

**CABINET**

**Monday, 24 February 2020**

**WIRRAL GROWTH COMPANY**

**Councillor Pat Hackett, Leader of the Council, said:**

“Our plans for economic growth are about creating community wealth. They’re about creating jobs and opportunities for local people, regenerating our commercial areas and inspiring ambition. Prosperous communities are happier, healthier and better places to live.

The Partnership Business Plan (PBP) will set out the strategic regeneration objectives of the Wirral Growth Company and pave the way for the next steps of Wirral’s major regeneration journey.

The plan will focus on several key priority sites, that together can bring about millions of pounds worth of investment and development to help deliver real regeneration and environmental improvements as well as numerous social benefits for Wirral.

It further demonstrates that we will not stop there. The approval of the Partnership Business Plan is a key step forward for the programme of regeneration that will help shape development in Wirral and enable the Growth Company to bring forward transformational schemes that deliver a real sense of place.”

**REPORT SUMMARY**

This report seeks approval for the Wirral Growth Company Y1-3 Partnership Business Plan (PBP) and draft indicative Site Development Plans (SDPs) for initial priority sites. In support of the PBP a full business case is also presented to seek approval for the Council to invest (through a forward funding annuity lease arrangement) in the first 2 office buildings (total 150,000 square foot) which form part of Birkenhead town centre masterplan, referred to as ‘Birkenhead Commercial District’ (BCD).

This matter affects all Wards within the Borough and the decisions are key decisions.

**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 Wirral Growth Company Partnership Business Plan (PBP)

Appendix 2 includes the Full Business Case for investment the first phase of Birkenhead Commercial District (BCD.)

## **RECOMMENDATIONS**

It is recommended that the Cabinet:

- (a) Approve the Wirral Growth Company Y1-3 Partnership Business Plan, noting that it will be updated and reviewed on an annual basis.
- (b) Approve the draft indicative Site Development Plans for initial priority sites, which are; Moreton (Pasture Road), Moreton (Foxfield), Bromborough (Old Hall Road) and Birkenhead Town Centre, noting that these are indicative and final SDPs will be prepared and submitted for approval in line with the agreed site development process.
- (c) Note that following approval of the PBP, planning applications will be taken forward as appropriate for initial priority sites. No work on site (other than site investigations and enabling work) will take place until an approved final SDP is in place
- (d) Note that the Birkenhead Commercial District 'redline' for town centre site development has been extended to include Birkenhead Market, recently acquired land (B&M stores) and land which the Council is in the process of acquiring (Milton Pavements). This is attached as Appendix 3.
- (e) Approve the Birkenhead Commercial District Full Business Case, specifically:
  - approve funding arrangement set out in the report (annuity lease) as the preferred funding route;
  - delegate authority to the S151 Officer, through the Wirral Growth Company, to appoint a commercial investment advisor to commence marketing of the investment opportunity; and
  - note the use of forecast business rates income generated from the BCD phase 1 as a funding contribution to the project.

## **SUPPORTING INFORMATION**

### **1.0 REASONS FOR RECOMMENDATIONS**

- 1.1 It is recommended that the WGC PBP is approved as it meets the Council's strategic regeneration objectives and Wirral Growth Company LLP objectives as well as enabling the delivery of numerous social and economic benefits for the borough. Strategic objectives are attached as [Appendix 4](#).
- 1.2 It is recommended that draft indicative Site Development Plans are agreed as this will enable site development planning to progress across all priority sites. Next steps will be public outreach consultation and progression of planning applications for Moreton (Foxfield), Moreton (Pasture Road) and Bromborough (Old Hall Lane) and more detailed design work and the progression of planning applications for Birkenhead Town Centre.
- 1.3 It is recommended that the preferred funding option for BCD is agreed as this is a key component to unlocking regeneration opportunities in Birkenhead. By funding the first phase of office development in Birkenhead through an annuity lease forward funding model a surplus will be created which will enable surplus contributions to be made towards the funding of a new Market in Birkenhead as well as residential development within Birkenhead which would be otherwise unviable. The cross subsidy of such surplus is a key principle of the WGC and one of the drivers for creation of the WGC LLP.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 The 'do nothing' option was not considered as it would not achieve the Council's strategic regeneration objectives or the WGC LLP Objectives, it would also be in breach the LLP Partnership Agreement.
- 2.2 Public Works & Loans Board (PWLB) funding (borrowing) was considered as an alternative funding option for BCD Offices but discounted as the annuity lease forward funding model was considered to better meet the Council's objectives. This is detailed fully in the attached business case ([Appendix 2](#).)

