



Scrutiny Panel

Item
13

March 24

Report of

Deputy Chief Executive

Author Matt Sterling

Title

Annual review of Town Deal programme

Wards affected

All Town wards

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 programmes being delivered to support the economy and communities in our area. 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 Scrutiny Panel has requested annual updates on our progress delivering the projects which form part of our Town Deal. This report is the second of our annual progress reports to Scrutiny Panel.

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 City Council (CCC) 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 which were the improvements to the Balkerne Gate area and the St Nicholas Square project. The TIP covers just the wider urban area of Colchester.
- 4.2 The Town Deal Programme and our TIP were 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 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.
- 4.4 Decisions about the projects included in our Town Deal were made by the independent We Are Colchester Board. Colchester City Council acts as accountable body for the monies. The accountable body role includes a:
- Commitment to manage the secretariat 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 (Business Improvement District), University, Health and Business – to drive investment in Colchester in a strong, coherent and visible 'whole place' manner.
 - Commitment of CCC 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 holding responsibility for financial management, audit and delivery assurance of the £19.2m capital programme; in line with existing CCC models of governance for capital 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).
- 4.6 The Council was required to, (and did), complete 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.
 - Submit summary documents (relating to each of the business cases) to Government by 24th March 2022.
- 4.7 Over time other related streams of work are emerging such as our successful application from the Government's Levelling Up Fund and our UK Shared Prosperity Fund allocation.
- 4.8 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.
- 4.9 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.
- 4.10 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.
- 4.11 The development of these Business Cases resulted in all projects being assured sound and viable to progress.
- 4.12 The necessary documents were submitted to Government in March 2022.
- 4.13 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. The agreements help to manage the release of monies and assure agreed outcomes.
- 4.14 In August 2022, 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 2022.
- 4.15 Since that approval we have been working to deliver each project.

5. Outcomes

- 5.1 The detailed Business Cases for each group – or theme - of projects contain details of outcomes and benefits. These include direct 'easy-to-measure' outcomes of the work, and wider benefits. For some of the projects they also contain wider economic benefits.
- 5.2 These outcomes will be delivered as projects are built out. It will be possible to report these to Scrutiny Panel at future meetings as the capital works in the

programme are completed and these benefits begin to accrue. In the meantime, progress to deliver outputs is possible.

6. Recent Progress

- 6.1 The independent We Are Colchester board, and the CCC-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.
- 6.2 With engagement at the heart of our Town Deal programme, activity to include people and hear their views is embedded within the delivery of projects and at programme level. This has recently included sessions with the Residents Panel and with the 6th Form College, in-person and survey engagement with business owners, and dedicated sessions with Members and with stakeholders such as the Civic Society.
- 6.3 For the individual projects an update on the current position is shown below:
- 6.4 **Heart of Greenstead**
- 6.5 This theme will create a refreshed and expanded multi-agency community hub, build affordable new housing, and attractive public space whilst helping those furthest from employment and training to participate. It will also promote a 'liveable neighbourhood' which gives freedom by making walking and cycling easy and safe and providing bikes.
- 6.6 **Tamarisk Way:** Following the appointment of the architect and further community engagement, the initial designs drafted were over budget. Revised designs have now been submitted and the design and budgets are being considered by the Heart of Greenstead and We Are Colchester Boards.
- 6.7 After protracted negotiations over land value, the land acquisition for housing from Notting Hill Genesis is set to be completed March 2024.
- 6.8 A lease surrender agreement for the Community Association has been agreed in principle.
- 6.9 Engagement activity led by Community360 is progressing well with the recruitment of ambassadors and drawing on insight from an established scheme in Bromley-by-Bow.
- 6.10 **Essex Pedal Power and Liveable Neighbourhood:** The Bicycle handout is progressing well, and temporary storage has been secured in Commerce Way. A shopfront and permanent solution are still required with discussions underway to share space with CBH.
- 6.11 ECC have levered-in an additional £250-300k for a Walkability pilot in early 2024.

