

Sandwell Towns Fund Superboard Retail Diversification Programme Full Business Case

10 March 2022

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| Subject: | Retail Diversification Programme Full Business Case |
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1. Purpose of the Report

- 1.1. To present the Full Business Case for the Retail Diversification Programme project including an equality impact assessment, environmental impact assessment, monitoring and evaluation plan and project adjustment.

2. Background and Main Considerations

- 2.1. On 3 March 2021, Heads of Terms for a Town Deal for West Bromwich were offered by Government. This included an offer of an overall funding package of £25m. 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 March 2022.
- 2.2. The Town Deal for West Bromwich was signed on 24 March 2021.
- 2.3. Details of the projects put forward for West Bromwich Town Deal were re-confirmed with Government in the form of a Project Confirmation Table. These were considered by Superboard on 17 May and submitted following approval from the Council's S151 Officer.

3. Full Business Case Contents

- 3.1. The Towns Fund Business Case Guidance, December 2020, outlined that Towns Fund Full Business Cases should be compliant with the HMT Treasury Green Book (2020). This sets out that Full Business Cases should address five cases; Strategic Case, Economic Case, Commercial Case, Financial Case and Management Case.
- 3.2. Preparing a project business case using the five-case model provides decision makers and stakeholders with a proven framework for structured thinking and assurance that the project: Provides strategic fit and is supported by a compelling

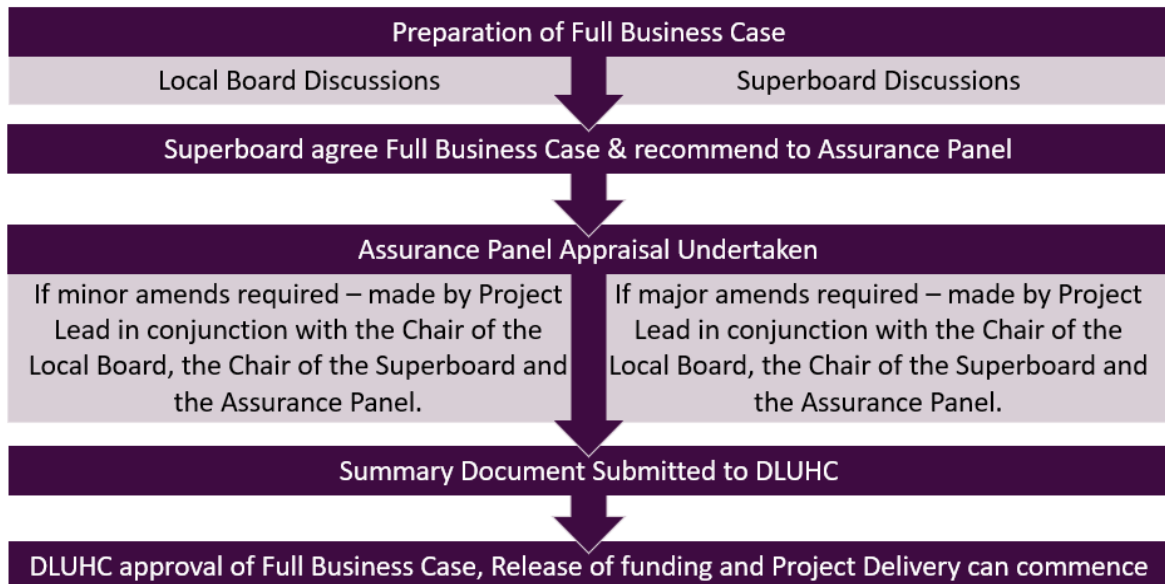


case for change, will maximise public value, is commercially viable, is affordable and is funded and can be delivered successfully by the organisation and its partners

- 3.3. Sandwell's Towns Fund Full Business Cases have been prepared according to this model.
- 3.4. Following Cabinet approval on 24 November 2021, an Assurance Panel has been established comprising the Town Deal Board Chair, Director of Regeneration and Growth, Director of Finance (Section 151 Officer) and Cabinet Member for Regeneration and Growth, to appraise Full Business Cases.

