

Sandwell Towns Fund Super Board - 20 January 2022

Towns Fund Programme Update

Subject:	Towns Fund Programme Update
Presenter:	Jenna Langford, SMBC
Contact Officer:	Jenna Langford, Regeneration Manager, Sandwell MBC

1. Purpose of the Report

- 1.1. To receive an update on Programme Management matters and provide an opportunity for Superboard Members to discuss and input, as required.
- 1.2. To note the activity of the Town Deal Local Boards since the last Superboard meeting.

2. Tranche 3 Full Business Case Submission Progress

- 2.1 All tranche 3 projects have now been submitted to the Programme Management Office and are now undergoing the Assurance Process, with the exception of the Blackheath Bus Interchange project that will be submitted 17 February 2022 by exception.

Project	RAG	Project	RAG	Project	RAG
Smethwick		Rowley Regis		West Bromwich	
Midland Met Learning Campus		Canal Connectivity		Town Hall Quarter	
Grove Lane		Britannia Park		Retail Diversification	
Rolfe Street Canal-side		Blackheath Bus Interchange		Urban Greening	
Ron Davis Centre		Satellite Education Hub		Walking & Cycling	
Walking & Cycling		Walking & Cycling		Civil & Mechanical Engineering	



- 2.2 The following projects have been considered by the **24 January 2022 Assurance Panel** and approved for Project Summary Documents to be prepared for submission to DLUHC by the 24 March 2022: -
- Rolfe Street Canal-side, Smethwick;
 - Satellite Hub, Rowley Regis.
- 2.3 The Ron Davis Centre Expansion project was also considered by the Assurance Panel on the 24 January 2022, but unfortunately wasn't approved as the final Financial Economic and Commercial Case review hadn't been finalised. The review has now been completed and at the time of writing this report, would be considered by the Assurance Panel on the 8 February 2022.
- 2.4 Projects to be considered by **Assurance Panel on the 8 February 2022** are captured below. At the time of writing this report the panel hadn't convened. A verbal update will be provided to the board: -
- Smethwick Connected (Walking & Cycling);
 - Ron Davis Centre, Smethwick;
 - Canal Connectivity, Rowley Regis.
- 2.5 Projects to be considered by **Assurance Panel 21 February 2022** are captured below (subject to Local Board and Town Deal Board approval):
- Town Hall Quarter, West Bromwich;
 - Retail Diversification, West Bromwich;
 - Grove Lane, Smethwick;
 - Midland Met Learning Campus, Smethwick;
 - Britannia Park, Rowley Regis;
 - West Bromwich Connected (Walking & Cycling);
 - Rowley Regis Connected (Walking & Cycling).

2. Programme Management Office Update

VAT Implications

- 2.1. In November 2021, DLUHC Towns Fund Delivery Partner published VAT Considerations guidance that sets out at a high level, some key prompts and considerations that Towns may wish to consider in determining how they constitute themselves in projects or take certain actions, with a focus on potential tax implications.



- 2.2. As a Local Authority, Sandwell Council can reclaim VAT therefore council led projects are not faced with VAT implications.
- 2.3. Three partner led projects identified VAT implications as they cannot reclaim VAT and DLUHC have not confirmed that Towns Fund Grant will fund VAT.
- 2.4. To assist, Sandwell Council have appointed external consultants to provide VAT advice, which has now been received and is summarised below.
- 2.5. The consultants have confirmed the *General Towns Fund Guidance* does not contain detail on tax matters generally. Therefore, they are unable to confirm directly that the Towns Fund grant should cover any irrecoverable VAT which is to be incurred on the Projects based on this guidance.
- 2.6. However, based on their understanding and experience from other grant funding in this area and more generally for government issued grants, they would expect the Towns Fund grant to be able to cover irrecoverable VAT costs. As such all effected project Full Business Cases include irrecoverable VAT.
- 2.7. A point which has been explored is the uncertainty where if it transpires that VAT savings on costs can actually be made by the ultimate grant recipient, whether those savings can be retained by the recipient or if this is to be paid back. The view of Council is that any VAT savings achieved by a grant recipient should be reinvested in the Project. The Council and the Sandwell College have agreed this approach and the Partnership Agreement will be drafted to reflect this position.
- 2.8. The Council has been assigned a set amount of funding under the Towns Fund with no reference to VAT. Therefore, it would appear that the total Towns Fund available to the Council should not reduce regardless of the VAT position for each specific Towns Funded project.
- 2.9. The advice provided to the Council on the Sandwell College projects has been shared with the College. At the time of writing this report, the Programme Management Office were awaiting the advice for the NHS Trust project.

3. Partnership Agreements

- 3.1. Where projects are led by partners, Partnership Agreements are required to set out the principal terms and conditions, subject to which the Parties will establish a basis for joint working for the performance and satisfaction of the Project.
- 3.2. Five projects are led by partners; Sandwell College (2 projects), Greets Green Community Enterprises, NHS Trust and Canal and River Trust (CRT). In the case of the College, NHS Trust and CRT Advanced Funding Agreements are also required.



- 3.3. Partnership Agreements are being prepared by Bevan Brittan in conjunction with the Programme Management Office and individual partner project leads. The approach being taken is to draft the agreements and refine once the Full Business Case have been submitted to the PMO, aligned to the Tranche 3 timescales:

Project	Target Date	Progress
Digital Den	21 Jan 2022	At the time of writing report, the agreement was due for sealing 8 February 2022.
Sandwell MEC	14 Jan 2022	Further draft sent to the College w/c 31 January 2022
Midland Met Learning Campus	21 Feb 2022	Advanced Funding Agreement being drafted, partnership agreement has also been drafted.
Satellite Hub	24 Jan 2022	Once Sandwell MEC Agreement has been finalised, it will be used as the basis for the Satellite Hub agreement draft.
Canal Connectivity	7 Feb 2022	Draft Partnership Agreement has been sent to CRT for review.

4. Towns Deal Local Boards

- 4.1. Since the last Superboard meeting the following Local Board meetings have taken place:

Board	Date	Summary of agenda items
West Bromwich Local Board	Tuesday 15 February 2022	<ul style="list-style-type: none"> Review and agree Town Hall Quarter, Retail Diversification Programme and West Bromwich Connected Full Business Cases and recommend to Superboard for approval
Smethwick Local Board	Monday 14 February 2022	<ul style="list-style-type: none"> Review and agree Grove Lane Regeneration and Midland Met Learning Campus Full Business Cases and recommend to Superboard for approval
Rowley Regis Local Board	Thursday 10 February 2022	<ul style="list-style-type: none"> Review and agree Britannia Park Community Hub and Rowley Regis Walking and Cycling Full Business Cases and recommend to Superboard for approval To receive an update on Blackheath Bus Interchange and Public Realm project

- 4.2. Approved minutes from the recent Local Board meetings are attached for Reference.

<END>

Appendices

Rowley Regis Local Board approved minutes held Thursday 16 December 2021.

