



POLICY AND RESOURCES COMMITTEE

Wednesday 24 March 2021

REPORT TITLE:	PROPOSED GRANT AGREEMENT WITH LIVERPOOL CITY REGION COMBINED AUTHORITY FOR THE COSTS OF THE ACQUISITION OF 92 GRANGE ROAD, BIRKENHEAD
REPORT OF:	DIRECTOR OF LAW AND GOVERNANCE

REPORT SUMMARY

The Council has embarked on an ambitious strategy to regenerate Birkenhead and on 21 December 2020 this Committee agreed to the acquisition of the former House of Fraser building (92 Grange Road, Birkenhead). Following the purchase of the property, the Council has been offered grant funding by the Liverpool City Region Combined Authority to enable it to recoup the purchase costs. The terms of the proposed grant provide for certain clawback provisions.

The regeneration of the town centre is a long-standing priority for the Council and is reflected in Council Plan 2025 ambitions which include:

- A prosperous, inclusive economy where local people can get good jobs and achieve their aspirations;
- Brighter futures for our young people and families -regardless of their background or where they live; and
- Safe, vibrant communities where people want to live and raise their families.

The proposals within this report affect the Birkenhead and Tranmere ward within the Borough.

The proposals within this report are a Key Decision.

RECOMMENDATIONS

Policy and Resources Committee is recommended to:

- (1) authorise the Director of Law and Governance, in consultation with the Director of Resources, to enter into a grant agreement with the Liverpool City Region Combined Authority to secure up to £2,109,000 of funding to re- imburse the Council's costs for the acquisition of 92 Grange Road Birkenhead; and
- (2) agree that given that the funding offer is conditional on formal acceptance by 31 March 2021, this decision is urgent and not subject to call in.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATIONS

- 1.1 92 Grange Road, Birkenhead was purchased by the Council on 23 December 2020 at a price of £2m. The Liverpool City Region Combined Authority ("LCRCA") have offered to pay by way of grant funding the sum of up to £2,109,000 to re-imburse the Council for the acquisition costs which includes the purchase price and the Stamp Duty Land Tax of £109,000.
- 1.2 The acceptance of the grant would require the Council to enter into a grant agreement with the LCRCA which would have certain provisions regarding timescales for delivery of a housing redevelopment of the site and associated clawback provisions. It is considered that in view of the sums made available by the grant funding, the proposals are acceptable and align with the Council's plans to regenerate central Birkenhead.
- 1.3 A decision is required from Policy and Resources Committee given that the thresholds for an officer decision in this respect are exceeded.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 A decision could be made to not to accept the funding. This would mean that the Council could proceed unfettered with re development proposals for 92 Grange Road which would not have to involve residential development. It would also mean that any development proposals would not be subject to LCRCA milestones. It is considered that the benefits of funding that is made available outweigh the considerations relating to the various clawback provisions and requirements regarding certain milestones as set out in the proposed grant agreement.

3.0 BACKGROUND INFORMATION

- 3.1 On 21 December 2020 the Council's Policy and Resources Committee considered a report relating to the Acquisition of Property in Birkenhead and resolved that:
 - (1) The Director of Law and Governance be authorised to acquire, on behalf of the Council, the site identified in the report for the sum as referred to in the report.
 - (2) It be agreed that this decision is urgent and therefore not subject to review.
- 3.2 The parties subsequently reached detailed agreement as to the contract for sale and the terms of the land transfer. Given that there were no material changes in circumstances since the decision by Committee and in view of the fact that the legal documentation was in agreed form, the Director of Law and Governance resolved on 23 December 2020 that he was content with the documentation and the transfer of the land was completed at a purchase price of £2m. This was recorded by a published officer decision of 11 January 2021.

- 3.3 The Council has subsequently been offered the provision of grant funding from the Liverpool City Region Combined Authority in respect of the costs of the acquisition of 92 Grange Road in the sum of up to £2,109,000 to reimburse the Council for the purchase price plus the costs of Stamp Duty Land Tax of £109,500. The grant is proposed to be paid on the assumption of the property being used for housing.
- 3.4 The ultimate source of the funding is the Liverpool City Region Strategic Investment Fund ("SIF"), utilising Brownfield Housing Funds provided by the Ministry of Housing Communities and Local Government (MHCLG). Brownfield Housing Funds are a pot of money totalling £100m, provided by MHCLG to support the delivery of a greater number of new homes to meet local needs which would otherwise not be brought forward by the market. The fund is designed to support brownfield development, estates regeneration, development on public sector land and self and custom-build serviced plots. The SIF is the key funding tool for promoting economic growth for the Liverpool City Region. It supports the delivery of the City Region's strategic priorities as well as unlocking economic potential and accelerating growth.
- 3.5 The proposed grant arrangements provide for clawback of monies in the event that:
- the site is disposed of for housing use. Any sums received by the Council shall be used to repay the loan. Any profits made will be subject to a 50% profit sharing arrangement with the LCRCA; and
 - the site is not developed for housing.
- 3.6 92 Grange Road occupies a prime gateway site at the entrance to the planning central business district of Birkenhead, in close proximity to the proposed redevelopment of Milton Pavements and the residential proposals for Hind Street. The site is suitable for quality residential development within the town centre close to the proposed residential development at Hind Street and the proposed office development at the former Milton Pavements site.
- 3.7 Under the proposed grant arrangements the full planning consent for residential housing must have been submitted by no later than 30 September 2022 and the Council by then must have appointed either a development partner or devised a satisfactory route to delivery of residential housing.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The funding will be made available subject to the completion of a formal agreement. This must be completed before the end of March 2021 in order to enable the grant funding to be paid to the Council in the current financial year.
- 4.2 This funding will contribute to the future regeneration plan of the Borough via the capital programme.

5.0 LEGAL IMPLICATIONS

5.1 Clawback provisions apply to the grant funding if:

- 92 Grange Road does not deliver a housing output;
- 92 Grange Road is disposed of without the consent of the LCRCA (not to be unreasonably withheld); or
- there is a breach of various project milestones or of grant conditions relating to sharing of information, monitoring and evaluating the project and publicity.

5.2 If call in were to apply to the decision in this matter it would not be possible for the grant agreement to be completed by the end of March 2021. This would mean that the grant money could not be made available by the LCRCA. On this basis it is considered that the proposed decision is urgent.

5.3 There are no subsidy control issues arising from the proposals within this report as this matter relates to funding from one public authority to another.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 There are no direct implications to staffing, ICT or Assets.

7.0 RELEVANT RISKS

7.1 There is a risk that the proposals within this report, if agreed, could hamper the Council's ability to develop 92 Grange Road for purposes other than residential. If development other than residential were to be pursued, the Council would be subject to a potential clawback to the LCRCA of some or all the grant funding paid to it.

7.2 It is relevant to note that if there is clawback in the circumstances referred to at paragraph 7.1, the Council would be in no worse net financial position than if it had not entered into the grant agreement, even in the event of a full clawback.

8.0 ENGAGEMENT/CONSULTATION

8.1 Not applicable.

9.0 EQUALITY IMPLICATIONS

9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. There are no equality implications arising from the proposals within this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The recommendations contained within this report are expected to have no impact on emissions of Greenhouse Gases.

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APPENDICES

Not applicable.

BACKGROUND PAPERS

Heads of Terms for the proposed grant agreement

Draft Grant agreement with the LCRCA

(Both not for publication Para 3 (Information relating to the financial or business affairs of any particular person) Sched 12A, Local Government Act 1972

Council Meeting	Date
Policy and Resources Committee	21 December 2020
Published decision of the Director of Law and Governance	12 January 2021