

Report to Cabinet

18th May 2022

Subject:	Towns Fund Governance Structure – Phase 3
Cabinet Member:	Councillor Kerrie Carmichael Leader of the Council
Director:	Tony McGovern Director of Regeneration and Growth
Key Decision:	Yes
Contact Officer:	Rina Rahim, Towns Fund Programme Manager Rina_Rahim@sandwell.gov.uk

1 Recommendations.

- 1.1 That Cabinet approve the updated governance arrangements relating to Phase 3 of the Towns Fund Programme.
- 1.2 That the Cabinet authorises that the Managing Director Commissioner, in consultation with the Leader of the Council, the Cabinet Member for Regeneration & Growth, and the Monitoring Officer, agree updates to Terms of Reference and arrangements for the Governance of the Towns Fund Programme in accordance with the Government's Towns Funds Guidance.
- 1.3 That delegated authority is extended for the Section 151 Officer & Director for Regeneration & Growth, in consultation with the Cabinet Member for Regeneration & Growth, to approve Towns Fund virements of above £250,000 or 1% of approved Gross Expenditure budget (whichever is greater).



1.4 That approval is given for an exemption from Part 5 Section 4.4 of the Financial Regulations to action 1.3 above.

2 Reasons for Recommendations

- 2.1 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. A Town Investment Plan was submitted for each Town in October 2020 and in March 2021 Heads of Terms were offered and accepted for each Town.
- 2.2 Detailed guidance for the first phase of the Towns Fund was published in June 2020 which contained a number of specific requirements around the governance of the Towns Fund programme including the responsibilities of the Lead Council and the Town Deal Board, and the composition of the Town Deal Board.
- 2.3 Governance arrangements for the Towns Fund Programme were approved by Cabinet on 22 July 2020 (see Minute No 61/20) including confirmation of member appointments to the Sandwell Superboard and three Local Boards.
- 2.4 Following receipt of additional guidance from Government in December 2020 and April 2021, the Governance arrangements were updated and approved by Cabinet on 16 June 2021 to reflect the roles of the Superboard and Local Boards over Phase 2 and Phase 3 of the Towns Fund programme.
- 2.5 Cabinet also authorised that the Chief Executive, in consultation with the Leader of the Council, the Cabinet Member for Regeneration & Growth, and the Monitoring Officer, agree arrangements for the Governance of the Towns Fund Programme in accordance with the Government's Towns Funds Guidance



- 2.6 As Phase 2 – Completion of Full Business Case and submission to Government has been completed, Governance arrangements need to be updated to ensure that the structure is fit for purpose for Phase 3 – Delivery of the Towns Fund Programme.
- 2.7 On 24 November 2021, Cabinet approved delegated authority for the S151 Officer, Director of Regeneration & Growth in consultation with the Cabinet member to submit Project Summary documents to DLUHC following approval of Full Business Cases by the Assurance Panel. The project summary documentation includes financial profiles of projects until March 2026.
- 2.8 The Council’s Financial regulations state that any financial virements above £250,000 require Cabinet approval. This will impact on Towns Funds projects and poses a risk on deliverability to timeframe and budgets.
- 2.9 This report seeks the approval of updated Towns Fund governance arrangements and to extend delegate authority for project virements above £250,000, to be approved by the Section 151 Officer & Director for Regeneration & Growth, in consultation with the Cabinet Member for Regeneration & Growth.

3. How does this deliver objectives of the Corporate Plan? (select relevant category and incl. narrative how deliver)

	<p>Best start in life for children and young people There are no direct implications as a result of this decision however, 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 There are no direct implications as a result of this decision however 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 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>
	<p>Quality homes in thriving neighbourhoods</p> <p>There are no direct implications as a result of this decision, however, projects within the Towns Fund areas will deliver new housing and bring a range of improvements that support thriving neighbourhoods.</p>
	<p>A strong and inclusive economy</p> <p>There are no direct implications as a result of this decision, however, 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.</p>
	<p>A connected and accessible Sandwell</p> <p>There are no direct implications as a result of this decision, however, projects within the Towns Fund areas will deliver improvements in cycling and walking infrastructure, and transport connections.</p>

