

Report to Cabinet

13 March 2024

Subject:	Levelling Up Fund Round 3 bid submission
Cabinet Member:	Regeneration & West Midlands Combined Authority, Cllr Peter Hughes
Director:	Assistant Director Growth & Spatial Planning, Tammy Stokes
Key Decision:	Yes - Result in the Council incurring expenditure, the making of savings or the generation of income amounting to £1m.
Contact Officer:	Regeneration Manager, Jenna Langford jenna_langford@sandwell.gov.uk

1 Recommendations

- 1.1 That the Assistant Director of Legal & Assurance in consultation with the Assistant Director for Growth & Spatial Planning, the S151 Officer, and the Cabinet Member for Regeneration & West Midlands Combined Authority be authorised to review and formally accept the Levelling Up Fund funding offer/ grant conditions from Government for Grove Lane, Smethwick, subject to an acceptable Financial Appraisal.
- 1.2 That Cabinet endorse the Grove Lane, Smethwick Levelling Up Fund bid.

2 Reasons for Recommendations

- 2.1 The deadline for the bid submission did not afford time for a Financial Appraisal to be undertaken in advance. With agreement from the S151 Officer, the bid was submitted to DLUHC on the basis that a financial appraisal be undertaken, and if acceptable, the council can then enter into a Memorandum of Understanding, subject to Cabinet approval.



2.2 The bid was previously approved by Cabinet 22 June 2022 and has not materially changed. For completeness the details of the bid are contained within this report and appendices.

3. How does this deliver objectives of the Corporate Plan?

	Strong resilient communities The proposals will support local communities and instil pride.
	Quality homes in thriving neighbourhoods The project will enable new homes to be built.
	A strong and inclusive economy The project will provide opportunities for local spend and job creation.

4 Context and Key Issues

4.1 The Government's Levelling Up Fund was announced in the 2020 Spending Review and is a £4.8 billion fund to support town centre and high street regeneration, local transport projects, and cultural and heritage assets. Following Cabinet approval on the 22 June 2022, the council submitted 4 bids under the second round of funding:

- Tipton Town Centre, Tipton
- Haden Hill Leisure Centre
- Grove Lane, Smethwick
- Youth Provision Facility, West Bromwich

4.2 Of the 4 bids, Haden Hill Leisure Centre was successful, with funding announced in November 2022. In March 2023 Tipton Town Centre was also awarded funding, under the Government's 'Capital Regeneration' Programme. On the 20 November 2023 Government announced the third and final round of the funding, automatically made a provisional funding award of £18,063,128.00 to Grove Lane, Smethwick, based on the high quality of the bid submitted under round 2. The provisional funding offer was subject to a project validation, submitted with the approval of the S151 Officer on the 1 December 2023.



- 4.3 On the 22 December 2023, Government confirmed the next stage of the project validation process, requesting for the bid to be reviewed to take account of the fact that the bid submission under round 2 was made in August 2022 and as such project costs would need to be updated. The consultants who developed the previous bid were re-engaged to undertake the review which was submitted to Government on the 2 February 2024 with S151 Officer approval.
- 4.4 The review of the bid has not resulted in any changes to the scope of the project or the funding ask from the Government or the council:

Project Funding Total - £20,070,142

Levelling Up Fund - £18,063,128.41

Sandwell Council - £2,007,013.69

- 4.5 The project still intends to acquire and demolish 3.45hectars of brownfield land in the Grove Lane area of Smethwick by March 2026. By undertaking this project, the identified sites are effectively de-risked to enable residential development to be delivered by third parties. It is estimated that 151 homes could be built along with a primary school.
- 4.6 A financial contribution of 10% or higher of the bid costs was encouraged and is considered by Government as part of the decision-making process. On that basis, Cabinet approved £2,007,013.69 in match funding contribution on the 22 June 2022, to the Levelling Up project and is included in the Capital Programme.
- 4.5 The forecast total investment from third parties, derived from the residential development and the construction of a new school are in the order of £41,614,410.
- 4.6 The project and funding are key in bringing forward the ambitions of the Grove Lane Masterplan approved by Cabinet February 2022 and levering investment into a designated Housing Zone area. The housing development will provide a mix of homes for shared ownership and affordable rent in an area that is income deprived and will become a regional centre for key worker employment.



- 4.7 A summary of the strategic case for the bid is appended to this report (Appendix A). The sites identified for acquisition by the council are appended to this report (Appendix B & C) and were approved by the council on the 22 June 2022.
- 4.8 The updated acquisition estimates are subject to a number of key limitations. There are several details in that, it has been necessary to make high-level assumptions to the mix of unit types for the residential elements and the size of the primary school included. Whilst the assessment has sought to update the data and information used in the original LUF application, some key limitations remain that prevent a full valuation from being undertaken in accordance with the RICS Valuation – Global Standards. Nonetheless, the updated assessment has sought to estimate the values of the sites using recognised principles and best practice guidance.
- 4.9 In addition, it should be noted that the updated estimates are high-level based on information available from publicly accessible sources. Several key information gaps exist which prevent an accurate and robust assessment of the acquisition costs, and it was therefore necessary to make a number of special assumptions. Some of the assumptions made in respect of the acquisition costs are by proxy, and further information would be required to make an accurate assessment.
- 4.10 These limitations along with the updated viability appraisal and updated costs estimates will be subject to Financial Appraisal by the S151 Officer, ahead of entering into a funding agreement with Government.

5 Alternative Options

- 5.1 The council withdraws the bid.



6 Implications

Resources:	The funding includes the provision of project management costs to fund necessary posts to deliver the project. A project manager is already in post. The programme will be managed through the Regeneration Programme Office.
Legal and Governance:	The council will be required to enter into a memorandum of understanding to draw-down the funds from Government.
Risk:	The updated acquisition estimates are subject to limitations and are to be kept under review.
Equality:	No implications
Health and Wellbeing:	No implications
Social Value:	The project will provide opportunities for the local supply chain and for the local training and employment.
Climate Change:	No implications
Corporate Parenting:	No implications

7. Appendices

- a. Grove Lane Strategic Case
- b. Grove Lane proposed acquisition sites Grove Street/ Halberton Street, Smethwick
- c. Grove Lane proposed acquisition Cranford Street, Smethwick

8. Background Papers

None.

