

STRONG LEADER REPORT**5TH DECEMBER 2019**

REPORT TITLE	TOWN CENTRE RETAIL WAREHOUSE 107-127 CLAUGHTON ROAD BIRKENHEAD
REPORT OF	REGENERATION & GROWTH – ALAN EVANS

REPORT SUMMARY

This report seeks the approval to the strategic acquisition of the leasehold interest in the Town Centre Retail Warehouse - 107-127 Claughton Road Birkenhead (“Property”) in the heart of Birkenhead town centre. The Council currently owns the freehold of the Property.

Approval is also sought to the incorporation of the Property into the Wirral Growth Company Limited Liability Partnership (LLP) Option Agreement on appropriate terms at an appropriate time. Acquiring and assembling this land will contribute significantly towards town centre regeneration aspirations.

The regeneration of the town centre is a long-standing priority for the Council and is reflected in The Wirral Plan: A 2020 Vision. This sets out the vision for the borough and has economic growth at its heart to ensure residents are able to access good, high paying jobs in a stable and thriving economy. The Plan identifies 20 key pledges that the Council, and its partner agencies, must deliver and the proposals in this report directly supports the following pledges:

- Increase inward investment
- Greater job opportunities
- Thriving small businesses

This matter affects the Birkenhead and Tranmere Ward within the Borough.

This is a key decision.

EXEMPT INFORMATION

This report contains exempt information in the Appendices as defined in Schedule 12A of the Local Government Act 1972. It is in the public interest to exclude the press and public under Paragraph 3 ‘Information relating to the financial or business affairs of any particular person (including the authority holding the information).

Appendix 1 includes the full business case for the purchase of Town Centre Retail Warehouse and is commercially sensitive.

RECOMMENDATIONS:

That the Leader of Council be recommended to:

- 1 Approve the Full Business Case for the acquisition of the land and rights of ‘Town Centre Retail Warehouse - 107-127 Claughton Road Birkenhead’ thereby agreeing in principle for the Council to purchase the long leasehold interest in this site.

- 2 Thereby authorise the Director of Economic and Housing Growth, in consultation with the Director of Finance and Investment to finalise the purchase of the leasehold interest in the Property on terms that are substantially in accordance with Council acquisitions guidelines.
- 3 Agree that, once the leasehold interest in the Property is acquired, the freehold interest in the Property can be incorporated into the LLP Option Agreement on appropriate terms subject to approval of the LLP and the outcomes of consultation on regeneration plans.
- 4 Agree that, once the long leasehold interest in the Property is acquired and the Property is vacated by the occupying tenant, the buildings currently on the Property subject to planning permission and surveys can be demolished subject to the outcome of consultation on the regeneration plans.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 The Property is situated at the heart of Birkenhead town centre and therefore forms a key site in respect of enabling any future redevelopment of the town centre to take place. A plan outlining the site is attached as Appendix 2 within the Business Case. The current owners of the long term lease interest in the Property, Pochin Land & Development, went into administration in August 2019 and so the administrators are looking to release this asset to reduce Pochin's liability. The Council's intervention will enable the Council to obtain greater control of the town centre and ensure that future developments on this site have a positive impact in terms of placemaking and broader regeneration within the area. Current proposals for the site include the potential demolition of this unit once it is vacated by the current occupying tenant and this will be informed by the outcome of the consultation on the regeneration plans.
- 1.2 The Council are the freehold owner of the Property and of others within its proximity. It is therefore appropriate to consider the potential marriage value of assets in this context – i.e. the ability to leverage greater value through critical mass and/or open up wider development opportunity and therefore value.
- 1.3 Of specific note in this regard is Milton Pavement, located immediately adjacent to the Property. Without control of the Property the development and investment potential at the Milton Pavement is more limited – fronted by retail service yards. This presents a development constraint and would impact on future use and value generation.
- 1.4 However, the prospective acquisition of the Property has a much wider context than its relationship with the Milton Pavement asset. The Property, both in isolation, and alongside other assets owned by the Council including surface level car parking and key assets on Europa Boulevard, could make a substantial contribution to the wider regeneration of Birkenhead town centre.

2.0 OTHER OPTIONS CONSIDERED

The options of 'Do Nothing' and the acquisition by the Wirral Growth Company of the Property are considered within the Full Business Case which is attached to this report as Exempt Appendix 1.

