

8 November 2022

Report of **Assistant Director for Place and Client** **Author** **Matt Sterling**

Title **Town Deal Progress**

Wards affected Not applicable

1. Executive summary

- 1.1 This report provides an update on our Town Deal programme.
- 1.2 The governance and monitoring of performance for the Town Deal is managed by the independent We Are Colchester Board. However, the Council is the accountable body for the funds provided by Government.
- 1.3 The Town Deal is one of several funds being pursued to deliver improved outcomes and tackle inequalities. Many of these funds are within the Government's Levelling Up initiative.

2. Action Required

- 2.1 The Panel is asked to consider the progress made to date.

3. Reason for Scrutiny

- 3.1. At its June meeting, Scrutiny Panel requested an update on progress with the programme once Government had confirmed our Business Cases had been approved and Year1 funding was forthcoming. Notification of this approval has now been received.

4. Background Information

- 4.1 In response to the Government's Town Deal Programme, Colchester was one of 101 English towns invited to submit a Town Investment Plan (TIP) and bid for up to £25m. In response, Colchester Borough Council (CBC) with Essex County Council and others established the 'We are Colchester' board. The TIP for Colchester was submitted to Government on 29 October 2020, and an £18.2m award was made to Colchester in March 2021. This was in addition to £1m for the accelerated Town Deal projects. The TIP covers just the wider urban area of Colchester.
- 4.2 The Town Deal Programme and thus our TIP was required to reflect six specific intervention themes prescribed by the then Ministry of Housing, Communities and Local Government, these being: 1) Local transport, 2) Digital connectivity, 3) Urban

regeneration, planning and land use, 4) Arts, culture, and heritage, 5) Skills infrastructure, 6) Enterprise infrastructure.

- 4.3 'We are Colchester' was established and formally launched in January 2020, comprising of a board chaired by an independent person and including key organisations and interests. The programme developed a vision which was designed to provide a platform for strategic intervention at a scale which will achieve transformation, whilst complimenting local economic and place-making activity which the partners deliver.
- 4.4 Decisions about the projects included in our Town Deal were made by the independent We Are Colchester Board. Colchester Borough Council acts as accountable body for the monies. The accountable body role includes a:
- Commitment to manage the secretariat function to the Town Deal board, including member and senior officer leadership and involvement in the board.
 - Commitment to managing external relationships including with the members of the partnership, local MPs, and other key stakeholders.
 - Commitment to help to develop the role of the Town Deal board into the next phase and provide wider leadership including for example developing our strategic relationships with BID, University, Health and Business – to drive investment in Colchester in a strong, coherent and visible 'whole place' manner.
 - Commitment of CBC officer time and capacity to progress to the next stage (business case development), noting there will be no further provision of capacity funding from government.
 - Committing to CBC holding responsibility for financial management, audit and delivery assurance of the £19.2m capital programme; in line with and using existing CBC models of governance for capital projects and programmes.
- 4.5 Following the announcement of Colchester's Town Deal award in March 2021, the Town Deal Board agreed plans to manage the lower £19.2m award (from the £25m original grant submission).
- 4.8 Colchester was required to, and completed the following steps:
- Instigate a specific Town Deal board (makeup prescribed by Government): set up in January 2020
 - Prepare and submit a full Town Investment Plan: submitted October 2020
 - Following submission, and confirmation of our conditional award and Heads of Terms in March 2021, the Council has been required to:
 - Confirm final list of projects to be taken forward to business case development - submit project confirmation documents to Government: June 2021
 - Submit updated financial profiles for each project: September 2021
 - Prepare Business Cases for the key workstreams or where required projects
 - Submitted summary documents (relating to each of the business cases) to Government by 24th March 2022.
- 4.9 Over time other related streams of work are likely to emerge such as those funded by the UK Shared Prosperity Fund or other Levelling Up funds. Scrutiny Panel may wish to scrutinise performance delivering these in the round.

