



## **ECONOMY REGENERATION & DEVELOPMENT COMMITTEE**

**Monday, 22 November 2021**

<b>REPORT TITLE:</b>	<b>TOWN DEAL - ACCEPTANCE OF GRANT</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF REGENERATION AND PLACE</b>

### **REPORT SUMMARY**

On 15<sup>th</sup> July 2021, the Council received notification of the outcome of a submission it had made to the Ministry of Housing, Communities and Local Government (now renamed Department for Levelling Up, Housing and Communities - DLUHC) Town Deal Programme. This announcement set out that the Council had been invited to enter into a Town Deal for Birkenhead, up to a value of £25,000,000 (the Grant Funding). This 'in principle' award is offered subject to the successful completion and approval of businesses cases for the projects included in the bid submission. Both the Council and DLUHC have agreed the Heads of Terms.

This report sets out the next steps. Committee is asked to delegate a number of decisions to the Director of Regeneration and Place in terms of accepting the grant and commencing activity to develop and deliver the Town Deal for Birkenhead.

Town centre regeneration is a long-standing priority for the Council.

The Wirral Plan 2021 - 2026 has been developed and the focus covers the following five themes:

- Safe & Pleasant Communities
- Brighter Futures
- Active and Healthy Lives
- Sustainable Environment
- Inclusive Economy

This project, and the wider regeneration Programme, delivers against all of the above themes. Most specifically, it will contribute significantly towards the ambitions for a thriving and inclusive economy, creating jobs and opportunities for all.

This matter affects the wards of Birkenhead and Tranmere, and Seacombe.

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 in the Borough as well as being in excess of £500,000 in monetary value.

## **RECOMMENDATIONS**

That Economy Regeneration and Development Committee requests that Policy and Resources Committee approve the following recommendations:

1. Note the content of the report and the announcement from Government regarding the Town Deal funding award in relation to Birkenhead;
2. Note the re-profiling of the funding allocation for projects as set out in paragraph 3.8 of this report;
3. Authorise the Director of Regeneration and Place to accept the offer and funding from DLUHC, via a grant made under Section 31 of the Local Government Act 2003;
4. Authorise the Director of Regeneration and Place to progress delivery of the Town Deal Programme, in line with the Section 31 Grant and the Town Investment Plan, and to implement a change control process (if required);
5. Authorise the Director of Regeneration and Place to allocate the Town Deal pre-development funding of £1,250,000 (5% of the total award) on receipt;
6. Authorise the Director of Resources as S151 Officer to review and approve business cases, in consultation with the Director of Regeneration and Place, and submit the results to DLUHC in order to release the remaining funds; and
7. Authorise the Director of Law and Governance in consultation with the Director of Regeneration and Place and the Director of Resources to enter into any necessary agreements or other legal documentation to implement the above recommendations.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATIONS**

- 1.1 A Town Deal for Birkenhead will enable access to significant funding to support the regeneration of Birkenhead.
- 1.2 The Birkenhead Town Deal Board have identified a number of interventions that will help the regeneration of Birkenhead. These interventions were included in the Town Investment Plan which was approved by DLUHC and resulted in a grant funding offer. The funding provides the Council with the opportunity to support the projects identified by the Board and help to regenerate Birkenhead.
- 1.3 At its meeting on 26<sup>th</sup> January 2021 the Economy, Regeneration and Development Committee approved the Town Investment Plan and its submission to DLUHC for the funding. The Committee also delegated authority to the Director of Regeneration and Place, in consultation with the Chair and Committee Spokespersons, to accept the Heads of Terms. The Heads of Terms were accepted on 5<sup>th</sup> August 2021.
- 1.4 The Heads of Terms reflect the proposals set out in the Town Investment Plan and how the funding can be allocated.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 The Council has the option not to accept the grant funding. The Town Deal Fund is significantly aligned with the ambitions of the regeneration programme for Birkenhead and provides a valuable source of funding for delivery. Should the Council choose not to accept the funding, the opportunity to invest £25,000,000 in Birkenhead and deliver the projects will be missed. This option has been discounted.