### **3.0 BACKGROUND INFORMATION**

- 3.1 On 19th June 2017, the Cabinet considered and approved a Full Business Case (FBC) which set out a proposal to create a Property Company ('Wirral Growth Company'). The Corporate Director for Business Management was authorised to commence and conduct an OJEU works concession competitive dialogue process to identify a private sector partner with which to form a Joint Venture (JV) vehicle to develop sites and areas within Wirral to meet the Council's strategic objectives.
- 3.2 Following the Cabinet's approval, an OJEU notice was issued on 4th July 2017 and the procurement process commenced. A four-stage competitive dialogue process was followed and on 3rd January 2018 final tenders were received from two short-listed bidders. Bidders were scored against a series of questions each with set criteria and weightings. Key areas tested were stakeholder engagement, sales and marketing approach, assets management, business planning, programme and supply chain management,

approach to social value, masterplanning /design and financial modelling. Specifically, bidders were required to provide RIBA 1 masterplans for sample schemes which the Council had identified as initial priority sites.

- 3.3 On 28th February 2018, the Cabinet agreed to award the works concession to Muse Developments and to form a JV LLP between Muse Developments and Wirral Borough Council ('Wirral Growth Company')
- 3.4 On 19<sup>th</sup> March 2019 the Council and Muse Developments signed the Joint Venture Partnership Agreement and Wirral Growth Company LLP was created.
- 3.5 As agreed in the Partnership Agreement, the Objectives of the WGC are:
  - (a) to bring forward, in a timely manner and responding to market demand, the development of the indicative sites and potentially to undertake other site development;
  - (b) to bring forward, responding to market demand, the development of sites which are considered more difficult to develop at a comparable rate with sites which are considered easier to develop;
  - (c) to make strategic and opportunistic acquisitions, in particular interventions that support the implementation of the Council's Growth Plan or the development of an improved retail, commercial and public sector offer in Birkenhead and other Wirral town centres;
  - (d) to secure an adequate return to the JV Partners commensurate to their investment and the level of risk in respect of such investment to maximise the profits made by the LLP; and
  - (e) to support the Council in pursuit of its wider objectives by identifying and helping deliver favourable solutions that balance financial, economic and social returns.
- 3.6 Since signing the Partnership Agreement the Wirral Growth Company has been reviewing, in detail, the development opportunities afforded by the sites made available by the Council through the WGC Option Agreement.
- 3.7 In preparing the Partnership Business Plan WGC has identified and focused its attention on the initial priority sites as identified in the Partnership Agreement. These sites are Moreton (Foxfield), Moreton (Pasture Road), Bromborough (Old Hall Road) and Birkenhead Town Centre. The PBP demonstrates that together these opportunities can bring about millions of pounds worth of investment and development over the next 3-5 years to help deliver real regeneration and environmental improvements as well as a number of social benefits for Wirral residents and communities.
- 3.8 It further demonstrates that development will not stop there. This Business Plan prepares a financial platform for further development projects to be delivered across the borough as other sites and opportunities are identified.
- 3.9 This WGC Partnership Business Plan (focusing in detail on the first 3 years of the partnership), incorporates indicative Site Development Plans (SDPs) for the initial priority sites.

- 3.10 Each SDP is set out under the following headings and includes commentary on:
- (i) Site description and location plan
  - (ii) Development overview and design strategy
  - (iii) Planning and environmental issues
  - (iv) Site assembly and third-party land requirements
  - (v) Construction Strategy and phasing
  - (vi) Financial appraisal and viability
  - (vii) Development programme
  - (viii) Procurement of works and services
- 3.11 Following approval of the draft indicative Site Development Plans a final Site Development Plan will be prepared for each phase of the development. These will be prepared following receipt of the appropriate planning consent and in advance of the relevant site transfer under the Option Agreement. They will include a detailed financial appraisal and QS cost report and will be submitted for approval to the JV Board and the Council prior to any development work commencing on site.
- 3.12 A summary of the nature of development proposed for each site is provided below.

#### **Moreton (Foxfield) Draft Indicative Site Development Plan**

Redline plan attached as [Appendix 5](#).

