

Report to Economy, Skills, Transport and Environment Scrutiny Board

3 October 2023

Subject:	Towns Fund Programme Update
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1 Recommendations

- 1.1 That the Economy, Skills, Transport and Environment Scrutiny Board considers and comments upon the Towns Fund Programme Update.

2 Reasons for Recommendations

- 2.1 This report affords an update on the Towns Fund Programme to provide assurance that the programme is proceeding in line with Government requirements and the agreed local assurance process.

3 How does this deliver objectives of the Corporate Plan?



Best start in life for children and young people

Projects within the Towns Fund areas will create new and improved facilities for young people including new education and learning spaces.





People live well and age well

Projects within the Towns Fund areas will deliver new housing, new education spaces, improvements to community assets, public realm and green spaces, improvements to transport links, and will support the creation of new jobs and learning opportunities.



Strong resilient communities

The Town Board membership is drawn from a range of organisations and sectors and provides input and direction to the Towns Fund programme at a strategic and local level.

Projects within the Towns Fund areas will deliver new housing, new education spaces, improvements to community assets, public realm and green spaces, improvements to transport links, and will support the creation of new jobs and learning opportunities.



Quality homes in thriving neighbourhoods

Projects within the Towns Fund areas will deliver new housing and bring a range of improvements that support thriving neighbourhoods.



A strong and inclusive economy

Projects within the Towns Fund areas will deliver new jobs and learning opportunities. Improvements to transport connections will improve residents' ability to access key transport hubs and hence their access to employment and education prospects, contributing to attracting and retaining businesses in Sandwell.



A connected and accessible Sandwell

Projects within the Towns Fund areas will deliver improvements in cycling and walking infrastructure, and transport connections.



4 Context and Issues

- 4.1 Following the Government announcement that 101 Towns had been identified to benefit from the Towns Fund, Heads of Terms were offered (1 per Town) offering West Bromwich £25m; Smethwick £23.5m and Rowley Regis £19m, making Sandwell's total Towns Fund allocation £67.5m. This was confirmed in a Grant Offer, received on the 20 August 2021.
- 4.2 On the 23 March 2022, Cabinet approved the Regeneration Strategy, Regeneration Project Pipeline, and the Inclusive Recovery Action Plan for Business. Taken together, they set out the corporate regeneration priorities for the period 2022 to 2027. The pipeline comprises of 66 live projects with an estimate total investment value of £2.8b by 2027. This investment includes £67.5m from the Towns Fund Programme.
- 4.3 Business Cases for 16 projects were submitted and approved by Government resulting in Sandwell securing the full £67.5 million. Each town was committed to deliver DLUHC defined outputs as well local measures agreed with the Towns Fund Boards. The full list of deliverables is included in Appendix A. The mandatory outputs agreed are as follows:
- 337 temporary construction jobs supported
 - 3129 learners gaining certificates or completing courses at a new or improved training facility
 - 42117 sqm of rehabilitated land
 - 14.22 km of new cycleways
 - 4.km of new/improved pedestrian paths
 - 57 jobs safeguarded
 - 39 new jobs created
- 4.3 Projects proceeded with the delivery phase with the first monitoring returns for the period 1st April to 31st September 2022 submitted on 9th December 2022 and subsequently approved by DLUHC. The progress



return for the period of 1st October to 31st March 2023 was submitted to DLUHC on 6th June 2023 and is currently awaiting formal approval. Payments will be released annually subject to a satisfactory performance assessment by DLUHC.

4.4 The timeline for the next progress reports is as follows:

10 October 23	Submission of project returns to SMBC covering the period Apr 23 – Jun 23
31 October 23	Update to Leadership Team
22 nd - 29 th November 23	Towns Fund Board Meetings
6 December 23	Progress returns to DLUHC

4.5 The Towns Fund Programme continues to be governed by SMBC as the Accountable Body and the three Towns Fund Boards, who meet on a quarterly basis to review project progress and approve financial returns to Government.

4.6 Although projects are at various stages of delivery, cost pressures due to the changes and cost increases in the construction industry pose a high risk on project delivery. Where applicable, projects have been required to value engineer to ensure they can be delivered within the funding envelope.

4.7 DLUHC are aware of the cost pressures on projects across all Towns Fund Programmes. Although, no further funding is being offered to meet shortfalls, there have been changes made to the project adjustment request thresholds, enabling some flexibility to reduce outputs to support projects facing these challenges.

