

# Report to Cabinet

**6 December 2023**

<b>Subject:</b>	Regeneration Programme Performance
<b>Cabinet Member:</b>	Regeneration & West Midlands Combined Authority, Councillor Peter Hughes
<b>Director:</b>	Director Regeneration & Growth, Tony McGovern
<b>Key Decision:</b>	No
<b>Contact Officer:</b>	Business Manager Regeneration & Growth, Jenna Langford <a href="mailto:jenna_langford@sandwell.gov.uk">jenna_langford@sandwell.gov.uk</a>

## 1 Recommendations

- 1.1 That Cabinet note the Performance of the Regeneration Programme.
- 1.2 That the Director of Regeneration & Growth be authorised to make the recommended amendments to the Regeneration Pipeline:
  - Add Long-Term Plan for Towns programme to the project pipeline.
  - Add Millennium Centre expansion project to the project pipeline.
  - Add Levelling Up Fund Round 3 - Grove Lane, Smethwick to the project pipeline.



## 2 Reasons for Recommendations

- 2.1 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 is a live document, and Cabinet resolved for it to be monitored via a report submitted to Cabinet every 6 months. The last report was submitted in July 2023.
- 2.2 In addition, Cabinet resolved that approval be sought to make additions to the project pipeline and for updated pipelines to be published on the council website and the Regenerating Sandwell website.

## 3 How does this deliver objectives of the Corporate Plan?



### **Best start in life for children and young people**

The diverse nature of the projects within the Regeneration Project Pipeline stand to contribute towards this objective.



### **People live well and age well**

The diverse nature of the projects within the Regeneration Project Pipeline stand to contribute towards this objective.



### **Strong resilient communities**

The diverse nature of the projects within the Regeneration Project Pipeline stand to contribute towards this objective.



### **Quality homes in thriving neighbourhoods**

The diverse nature of the projects within the Regeneration Project Pipeline stand to contribute towards this objective.



### **A strong and inclusive economy**

The diverse nature of the projects within the Regeneration Project Pipeline stand to contribute towards this objective.





## A connected and accessible Sandwell

The diverse nature of the projects within the Regeneration Project Pipeline stand to contribute towards this objective.

### 4 Context and Key Issues

- 4.1 The Regeneration Project Pipeline sets out the major investment projects that the Council, its partners, and the private sector intend to deliver. It identifies the infrastructure priorities for the council and establishes where resources will be focused. The pipeline now comprises 67 live projects, in addition to the 11 projects that are now complete, bringing the estimated total investment value to £2.9b by 2027.
- 4.2 The Regeneration Programme Pipeline now comprises 67 live projects, in addition to the 11 projects that are now complete, bringing the total projects in the pipeline to 78 (see figure 1). Detailed information on all 78 pipeline projects is provided in the Performance Report (Appendix A).



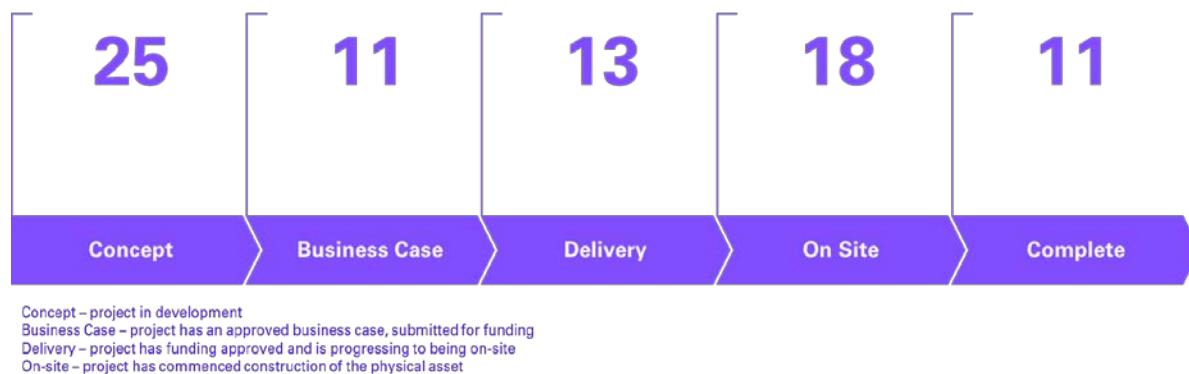


Figure 1 Performance Summary

4.3 Key project updates and risks escalated to the Regeneration Programme Board for action on the 26 October 2023 are captured in figure 2. Of note, since the last performance update to Cabinet in July 2023, 5 more projects have completed, and planning permission has been secured on several key sites:

- Brandhall Urban Village – planning approved
- Causeway Green School – planning approved
- Edwin Richards Quarry – planning approved
- Midland Met Learning Campus – planning approved
- King Street Health Centre and Housing – project completed



- Sandwell MEC – project completed
- Windsor Olympus – project completed
- Shireland – project completed
- Elm Tree – project completed



RAG	Project	Commentary
	Heat Network Commercialisation	Regeneration Programme Board requested that this project be added to the pipeline following the Cabinet approval of the Business Case.
	Levelling Up Zone Sites	Sites agreed with the Director of Regeneration & Growth. Site details submitted to the WMCA. Awaiting further guidance from the WMCA before sites are put forward to Cabinet for inclusion on the pipeline.
	LUF Round 3 Grove Lane	Government Announcement expected November 2023.
	Majestic Site	£2.2m viability gap identified working with the WMCA and DLUHC to secure funding. Regeneration Programme Board agreed for this to be added to the pipeline following update report to Cabinet in December 2023.
	King Street, Wednesbury	Completed. Project completed over budget, awaiting final cost report from the contractor.
	Brandhall Urban Village	Planning Approved October 2023.
	Causeway Green	Planning Approved October 2023.
	Wednesbury Masterplan	Added to pipeline following LUP Cabinet approval. Consultants commissioned.
	Shireland CBSO Academy	Completed.
	Elm Tree Primary Academy	Completed.
	Sandwell MEC	Completed.
	Windsor Olympus Academy	Completed.

RAG	Project	Commentary
	Long Term Plan for Smethwick	Recommendation submitted to Director Regeneration & Growth recommending that we commence procurement for consultancy support ahead of the capacity funding becoming available. Recommendation was approved by the Regeneration Programme Board and for it to be added to the pipeline given the announcement from Government.
	Millennium Centre	New project added to pipeline following Cabinet approval for LUP Funding allocation. Tight timescale for Delivery. Regeneration Programme Board agreed this to be added to the pipeline.
	HRA Programme	Budget allocations from the HRA to the programme are uncertain on a number of regeneration schemes. Board agreed for a 5-year pipeline of regeneration sites that will require HRA investment.
	Town Hall Quarter	Final costs for restoration works submitted Oct 23 which is in excess of budget. Some works removed to allow for 10% contingency, but significant risks have been excluded by the contractor. Regeneration Programme Board agreed for Legal Services to review with Land & Assets.
	Carrington Road	This site has been removed from the HRA Programme. Alternative development options being explored. Regeneration Programme Board requested this be added to the pipeline given it is a priority site for the council.
	Tipton Town Centre	Approved by Cabinet Oct 23. Financial Appraisals to be undertaken and BCRs produced on development options before this is agreed and submitted to DLUHC to enter into the MoU. Profiling of the HRA match funding will be included as part of the financial modelling for the scheme. Director of Regeneration & Growth requested a briefing with project leads.
	Blackheath Interchange	Project continuation is in serious doubt following feedback from consultation exercise. Options paper to be presented to Cabinet Members and to the Rowley Regis Town Deal Board.
	Haden Hill	Project re-scoped due to original scheme becoming unaffordable due to inflation costs. Project Adjustment request submitted to DLUHC.

