

Date 5th August 2021

REPORT TITLE:	A TOWN DEAL FOR BIRKENHEAD – ACCEPTANCE OF HEADS OF TERMS
REPORT OF:	ASSISTANT DIRECTOR OF REGENERATION

REPORT SUMMARY

In September 2019 the Government invited the Council to enter into a ‘Town Deal’ agreement for Birkenhead, which would see investment of up to £25m, or for proposals with regional significance up to £50m, to boost productivity, skills and living standards.

At its meeting on 26th January 2021 the Economy, Regeneration and Development Committee considered proposals regarding the submission of a Town Investment Plan for Birkenhead. The Committee delegated authority to the Director of Regeneration and Place, in consultation with the Chair and Spokespersons of the Economy, Regeneration and Development Committee, and the Chair of the Town Deal Board, to agree the Town Deal Heads of Terms with Government.

On 15th July 2021 the Council received notification from the Secretary of State for Housing Communities and Local Government that its Town Investment Plan submission has been successful. The Council has been offered a Town Deal for Birkenhead up to a value of £25 million, subject to agreeing Heads of Terms and the development of businesses cases for the projects proposed (attached as Appendix 1 to this report).

The grant of £25million will be utilised to deliver the Town Investment Plan, which will support the delivery of growth and regeneration of Birkenhead.

The property is in the Birkenhead, Tranmere Ward and Seacombe wards and is a key decision.

RECOMMENDATION

That the Director of Regeneration and Place:

- (1) accepts the offer of a Town Deal for Birkenhead up to a value of £25 million, and the associated Head of Terms, as set out in the offer letter from the Secretary of State for Housing Communities and Local Government; and
- (2) agrees that this decision is urgent and therefore not subject to review.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 To enable the Director of Regeneration and Place to accept the offer of a Town Deal for Birkenhead up to a value of £25 million, and the associated Head of Terms, in order to support the delivery of growth and regeneration of Birkenhead and implement the Town Investment Plan.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Another option would be to decline the offer. This would mean that Birkenhead would not benefit from the grant funding offered and the Council and project proposers would not be able to deliver the projects and regeneration ambitions set out in the Town Investment Plan.

3.0 BACKGROUND INFORMATION

- 3.1 In September 2019 the Government announced a new 'Town Deal', an opportunity that invited 101 places to develop proposals as part of a £3.6bn Towns Fund. The Government invited the Council to enter into a 'Town Deal' agreement for Birkenhead, which would see investment of up to £25m, or for proposals with regional significance up to £50m, to boost productivity, skills and living standards.
- 3.2 At its meeting on 26th January 2021 the Economy, Regeneration and Development Committee considered approved proposals regarding the submission of a Town Investment Plan for Birkenhead. The Committee delegated authority to the Director of Regeneration and Place, in consultation with the chair and spokespersons of the Economic Regeneration and Development Committee, and the Chair of the Town Deal Board, to agree the Town Deal Heads of Terms with Government.
- 3.3 On 15th July 2021 the Secretary of State for Housing Communities and Local Government offered the Council a Town Deal for Birkenhead up to a value of £25 million, subject to agreeing Heads of Terms and the development of business cases for the projects proposed. The Heads of Terms in summary record the fact that the Government will provide up to a total of £25 million from the Towns Fund, which will be used to enable Birkenhead to become a thriving urban community. The funding will be used to enable a range of projects to proceed that will contribute towards achieving this vision. These include:
- Dock Branch Park;
 - Transport Visitor Attraction;
 - Waterfront & Connectivity
 - Education Engagement Network;
 - Wellbeing & Opportunity Centre
 - Egerton Village
 - Egerton House
 - Start Yard;
 - Future Yard;
 - Argyle Street Creative;

- EXPO Village; and
- Sustainability Central

- 3.4 The Council will need to prioritise these projects within the funding envelope being offered. Funding for individual projects will be subject to successfully completing Phase 2 of the Towns Fund process. This includes detailed project development and business case assurance at local level.
- 3.5 The original financial ask included in the Town Investment Plan was for £45m. This is a sum which reflected the calibre of the 12 projects proposed and the regional significance and impact that they would collectively make. The offer of £25m is less than bid for but is still significant and will go a long way to delivering on the collective regeneration objectives for Birkenhead.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The Council has two months of accepting the offer to provide further information to the Ministry for Housing Communities and Local Government ('MHCLG') regarding the projects and how the Council and project proposers intend to meet certain conditions attached to them.
- 4.2 As the sum awarded is less than the sum offered this will mean reviewing the projects and agreeing the priorities of both the Town Deal Board and the Council, as well as the objectives of Town Deal programme itself. To determine this the Council's project team will review the original project proposals and the results and scoring of the original evaluation, along with any feedback given from MHCLG on the various projects put forward. Where possible alternative funding streams that might support project delivery will also be identified.
- 4.3 To help with project development and delivery MHCLG will be releasing early a payment of 5% of the total Heads of Terms offer. The payment will be made once the Council has finalised the project confirmation to the satisfaction of the MHCLG.
- 4.4 Of the 12 projects included in the Town Investment Plan, 3 are proposed by the Council. These include Dock Branch Park, public realm works at Argyle Street and the waterfront. The council is also a partner in the Education Engagement Network scheme. Should all of these schemes move forward following evaluation and business case approval, they will be funded by the Town Deal grant, Mass Transit funding and other external funding streams. The remaining 9 projects are privately led and will be funded via the grant and private sector funding.
- 4.5 Projects will be required to be developed and delivered prior to 2027. Town Deal funding will cover the cost of resourcing project development and delivery. Existing staff resources within the Regeneration and Place Directorate will also cover these activities.
- 4.6 Before any further grant monies are released the Council must work with Government to demonstrate the feasibility, viability and value for money of the projects. This will include a full business case for each of the projects.