- 6.12 After extensive engagement with schools and communities, ECC are finalising designs for the Healthy School Streets as the first phase of the 'liveable streets' initiative which will be presented to the Heart of Greenstead Board shortly.
- 6.13 ECC are on-track to start preparing a longer-term vision and proposals for this initiative in Spring 2024.
- 6.14 The table below summarises the key dates and financial information for these projects.

Heart of Greenstead			
Multi-use Community Hub	KEY DATES	Onsite Start Date: Sep-24	Expected Completion Date: Mar-26
	PROJECT FINANCES	Total Cost = £5.9M	Budget = £5.9M (contingency tbc)
Essex Pedal Power	KEY DATES	Onsite Start Date: Jul-23	Expected Completion Date: Mar-26
	PROJECT FINANCES	Total Cost = £320K	Budget = £320K
Liveable Neighbourhood	KEY DATES	Onsite Start Date: Oct-23	Expected Completion Date: Mar-26
	PROJECT FINANCES	Total Cost = £150K	Budget = £150K

6.15 Town Centre

6.16 This theme includes a suite of projects to improve the public realm in the City Centre to boost footfall; and to bring heritage buildings back into use.

6.17 **St Nicholas Square:** This project will transform this 'back' space into a coherent and attractive public square.

6.18 The work to secure approval of designs and the issuing of licences for this scheme from Essex Highways took a great deal of time and involved changing the original plans. However, we are in contract with the build contractor and have now secured the necessary permissions to start work on the western portion of the site. Building work started on site in the week of 12 February.

6.19 Final designs for the eastern portion of the site are nearing completion with work well underway to secure permission from ECC to start on this area.

6.20 This table summarises the key dates and financial information for this project.

St Nicholas Square			
KEY DATES	Onsite Start Date: Feb-24	Expected Completion Date: Sep-24	
PROJECT FINANCES	Total Cost = £1.6M	Budget = £1.6M	Contingency = Used

6.21 **Holy Trinity Square:** This project will introduce a light-touch improvement to the churchyard to allow it to be accessibly opened to the public.

6.22 Tree surgery was carried out in 2023 on the advice of an arboriculture specialist. A public and stakeholder consultation led to revisions to the initial designs to create a new entrance to the square by the library and to lessen the impact of new paths on the environment. The changes secured the support of CCC Planning Officers and Historic England who were able to support applications for

planning permission and listed building consent in February 2024. These applications were successful at Committee on 15 February.

6.23 Final design work including to the lighting scheme will now be carried out and then a tender for the construction work will be held ahead of a start on site later this year.

6.24 This table summarises the key dates and financial information for this project.

Holy Trinity Square			
KEY DATES	Onsite Start Date: Sep-24		Expected Completion Date: Feb-25
PROJECT FINANCES	Total Cost = £600K	Budget = £600K	Contingency = £44K

6.25 **Kerbless Street:** This project is intended to enhance the public realm and improve accessibility on the route of mainly independent traders from Sir Issacs Walk through to Short Wyre Street by introducing a kerbless design.

6.26 Work on this project was paused to allow Highways resources to focus on finalising the St Nicholas Square project. While on hold, We Are Colchester approved a reallocation of funds from this project to the Digital Works Hub to offset price inflation on the build costs as this scheme was already well underway.

6.27 We have submitted Project Adjustment Requests to Department of Levelling UP, Housing & Communities (DLUHC) to approve this reallocation and to allow unused monies from our Levelling Up Fund award to fund the Kerbless Street work.

6.28 In the meantime, we have engaged with businesses along the route in-person and via a survey to test continued support for the scheme in the light of likely disruption while the work is carried out. Initial results of this engagement suggest most traders believe the benefits of the improvement work will outweigh the negative effects of disruption. However, we have also learned of specific concerns (around deliveries for example) which we will seek to mitigate.

6.29 **Essex County Hospital:** This project introduces attractive and accessible public realm to the work by Essex Homes to redevelop the site of the old Hospital.

6.30 Following a procurement tender process, a Contractor has been appointed (Kind and Co). Final Planning issues have been resolved and a work programme is to be published shortly with a start of site expected in Spring 24.