- 4.10 During the Winter of 2021/2, officers and partners developed detailed Business Cases for each project. This work included convening project teams, engagement with stakeholders, detailed planning, architectural design work and cost estimation.
- 4.11 Each Business Case covers five themes which cover the strategic scope, alignment and case for the project, the economic benefits, the financial case, commercial opportunities and viability, and the approach to management. These are detailed plans which are Green Book compliant and have been subject to independent expert support and challenge.
- 4.12 These Businesses Cases were reviewed by the Council's Section 151 Officer who independently assessed the sustainability, viability and value for money of each business case to ensure they are sound.
- 4.13 The development of these Business Cases resulted in all projects being assured sound and viable to progress.
- 4.14 The necessary documents were submitted to Government in March 2022.
- 4.15 Since then, Service Level Agreements have been signed with Essex County Council covering the 6 projects they are leading on, and North Essex Heritage for the Jumbo project. An SLA with Community360 for Holy Trinity Church has still to be signed. The agreements help to manage the release of monies and assure agreed outcomes.
- 4.16 In August, Government confirmed it had approved all our Business Cases and would therefore be releasing our full first year tranche of funding which was paid to us on 12 August.
- 4.17 In total this first year's payment included a Revenue Grant of £515,351 and a Capital Grant of £5,272,905. The remainder of the initial 5% advance (£910,000) previously received is also available to the projects.

5. Recent progress

- 5.1 The independent We Are Colchester board, and the CBC-led Town Deal Operational Board are meeting regularly and monitoring progress, engagement, spend, and risks. They are also making decisions where required about individual projects. To assist with this, the Operational Board receives updates from the Programme Manager, project sponsors or owners along with some project managers, and the Council's Section 151 Officer.
- 5.2 Of the programmer's two accelerated projects, one is fully delivered (the first phase of improvements to the Balcerne Gate public realm), and the second is underway with construction work due to commence in January 2023 (St Nicholas's Square).
- 5.2 For the other projects an update on the current position is shown below:

Heart of Greenstead

- 5.3 **Tamarisk Way.** There are 5 strands to the project – estate regeneration, community capacity building, integration of services, Essex Pedal Power and Liveable Neighbourhood. Early effort has been focussed on community and partner engagement, and land assembly. Negotiations are underway with several landowners in the centre of Greenstead. Alternative design options are being considered in the event that not all land acquisition is possible.
- 5.4 A successful funding bid to the Government's Estate Regeneration Fund has been made to support this acquisition.
- 5.5 Engagement activity led by Community360 is progressing well with ambassador recruitment, drawing on insight from an established scheme in Bromley-by-Bow.
- 5.6 **Essex Pedal Power.** A successful information event was held in the community on 1 October. The purchase of bikes is to be completed by Spring 2023 with 200 bikes being borrowed from the Jaywick scheme in the meantime. A web application process for residents is expected within 2 months.

Town Centre

- 5.7 **St Nicholas Square.** Design, planning and licencing activities for this public realm scheme are well underway with construction due to start in January 2023. We are working with Essex County Council to agree the approach to technical issues such as highways surfacing, tree pits and lighting. These issues are almost resolved. Negotiations continue with neighbouring businesses. Costs have increased from the initial business case due to inflation and the need for adaptations to the original design. These have been met from savings on other schemes We Are Colchester has approved and from a contribution of £300,000 from the Council's Capital programme.
- 5.8 **Kerbless Street, Balmerne Gate Phase 2, Holy Trinity Square.** These public realm projects are being managed by Amphora on behalf of the Council. Further design and costings work is starting, with scenario planning being done across all projects regarding cost inflation.
- 5.9 **Jumbo.** This project is being managed by the North Essex Heritage. The design consultants have been appointed and the Trust have passed the first stage towards a full bid to the Heritage Lottery fund in Spring 2023.
- 5.10 **Essex County Hospital.** Initial demolition and archaeology work for this scheme is underway. The full Town Deal contribution, which is for the public realm, has been released with the enhanced public space part of the wider housing scheme being prioritised for completion. Cost issues are being managed with scheme changes to control costs under review, and a re-tender for the construction contract is expected by 30 September.
- 5.11 **Holy Trinity Church.** Our lead partner for this project, Community360, have paused their involvement while urgent repairs to the building are carried out. These are due to be completed by the end of 2022. In the meantime, we are in discussion

with Community360 about whether they will be in a position to resume involvement once they are complete. If they are, we would expect work on a bid to the Heritage Lottery Fund to resume quickly. If they are not, we are considering alternative approaches to this project.

