

LAND AT EUROPA BOULEVARD, CONWAY PARK, BIRKENHEAD SITES 1 and 2

1. EXECUTIVE SUMMARY

- 1.1 This report advises Cabinet of the result of the marketing exercise in respect of sites 1 and 2 Europa Boulevard and sets out options for the way forward.
- 1.2 Two responses received in response to the marketing exercise are contained in an exempt appendix to the report. They are not for publication because they contain confidential information relating to the business affairs of the organisations concerned.

2. Background

- 2.1 At its meeting on 2 September 2010 Cabinet considered a report on three sites in Council ownership at Europa Boulevard, Birkenhead which set out options available to the Council to re-market the sites in light of current market conditions. Cabinet resolved (Minute 131 refers):

‘That the Director of Law, HR and Asset Management be instructed to:

- (1)
 - (i) Market Sites 1 and 2 at Europa Boulevard on the basis reported in paragraph 3.14 and report the outcome of this exercise to a future meeting.
 - (ii) Submit a development brief in respect of Site 3 to a future meeting; and
 - (2) The proposals received for an assignment of the development agreement or the separate sale of Site 1 be declined.’
- 2.2 In asking for a short marketing campaign for sites 1 & 2 Cabinet’s expressed preference was for a solution that secured the development of both sites.
 - 2.3 In the light of Cabinet’s decision, Sites 1 and 2 were advertised nationally in the “Estates Gazette”, the leading publication connected with commercial property and property development. In addition, details were circulated to local agents, and through Invest Wirral.
 - 2.4 Applicants were advised that tenders would be assessed having regard to the following criteria:
Availability of funding
Methodology for Delivery

Track record for similar projects
Identified **Pre-lets**/end users
Capacity
Economic **well being**
Quality of Design
Financial benefit to the Council

3. Current Position

- 3.1 Despite considerable interest in the site, with approximately 30 information packs being sent out, only one valid tender was received. That tender was from Williams Tarr Holdings Limited, which as Cabinet will recall, is the organisation initially associated with the development of Site 1 as a casino for an identified end user, through its contracting arm, Williams Tarr Construction Ltd.
- 3.2 Another party, Neptune Developments Ltd., returned a letter asking that the matter be dealt with differently. Both responses are contained in the exempt appendix to the report.
- 3.3 Williams Tarr have produced a robust plan for the delivery of the casino (which already has planning permission -APP/2007/7492, approved 28th March 2008, subsequently amended by APP10/00666, approved 23rd June 2010). Their proposals for site 2 are however much less certain. There is not a definite end user identified. Their agents have identified a number of operators that are actively seeking premises in the Leisure and food sectors. They make further reference to a live office requirement from a local business, with whom they say they are in active discussions. Williams Tarr suggest that they are inhibited in developing their plans, as they do not yet have an interest in the site. They suggest that the development of site 1 will act as a catalyst for carrying forward development onto site 2.
- 3.4 In order to seek greater clarity over their proposals for site 2, a meeting has been held with representatives of Williams Tarr. They emphasised the extremely difficult market conditions currently prevailing. Because potential tenants are reluctant to commit just on the basis of their tender bid, Williams Tarr are unable to secure pre let agreements with operators. They believe that there is a good prospect of an office tenant, but the party concerned will only consider matters further when Williams Tarr have moved beyond the tender stage. Even if an office tenant is secured, however, a significant challenge will remain, in the current market conditions, to deliver a viable development. A physical start on development of the casino was emphasised by Williams Tarr as the key to rebuilding market confidence in the area. Equally, there is a risk that if the current planning permission cannot be swiftly implemented before it expires at the end of March 2011, the casino operator could withdraw their interest. They are therefore faced with a very narrow "window of opportunity" to start the development, particularly given that there are conditions attached to the planning permission that must be discharged before it can be implemented.