6.31 This table summarises the key dates and financial information for this project.

Former Essex County Hospital Public Realm			
KEY DATES	Onsite Start Date: Apr-24		Expected Completion Date: Dec-24
PROJECT FINANCES	Total Cost = £488K	Budget = £488K	Contingency = N/A

6.32 **Holy Trinity Church:** This project will repair and adapt this disused church building into a community hub to be operated by local charity Community360 on behalf of the One Colchester partnership.

6.33 With the Church having been placed on the Building at Risk list, emergency repair work was carried out to the roof of this building enabled by the Council's Building Maintenance fund.

6.34 Detailed work has been carried out to submit a Stage 1 bid to the National Lottery Heritage Fund (NLHF). This work was coordinated with those submitting bids from the Jumbo project and our Museums Service.

6.35 Other funders have also been approached and have given favourable initial responses to additional bids to fund restoration work to the church's Saxon tower.

6.36 This table summarises the key dates and financial information for this project.

Holy Trinity Church			
KEY DATES	Onsite Start Date: Nov-25		Expected Completion Date: Sep-26
PROJECT FINANCES	Total Cost = £2.8M	Budget = £2.8M	Contingency = 15%

6.37 **Jumbo and Balcerne Gate Phase 2:** These projects are to carry out repairs to the tower and to support a larger bid to the NHLF to allow this much-loved local landmark to come back into use as a community facility. They are also to improve the public realm between the tower and the area outside the Mercury Theatre recently improved as part of our Balcerne Gate Phase 1 project.

6.38 The projects are being managed by the North Essex Heritage Trust.

6.39 Following the Trust's appointment of design consultants, a stage 1 NLHF bid was submitted and judged successful. Council officers supported this application by brokering 'check and challenge' sessions and links to our Events and Museum services.

6.40 The Trust are now mid-way through the year-long preparation of their stage 2 bid with their 6-monthly review by the NLHF due in March. An Activity Plan is being written as part of this work to guide engagement.

6.41 This table summarises the key dates and financial information for these projects.

Jumbo Water Tower / Balcerne Gate Phase 2			
KEY DATES	Onsite Start Date: Aug-25		Expected Completion Date: Sep-26
PROJECT FINANCES	Total Town Deal Cost = £1.781M	Total Town Deal Budget = £1.781M	Overall contingency = TBC once NLHF bid is ready

6.42 **Transformed Youth Facilities**

6.43 This theme is to improve the life chances of Colchester’s young people by modernising the main City Centre youth centre – The Townhouse - and making improvements to the youth centres in Highwoods and Stanway.

6.44 These projects are being managed by Essex County Council.

6.45 Detailed plans for the Townhouse and other sites, produced with engagement with young people, have been approved. The work at the Townhouse includes an updated electrical systems and full redecoration with improvements to the Sports Hall, and the introduction of a Teaching Kitchen, recording studio, garden area and storage.

6.46 A contractor has been appointed and work is due to start in Highwoods in March (lasting until May), at the Town House in May (until September) and in Stanway in July (until August).

6.47 This table summarises the key dates and financial information for these projects.

Transformed Youth Facilities			
Townhouse Youth Centre	KEY DATES	Onsite Start Date: May-24	Expected Completion Date: Sep-24
	PROJECT FINANCES	Total Cost = £1M	Budget = £1M
Stanway Youth Centre	KEY DATES	Onsite Start Date: Jul-24	Expected Completion Date: Aug-24
	PROJECT FINANCES	Total Cost = £170K	Budget = £170K
Highwoods Youth Centre	KEY DATES	Onsite Start Date: Mar-24	Expected Completion Date: May-24
	PROJECT FINANCES	Total Cost = £150K	Budget = £150K

6.48 Physical connectivity

6.49 This project will create a new or, in parts, upgraded 2.96kms walking and cycling route between the City Centre towards the University and Greenstead with improved facilities, including lighting and cycle parking.