- 5.12 The timing of bids to the Heritage Lottery fund are being co-ordinated between Museums, Jumbo, Holy Trinity Church to ensure no clashes.

Physical Connectivity

- 5.13 **Town Centre to Greenstead and University Walking and Cycling Link.** Essex County Council are managing this project and have recently held a mobilisation project board meeting. Initial engagement work with stakeholders has taken place (including with the Business Improvement District) and the next phase of engagement has started. Early design work and decisions is underway with initial decisions including on the arrangements for the East Hill – East Bay section. This has included decisions about the arrangement of bus stops and boarders, and the mitigations for any loss of on-street parking via alternative arrangements and an extension of resident parking permits. Decision are also being taken regarding the Brook Street layout. Land rights over the Moors section are being clarified.

Digital Connectivity

- 5.14 **Digital Skills Hub.** Planning consents have been secured, with refurbishment works due to start imminently. Discussions taking place with Highways to improve visibility and access.
- 5.15 **Digital Working Hub.** A managing agent for the centre once opened has been appointed. Work on site is underway, with archaeology progressing well. We are awaiting the results of bore hole tests. and timeline will then be updated. We expect to tender for construction work by November.
- 5.16 **5G.** This project is currently on track with budget and timeline. An Options Appraisal for virtual reality tourism use is underway working with the Museums service, and the project is considering synergies with other Town Deal projects. Delivery plans are being refined with potential Highways issues being managed.

Transformed Youth Facilities

- 5.17 **Townhouse, Stanway and Highwoods Youth Centres.** This theme is being managed by Essex County Council. Initial architect plans for the Townhouse have been produced, with detailed design involving engagement with young people to follow. Construction work is expected to start in January 2023. The structural survey for the Stanway Youth building is completed with no serious issues identified. Works here are to commence Easter 2023 with no impact on service users. Subsidence and access issues for the Highwoods car park have been largely resolved, with resurfacing to be completed Easter 2023. Cost inflation for this project is being closely monitored, and Local Delivery Pilot funding being explored, alongside a review of a potential bid to the Youth Investment Fund bid.

Levelling Up Fund

- 5.18 A bid to second round of the Government's Fund for £19.66m has been made with a decision expected in November. As well as bringing forward much needed support for the St Botolph's area of the Town Centre, this fund would also increase the monies available to complete several Town Deal projects such as Kerbless Streets and the Digital Working Hub.

Expenditure to date

- 5.19 Spend on individual projects is being closely monitored to ensure it is in line with agreed budgets. So far the amount of spend equates to c£900,000, which excludes accelerated projects (St Nicholas Square and Balcerne Gate Phase 1). This is in line with expectations.

6. Key risks

- 6.1 Risks for the whole programme and individual projects are being managed first by project managers, then project steering groups, the Operational Board and then ultimately by We Are Colchester.
- 6.2 The main programme-level risks at the moment are:
- The effect of cost inflation on the viability of projects – detailed costings are being generated for projects and forecasts being kept up to date, with alternative sources of funding being sourced for shortfalls
 - The risk of failing to engage effectively with stakeholders for each project – detailed engagement plans for the programme and for projects are in place and under review to refine and improve
 - Failure to achieve necessary land acquisition in Greenstead - negotiations are being closely managed
 - Loss of key partners - priority repairs to Holy Trinity Church are due to complete by end 2022, and negotiations are underway to enable C360 to resume their project management of this project.
 - Human resource capacity across programme under constant review.

7. Standard References

- 7.1 There are no particular references to publicity or consultation considerations, or financial, equality, diversity, human rights, community safety, health and safety, environmental and sustainability or risk management implications.

8. Strategic Plan References

- 8.1 The Town Deal is intended to boost the local economy, support the creation of jobs, improve areas of public realm, facilitate increased cycling and walking, improve housing and health outcomes as well as leveraging private sector investment.
- 8.2 It will contribute to the delivery of the Strategic Plan 2020-2023 priorities and direction for the Borough as set out under the strategic themes of:

- Tackling the climate challenge and leading sustainability
- Creating safe, healthy and active communities
- Delivering homes for people who need them
- Growing a fair economy so everyone benefits
- Celebrating our heritage and culture

Appendices: None.