



Cabinet

Item
8(i)

7th July 2021

Report of	Assistant Director Place and Client Services	Author	Matthew Brown  507348
Title	Colchester Town Deal		
Wards affected	All wards affected		

1. Executive Summary

- 1.1 This report provides an update to Cabinet on Colchester's 'We are Colchester' / Town Deal programme following the confirmation of Colchester's funding award in March 2021 and subsequently entering a 'Heads of Terms' agreement with Government.
- 1.2 Colchester has already received an 'accelerated' £1m Town Deal funding which has enabled two key public realm schemes at St Nicholas Square and Balcerne Gate to proceed; these are now entering their final design and construction stages. This report concerns the remaining £18.2m award, including the process of developing business cases, and finally moving to project delivery.
- 1.3 The projects within the Town Investment Plan (TIP) were developed and selected carefully and thoughtfully with significant engagement and consultation with residents and businesses. The TIP sets out a very clear statement of intent for our Town and will help to attract wider and long-term investment in Colchester. The projects in the TIP were outlined in the Cabinet report 10th March 2021 so for expediency details of the specific projects are not replicated here.
- 1.4 Following the announcement of the £18.2m award in March 2021, the Town Deal Board facilitated by the Town Deal programme team have undertaken a process to prioritise and then confirm all the projects in the programme. The programme team have recently (14th June 2021) prepared and issued the final confirmation of projects to Government, which is formally required 2 months following the issue of signed Heads of Terms. The projects will now go forward towards the development of business cases.
- 1.5 Summaries of all the projects have been confirmed to MHCLG. Next, we will;
 - Develop detailed business cases for agreed 'fast track' projects: Summer 2021 to Winter 2022. These are projects which are 1. already close to delivery or 2. fairly straightforward for example not requiring planning permission or further detailed work or 3. part of or contributing funding into existing or external schemes and initiatives.
 - Develop detailed business cases for remaining (standard track) projects, including ongoing further engagement augmented by planning considerations: Summer 2021 to Spring 2022.

- Draw down funding and move to delivery and implementation phase of all projects: Spring 2022 to Spring 2026.

2. Recommended Decisions

2.1 It is recommended that Cabinet:

- a) Notes the final list of projects and their financial parameters (see 5.5 below) including noting those projects which are confirmed within the programme as 'Fast Track', and further noting those projects which will not be funded within the reduced Town Deal funding envelope.
- b) Further notes the approach to retaining all projects within the Town Investment Plan and seeking further future funding opportunities to enable these to progress later on.
- c) Agrees to the principle that the work in remainder of 2021-2022 financial year to develop business cases for all projects is undertaken 'at risk' i.e. before the first payment from Government which is anticipated April 2022; noting that we will gain further surety from Government in coming months; reducing risk as this work progresses through business case development.
- d) Confirms Colchester Borough Council's ongoing commitment to the Town Deal Programme in the role of Accountable Body, including contributing to and overseeing the development of a suite of business cases that build on the project concepts that were submitted within the Town Investment Plan; throughout 2021-2022, and its ongoing role as secretariat to Town Deal Board.

3. Reason for Recommended Decision

3.1 Approval to proceed to the next phase of the 'We are Colchester' programme including the development of business cases will enable the programme to draw down the funding from Government and move the projects into delivery. This programme will greatly boost Colchester's opportunities to realise its economic development, place-making, inward investment, and regeneration ambitions now and on a long-term basis, through delivery of a specific programme of coherent, targeted interventions.

4. Alternative Options

4.1 No alternative options have been presented to Cabinet. Town Deal is recognised as a once in a generation opportunity for Colchester, and there are no other current or anticipated sources of funding and investment of comparable size and scope. Some of the interventions included in the Town Investment Plan see Town Deal as the funder of last resort as they are unlikely to attract suitable investment from other sources; and cannot be funded within the Council's resources, particularly in the light of the current financial situation arising from the Covid-19 pandemic.

5. Background Information

- 5.1 In response to the Government's Town Deal Programme; see <https://www.gov.uk/government/publications/towns-fund-prospectus> Colchester was one of 101 English towns invited to prepare and 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 a 'We are Colchester' (Town Deal) programme and board. The TIP for Colchester was submitted to Government on 29th October 2020, and an £18.2m award was made to Colchester in March 2021. The TIP covers just the wider urban area of Colchester; population 136,300.
- 5.2 The Town Deal Programme and thus our TIP was required to reflect six specific intervention themes prescribed by 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.
- 5.3 The 'We are Colchester' (Town Deal) programme was established and formally launched in January 2020, comprising of a board; chaired by an independent person and representing key organisations and stakeholders, supported by an Advisory Group and Assemblies, with further key organisations and interests represented. 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.

