

# CABINET

Wednesday, 28 February 2018

<u>Present:</u>	Councillor	P Davies (Chair)	Leader of the Council Growth
	Councillors	P Brightmore A Davies G Davies C Jones B Mooney M Patrick C Spriggs J Williamson S Whittingham	Environment Transformation Housing and Community Safety Social Care and Health Children and Families Localism and Engagement Delivering Differently Finance and Income Generation Highways and Transport

## 94 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members of the Cabinet were asked to consider whether they had any disclosable pecuniary and/or any other relevant interest, in connection with any item(s) on the agenda and, if so, to declare them and state the nature of the interest.

Councillor Stuart Whittingham declared a prejudicial interest in Agenda Item No.2 - Wirral Growth Company - by virtue of his membership of the Magenta Living Board. Councillor Whittingham vacated his chair whilst the matter was considered and voted upon.

## 95 WIRRAL GROWTH COMPANY

**Councillor Phil Davies, Leader of Wirral Council, said:**



*"The Wirral Growth Company will create thousands of jobs for local people. It will drive huge growth in the local economy and it will help fund local public services by bringing income to the council.*

*The Growth Company is perhaps the most ambitious, entrepreneurial and impactful programme the council has ever embarked upon and makes a significant step in achieving a host of the council's 20/20 pledges.*

*It will help us create jobs. It will stimulate economic growth, build new houses, kick-start regeneration at key sites throughout the borough as our regeneration plans are kick started through the Growth Company.*

*It is also vital to help us support our existing local services, which have been decimated by austerity policies since 2010. The Growth Company will facilitate millions of pounds of new investment into the borough, of which the council will directly benefit through its participation in the Growth Company. New money will be brought into the council every year, money which will be immediately reinvested into local services and making sure Wirral remains a fantastic place to live and visit.*

*The Growth Company is a Joint Venture Partnership – we have the land and buildings, our partner will bring investment and expertise. In essence, we will pool our resources, get new developments built and share the benefits.*

*These developments – in Birkenhead Town Centre, Bromborough, Bebington, Moreton and Wallasey – cannot be developed by the council alone. We do not have the resources, the skills or the capacity to achieve regeneration on this scale without a major developer working alongside us. Wirral Growth Company will also bring new ideas and energy to delivering regeneration in New Ferry, devastated by the gas explosion nearly a year ago and still awaiting any offer of support from central government.*

*The Growth Company will be able to use these sites and develop them. It will see us be able to create new retail centres, housing developments, leisure facilities, bringing with them hundreds of jobs in the construction phase and then even more when they open their doors to the public.*

*This programme will provide real benefits for the council, the borough and the entire City Region. We are now in a position to take a leading role in creating the Wirral we want to see for our residents”.*

Councillor Phil Davies welcomed assembled members of the public, officers and business community introduced a report, the purpose of which was to inform Cabinet of the progress made in regard to the procurement process for the appointment of a Joint Venture partner and that the purpose of the meeting was formally make the award to the winning bidder **MUSE** who would be joining the council in the establishment of the proposed Limited Liability Partnership, to be named Wirral Growth Company.

He informed that on 19 June 2017, Cabinet had agreed to establish a Joint Venture (JV) company to lead the regeneration of key sites within the borough. Cabinet recognised that by utilising the council’s asset base, there was a potential to leverage considerable investment, capacity and expertise to fund a significant programme of regeneration across a range of key strategic development sites.

It had been agreed that the council would form a joint venture with a partner in the form of a Limited Liability Partnership (LLP) which would involve each party holding equal ownership within governance arrangements that protected the council's statutory duties to receive best consideration for land, ensure transparency/accountability and take public law decisions unfettered.

The Leader informed that there would be an asset transfer between the council and the JV in respect of the council's investment properties and land and in consideration, the council would receive equity to be matched by the partner and a secured loan note structure in respect of the balance of its investment. He added that the council's development sites would then be transferred to the JV on a site by site basis subject to the satisfaction of pre-development conditions around viability, achieving best consideration and the council's strategic regeneration framework.

The Leader's report explained that the JV would deliver the development sites through a combination of funding streams including equity funding from the partner, recycled returns from other sites and third party development finance. The council would then also receive financial returns in accordance with the loan note structure, land receipts and the performance of the JV. Following Cabinet approval, the council has undertaken an OJEU procurement process for the appointment of a JV partner using a works concession based on competitive dialogue. Through this process and following a pre-qualification stage, two short-listed bidders (with sufficient experience, capability and capacity for the JV model) participated in the detailed dialogue stage and developed and refined their proposals for the JV. The competitive dialogue stage was formally closed on 15 December 2017 and the two bidders were invited to submit their final tenders by 3 January 2018.

As part of the dialogue process, bidders were required to prepare, refine and submit the following documents:

- Business Plan for the JV.
- Site specific proposals for 11 key sites sited in Birkenhead, Bromborough, Bebington, Moreton and Wallasey.
- Funding proposals for a Commercial Centre in Birkenhead.
- Full legal mark up of all the proposals company documentation.
- Mobilisation Plan
- Financial Model.

The bids received had been evaluated by the council's project team comprising representatives from Finance, Legal, Procurement, Assets, Growth and Transformation in conjunction with the council's external advisors Bevan Britten (legal) and GVA (commercial, finance and property).