4. Submission of Project Summary Documents to DLUHC

- 4.1. Once a Full Business Case has been approved by the Assurance Panel, a Summary Document will be prepared and submitted to DLUHC for review before funding is released. At which point Terms and Conditions of the grant will be provided.
- 4.2. The Summary Document contains an overview of each Business Case, how it has been appraised, and confirmation that key conditions from the Heads of Terms have been addressed (where applicable).
- 4.3. The Chair of the Superboard and Sandwell Council's S151 Officer will be a signatory on the Summary Document.
- 4.4. An outline of the process for approval of a project Full Business Case is as follows:



5. Retail Diversification Programme Business Case Summary

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| Lead Organisation | Sandwell Council |
| Towns Fund Ask | £13m |
| Match Funding | Nil |
| Total Project Value | £13m |
| Project Description | This project aims to deliver comprehensive regeneration and transformation of the West Bromwich retail submarket through major site assembly and demolition works. It involves the potential acquisition and demolition of underperforming town centre sites. This is to deliver a significant number of town centre homes, improve the towns declining retail offer, repurposing surplus accommodation and unlocking large areas of brownfield land for planned regeneration. |
| Project Start Date | Q4 2021 |
| Project End Date | Q2 2025 |
| Outputs | <ul style="list-style-type: none"> • 26,559 sqm land brought into full public ownership • 7,590 sqm floorspace rationalised • 11,217 sqm land rehabilitated • 3 sites cleared • Relocation and Renovation of new Indoor Market |
| Outcomes | <p>Direct Outcomes</p> <ul style="list-style-type: none"> • New indoor market • Increase night-time economy • Increased land value and economic output from retail market <p>Indirect Outcomes</p> <ul style="list-style-type: none"> • New high-quality, affordable and sustainable commercial floorspace (Office, Retail, Leisure, F&B) • 650 new homes • Increased safety and perceptions of safety |
| BCR Calculation | <p>The Benefit Cost Ratio (BCR) calculation for this project is 1.0, meaning this scheme offers low VfM.</p> <p>As a large proportion of the benefits will not be delivered until after the Towns Fund Grant has been spent, and further grant funding is likely needed to deliver the benefits of the Masterplan, attribution analysis has been applied to the scheme which will be delivered through Towns Fund funding based on the percentage of total programme spend delivered in the scheme. The attribution approach means that not all benefits of the Masterplan are allocated to this scheme and there is not a risk of double counting as the Masterplan progresses and future funding applications are made.</p> |
| Key Risks | The main risks have been identified for the project and are being proactively managed through regular risk review and escalation, as required. The main risks are as follows: - |



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| | <ul style="list-style-type: none"> • Delays due to Covid-19 • Objections to detailed designs • Delays due to unforeseen ground conditions • Delays/ slippages as a result of approvals and DLUHC approvals |
| Equality Impact Assessment | <p>An equality impact assessment has been conducted and is appended. Overall, it is considered that the improvements will have a positive impact on local protected groups / users of West Bromwich.</p> <p>It is recommended that prior to beginning the project a detailed Equality Impact Assessments is undertaken and then subsequently updated.</p> |
| Environmental Impact Assessment | <p>An Environmental Impact Screening has been undertaken and is appended. The screening has identified that Schedule 1 and 2 of the EIA regulations do not apply to this project and therefore a full assessment is not required.</p> |
| Project Adjustment Form Required | <p>Project Adjustment Form required. Details of changes outlined below.</p> |