- 3.13 It is proposed that the site of the former Foxfield school is to be redeveloped for new family housing which is much needed across the borough and for which there is anticipated to be much demand in the Moreton area. The development will provide a variety of new homes for both sale and affordable tenure in the local housing market. The scheme has been designed to offer a number of varying house types including 2,3 and 4 bedroom of both 2 and 2.5 storey heights. Current plans indicate in the region of 69 housing units on this site with a minimum of 20% being affordable (in accordance with planning policy).
- 3.14 The Wirral Growth Company seek to work with Council Officers and the local community moving forward to ensure that the proposals will deliver a high-quality residential development that is compatible with the surrounding area. This will include pre-application outreach consultation events and further consultation during the planning application process.
- 3.15 The construction will be delivered over a series of phases which will then be released / drip fed into the market for sale. Following public consultation and planning application, construction is planned to commence on site in Summer/Autumn 2020 with final phase completion anticipated in Autumn 2022.

#### **Moreton (Pasture Road) Draft Indicative Site Development Plan**

Redline plan attached as [Appendix 6](#).

- 3.16 The masterplan for the Pasture Road site at Moreton represents an opportunity to redevelop a partially derelict and under-utilised site for a combination of new uses to assist the regeneration and environmental improvement of Moreton town centre for the benefit of local residents.
- 3.17 The proposed masterplan provides for the following on the site; food store, Extra Care residential accommodation, family housing, youth/community provision (exact nature yet to be determined) and retained library and health centre.
- 3.18 WGC are proposing a single storey food store at the southern end of the site closest to the existing retail core of Moreton. The development would include a car park which would be accessed directly from Pasture Road and will also be available (subject to time constraints) to shoppers visiting the existing Moreton shops.
- 3.19 The indicative site development plan includes a three storey extra-care residential facility of approximately 60 bedrooms together with an external garden area. This is situated on the Pasture Road frontage close to the health centre and adjoining Maurice Jones Court.
- 3.20 Much of the balance of the site is proposed development for 2, 3 and 4 bedroom family housing accessed from Knutsford Road. The precise mix of homes is to be determined but WGC is confident that there will be strong demand from first time buyers and families for housing in such a sustainable and central location in Moreton.
- 3.21 Both the library and health centre provide valuable community facilities in the centre of Moreton for local residents and shall be retained within the wider masterplan proposals. At the time of writing, the Council is undertaking a review of youth services and is yet to identify what facilities may be required in and around this site for young people. Although the type and nature of this youth facility is yet to be determined, WGC is proposing a capital contribution towards it.
- 3.22 As is the case with Moreton Foxfield development, WGC will work with Council Officers and the local community to ensure that the proposals will deliver a high-quality development across the site which is compatible with the surrounding area. This will include pre-application outreach consultation events and further consultation during the planning application process.
- 3.23 It is anticipated that the Food Store and Extra Care facility will be land sales to the specialist sectors. The key phases of construction are set out below:
- Food store land sale – December 2020
  - Extra Care land sale – May 2021
  - Residential (potential land sale or start on site) – May 2021
- 3.24 The proposed sale of land for this development reflects the requirement for freehold to be relinquished to enable the end users to agree to the relevant schemes and it does not set a precedent for other WGC schemes.

- 3.25 In accordance with the Partnership Business Plan the Council will receive 100% of the residual land sale value from the relevant elements of the Pasture Road site. No WGC partner is receiving a separate profit element on land sales for this site. The land value owed to the Council will be reinvested into the Growth Company via loan. This will earn interest for the Council and enable support for otherwise unviable schemes to come forward which will in turn provide further income for the Council through business rates and /or Council tax. The loan will be repaid to the Council at the end of the phase 1 Partnership Business Plan.

### **Bromborough (Old Hall Road) Draft Indicative Site Development Plan**

Redline plan attached as [Appendix 7](#).

