

SCRUTINY PANEL

17 August 2021

Present: -

Councillor Cory (Chair)
Councillor Barton, Councillor Bourne, Councillor
Chapman, Councillor Loveland, Councillor Willetts,
Councillor Wood

Substitutions: -

Councillor J. Young for Councillor Whitehead

Also present: -

Councillor Dundas, Councillor King, Councillor
Scott-Boutell (all via Zoom)

311. Minutes of Previous Meetings

Councillor Barton noted that she had yet to be contacted regarding her request for a review of the Council's policies and allocation procedures regarding allotments. Richard Block, Assistant Director of Corporate and Improvement Services gave assurance that officers would contact her to follow up on this.

RESOLVED that the minutes of the meeting held on 20 July 2021 be confirmed as a correct record.

312. Colchester Town Deal

Councillor Cory (by reason of a member of Essex County Council and formerly being a member of the Town Deal Board) declared a non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(5).

Councillor Scott-Boutell attended and, with the Chairman's permission, addressed the Panel on the subject of provision of youth facilities and services. Stanway Youth Centre was given as an example of a service which had been shut down by Essex County Council [ECC] in order to reduce costs, and Councillor Scott-Boutell stressed to the Panel that ECC's support would be needed if the centre were to be re-opened. Youth workers were needed, and it was queried whether Town Deal funding could be put towards funding such positions. The Panel were told that a new Youth Zone in the Borough would help to improve the situation and could offer activities for a wider range of age demographics than the County Council's centres did (from eight years upwards, rather than ECC centres for thirteen years and upwards). The Town House in Colchester was argued to be unfit and inappropriate for modern youth work, being inaccessible to some and outdated. It could be argued that investing funding into the Town House would not be the best use of money available. Borough Councillors had a duty to ensure that funding was spent effectively, and Councillor Scott-Boutell argued that this should mean working to get funding for a Youth Zone.

Councillor King attended and, with the Chairman's permission, addressed the Panel to describe the cross-party process to set up the Deal, involving many stakeholders and to extol the potential benefits of proceeding with a Youth Zone, where leveraged funding and cost sharing could be very effective. All parties involved, including the County Council, had understood the principles laid down for the Town Deal. Cross-party support for the Youth Zone was promised, if it were to go ahead. The prioritization of funding to the Town House was questioned. It was stressed that members needed to know what the expected outputs would be, whilst work could proceed on setting out how a Youth Zone could be provided.

The report on this item was presented by Matthew Brown, Economic Development Projects Manager, and Adrian Pritchard, Chief Executive and Town Deal/'We Are Colchester' Board, alongside Simon Blaxill, Chairman of the 'We Are Colchester' Board.

The Chief Executive explained that Colchester's was one of 101 bids submitted for government funding for town deals/bids. Government requirements had necessitated the setting up of formal governance arrangements, including an independent board, bringing together the Council, businesses, volunteer groups and community organisations. This approach would also increase the Town Deal's ability to source or leverage additional funds and support from other sources.

Questions had been raised as to why some elements of the original funding bid had not been scheduled for proceeding with, following the announcement that Government was granting £18.2m of the £25m bid application put forward. The Chief Executive explained that the Town Deal had attempted to gain Government agreement for the whole programme to go ahead but were told that it was required that 'We Are Colchester' would need to identify the specific projects which would go ahead, with the £18.2m funding received. The report provided showed the funding allocations which were then drawn up for submission to Government.

It had been felt that the Town Deal was not in a position to argue that a Youth Zone would be viable, in this submission to the Ministry for Housing, Communities and Local Government as insufficient available funding could be evidenced. It had also not been possible to find the necessary equivalent levels of savings in the Council's budget to balance the increase in funding that would be needed to proceed with a Youth Zone at that time. A site had also not yet been identified. This approach had been approved by the 'We Are Colchester' Board. The Scrutiny Panel asked what criteria and evidence had been presented to the Board before they made their decision. The Chief Executive emphasised that the 'We Are Colchester' Board remained committed to achieving the full Town Deal programme, including a Youth Zone. Key work to be done included finding a site, identifying necessary ongoing revenue funding and then compiling greater detail, before looking to potentially apply for future funding and related leveraged funds.

Regarding the question of funding for Youth Workers/Youth Centre staff, the Chief Executive explained that the Town Deal was not designed to directly provide funding

for staff roles but was focused on ways to leverage further external funding for increasing the scale of the programme, which might include additional job creation.

Simon Blaxill, Chairman of the 'We Are Colchester' Board, confirmed that the Board had needed to prioritise what elements of the full project programme could go ahead, with the reduced funding of £18.2m. The Youth Zone was discussed by the Board. The aim of providing a Youth Zone had not been abandoned, but the Board had unanimously agreed on 14 June 2021 that it could not be pursued at that time. Section 4.5 of the report accompanying this item showed the criteria applied in this decision-making process. Consultation had been carried out and an engagement strategy drawn up for the Town Deal Programme. All projects were expected to generate further consultation, on top of that already carried out before the 'We Are Colchester' Board in June 2021. Government expected this to be carried out, and the consultations would help shape the business cases.