- 3.5 Williams Tarr have been asked if they can provide any evidence of greater certainty as to the end users of site 2. A letter has since been received which is attached at Appendix "A". Whilst this reinforces points made by Williams Tarr in the meeting it gives, for reasons explained in the letter, no greater certainty as to the users for site 2. If further information is received this will be circulated separately to Cabinet.
- 3.6 The letter from Neptune Developments does not meet the requirements of the tender but is dealt with to ensure that Cabinet is aware of all responses. Their letter requests that the Council does not proceed with these sites in isolation. It suggests that the Council should enter into a partnership arrangement for a comprehensive master planning exercise linking across Conway Street and remodelling the area in front of the Vue Cinema. Their proposals are to integrate development sites that are separated by Conway Street. When considering their approach, it should be noted that the Europa Boulevard area was always seen as more leisure and business use orientated, with Conway Street being the natural boundary of the main shopping area – this is reflected in the Unitary Development Plan which in Proposal EM2 identifies Conway Park as a site for business and leisure use rather than retail development.
- 3.7 The Integrated Regeneration Strategy for Birkenhead and Wirral Waters (IRS) which was reported to Cabinet on June 24th 2010 (Minute 43 refers) is clear in its proposed objectives in relation to Europa Boulevard:-
- "For Europa Boulevard to become the primary street for new and improved leisure and business activity and to consider the potential to extend to the north to link to the East Float
 - To create a high quality public realm along Europa Boulevard which connects to key destinations, e.g. Hamilton Square, Woodside, the retail precinct, Docks and Waterfront; residential communities.
 - To attract new leisure and business activity along Europa Boulevard, including active uses at ground floor, to strengthen activity between the waterfront and the retail centre"
- 3.8 The casino development would deliver leisure use in accordance with the IRS, and Site 2 has the potential to bring business use with ground floor restaurant-type uses which would complement the adjacent cinema. However, the requirement of the casino operator for ground floor parking reduces the length of active frontage on Europa Boulevard. Vehicle access to the car parking also crosses the Boulevard pavement, affecting the public realm. Planning Permission was granted for this development in March 2008 and so pre-dates adoption of the IRS. In the report to Planning Committee (27th March 2008), it was noted that development of a casino on this site would be acceptable in principle and a casino had been previously approved in the area in an earlier planning permission. The overall design of the building was considered acceptable. The development was also considered to be consistent with the Council's overall vision for Europa Boulevard. National Planning Policy (then PPS6, now PPS4 'Planning for Sustainable Economic Growth') also identifies casinos as uses which should be directed to town centres.

4. Options

4.1 Having regard to the above, the options currently open to the Council are;-

(a) To proceed with Williams Tarr Holdings Limited, or

(b) To reject the tender and then, either:-

- Re-market the sites, or
- Retain the sites to allow market conditions to improve.

These options have been considered jointly with the Interim Head of Corporate Services, and comments upon them are as follows:

Proceed with Williams Tarr

4.2 In accepting the tender from Williams Tarr, the Council can be confident (subject to satisfaction of planning conditions) that the development of the casino will be brought forward. This would introduce long awaited development activity to this area of Birkenhead, with the prospect of job creation during the construction phase and (on estimates provided by the casino operator) some 120 (unspecified mix of full and part time) new jobs once the casino becomes operational.

4.3 Whilst proposals for site 2 are unclear in the tender Williams Tarr is a substantial developer/builder with a proven track record and access to funding. It can be expected that the company would actively pursue the development and delivery of a scheme for site 2, although the outcome for that site is not guaranteed. Nevertheless, if the developer cannot produce a viable scheme for site 2, it could remain vacant, even if site 1 were to be delivered as anticipated.

4.4 The Council would receive capital receipts as outlined in the tender upon the development and disposal of each of the sites. The sums offered are in line with previous expectations from long standing proposals for these sites.

4.5 Development of site 1 will involve diversion of underground services that will also benefit site 2. This could have the effect of reducing development costs for site 2, but it is considered that the cost involved, when apportioned between the two sites, would not represent a major element of the total development costs for site 2.

4.6 A casino on site 1 was a use brought forward by the previous preferred developer. In the view of the interim Director of Corporate Services, it would not be a priority from a regeneration perspective, when developed in isolation from the wider mixed-use scheme that was originally envisaged.

4.7 There is no guarantee that development of site 2 will be secured through acceptance of Williams Tarr's tender, and at this stage from the information provided by the company the prospects must be regarded as uncertain. In the event that development did not proceed on site 2 the Council would have a right to re-acquire it but would then face the prospect of marketing an

isolated site with some concerns as to the prospects of delivering an attractive development and, in particular, whether that development would be viable when dealt with as a stand alone scheme.

Reject the tender

- 4.8 The sites were widely exposed to the market and the marketing exercise produced a single tender. This has shown that the only firm prospect of an early development is the construction of the casino. Re-marketing the sites immediately is – given their national exposure to the development market in the recent exercise – unlikely to produce additional firm proposals for sites 1 and 2. Immediate remarketing on the same basis is therefore not recommended.
- 4.9 If the tender from Williams Tarr is rejected it is recommended that marketing of the sites be delayed to allow market conditions to improve and also for a re-appraisal to take place as to the appropriate way forward. In these circumstances, it is further recommended that re-marketing should take place after the new ASDA store has been opened in the town centre.
- 4.10 Rejection of the tender would mean foregoing the capital receipts offered. It should be noted however that the priority for these sites, together with site 3, has always been to secure development that would stimulate regeneration and complete the development of the Boulevard.

