

# Report to Economy, Skills, Transport and Environment Scrutiny Board

**9 October 2024**

<b>Subject:</b>	Towns Fund Programme and Levelling Up Fund Update
<b>Director:</b>	Executive Director Place, Alan Lunt.  Assistant Director, Spatial Planning & Growth, Tammy Stokes
<b>Contact Officer:</b>	Towns Fund Programme Manager, Rina Rahim <a href="mailto:Rina_Rahim@sandwell.gov.uk">Rina_Rahim@sandwell.gov.uk</a>

## 1 Recommendations

- 1.1 That the Board considers and comments on the Towns Fund Programme and Levelling Up Fund Update.

## 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. An update on Grove Lane- Levelling Up Fund is also included.



### 3 How does this deliver objectives of the Council Plan?

Growing Up in Sandwell	Projects within the Towns Fund areas will create new and improved facilities for young people including new education and learning spaces.
Living in Sandwell	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.
Thriving Economy in Sandwell	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, contributing to attracting and retaining businesses in Sandwell.
Healthy in Sandwell	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 which will have an impact and support a healthy Sandwell.
One Council One Team	Working in partnership with the Towns Fund Boards and internal colleagues will support the delivery of the programme

### 4 Context and Key Issues

4.1 **Grove Lane, Smethwick LUF Round 3 Update.** The Government's Levelling Up Fund was announced in 2020. It is a £4.8 billion fund to support town centre and high street regeneration, local transport projects and cultural and heritage assets. The Council submitted four bids under the second round of funding including one to acquire properties and remediate land in the Grove Lane area. Only one of the four bids – the project for a new leisure centre at Haden Hill – was successful.



- 4.2 In November 2023 Government announced Round 3 funding which reconsidered previous Round 2 bids and Grove Lane was automatically made a provisional funding award of £18,063,128.00, subject to project validation, and approval from the S.151 Officer. The bid was submitted on 1 December 2023.
- 4.3 Government confirmed the next stage of the project validation process on 22 December 2023, requiring a review of the 2023 bid to account for the 16-month passage of time and to confirm any update of project costs. This review was undertaken by the consultants who prepared the initial bid which was then submitted to Government on 2 February 2024 with S.151 Officer approval.
- 4.4 The review of the bid has not resulted in any changes to the scope of the project and the funding ask from Government and the council remains the same: -
- Project Funding Total - £20,070,142
  - Levelling Up Fund - £18,063,128.41
  - Sandwell Council - £2,007,013.69
- 4.5 The scope of the project is to acquire and demolish premises and remediation of 3.45 hectares of brownfield land. If successful, this would facilitate delivery of approximately 151 new homes and a primary school by third parties in the future. It is considered that the forecast total investment from third parties for the new homes and school could be £41,614,410.
- 4.6 The project will assist in delivering the aspirations of the Grove Lane Masterplan – creating a new community adjacent to the new Midland Metropolitan University Hospital and providing a range of new homes including affordable homes in an area identified for housing growth.
- 4.7 Following Government's requests for clarification on a number of points within the bid, it was considered by the Internal Board in April 2024. On



17 May 2024 the council received a verbal confirmation that Minister Young has approved the Grove Lane bid and the project has been validated. Since the announcement of the General Election, there has been no further updates on the progress of this funding, and no receipt of the Memorandum of Understanding which has impacted in the ability to proceed with the project and significant risks to delivery within the project timeframe. As a result, Sandwell Council have written to MHCLG seeking an update.

## Towns Fund Background

- 4.8 Following the Government announcement that 101 Towns had been identified to benefit from the Towns Fund, 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.
- 4.9 Business Cases for 16 projects were submitted and approved by Government resulting in Sandwell securing the full £67.5 million. Each town was committed to deliver MHCLG defined outputs as well local measures agreed with the Towns Fund Boards.

## Monitoring and Evaluation

- 4.10 As all 16 projects within the programme proceeded to Delivery Phase, monitoring is a key aspect to ensure the Accountable Body and MHCLG track progress of the fund and the projects it is delivering.
- 4.11 To ensure the Accountable Body and Town Deal Boards receive reporting on a regular basis to monitor project progress, expenditure and risks, it is a requirement set by the Programme Management Office that West Bromwich, Smethwick and Rowley Regis project leads must submit Monitoring, Evaluation and Claim Returns on a quarterly basis, as a minimum.
- 4.12 Two previous returns which have been submitted to MHCLG have been approved resulting in the release of funding for 24/25. The next 6-



monthly return for the period up to 30<sup>th</sup> September 2024 will be submitted to MHCLG on 24 November 2024.