Opening the Panel's discussions, the Panel asked what the Council's role was within the Town Deal, as the accountable body, and what scrutiny and oversight structures were in place to monitor decision making. A member noted that there should be alignment of oversight and scrutiny of the Town Deal with the scrutiny, governance and accountability policies of the lead council (the Borough Council) and argued that this gave the right and expectation for the Scrutiny Panel to scrutinise the Town Deal programme and decision making of the 'We Are Colchester' Board. Likewise, it was argued that Cabinet had a right to be able to scrutinise decision making, especially regarding financial matters, as the Council was the accountable body for the Town Deal programme.

The Chairman explained that the past Administration of the Council had worked to initiate the Town Deal in line with Government requirements and agreed that scrutiny of the Deal should be in line with the Council's policies and constitution. He emphasised that it would be important to lay out how scrutiny of financial decisions, risk-management and other governance aspects would be carried out.

The Chief Executive agreed with Panel members that the Council had a duty to ensure that the Deal and its decision-making were sound. Cabinet, leading the Council as the Accountable Body, would be required to sign off on each business case once drafted. Around 5% of promised funding had been received so far, and it was expected that the business cases would be prepared and approved to go forward to Government in 2022. Drafts were expected in December 2021/January 2022 and would go to the 'We Are Colchester' Board and the Council's Cabinet in February 2022. The Panel noted that it already had experience of scrutinising Council works, and partnership projects which had received Council funding, such as the Mercury Rising project, and the Rough Sleeping project. The view was expressed that the release of monies overseen by the Council, and the process of gaining Cabinet approval, should be subject to a full and formal process, with a role for Scrutiny Panel potentially being to conduct pre-decision scrutiny of the individual project business cases.

The Panel discussed questions as to whether its pre-decision scrutiny work on the business cases should go both to Cabinet, and to the 'We Are Colchester' Board for consideration alongside the business cases. It was suggested that, if more scrutiny work of this type were to be scheduled in the future [scrutiny of partnership project work, project assurances and decision making], a formal process or policy would be beneficial to lay out how this should proceed. The approval process for the business cases within the Town Deal were expected to be first seen by the 'We Are Colchester' Board, then brought to Cabinet for sign-off, and then return to the 'We Are Colchester' Board for their approval. It was suggested that, if the Scrutiny Panel wished to carry out pre-decision scrutiny of these cases, this should occur before Cabinet considers whether to approve them. The Panel were advised that, should they proceed in that manner, the Cabinet decisions as to whether to approve the business cases could not then be called in.

A request was made for further details as to the decision not to proceed with a Youth Zone at the present time. The Economic Development Projects Manager explained that current youth service provision needed to be examined, and viability for a Youth Zone able to be shown in order to proceed to drawing up a business case.

A Panel member raised dissatisfaction that the Town Deal area only encompassed central Colchester, and no outlying parts of town or rural areas. The documentation laying out the Towns Fund details was said to state that 'Lead councils will define the area covered by the town deal' which would have meant that the Council could have considered a larger part of the Borough for inclusion. Some areas especially would have benefited from infrastructure funding for connectivity via the Town Deal.

The Economic Development Projects Manager informed the Panel that the boundaries for the Deal area had been set by Government, using data from the Office for National Statistics. The Chief Executive underlined that the Council had no say on the area covered by the Deal. This was discussed and the Panel questioned whether anyone had challenged the area set out by Government. The Chairman and officers present emphasised that Government had sole control over the area covered and that the money offered was targeted to deliver the most impact in the area set, as the highest population density parts of the Town.

The Panel considered how conflicts of interest relating to the Town Deal should be managed, recorded and made transparent. The Panel were assured that the 'We Are Colchester' Board had an independent and impartial status. Regarding the governance arrangements and potential for future funding pots from which to bid, the Chief Executive agreed that it was likely that this type of funding arrangement would become more common in the future. A question was considered regarding how any potential disagreements between Cabinet and the 'We Are Colchester' Board would be resolved. The Chief Executive described the creation of the 'We Are Colchester' Board, in line with Government requirements, with the Council remaining the Accountable Body, with ownership of financial risks, and therefore retaining the right

to make decisions regarding the release of funds for Town Deal work. The advisory board which had operated within the Town Deal did not currently meet, but representatives met and were consulted as and when appropriate on work for which they were stakeholders.

The composition of the 'We Are Colchester' Board was examined, with a Panel member noting that one Board member had attended no meetings, and asking whether the Board might need additional input or support from the Council. It was clarified that the representative of Homes England was classified as representing a governmental body, and therefore was not eligible for voting rights on the Board. The Panel highlighted the need for transparency and openness in recording and publicising such conflicts, in the public interest.

Responding to further questions, the Economic Development Projects Manager explained the structure of the team handling the Deal's programme delivery planning, which included Council and Deal colleagues. The Town Deal directly employed two officers, paid for by a one-off capacity grant from Government to allow work to commence. The roles were Programme Manager and Engagement Officer, with funding having been secured for some time to come. It was queried whether some Council staff being project sponsors impacted upon Council and officer capacity. The Chief Executive explained that prioritisation was key, both for staff and resource allocation. The Council's executive management team and assistant directors took on work in cooperation with resources from the other partners in the Town Deal. A Panel member suggested that the Panel should focus on scrutinising the project work carried out, rather than the work of the entire Town Deal.