4. Context and Key Issues

- 4.1 In July 2020, Cabinet approved arrangements for the governance of the Towns Fund Programme.
- 4.2 To co-ordinate the three Towns Deals in Sandwell, an overarching Towns Fund Superboard was established with three Town-level Local Boards established as working groups of the Superboard.
- 4.3 Town Deal Boards are required to align with the Council's governance standards and policies. As such, the Terms of Reference Document and Governance Procedure Rules approved by Cabinet included a Code of Conduct, requirements for members of the Superboard and Local Boards to declare pecuniary and non-pecuniary interests, the



maintenance of a register of gifts and hospitality, and arrangements for the publication of Superboard papers and minutes.

4.4 The process for the Towns Fund Programme is:

Phase 1 - Completed

- Submission of Town Investment Plans (October 2020)
- Heads of Terms Agreement signed
- Town Deal Announced

Phase 2- Completed

- Development of Detailed Business Cases and approval from Superboard and Cabinet (following capital appraisal)
- Submission of Project Summary Documents by March 2022

Phase 3 (current phase)

- Release of Funding
- Delivery of Towns Fund Projects (by 2026)

4.5 The current model of the Superboard being supported by three Local Boards has been effective to date allowing the development of projects to Full Business Case through robust due diligence and assurance processes. Out of the 16 proposed projects, 3 projects have been approved by Government to date, with 13 further projects approved by the Assurance Panel and submitted to Government on 24th March 2022.

4.6 MHCLG Guidance (Dec 2020, Apr 2021 and Dec 2021) sets out the following requirements of the Boards and the Council:

- Phase 3 of the Programme (project delivery) - that the Town Deal Board should ensure an element of independent 'on-the-ground' monitoring of the deal delivery and act as a 'critical friend' throughout the programme lifecycle;
- Through project delivery, ensure regular catch ups with the Town Deal Board to enable the board to see through the town vision,



take ownership of their proposed projects and provide a level of accountability.

- The Town Deal Board should have an ongoing role and sight of decisions, the nature and degree of which should be agreed locally.

4.7 Whilst awaiting final project approvals from government, we have the opportunity to review the existing governance arrangements ensuring it remains fit for purpose to deliver the Town Fund Projects effectively, reflect on lessons learnt, and ensure compliance of government requirements as the programme enters Phase 3 – Delivery.

4.8 Monitoring and evaluation reports to DLUHC will be required on a 6-monthly basis. Projects will be required to submit quarterly returns for verification by the Accountable Body prior to submission of returns. These will also be collated to present project progress updates to the Local Boards including progress towards finance, outcomes, milestones as well as project change requests, risk management and any other programme related matters.

4.9 The current structure would require such reports to be presented to the three Local Boards for review, prior to presenting to the Superboard. As the focus now shifts to delivery phase, this process does not provide additional value and as such, the Board Chairs considered alternative governance structures, which would best serve the efficient reporting throughout the delivery phase.

4.10 An initial discussion with Chairs of the Local Boards and Superboard was undertaken on 24th March 2022, where it was proposed that the Superboard structure is disbanded, with the Local Boards inheriting the responsibilities of the Superboard ensuring compliance of Heads of Terms during the delivery phase.

4.11 The proposed changes include the following:

- Current Superboard members will be transferred over to the Local Boards as appropriate to ensure continuation of representation of key stakeholders (Appendix 1 Proposed membership)



- Superboard structure no longer being active.
- Update of Cabinet members roles will be required following May 2022 election as the structure has changed since June 2021
- Cabinet members will continue to have an open invitation to Local Boards.
- S151/delegated representative to have an open invitation to ensure compliance on behalf of Accountable Body.
- Chairs of Local Boards will convene regularly for collaboration and consistency of approach.
- Ongoing quarterly reports to be presented to the Elected Members Towns Meetings.
- Quarterly reports will continue to be presented to the Economy, Skills, Environment and Transportation Scrutiny Board to provide assurance that the programme is proceeding in line with Government requirements and agreed local assurance processes.

4.12 As the Local Boards have supported the development of projects, this structure will enable Local Boards to have continued involvement to monitor project progress against original Full Business Case proposals, review change requests and deal with any issues during the delivery phase.