RAG	Project	Commentary
	Retail Diversification Programme Indoor Market	Stage 4 Cost Plan received in September 2023 which exceeds the total project budget of £4.2m. Value engineering exercise is underway
	Acquisitions	Negotiations continue to acquire properties and assemble sites within the Retail Diversification Programme boundary. Formal valuations have been procured and completed for the two interests within the red line. Land & Assets to liaise with Legal Services. Change request approved by West Bromwich Town Deal Board and submitted to DLUHC to remove properties which cannot be acquired from the project scope and reprofile the spend to alternative project elements.
	Demolition	Revised demolition cost estimates have been procured across the programme. One site demolition estimate has been received, and there is a degree of confidence that the current demolition budget is sufficient.
	Midland Met Learning Campus	Partnership Agreement negotiations continue though the NHS Trust have not as yet been able to overcome their difficulties in providing sufficient insurance for the building, meaning the council as Accountable Body has not been able to agree to passport the Towns Fund funding. On Cabinet Forward Plan for consideration December 2023. The WMCA will also be made aware of the insurance issue as this will also affect the match funding agreement to the NHS Trust.

Figure 2 Programme Board Escalations



- 4.4 Since the establishment of the Regeneration Strategy and Project Pipeline in March 2022, £340.99m of public investment has been levered for regeneration delivery (Appendix B). Of this, the council have secured £41m since August 2023 comprising the Levelling Up Partnership (£20m); Brownfield Land Remediation Fund (£1.37); and Long-Term Plan for Towns (£20m).
- 4.5 In October 2023 the Government announced their 'Long-term Plan for Towns' which sees £1.1 billion investment into 55 towns to be spent on local people's priorities such as regenerating local high streets and town centres or securing public safety. The announcement is accompanied by the publication of 'Our Long-Term Plan for Towns' prospectus. Each selected town will receive £20m endowment-style funding to invest over the next 10 years – financial year 24/25 – financial year 34/35.
- 4.6 Towns have been allocated funding by Government according to the Levelling Up Needs Index which considers metrics covering skills, pay, productivity, and health, as well as the Index of Multiple Deprivation. A full methodology note has been published by Government. For Sandwell, Government have allocated funding to Smethwick. Other Black Country towns allocated funding are Darlaston (Walsall), Dudley (Dudley), and Bilston (Wolverhampton).
- 4.7 The £20m funding (25% Resource, 75% Capital split) is to provide a range of interventions for Sandwell to deliver over a 10-year period, providing long-term certainty to achieve significant improvements.
- 4.8 As a result of the Long-Term Plan for Towns announcement for Smethwick, it is recommended that this project be included on the Regeneration Pipeline.
- 4.9 In September 2023, the details of the Levelling Up Partnership (£20.4m) were formally announced by Government. This followed a set of Cabinet approvals to establish governance arrangements, approve the target geography as Wednesbury, and to agree the set of projects as follows:

- Friar Park Urban Village



- Wednesbury Community Safety Scheme
- Wednesbury Town Centre Improvements
- Wednesbury Greenspaces Improvements
- Friar Park Millennium Centre expansion

4.10 The Levelling Up Partnership is set to enable delivery of the Friar Park Urban Village, a major component of the Regeneration Pipeline, and lead to:

- 630 new homes (157 Affordable)
- Land acquisition for future housing delivery
- New and upgraded CCTV and environmental cameras
- Nuisance bike measures
- Improvements to 4 green spaces and 10ha new public open space for sport and recreational use
- An extended community centre offer in Friar Park; and
- Improved public realm

4.11 A Wednesbury Levelling Up Partnership Board is in the process of being established to oversee the programme and this is modelled on arrangements in place within the Towns Fund Programme. Project development has commenced. As part of the Cabinet approvals in September 2023, Cabinet agreed to add the Wednesbury Town Centre Improvement project to the Regeneration Pipeline. This report recommends that the Millennium Centre expansion project also be added to the pipeline. An update on the Levelling Up Partnership is scheduled for Cabinet in March 2024.

4.12 In November 2023 Government announced that Grove Lane, Smethwick had provisionally been awarded £18m from the Levelling Up Fund Round 3. The Grove Lane proposal had previously been submitted to the Levelling Up Fund Round 2 in August 2022 but was unsuccessful. For Levelling Up Fund Round 3 Government have made provisional offers to high quality bids that were made in Round 2. The Section 151 Officer has confirmed with Government that subject to the on-boarding process with Government officials, Sandwell Council wish to proceed with the Grove Lane project.