Simon Blaxill, Chair of the 'We Are Colchester' Board, gave an overview of the work of the Board and the Town Deal, and praised the work and leadership shown by the Council's officers who were involved, emphasising that the organisation could not operate without them.

Councillor Dundas, Leader of the Council, emphasised his respect for the 'We Are Colchester' Board. Whilst he noted that he might have advised changes as to how the Town Deal had been set up, he affirmed that Government rules had to be followed as to how the Town Deal proceeded and governance functions set up.

A Panel member questioned who would hold liability regarding risks, should problems arise.

The Panel asked what was being done to identify highways projects, such as the one for St. Botolph's roundabout, which would qualify as being of strategic importance for town development and inclusion in future works. The Economic Development Projects Manager clarified that the Council was at an early stage in sourcing funding, but that there was a very good chance to leverage funding for such works, in comparison to some other types of project work. This approach, if successful, could act as a paradigm as to how to win further grant funding for future projects. A Panel

member argued that the St. Botolph's roundabout project was of a time-critical nature and queried how this would proceed without Town Deal funding and how timescales would be set to work in relation to the Section 106 funding deadline date. The Chief Executive emphasised that the Town Deal had been clear about how to leverage extra funding and that discussion and co-operation with the County Council would be vital in order to pursue this project and funding.

In answer to questions regarding the loss of leveraged funding, resulting from the awarding of only part of the £25m bid for Government funds, the Economic Development Projects Manager informed the Panel that only around 20.7% of expected leveraged funding had been lost, in comparison to the fact that this stemmed from a loss of 27% of the initial funding bid total from the grant money committed by Government. Regarding the Youth Zone specifically, it had been expected that, had it been able to proceed, it would have leveraged an additional £4.2m in private funding and £2.1m in further public sector funding. More-exact projections regarding leveraged funding relating to youth funding would be possible once the business case for that part of the Town Deal was drafted.

Members discussed the merits of Youth Zones, and it was noted that youth provision needed to be built back up. Regarding financial viability, it was further noted that all operating Youth Zones had remained solvent. Much additional funding could be sourced, which would increase youth service provision, mental health and wellbeing, and reduce crime and antisocial behaviour.

The Leader highlighted the number of supportive partners involved and that dialogue would be necessary with the County Council, as the provider of youth services. The Panel considered the difficulty in examining this matter in great depth at this time, with school holidays meaning that Cabinet members and key officers were away from work. It was suggested by a Panel member that, if the Youth Zone did not meet the criteria for projects to gain Town Deal funding, work could be done to identify a site and build a draft business case which could be used to bid for other future funding pots. The Panel discussed whether the Youth Zone had fitted into the criteria for Town Deal funding. The Panel also questioned the situation regarding youth services provided via the Town House, whether revenue funding was needed for youth workers, in addition to any capital funding invested in the site. The County Council's intentions were yet to be confirmed, including as to whether it would support a future Youth Zone. The Chief Executive noted that these were questions for the County Council, although he could confirm that conversations had been had by the County Council regarding these matters, the Portfolio Holder had visited a Youth Zone and further talks were expected. As work goes on, issues relating to the Youth Zone might be resolved to allow a business case to be then taken forward for Government funding.

Some Panel members voiced support for increasing youth engagement now, rather than wait for a large flagship scheme sometime in the future. A plea was made for

sustainable youth worker positions to be created and maintained, across the whole Borough, not just the Town Deal area.

The Panel considered a suggestion that it might wish to recommend that Council money be used to make up the funding needed for the Youth Zone project to progress, albeit that this would require the identifying of where this would come from and what cuts would be necessary to other Council activities in order to find the required funding. The Panel was informed that, in addition to the capital funding required, it would also need to identify how the Council could meet the ongoing requirement of £400k revenue funding per year, where there were currently no funds available and savings being already required from Council budgets.

RECOMMENDED to CABINET that: -

- a) The Scrutiny Panel takes on the role of scrutinizing the Council's role and actions as Accountable Body for Colchester's Town Deal programme, including oversight of Risk Management and scrutiny of financial decisions;
- b) Cabinet investigates ways to increase the amount of funding the Council contributes into pursuing the creation of a Youth Zone, alongside the Town Deal allocation of funding for youth services provision.

RESOLVED that the Scrutiny Panel conducts pre-decision scrutiny of the individual business cases for the projects within the Town Deal programme, according to the Council's policies and scrutiny and oversight rules, as these business cases are drafted and brought forward.

313. Work Programme 2021-22

The Panel considered its work programme for the current municipal year.

RESOLVED that: -

- a) The Leader of the Council be invited to give a briefing and answer Panel's questions at the meeting scheduled for 9 November 2021;
- b) Scrutiny of business cases from the Town Deal projects be added to meeting agendas at the earliest opportunity, as they are drafted.