Town Investment Plan (TIP) Approach: summary of projects and approach to project prioritisation in the light of lower offer (£18.2m from £25m)

- 5.4 Following the announcement of the award in March 2021, the Town Deal Board with the support of the programme team and officers have developed plans to cater for the lower £18.2m award (from the £25m original grant submission). Recognising this £6.8m shortfall, Town Deal Board agreed to retain and remain committed to all the projects and activities contained in the Town Investment Plan, due to their coherence as a package, and the longer timescale of our vision and strategy to 2045 rather than the 31st March 2026 spend window for Towns Fund monies.
- 5.5 The board established 4 criteria to be applied equally to all projects in the programme;
- a) assess the project impact against delivering overall programme objectives.
 - b) keeping these broad objectives in mind, balancing reducing project costs across the piece (not 'salami slicing' where it reduces value or ability of the project to deliver outcomes) against keeping in each project area as a whole.
 - c) assess the likelihood of the project attracting additional funding in the future.
 - d) assess the wider investment the project leverages i.e. commercial income, return on investment, other grants secured.

Applying this rationale, the following decisions were made at the Town Deal board meeting 8th June 2021 and formed the basis of the submission made to Government on 14th June 2021:

Theme	Project inc. "FASTTRACK"		Initial Ask	Confirmed
Transformed Youth Facilities	01 Improved Youth Provision		£2,100,000	£1,000,000
	02 Townhouse Youth Centre		£320,000	£320,000
Town Centre	03 Vineyard Gateway		£1,000,000	£595,800
	04 Essex County Hospital FAST		£500,000	£500,000
	05 Balcerne Gate Phase 2		£1,100,000	£1,100,000
	06 Jumbo FAST		£1,000,000	£1,000,000
	07 Holy Trinity Church FAST		£517,000	£517,000
	08 Holy Trinity Square		£500,000	£500,000
	09 Kerbless & Green streets		£1,500,000	£290,000
Heart of Greenstead	10 Tamarisk Way		£6,000,000	£6,000,000
	11 Big Bikes (Greenstead)		£400,000	£327,200
	12 Liveable Neighbourhood Greenstead		£300,000	£300,000
Digital Connectivity	13 5G FAST		£1,500,000	£1,000,000
	14 Wilson Marriage Digital Skills Hub		£900,000	£900,000
	15 Digital Working Hub FAST		£1,000,000	£900,000
Physical Connectivity	16 Town Cen to Greenstead & Uni		£2,950,000	£2,950,000
	17 Liveable Neighbourhoods		£2,100,000	£0
	18 St Botolph's Roundabout		£1,313,000	£0
Totals			£25,000,000	£18,200,000

Rationale to project prioritisation above:

- 5.6 Several of the projects have the possibility of drawing down alternative funding to replace the lost MHCLG funding. This configuration of projects delivers the strongest possible overall package of impacts/benefits, and maintains all the strands and intervention priorities in the programme in a cohesive package, recognised as a key strength of our programme by Government.
- 5.7 In terms of the leveraged funding; compared to the original £25m bid and package of projects, the reduced £18.2m package which represents only 72.8% of the original funding 'ask', retains some 79.5% of the leveraged funding we would have achieved with a full £25m award.
- 5.8 Youth Zone as a project in its originally anticipated form is not immediately deliverable due to significant revenue and capital challenges and following the decision of the Town Deal Board to exclude it. However this has been mitigated by a commitment to achieving stated skills development/employment outcomes through a range of targeted, locally based enhanced facilities and delivery (to be developed at business case), optimising

opportunities for increased partnership working between Essex Youth Service and the voluntary sector, and also maximising the opportunities of some of the other Town Deal projects, for example 'Digital Working hub' to provide opportunities to inspire Young People. The Council will continue to investigate other funding options with stakeholders for the project to proceed.

- 5.9 Similarly; active travel projects have been prioritised reflecting the reduced final financial envelope. One scheme; the Town Centre-Greenstead and University cycle remains in the £18.2m package due to its significance and value alongside the Greenstead regeneration programme, and other related investments such as the East-West town centre cycle route which already has separate funding secured. The remaining active travel projects, whilst currently unfunded will remain in the TIP and may form the basis of future funding bids for example to the 'Levelling Up' fund.

6. Equality, Diversity and Human Rights implications

- 6.1 Consideration will be given to equality and diversity issues in respect of individual schemes, initiatives and projects that contribute to the delivery of the Town Investment Plan through the development of the specific business cases (projects and programmes).
- 6.2 Colchester Borough Council will require all partners preparing business cases for specific projects to prepare Equality Impact Assessments as part of developing and implementing specific project activities within the programme, and the Council will have due regard to its Public Sector Duty continuing to work to tackle discrimination and inequality and help to create a fairer society, improve housing choice and social mobility (including for protected groups).