5.0 LEGAL IMPLICATIONS

- 5.1 The Heads of Terms offer are not contractually binding document and are subject to various conditions being met. The Heads of Terms will act as a Memorandum of Understanding for the future development and delivery of Birkenhead's Town Investment Plan and project proposals. It sets out joint expectations as Birkenhead enters the business case development phase.
- 5.2 Following agreement of Heads of Terms, the Council will be required to enter into a grant funding agreement with MHCLG. As the accountable body for Town Deal funding, the Council will also be required to enter into funding agreements with the project proposers.
- 5.3 Advice from Legal Services will be required regarding the compliance of the projects within the Town Investment Plan within the UK's new international obligations on Subsidy Control. Any offer of financial assistance to project proposers will be 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 ("TCA"). 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.
- 5.4 The Council must also conduct project assurance in line with agreed routes for each individual project. Regular reporting will be undertaken, aligned with the Council's agreed assurance processes.
- 5.5 The MHCLG have stipulated that the acceptance of the Heads of Terms must be confirmed by the Council by 5 August 2021. If call-in were to apply to the decision in this matter it the offered grant funding would be jeopardised by any failure to confirm acceptance within the above timescale. The Chief Executive has been consulted and has agreed that the proposed decision is urgent.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 There are no IT or significant staffing implications arising from this report. A number of projects will be required to be developed and delivered prior to 2027. It is anticipated that Town Deal funding will cover the cost of resourcing project development and delivery. Existing staff resources within the Regeneration and Place Directorate will also cover these activities.

7.0 RELEVANT RISKS

- 7.1 Consideration has been given to potential risks and, where possible, steps have been put in place to minimise risk.
- 7.2 Failure to agree the Heads of Terms will result in the loss of the funding making the Town Investment Plan undeliverable and meaning that the ability to deliver on many of the Council's regeneration ambitions for Birkenhead would be lost.

- 7.3 A review of the risks and appropriate monitoring and compliance arrangements will be put in place in relation to any future funding agreement the Council should enter into.
- 7.4 Risk assessments have been undertaken for several of the projects and risk workshops have helped to mitigate risks where they can be identified. As part of the project development and assurance process of reviewing the businesses cases, risk assessments will be undertaken for all of the projects.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 The Director of Regeneration and Place has delegated authority to make this decision in consultation with the Chair and Spokespersons of the Economic Regeneration and Development Committee, and the Chair of the Town Deal Board. All relevant parties have been consulted and are in agreement that the Head of Terms should be accepted.

9.0 EQUALITY IMPLICATIONS

- 9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.
- 9.2 The potential impact has been reviewed with regard to equality and links to the existing EIA conducted for Wirral's Growth Plan. No changes were made to the EIA as a result of this report.

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

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 The recommendation has limited implications on the environment and climate as it relates to the Heads of Terms arrangements. However, there will be longer-term implications as a result of the projects.
- 10.2 MHCLG in its guidance on Towns Fund sets out that proposals must be guided by sustainability – economic, environmental, and social. The Government has committed to a legally binding target to achieve net zero greenhouse gas emissions by 2050. Clean growth represents a huge opportunity for the UK economy and is a core principle of the Towns Fund. As the projects are developed, they will further support the Governments ambitions for clean growth.
- 10.3 The Council's existing commitment ensures that redevelopment opportunities take account of the climate crisis and is identified as part of work on the Cool (2014-19) strategy.

11.0 COMMUNITY WEALTH BUILDING

11.1 There is considerable scope for the various projects that will come forward as a result of this funding to have a positive impact on Community Wealth Building.

REPORT AUTHOR: **Kate Pierce**
Economic Development Lead
Email: katepierce@wirral.gov.uk

APPENDICES

Appendix 1 - Offer letter from the Secretary of State for Housing Communities and Local Government dated 16 July 2021.

BACKGROUND PAPERS

Government announcement of a new 'Town Deal'- September 2019

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Meeting of the Economy, Regeneration and Development Committee ' <i>Birkenhead Town Deal – Funding Request</i> '	26 th January 2021