### **3.0 BACKGROUND INFORMATION**

- 3.1 In November 2019, [DLUHC](#) launched its Towns Fund programme with the ambition of creating jobs and building stronger and more resilient local economies and communities. Birkenhead was nominated as one of 101 towns in the country to potentially benefit from up to £25m and to develop a Town Deal. Later, the option was given for towns to apply for an additional £25m, additional to the original £25m, if it was felt a strong case could be made for projects with regional and/or national impact.
- 3.2 In January 2020, the Birkenhead Town Deal Board was established. Locally led and made up of Members of Parliament and locally elected members, representatives from business, education, community and voluntary sectors, the Town Deal Board oversees the Town Deal programme for Birkenhead and is accountable for delivery. The Board is advisory to the Council which is the lead authority on the Town Deal Programme. Chaired by Leigh-Anne Stradeski, Chief Executive of Eureka!, the Board developed and agreed a vision for Birkenhead, interventions required and the projects for inclusion in the Town Investment Plan (TIP).
- 3.3 The Board made a series of recommended interventions to the Council for inclusion within the TIP and, following approval of the TIP by the Council's Economy,

Regeneration & Development Committee on 26<sup>th</sup> January 2021, the Council submitted its TIP. The TIP for Birkenhead set out a clear programme of evidence-based intervention, informed by existing local strategies and aligned with the objectives of the Towns Fund with a funding ask of £45.4m to deliver 12 projects.

- 3.4 In June 2021 the government announced a Town Deal award of £25m for Birkenhead, subject to the signing of Heads of Terms and certain conditions being met.

#### **The Town Investment Plan**

- 3.5 The Town Investment Plan for Birkenhead sets out a clear programme of evidence-based intervention, informed by existing local strategies and aligned with the objectives of the Towns Fund. The plan proposed the delivery of 12 projects.
- 3.6 Following the receipt of the Heads of Terms and offer of £25m (less than the original bid of £45.4m), a review of all projects was undertaken to prioritise the projects. Following this review, potential alternative funding streams were found for a small number of projects, therefore minimising the impact and enabling delivery of the Town Deal objectives as originally planned.
- 3.7 Two Council led projects no longer proposed to be in the Town Deal programme are Dock Branch Park, and the public realm works at Argyle Street. An alternative funding stream has been identified for these projects and a funding application will be made to the Sustainable Transport Settlement Fund. The grant scheme is not yet open, but soundings taken from the Liverpool City Region Combined Authority as funding manager suggest that the proposals meet the objectives of the fund. Two externally proposed projects - Sustainability Central and the refurbishment to the Chapterhouse Roof at the Priory - have been offered a lesser sum. An alternative funding stream has been found for the Egerton Village scheme.

#### **The Projects**

- 3.8 At its meeting on 10<sup>th</sup> September 2021 the Town Deal Board agreed to the re-prioritisation of projects and the allocation of Town Deal funding to deliver the following 10 projects:

<b>Project</b>	<b>Town Deal Allocation (£m)</b>
Transport Visitor Attraction	5.80
Waterfront, Animation & Connectivity	5.31
Education Engagement Network	1.90
Egerton House	1.50
Wellbeing and Opportunity Centre	3.53
Startyard	0.23
Future Yard	1.60
Argyle Street Creative	1.63

EXPO village	2.50
Sustainability Central	1.00
<b>Total Town Deal Award</b>	<b>25.00</b>

- 3.9 The allocation for each project includes 1% for programme management and monitoring costs. The projects that were included in the original submission but will no longer be funded by the Town Deal programme are proposed to be:

<b>Project</b>
Dock Branch Park
Egerton Village, Wirral Waters
Argyle Street public realm works and Chapterhouse refurbishment (from the Waterfront, Animation & Connectivity project)

### **Next Steps**

- 3.10 Within the Heads of Terms offer, DLUHC required that the Council and project proposers provide further information to address conditions. This included details of the projects to be taken forward, confirmation of the Council's assurance process, financial profiles of the projects and a draft Monitoring & Evaluation Plan.
- 3.11 Following review of this information DLUHC will transfer 5% of the full grant amount (£1,250,000) to the Council. These funds are to be used by project leads to cover pre-development costs of the projects and help with the development of a robust business case.