4.13 Revision of the governance structure would also allow opportunity to refresh the membership of the Boards and update the Terms of Reference accordingly. Superboard and Local Board members have been consulted on the proposed governance structure and Terms of Reference with no objections being received.

4.14 A Superboard meeting was held on 3rd May 2022 whereby it was unanimously agreed that the Local Boards inherit the Superboard responsibilities and for this to take effect subject to Cabinet approval.

4.15 The proposed governance arrangements have been discussed with DLUHC and the Towns Fund Delivery Partner who are supportive of the revised structure.

4.16 As part of the governance structure, there is also requirement for project changes to be managed and reported to DLUHC. Project changes are inevitable during project lifetime which may include challenges which affect the original scope to agreed costs, schedule,



outcomes, and milestones. Management of such changes throughout the Towns Fund Programme is critical in ensuring value for money and maximisation of funds to Sandwell Towns.

- 4.17 Part 5 Section 4.4 of the Councils Financial Regulations state that any budget virements above £250,000, or 1% of the approved Gross Expenditure budget (whichever is greater), requires Cabinet approval.
- 4.18 This would require Towns Fund projects requiring virement between financial years, or between projects, presented to Cabinet for approval. This would pose a significant risk to the deliverability of projects and reporting requirements to DLUHC which may not coincide with Cabinet lengthy lead-in periods for report preparation and submission.
- 4.19 On 24 November 2021, Cabinet approved delegated authority for the S151 Officer, Director of Regeneration & Growth in consultation with the Cabinet member to submit Project Summary documents to DLUHC, which include the financial profiles of projects.
- 4.20 To manage the delivery phase of the Towns Fund Programme, it is proposed to extend delegated authority for the Director of Regeneration & Growth in consultation with the S151 Officer, Cabinet Member for Regeneration & Growth to approve virement requests above £250,000 prior to DLUHC submission for approval.
- 4.21 Exemption is sought from Part 5 Section 4.4 of the Financial Regulations in that this report proposes that delegated authority be given for Project Adjustment requests which are above £250,000 in value, without further Cabinet approval.
- 4.22 A proposed Scheme of delegation in relation to other project changes during the delivery phase are included as part of the Term of Reference (Appendix 2) for Local Boards and will be included in the Towns Fund Assurance Framework, which will be presented to the June 22 Cabinet for approval.



5 Alternative Option

- 5.1 Alternative proposals for governance could be implemented including different structural options which have been considered by Chairs. The proposed model of the Local Boards inheriting the responsibilities from Superboard will provide an ongoing consistent approach strengthening the governance arrangements to ensure effective engagement of stakeholders.
- 5.2 The proposed updated Terms of Reference within this report adhere with the Government's Towns Fund Guidance which is a requirement to access the Towns Fund funding.
- 5.3 Cabinet approval for changes to financial profiles would delay the reporting to DLUHC and for project adjustments requests to be approved and implemented.

6 Implications

Resources:	<p>The resource implications associated with this decision are minimal as they are an update to the current governance arrangements and resources are already in place to support the Superboard and Local Boards in discharging their responsibilities.</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>The approval of this Governance update will bring the Towns Fund governance arrangements up to date with current Towns Fund Guidance.</p>
Risk:	<p>This report and decision seek to ensure that there is clarity around the role of the Local Boards over Phase 3 of the Towns Fund and complies with government guidance and Accountable Body requirements.</p>
Equality:	<p>Local Board Membership is 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 both at Town Level and considered as part of the development of individual projects.</p>
Health and Wellbeing:	<p>There are no specific implications for health and wellbeing from this decision, however projects within the Towns Fund Programme will deliver health and wellbeing benefits and these were outlined as part of the Full Business Cases for each project.</p>
Social Value	<p>There are no specific social value implications relating to this decision. The Towns Fund Programme involves an offer of £67.5m for Sandwell and social value requirements for each of the projects have been considered as part of the full business case development.</p>

7 Appendices

- Appendix 1 Current Superboard membership and Proposed Local Board membership
- Appendix 2 Proposed Terms of Reference (Phase 3)

8. Background Papers

MHCLG Towns Fund Guidance, December 2020, April 2021, December 2021

End