6.50 This project, to deliver the route known as LCWIP 4, is being managed by Essex County Council. It is expected to encourage additional cycle trips of 190 per day in 2026, 700 by 2033, and 1,324 by 2041.

6.51 The works are being managed in sections with the first – at Colne Causeway – completed. A Traffic Regulation Order for the East Hill section has been issued, and extensive engagement with local stakeholders undertaken. The East Hill design is being revised following a road safety audit and the project's budget is being scrutinised to manage cost inflation.

6.52 Legal work for the section across the Moors is progressing well.

6.53 This table summarises the key dates and financial information for this project.

Town Centre / Greenstead / University Walking and Cycling Route (LCWIP4)			
KEY DATES	Overall Start Date: May-23		Expected Completion Date: Mar-26
PROJECT FINANCES	Total Cost = £2.88M	Budget = £2.88M	Contingency = 17.5% (East Hill Section Only)

6.54 Digital connectivity

6.55 This theme includes three projects to help Colchester capitalise on the opportunities presented by the growth of the digital economy. They are the building of a new Digital Working Hub in Queen Street, the creation of a Digital Skills Hub at the Wilson Marriage Centre, and two 5G mobile pilots to act as a catalyst for further private sector investment.

6.56 Digital Working Hub: This project sees the demolition of the old bus depot on Queen Street and the building of new grow-on workspace for creative and digital business. This project is part funded by the South East Local Enterprise Partnership.

6.57 The old bus depot has been demolished, planning consent for the new build has been granted, a successful tender for construction has been carried out, value engineering to ensure the contract is affordable completed, and the building work has started with contractors now onsite finishing ground works.

6.58 Following the withdrawal of the organisation previously appointed to manage the new facility, a second procurement exercise was carried out to appoint a managing operator in late 2023. Unfortunately, this did not result in an appointment. We are now liaising with those who expressed an interest and receiving their proposals to operate the facility. It is hoped an appointment can be made shortly.

6.59 This table summarises the key dates and financial information for this project.

Queen Street Digital Working Hub			
KEY DATES	Onsite Start Date: Jan-24		Expected Completion Date: Jan-25
PROJECT FINANCES	Total Cost = £6.25M	Budget = £6.3M	Contingency = £170K

6.60 **Digital Skills Hub:** This project is to refurbish a disused gym building into a modern training suite for digital skills including ICT and virtual reality.

6.61 The project was managed by Essex County Council through their Adult Community Learning service.

6.62 This project has progressed well and was completed on time and on budget in time for courses to be offered from September 23. A successful launch event was held and future updates to Scrutiny will be able to report on uptake data.

6.63 This table summarises the key dates and financial information for this project.

Digital Skills Hub			
KEY DATES	Onsite Start Date: Mar-23		Expected Completion Date: Aug-23
PROJECT FINANCES	Total Cost = £879K	Budget = £879K	Contingency = N/A

6.64 **5G:** This project is to pilot two true-5G sites in the City Centre, the first deployment of its type in Colchester to stimulate full roll-out. The key differences between 4G and 5G are faster mobile broadband speeds, larger capacity, and reduced data transfer delays. 5G technology opens new business opportunities such as virtual reality tourism.

6.65 This project is being managed by Amphora Ltd on behalf of the City Council. Research has confirmed the best, current real-life use application of 5G in Colchester is virtual reality tourism.

6.66 A tender exercise has been carried out to appoint a contractor to build the 5G pilot networks. Due diligence is currently underway ahead of an appointment.

6.67 We have identified the winner of the tender for the award of the 5G network build. We are also exploring opportunities to extend their projects scope by securing additional funding.

6.68 This table summarises the key dates and financial information for the 5G project.

5G			
KEY DATES	Onsite Start Date: Apr-23		Expected Completion Date: Mar-24
PROJECT FINANCES	Total Cost = £977K	Budget = £977K	Contingency = 10%

7. Key risks

7.1 Risks for the whole programme and individual projects are being managed first by project managers, then project steering groups, then Operational Board and then ultimately by We Are Colchester.

