

Report to Cabinet

24 November 2021

Subject:	Towns Fund Tranche 3 Programme & Assurance Panel
Cabinet Member:	Cabinet Member for Regeneration and Growth Councillor Iqbal Padda
Director:	Director for Regeneration and Growth - Tony McGovern Director of Finance - Simone Hines
Key Decision:	Yes
Contact Officer:	Jenna Langford jenna_langford@sandwell.gov.uk

1 Recommendations

- 1.1 That the Section 151 Officer & Director for Regeneration & Growth be authorised, in consultation with the Cabinet Member for Regeneration & Growth, to approve all Towns Fund tranche 3 project Full Business Cases (FBCs) and associated documentation for submission to the Department for Levelling Up Housing and Communities (DLUHC) by 24 March 2022.
- 1.2 That in connection with 1.1, an Assurance Panel be established to accord with the council's responsibility as Accountable Body, to undertake business case assurance and sign off in line with local processes.
- 1.3 That approval is given for an Exemption from 19.1 & 19.2 of the council's Financial Regulations to action 1.1 above.



2 Reasons for Recommendations

- 2.1 The Towns Fund Business Case Guidance, published by Government in December 2020 states that project FBCs should be compliant with the HM Treasury Green Book (2020), which entails projects addressing 5 cases; Strategic, Economic, Commercial, Financial and Management.
- 2.2 This provides decision makers and stakeholders with assurance that the project provides strategic fit; is supported by a compelling case for change; will maximise public value; is commercially viable; is affordable and funding and can be achieved successfully by the organisation and its partners. Sandwell's Towns Fund FBCs have been and will continue to be prepared according to this model.
- 2.3 Cabinet approved a revised Towns Fund Governance process in June 2021 to take account of the above Government Guidance. Under 3.4.2 of the Towns Fund Governance, Sandwell Council is the Accountable Body for the Towns Fund Programme and is responsible to undertake business case assurance and sign off in line with local processes, with approval from Cabinet.
- 2.4 In Sandwell, the current process is for FBCs to be appraised by the Council's Strategic Investment Unit and put to Cabinet for decision once an appraisal threshold is met. If approved, a Project Summary Document is then prepared and submitted to DLUHC for final approval and for funds to be released.
- 2.5 To date, 3 of the 17 projects within tranche 1 & tranche 2 of the Towns Fund Programme have successfully followed this process. The remaining 14 projects in tranche 3 of the Towns Fund Programme are due to have Project Summary Documents submitted to DLUHC by the 24 March 2022. The projects within tranche 3 by definition, represent the most complex within the programme and as such each of the projects have experienced unforeseen challenges and thus delays to the preparation of the FBCs.



- 2.6 Such challenges include uncertainty about location; increases in construction tender costs and challenges in acquiring assets. In a programme as complex as this, it is expected that there will be complications and the Local Board and Town Deal Board Chairs have been fully appraised of these issues. It has taken time to explore and identify solutions which has resulted in not all of the tranche 3 FBCs cases being able to be prepared by the internal deadlines for appraisal and reporting.
- 2.7 To meet the DLUHC submission deadline of the 24 March 2022, this report proposes to build-in efficiencies to the process to give more time for tranche 3 projects FBC development. Currently there are 2 main constraints to the tranche 3 FBC programme, both of which are having a detrimental impact on the council's and our partners ability to complete the FBCs and submit to DLUHC by the submission deadline.
- 2.8 The first constraint is the requirement for all FBCs to be appraised by the Council's Strategic Investment Unit. A regeneration programme, of this scale, has not been in scope for the borough of Sandwell for many years and as such the unit do not have sufficient resource to appraise all 14 projects to meet the DLUHC submission deadline. The second constraint is that the requirement for Cabinet to approve the FBCs ahead of DLUHC submission entails lengthy lead-in periods for report preparation and submission.
- 2.9 To address these constraints, it is firstly proposed that Cabinet delegate authority to the Section 151 Officer, the Director for Regeneration & Growth, in consultation with the Cabinet Member for Regeneration & Growth, to submit Project Summary Documents to the DLUHC, without the need for FBCs to go before Cabinet, ahead of submission to DLUHC in March 2022.
- 2.10 Secondly it is proposed for Cabinet to authorise the establishment of an Assurance Panel to comprise the Director for Regeneration & Growth, the Section 151 Officer, a representative from the Strategic Investment Unit, the Cabinet Member for Regeneration and Growth and the chair of the Town Deal Board.



- 2.11 The role and purpose of the Assurance Panel is where the Financial, Economic and Commercial Cases have been prepared with the support of an independent third party, the Assurance Panel will provide assurance that the projects are a strategic fit; support a compelling case for change; maximise public value; are commercially viable; are affordable and funding and can be achieved successfully by the organisation and its partners. The Towns Fund Programme Management Office will procure a consultant with the relevant expertise to provide the independent third-party input to the FBCs.
- 2.12 The third is for Cabinet to authorise exemption from 19.1 & 19.2 of the Councils Financial Regulations, for submitting tranche 3 Towns Fund projects to DLUHC. 19.1 of the regulations states that all bids for external funding must be appraised by Strategic Finance prior to being submitted. Under this proposal the external consultant will prepare and appraise 9 of the Business Cases, with the Assurance Panel providing an independent review of all 14 to comply with the Towns Fund guidance.
- 2.13 Exemption is sought from 19.2 in that this report proposes that delegated authority be given to the Director for Regeneration & Growth, in collaboration with the Section 151 Officer, and consultation with the Cabinet Member for Regeneration & Growth, to submit the tranche 3 Project Summary Documents to DLUHC, without further Cabinet approval. All of which are above £250,000 in value.
- 2.14 The Towns Fund Programme Management Office have consulted the Towns Fund Delivery Partner and Government Advisor on the proposals, both confirm that they support the approach in that it conforms with Government Guidance.
- 2.15 The Towns Fund Programme Management Office have consulted with the Local Board Chairs and the Chair of the Town Deal Board. All are supportive of the proposals. The proposals have no impact on the role of the Towns Fund Local Boards in the FBC process and no impact on the role of the Town Deal Board to agree FBCs and recommend them for appraisal and approval by the council as Accountable Body.



