

**Sandwell Towns Fund Superboard
Sandwell Civil and Mechanical Engineering Centre Full Business Case**

22 July 2021

Subject:	Sandwell Civil and Mechanical Engineering Centre Full Business Case
Presenter:	Chris Hinson – Chair West Bromwich Local Board Jane Bailey – Sandwell College, Shaun Hunt – Sandwell College
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1. Recommendations

- 1.1. To agree that a change request be made to MHCLG to amend the project location from Phoenix Street to the former Shaftesbury House location.
- 1.2. To receive and agree the final Full Business Case for Sandwell Civil and Mechanical Engineering Centre project including the project equality impact assessment, environmental impact assessment and monitoring and evaluation plan.
- 1.3. To recommend the Full Business Case to Cabinet for approval subject to the outcome of the Capital Appraisal review, and MHCLG consideration of the project location change request.
- 1.4. To note that in the event that the Full Business Case appraisal leads to minor amends / points of clarity being required, these will be addressed by the Project Lead in conjunction with the Chair of the Local Board, the Chair of the Superboard and the Council's S151 Officer.
- 1.5. To note that in the event that the appraisal leads to a recommendation of substantial changes to the Full Business Case, that this will be reported to Superboard with a revised Full Business Case presented for consideration.
- 1.6. That subject to Cabinet's approval of the Full Business Case, that the Chair of the Superboard sign the Project Summary Document for submission to MHCLG in consultation with the S151 Officer.

2. Purpose of the report

- 2.1. To present the Full Business Case for the Sandwell Civil and Mechanical Engineering Centre project for agreement including an equality impact assessment, environmental impact assessment and monitoring and evaluation plan.
- 2.2. To outline the comments and input from the West Bromwich Local Board.
- 2.3. To outline the rationale for and seek agreement to submit a change request to MHCLG to amend the project location from Phoenix Street to the former Shaftesbury House site.

3. Background and Main Considerations

- 3.1. On 3 March 2021, Heads of Terms for a Town Deal for West Bromwich were offered by Government. This included an offer of an overall funding package of £25m and agreement to the 6 proposed projects for West Bromwich. The Heads of Terms offer is subject to the appraisal and approval of a Full Business Case for each project and the submission of a Summary Document (one per project) by March 2022.
- 3.2. The Town Deal for West Bromwich was signed on 24 March 2021.
- 3.3. Details of the projects put forward for West Bromwich Town Deal were re-confirmed with Government in the form of a Project Confirmation Table. These were considered by Superboard on 17 May and submitted following approval from the Council's S151 Officer.
- 3.4. Collectively, there are 17 Towns Fund projects that have been approved by MHCLG. To co-ordinate the process across the 17 Towns Fund projects, Sandwell's Towns Fund projects will be organised into 3 tranches. This will enable projects to proceed to Phase 3 (delivery) when they are read and to manage the work required to develop and appraise the Full Business Cases in line with the Government's deadlines.
- 3.5. The Sandwell Mechanical Engineering Project is within tranche 1 and the Full Business Case has been prepared for Superboard's agreement.

Full Business Case Contents

- 3.6. The Towns Fund Business Case Guidance, December 2021, outlined that Towns Fund Full Business Cases should be compliant with the HMT Treasury Green Book (2020). This sets out that Full Business Cases should address five cases; Strategic Case, Economic Case, Commercial Case, Financial Case and Management Case.
- 3.7. Preparing a project business case using the five-case model provides decision makers and stakeholders with a proven framework for structured thinking and assurance that the project: Provides strategic fit and is supported by a compelling case for change, will maximise public value, is commercially viable, is affordable and is funded and can be delivered successfully by the organisation and its partners
- 3.8. Sandwell's Towns Fund Full Business Cases have been prepared according to this model.

Appraisal and Approval of Towns Fund Full Business Cases (FBC)