Since the last report to Scrutiny, the financial spend position to date is as follows:

Towns Fund	Forecast Spend to March 2025	Actual Spend to Date
West Bromwich	22,892,449	16,020,556
Smethwick	19,463,421	6,163,808
Rowley Regis	10,003,054	3,850,721

The timeline for the next progress reports is as follows:

10 October 2024	Submission of project returns to SMBC covering the period to Jul-Sept 2024
19 November 2024	Update to Leadership Team
19 November 2024	Towns Fund Board Meetings complete
24 November 2024	Progress returns to MHCLG

## Project Reporting

- 4.13 The Towns Fund Programme continues to be governed by SMBC as the Accountable Body and the three Towns Fund Boards, who meet on a quarterly basis to review project progress and approve financial returns to Government.
- 4.14 Although projects are at various stages of delivery, cost pressures due to inflation in the construction industry have posed high risk on project delivery. Where applicable, projects have been required to value engineer to ensure they can be delivered within the funding envelope.
- 4.15 MHCLG are aware of the cost pressures on projects across all Towns Fund Programmes. Although, no further funding is being offered to meet shortfalls, there have been changes made to the project adjustment request thresholds, enabling some flexibility to reduce outputs to support projects facing these challenges.



- 4.16 The MHCLG change request process delegates authority to the Towns Fund Boards and Accountable Body to rescope projects approve project changes, including reduction of outputs and outcomes due to budget pressures, subject to the reduction being no more than 30%, and the project still offering value for money.
- 4.17 Slippage was reported in the most recent return following the March 24 reporting period, primarily due to delays in several projects that were awaiting site commencement. This was noted in the last Scrutiny Report, where budget pressures were also raised. As the programme nears its final two years, ongoing review of project expenditures and deliverability by the end of March 2026 is taking place.
- 4.18 Projects are progressing at various stages, and funds previously subject to slippage have been reforecast. The current financial year has the highest spending target, making it crucial to minimise project delays to ensure project slippage is minimised.
- 4.19 As previously reported, alternative options for some projects may be necessary to retain funding within Sandwell. Given that some projects rely on external decisions, the Towns Fund Boards have agreed to contact MHCLG to explore potential flexibility in the programme timeline, and whether new projects could be introduced if certain projects cannot be delivered within the designated timeframe.
- 4.20 Key project updates since the last Scrutiny Report include:
- The Midland Met Learning Campus has secured match funding approval from the West Midlands Combined Authority. The project has moved to site mobilisation, with works scheduled for completion by November 2025.
  - Sandwell College will commence work on the Cradley Heath Skills Centre in the coming months.
  - The acquisition of the Wilko site in West Bromwich has been completed, bringing 2,150 sqm into public ownership.



- Playground equipment and allotment works have been completed at Britannia Park.

4.21 Projects have updated their progress reports for the period ending June 30, 2024. The following projects are considered low risk, having either been completed or nearing completion ahead of schedule:

Low Risk Projects
<b>Digital Den</b> – Project completed and now delivering outputs in learners supported.
<b>Central St Michaels Sandwell Engineering, Science &amp; Manufacturing Centre</b> – Project completed and now delivering outputs in learners supported.
<b>Urban Greening</b> – Capital elements of works completed with pocket parks, seating, and upgrading of High St now finalised. Now delivering on outputs.
<b>Canal Network Connectivity</b> – Project near completion. Balance of funds rolled forward into 2024/2025 financial year to support work to replace footbridge on Dudley No2 Canal.
<b>Ron Davis Centre</b> – Project completed and now delivering outputs in learners supported.

Overall Project RAG rating is included as part of Appendix A highlighting the progress to date.

In summary, details of the projects RAG rated red are highlighted below, with the issues and key actions to manage the risk and progress effectively.

West Bromwich - Retail Diversification Project
RAG rated high as the funding profile was moved to this financial year due to delays on site acquisition. The Queens Square Shopping Centre site is no longer being progressed through Towns Fund following further review of the leasehold position and advice from SMBC Legal. A request to remove site and replace with Wilko site has been submitted to Government. Works on the indoor market are due to commence on 30 Sept 2024 and complete June 2025.



**Key Actions:** Awaiting MHCLG approval to remove Queens Square from project scope

### **Smethwick – Grove Lane Regeneration**

**Grove Lane Regeneration** – In November 2022, Cabinet approved the initiation of a Compulsory Purchase Order (CPO) after the landowner declined to sell the property. Based on legal advice from SMBC, a Statement of Reasons is being prepared, along with the submission of a planning application. Concurrently, efforts are being made to reengage with the landowner. The project has been RAG rated as high risk, as its delivery is contingent upon the CPO decision being finalised by April 2025.

