

Report to Economy, Skills, Transport and Environment Scrutiny Board

19 March 2025

Subject:	Towns Fund Programme Update
Director:	Executive Director Place, Alan Lunt.
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1. Recommendations

- 1.1. That the Board Economy, Skills, Transport and Environment Scrutiny Board considers and comments upon the update.

2. Reasons for Recommendations

- 2.1. This report presents 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 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. 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.
- 4.2. 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

- 4.3. As all 16 projects within the programme move into the Delivery Phase, effective monitoring becomes crucial to ensure that both the Accountable Body and MHCLG can track the progress of the fund and the projects it supports.
- 4.4. 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.
- 4.5. This is in addition to the requirements set by MHCLG, which is to submit bi-annual Monitoring and Evaluation Returns covering the period of 1 April to 31 September and 1 October to 31 March. These returns are completed by amalgamating two quarterly Monitoring and Evaluation Returns submitted to Sandwell Council by project leads.
- 4.6. To date, five Monitoring and Evaluation returns have been submitted to MHCLG (Reporting period of April 2022 to September 2022, October

2022 to March 2023, April 2023 to September 2023, October 2023 to March 2024 and April 2024 to September 2024). All submissions have been agreed by MHCLG, which has authorised the release of grant funding for the upcoming financial years, as per the financial profile included in the Monitoring and Evaluation returns.

- 4.7. The next 6-monthly return for the period of 1 October 2024 to 31 March 2025 will be submitted to MHCLG in May/ June 2025. At the time of writing this report, the submission deadline is yet to be confirmed by MHCLG.
- 4.8. The timeline for the next progress reports is as follows:

Date	Audience
10 April 2025	Submission of project Monitoring and Evaluation returns to Sandwell Council for the period of January to March 2025
April/ May 2025	Two quarterly returns amalgamated for MHCLG submission (October to December 2024 and January to March 2025)
May 2025	Update to Town Deal Boards
May/ June 2025	Monitoring and Evaluation returns are submitted to MHCLG

- 4.9. In addition, the Towns Fund Programme update will be presented to Sandwell Council Leadership Team in May 2025 ahead of June Cabinet as part of the Regeneration Pipeline Performance Update.
- 4.10. Details of the Annual Financial Profile for each town is included in Appendix A.

5. Project Reporting

- 5.1. The Towns Fund Programme continues to be governed by Sandwell Council as the Accountable Body and the three Town Deal Boards, who meet on a quarterly basis to review project progress and approve financial returns to Government.
- 5.2. Since the last report to Scrutiny, the financial spend to date is as follows:

Town	Spend as of 31 December 2024	Forecast Spend by 31 March 2025
West Bromwich (£25m)	£ 17,664,599.46	£ 21,844,752.71
Smethwick (£23.5m)	£ 10,792,797.94	£ 12,780,245.05
Rowley Regis (£19m)	£ 5,397,240.09	£ 8,502,137.69

- 5.3. The above forecast is in line with the previous return submitted to MHCLG on 24 November 2024, with less than 10% slippage across the three towns. This is within the 40% threshold, where slippage exceeding 40% would trigger a MHCLG deep-dive review.
- 5.4. Projects are at various stages of delivery and 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.
- 5.5. 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.
- 5.6. The MHCLG change request process delegates authority to the Town Deal Boards and Accountable Body to approve project changes, including the 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.
- 5.7. The project outputs to be delivered are detailed in the Appendix B.

6. Project Adjustments

- 6.1. Since the last report to Scrutiny, several Project Adjustment Requests (PAR) have been submitted to MHCLG following approval from the relevant Town Deal Board and S151 Officer sign off. Details of the PARs submitted to MHCLG and their status is below.

Rowley Regis

- 6.2. Due to the nature of the Blackheath Bus Interchange and Public Realm Project, a Full Business Case with a completed BCR calculation for both transport and public realm elements could not be provided for the submission to Government. The Towns Fund Assurance Panel agreed for the FBC Summary Documentation to be submitted to Government, with the condition that the project would not spend any Towns Fund Grant Funding until a full BCR is complete and approved by both the Accountable Body/ Assurance Panel and Government.