- 3.26 The site at Old Hall Road in Bromborough comprises approximately 20 acres of vacant brownfield land previously utilised by the MOD. The site was cleared in circa. 2005 and over time it has become overgrown with self-seeded trees and vegetation. Despite its locations on the edge of the existing Business Park, the site lies directly to the north of existing leisure uses and its redevelopment potential for family homes represents a clear opportunity to act as a transition between the suburban areas of Bromborough and the employment uses to the north and east.
- 3.27 The site has been designated for industrial development for over 20 years but no development has been brought forward in over two decades. WGC has undertaken industrial appraisal work including full design layouts for a mix of industrial, trade-counter and warehousing units across the site. Market and viability testing however suggests that delivering these employment uses on the site is unviable. This helps explain why no development has been undertaken to date.
- 3.28 Since preparation of the first draft PBP in November it has come to light that an adjoining occupier has a requirement to expand its manufacturing facility on Tebay Road. This will help secure jobs in the borough if the facility can be accommodated on the site, although the facility will be delivered by another developer (not WGC) due to their land ownerships.
- 3.29 Whilst discussions are at an early stage it is understood that the expansion requirement could be in the order of 100,000 square foot and require 6-7 acres of the 20-acre site. In addition, a new access road is likely to be required which will run across the site and further reduce the net developable land which will remain. The scale, layout and proximity of this new facility will naturally impact on the balance of the site to be brought forward by WGC.
- 3.30 Residential layout plans and options will therefore be prepared in due course when these proposals are further advanced, and the form of development is known. In the meantime, efforts will initially focus on establishing a residential change of use on the retained land through the planning process and the emerging local plan.

## **Birkenhead Commercial District (& Europa Blvd) Draft Indicative Site Development Plan**

Redline plan attached as [Appendix 3](#).

- 3.31 The proposed masterplan for Birkenhead Commercial District & Europa Blvd presents an opportunity for a transformational mixed-use redevelopment to bring about much needed intervention and improvement to the social, physical and economic environment of the town. The masterplan is a guiding template for future development but equally it is flexible to be able to adapt to changes in the market to ensure pace of development is maintained throughout an envisaged delivery period of 10-15 years. The Council is also developing a masterplan / delivery action plan to cover the wider town centre. The Wirral Growth Company masterplan will form a key element of this plan and together produce a comprehensive approach to the regeneration of the town centre.
- 3.32 The Wirral Growth Company masterplan will be delivered in several phases over this period and it may well be necessary to change the sequencing and timing of individual phases in the future to adapt to prevailing market conditions and Council's priority requirements at that time. The masterplan responds to feedback from local consultation and stakeholder engagement undertaken by the WGC to date. Stage One and Two Consultation Reports can be found here: <http://www.wirralgrowthcompany.co.uk/>.
- 3.33 It is a robust plan with built in flexibility which meets the WGC objective for the regeneration of Birkenhead Town Centre to redesign and redevelop the existing assets of the town to transform it into a modern, thriving centre with a bustling civic hub, a new and vibrant market offer dedicated to quality food and fresh produce and the potential for an enhanced leisure offer for the town's residents and visitors.
- 3.34 The wider aspirations of the masterplan will see the new development spread to the north along Europa Boulevard through the introduction of high-quality homes into the town centre. This development will reach out to connect with the historic centre of Birkenhead at Hamilton Square and must link in with wider initiatives for the town including Wirral Waters and the future redevelopment of Woodside waterfront area whilst constantly reinforcing connections to the civic and retail heart at the core of the town centre. This will be addressed through the wider Birkenhead delivery action plan.
- 3.35 The regeneration proposals covered by the masterplan offer a significant development opportunity for Birkenhead's long-term future prosperity. It covers an area of the town centre that has been suffering slow decline for many years which has been accelerated in the recent past due to well documented problems being faced by traditional high street retailers. This strategic masterplan seeks to reverse that trend by introducing new high-quality offices into a town centre alongside a rejuvenated market and family leisure together with new town houses and apartments. All these uses will be focused on new public spaces, including green squares and pedestrian friendly streets which link back into the surrounding street network.

- 3.36 The character of the immediate area is peppered with poor quality buildings architecturally, making the site a relatively blank canvas, whereas the area around Hamilton Square to the north east possesses buildings of fine architectural quality including Birkenhead Town Hall. The longer-term ambitions are to see the regeneration spreading to connect strongly with Hamilton Square area and then on further to Woodside waterfront.
- 3.37 A new central business district comprising a mix of Council and commercial offices that will add a civic function into the town centre as well as introducing jobs and significant footfall. These buildings will consolidate a number of existing council offices, introducing a modern working environment and reducing the Council's costs in maintaining and operating inefficient properties across the borough.
- 3.38 A new purpose designed modern market is also being proposed. At the time of writing, a number of potential locations are being explored with the preferred options being either the former M&S unit or re-provision of the market on the existing market footprint. There are benefits and potential constraints of each option which are being fully assessed. Once the options appraisal has been completed a Full Business Case with the recommended and preferred option will be presented to Cabinet (in March 2020).
- 3.39 In later phases, a proposed new hotel will support visitors to the town and new business district.
- 3.40 The introduction of much needed residential development in the form of town houses and new build apartments will bring residents and consumers back into the town centre and help to support the evening economy.
- 3.41 New public squares, event spaces and pedestrian friendly streets will link new development to the existing network and key modes of transport.
- 3.42 The development summary (across entire masterplan) is highlighted below:
- Offices: Up to 500,000 square foot net internal area
  - Retail/Leisure: 36,000 square foot gross internal area
  - New market
  - Residential: 700 apartments and townhouses
  - Hotel: 110 bed
  - Car parking (if dictated by demand): up to 300 parking spaces
  -
- 3.43 The masterplan will be delivered over several phases over a number of years.