### **Draw down of pre-development funds**

- 3.12 The funds will be transferred to the Council as a S31 grant and is likely to include recommendations for how the funds are to be used.
- 3.13 Once the funding has been received the Council will enter into a Grant Funding Agreement with the relevant grant recipient and ensure that any conditions attached to the funding from DLUHC are reflected in the Agreement. The pre-development funding can be used for many aspects of project development to give a full understanding of the project's costs, scope and schedule, as well as activities such as site surveys, architectural drawings. Where projects are to be delivered by the Council, this funding could cover staff costs where they are associated with predevelopment of the project. All of the projects will benefit from pre-development funds and the allocation will be proportional to their total funding allocation. DLUHC require that the funds are spent prior to March 2022 and also require that all business cases are developed over a short period of time to meet a deadline with final drawn-down of funds in Summer 2022. In order to meet this deadline and ensure that the project leads have the cashflow to undertake the necessary pre-development activity, the pre-development grant will be paid to the beneficiary following signing of the Grant Funding Agreement and once project leads have demonstrated a commitment to spend the grant on the predevelopment activity.
- 3.14 In relation to the Council project of Waterfront, Animation and Connectivity, the pre-development funds needed for the public realm elements of this project have already been provided for by an alternative funding stream. It is therefore proposed that the

predevelopment funding of £151,568 for this project be reallocated to the Argyle Street Creative Hub project. It is intended that the funding be used for the purchase of an asset required for this project to progress (the Property). The project proposer has secured additional match funding from Nesta - the UK's innovation agency for social good. To mitigate financial risk and to protect the Council's interest in the Property an options appraisal will be undertaken to ensure that a suitably robust approach is taken in the drawing up of the Grant Funding Agreement.

### **Business Case development**

- 3.15 Before the remaining funds will be released DLUHC require a full and robust business case to be prepared for all projects and approved by the Council's Section 151 Officer and chair of the Town Deal Board. A key component of the business case process will be to assess Treasury compliant Value for Money Assessment for individual projects.
- 3.16 A procurement exercise has been undertaken to appoint a consultant who will work with the project leads to develop the business cases. DLUHC have provided the Council with capacity funding to assist the Council in progressing the Town Deal programme. These funds will cover these costs.
- 3.17 Once completed, the business cases will be reviewed through the Council's own assurance processes and approved by the S151 officer. The Town Deal Board will be asked to recommend approval of each business case to ensure alignment with the priorities set out in the TIP and to ensure they are developed with broad engagement with local communities and businesses. The Liverpool City Region Combined Authority, which is also represented on the Town Deal Board, will also play a role in this assurance process, ratifying business cases and providing reassurance to the S151 Officer that they are robust and treasury book compliant.
- 3.18 Once business cases have been approved by the Council's S151 Officer a summary document setting out the outcome of the business case will be provided to DLUHC for their review and approval. DLUHC have not requested to see the full final business cases but have reserved the right to call them in. Once the summary documents have been approved by DLUHC the remaining 95% of funds will be released and can be drawn down. All business cases must be completed and approved by July 2022.

## **4.0 FINANCIAL IMPLICATIONS**

- 4.1 The Town Deal award of £25,000,000 has not yet been received by the Council. DLUHC will release the bulk of the funding following the approval by the S151 Officer of the business cases. The £1,250,000 (5%) early draw down for predevelopment funds will not be required to be paid back should the business case fail to reach the approval stage. The pre-development funds must be spent by March 2022.
- 4.2 At its announcement of the Town Deal programme in November 2019, MHCLG (now DLUHC) provide the Council with a capacity grant of £173,029 to cover cost of progressing the Town Deal programme and the preparation of the Town Investment Plan. A further award of £40,000 was made in March 2020 to support the development of business cases. Of this total sum (£213,029) £131,104 is remaining.

It is intended that £90,000 be used to cover the costs of appointing a consultant to develop the businesses cases for the 10 projects.

