



ECONOMY REGENERATION & DEVELOPMENT COMMITTEE

Thursday, 4 March 2021

REPORT TITLE:	WIRRAL WATERS ENTERPRISE ZONE INVESTMENT FUND
REPORT OF:	DIRECTOR OF REGENERATION AND PLACE

REPORT SUMMARY

The report seeks approval to provide a grant to Peel Land and Property Investments (Intermediate) Limited to enable the delivery of new high quality mixed use floorspace at Egerton Village within Wirral Waters.

The Wirral Plan 2025 sets out the Council's vision to secure the best possible future for our residents, defined by the community prosperity we create and supported by our excellent people and services. The application for financial assistance contained in this report directly supports the following key themes within that plan.

- Prosperous, inclusive economy where local people can get good jobs and achieve their aspirations; and
- Brighter futures for our young people and families – regardless of their background or where they live

Appendix 2 of this report is exempt from publication under Paragraph 3 of part 1 of Schedule 12A of the Local Government Act 1972 as it contains commercially sensitive information.

This matter affects Bidston and St James, Birkenhead and Tranmere and Seacombe Wards within the Borough.

The decision is regarded as a key decision.

RECOMMENDATIONS

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

1. Approve a grant from the Wirral Waters Investment Fund to Peel Land and Property Investments (Intermediate) Limited to support the development of new high quality mixed use floorspace at Egerton Village.

2. Authorise the Director of Law and Governance, in consultation with the Director of Regeneration and Place to draw up and sign a conditional legal agreement between the Council and Peel Land and Property (Intermediate) Limited to reflect the grant arrangements.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 To enable Peel Land and Property Investments (Intermediate) Limited to create new, high quality floorspace at Egerton Village, to support the priorities of the Wirral Waters Investment Fund (WWIF).
- 1.2 Egerton Village is a new, low carbon 14,671 sq ft gateway community, amenity and arts facility located in the Four Bridges area of Wirral Waters, and will provide a focal point for arrival and orientation around Wirral Waters. The development has been designed to create a new semi-public, semi-covered 'square' at its heart that will be used for events and other activities.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 A number of other options have been considered and were discounted as follows: -
 - a) **Provide a loan rather than a grant:** An independent appraisal of the application has concluded that the project is not currently viable and therefore requires grant funding rather than loan funding.
 - b) **Adopt a “do nothing” approach:** The development would be jeopardised, as the project is reliant on securing funding from other public/private sources to meet the identified viability gap. The WWIF grant will enable the delivery of a high-quality development which will support the Wirral Growth Plan. Without grant funding the project may not proceed at all.

3.0 BACKGROUND INFORMATION

- 3.1 Cabinet approved the development of an investment framework for the reinvestment of business rate uplift within the Wirral Waters part of the Mersey Waters Enterprise Zone at its 12 March 2015 meeting (Minute 156 refers). On 5 November 2015 Members formally approved the creation and operation of the Wirral Waters Investment Fund and the incorporation of the investment potential for Phase 1 (£16m by 2020) into the Council's Capital Programme (Minute 62 refers). The Cabinet report also identified potential for the Fund to enable longer-term investment of up to £47m by 2037.
- 3.2 The Investment Fund has been created on the basis of reinvesting uplifted business rates and/or prudential borrowing against future business rates into the Enterprise Zone up to 2037, to support new projects through grants and loans and generate further business rates income. The Wirral Waters Business Plan (August 2018) together with an updated summary note outlines the pipeline of projects that will be brought forward through the Investment Fund process.
- 3.3 The Business Plan set out that intervention in the early years of the programme if invested in the right projects and in the right cluster locations will have a

transformational impact in terms of attracting significant investment and enhancing the image of the area in and around Birkenhead.