6. Retail Diversification Programme Project Adjustment

- 6.1. Any project changes within the Towns Fund need to be formally submitted to DLUHC as a project adjustment request, following discussion with Sandwell's allocated Towns Fund Area Lead. Changes are recorded via a Project Adjustment Form outlining the changes made, rationale and detail of consultation to communicate changes.
- 6.2. **Reduction of Match Funding:** A grant of £1.3 million under a JV Agreement with WMCA was originally included in the project to demolish and remediate a significant SMBC site, the Bull Street Multi-storey car park situated at a key position within the town. This co-funding was spent as planned. However, in refining the scope of the Retail Diversification Programme, the car park was removed from the red-line boundary area. While the scheme is still highly complementary, it was determined to remove the co-funding from the Retail Diversification Programme for caution.
- 6.3. **Regeneration of Town Centre Land:** The original outputs regarding Town Centre land for regeneration were high level. Following FBC development, the project team were able to provide more specific outputs.
- 6.4. **Inclusion of Indoor Market:** West Bromwich Local Board Members requested the inclusion of the indoor market redevelopment within the programme at the project inception stage. Engagement with existing market traders demonstrated the demand for a new and improved indoor market. Options were put forward by existing market traders for Sandwell Council to explore. As a result. Sandwell Council agreed relocate the indoor market rather than redevelop the current site, responding to feedback that the current site was dilapidated and difficult to improve using an on-site solution.
- 6.5. A Project Adjustment Form has been prepared for the Town Hall Quarter project to record the following: -



| Project Detail | Original Proposal | Adjusted Proposal |
|---|--|---|
| Towns Fund Ask | £13m | No changes to record |
| Match Funding | £1.3m | Nil |
| Total Project Value | £14.3m | £13m |
| Outputs | <ul style="list-style-type: none"> • Unlocking c4.4 hectares of Town Centre land for regeneration. • Renovated indoor market. | <ul style="list-style-type: none"> • 26,559 sqm land brought into full public ownership • 7,590 sqm floorspace rationalised • 11,217 sqm land rehabilitated • 3 sites cleared • Relocation and Renovation of new Indoor Market |
| Outcomes | <ul style="list-style-type: none"> • Increased high quality commercial floor space • 650 new homes • New skills infrastructure backed by Sandwell College. • Increase night-time economy • Increased land value and economic output from retail market | <p>Direct Outcomes</p> <ul style="list-style-type: none"> • New indoor market • Increase night-time economy • Increased land value and economic output from retail market <p>Indirect Outcomes</p> <ul style="list-style-type: none"> • New high-quality, affordable and sustainable commercial floorspace (Office, Retail, Leisure, F&B) • 650 new homes • Increased safety and perceptions of safety |
| Changes to project description noted within the Project Adjustment Form | <p>The Retail Diversification Programme will initially focus on two key retail areas in the town: Bull Street (incorporating the Queen Square Shopping Centre) and the Kings Square Shopping Centre (incorporating the Indoor Market and former Kings Square Cinema), which are strategically located and would enable phased development to be accelerated.</p> <p>This programme will kickstart comprehensive regeneration and transformation of the West Bromwich retail market through major site assembly and demolition, undertaking</p> | <p>The Retail Diversification Programme will initially focus on two key retail areas in the town: Bull Street (incorporating the Queen Square Shopping Centre) and the Kings Square Shopping Centre (incorporating the Indoor Market and former Kings Square Cinema), which are strategically located and would enable phased development to be accelerated.</p> <p>This programme will kickstart comprehensive regeneration and transformation of the West Bromwich retail market through major site assembly and demolition, undertaking the much-needed works to prepare the sites for mixed-use development. Investment will</p> |



| Project Detail | Original Proposal | Adjusted Proposal |
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| | the much-needed works to prepare the sites for mixed-use development. | <i>also see the relocation and renovation of a new indoor market.</i> |

Appendices

Retail Diversification Programme Full Business Case document including:

- Equality Impact Assessment
- Environmental Impact Assessment
- Consultation and Engagement Plan
- Risk Register
- Monitoring and Evaluation Plan

Source Documents

- Retail Diversification Programme Project Confirmation Table
- West Bromwich Town Deal Heads of Terms
- MHCLG Business Case Guidance, December 2020
- MHCLG Monitoring and Evaluation Guidance, April 2022

