to be decided at Planning Committee in early July
- Consultation with key stakeholders, sports users and potential funders is ongoing
- The tender for the first package of enabling works has been advertised and is due to be returned early July
- Works to the cricket pavilion and wicket at Mile End is now complete and signals the first step in the relocation of sports users from Mill Road

Sites south of Axial Way

- Work is underway to submit an outline planning application at the end of the year for the south side of Northern Gateway
- Following the Cabinet approval of the heads of terms work is progressing with the health care provider and key stakeholders to develop proposals further for the site off Axial Way
- Work has started on site for the borehole test required for the heat network project, however this work now forms part of Amphora Energy's remit and will be reported on through the new Colchester Amphora Energy Board in future

- Town Centre

- Sheepen Road phase 2 is well underway with completion expected in February 2019 to enable the tenant to carry out their fit out works. Tenant legal agreements have been signed for the pre let.
- Plans are progressing for the former "Jacks" building, negotiations with the tenant are ongoing and the tenders will be issued in early July with work starting on site late summer

Town Centre Projects at feasibility stage

- HAT Projects have now been appointed to carry out feasibility work on the town squares project, consultation with key stakeholders and business in the surrounding areas are in progress to inform the feasibility study
- The feasibility project for "Grow on Space" is well underway and a paper will be coming back to RIF steering group in the summer setting out potential options. This feasibility work builds upon the success of the conversion of 37 Queen St and subsequent letting to Space studios for their first venture outside of London. The 44 units were under offer before the building completed, suggesting that strong demand exists within the creative digital sector for this type of affordable but high quality workspace in the town centre
- High level concept Vineyard Gate plans have been produced and the next stage of the project is now underway with costings being carried out , market testing to be undertaken and a development appraisal to be carried out later in the Summer to enable a paper on delivery options to be submitted to Cabinet in the Autumn. Land assembly is ongoing with the acquisition of properties in the surrounding area

- East Colchester
 - Following the unsuccessful first round HIF (Housing & Infrastructure Fund) bid, work is ongoing to investigate viability of sites at the Hythe and how they might be brought forward. This work is being taken forward with Homes England as a local landowner.
 - A project to review facilities that are available to moored boats at the Hythe is underway and a proposal paper will be presented to RIF steering group
 - We continue to work with Essex County on the Haven Road flood issues
- Digital Strategy
 - Considerable work has been undertaken to review next steps in the delivery of a fully fibre digital strategy for Colchester. As part of the rollout of the Strategy, a bid will be submitted to the Department for Culture, Media and Sport (DCMS) to support the delivery and implementation of ultrafast fibre connectivity across key areas in the Borough
 - The Town Centre network has been extended in places to allow new business connections to the network and the implementation of the new government voucher scheme is a significant benefit for local businesses who wish to connect to a 1Gb service.

6. Equality, Diversity and Human Rights implications

6.1 None identified at this stage

7. Standard References

7.1 There are no particular references to the Strategic Plan; consultation or publicity considerations or financial; community safety; health and safety or risk management implications.

7. Strategic Plan References

- 7.1 Growth: Help make sure Colchester is a welcoming place for all residents and visitors
 Ensure residents benefit from Colchester's economic growth with skills, jobs and improving infrastructure
 Promote inward investment to the borough
 Work with partners to create a shared vision for a vibrant town centre
- Opportunity: Promote and enhance Colchester borough's heritage and visitor attractions to increase visitor numbers and to support job creation
 Help business to flourish by supporting infrastructure for start-up businesses and facilitating a Business Improvement District
- Wellbeing: Help residents adopt healthier lifestyles by enabling the provision of excellent leisure facilities and beautiful green spaces, countryside and beaches