2.16 The Towns Fund Programme Management Office have consulted Project Leads, which includes external partners, on the proposals all of whom are supportive of the approach and welcome the support that a third-party consultancy would bring to the FBC preparation.

3 How does this deliver objectives of the Corporate Plan?

	<p>Strong resilient communities The successful attainment of Towns Fund investment will support the regeneration of our communities.</p>
	<p>Quality homes in thriving neighbourhoods The successful attainment of Towns Fund investment will support the development of new homes.</p>
	<p>A strong and inclusive economy The successful attainment of Towns Fund investment will support an inclusive economy through job creation and training and skills opportunities.</p>
	<p>A connected and accessible Sandwell The successful attainment of Towns Fund investment will support improved infrastructure through walking and cycling routes.</p>

4 Context and Key Issues

4.1 On 6th September 2019 it was announced that 101 Towns had been identified by Government to benefit from the Town Fund. In Sandwell, West Bromwich, Smethwick, and Rowley Regis were identified.

4.2 The objective of the fund is to drive the economic regeneration in Towns to deliver long term economic and productive growth through;

- Urban regeneration, planning and land use;
- Skills and enterprise infrastructure;
- Connectivity.



- 4.3 In October 2020, Sandwell submitted 3 Town Investment Plans (TIPs), one for Rowley Regis, Smethwick and West Bromwich to the Government Towns Fund Programme. Each TIP contained 6 projects, and an ask of £25m investment per town. On 3rd March, Government confirmed the TIPs had been accepted and Heads of Terms offered, totalling £67.5m, £25m for West Bromwich, £19m for Rowley Regis, and £23.5m for Smethwick.
- 4.4 The Heads of Terms offer is subject to the appraisal and approval of a Full Business Case for each project and the submission of a Summary Document (one per project) by 24 March 2022.
- 4.5 Since March 2021, project leads have been developing the FBCs for the projects, with support from external consultants where appropriate and necessary. The 17 projects which make up the Towns Fund Programme were divided into 3 tranches for DLUHC submission. Tranche 1 saw the West Bromwich Digital Den project appraised and approved by Cabinet in September 2021 and submitted to DLUHC in October 2021. Tranche 2 includes the West Bromwich Urban Greening project and the West Bromwich Sandwell Civil & Mechanical Engineering Centre, that will be appraised by the Strategic Investment Unit and considered by Cabinet in November 2021, and subject to approval, will be submitted to DLUHC on the 14 January 2022.
- 4.6 The tranche 3 projects, due for submission on the 24 March 2022, comprise:
- West Bromwich Retail Diversification Project;
 - West Bromwich Town Hall Quarter;
 - West Bromwich Walking & Cycling;
 - Smethwick Grove Lane;
 - Smethwick Rolfe Street;
 - Smethwick Ron Davis Centre;
 - Smethwick Albion in the Park;
 - Smethwick Metropolitan Learning Campus;
 - Smethwick Walking & Cycling;
 - Rowley Regis Satellite Hub;
 - Rowley Regis Britannia Park;
 - Rowley Regis Canal Connectivity;
 - Rowley Regis Walking & Cycling;
 - Rowley Regis Blackheath Interchange.



Submission of Full Business Case to DLUHC

- 4.7 Once a Full Business Case has been prepared it will be presented to the Town Deal Board seeking approval for it to be appraised by the Accountable Body, through the Assurance Panel. If supported a Summary Document will be prepared and submitted to DLUHC for review. The Summary Document contains an overview of each FBC, how it has been appraised, and confirmation that key conditions from the Heads of Terms have been addressed (where applicable).
- 4.8 The council's Section 151 Officer and the Chair of the Town Deal Board will be part of the Assurance Panel and are signatories for the Summary Document. The Summary Document will then be assessed by DLUHC before the funding is released. DLUHC may also request submission of the FBCs.

5 Alternative Options

- 5.1 The alternative option would be to keep the existing governance arrangements, but this would create a risk that not all Tranche 3 business cases could be approved by the submission deadline of 24 March 2022 and this could then lead to a loss of Towns Fund allocations. The Towns Fund investments are critical to addressing a range of issues and delivering real improvements in the Borough.

6 Implications

Resources:	The proposal builds in resources in to the Towns Fund Programme, by procuring consultants to prepare and review all Project FBCs for the approval of the Assurance Panel.
Legal and Governance:	Towns Fund Programme Governance arrangements were reviewed and approved by Cabinet in June 2021. This report proposed a revision to these Governance arrangements.



Risk:	A programme level risk register has been developed. Risks associated with not approving the Full Business Case are around reputational damage, missed opportunities and loss of inward investment to the borough.
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7. Appendices

N/A

8. Background Papers

MHCLG Towns Fund Guidance, June 2020 and December 2020
Towns Fund Governance approved by Cabinet June 2021.