Twenty six questions were asked of bidders through a set of criteria that were weighted towards those questions that were judged to be most important. There

was a 70/30 split between Quality (70) and Finance (30) and this reflected the ambition to create a broad purpose regeneration company rather than one based on simply creating profit.

On completion of the process, the council and its external advisors had undertaken a review of the integrity of the OJEU procurement process and robustness of the decision to recommend **MUSE** as the preferred partner to establish a joint venture partnership.

In light of recent changes in the market place, the council had also undertaken a further due diligence assessment on **MUSE** and assessments of the preferred bidder and its directors had been made by Standard & Poor, Moody's and Experian. The preferred bidder was judged to have a very strong financial standing.

Subject to the standstill period, the council would execute the documentation with **MUSE**, work up the proposals for specific sites further and refine the Business Plan by the end of May 2018 to allow planning applications for the first tranche of sites to be submitted in the summer.

Cabinet Members each expressed their views on the expectations for the proposed JV, and their confidence in the winning bidder and looked forward to working with them in the future.

Councillor George Davies commented that this was a historic day for the Council and that after 30 years serving as an Elected Member he felt the proposed JV would provide the inspiration to take a range of projects forward. He cited the successful establishment and development of Wirral Met College, adding that along with future planned housing projects build on brownfield sites (vital to the protection of Wirral's Green Belt) the Wirral Growth Company would be best placed to help deliver the Council's 2020 Vision.

Councillor Bernie Mooney informed that the appointment of **MUSE** and establishment of the Wirral Growth Company was a brilliant, exciting opportunity for Wirral, and would help the Council and its partners to deliver opportunity and investment in young people, through training, jobs and access to affordable housing – all the more needed in what was currently a challenging political and economic environment for young people.

Councillor Angela Davies added that this was an exciting prospect for Wirral, and had been the culmination of 2 years very hard work, arising from a detailed examination of what could be done to help create housing, jobs and growth for the area. She added that there had been some exceptional bids placed as part of the procurement process and the winning bidder will help the Council to deliver some truly transformational outcomes

Councillor Chris Jones commented on how some examples of what was proposed would change lives. She provided examples of plans for extra-care housing in Moreton to encourage independent living and how the Council would be in a position to set terms and direction for various projects through the JV Company.

Councillor Matthew Patrick stated that the decision presented a clear message of the beginning of a new age of regeneration for Wirral, led by the Council and the Growth Company in partnership with local business, the Wirral Chamber of Commerce and other committed parties. He added that the JV structure would ensure scrutiny and consultation for all developments, providing opportunity for resident's views to be taken into account on how the borough would be shaped.

Councillor Janette Williamson confirmed that, along with other Cabinet Members, she too felt a sense of excitement at the opportunity for jobs and economic regeneration arising from the JV, particularly when many local authorities were experiencing such a harsh economic climate.

Councillor Chris Spriggs informed of the recent 'Imagine Wirral' launch event that provided a springboard for cultural activities to welcome people to the borough. She also explained that the use of development sites and spaces for artwork and creative hubs would complement future renewal programmes.

Councillor Phillip Brightmore stated that as a result of the proposed JV structure and following years of recession, there now existed clear opportunities to deliver on opportunities and grow Wirral's economy and community.

It was:

**Proposed** by Councillor Phil Davies

**Seconded** by Councillor George Davies

**RESOLVED (unanimously) – That**

- 1. the works concession be awarded to 'MUSE' to form a Joint Venture (JV) Limited Liability Partnership (LLP) with Wirral Borough Council and following standstill, delegate responsibility to the Director for Corporate Resources and Reform to conclude, and to deal with any issues arising out of, the procurement process;**
- 2. the new joint venture vehicle in the form of a limited liability partnership called 'Wirral Growth Company' (WGC), be noted;**
- 3. the Director of Law and Governance be authorised to sign the documentation establishing the WGC and to affix the Council's seal once the standstill period has completed;**

4. Officers be requested to bring forward for Cabinet approval within three months:
  - (a) the business plan for the first 3 years of operation of the WGC, recognising that the number and identity of initial sites brought forward may be different from the 11 priority sites tested during the procurement process;
  - (b) the Site Development Plans for the sites to be developed initially, particularly those that are capable of being progressed immediately with a view to transferring them to WGC (or an appropriate subsidiary) through relevant disposal arrangements to include freehold, building lease and licence as appropriate at the relevant time, subject to best consideration and any necessary approvals or consents and vacant possession being obtained; and
  - (c) the acquisition of land and assets should any further land be required for development at this stage;
5. the grant of insurance and an indemnity to the Council's Directors appointed onto the Board of WGC from time to time, be approved;
6. so as to provide for appointments which were in furtherance of the exercise of an executive function, including the appointment of representatives on the WGC, it be **RECOMMENDED TO COUNCIL** that Paragraph 16 of Responsibility For Local Choice Functions at Table 1 of Part 3 of the Council's Constitution be amended so that the decision making body for the appointment to a body or office reads 'The Council or in respect of executive function the Leader or Cabinet';
7. the release of up to £3million of capital funding, already approved for strategic acquisitions to be invested in the JV, be approved;
8. the requirement set out in Section 6 to fund additional council resources in the planning, transport, growth and transformation teams be noted, and it be agreed that this be met from the future WGC distributions to the council and supported from contingencies/balances pending anticipated distributions; and
9. it be noted that the Leader would approve any reserved matters that may require Cabinet approval from time to time.