

8th June 2022

Report of	Assistant Director Place and Client Services	Author	Matthew Brown ☎ 507348
Title	Levelling Up Fund		
Wards affected	Castle, New Town & Christ Church		

1. Executive Summary

- 1.1 This report provides an update on Colchester's forthcoming 'Levelling Up Fund (LUF) Round 2' bid to the Department of Levelling Up, Housing and Communities (DLUHC).
- 1.2 This bid forms part of the Council's work to tackle inequalities. This work needs to be long-term and multi-faceted if it is to significantly improve access to opportunities
- 1.3 At present local inequalities work includes a successful multi-million Towns' Fund bid to boost the borough's economy, create jobs, improve connectivity, develop housing, and improve health outcomes. The health Alliance has invested large sums in work to tackle health inequalities such as with our housing partners to improve the standards in private rented accommodation. And Essex has a Local Delivery Pilot led by Active Essex, to build healthier, more active communities.
- 1.4 An essential element of our levelling up work is led by the third sector which is engaged in a wide range of acuties at grassroots level, often with those worse affected by inequalities, to level up.
- 1.5 The Government's £4.8bn "Levelling Up" Programme comprises several individual strands and funding opportunities for which Colchester is eligible to bid.
- 1.6 The first round of the LUF was launched in March 2021, this initial round being open exclusively to higher priority areas. Only Tendring and Harlow in Essex met these criteria at the time.
- 1.7 More recently, the Government published the Levelling Up White Paper on 2nd February 2022, and then in March 2022 the prospectus for the second round of the Levelling Up Fund. This being open to low and medium priority areas including Colchester. Each MP constituency area may bid for up to £20m, so this report and the associated bid focuses on the constituency of Will Quince MP for Colchester and must evidence his engagement in and support for Colchester's LUF bid.
- 1.8 The criteria for the LUF are broadly similarly to the existing Town Deal programme, with three eligible investment themes: 1) Town Centre and High Street regeneration 2) Local Transport Projects, 3) Cultural and Heritage Assets. Projects must be fully delivered by 31st March 2025, and there must be some spend in 2022-2023.

- 1.9 Given the high financial value but relatively short time window available to prepare the bid submission, officers have focussed on projects which 1) have initial scoping and feasibility work already undertaken, including initial political and stakeholder consultation, 2) align to existing and agreed borough and county council strategic priorities, 3) address long-standing and well evidenced needs including market failures, 4) are felt to be deliverable at pace should the funding be awarded to Colchester, and 5) have match funding already identified.
- 1.10 The Council has also been invited to submit an Investment Plan for an allocation from the UK Shared Prosperity Fund which provides revenue funding for levelling up work and for which a separate report to Cabinet will be provided.
- 1.11 This report provides an overview of the LUF bid currently being prepared, which focuses on the St Botolph's or south-eastern corner of Colchester's core Town Centre.

2. Recommended Decisions

- 2.1 It is recommended that Cabinet:
- a) Endorses the thematic and geographic focus of Colchester's Levelling Up Fund round 2 bid currently in preparation, with reference to the published Levelling Up Fund eligibility criteria.
 - b) Agrees to further work on this bid including engaging the local MP and key stakeholders to confirm their support.
 - c) Agrees to delegate the final approval of the bid submission to the Portfolio Holder for Strategy and the Portfolio Holder for Resources in liaison with the Head of Finance, and thereafter its submission to the Department for Levelling Up, Housing and Communities on or before 6th July 2022 by officers.

3. Reason for Recommended Decision

- 3.1 Approval to proceed and submit a bid of up to £20m to LUF round 2 will build upon the strong foundations set by the 'We are Colchester' (Town Deal) programme, potentially attracting further substantial investment into a key part of our core town centre.
- 3.2 The cohesive set of proposed interventions outlined in this report best meet the criteria set out at 1.6 above and will further boost Colchester's opportunities to realise its economic development, place-making, inward investment, and regeneration ambitions, targeting the area of our town centre with the most extensive challenges, but also opportunities.
- 3.3 It should be noted that the criteria from DLUHC for this fund are very specific, and a number of the ambitions of the administration which do not fit within the intervention themes for this funding may do so for future funds. Furthermore, substantial, and eligible match funding of around £2.5m aligned to the St Botolph's highway scheme is already identified and included within this proposed bid.

