

Report to Economy, Skills, Transport and Environment Scrutiny Board

8 February 2024

Subject:	Towns Fund Programme Update
Director:	Assistant Director, Spatial Planning & Growth, Tammy Stokes
Contact Officer:	Towns Fund Programme Manager, Rina Rahim Rina_Rahim@sandwell.gov.uk

1 Recommendations

- 1.1 That Economy, Skills, Transport and Environment Scrutiny Board note the contents of the report.

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 bring forward sites to 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 Key Issues

Funding Background

- 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 to be delivered as per the Heads of Terms with DLUHC 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



Monitoring and Evaluation

- 4.4 As all 16 projects within the programme proceeded to Delivery Phase, monitoring is a key aspect to ensure the Accountable Body and DLUHC track progress of the fund and the projects it is delivering.
- 4.5 To ensure the Accountable Body and Town Deal Boards receive reporting on a regular basis to monitor project progress, expenditure and risks, it is a requirement set by the Programme Management Office that West Bromwich, Smethwick and Rowley Regis project leads must submit Monitoring, Evaluation and Claim Returns on a quarterly basis, as a minimum.
- 4.9 Two previous returns which have been submitted to DLUHC have been approved resulting in the release of funding for 23/24. The latest return for the period up to 30th September 2023 was submitted to DLUHC on 16th December 2023 and is currently awaiting formal approval.
- 4.10 The Quarter 3 returns submitted 10th January provides 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 31 December 23 is included in Appendix B of this report.
- 4.11 The timeline for the next progress reports is as follows:

10 April 24	Submission of project returns to SMBC covering the period to March 2024
May 2024	Update to Leadership Team
May 2024	Towns Fund Board Meetings
June 24	Progress returns to DLUHC

Project Risk Reporting and Budget Pressures



- 4.12 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.
- 4.13 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.
- 4.14 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.
- 4.15 The DLUHC 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.
- 4.16 The following projects are low risk and have either completed or near completion ahead of schedule:

Low Risk Projects
Digital Den – Project completed and now delivering outputs in learners supported
Central St Michael Science & Technology Centre - Build complete with additional funding obtained by DfE. Site opened for learners from Sept 23. Opening ceremony planned for early March 24
Urban Greening – Capital elements of works completed with pocket parks, seating, and upgrading of High St now finalised.



Canal Network Connectivity- Cycle and pedestrian pathways near completion with final tarmac works expected in April/May. Publicity to be undertaken to promote the scheme.

Ron Davis Centre – New extension completed with IT equipment now in place. First cohort of learners enrolled to use facilities from Sept 23.

Smethwick Connected - project works on target with completion due earlier than expected

4.17 The following projects are delayed due to either slippage of milestones or cost inflation pressures:

Town Hall Quarter – Delays to project due to detailed review of final cost plan. Refurbishment works has now started.

Retail Diversification Project – Land acquisition delays for key sites in West Bromwich. Final cost plan for West Bromwich Indoor Market exceeded project budget resulting in seeking alternative options.

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

Rolfe Street – Planning objections received resulting in delay with project

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

Britannia Park – Changing rooms tenders exceed project budget. Review currently taking place to descope scheme.

Cradley Heath Skills Centre – Delays to project due to resource pressures which has now been resolved with cost plan being finalised and contractor expected to be on site in May 24.

Blackheath Bus Interchange – Redesign of scheme following consultation with market traders. Consultation planned for late February.



4.18 Details of the project Risks, consequences and mitigation as submitted to DLUHC are detailed in Appendix C. A breakdown of costs per project and additional budget requirements are detailed in Appendix D.

4.19 Projects are supported by SMBC Comms team to undertake publicity and press releases promoting key achievements throughout the programme. A forward plan is attached as Appendix E.

5 Implications

Resources:	<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>
Legal and Governance:	<p>Governance and Legal arrangements are in place phase 3 – delivery and the role of the council as Accountable Body.</p>
Risk:	<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	Project Key risks
Appendix C	Towns Fund Cost pressures
Appendix D	Publicity Forward Plan

7. Background Papers

N//A