7.2 The main programme-level risks now are:

- The effect of cost inflation on the viability of projects – detailed costings have been generated for projects and forecasts are being kept up to date, with alternative sources of funding being sourced for shortfalls.
- Overruns on the St Nicholas Square accelerated public realm project becoming a precedent which might be replicated in other projects.
- Failure to achieve necessary land acquisition in Greenstead - negotiations are being closely managed.
- Ensuring opportunities to maximise the impact of Jumbo and Balkerne Gate projects are effectively harnessed alongside a Heritage Lottery Fund

bid, at the same time mitigating the Council's exposure to unexpected costs.

- Loss of key partners
- Human resource capacity across programme under constant review

8. Financial implications

8.1 Town Deal projects are funded by DLUHC, with regular progress reporting, risk management and approval processes. Further assurance is provided through six-monthly monitoring returns to DLUHC with check and challenge as required. The Section 151 Officer also makes an annual declaration to DLUHC to confirm that all the necessary checks have been undertaken to ensure that the council has in place the processes to ensure the proper administration of its financial affairs with regards to the funds, inclusive of all payments received. The Section 151 Officer is of the opinion that the financial affairs of the council and Town Deal Board are being properly administered regarding the funds.

8.2 Due to delays to certain projects this means that spend has been behind budget. However, with delivery accelerating, spend is thought likely to catch up in 24-5.

8.3 The table below summarises the costs, available budget, total Town Deal funding and any forecast overspends that have not been mitigated for each project.

Theme	Project	Project Total	Budget	Town Deal Funding	Unmitigated Overspend
Heart of Greenstead	Multi-agency Community Hub	£5.9M	£5.9M	£5.9M	Being calculated
	Essex Pedal Power	£320K	£320K	£320K	£0
	Liveable Neighbourhoods	£150K	£150K	£150K	£0
City Centre Schemes	St Nicholas Square	£1.6M	£1.6M	£1.25M	£0
	Holy Trinity Square	£600K	£600K	£600k	£0
	Essex County Hospital Public Realm	£488K	£488K	£488k	£0
	Holy Trinity Church	£2.8M	£2.8M	£500k	£0
	Jumbo / Balcerne Gate Phase 2	£1.781M	£1.781M	£1.781M	£0
Transformed Youth Facilities	Townhouse	£1M	£1M	£1M	£0
	Stanway	£120K	£120K	£120K	£0
	Highwoods	£170K	£170K	£170K	£0
Physical Connectivity	LCWIP4	Being calculated	£4.6M	£2.88M	Being calculated
Digital Connectivity	Digital Working Hub	£6.25M	£6.3M	£879K	-£50K
	Digital Skills Hub	£879K	£879K	£879K	£0

	5G	£977K	£977K	£977K	£0
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8.4 This table summarises DLUHC amounts awarded, paid and spent in accordance with the Accountable Body's last monitoring return to DLUHC covering the period April to September 2023. This excludes funding for accelerated projects, other sources of income and programme management costs have also been deducted.

Project	Town Deal funding total due to CCC	Town Deal funding paid to CCC to date	Town Deal funding spent to date
Digital Working Hub Queen Street	£879,672	£720,985	£720,985
Transformed Youth Facilities	£1,290,187	£1,290,187	£1,290,187
Digital Skills Hub Wilson Marriage Centre	£879,374	£879,374	£879,374
Town Centre & Gateways	£4,401,097	£1,600,090	£670,313
Heart of Greenstead	£6,477,514	£586,307	£536,307
5G	£977,414	£689,783	£98,183
Walking & Cycling Links	£2,883,369	£337,949	£279,197

9. Standard References

9.1 There are no particular consultation or publicity considerations; community safety; health and safety, environmental and sustainability or risk management implications.

10. Strategic Plan References

10.1 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.

10.2 It will contribute to the delivery of the Three-Year Strategic Plan 2023-26 (A City Fit for the Future) priorities and direction under the strategic themes of: Respond to the climate emergency; Improve health, wellbeing and happiness; Deliver homes for those most in need; Grow our economy so everyone benefits and Celebrate our city, heritage and culture.

Appendices