

Report to Economy, Skills, Transport and Environment Scrutiny Board

10 March 2022

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| Subject: | Towns Fund Tranche 3 Full Business Cases |
| Director: | Regeneration & Growth, Tony McGovern |
| Contact Officer: | Regeneration Manager, Jenna Langford jenna_langford@sandwell.gov.uk |

1 Recommendations

- 1.1 That Economy, Skills, Transport and Environment Scrutiny Board note the contents of the report.
- 1.2 That Economy, Skills, Transport and Environment Scrutiny Board note the contents of the Full Business Cases for the Tranche 3 projects:

1. West Bromwich

- Retail Diversification Programme;
- Town Hall Quarter;
- West Bromwich Connected (Walking & Cycling).

2. Smethwick

- Grove Lane;
- Rolfe Street Canal-side;
- Ron Davis Centre;
- Midland Met Learning Campus;
- Smethwick Connected (Walking & Cycling).



3. Rowley Regis

- Canal Connectivity;
- Britannia Park;
- Rowley Regis Connected (Walking & Cycling);
- Satellite Education Hub.

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?

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|  | <p>Best start in life for children and young people</p> <p>Projects within the Towns Fund areas will create new and improved facilities for young people including new education and learning spaces.</p> |
|  | <p>People live well and age well</p> <p>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.</p> |
|  | <p>Strong resilient communities</p> <p>The Superboard and Local 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.</p> <p>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.</p> |



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|  | 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 and will make a contribution 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

- 4.1 On 6 September 2019 Government announced that 101 Towns had been identified to benefit from the Towns Fund, to drive economic regeneration and deliver long term economic and productive growth through Urban regeneration, planning and land use; skills and enterprise infrastructure; and Connectivity. In Sandwell the Towns of West Bromwich, Smethwick, and Rowley Regis were identified.
- 4.2 In October 2020, Sandwell submitted 3 Town Investment Plans (TIPs) to Government for each of the Government identified Towns. Each TIP sought the £25m maximum level of investment.
- 4.3 On 3rd March, confirmation was received from Government that the TIPs had been accepted and 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.

4.4 The Towns Fund Programme is split into 3 key Phases:

Phase 1 - development of the TIPs with Heads of Terms issued and signed for a Town Deal with Government (*completed*).

Phase 2 – developing the Full Business Case for each project, undertaking an assurance process and submitting project Summary Documents to DLUHC for consideration on the 24 March 2022 (*Current phase*).

Phase 3 – upon Government approval of Project Summary Documents, funding is released to Sandwell Council as Accountable Body and project delivery can commence. It is anticipated that funds will be released from DLUHC in the summer 2022, though no definitive date has yet been released.

4.5 Phase 2 has involved detailed work to finalise arrangements for each of the projects including demonstrating the feasibility, viability and value for money of the projects and finalising design details and delivery arrangements, through the production of Full Business Cases.

4.6 In addition, project level Consultation and Engagement plans were agreed by Superboard on 22 July 2021 and project input from Local Boards and Town Deal (Superboard) Members have supported the development of the projects Full Business Cases, with specialist support from a range of consultancies.

4.7 To successfully co-ordinate the projects through phase 2, the programme was divided in to three submission timeline tranches - Tranche 1, 2 & 3.

4.8 The Towns Fund Business Case Guidance, December 2020, outlined that project Full Business Cases should be compliant with the HMT Treasury Green Book (2020) model, which sets out that Full Business Cases should



address five cases; Strategic; Economic; Commercial; Financial; and Management.