Some of the key milestones for the initial phase are, as follows:

Submit Planning Applications	June 2020
Start demolition on site	July 2020 <i>(subject to Vacant Possession)</i>
Start construction of Office 1 and 2	Feb 2021
Start construction of New Market	Feb 2022
Complete Office 1 and Office 2	Jan 2023
Complete New Market	Jan 2023

## **Birkenhead Commercial District Investment**

3.44 In order to unlock these regeneration opportunities in Birkenhead a number of funding opportunities including the Future High Street Fund and Town Deal Fund are being progressed. In addition, Avison Young (AY) have been appointed by the Council to produce a full business case to support the Councils decision to invest in Birkenhead Commercial District (BCD).

3.45 This full business case builds on the previous report presented to Cabinet on 26th November 2018, which approved the following recommendations in relation to BCD: -

- *(Agreed) to initiate a consultation programme with a view to informing a Masterplan for the Redevelopment of Birkenhead recognising that the Commercial District will be a key element.*

Stage one public consultation was carried out in May/June 2019 and stage two was carried out in Oct/Nov 2019

- *(Agreed) draft Business Case for Birkenhead Commercial District that will be refined through public consultation and engagement with a funder.*

The final full business case has been developed and presented as Appendix 2 to this report.

- *(Agreed) the recommended funding approach and authorise the S151 Officer to initiate work on a Forward Funding model of finance with Wirral Growth Company.*

The final full business case has been developed preferred funding model presented as Appendix 2 to this report,

- *(Agreed) the Staff Relocation Business Case with a view to moving administrative functions to Birkenhead whilst retaining front line services in communities. This will result in disposal / development / termination of lease/s of 14 existing sites.*

A programme of works has since been developed to manage the asset consolidation and staff relocation. The current focus of this programme is to develop an assets consolidation plan and to identify the design and space requirements of the new Council occupied office space.

- *(Approved) capital expenditure from the budget set aside for strategic acquisitions to complete land assembly within the BCD redline boundary.*

The Vue cinema was acquired as part of the strategic acquisitions programme in December 2019 and authority has since been given for the acquisition of the Birkenhead current B&M store (purchase completed January 2020) and Milton Pavements site (acquisition in process.) These are all key elements of the masterplanning area.

3.46 This full business case focuses on the financial proposition associated with the Council investment into BCD and is summarised in the Financial Implications section below. The full report can be found in exempt Appendix 2.

## **4.0 FINANCIAL IMPLICATIONS**

4.1 The Partnership Business Plan outlines phase 1 activity over the sites outlined above in the report. The financial returns based upon an annuity lease financing arrangement for the Birkenhead Commercial district are summarised

in the table below. These are subject to change as the plan develops and activity takes place.

<b>Wirral Company</b>	<b>Growth</b>	<b>£ millions</b>	<b>Comments</b>
Land Value / Development Surplus		31.3	To support viability of sites agreed by Wirral Council and committed in the WGC PBP.
JV Profit		19.6	50% each to partners
Total Value of Phase 1 Business Plan Return		<b>50.9</b>	
Less JV Partner Profit		-9.8	Partner Share
Wirral Council element		41.1	Development surplus, 50% JV profit and Land Value