- 6.3. Now the project has achieved successful design to meet the needs of the community, a full BCR has been calculated. To ensure the Blackheath Bus Interchange and Public Realm project achieves a positive BCR, the project budget has reduced from £3,746,000 to £2,901,895.00. This was agreed by MHCLG in December 2024, presenting an underspend within the Rowley Regis Town Deal.
- 6.4. Existing Rowley Regis Town Deal projects were invited to put forward an Expression of Interest to request additional grant funding. Project leads were asked to provide a breakdown of how the additional funding would be utilised, impact to existing outputs, specify the additional outputs they could deliver if they were to receive a portion of underspend and evidence community support for the additional scope of works.
- 6.5. Expressions of Interests received were discussed during the Rowley Regis Town Deal Board on 15 November 2024 and 10 December 2024. Detail of the agreed reallocation to existing Rowley Regis Town Deal projects is as follows:
 - 6.5.1. £300,000.00 awarded to the Cradley Heath Skills Campus project. Funding will contribute to project contingency and towards building fixtures, fittings and equipment in teaching/ simulation areas and the community café area. This is within the 30% delegated authority of the Town Deal Board and Accountable Body. MHCLG have been notified and have acknowledged this change.
 - 6.5.2. £414,000.00 awarded to the Rowley Regis Parks Improvements Project (formerly known as the Britannia Park Greenspace Project). Funding will be utilised to deliver a new toddler play area, improvements to Ross and Mackmillan Road entrance points, provide further drainage improvements to sport pitches, remove trees deemed at risk, further tree planting including a new Beech Tree Maze and a new play area at Haden Hill Park. This is within the 30% delegated authority of the Town Deal Board and Accountable Body. MHCLG have been notified and have acknowledged this change.
 - 6.5.3. The remaining underspend of £124,105.00 is provisionally awarded to the Rowley Regis Connected Project, subject to the project team confirming costs and outputs for the Rowley Regis Town Deal Board approval. If the proposals are agreed by the Town Deal Board, this change is within the 30% delegated authority of the Town Deal Board and Accountable Body. MHCLG will be notified of this change.

West Bromwich

6.5.4. As outlined in the last report to Scrutiny, a Project Adjustment Request to update the acquisition strategy, including the removal of the acquisition of Queen Square, West Bromwich from the Retail Diversification Programme was submitted to MHCLG. Sandwell Council received correspondence on the 18 October from MHCLG, confirming the approval of the Project Adjustment Request.

Smethwick

6.5.5. On 16 December, correspondence was received from MHCLG to advise an extra delivery year is potentially available to projects that can properly evidence the need for additional time. Extensions will be granted by exception and confirmed on a case-by-case basis.

6.5.6. In light of this, Sandwell Council submitted requests for a delivery period extension for the Grove Lane Regeneration Project and Rolfe Street Canalside Project. The rationale being:

6.5.6.1. Grove Lane Regeneration: An additional year would provide the project with timeline flexibility, allowing sufficient time for the CPO process and land acquisition to take place.

6.5.6.2. Rolfe Street Canalside Regeneration: An additional year would provide the flexibility of allowing sufficient time for the planning application process and land remediation to complete.

6.5.7. On 13 February 2025, correspondence was received from MHCLG granting approval for a 12-month delivery extension for the Grove Lane Regeneration Project and Rolfe Street Canalside Regeneration projects. Grant funding for the two projects must now be spent by March 2027.

7. Key Project Updates

7.1. Key project updates since the last Scrutiny Report include:

7.1.1. Works commenced on the new West Bromwich Indoor Market. Construction is expected to complete July 2025 and open to the public in August 2025.

7.1.2. The acquisition of King Square Cinema is complete, bringing 2,800 sqm into public ownership.

7.1.3. The restoration works at West Bromwich Town Hall and Central Library are complete. Recognising the restored Grade II listed

buildings, the Victorian Society's Birmingham & West Midlands Group has awarded its tenth annual Conservation Award to Sandwell Council.

- 7.1.4. The Midland Met Learning Campus construction is progressing well, with a Topping Out Ceremony scheduled for 25 March 2025.
- 7.1.5. The Blackheath Bus Interchange and Public Realm project works will commence on-site by end of March 2025, with completion anticipated November 2025.
- 7.1.6. Three elements of the Rowley Regis Parks Improvements (formerly known as the Britannia Park Greenspace Project) has completed. The Britannia Park completed January 2025, new car park completed February 2025 and the upgraded MUGA completed February 2025.
- 7.1.7. Works commenced on-site to replace the deck of Wrights Bridge via the Canal Network Connectivity Project.
- 7.1.8. The Rowley Regis Connected Project has delivered Phase 1 – Moor Lane Pedestrian Improvement Scheme and Phase 2 – Oldbury Ringway Scheme.
- 7.1.9. The Cradley Heath Skills Campus Topping Out Ceremony was held on 25 February. Construction is expected to complete November 2024 and the building to be operation from January 2026.

8. Project Risks

- 8.1. The following projects are considered as low risk, having either completed or nearing completion ahead of schedule:

Digital Den – Project is complete and delivering outputs relating to learners supported.

Central St Michaels Sandwell Engineering, Science and Manufacturing Centre – Project is complete and delivering outputs relating to learners supported.