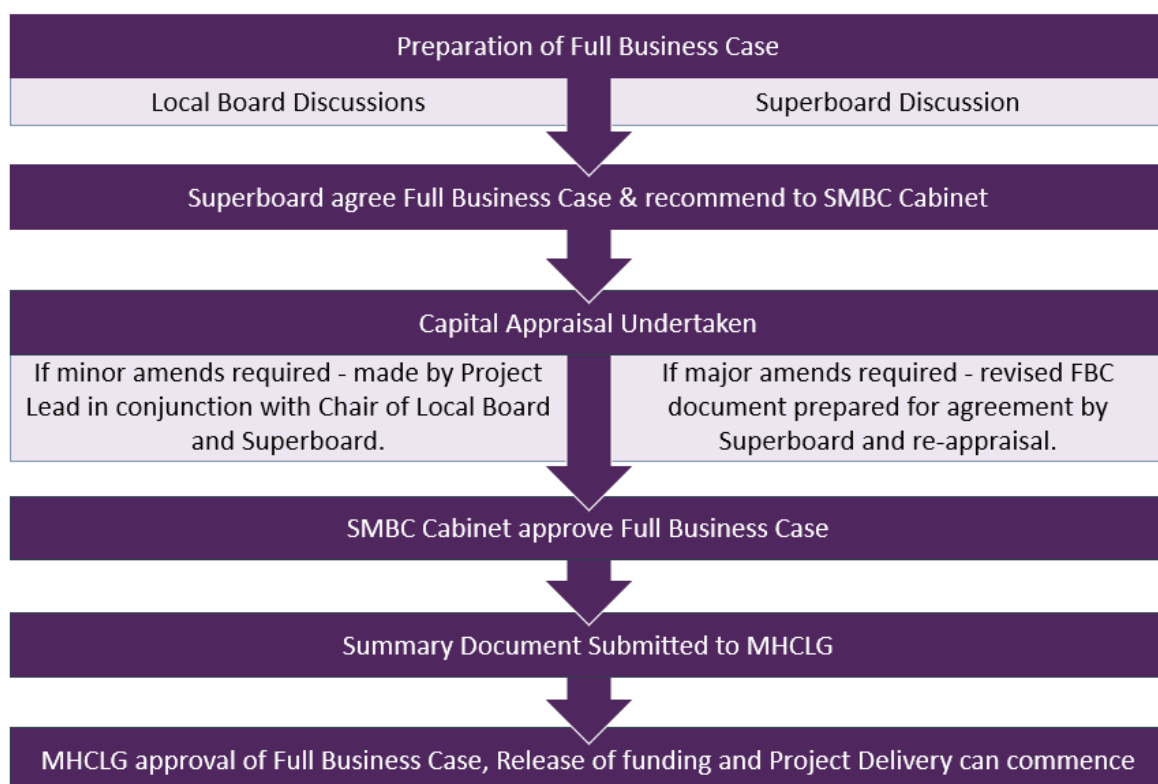
- 3.9. The Towns Fund Business Case Guidance, December 2021 set out that local assurance process should be followed for Towns Fund business case appraisal and approval led by the Council as the Accountable Body for the Towns Fund. In Sandwell, the process is for Full Business Cases to be reviewed by the Council's Strategic Finance Team and put to Cabinet for approval once an appraisal threshold is met.
- 3.10. Following Superboard's consideration and agreement to a project Full Business Case, the project will then be submitted for appraisal by the Council's Strategic Finance team. This appraisal will include a review of each of the 5 cases contained

within the Full Business Case (strategic case, economic case, financial case, management case, commercial case). It will ensure compliance of the Full Business case with the Government's Green Book Standards for business cases, along with ensuring viability, value for money, and deliverability. The Full Business Case will be scored and a threshold must be met for the project to be recommended for approval by SMBC Cabinet.

- 3.11. In the event that the appraisal leads to minor amends / points of clarity being required, these will be addressed by the Project Lead in conjunction with the Chair of the Local Board, the Chair of the Superboard and the Council's S151 Officer.
- 3.12. In the event that the appraisal leads to a recommendation of substantial changes to the Full Business Case, this will be reported to Superboard and a revised Full Business Case presented to Superboard for consideration.

Submission of Full Business Case to MHCLG

- 3.13. Once a Full Business Case has been approved by Cabinet, a Summary Document will be prepared and submitted to MHCLG for review.
- 3.14. The Summary Document contains an overview of each Business Case, how it has been appraised, and confirmation that key conditions from the Heads of Terms have been addressed (where applicable).
- 3.15. The Chair of the Superboard will be a signatory on the Summary Document.
- 3.16. The Summary Document will be assessed by MHCLG before funding is released. MHCLG may require submission of the Full Business Case.
- 3.17. An outline of the process for approval of a project Full Business Case is as follows:



Sandwell Mechanical Engineering Centre Full Business Case Summary

Project Description

- 3.18. To grow West Bromwich's Education Hub by building a new Engineering Centre based on the former Shaftesbury House site, West Bromwich High Street. The project will deliver a new building and new infrastructure to create a Civil and Mechanical Engineering Centre of 900 sqm, creating a new building for education and skills delivery in West Bromwich. It will become the home of 'Sandwell's Construction Gateway' delivering apprenticeships, and training in groundworks, street works, steel fixing and scaffolding (currently not offered locally) to sit alongside traditional wet and dry trades in a sector experiencing a national skills gap.