- 4.2 The annuity lease is forecasted to produce significant development surplus which can be reinvested to support sites that would otherwise be unviable. This will benefit Wirral in developing sites which otherwise would not be developed in the timescale required.
- 4.3 An annuity lease would require the Council to enter into a long-term commitment for a 35-year headlease for the Birkenhead Commercial District Offices. This requires a substantial financial commitment with associated upside and downside risk. Upside is the ability to retain all profit on sub lettings if generated. Downside is ability to fund commitment if target rent levels are not achieved, void space from non-letting occurs or indexation of headlease annual uplift is higher than anticipated. The above table does not include these elements.
- 4.4 The Council will become owners of the assets after the headlease period ends for a nominal fee of £1.
- 4.5 A key to mitigating financial risk is the successful migration from and disposal of current occupied Council buildings. Savings on running costs of older buildings, and any capital receipts received will help support the Council's finances.
- 4.6 A successful regeneration will lead to increased revenues from Council Tax and Business Rates. The level of return will be determined by timing and size of regeneration and the uplift this causes to the wider area.
- 4.7 Other financing options have been considered such as Public Works Loan Board (PWLB) and Bond financing. Whilst having some advantages such as PWLB rates being fixed and payments known, or bond repayment being on maturity of loan period it would be difficult to generate the development surplus to reinvest whilst the ability to bring profit into the Council revenue budget would be curtailed. A forward funder will be financing all costs ahead of completion removing such liabilities from the Council.
- 4.8 There will be additional costs which fall to the Council in terms of fit out of any building the Council occupies. There would also be costs of foregone income

for any rent-free periods which are common for new tenancies. Fit out costs could be funded via capital funding whilst any costs of incentives would be spread out across the whole term of tenant leases reducing any early impact on the council revenue budget.

## **5.0 LEGAL IMPLICATIONS**

- 5.1 The preferred funding arrangements for the BCD must not expose the Council to undue financial risk and must provide value for money.
- 5.2 If the Cabinet agrees to include the Milton Pavement and B&M sites in the BCD (and there is no legal obligation on the Council to do so), the Council will not be able to use the land for non-WGC purposes.
- 5.3 Milestone dates for granting WGC an option on, and vacant possession of, Milton Pavement and the B&M building and for entering into an annuity lease become legally binding on the Council if they are agreed. Any extensions to these dates will need to be agreed by all JV Board Members, such consent not to be unreasonably withheld or delayed.
- 5.4. At the present moment Milton Pavement is in the process of being acquired by the Council and is subject to 7 tenancies. Negotiations are continuing with the owners for the purchase of the properties and a longstop date for vacant possession has been agreed within the Heads of Terms.
- 5.5 The Council should seek the best price reasonably obtainable for land which it agrees to convey or lease to WGC.

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

- 6.1 The Partnership Business Plan will be delivered by the Wirral Growth Company (both Muse Developments and Council Officers.) and in line with the Partnership Agreement (PA) agreed by both parties in March 2019.
- 6.2 All Site Development Planning (SDPs) and construction will be managed by the Development Manager (Muse) in line with the Development Management Agreement (DMA) agreed by both parties in March 2019.
- 6.3 All sites (Council assets) will be transferred and managed in line with the Options Agreement (OA) agreed by both parties in March 2019.

## **7.0 RELEVANT RISKS**

Risks are set out in the table below:

<b>Risk</b>	<b>Occurrence</b>	<b>Impact</b>	<b>Action to mitigate in advance</b>	<b>Action to mitigate if event occurs</b>
<b>Planning and Design</b>				
<b>7.1</b> Failure to secure planning permission within the timescales.	Low	High	Engage with planning officers as soon as possible to map any potential constraints and objections.	Review and revise planning strategy through engagement with the LPA.

<b>Risk</b>	<b>Occurrence</b>	<b>Impact</b>	<b>Action to mitigate in advance</b>	<b>Action to mitigate if event occurs</b>
<b>7.2</b> Changes in national and local planning policy and strategy.	Moderate	Moderate	Engage within the Council to ensure that appropriate changes are made to draft policies where necessary to facilitate site delivery.	Revise planning strategy to reflect new policy requirements.
<b>7.3</b> Planning obligations (S.278) impacting viability.	Moderate	High	Identify possible heads of terms early, understand likely impact on viability, develop robust negotiation strategy and engage with LPA early.	Assess level and type of impact, agree extent to which issues need to be addressed, design and implement strategy for negotiating amendments.
<b>7.4</b> Judicial Review.	Low	High	Ensure application is technically robust (if needs be with legal review prior to application submission). Ensure LPA processes application in sound manner and all procedures correctly followed. Review draft committee report prior to publication if possible.	Instruct legal team to defend challenge and seek early dismissal by the Courts.
<b>Political and Economic</b>				
<b>7.5</b> Changes in Government and Policy at national level.	Low	Low / Moderate	Monitor political positions forward plan prior to election.	Evaluate changed policies and revise delivery strategy and programme accordingly.
<b>7.6</b> Change in political control at Wirral Borough Council.	Low	Moderate	Monitor political position – forward plan working with officers.	Evaluate any changes in political instruction and revise strategy and programme accordingly.
<b>Market/ Commercial</b>				
<b>7.7</b> Market uncertainty. negatively impacting on rate of take-up,	Low /Moderate	High	Implementation of a Commercial letting strategy in place to mitigate commercial risk.	Assess extent of potential impact and revise strategy and timetable to reflect changed circumstances if needed.

