

ECONOMY, REGENERATION AND DEVELOPMENT COMMITTEE**26th July 2021**

REPORT TITLE	WIRRAL GROWTH COMPANY: BIRKENHEAD PHASE 1: FINAL SITE DEVELOPMENT PLAN.
REPORT OF	DIRECTOR OF REGENERATION AND PLACE

REPORT SUMMARY

The purpose of this report is to seek Member endorsement to the formal Site Development Plan (SDP) for Phase 1 of Birkenhead Town Centre. The plan has been developed by the Wirral Growth Company (WGC) as part of the Partnership Agreement that the Council and MUSE Developments entered into on 19th March 2019. The draft indicative SDP was contained in the Partnership Business Plan and approved by Cabinet on 24th February 2020. Now that WGC has obtained planning permission for Phase 1 of the scheme it is the appropriate time to bring the formal SDP for approval to both partners of the WGC, in accordance with the processes set out in the Partnership Agreement. The proposed SDP (which can be found at Appendix 1 to this report) was approved by the Wirral Growth Company Board at its meeting on 1st July 2021.

Approval of the formal SDP is one of the conditions of the Option Agreement that is in place between the Council and the Wirral Growth Company regarding, amongst others, Milton Pavements. Once the final conditions regarding funding and construction contracts are in place, Milton Pavements will be drawn down by way of long leases to the funder and construction of the first two office buildings will commence.

Town Centre regeneration is a long-standing priority of the Wirral Council Plan 2025 and is reflected through the requirement to deliver inclusive economic growth, working for a prosperous inclusive economy where local people can get good jobs and achieve their potential.

The matter affects all wards.

This is a key decision owing to the significance in terms of the effect on communities living or working in an area comprising two or more wards within the Borough, as well as being in excess of £500,000 in monetary value.

EXEMPT INFORMATION

The Appendices to this report contain exempt information as defined in Schedule 12A of the Local Government Act 1972.

It is in the public interest to exclude the press and public during consideration of these items under Paragraph 3 of Schedule 12A of the Local Government Act 1972 as they contain commercially sensitive information.

Recommendation

It is recommended that the Economic, Regeneration and Development Committee:

- (1) Request that Policy and Resources Committee approves the Formal Site Development Plan for Birkenhead Commercial District Phase 1.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The implementation of the SDP will directly support the regeneration of Birkenhead which has been a long-term priority for the Council. It supports the Council's ambitions around sustainable development and the generation of a prosperous inclusive economy where people can get good jobs and achieve their aspirations regardless of their background or where they live.
- 1.2 Specifically the delivery of Phase 1 of the plan will result in the construction of circa 150,000 sq.ft (13,900 sq.m) of Grade 'A' office accommodation in two buildings referred to as A1 and A2 with associated quality public realm. The larger of the two buildings A1 measuring 89,591 sq.ft (8,323 sq.m) will be occupied by Council employees while the second building A2 measuring 58,176 sq.ft (5,405 sq.m) will be let on the open market to commercial occupiers.
- 1.3 Through taking the head lease on the first two office buildings and relocating up to 800 administrative staff into the Birkenhead Commercial District the Council will intervene to unlock and drive forward the regeneration of Birkenhead Town Centre.
- 1.4 The draft indicative SDP was approved by Cabinet as part of the approval of the Partnership Business Plan on 24th February 2020. Now that planning permission has been granted, the next stage under the Partnership Agreement is for the formal SDP to be approved. Then any remaining conditions need to be satisfied by the WGC, such as having construction contracts in place, before the option contained in the Supplemental Option Agreement for Milton Pavements will be triggered and the long leases granted to the funder, then leased back to the Council, and construction can commence.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council could choose not to approve the formal SDP. This would then halt the progress of the development of the Birkenhead Commercial District and incur the legal and financial consequences set out at paragraph 5.2. This option is not recommended.

3.0 BACKGROUND INFORMATION

- 3.1 The Wirral Growth Company plans for Birkenhead Town Centre form a key part of the Council's ambitions for the Borough as set out in the Birkenhead 2040 Framework. The creation of a new commercial district in the heart of the town will act as a catalyst for further investment by Wirral Growth Company helping to drive business confidence and make Birkenhead a location to invest in.
- 3.2 Specifically the SDP meets the following 4 Council Objectives (as defined in the Partnership Agreement):
 - (i) Secures Local Economic Growth,

- (ii) Makes a positive contribution towards the delivery of the Council's Asset Transformation Programme,
 - (iii) Contributes to ensuring that businesses encouraged to invest in the Wirral have access to property that meets their needs and delivers business rate growth and;
 - (iv) Better utilises the Council's assets to drive socio-economic change to secure a sustainable future for the benefit of the community.
- 3.3 The full SDP is appended to this report but in summary the key elements of the plan are as follows:

Proposed Development.