**Key Actions:** Existing Towns Fund projects will be considered for reallocating funds if the CPO is not approved. Guidance has been sought from MHCLG regarding potential flexibility in the programme timeline and the possibility of introducing new projects.

### **Smethwick – Rolfe Street Canalside Regeneration**

As the planning application was withdrawn in Dec 2023 following objections received from Historic England and Canal & River Trust, it was decided to undertake a Heritage Impact Assessment. Initial quotes came back too high with long lead times. Following a procurement process, a contractor has recently been appointed who aims to complete the assessment by Dec 2024. Current programme outlines project can be delivered by Feb 2026 subject to no further delays.

**Key Actions:** Heritage Impact Assessment due Dec 2024. Planning application to be made in Jan 2025. Exploring possibility of utilising underspend with other existing Towns Fund projects should Rolfe St project not proceed.

### **Rowley Regis - Cradley Heath Skills Centre**

There have been land transfer delays which have impacted the project being on site, however this has now been agreed. Once legals have completed, project will be able to start with construction spend. Currently indicating overbudget by £112k, ongoing value engineering taking place to ensure that project is deliverable within the Towns Fund allocation. Works are due to commence in Oct 2024, complete in Dec 2025 with the Centre to open in Jan 2026.





**Key Actions:** Value engineering to bring down costs so it's delivered within budget.  
Ensuring project complies with planning application conditions

### Rowley Regis - Blackheath Bus Interchange & Public Realm

This project is high risk as it requires approval from MHCLG for a change request. A revised proposal was made following objections received during the public consultation in 2023. Final designs of the scheme are being completed prior to being presented to Cabinet with works due to start in January 25.

**Key Actions:** Awaiting approval of change request.  
Exploring possibility of utilising underspend with other existing Towns Fund projects should project not proceed

4.22 The top three red risks of all projects are required to be reported to Government, and are detailed in Appendix C.

4.23 Despite the challenges faced by projects throughout the programme, several key achievements have been made. Since the previous report, multiple press releases have been issued to highlight the progress of Towns Fund projects, including the following:

- Official Opening of Central St Michaels Sandwell Science Engineering and Manufacturing Centre in March 2024
- Additional funding for the Midland Met Learning Campus by the WMCA in March 2024
- Promotion of learners completing courses at Ron Davis Centre
- Works starting on West Bromwich Cycleways
- Official opening of allotments, playground and gym area improvements at Britannia Park in Aug 2024
- Commencement of works on the Oldbury Phase of the Rowley Regis Connected project in Sept 2024
- Improvements to the Canal Weights Bridge as part of the Canal Network Connectivity project in Sept 2024

4.24 The key outputs to be delivered are detailed in Appendix D. A forward plan detailing upcoming press releases is attached as Appendix E.



## 5 Implications

<p><b>Resources:</b></p>	<p>Resources are in place for the existing Governance arrangements and phases 3 of the Towns Fund Programme via 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 &amp; 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><b>Legal and Governance:</b></p>	<p>Governance and Legal arrangements are in place phase 3 – delivery and the role of the council as Accountable Body.</p>
<p><b>Risk:</b></p>	<p>The strategic risk to the council was reported to Audit Committee on the 29 Sept 22. The risk has a score of 6 (amber) with a downward trajectory, forecasting 4 (green). Project risks are currently being reviewed following procurement activity and final cost submissions exceeding Towns Fund budgets.</p>
<p><b>Equality:</b></p>	<p>The revised Governance arrangements consist of three Town Fund 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> <p>Specific equality and diversity implications have been assessed for each project within the programme.</p>
<p><b>Health and Wellbeing:</b></p>	<p>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.</p>



<b>Social Value</b>	Social Value is a priority within the Regeneration Programme and performance against Social Value outputs and outcomes will be monitored by the Regeneration Programme Board.
<b>Climate Change:</b>	Climate Change measures are considered as part of regeneration projects, with sustainability being a category of projects on the pipeline.
<b>Corporate Parenting</b>	There are no implications arising from this report. All projects to be added will be reviewed and assessed to ensure follows SMBC Corporate Parenting requirements

## 6 Appendices

- Appendix A Overall Programme RAG rating
- Appendix B Annual Financial Profile
- Appendix C Project Top Red Risks reported to MHCLG
- Appendix D Towns Fund Deliverables
- Appendix E Publicity Forward Plan

## 7 Background Papers

N//A

