

**Extract from the draft minutes of the Scrutiny Panel meeting of 15 March 2023**

**Town Deal Progress**

The Panel received a report from the Deputy Chief Executive and Executive Director, Place, providing an update on the Town Deal programme. The report was the first annual progress reports to the Scrutiny Panel, following the Panel's meeting in November 2023 when it received an update on progress on the programme. Lindsay Barker, Deputy Chief Executive and Executive Director, Place, and Matthew Brown, Economic Regeneration Manager, attended to present the report and assist the Panel.

The Chair indicated that his principal interest was in the timescales and whether the projects were on track, especially given the challenges around the capital programme.

The Panel received a presentation from the Deputy Chief Executive and Executive Director, Place and the Economic Regeneration Manager. This set out:-

- The context for the Town Deal Programme.
- Progress on the projects which were generally progressing well with major milestones being met. Only one project had slipped significantly in terms of timescale.
- Cost inflation was having an impact but this was being managed and mitigated.
- Recent engagement activity. Engagement was at the heart of the programme and a considerable amount of engagement had been undertaken.
- Recent progress on key schemes including the Digital Skills Hub, Jumbo, Holy Trinity Church, Digital Working Hub and the cycling and walking route from East Hill to the University.
- More detailed information on those schemes rated as amber in terms of progress.
- The key risks, which were cost inflation and delays securing permissions and land acquisitions. There were effective mitigations in place to address cost inflation, such as seeking alternative sources of funding and tailoring schemes where necessary. In terms of delays on permissions and acquisition, sponsors and senior officers would engage to try and expedite matters.

In discussion, the Chair sought further detail about the status of the amber projects and whether any were in serious danger of being rated red. Officers confirmed that nothing was in that position presently. Many were amber as they were awaiting clarification on costs. There was still a reasonable amount of time for the delivery of the projects, which had to be completed by 2026 and they had been staged in terms of delivery.

A member of the Panel indicated that similar assurances had been given on earlier projects, which had then run into difficulty. Concern was expressed about the

serious cost pressures that some of the projects would face, particularly on building costs. This would be a particular risk for the Heart of Greenstead project, given the housing element of the project.

The Executive Director, Place, explained that not all projects were to be directly delivered by the Council. For example, the Essex County Hospital scheme was being managed by Essex County Council and the City Council was providing a contribution. There was no risk to the Town Deal programme on those schemes. On the Heart of Greenstead project this was a community led project. The Town Deal team were discussing with the community what the Health and Wellbeing Hub, which was the Town Deal element of the scheme, would look like. There were a number of partners involved and if their ambitions about what could be achieved from the scheme could not be met, then they may need to make a greater contribution. Alternatively, if further funding was not made available, the scheme may need to be scaled back. The housing delivery was not part of the Town Deal programme and was being funded through the Housing Revenue Account.

It was also suggested by a Panel member that the Digital Working Hub in Queen Street was a considerable investment with a comparatively low yield in terms of jobs created, when compared with other schemes such as the Digital Skills Centre. The Economic Regeneration Manager explained the figure given was net direct jobs created. This was a business incubation and growth centre and many more jobs would be created indirectly through the businesses it created and supported. It was suggested that the relevant part of the Appendix to the report be amended accordingly.

Councillor Fox, Portfolio Holder for Local Economy and Transformation, was invited to contribute and explained that this linked into the earlier discussion on skills. The Digital Skills Centre at the Wilson Marriage site would concentrate on getting people back into employment by developing their digital skills. Therefore, it was easier to record direct employment that would result from its work. The Digital Working Hub was a business incubation unit that over the long term would create many jobs through the scaling up of the business that it helped get established. Given the nature of the business it supported these were likely to be high value jobs.

A member of the Panel sought confirmation that the funding agreements and business cases were in the public domain. Financial appraisals should also be completed for each of the projects, although it was appreciated that some of the benefits leading from the schemes were social rather than financial. These would help capture the value of the assets at the conclusion of the programme. It was also suggested that some projects such as Heart of Greenstead would be easier to progress if the Council owned the land.

Officers explained that the Council was the Accountable Body for the Town Deal programme and there was a Heads of Terms agreement with government setting out the agreed outcomes, costs and timescales. These would be shared with the Panel. The Business Cases were agreed by government, the Town Deal Board and by Cabinet and were in the public domain. The scheme for Heart of Greenstead had changed since its original design in 2018 and was now focusing on the Community Health and Wellbeing Hub first, which was on land owned by the Council. The wider

housing scheme would be developed on land owned by Notting Hill Genesis, a Housing Association, who had just undergone a change in management and it was anticipated that the sale of this land would progress once the new management team was established. It was a community led scheme and considerable effort had gone into setting up the correct governance arrangements and board membership. There was considerable involvement from partners, including the University and it would be a new model of provision for Colchester. It was always anticipated that it would take the full length of the Town Deal programme to deliver the scheme and ensure it delivered the right outcomes.

Councillor Fox offered a reassurance to the Panel that the Town Deal Board had a range of experience and skills, with representatives from the business, the community and government. There was a clear feeling that although there were issues such as cost inflation, the Board was addressing those issues and enabling the programme to progress. Government appeared to be satisfied with how Colchester was delivering on the programme.

The Panel sought clarification that the timescales on Holy Trinity Church were still compatible with the prospective tenant, and whether this would impact on the refurbishment grants of other churches. Officers explained that the prospective tenant, Community 360, were still very interested but would need reassurance that the building had been de-risked. They did not have the expertise to apply for Heritage Lottery Funding so the Council would do this and ensure the risks from occupancy were removed. Officers were aware of the need to synchronise the bids for funding to ensure they did not cut across one another and to avoid duplication.

It was also suggested that the CGIs created for the programme could be improved and that photoreal CGIs should be used. There were local firms who could provide much better images than had been used to date. If further resource was needed, this should be made available given the importance of the programme. Further consideration should be given to displays on hoardings or in neighbouring shops so that residents were better informed about the projects and the potential benefits. Officers explained that the team had already made contact a leading CGI firm, who were interested in some form of partnership approach, subject to usual procurement processes. More generally work was underway to look at what technology was available to support the community engagement process through better visualisation.

In summary the Chair explained that the Panel was of the view that the programme had not deteriorated since it was last scrutinised. It appeared to be stable with the target dates largely being met. There was a good understanding of the risks and mitigating measures were being pursued where appropriate. It was suggested that a recommendation be made to Cabinet about the need to ensure appropriate resources were made available to help residents better understand the various projects in the city centre.

*RESOLVED* that the good progress made to date on the Town Deal be noted.

*RECOMMENDED TO CABINET* that the presentation of the town centre projects be given greater prominence and that resources be made available to help residents

better understand the projects in the city centre and the benefits that they would bring to the city and its residents.