Summary of Strategic Case

- 3.19. Construction is West Bromwich's highest growing sector, seeing a growth of 1000 jobs (+80%) since 2013. West Bromwich has a heritage of construction and engineering; however, these skills are not appropriately catered for by existing education facilities. Engagement with business indicates this has been a major limiting factor to further growth.
- 3.20. The College has grown significantly over the last 5 years and Central Campus is now running at full capacity.
- 3.21. Engagement with local Engineering and Construction employers demonstrates clear demand for improved and modernised facilities to meet changing advanced manufacturing and construction techniques, whilst still providing 'traditional' skills to meet replacement demand. Employers welcome a practical-based learning environment, as proposed through the centre, which would enable participants to practice and hone skills away from the shop floor. This project is in line with government objectives to provide greater access to adult education by working with both employed and unemployed adults and young people including NEETs. Apprenticeship programmes and supporting young people through T Levels qualifications will be a feature of the new centre.
- 3.22. The project has been brought forward as part of the West Bromwich Town Deal through its contribution to the priorities of Supporting good quality jobs, Reinvigorate the town centre and stimulate Covid recovery
- 3.23. The proposed change request to move the project to the former Shaftesbury House site on West Bromwich High Street offers a greater contribution to the priority of reinvigorating the town centre

Economic Case

- 3.24. In addition to financial benefits of a more skilled local population and impact on unemployment, the new Centre will provide jobs, offer residents of Sandwell opportunities and directly help local employers to grow through plugging skills gaps.
- 3.25. The longer term running costs of the centre will be met by the college and covered via central government and WMCA funding for education provision
- 3.26. The main risks have been identified for the project and are being proactively managed through regular risk review and escalation, as required. The main risks are as follows:

- *Failure to acquire preferred site*
- *Failure to achieve to change request for Phoenix Street from MHCLG*
- *Failure to secure planning permission.*
- *Failure to secure a contractor.*
- *Availability of contractor to commence work within available timescales.*
- *Groundwork uncovering unforeseen site issues causing slippage in delivery or a revised cost/delivery plan.*
- *Restrictions in working practices or available resources owing to COVID-19.*
- *Delay to the project may impact upon the College's ability to meet full outputs of student and employer volumes, including impact of COVID-19.*

Management Case

- 3.27. The project will be managed by Sandwell College and overseen on a day to day basis by a project team. The project is being prepared for delivery in line with Sandwell College's established governance framework.
- 3.28. A partnership agreement is being prepared by Bevan Britten's to formalise the arrangements between SMBC as the Accountable Body for the Towns Fund and Sandwell College
- 3.29. The delivery of this project is not dependent upon the delivery of any other TIP projects but will complement the additional skills delivery from the Digital Den and Town Hall Quarter, raising the overall standard of education.

Financial Case

- 3.30. Project Value £3.03m comprising £2.7m from Towns Fund and match funding of £330K from Sandwell College. Long terms running costs will be met by the College. A feasibility report has been undertaken to provide assurance around costings for delivery of the Phase 1 Building.
- 3.31. On the back of the Towns Fund investment, the college has applied for further grants from Central Government. If successful, this funding would be used to expand the remit of this project, to deliver a Phase 2 building and create a higher quality facility, enhancing the skills curriculum.

Commercial Case

- 3.32. Procurement – a tender process will be run to award the building contract in line with the college financial regulations and national procurement law. Conditions will be included in tender documentation to require use of local businesses and labour through subcontractor appointment where possible.

Rationale for Project Change Request

- 3.33. Since the submission of the Town Investment Plan, a new opportunity arose to consider the former Shaftesbury House site as an alternative project location. This site is currently in the ownership of Black Country Housing Group and negotiations are underway. The Shaftesbury site is in a more centralised location on West Bromwich High Street and is larger than the original location which will enable additionality through a larger capacity building (which is subject to levering in funding from DfE for a Phase 2 proposition). Increased benefit is likely to be achieved through this new building creating student-footfall in a more centralised location in West Bromwich than

the original proposition of Phoenix Street. Phoenix Street will remain leased by Sandwell College and be included in future development pipeline.

Equality Impact Assessment

3.34. An equality impact assessment has been conducted and is appended. The assessment has indicated that there are no anticipated adverse impacts on any groups with protected characteristics as a result of this proposal.

3.35. The equality impact assessment has identified specific positive impacts for the following groups with protected characteristics:

Age. through the increased skills offer for young people and working age adults

Disability: through the creation of a fully accessible building

Gender reassignment: through College's support to students that will be extended to this new centre

Race, Sex and Sexual Orientation: through the centre offering the opportunity to challenge the perceptions of the Engineering and Construction sector being predominantly white and male. The college will utilise its student profile to widen participation in these subject areas.

Environmental Impact Assessment

3.36. An Environmental Impact Screening has been undertaken and is appended. The screening has identified that Schedule 1 and 2 of the EIA regulations do not apply to this project and therefore a full assessment is not required.

West Bromwich Local Board Feedback

3.37. Local Board Members were satisfied with the development of the Full Business Case and supporting documentation.

Appendices

Sandwell Mechanical and Engineering Centre Full Business Case document including:

- Consultation and Engagement Plan
- Equality Impact Assessment
- Environmental Impact Assessment
- Risk Register
- Monitoring and Evaluation Plan

Source Documents

Sandwell Mechanical Engineering Centre Project Confirmation Table
West Bromwich Town Deal Heads of Terms
MHCLG Business Case Guidance, December 2020
MHCLG Monitoring and Evaluation Guidance, April 2021