4.8 The DLUCH change request process delegates authority to the Towns Fund Boards and Accountable Body to rescope projects approve project changes, including reduction of outputs and outcomes due to budget pressures, subject to the reduction being no more than 30%, and the project still offering value for money.

4.9 Seven projects are currently rated as high risk due to either slippage of milestones or cost inflation pressures:



Town Hall Quarter – Final cost plan submitted 15 Sept being reviewed to ensure project can proceed.

Retail Diversification Project – Land acquisition delays for key sites in West Bromwich. Final cost plan for West Bromwich Indoor Market submitted 15 Sept being reviewed to ensure project can proceed.

Grove Lane Regeneration – CPO approach approved by Cabinet. This process takes 12-18 months to complete therefore slippage of funds has been requested.

Midland Met Learning Campus – Cost inflation pressures to deliver net zero carbon building therefore, project has applied for additional match funding from West Midlands Combined Authority.

Britannia Park – Procurement will start in October 23 for play equipment, skatepark and changing rooms which will determine the work packages that can be delivered within budgets.

Cradley Heath Skills Centre – Existing procurement process via Pagabo has expired resulting in restarting the procurement process. This will require slippage of funds and milestones to Autumn 25.

Blackheath Bus Interchange – Ongoing communication with Market traders and Ward members to determine scheme design which will have an impact on the final cost of scheme.

4.10 The Quarter 2 returns due 10 October will provide updated financial profiles for the remainder of the programme highlighting any slippage of funds to future years. A summary of the progress, output delivery and financial spend per town as of 30 June 23 is included in Appendix A of this report.

4.11 A key priority highlighted by the recent Town Board meetings is Local Spend and Social Value outcomes. Guidance for projects to incorporate Local Spend/Social Value within project delivery has been adopted by the Towns Boards. Discussions with contractors and project leads are currently taking place to set targets in place with ongoing monitoring to report on deliverables. Current social value targets envisaged to be delivered through the programme are highlighted in Appendix C.



4.12 Projects are supported by SMBC Comms team to undertake publicity and press releases promoting key achievements throughout the programme.

4.13 The Regeneration Team in May 2023 published the Regeneration Pipeline Brochure, articulating the scale of regeneration opportunity Sandwell can deliver. Monitoring is taking place to capture the deliverables throughout the pipeline. In addition, the Regeneration & Growth team have also launched a new website – www.regeneratingsandwell.gov.uk which showcases the project pipeline and progress.

5 Implications

<p>Resources:</p>	<p>Resources are in place for the existing Governance arrangements and phases 3 of the Towns Fund Programme via the Programme Management Office.</p> <p>There are resource requirements for the Council to fulfil its responsibility as Accountable Body, and these are being considered by the Director for Regeneration & Growth and the Director of Finance.</p> <p>The Towns Fund represents an opportunity to attract £67.5m regeneration investment which has been conditionally offered by Government through 3 Town Deals.</p>
<p>Legal and Governance:</p>	<p>Governance and Legal arrangements are in place phase 3 – delivery and the role of the council as Accountable Body.</p>
<p>Risk:</p>	<p>The strategic risk to the council was reported to Audit Committee on the 29 Sept 22. The risk has a score of 6 (amber) with a downward trajectory, forecasting 4 (green). Project risks are currently being reviewed following procurement activity and final cost submissions exceeding Towns Fund budgets.</p>



Equality:	<p>The revised Governance arrangements consist of three Town Fund Boards, with membership drawn from a range of organisations and sectors.</p> <p>The investment gained through the Towns Fund offers the opportunity for Towns to 'level up' and put in place building blocks for economic prosperity.</p> <p>Specific equality and diversity implications have been assessed for each project within the programme.</p>
Health and Wellbeing:	Projects within the Towns Fund Programme will deliver health and wellbeing benefits and are outlined as part of the Full Business Cases for each project.
Social Value	Social Value is a priority within the Regeneration Programme and performance against Social Value outputs and outcomes will be monitored by the Regeneration Programme Board.
Climate Change:	Climate Change measures are considered as part of regeneration projects, with sustainability being a category of projects on the pipeline.
Corporate Parenting	There are no implications arising from this report. All projects to be added will be reviewed and assessed to ensure follows SMBC Corporate Parenting requirements

6 Appendices

Appendix A - Towns Fund Financial Profile and Outputs

Appendix B - Publicity Forward Plan

Appendix C - Social value outcomes

7. Background Papers

Regeneration Pipeline

<https://regeneratingsandwell.co.uk/resources/>

