

Report to Cabinet

5 February 2025

Subject:	Acceptance of Levelling Up Grant Funding – Grove Lane, Smethwick
Cabinet Member:	Cabinet Member for Regeneration and Infrastructure Councillor Peter Hughes
Director:	Executive Director – Place Alan Lunt
Key Decision:	Yes To result in the Council incurring expenditure, the making of savings or the generation of income amounting to - £1m.
Contact Officer:	Capital Projects Manager, Hayley Insley hayley_insley@sandwell.gov.uk

1 Recommendations

For the reasons set out in this report, it is recommended that Cabinet;-

- 1.1 approves the acceptance of grant funding of £18,063,128 from the Government’s Levelling Up Fund for Grove Lane subject to the conditions set out in an agreed Memorandum of Understanding and subject to an acceptable Financial Appraisal;
- 1.2 delegate authority to the Executive Director – Finance and Transformation to provide the 10% match funding contribution to the Grove Lane Levelling Up Fund programme of £2,007,014, including via prudential borrowing if necessary;

- 1.3 delegate authority to the Executive Director – Place to finalise and enter into a Memorandum of Understanding with the Ministry of Housing, Communities and Local Government;
- 1.4 delegate authority to the Executive Director – Place to undertake all necessary steps/actions to acquire relevant sites in line with the Council’s land and property policies;
- 1.5 delegate authority to the Executive Director – Place, in consultation with the Executive Director – Finance and Transformation and Assistant Director Legal and Assurance, to enter into any necessary legal agreements, submit any necessary planning applications/agreements, undertake all necessary procurement processes (including entering into contracts for the provision of goods and services and any direct contract awards), and undertake/exercise all other necessary action/powers necessary to deliver the Grove Lane Levelling Up scheme.

2 Reasons for Recommendations

- 2.1 Cabinet approved the submission of the funding bid in June 2022 and the project has not materially changed since that time. Due to the deadline for the submission of the bid previously, a Financial Appraisal was not undertaken. However, with the agreement of the S.151 Officer, the bid was submitted on the basis that a financial appraisal be undertaken in the future.
- 2.2 The council is now in receipt of the draft Memorandum of Understanding which is being reviewed by Finance, Legal and Regeneration. The review will ensure that there is no risk to the council of accepting the grant and conditions attached to it. Once the Memorandum of Understanding has been agreed with MHCLG, work can commence immediately in progressing this project.

3 How does this deliver objectives of the Council Plan?

Growing Up in Sandwell	The Grove Lane Levelling Up project includes the acquisition of sites and the remediation of land to ultimately prepare sites for redevelopment. This redevelopment includes circa 151 new homes and a
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	<p>primary school. Both of these will result in an improved environment and new homes for residents, including young people. New greenspace is also included within the wider masterplan linking the community open space at the new hospital with the canal network thus providing further opportunities for recreation and leisure for children and adults alike.</p>
<p>Living in Sandwell</p>	<p>The redevelopment of the sites within this bid will provide new homes to meet the shortfall currently being experienced within the Borough. This will provide circa 151 new quality homes, some of which will be affordable within an improved environment that has access to a range of services and facilities.</p>
<p>Thriving Economy in Sandwell</p>	<p>The new development will be well connected to other parts of the Borough from existing and proposed public transport provision. Opening up access to the canal network through the greenspace links will also provide an alternative transport mode through providing improved access for cyclists and those who wish to walk.</p>
<p>Healthy in Sandwell</p>	<p>Housing will be close to open space areas offering leisure and recreation opportunities. In addition, access to the canal corridor will be improved to encourage more cycling and walking by residents to other areas of Sandwell and through to Birmingham City Centre.</p>
<p>One Council One Team</p>	<p>The bid area is within the Smethwick to Birmingham Canal Corridor and Grove Lane area, both of which have approved masterplans in place. These masterplans have been developed in partnership with other sections of the council as well as a range of external partners to ensure a comprehensive and joined up approach is taken to redevelopment in the corridor area. The masterplans have been subject to public consultation to ensure that the opinions of the residents, businesses and communities have been captured.</p>