Risk	Occurrence	Impact	Action to mitigate in advance	Action to mitigate if event occurs
rents, yields and incentives.				
<b>7.8</b> Lack of long-term investor appetite.	Low	High	Soft market testing of the investment opportunity and awareness raising of the opportunity at an appropriate time to ensure the proposition adequately responds to the market.	Assess extent of potential impact and revise viability strategy and timetable to reflect changed circumstances if needed.
<b>7.9</b> Surplus office supply and competing sites impacting ability to deliver.	Low	Moderate /High	Continually monitor pipeline of sites/schemes and delivery programmes to ensure the opportunity is offered at an appropriate time.	Assess extent of potential impact and revise strategy and timetable to reflect changed circumstances if needed.
<b>7.10</b> Poor viability of scheme as a result of high enabling costs, and environmental issues negatively impacting on marketability.	Moderate	Moderate	Procure all necessary works and engage with third parties to understand enabling and infrastructure costs and impact on development.	Seek to secure external grant funding support for the enabling and infrastructure costs. Liaise with third party stakeholders on any financial support that can be provided.
<b>7.11</b> Cost Inflation on infrastructure and/or build costs negatively impacting on viability.	Moderate	Moderate	Monitor economic position through Research Team, and run sensitivities on appraisals completed to understand viability tolerances.	Seek to secure external grant funding support for the enabling and infrastructure costs. Liaise with third party stakeholders on any financial support that can be provided.

<b>Risk</b>	<b>Occurrence</b>	<b>Impact</b>	<b>Action to mitigate in advance</b>	<b>Action to mitigate if event occurs</b>
<b>7.12</b> Economic downturn / Recession.	Low / Moderate	Moderate / High	Prepare contingency plan and monitor economic position regularly via Research Team, relating this to the timing of the development.	Assess extent of potential impact and revise strategy and timetable to reflect changed circumstances.
<b>Procurement</b>				
<b>7.13</b> Financial stability of the main contractor/ risk of administration.	Moderate/ High	High	Ensuring there is a clear strategy set out within the Developer/ Contractor agreement with financial management checks.	Implementation of the strategy immediately as set out with the legal agreement.
<b>Legal</b>				
<b>7.14</b> Inability of Council to achieve contractual Milestone Dates In Partnership Business Plan and Partnership Agreement for reasons beyond its Reasonable control.	Moderate/ High	High	Seek agreement of Muse and WGC that Partnership Business Plan will allow the Council to apply for reasonable extensions of time to achieve Milestone Dates, such consents not to be unreasonably withheld or delayed.	Submit prompt requests for extensions backed up by sufficient evidence to support.

## **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 WGC operates on an open and transparent basis to ensure that both partners are fully aware and engaged in the strategy, ideas and proposals for the business going forward. Regular programme review meetings with senior Officers and update meetings with the Council's Chief Executive and Leader are fixed in the diary.
- 8.2 Member drop-in events have been held and meetings have also been held with local Members on development proposals for specific sites to ensure an inclusive approach. WGC has also set out to fully engage with the residents of

the Wirral through extensive public consultation on all major development proposals.