8. Consultation

8.1 Each project has its own consultation plan if appropriate

9. Publicity Considerations

- 9.1 Publicity is undertaken at key milestones for projects where appropriate

10. Financial implications

- 10.1 Capital spending in the RIF was reported to Scrutiny Panel on 12 June 2018 alongside the whole capital programme. The RIF position is set out at Appendix A.
- 10.2. Capital spending last year totalled £3.3m compared to a forecast of £4.4m with the main areas of spend being Northern Gateway (North and South), the Amphora Place scheme and costs associated with land assembly in the Town Centre. Revised projections are being made to update the cashflow forecast to take account of last year's spending. The CNG Drainage Project is now complete and the system commissioned. However, this has required additional expenditure above the original budget allocation, which has been met from reallocating resources within the RIF. A full review of the project is ongoing and the impact of this on the RIF will be considered in future reports.
- 10.3. Capital receipts during 2017/18 totalled £47k, which was considerably less than forecast earlier in the year. This includes delays in respect of sales at Magdalen Street and the St Botolphs quarter. These were identified during the year and have been re-profiled into 2018/19. Capital receipts in the region of c£24m are forecast during the next 2 to 3 years. As has been previously highlighted the timing of spend and these capital receipts means there is likely to be a cashflow cost associated with the RIF. This risk was recognised in the budget report and the position will be reviewed during the year as both spending and funding plans are reviewed.
- 10.4. Revenue income from the RIF totalled c£0.3m. This included income from Amphora Place and David Lloyd Leisure. The 2018/19 budget includes further income of £264k.

11. Health, Wellbeing and Community Safety Implications

- 11.1 None identified at this stage.

12. Health and Safety Implications

- 12.1 None identified at this stage.

13. Risk Management Implications

- 13.1 All projects with the RIF have risk registers which are used to log and analyse risks and set out mitigations, these are regularly review and updated by the project mangers. Risks which change in severity are escalated to the monthly RIF Steering Group meetings.

| | Total Programme £'000 | Spend to Q4 £'000 | Projected Expenditure | | | (Surplus) / Shortfall £'000 |
|---|-----------------------------|-------------------------|-----------------------|------------------|------------------|-----------------------------------|
| | | | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | |
| REVOLVING INVESTMENT FUND | | | | | | |
| Northern Gateway North | 151.5 | 31.7 | 111.5 | 40.0 | 0.0 | 0.0 |
| CNGN - Mile End Cricket | 200.0 | 84.7 | 100.0 | 100.0 | 0.0 | 0.0 |
| CNGN - Sports Hub | 24,100.0 | 898.6 | 1,182.0 | 7,762.0 | 15,156.0 | 0.0 |
| Northern Gateway South | 932.9 | 664.6 | 482.9 | 450.0 | 0.0 | 0.0 |
| CNG - Marketing & Branding | 81.3 | 0.0 | 6.3 | 75.0 | 0.0 | 0.0 |
| Town Centre | 5,256.2 | 540.6 | 729.3 | 4,526.9 | 0.0 | 0.0 |
| Jacks - St Nicholas St | 445.1 | 107.7 | 445.1 | 0.0 | 0.0 | 0.0 |
| Sheepen Road | 690.9 | 552.7 | 690.9 | 0.0 | 0.0 | 0.0 |
| Sheepen Road Phase 2 | 2,198.8 | 197.6 | 198.8 | 2,000.0 | 0.0 | 0.0 |
| District Heating Project North | 238.2 | 101.1 | 208.2 | 30.0 | 0.0 | 0.0 |
| Colchester Northern Gateway Heat Network | 5,900.0 | 0.0 | 0.0 | 3,000.0 | 2,900.0 | 0.0 |
| East Colchester Enabling Fund | 219.7 | 2.3 | 5.0 | 214.7 | 0.0 | 0.0 |
| Breakers Park | 69.0 | 0.0 | 69.0 | 0.0 | 0.0 | 0.0 |
| Surface Water Flooding - Distillery Lane/Haven Road | 73.4 | 52.0 | 73.4 | 0.0 | 0.0 | 0.0 |
| Site Disposal Costs | 4.8 | 0.0 | 4.8 | 0.0 | 0.0 | 0.0 |
| Moler Works Site | 40.7 | 38.2 | 40.7 | 0.0 | 0.0 | 0.0 |
| CMP Phase 3 - PV Systems | 95.4 | 0.0 | 0.0 | 95.4 | 0.0 | 0.0 |
| Business Broadband | 19.1 | 0.0 | 19.1 | 0.0 | 0.0 | 0.0 |
| Digital Strategy - feasibility | 195.0 | 0.0 | 20.0 | 175.0 | 0.0 | 0.0 |
| TOTAL - RIF | 40,912.0 | 3,271.8 | 4,387.0 | 18,469.0 | 18,056.0 | 0.0 |

Notes:-

Spend to Q4 represents end of year spend for year.

2017/18, 2018/19 and 2019/20 figures represents projections made at quarter 3. The 18/19 and 19/20 figures will be updated to re-profile the underspend in 2017/18.