- 3.4 Phase 1 of the SDP will see the construction of two office buildings (A1 and A2) on the former site of Milton Pavements which has now been demolished and cleared. The larger of the two offices A1 (Measuring 89,591 sq.ft) will be occupied by the Council while Building A2 (58,175 sq.ft) will be let on the open market to commercial tenants. The new buildings will be Wired score gold rated, constructed to Building Research Establishment Environmental Assessment Method (BREEAM) Excellent standard and have been designed to secure an EPC rating of A. The offices will sit within a high-quality public realm that will provide new pedestrian routes through Birkenhead. A new primary sub-station will also be constructed on Council owned land to the rear of Europa Pools to future proof the power supply within the master plan area.

Planning

- 3.5 Following an extensive public consultation exercise held over the Summer and Autumn of 2019 the Growth Company submitted a hybrid planning application for the first Phase SDP on 19th August 2020. The application included outline consent for a mix of uses over the wider master plan area covering 27.4 acres together with a detailed consent for the development of the two office blocks A1/A2 along with a request to construct a new primary sub-station on Council owned land to the rear of Europa Pools.
- 3.6 The planning application was unanimously approved by the Planning Committee on 29th April 2021 and a Section 106 agreement has now been concluded allowing a planning approval decision notice to be issued to the Wirral Growth Company.

Social Value

- 3.7 When the Council entered into the Joint Venture Partnership with MUSE it was on the basis that the Wirral Growth Company must deliver a social value plan that ensures that the benefits of regeneration are made available to as many of the Borough's residents as possible. As part of the Phase 1 SDP the Wirral Growth Company has developed a Social Value Plan that will ensure that they and their sub-contractors meet their environmental and social obligations including the creation of job opportunities within Wirral for those furthest away from work including those with health conditions and/or disabilities.

3.8 The Wirral Growth Company has engaged with Council Officers to ensure that the plan:

- Aligns with the Council's own environmental policies and plans;
- Aligns with the Council's employment and skills policies;
- Targets the Council's focus groups such as care leavers, young offenders and young mums;

3.9 The detailed Social Value Plan can be found at Appendix 2 to this report.

Programme

3.10 A full project programme can be found within the SDP appended to this report. The key milestones for the delivery of the Phase 1 works are as follows:

Planning Consent Judicial Review Period	August 2021
Discharge of planning pre-commencement conditions	End of August 2021
Contractor Mobilisation	Early October 2021
Start on Site	Early October 2021
Completion of Phase 1 Office Blocks (A1/A2)	October 2023

4.0 FINANCIAL IMPLICATIONS

4.1 There are a number of financial matters connected with the delivery of the Site Development Plan. As these are commercially sensitive a detailed financial summary can be found at Appendix 3 of this report.

5.0 LEGAL IMPLICATIONS

5.1 A full report on the documents produced by the Council's external legal advisers which the Council will enter in to once the SDP is approved and the funder is in place (the agreement for lease, the leases) is annexed at Appendix 4.

5.2 For Phase 1 of Birkenhead Commercial District, if the Draft Formal SDP is not approved (upon first presentation), it is a Deadlock Matter which is then escalated to the Senior Officers of the Joint V Partners (Council and Muse) for resolution. If it is not resolved, on three successive occasions then it shall be a Deadlock Event, which triggers the termination of the Wirral Growth Company. Milestone 4 of the Partnership Agreement will be breached if the Council fail to approve an SDP for Phase 1 of Birkenhead Commercial District within 18 months (plus time for planning processes and other processes which may introduce delay). If this occurs, it will trigger the winding up of the Wirral Growth Company and in such an event either a Milestone Payment or a Sites Costs payment will become payable by the Council to the Wirral Growth Company under the terms of the Partnership Agreement.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 The Council's monitoring and support for the WGC project will be met using existing staff resources from Regeneration, Assets and ICT.

7.0 RELEVANT RISKS

- 7.1 The governance of the programme enables for the escalation and management of risks and issues which is controlled through the use of risk and issues logs. The process is supported by the Council's Corporate and Regeneration Risk Management structures.
- 7.2 An extract of the highest risks for the project are listed below. The risk register is reviewed and updated as part of the monthly Office Quarter meeting that has been established to oversee the successful delivery of the SDP Phase 1.