- 3.4 The area in and around the Birkenhead Dock system suffers from a number of inter-related market failures following decades of industrial decline and lack of investment. New development in the area is often not viable without some form of public sector support. The low values and associated impact on viability, are caused by the historically poor external perceptions of the area, the lack of occupier confidence across all sectors and associated uncertainties about investment returns.
- 3.5 The Wirral Waters Investment Fund therefore provides a mechanism to support the following:
- Development viability support - funding support for commercial, industrial, and residential development schemes, to close the gap between costs and values, allowing commercial development schemes to proceed.
 - Land remediation and servicing – on-site and off-site works to address poor ground conditions through land remediation and the installation of key services.
 - Environmental improvements – on-site and off-site works aimed at enhancing the quality of the environment across the Wirral Waters area including the improvement of road corridors and gateway locations.
 - Infrastructure investment – on-site and off-site works targeted specific infrastructure weaknesses to enhance access and traffic flows.
 - High quality communities – a programme of on-site and off-site investment aimed at enhancing amenity to create a sustainable environment for businesses and residents moving into the area.

Wirral Waters Investment Fund Process

- 3.6 The Council's Finance department oversees the management of the Wirral Waters Investment Fund. In addition, external advisors have been commissioned to provide expert advice and support for the assessment and appraisal of business cases submitted to the WWIF, ensuring robust due diligence is undertaken. This includes providing subsidy control advice (see Section 5 Legal Implications below); undertaking a site-by-site independent business case review; analysing the property market to support the public investment decision; and reviewing the financial returns to the Council.
- 3.7 Key Project Details are set out in Exempt Appendix 2 attached.
- 3.8 Peel Investments (Intermediate) Limited has applied for a grant for viability support through the Wirral Waters Investment Fund to support the delivery of Egerton Village, which comprises 14,671 sq ft of commercial floorspace to support key sector development at Four Bridges. Egerton Village has been designed as a four-sided, two storey courtyard. To the north the largest wing will potentially accommodate a variety of arts and creative industries and students in flexible workshop, studio and education space, with the potential for part to be used as a gallery. This space may also accommodate a visitor centre which will help signpost visitors and interpret the activities taking place.

- 3.9 Across the central square occupying an outstanding, waterfront, westerly location on the dock edge there is the potential for a new restaurant. Complementing these offers along the Tower Road frontage will be a series of smaller, retail outlets / kiosks potentially accommodating such amenity services as food retail, coffee, newsagents etc to support the local and emerging residential, commercial and student community. This will complement the developments coming forward within Birkenhead Town Centre progressed by the Wirral Growth Company.
- 3.10 Now that construction has begun on the 33,541 sqft grade A BREEAM Excellent No 1 Tower Road South Office building, next door to Egerton Village, there is a pressing need to deliver Egerton Village to establish greater and appropriate amenity that will assist in attracting new employers into the area and create a step change in terms of people's perception of the place establishing a vital and viable base for exploring the rest of Wirral Waters and the wider Left Bank area with clear linkages into Birkenhead Town Centre.
- 3.11 Egerton Village will serve existing and new businesses and communities, students, visitors and residents through the provision of much needed amenity space including an appropriate food and drink offer as well as providing studio and workspace accommodation with a focus on the 'arts'. A site plan showing the extent of the boundary is included in Appendix 1.
- 3.12 The development will be built using Modern Methods of Construction involving a panelised approach to construction. The modules are an A-frame construction and will form the fabric of the built environment. It will be BREEAM Excellent and will be distinct, innovative and cost effective in its design and in its use of modules and panels. A design competition has been held and the project has successfully been through PlacesMatter! design review process.
- 3.13 The aim is to try and create the first Net Zero Carbon building at Wirral Waters, that will offset all greenhouse gases that it produces. This will be achieved through its design, selection of materiality, using renewable energy and careful procurement during the construction and operating stages. The fabrication of the building is also of modular typology which means that construction is quick, efficient and provides an opportunity for engagement with the Wirral Met College Construction faculty.
- 3.14 Alongside the engagement with the construction students from the neighbouring college, social value will form a key element of this scheme and Peels intention is to ensure that they work collaboratively with partners to maximize opportunities for local supply chain spend and the use of local construction labour some of which can be accessed via the Wirral Construction Forum. Work will continue with tenants once the site is operational to promote further partnership working and create a project with lasting social value credentials.

Key Outputs

- 3.15 The project will deliver approximately 14,671 sq ft of new commercial floorspace and is estimated that it will generate additional business rates within the Wirral Waters Enterprise Zone from practical completion until 2037. The project is projected to create 49 FTE new jobs following practical completion.

- 3.16 The project is projected to leverage in private sector investment during the construction phase and generate further investment by end users in the form of fit-out and ongoing operation.
- 3.17 The site benefits from full planning permission (APP/18/00647).