4. Alternative Options

- 4.1 No alternative options have been presented to Cabinet. As with the Town Deal, LUF 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 proposed LUF round 2 bid see LUF 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.

5. Background Information

- 5.1 The Government published its Levelling Up White Paper on 2nd February 2022, see [Levelling Up the United Kingdom - GOV.UK \(www.gov.uk\)](https://www.gov.uk/levelling-up-the-united-kingdom) , then shortly afterwards in March 2022 the prospectus for the second round of the Levelling Up Round 2 was published, see [Levelling Up Fund Round 2: prospectus - GOV.UK \(www.gov.uk\)](https://www.gov.uk/levelling-up-fund-round-2-prospectus)
- 5.2 The Levelling Up Fund can be seen as a linear development from the Town Deal Programme, from which Colchester has now secured £19.2m investment. The Town Investment Plan (TIP) for Colchester, which was submitted to Government on 29th October 2020, covers just the wider urban area of Colchester; population 136,300.
- 5.3 The Town Deal Programme and thus our TIP was required to reflect six specific intervention themes prescribed by DLUHC, 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.
- 5.4 The three themes which are now the focus of the LUF at round 2 closely align with three of the six original Town Deal investment priorities: 1) Town Centre and High Street regeneration 2) Local Transport Projects, 3) Cultural and Heritage Assets.

Levelling Up Fund round 2: summary of proposed focus and examples of interventions to be developed (total <£20m grant funding available)



5.5 The bid focusses on the southern side of the St Botolph's Regeneration Zone (shaded yellow on map above); an established and long-held ambition for renewal and investment within our Town Centre. It focuses on three key interventions, plus a bundle of smaller interventions which supplement these and round out the bid as a cohesive and compelling proposition to Government. In particular.

- a.) The long-held ambition for a high-quality new highway scheme replacing the current St Botolph's circus with a new junction layout which eases movements for active and sustainable modes in particular.
- b.) Bringing forward the first phases of the Vineyard Street regeneration scheme, which brings exemplar net-zero and zero-car new housing (including affordable homes) coupled with new public realm which showcases the outstanding heritage assets at this location notably a substantial section of the roman wall.
- c.) Bringing forward the first phases of the Britannia Yard regeneration scheme, which brings forward further exemplar new housing built to the same principles, and also makes the St Botolph's Priory the centrepiece of attractive new public realm including a heritage-rich walking route from the Town railway station and bus station to the heritage and cultural assets on the eastern side of the town centre.

In addition, several related, smaller interventions are proposed including addressing a long-standing deficit in layover bus and coach parking, improving access to the town railway station, improving the look and feel of St Botolph's Street and Osborne Street, and supplementing several projects from the Town Deal programme: maximising the value from the initial Towns Fund investment.

5.6 Together, this suite of interventions, tightly focussed on a single cohesive area enable Colchester to meet the key criteria of the three investment priorities, whilst dramatically enhancing this key gateway to the town centre, tackling many issues including (but not limited to);

- Enhancing active travel opportunities to reach the town centre through overcoming a long-standing severance issue inherent in the current road layout.

- The need to achieve better integration between travel modes; walking and cycling, bus and rail, car; in a cohesive multi-modal travel hub including addressing some short-term challenges faced at the current bus station.
- Reducing levels of antisocial behaviour.
- Enhancing the look and feel of this area, including improving air quality; to boost footfall and vibrancy, and improving the resident and in particular the visitor experience.
- Stimulating and leveraging significant private sector investment through bringing forward two exemplar housing schemes built to the very highest sustainability standards.
- Protecting and showcasing the iconic historic assets in this part of the town centre notably the Roman wall and Augustinian priory – as key destinations in their own right and as part of new, attractive traffic-free walking routes through our town centre.