- 4.3 Financial monitoring arrangements will need to be agreed and established to ensure appropriate and timely financial and performance reporting is produced for both internal and external use during the lifetime of the Town Deal.
- 4.4 Should the business cases be approved then the projects will be required to be developed and delivered prior to 2026. Where funding has been secured for a Council led project, the funding can be used to cover staff costs attributed to the development and delivery of these projects. DLUHC have confirmed that up to 5% of Town Deal grant can be used to cover revenue costs. However, given the scale of the Town Deal programme, input will be required from officers across the Council including regeneration and place, finance, and legal services. Therefore 1% (£250,000) of the Town Deal grant has been allocated to Programme Management Costs and this funding will be used to cover existing staff costs and for the appointment of a fixed term post to facilitate project development and monitoring.

## **5.0 LEGAL IMPLICATIONS**

- 5.1 Under Section 31 of the Local Government Act 2003, a Minister of the Crown may pay a grant to a local authority in England towards expenditure incurred or to be incurred by it. The amount of a grant under this section and the manner of its payment and any conditions attached are to be such as the Minister may determine. The Council will receive the funds as a Section 31 Grant DLUHC will also provide a Change Control process to advise what amendments can be made within the programme. This will be important owing to many projects being at concept design stage.
- 5.2 The Council will enter into back-to-back funding agreements with the relevant grant recipients to protect the interests of the Council and ensure that the grant recipients utilise the grant funding allocated to them for predevelopment activities.
- 5.3 The onward flow of funds will need to comply with the new regime applicable to state subsidy and project proposers will be responsible for ensuring that they comply with State Subsidy Control obligations.

## **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

- 6.1 Should the business cases be approved then a number of projects will be required to be developed and delivered and there will be a resource implication for this. As set out in paragraph 4.4, where funding has been secured for a Council led project, the funding can be used to cover staff costs attributed to the development and delivery of those projects. However, given the scale of the Town Deal programme, input will be required from officers across the Council including regeneration and place, finance, and legal services. The 1% (£250,000) allocation for Programme Management costs will be used to cover existing staff costs of officers across the Council where they are providing support to the Town Deal programme and also for the appointment of a fixed term post within the Regeneration & Place team to facilitate project development and monitoring. Existing staff resources within the

Regeneration & Place Directorate will also continue to steer the Town Deal programme.

## **7.0 RELEVANT RISKS**

- 7.1 The Council recognises that risk management is essential in good decision making and is a critical element of good governance. The Council continually develops its risk management processes to proactively and effectively manage risk.
- 7.2 The Council has recently established a Project Management Office (PMO) dedicated to the Regeneration and Place directorate. The PMO will have oversight of all Town Deal projects and will ensure that they align with the Council's corporate policy to managing risk. The PMO will also align to the corporate Programme Management Office under a Head of Profession model which provides oversight, direction and monitoring of all Council projects. An assessment of the risks will capture assumptions, issues, and dependencies, across the projects and Town Deal programmes more generally, and dashboard reporting, data analytics, and gateway/assurance processes, will support the programme.
- 7.3 A Risk Register will be updated on a regular basis recording any significant risks which may prevent the programme from achieving its priorities, outputs and outcomes. The Register identifies the lead individual to manage the risk, identify the controls or mitigation that needs to be in place to continually monitor the risk and record the outcome of any audit review.
- 7.4 The Risk Register is used for reporting and monitoring of risks. Key risks will also be recorded in the Council's Corporate Risk Register. The Town Deal Board will be provided with a programme delivery risk assessment as part of the monitoring process.
- 7.5 DLUHC has set out a timeframe which includes certain milestones. Key milestones include the completion of business cases by July 2022, and the final end date for spend being March 2026. To mitigate any risk of not delivering and spending within this timescale the Committee is asked within this report to authorise the Director of Regeneration & Place to progress a number of decisions including the development of project plans and business cases, approval of business cases by the S151 Officer, and management of the change control process as projects move from concept to full design.
- 7.6 Grant Funding Agreements with grant recipients will reflect the conditions set out by DLUHC. This will minimise risk and ensure the Council is protected.
- 7.7 The funding proposed to be used to finance the purchase of an asset for the Argyle Street Creative Hub, will be spent prior to the completion of a business case. DLUHC have confirmed that this is an appropriate use of the funding, and no clawback clause is included in the provision of this funding (part of the 5% early draw down). However, in the drawing up of the agreement the Council's interest in the Property will be protected. To mitigate any financial risk to the Council, an options appraisal will be undertaken to inform this and ensure that a suitably robust approach is taken.