4 Context and Key Issues

Background

- 4.1 In 2022, Sandwell Council was invited to bid for Round 2 of the Levelling Up Fund. The council submitted four bids to DLUHC (now MHCLG) which consisted of one for each of the Parliamentary areas. Unfortunately, the bid for Grove Lane was not successful.
- 4.2 On 20 November 2023 Government announced that, as part of the Round 3 Levelling Up Fund, it would be reviewing unsuccessful Round 2 bids, which included Grove Lane. They then invited the council to submit the bid, subject to project validation, subsidy control checks and government departmental sign-off. On the 22 December 2023, DLUHC advised that an updated bid submission would be required by the 2 February 2024.
- 4.3 A review of the previous submission was undertaken to ensure that the outputs could still be delivered within the funding allocation of £18,063,128 and with the council match funding of £2,007,014. The bid was submitted by the due date, but the council also outlined within the bid narrative that meeting the original timescale for spend of March 2026 would be challenging given the passage of time, and further dialogue with Government would be required.
- 4.4 On 17 May 2024 the council received verbal confirmation that the funding had been approved for the project, but we awaited the official formal notification plus details of the grant in the form of a Memorandum of Understanding. However, the General Election was called which resulted in a change of Government. The new Government decided to review the funding programmes which in turn delayed any official confirmation. We were unable to proceed with the project without risk and therefore very little progress has been made with this project.

Current position

- 4.5 Official confirmation was eventually received on 31 October 2024 and a draft Memorandum of Understanding has been shared with the council which is currently being reviewed. Discussions with MHCLG have commenced regarding timescale and the funding profile. Whilst the current funding is due to end in March 2026, the funding profile has

allowed for spend to be allocated up to March 2028, to accommodate the delayed start date. A recent letter from the Ministry of Housing, Communities and Local Government has confirmed that extensions beyond March 2026 will be confirmed on a case-by-case basis. It is anticipated that the extension to funding will be announced in the forthcoming Spring 2025 budget.

- 4.6 The allocation of £18m from Government, with just over £2m match from the council, will allow for the acquisition of sites at Grove Street and Cranford Street and the subsequent remediation of the land to facilitate major regeneration within the Grove Lane area – one of the council’s key regeneration corridors. It is estimated that, once remediated, the sites could provide in the region of 151 new homes and a new primary school, as set out in the Grove Lane Masterplan approved by Cabinet in 2022.

5 Alternative Options

- 5.1 That the council withdraws the bid, losing out on £18m of funding that could assist with the transformational change to one of the council’s key regeneration areas.

6 Implications

Resources:	The funding includes the provision of project management costs to fund necessary posts to deliver the project. The programme will be managed through the Regeneration Programme Office and will be monitored via the Regeneration Pipeline. The project will require match funding of £2,007,014 from the Council which equates to approximately 10% of the project costs.
Legal and Governance:	The council will be required to enter into a memorandum of understanding to draw-down the funds from Government. The memorandum of understanding has been reviewed by Legal to ensure the council is not entering into a project that may involve any risk to the council.
Risk:	The acquisition estimates within the funding request are subject to limitations and will need to be kept under review. Confirmation has been received from

	Government that the funding relates solely to acquisition and remediation of sites, and there will be no clawback of funding regarding non-delivery of housing and the school which are outcomes of the project rather than outputs. Ongoing monitoring of project costs will be undertaken to ensure that the project can be delivered within the funding allocation from MHCLG. There will also be regular meetings with MHCLG representatives to monitor spend against the funding profile and to raise any issues that may affect project delivery. It is acknowledged that construction/development costs have increased since the original submission in 2022, however should there be a requirement to rescope the outputs of this project, these will be reported to MHCLG via a formal change request as per the normal reporting mechanisms outlined in the memorandum of understanding. A Risk Register will be prepared and updated for the duration of this project.
Equality:	There are no Equality implications arising from this report.
Health and Wellbeing:	The direct outcomes of accepting the funding will result in poor quality land being remediated in readiness for new residential development with access to green spaces and improved living environment.
Social Value:	The project will provide opportunities for the local supply chain and for the local training and employment.
Climate Change:	There are no Climate Change implications arising from this report.
Corporate Parenting:	There are no Corporate Parenting implications arising from this report.

7. Appendices

None.

8. Background Papers

None.