- 5.7 The council, in partnership with Essex County Council has recently appointed a consortium to develop a new masterplan for the Town Centre. Whilst the timings of this bid require submission before the masterplan will have been completed, opportunities are being taken to link the two, so that the interventions under LUF round 2 are complimentary to and cognisant of the masterplan.
- 5.8 Similarly, this new bid recognises the related and long-held aspiration to make significant improvements to the functionality and capacity of the Town's bus station, vital to improving the bus user and bus operator experience, and to help support the adoption of sustainable travel through optimising the towns key sustainable travel interchange.
- 5.9 The LUF round 2 bid requires evidence of significant engagement of the local community, businesses and the civic sector including the Towns MP. Therefore, the basis of this bid is closely aligned with the Town Investment Plan (TIP) which was prepared and consulted on extensively throughout 2020.
- 5.10 As with the TIP, endorsement for this new bid will be sought from the "We are Colchester" board, established in 2020 for the preparation of our Town Deal programme. This will ensure independent check-and-challenge from key stakeholders including, critically the towns MP.

Rationale to project prioritisation above:

- 5.11 This configuration of project elements delivers the strongest possible cohesive package of impacts/benefits, responds most strongly against all three DLUHC investment priorities, and builds on recent investment secured including identified match funding.
- 5.12 Several of the project elements proposed for inclusion were originally included in our Town Deal bid but removed when our funding award was £18.2m from an initial £25m bid.
- 5.13 The Borough and County councils have been working on the St Botolph's highway scheme over several years and the iteration to be taken forward through this bid has

the support of both councils and all key stakeholders. This package of project elements is felt to be deliverable within the ambitious timescale required.

6. Equality, Diversity and Human Rights implications

- 6.1 Consideration will be given to equality and diversity issues in respect of individual project elements that contribute to the delivery of the Levelling Up Funded programme through the development of the project application.
- 6.2 Colchester Borough Council and its partners will prepare specific Equality Impact Assessments, 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 proposed bid:

Tackling the climate challenge and leading sustainability:

- Air quality across Colchester is improved.
- Work with partners to implement strategies and develop measures to reduce traffic in the town centre.
- Improve facilities and routes for cyclists and walkers to enable active travel behaviours, healthier lifestyles and reduce car use.
- Ensure major regeneration projects put physical activity, cycling, and walking at the forefront of development.

Delivering homes for people who need them:

- Deliver 380 affordable homes.
- Create great places to live through the provision of new homes with infrastructure and facilities that support sustainable living and promote health and wellbeing.

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 our partners to enable Colchester town centre to be more vibrant, resilient, and adaptable to future change.
- 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.

Celebrating our heritage and culture:

- Identify opportunities to improve the cultural offer for residents and visitors
- Promote Colchester's heritage and visitor attractions to increase visitor numbers and to support jobs.

- Work with partners and the Town Centre Business Improvement District to improve the public realm for residents and visitors.
- Enhance and promote our heritage by better revealing our assets by supporting projects and initiatives to increase public awareness and access to their heritage in daily life.