## **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 There has been significant interest from stakeholders and the community in the Town Deal programme. To ensure that stakeholders and the local community are fully engaged in the process a robust stakeholder engagement plan has been implemented and has included activity such as:
- An online survey on the Council's 'Have Your Say' website
  - Digital engagement across social media platforms
  - Engagement through the Town Deal Board and thematic task and finish groups
  - Press Releases and radio
- 8.2 Further engagement on particular aspects of the TIP has been included in the subsequent consultations for the Birkenhead 2040 Framework and also on Dock Branch Park.
- 8.3 Though this engagement activity the Council has established strong relationships with a number of community groups in Birkenhead. The Council is continuing to engage with stakeholders and the local community groups as projects develop, as well as identifying creative methods to ensure engagement with those that may be digitally excluded or hard to reach.
- 8.4 The Council continues to work closely with the Town Deal Board to ensure its involvement in steering the programme forward and decision making where appropriate. At its meeting on 10<sup>th</sup> September 2021 the Board agreed the 10 projects to be included in the Town Deal programme and the funding allocation to be made to the projects, as well as its role and responsibilities now that Stage 2 (delivery) has been reached.

## **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 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.
- 9.2 The potential impact of a Town Deal for Birkenhead has been reviewed with regard to equality and links to the existing EIA conducted for Wirral's Growth Plan and no amendments have been made. Therefore, the original EIA is still valid.

<https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2014-0>

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

- 10.1 DLUHC in its guidance on Towns Fund sets out that proposals must be guided by sustainability – economic, environmental, and social. The Government has committed to a legally binding target to achieve net zero greenhouse gas emissions by 2050; clean growth represents a huge opportunity for the UK economy and is a core principle of the Towns Fund. The current situation creates an opportunity to speed up the process of restructuring our industry, commerce and communities towards a greener future.

- 10.2 As the projects are developed, they will further support the Government's ambitions for clean growth. Proposals will include, as appropriate, energy efficient buildings within new developments; infrastructure improvements to reduce car dominance and create a safer environment for road users and pedestrians, and environmental and climate considerations within the Council's Social Value strategy to be used within the procurement of future contractors. Proposals are expected to reduce emissions of Greenhouse Gases.
- 10.3 The Council's existing commitment ensures that redevelopment opportunities in and around Wirral Waters and Birkenhead take account of the climate crisis and is identified as part of work on the Cool (2014-19) strategy. This is reflected in the Cool 2 strategy endorsed by Council which seeks to make the area 'Sustainability Central' - an exemplar of the transition to a 'zero carbon' 'climate ready' place. Securing Town Deal funding provides the opportunity to make progress against this ambition.

## **11.0 COMMUNITY WEALTH IMPLICATIONS**

- 11.1 Community Wealth Building reorganises local economies to be fairer and stops wealth flowing out of communities. Striving for a prosperous and inclusive economy where local people can get good jobs and achieve their aspirations, the Council's aims to create an economy that benefits all of our residents and one which keeps money within Wirral. The Council's Community Wealth Building Strategy is a key part of how this is achieved and makes a major contribution to improving the economic, social and health outcomes of the borough.
- 11.2 The projects within the Town Deal programme for Birkenhead will revitalise the town ensuring that more wealth is invested and stays within our Borough. Several of the projects are being developed by local community interest companies which will help build a more resilient local community and support community organisations. Future procurement exercises will build the wealth of our local communities where we will strive to maximise social value activity through creation of local employment/ training opportunities and local labour/spend to maximise the Wirral pound.
- 11.3 A further requirement of the Town Deal programme which also aligns with both the Council's Community Wealth Building Strategy and 'Cool 2' Strategy is that projects are green and sustainable, ensuring that our environment is protected.

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## **APPENDICES**

None

## **BACKGROUND PAPERS**

DLUHC Stage 2 guidance and FAQs

DLUHC Town Deal Heads of Terms offer letter dated 15<sup>th</sup> July 2021 (available on request)

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Economy Regeneration & Development Committee – Birkenhead Town Deal funding request	26 January 2021
Director of Regeneration & Place - Delegated key decision report – Town Deal Accelerated Grant	4th November 2020