3.0 BACKGROUND INFORMATION

- 3.1 The Council has set out a compelling case for economic growth across Wirral through its Strategic Regeneration Framework (SRF). The SRF was approved by Council in 2017 and has an initial focus on Birkenhead Town Centre, Birkenhead Hinterland, Wirral Waters Enterprise Zone (EZ) and the A41 corridor.
- 3.2 The ambition outlined in the SRF is that 'Birkenhead town centre will once again be a thriving town centre of choice, a destination in its own right as a result of the range and quality of its retail, food and leisure offer, and our civic hub'. The delivery of this ambition is a key priority underpinning the formation of the LLP.
- 3.3 The long leasehold interest in the Town Centre Retail Warehouse - 107-127 Cloughton Road Birkenhead is owned by Pochin Land & development

- 3.4 The Council wishes to purchase the long leasehold interest in the asset and an independent valuation has been conducted by LSH for site redevelopment and to ensure a fair market value assessment supports the purchase price.

4.0 FINANCIAL IMPLICATIONS

- 4.1 In February 2018 Cabinet agreed a budget for the Capital Programme and Financing for 2018 - 2021. Within the programme there is £20 million allocated to deliver the Strategic Acquisition Programme. This Strategic Acquisition programme supports the achievement of the key economic goals as set out in the Wirral Growth Plan and the Strategic Regeneration Framework. In addition, £10 million had been included with the 2017/18 programme for capital expenditure to allow for strategic land and site acquisition. This report seeks approval to acquire the Town Centre Retail Warehouse - 107-127 Claughton Road Birkenhead in line with the Strategic Acquisition programme.
- 4.2 Costs related to items such as acquisition, demolition, insurances, security, loss of business rate income, SDLT have been included in the Full Business Case.
- 4.3 Further specific financial details of the scheme are set out in the Full Business Case attached as Exempt Appendix 1.

5.0 LEGAL IMPLICATIONS

- 5.1 The Council has the power to buy land and assets to support regeneration.
- 5.2 Further legal due diligence and input will be required to inform the purchase of the long leasehold interest in the Property including title investigation and conveyancing.
- 5.3 The Property is currently occupied by a tenant benefitting from statutory security of tenure. To secure vacant possession of the Property the proper statutory procedures would need to be followed.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 Internal officers to coordinate and manage all project related activities, undertake title investigation, conveyancing, financial modelling and monitoring, supplemented by an external surveying resource where necessary. These costs will be met from existing budgets.

7.0 RELEVANT RISKS

- 7.1 If the Property, given its strategic location, cannot be acquired on the terms reported it would limit the Council's ability to redevelop and regenerate this part of the town centre.
- 7.2 The Property will be acquired subject to a tenancy with B&M retail Ltd which runs to October 2020. The tenant also has the benefit of statutory security of tenure. Any redevelopment prior to October 2020 will need to be with the agreement of B&M Retail Ltd and will be subject to costs linked to their relocation or termination of their protected tenancy. These costs will be subject to negotiation at the relevant time. B&M has confirmed to the selling agent that it is unlikely to renew its lease in October 2020 but this is not certain. The proper statutory process to end the tenancy would need to be followed and the tenant could be entitled to compensation equivalent to one year's business rates.

7.3 Pochin Land and Development went into administration in August 2019. This could potentially cause issues with a transaction as the administrators will typically require an offer with minimal, if any, conditions attached. A market value assessment has been undertaken to inform the purchase.

7.4 A risk register is included within the Full Business Case attached as Appendix 1 to this report.

8.0 ENGAGEMENT/CONSULTATION

8.1 To be successful in our regeneration and economic growth ambitions we must generate awareness, interest and support from residents, businesses and other key stakeholders. Our strategy is informed by in-depth public consultation, outreach and engagement into the needs of Birkenhead with residents, workers, businesses and visitors. The first stage of consultation was to gather insight from those stakeholders as to their views and aspirations for Birkenhead. These findings have now underpinned and been reflected in the development of draft proposals for the town centre which formed the basis of the second stage of consultation. This second stage consultation began in the first week of November 2019.

9.0 EQUALITY IMPLICATIONS

9.1 The potential impact has been reviewed with regard to equality and links to the existing EIA conducted for Wirral's Growth Plan. <https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2014-0>

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 Through the Wirral Growth Company the Council will be an advocate of promoting energy efficient buildings and of ensuring that any new developments minimise their impact on climate change.

10.2 The Council is putting in place a range of measures to accelerate progress to adopting a zero-carbon environment and the recommendations in this report will be taken forward to reflect these measures.

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APPENDICES

Appendix 1 - Full Business Case

Appendix 2 - Outline site plan

Appendix 3 – Project Timeline

BACKGROUND PAPERS

The Strategic Regeneration Framework (2017)