#### 4.13 Towns Fund Programme Update

The Towns Fund Programme has secured £67.5m to deliver 16 of the Regeneration Pipeline projects across Smethwick, Rowley Regis, and West Bromwich. The Programme continues to be governed by SMBC and the three Towns Fund Boards who meet on a quarterly basis to review project progress and approve financial returns to Government. Board members are committed to securing Social Value (local spend and jobs) from existing/new contractors and subcontractors as part of project delivery.

4.14 The funds for financial year 23/24 have been released following satisfactory performance returns submitted for the previous financial year. The Programme spend forecast for financial year 23/24 is c£14.7m subject to agreeing final cost plans and completion of procurement exercises. This is significantly lower than original profile due to several challenges including cost pressures as well as dealing with planning and procurement matters.

4.15 The next monitoring return is due to be submitted to DLUHC on 4<sup>th</sup> December following Town Board and S151 sign off. Ongoing monitoring will be undertaken throughout the year to ensure that slippage is kept below the 40% threshold which triggers audit assurance reviews by Government.

4.16 Value engineering and descoping of some projects has been essential due to final cost submissions exceeding Towns Fund budget. To mitigate the cost inflationary pressures on projects, the Towns Fund Board and Accountable Body have delegated authority from DLUHC to make changes of up to 30% reduction to project scope. To date all Project Adjustment requested have been within this threshold.

4.17 A summary of progress for each town is provided below, with more detailed information on progress and financial spend per town included in Appendix C of this report:



## Smethwick

- Forecast spend to March 24: £8.4m
- Slippage to future years: £11.3m
- **Key Risks:**  
Grove Lane – project delivery subject to successful CPO outcome  
Midland Met Learning Campus – Planning application approved on 25 October. Negotiations continue between the Council as Accountable Body for the project, and the Trust regarding a partnership agreement. awaiting confirmation of £4.7m of match funding from WMCA which is expected in December 23

## West Bromwich

- Forecast spend to March 24: £13.9m
- Slippage to future years: £9.5m
- **Key Risks:**  
Retail Diversification Project – Key Acquisitions subject to on-going negotiations. Indoor Market slipped to 24/25 financial year due to final costs significantly higher than allocated budget.  
Town Hall Quarter – value engineering costs and descoping with the addition of Regeneration reserve to enable a 10% contingency.

## Rowley Regis

- Forecast spend to March 24: £4.5m
- Slippage to future years: £12.8m
- **Key Risks:**  
Blackheath Bus Interchange – Towns Fund Board to consider alternative options to utilise funding if project does not proceed.  
Cradley Heath Skills Centre – no additional match funding identified to mitigate any cost increases during construction phase.

4.18 All projects are required to submit top three risks as part of DLUHC monitoring return. Following recent procurement exercises and final cost plans being submitted, projects have experienced cost inflation pressures which has increased risks to projects. The red RAG rated projects are detailed in Appendix D.



## 5 Alternative Options

5.1 This is a bi-annual update requested by Cabinet on 23 March 2022. In accordance with the Cabinet Decision, Cabinet are to consider additions to the project pipeline. There is no alternative option.

## 6 Implications

<b>Resources:</b>	Resources have been identified and agreed by Budget Board. Recruitment to the approved posts is underway. Finance representatives attend the Regeneration Programme Board.
<b>Legal and Governance:</b>	Legal representatives attend the Regeneration Programme Board. Governance has been approved for the Regeneration Programme Board.
<b>Risk:</b>	A programme risk register is being developed, with key risks being escalated to the Regeneration Programme Board.
<b>Equality:</b>	Equality Impact Assessments will be undertaken as and when required.
<b>Health and Wellbeing:</b>	Health and Wellbeing is a category of projects on the pipeline.
<b>Social Value</b>	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.
<b>Climate Change:</b>	Climate Change measures are considered as part of regeneration projects, with sustainability being a category of projects on the pipeline.
<b>Corporate Parenting</b>	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



## 7. Appendices

- A Performance Report
- B Regeneration Funding Secured
- C Towns Fund Financial Profiles
- D Project Risks

## 8. Background Papers

None.

