



## Revolving Investment Fund Committee

Item  
**7**

17<sup>th</sup> March 2021

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

### 1. Executive Summary

- 1.1 This report provides a further update to the report which was presented at the Cabinet meeting on 10<sup>th</sup> March 2021 on Colchester's Town Investment Plan (TIP) which forms part of the national Town Deal / Towns Fund programme. We are delighted to hear that Colchester has been awarded £18.2m within the Chancellor's recent budget statement.
- 1.2 This report brings an update on latest developments with the 'We are Colchester' programme and sets out next steps now that we have received confirmation that Colchester's bid to government has been successful.
- 1.3 Colchester is proud to welcome Town Deal investment which represents significant, transformational-scale capital investment to boost the local economy and stimulate the revitalisation of our town as we begin our recovery from the Covid-19 pandemic.
- 1.4 The main Town Deal award builds on investment Colchester has recently been awarded which include 'accelerated' £1m Town Deal funding. This has enabled two key public realm schemes at St Nicholas Square and Balcerne Gate to proceed. A further £3.77m SE LEP Local Growth Fund award will deliver much-needed high-quality employment space within our town centre, and wider investments are planned or in progress.
- 1.5 Development of the 'We are Colchester' (Town Deal) programme has enabled Colchester Borough Council to strengthen its relationships and joint working with key partners. These include Essex County Council, our Business Improvement District, The University of Essex, local businesses, the community & voluntary sector, and the public.
- 1.6 The £18.2m funding in this main-stage award will now enable the projects within the Town Investment Plan (TIP) to be developed further. This work will include significant engagement and consultation with residents and businesses, and preparation of business cases which will finalise and build on feasibility work already undertaken. The projects will then pass into final construction and delivery phase.

### 2. Recommended Decisions

- 2.1 It is recommended that Revolving Investment Fund:

- a) Notes the recent offer by Government of the £18.2m main-stage funding to the 'We are Colchester' (Town Deal) programme, which will now enable the further development and delivery of the specific projects which were submitted within our Town Investment Plan.

### **3. Reason for Recommended Decision**

- 3.1 Prompt acceptance and completion of our Heads of Terms Agreement with Government will enable Colchester Borough Council as the lead Local Authority to proceed to the delivery phase of the 'We are Colchester' programme quickly and effectively. Thereafter, delivery of 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 Revolving Investment Fund Committee. 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 proposed 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 Covid-19.

### **5. Background Information**

- 5.1 As reported at the October 2020 Cabinet meeting, in responses to the Government's Town Deal Programme; see <https://www.gov.uk/government/publications/towns-fund-prospectus> Colchester as one of 101 English towns was invited to prepare and submit a Town Investment Plan (TIP) and bid for upto £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 29<sup>th</sup> October 2020. The TIP covers the wider urban area of Colchester; population 136,300.
- 5.2 The two public realm schemes at St Nicholas Square and Balkerne Gate funded under the 'accelerated' £1m MHCLG funding are now moving into delivery phase and final design. Public consultation on these projects is underway. There is strong support to these two schemes, which will act as a foretaste of what is to come in the wider public realm and public spaces work to follow in the main phase of the programme. The council will work with BID and other partners to ensure that the vision, and future uses of these spaces best fits with the town centre as a whole.

**Figure 1: St Nicholas Square**



- 5.3 A further report was presented at the Council’s March 2021 Cabinet meeting which sets out the specific projects that were contained in Colchester’s Town Investment Plan in more detail than was available previously. These are shown in full in the Cabinet report which should be read in conjunction with this report, so are not reproduced here.
- 5.4 The TIP has now been assessed and a formal announcement was made by Government as part of the budget speech on 3<sup>rd</sup> March 2021, where a second tranche of Towns including Colchester were announced; receiving formal offers of funding including £18.2m for Colchester. The key next steps and indicative timeline will be:
- Heads of Terms agreement: received from MHCLG 3<sup>rd</sup> March 2021.