Project Costs and Funding Arrangements

- 3.18 The application for grant funding through the Wirral Waters Investment Fund relates to capital expenditure costs. No contribution will be made to the operating costs of Egerton Village.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The financial information is set out in detail in Appendix 2 to this report. Appendix 2 is exempt from publication under Paragraph 3 of part 1 of Schedule 12A of the Local Government Act 1972 as it contains commercially sensitive information.

5.0 LEGAL IMPLICATIONS

- 5.1 The offer of financial assistance is subject to the new Subsidy Control regime which as of 1 January 2021 replaced the previous EU State Aid rules. Subsidies awarded must satisfy 6 core principles, referred to as the "General Principles" which are to be found in Article 3 of the recently concluded UK-EU Trade and Cooperation Agreement. These core principles bear considerable resemblance to the sort of considerations already tested in EU State aid block exemptions. The new UK Subsidy Control regime is certainly no more restrictive than the current EU law framework.
- 5.2 The funding proposed is from Wirral Waters Investment Fund. This was established for the purpose of promoting investment and economic growth within the Wirral Waters priority regeneration area.
- 5.3 Article 56 of the previously applicable General Block Exemption (GBER) specifically addressed projects of this nature. Although the GBER is not within the UK Subsidy Control regime, awards made under the GBER are subject to the same Common Principles under Article 3.4 of the Trade and Cooperation Agreement. GBER was painstakingly drafted to limit aid interventions to the scale and level that would deliver minimal distortions of competition only, and those that were considered balanced out against their distortive effects by their positive effects on investment and the economy, per type of activity. The limits of Article 56 GBER were deemed appropriate for local infrastructure investments, of a scale such as the current proposal. Physical work on the project has not started and there is no risk that the subsidy will be compensating the beneficiary for works that the benefits would have funded in the absence of any subsidy. A project of this nature therefore is not likely to be deemed to have a material effect on trade between different states.
- 5.4 Peel has submitted evidence that the grant is incentivising the proposal, noting that without the funding the investment would not be proceeding as planned or under the current timescale without the aid. The funding pursues the policy objectives of

investing in local infrastructure. Therefore, the subsidy supports an outcome which is likely not to be the case in the absence of the subsidy. The proposals within this report are considered to be compliant with subsidy control rules.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 The monitoring and management of the grant will be resourced through the existing work programmes of officers within the Council's Place and Investment Team. The drawing up of the legal agreement will be managed by the Council's Legal team.

7.0 RELEVANT RISKS

7.1 The detailed risks of the project in relation to the grant are identified along with appropriate mitigation measures within the exempt Appendix 2.

8.0 ENGAGEMENT/CONSULTATION

8.1 This report is consistent with the principles of Wirral Council's Growth Plan and Strategic Regeneration Framework and emerging Local Plan, which identifies Wirral Waters Enterprise Zone as an identified and agreed area of significant growth potential.

8.2 The Growth Plan and Strategic Regeneration Framework have been informed by consultation which has taken place with a number of private sector partners and local businesses through Wirral Chamber of Commerce sector forums.

9.0 EQUALITY IMPLICATIONS

9.1 The potential impact of the Egerton Village development 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.

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

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 This project will involve the redevelopment of 0.5 acres of brownfield land. In addition Peels aim is to try and create the first Net Zero Carbon building at Wirral Waters, that will offset all greenhouse gases that it produces. This will be achieved through its design, selection of materiality, using renewable energy and careful procurement during the construction and operating stages. The fabrication of the building is also of modular typology which means that construction is quick and efficient.

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APPENDICES

Appendix 1 – Site plan showing Egerton Village edged red being land to the east of East Float dock and west of Tower Road.

Appendix 2 – Key project details - Exempt

BACKGROUND PAPERS

A number of background papers to this report are exempt from publication under Paragraph 3 of part 1 of Schedule 12A of the Local Government Act 1972 as they contain commercially sensitive information.

Notice of Grant of Planning permission APP/1800647

Wirral Waters Investment Fund Business Plan - Exempt

Amion Summary Update Note - Exempt

Avison Young WWIF Egerton Village report - Exempt

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
N/A	