7. Strategic Plan References

- 7.1 The following Strategic Plan References are relevant to the Town Investment Plan:

Growing a fair economy so everyone benefits:

- Ensure our borough becomes stronger post Covid-19 by supporting businesses to recover, adapt and build resilience.
- Work with partners to facilitate a high skill, high wage, low carbon workforce.
- Work with our partners to enable Colchester town centre to be more vibrant, resilient, and adaptable to future change.
- Tackle local skills shortages working with businesses, University of Essex, Colchester Institute, and other partners.

Work with partners to deliver a shared vision for a vibrant town:

- Work with partners to deliver a shared vision for a vibrant town.
- Continue to regenerate Colchester Town Centre using Council assets, aligned private investment, the Town Deal and Town Investment Plan.

Create an environment that attracts inward investment to Colchester and help businesses to flourish:

- Ensure our strategy for inclusive economic growth supports the ambitions outlined in the North Essex Growth Strategy, the Local Industrial Strategy, and our Town Deal.
- Ensure a good supply of employment land and premises to attract new businesses and allow existing firms to expand and thrive.
- Ensure the Council's assets continue to contribute to economic growth and opportunity.

8. Consultation

- 8.1 The Town Investment Plan has been developed following full consultation with each of the Councils at both Member and officer level, with the board, and its advisory group. In parallel, a series of wider consultations took place. These included a physical assembly with over 100 attendees in March 2020, specific online surveys and focus groups, discussions with businesses, discussion with BID board, local authority and further and higher education representatives.
- 8.2 As specific initiatives and interventions are developed to Business Cases within the overall Town Investment Plan, further consultation will be undertaken for these projects as appropriate.

9. Publicity Considerations

- 9.1 None specific to this report. The Town Deal programme is subject to a communications and engagement plan which includes publicity, branding, etc.

10. Financial implications

- 10.1 To date, the costs of developing the Town Investment Plan, providing the secretariat function to Town Deal Board, engagement/communications and wider associated work undertaken has been enabled primarily via £173k 'capacity funding' awarded by Ministry of Housing, Communities and Local Government (MHCLG) to Colchester Borough Council at the point of commencing development of our Town Investment Plan. This has recently been supplemented by a further £40k award from MHCLG.
- 10.2 The projects and programmes within the Town Deal programme will draw down appropriate and foreseeable development and design costs and professional fees as part of the individual project elements overall budget, thus they will not incur any additional and unplanned revenue budget pressures to Colchester Borough Council and partners. Similarly, any further costs associated with providing overall programme management, the secretariat function to Town Deal Board, and ongoing engagement/communications to residents and businesses have been built into the detailed programme budgets; and will be met and fully recovered from within the £18.2m Town Deal award; incurring no cost to Colchester Borough Council. Where a project will require 'over and above' project management and facilitation/support, a revenue allocation has been allowed within the

Town Deal award; avoiding placing additional pressure on existing staff to deliver these projects.

- 10.3 Taken as a whole, the Town Deal programme (i.e., across all projects, and noting the draw-down for programme overheads as explained above) achieves 91% capital and 9% revenue; this being within the minimum 90% capital and maximum 10% revenue thresholds permitted by MHCLG. Some of the professional fees associated with developing projects to planning application have been treated as capitalised revenue (i.e., capital) for the purposes of the programme.
- 10.4 As part of the next stages work of developing full business cases; full consideration will be given to the ongoing revenue implications of for example the maintenance and management of physical assets created through this programme, notably enhanced public realm and green infrastructure.

11. Health, Wellbeing and Community Safety Implications

- 11.1 There are no specific implications but generally the proposal aims to promote positive health and well-being for our residents, and this policy theme features prominently in several the programme interventions being developed. The 'We are Colchester' board, advisory group and groups preparing specific projects include representation from the Health Sector, 'One Colchester' Partnership, Colchester Borough Council's communities team and a number of other bodies with responsibility and focus on health and wellbeing including links to the Sport England funded Local Delivery Pilot.

12. Health and Safety Implications

- 12.1 There are no specific concerns at this stage of the development of the Town Investment Plan. Risk will be identified and assessed at individual project level and addressed at that stage.

13. Risk Management Implications

- 13.1 No implications are identified at this stage. Risk will be assessed at individual project level and addressed at that stage.

14. Environmental and Sustainability Implications

- 14.1 Environmental and sustainability considerations are considered of paramount importance and are a cross-cutting theme within the Town Investment Plan. As specific projects and interventions within this programme are developed to business case, each will be

considered in relation to the Climate Emergency Action Plan to ensure that the Council's climate change, environmental and sustainability ambitions and policies are actively addressed and promoted throughout the development of specific projects and programmes.

Appendices: None.

Background Papers: None.