Urban Greening – Capital works are complete and is delivering on outputs relating to the Cultural Programme/ learners supported.

Town Hall Quarter – Project is complete and will start to deliver outputs relating to learners supported.

Canal Network Connectivity – Project is near completion. Replacement of Wrights Bridge deck expected to complete and open to the public by April 2025.

Ron Davis Centre Expansion – Project is complete and delivering outputs relating to learners supported.

- 8.2. A summary of the red RAG Rated projects are highlighted below, with the issues and key actions to manage the risk and progress effectively.

West Bromwich Connected

RAG Rated Red due to the minor delays experienced for Phase 4 – Hilltop to Walsall Canal scheme and the project has more than 50% funding forecast between January 2025 and March 2026.

Action: Project to deliver as per the revised delivery plan, continuously review the delivery plan to ensure sufficient resource is allocated to prevent delay which will result in project spend as per the financial forecast submitted to PMO.

Rolfe Street Canalside Regeneration.

Although MHCLG have granted an additional 12-month delivery period for this project, it is RAG Rated Red due to the delay in receiving the Feasibility Study and subsequent impact to financial arrangements and the project has more than 50% funding forecast between January 2025 and March 2027.

Action: Project to confirm arrangements for the scheme now the study has been completed and results are received. Planning application to be developed with stakeholders to prevent further delay.

Grove Lane Regeneration.

Although MHCLG have granted an additional 12-month delivery period for this project, it is RAG Rated Red due to the delay in completing the land referencing to support the Statement of Reasons, delaying this submission and subsequent spend. In addition, the project has more than 50% funding forecast between January 2025 and March 2027.

Action: Once land referencing is complete, project is to incorporate this into the Statement of Reasons and submit the CPO by end of March 2025.

Cradley Heath Skills Campus

Although the project is on-site and additional funding is secured within the Towns Fund Programme, the project is RAG Rated Red due to the requirement to secure WMCA funding for the education operations of the campus and the project has more than 50% funding forecast between January 2025 and March 2026.

Action: Project to discuss funding requirements with WMCA. Now the project is on-site, funding will be drawdown as per the deliver plan (construction completion November 2025 and operational January 2026).

Blackheath Bus Interchange

RAG Rated Red due to 0% spend to date. This RAG will reduce once works commence on-site and contractor payments are processed.

Action: Project to commence on-site by end of March 2025. This will result in financial drawdown to pay contractors. Project to continuously review delivery plan and resource to prevent delays.

Rowley Regis Connected

Although two out of three phases are complete, the project is RAG Rated Red as it has more than 50% funding forecast between January 2025 and March 2026.

Action: Project to deliver as per the delivery plan, continuously review the delivery plan to ensure sufficient resource is allocated to prevent delay which will result in project spend as per the financial forecast submitted to PMO.

8.3. Details of all 16 project RAG rating is included as part of Appendix C.

8.4. The top three red risks of all projects are required to be reported to Government. The top three red risks for the period of 1 October to 31 December 2024 are detailed in Appendix D.

9. Communications

9.1. Since the last report to Scrutiny, the following news articles/ press releases have been published to promote Towns Fund Programme activities:

October 2024

- Retail Diversification Programme – To promote construction starting on-site for the new indoor market.
- Rowley Regis Parks Improvements – To promote the renovated Tennis courts
- Town Hall Quarter – To promote the completion of the restoration works at West Bromwich Town Hall and Central Library

November 2024

- Cradley Heath Skills Campus – To promote construction starting on-site for the new learning campus

January 2025

- Central St Michaels – To celebrate the first year anniversary of the new learning campus, good news stories and student employment success

February 2025

- Town Hall Quarter – To promote the Conservation Award for West Bromwich Town Hall and Central Library

9.2. A forward plan detailing upcoming press releases and/ or articles is attached as Appendix E.

10. Implications

Resources:	<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 of Place 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>
Legal and Governance:	<p>Governance and Legal arrangements are in place phase 3 – delivery and the role of the council as Accountable Body.</p>
Risk:	<p>The Towns Fund Programme strategic risk to the council was reported as part of the Q3 performance reporting. 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>
Equality:	<p>The revised Governance arrangements consist of three Town Deal 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>
Health and Wellbeing:	<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>

Social Value:	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.
Climate Change:	Climate Change measures are considered as part of regeneration projects, with sustainability being a category of projects on the pipeline.
Corporate Parenting:	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.

11. Appendices

Appendix A	Town Level Financial Profile
Appendix B	Project Deliverables
Appendix C	Project RAG Rating
Appendix D	Red Risks Reported to MHCLG
Appendix E	News and Media Forward Plan

12. Background Papers

No further papers