5. Risks

- 5.1 Neither option is risk free. In accepting the proposals from Williams Tarr the major risk, as outlined above, is that the casino development is delivered but that the Council is left with no development on site 2. Site 2 may then remain undeveloped for a number of years. In the future, when the market recovers, the prospect of dealing both sites together could be a far more attractive proposition for developers but that opportunity would have been lost. Dealing with site 2 alone, even in an improved market, may remain an unattractive prospect for developers.
- 5.2 Accepting the tender from Williams Tarr does not guarantee a developer for Site 2, and the company accepts that to deliver a viable development for this scheme in the current market will be challenging. At this stage there are no confirmed end-users for site 2 (which was a requirement in the marketing exercise), but the acceptance of Williams Tarr as the Council's preferred bidder would enable them to negotiate with potential end-users from a more favourable position.
- 5.3 Because the tender has been offered on the basis of a disposal, the Council is limited in the control it can exert through its role as landlord. In the case of site 1 this is not significant, in that a fully designed scheme for an identified user, together with a project plan and evidence of finance, has been presented.
- 5.4 The situation with regard to site 2 is less satisfactory, however. Possible occupiers have been identified, but without evidence of pre lets. Consequently

the Council would be reliant on the developer to work up a viable scheme. Given the current market conditions there could be no guarantee that it would be in the form of the existing planning permission. The Council's sanction would be to take back the site in the event of non-performance, but design and occupation could be only influenced through the planning process.

- 5.5 If Williams Tarr's proposals are rejected it is considered highly likely that the casino operator will withdraw. It has been committed to locating on this site for several years but if there is a further delay it has indicated that it would lose confidence in the deliverability of the site and would consider other options. The job creation prospects outlined above would therefore not materialise in the short term. The casino operator's negotiations had been with the previously identified developer of the site rather than with the Council, but there may be some criticism of the Council's rejection of a funded and viable development that could deliver jobs.
- 5.6 Rejection of the offer risks both Sites 1 and 2 remaining undeveloped for a number of years.

6. Conclusions

- 6.1 The prospects for a comprehensive scheme along the lines suggested by Neptune Developments, whilst bold and imaginative, must be regarded as uncertain in current economic circumstances. In any event, there would be procurement issues in dealing with an individual developer. At this stage, the presumption must be that in the first instance an opportunity of the scale outlined in their letter would be given exposure to the market.
- 6.2 The current development market in the Birkenhead area is undoubtedly extremely subdued. If members desire early development, the proposed Casino is the only option currently available. However, no firm proposals have been brought forward for site 2 in accordance with Cabinet's expressed preference to see the development of both sites secured. Williams Tarr has a good track record in the field of development. They could be expected to pursue this opportunity conscientiously but, the Council would only have limited control in these circumstances and no guarantee that a development of site 2 would be delivered. No programme is proposed for the development of site 2.
- 6.3 It is expected that Williams Tarr would pursue proposals for Site 2, but in the current market the prospects for a viable development are uncertain and there is no indication as to when the market will improve.
- 6.4 A casino development has the potential to create jobs in the short term. However, in the opinion of the Interim Director of Corporate Services, such a use is not a regeneration priority for the area and the risk of an undeveloped or undevelopable site 2, is an important consideration. Short term benefits need to be balanced against long term requirements and opportunities which may not exist in the current financial climate.
- 6.5 In all the circumstances it is on balance recommended that Williams Tarr be thanked for their interest and their efforts to bring about a successful

development, but that their tender for the sites be declined. It is further recommended that the sites are not remarketed at this time, pending the opening of the new ASDA store in the town centre and further consideration of the most appropriate way forward.

7. Financial implications

Refer to Exempt Appendix

8. Staffing implications

8.1 There are no staffing implications arising out of this report.

9. Local Member Support implications

9.1 The sites are located in Birkenhead and Tranmere Ward, but will be of interest to all Members.

10. Background Papers

10.1 Reports to Cabinet 2 September, 22 July, 27 May, 15 April, 18 March 2010, 9 December 2009, 4 September, 26 June, 13 March 2008, 20 September 2007, 24 May 2007 and previous reports referred to.

10.2 Integrated Regeneration Strategy for Birkenhead and Wirral Waters and accompanying Cabinet Report which can be viewed at:-

<http://democracy.wirral.gov.uk/ieListDocuments.aspx?CId=121&MId=3057&Ver=4>

11. Planning Implications

11.1 Conway Park is allocated in the Wirral Unitary Development Plan (adopted February 2000) for a mix of B1 (business), A2 (financial and professional services) A3 (food and drink), D1 (non-residential institutions) and D2 (assembly and leisure) uses subject to other relevant policies in the plan. Planning permissions for the proposed developments are subject to conditions that works are begun no later than 23 March 2011.

11.2 The Integrated Regeneration Strategy for Birkenhead and Wirral Waters has now been formally adopted as a material consideration in relation to development proposals in the vicinity of the study area (which includes the Europa Boulevard area).

12. Equal Opportunities implications

12.1 None arising from this report

13. Community Safety Implications

13.1 None arising from this report

14. Local Agenda 21 Implications

14.1 None arising from this report

15. Social Inclusion implications

15.1 None arising from this report.

16. Anti-poverty implications

16.1 None

17. Human Rights Implications

17.1 None

18. RECOMMENDATION

18.1 That Williams Tarr be thanked for their interest and their efforts to bring about a successful development, but that their tender for the sites be declined and the sites are not remarketed at this time, pending further consideration of the most appropriate way forward.

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