- Sign Heads of Terms. Once offered, up to 3 weeks will be available to agree and sign Heads of Terms between Colchester Borough Council, Town Deal Board Chair & Ministry of Housing, Communities and Local Government (MHCLG): on or before 24<sup>th</sup> March 2021.
- Develop and confirm contractual terms with external delivery partners including Essex County Council: March-April 2021.
- Confirm intended projects with MHCLG: within 2 months of signing the Heads of Terms agreement, i.e., on or before 24<sup>th</sup> May 2021.
- After due consideration of the benefits and risks of fast-tracking projects, develop detailed business cases for agreed 'fast track' projects, including ongoing further engagement augmented by planning considerations: Summer 2021.
- Sign off fast track projects through jointly signed 'letters of approval' from Accountable Body and Town Deal Board: Summer 2021.
- Submit a project summary for fast-track projects, within 2 weeks of letters of approval, to MHCLG: Summer 2021.
- Drawing down funding to deliver these fast-track projects: Summer 2021.
- Complete the above detailed business case development process for all remaining agreed projects to an extended timetable from May 2021 to March 2022, then drawing down funding to move to delivery & implementation phase of remaining projects: 2022-2026.

5.5 Given that the final award at £18.2m is around £7m less than the original grant request to Government, the Town Deal board will review the list of projects and their financial parameters. Whilst the intention remains to deliver all projects in the programme, decisions will now need to be made regarding the viability of projects within reduced financial envelopes; without compromising their quality and outcomes. Opportunities will be sought to attract co-funding and match funding from other sources where possible.

### **Next steps: Heads of Terms Agreement**

- 5.5 The Leader and Chief Executive of the Council, the chair of the 'We are Colchester' board, and the programme lead from MHCLG will now, with the support and facilitation of officers including legal and finance, prepare and then sign the Heads of Terms Agreement. This document binds Colchester Borough Council as the accountable body in a legal agreement or contract with Government; to deliver the projects set out in the Town Investment Plan to a total value of £18.2m grant, plus wider funding contributions.
- 5.6 Projects that are suitable for being fast-tracked will be identified and confirmed at this stage. Where required, memorandums of understanding and/or formal contracts and service level agreements (SLAs) will be established with project partners. This is not required as a formal part of the Heads of Terms Agreement process, but will be required thereafter prior to commencement of work on business cases.
- 5.7 Engagement with partners and stakeholders will be undertaken; in particular, local residents and local ward members where the investments will be made. Engagement will commence shortly after the final list of projects is confirmed, and will form a key element of business case development and detailed planning of projects.

## **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:

### **Tackling climate change and leading sustainability:**

- Environment and sustainability embedded within all Council decision making and the adaptation and recovery from Covid-19.
- Air quality across Colchester is improved.
- Enable more opportunity for walking and cycling around Colchester.

### **Creating safe, health and active communities:**

- Build on community strengths and assets.
- Tackle the causes of inequality and support our most vulnerable people.
- Provide opportunities for young people.

### **Growing a fair economy so everyone benefits:**

- Enable Economic Recovery from Covid-19 ensuring all residents benefit from growth.
- Work with partners to deliver a shared vision for a vibrant town.
- Create an environment that attracts inward investment to Colchester and help businesses to flourish.

### **Celebrating our heritage and culture:**

- Strengthen Colchester's tourism sector and welcome more visitors each year.
- Protect, enhance, and celebrate Colchester's unique heritage.

## **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 The programme leverages substantial further funding and investment within the 5-year window of delivery, over twice the value of the grant and potentially much more. The individual town deal projects have been included within Colchester Borough Council's capital programme, which was approved at Cabinet January 2021 and which sets out a broader suite of homes, community facilities and town centre projects totalling £43m (inclusive, but broader than the £26m Town Deal funded projects).
- 10.2 To date, the costs of developing the Town Investment Plan, providing the secretariat function to the Town Deal Board, engagement/communications and wider associated work has been enabled primarily via £173k 'capacity funding' awarded by MHCLG to Colchester Borough Council at the point of commencing development of our Town Investment Plan.
- 10.3 Looking forward, the projects and programmes within the Town Deal programme will draw down appropriate and foreseeable development & 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 the Council and partners.
- 10.4 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 can legitimately be met from within the overall Town Deal award; again, incurring no further cost to Colchester Borough Council. A bid to Ministry of Housing, Communities and Local Government (MHCLG) for further capacity funding for the next phase of the project has been submitted and the outcome is awaited.
- 10.5 Taken as a whole, the Town Deal programme (i.e., across all projects) is required to achieve a split of not less than 90% capital and not more than 10% revenue; however professional fees can be treated as capitalised revenue (i.e., capital) for the purposes of the programme.
- 10.6 Up to 10% of the Town Deal funding may be used for revenue. The revenue allocations will be identified as projects progress to more detailed business cases. This will avoid any additional revenue pressures arising from the schemes.

## **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, 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.