- 8.3 Stages one and two of consultation for Birkenhead Development have taken place and outcomes incorporated into masterplan development. Consultation reports can be found on the WGC website.
- 8.4 Consultation plans for other priority sites are being developed and will be launched at the appropriate stage after approval of the draft indicative site development plans.
- 8.5 The incorporation of WGC presents an opportunity to build a long-term partnership that can renew and re-energise key sites and communities across the Wirral. In order to generate awareness, interest and support for WGC's regeneration activity, a meaningful programme of engagement with stakeholders and the local community is critical. This is not only to meet with the Council's corporate governance and planning policy requirements but also for encouraging 'buy-in' to the deliverability of well-considered and viable development proposals.
- 8.6 WGC is committed to putting communities at the forefront of the placemaking agenda. Every site has its own set of issues and opportunities that are unique. WGC acknowledge that a flexible approach to outreach, engagement and consultation is important so that the issues, concerns, suggestions and ideas identified by local people can be considered as part of the masterplanning process.
- 8.7 WGC is currently focusing its consultation and engagement strategy for the priority sites in Bromborough, Birkenhead and Moreton. For each project, engagement styles and techniques will be selected and specially tailored to inspire and involve the communities we are working with. This process includes agreeing a communications protocol at the outset of each project to ensure the activity reaches out and engages with a wide range of people and businesses.
- 8.8 To aid the communication process, a dedicated website and social media account has been established. WGC's approach will ensure that these digital channels of communication are maintained alongside more traditional targeted physical displays, one to one meetings, handouts and press articles.
- 8.9 This multi-channel approach is being progressed to ensure that the risks that arise during the life of the JV partnership can be fully appraised and addressed through each project. This staged process of implementation and review will also ensure that outreach activity and communication is transparent about the steps involved with the regeneration and transformation of sites and communities across the Wirral.
- 8.10 Full details of the WGC Communications Strategy are included in the Partnership Business Plan attached as [Appendix 1](#).

8.11 WGC understands the importance and opportunity of collaborating with the local and wider Liverpool City Region community to bring about positive economic and social benefits, through the development of our sites.

8.12 WGC will work in partnership with Supply Chain Contracting Partners on each phase of development to ensure the successful delivery of social value objectives on a project by project basis.

## **9.0 SOCIAL VALUE**

9.1 A draft Social Value strategy is also included in the WGC Business Plan. This document sets out the minimum expected targets and outlines the framework against which a more detailed, comprehensive Social Value Plan (SVP) is to be developed and subsequently, implemented for each Development Site.

9.2 It is not intended for this document to be overly prescriptive, given each project will contain different variables, based upon location, size and the nature of the project. Contractors who are procured will need to be creative in how they deliver an expansive SVP that delivers real benefits to the local and wider communities.

9.3 A Social Value Plan will be brought forward for each phase of development and will consider:

- Employment Opportunities
- Local Economy & Community
- Safety, Health & the Environment

9.4 WGC will give consideration to the young and old, and the more vulnerable members of the community to assess how it can assist them through developments and present them with opportunities. WGC will use the Social Value Portal, established and used by various Councils in the region to target, report and measure the impact and results of Social Value.

## **10.0 EQUALITY IMPLICATIONS**

10.1 The equality impact assessment associated with this report can be accessed here: <https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2017/busine-0>

## **11.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

11.1 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. One example of this is that all Office buildings proposed will be designed and built to BREEAM Excellent standards.

11.2 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.

11.3 Environment and climate considerations are key elements which will be specifically tested by WGC throughout the procurement of all contractors (in line with standards set out within the WGC Partnership Agreement).

11.4 Through Social Value Plans and in line with the Social Value strategy (as detailed above) consideration will be given to a number of Health, Safety and Environmental issues. These will be identified specific to each development and appropriate targets set (by the JV Board) which will be measured and reported against at quarterly JV Board meetings.

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## APPENDICES

<b>Appendix 1</b>	Wirral Growth Company Y1-3 Partnership Business Plan	<b>Exempt</b> by virtue of Para 3, Part 1 of Schedule 12A of the Local Government Act 1972
<b>Appendix 2</b>	Birkenhead Commercial District Full Business Case	<b>Exempt</b> by virtue of Para 3, Part 1 of Schedule 12A of the Local Government Act 1972
<b>Appendix 3</b>	BCD Redline Plan	
<b>Appendix 4</b>	Council and LLP Objectives	
<b>Appendix 5</b>	Moreton (Foxfield) Redline Plan	
<b>Appendix 6</b>	Moreton (Pasture Road) Redline Plan	
<b>Appendix 7</b>	Bromborough (Old Hall Lane) Redline Plan	

## BACKGROUND PAPERS

JV Partnership Agreement (Exempt)

JV Options Agreement (Exempt)

JV Development Management Agreement (Exempt)

JV Corporate Services Agreement (Exempt)

Background working papers as referred to in the Partnership Business Plan (Exempt)

## SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
Cabinet – Property Company Strategic Options Report	27/02/17
Cabinet – Property Company Full Business Case (FBC)	19/06/17

Cabinet – Preferred Bidder decision	28/02/18
Cabinet – <i>Draft</i> BCD Business Case and Staff Relocation FBC	26/11/18
Cabinet – Land Assembly to support BCD	04/11/19