Risk	Mitigating Action	Impact Score	Impact
The office buildings A1/A2 are not constructed to the agreed brief and specification.	The project is being managed to Royal Institute of British Architects (RIBA) protocols and the Council is receiving technical support from Avison Young Consultants to ensure that the scheme is constructed in compliance with agreed plans and specifications.	5	Low
Market uncertainty, especially post Covid, impacts on the demand for office accommodation offered at Building A2 leading to financial implications for the Council.	The Council has commissioned a lettings and marketing strategy to ensure that potential commercial occupiers are made aware of the A2 offer. Occupier interest is already being registered in advance of the construction works commencing.	8	Medium
There is a lack of long-term investor appetite for the new office development.	The Wirral Growth Company undertook a soft market testing exercise to raise awareness of the investment potential of the scheme. This has led to Canada Life coming forward as forward funder of the project, subject to appropriate legal agreements being signed off.	3	Low
Unexpected or unforeseen issues result in a cost increase to the scheme.	The Wirral Growth Company has negotiated a fixed price contract with Morgan Sindall to deliver Phase 1 of the SDP.	4	Low

Risk of reputational damage to the Council for the late delivery of the project.	The contract negotiated with Morgan Sindall has appropriate compensation clauses to ensure that there is a focus to deliver the scheme on time and to budget.	4	Low
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8.0 ENGAGEMENT/CONSULTATION

- 8.1 The development of the SDP has been informed by an extensive consultation exercise completed over the last 2 years. This included holding two reach out events in The Pyramids Shopping Centre. The first, which took place in May/June 2019 was on the basis of a 'Your Town, Your Say' session and this was followed up by a 'You Said, We Listened' event in October/November 2019 to allow the public's feedback and ideas to be incorporated into the emerging plan. Further consultation events were held with key stakeholders including Wirral Chamber of Commerce, Birkenhead Sixth College and Mars Pension Fund, owners of the Pyramids Shopping Centre, as well as design reviews with the Places Matter team.
- 8.2 A briefing presentation was also made to Members of the Council's Strategic Planning Sub-Committee on 6th February 2021 to allow Members the opportunity to thoroughly interrogate the plans as they were being finalised.
- 8.3 This work culminated in a further comprehensive update of the submission on 25th February 2021 following officer and Member engagement including a statement of conformity for the Environmental Statement to include matters relating to Design, Heritage, Noise and Vibration and a Design Code to demonstrate the projects conformity to key elements of the National Planning Policy Framework.

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. An Equality Impact Assessment (EIA) is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity. An EIA has been produced and concludes that due to the nature of the project there are no adverse impacts identified for any protected groups. The project aims to foster and deliver a regenerated Town Centre that is highly accessible, inter-generational in nature and open to all members of the community.
- 9.2 An EIA has been produced in support of the SDP Phase 1 Birkenhead Town Centre project and this can be found at:
<https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments>

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The Regeneration of Birkenhead Commercial District supports the objectives of the Wirral Cool2 Climate Change Strategy, in promoting sustainable living and building design and will contribute to Wirral being net carbon neutral by 2041. The project is inherently sustainable in that it has strong environmental credentials in being a brownfield location in Birkenhead Town Centre and benefiting from sitting adjacent to Birkenhead Central bus station and Conway Park railway station. The development will be firmly integrated into the existing and improved cycle and pedestrian networks and will incorporate an upgraded public realm that will incorporate rain gardens and Sustainable Urban Drainage Systems (SUDS). The offices will be constructed to BREEAM Excellent standard, which is the world's leading sustainability assessment method for measuring commercial buildings and will achieve an EPC A rating. The WGC has also given a commitment to exclude the use of fossil fuels as a power source for buildings A1/A2.

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APPENDICES

Appendix 1 – SDP Phase 1: Birkenhead Town Centre

Appendix 1 contains exempt information as defined in Schedule 12A of the Local Government Act 1972.

Appendix 2 Social Value Plan Appendix 2 contains exempt information as defined in Schedule 12A of the Local Government Act 1972.

Appendix 3 – Financial Summary Appendix 3 contains exempt information as defined in Schedule 12A of the Local Government Act 1972.

Appendix 4 - Legal Report.

Appendix 4 contains exempt information as defined in Schedule 12A of the Local Government Act 1972.

BACKGROUND PAPERS

Partnership Agreement made between Council and MUSE Developments dated 19th March 2019 (Exempt)

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet Decision to approve the preferred bidder (MUSE) to form the Joint Venture Company.	28 th February 2018
Council Decision to approve the start of consultation for the Master planning of Birkenhead.	26 th November 2018

Council Decision to approve the full Business Case for Birkenhead Commercial District.

24th February 2020

Council Decision to approve the design and delivery of the new offices and for Director of Law and Governance and Director of Regeneration to negotiate and enter into appropriate agreements to allow project to be delivered.

27th July 2020