8. Consultation

- 8.1 The TIP was developed in 2020 and ensured full consultation with each of the Councils at both Member and officer level, and with the “We are Colchester” board, and its advisory group. In parallel, a series of wider consultations took place including a physical assembly, online surveys and focus groups, discussions with businesses, discussion with BID board, and further and higher education representatives.
- 8.2 Key elements proposed in this application including the St Botolph’s Roundabout & Vineyard Gateway schemes were included in our TIP. Summarising the key and consistently clear messages about what residents told us they want through our engagement on town deal, these themes are:
- A **greener Colchester**,
 - A **more attractive public realm**,
 - More activities for **young people**,
 - Better **cycle infrastructure**.
- 8.3 The South-East corner of the town centre is identified within the well-established St Botolph’s regeneration zone and a supplementary planning document covering the town centre. This area was consulted as part of our local plan process with a masterplan and associated consultation and engagement evident and dating back to around 2006.
- 8.4 A new masterplan covering the whole town centre but with a specific focus on this area is currently in development at the time of writing and will be prepared during the summer and autumn of 2022. This work will provide fuller and more in-depth engagement with communities, residents and businesses who will be affected by this scheme.
- 8.5 Essex County Council have already consulted for the highways component of the scheme and have evidence of strong support from local businesses.
- 8.6 We will fully engage with ‘We are Colchester’, our Town Deal board in the preparation of this bid. This includes representation from the local community and community sector organisations, civic society, the private sector, and local businesses. We have also extended our engagement to Colchester’s Business Improvement District who strongly support the proposed investment.
- 8.7 The other key strategies which underpin this development include Colchester Future Transport Strategy (Safer, Greener, Healthier), Colchester Positive Parking Strategy,

and the Local Walking and Cycling Infrastructure Plan, Colchester Housing Strategy and Colchester Economic Strategy. The scheme also aligns to the Colchester Local Plan and the wider Strategic Plans of both partner local authorities. Each of these strategies has undergone or is currently undergoing extensive community and stakeholder consultation and engagement in their development and adoption.

9. Publicity Considerations

- 9.1 None specific to this report. If funded, the projects included in the LUF submission will be managed and governed as an extension to our existing Town Deal programme which is subject to a communications and engagement plan which includes publicity, branding, etc.

10. Financial implications

- 10.1 No capacity funding is available from DLUHC as Colchester is a priority 2 place. To date, the costs of developing the bid have been met within existing resources, i.e., officer capacity at risk.
- 10.2 The projects themselves will draw down appropriate and foreseeable development and design costs, professional fees and project management costs only if Colchester is successful in its bid to DLUHC, thus they will not incur any additional and unplanned revenue budget pressures to Colchester Borough Council and partners.
- 10.3 As part of the next stages work of developing the application; 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 interventions being developed.

12. Health and Safety Implications

- 12.1 There are no specific concerns at this stage of the development of the LUF round 2 bid. 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 further, 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.

15 Head of Finance Comments

- 15.1 The bid is being prepared under a very tight timetable set by Government, so the final business case is not available for analysis. For good financial governance of the final bid, it is appropriate that **the Portfolio Holder for Resources in liaison with the Head of Finance** is required to grant their approval as set out in recommendation 2c.
- 15.2 To finalise the bid the following financial elements will require preparation and then approval under the recommended delegation:
- That the project and payments to third parties fulfil subsidy and state aid requirements, including the impact of any past subsidies granted to partner organisations, and how information will be provided for State Aid audits
 - A monitoring and evaluation plan including the systems to deliver this
 - An assessment of any ongoing revenue implications for CBC and its partners, and how these will be funded.
 - A formal Head of Finance declaration in support of the bid
- 15.3 If successful, the bid would draw in considerable government funding to Colchester and is to be strongly supported. Much of the requirements are similar to the Town Deal bidding process.
- 15.4 The final bid will need to demonstrate value for money and a satisfactory benefit cost ratio, including any uncertainties inherent in these calculations.
- 15.4 If approved some bid activity would require to be delivered in 2022-23.
- 15.4 The bid will need to be supported by an analysis of the main financial risks and how these will be managed. This will include the management of cost overruns on the project and how these will be shared with any partners.
- 15.4 Any additional revenue or capital requirements for CBC will need to be reflected in the 2023-24 Revenue Budget, Medium Term Financial Forecast and 2023-24 Capital Programme reset. It is not expected any revenue requirements will be at a significant

level. Some provision will probably need to be made for potential cost overruns on the capital project given current procurement and inflationary issues.

Appendices: None.

Background Papers: None.