- 4.9 The model provides decision makers and stakeholders with a proven framework for structured thinking and assurance that the project provides a strategic fit, supported by a compelling case for change that will maximise public value, is commercially viable, affordable and if funded and can be delivered successfully by the organisation and its partners. Sandwell's Towns Fund Project Full Business Cases have all been prepared and appraised according to this model.
- 4.10 The Towns Fund Business Case Guidance, December 2020 also sets out that local assurance processes should be followed for Towns Fund business case appraisal and approval, led by the Council as the Accountable Body.
- 4.11 Tranche 1 comprised the Digital Den and Tranche 2 comprised Urban Greening and the Sandwell Civil and Mechanical Engineering Centre, all in West Bromwich. All were approved by Cabinet, following the council's appraisal process and subsequently considered by Scrutiny. The projects were submitted to DLUHC and the Digital Den has now been approved with funding released to the council from DLUHC. At the time of writing this report, the council are awaiting confirmation from DLUHC on the tranche 2 projects.
- 4.12 The Tranche 3 projects represent the most complex to develop and in order to sufficiently develop the Full Business Cases an option was considered and approved by Cabinet on the 24 November 2021 to establish an Assurance Panel as part of the local assurance process, and to delegate authority to the Director of Regeneration & Growth, the Director of Finance, in collaboration with the Cabinet Member for Regeneration & Growth to approve the projects for Government submission.
- 4.13 The Assurance Panel comprises the Director of Regeneration & Growth, the Director of Finance, the Cabinet Member for Regeneration & Growth;



the Chair of the Town Deal Board, who are advised by the Strategic Investment Unit and the Towns Fund Programme Management Office.

- 4.14 The Assurance process entails Full Business Cases for each project to be reviewed by the Council's Assurance Panel, and if approved, a project Summary Document is prepared and submitted to the Department for Levelling Up Homes & Communities (DLUHC) on the 24 March 2022 for consideration.
- 4.15 Signatories for the Summary Document are the Director of Finance (Section 151 Officer), and the Chair of the Town Deal Board. If approved by Government, the funding for each project will be released and the projects can formally commence. It is anticipated that funds will be released from DLUHC in the summer, though no definitive date has yet been released. It is to be noted that DLUHC may require submission of the project Full Business Cases.
- 4.16 Upon funding being released, Sandwell Council will then become the Accountable Body for the funding, responsible for administering the Towns Fund Grant to projects and responsible for ensuring the projects deliver the contracted outputs and outcomes in accordance with the Towns Fund Terms & Conditions. Partnership Agreements are being prepared between the Council and projects to ensure appropriate risk transfer relating to project delivery. Partnership Agreements will be in place ahead of Summary Document submission.
- 4.17 The Rowley Regis, West Bromwich, and Smethwick Town Deal Local Boards and Town Deal Board (Superboard) have endorsed all Towns Fund projects and at the time of writing this report 12 of the 13 Tranche 3 projects have been approved by the Assurance Panel.
- 4.18 At the time of writing this report, the Blackheath Bus Interchange project had not yet been considered by the Assurance Panel but is scheduled for consideration on the 10 March 2022. The project is a complex scheme to compose a Full Business Case as it comprises public realm and highway elements which require multiple methodologies to calculate value for



money or the Benefit Cost Ratio (BCR). The project can be reported to Scrutiny Panel at a future date.

5 Implications

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| <p>Resources:</p> | <p>Resources are in place for the existing Governance arrangements and phases 2 & 3 of the Towns Fund Programme with regard to 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 for phase 2 of the programme. These arrangements are now being revised as the programme enters 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 22 January 2022. The risk has a score of 8 (amber) with a downward trajectory, forecasting 6 (green) by the end of financial year 21/22 close.</p> |
| <p>Equality:</p> | <p>The Governance arrangements includes the Town Deal Board and three Local 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> |



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| | Specific equality and diversity implications have been assessed for each project within the programme. |
| 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 | The Towns Fund Programme involves an offer of £67.5m for Sandwell and social value requirements for each of the projects is being considered as part of the full business case development. |

6 Appendices

Full Business Case Summary Document (Public):

West Bromwich

- Retail Diversification Programme;
- Town Hall Quarter;
- West Bromwich Connected (Walking & Cycling).

Smethwick

- Grove Lane;
- Rolfe Street Canal-side;
- Ron Davis Centre;
- Midland Met Learning Campus;
- Smethwick Connected (Walking & Cycling).

Rowley Regis

- Canal Connectivity;
- Britannia Park;
- Satellite Education Hub;
- Rowley Regis Connected (Walking & Cycling).

Full Business Cases (Private):



West Bromwich

- Retail Diversification Programme;
- Town Hall Quarter;
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Smethwick

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- Ron Davis Centre;
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7. Background Papers

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