

27 July 2022

Report Title:	LEVELLING UP FUND WATERFRONT PROGRAMME – FINANCIAL ARRANGEMENTS
Report of:	ASSISTANT DIRECTOR: CHIEF REGENERATION OFFICER

REPORT SUMMARY

On 27 October 2021, the Council received notification of the outcome of its submission to the first round of the Department of Levelling Up, Housing and Communities (DLUHC) Levelling Up Fund (LUF). This announcement set out that the Council had received its full requested allocation of £19,648,873 for a package of projects at Woodside.

Approval was given in February 2022 for the Director of Regeneration and Place to accept the grant funding and to commence activity to develop and deliver the Council's Levelling Up Programme (Officer Decision Notice, 17 February 2022 refers).

Town centre regeneration, transport improvements and the creation of quality places is a long-standing priority for the Council and is reflected in the Wirral Council Plan 2021-2026. The proposals contained in this report directly support the following key themes within the Wirral Plan:

- A thriving and inclusive economy, creating jobs and opportunities for all;
- A clean-energy, sustainable borough, leading the way in tackling the environment crisis;
- Safe and pleasant communities that our residents are proud of; and
- Healthy and active lives for all, with the right care, at the right time.

One of the projects being delivered through the Council's Levelling Up Fund Programme is a new International Battle of the Atlantic, a world class visitor destination which is uniquely split on two banks of the Mersey. Proposals include the complete redevelopment of the U-boat Story, an education centre and memorial site for the Battle of the Atlantic. The project is being led by Big Heritage, a Community Interest Company with a strong track record of delivering projects to connect communities and audience to their shared heritage.

A total of £2,933,116 has been awarded to support the International Battle of the Atlantic Project, to be spent by March 2024.

This report seeks approval to provide advanced grant payments to Big Heritage C.I.C to enable effective project delivery, subject to the provisions set out in paragraph 4.7.

This matter affects the ward of Birkenhead and Tranmere.

RECOMMENDATION

The Director of Resources is recommended to approve advance payments as appropriate to Big Heritage C.I.C to enable project delivery, in accordance with paragraph 4.7 of this report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATIONS

- 1.1 To enable the delivery of the Levelling Up Fund Programme at Woodside and to meet the requirements of the Memorandum of Understanding currently in place between DLUHC and the Council.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council has the option to not provide advanced funding to Big Heritage C.I.C, however, it is estimated that the capital outlay for the project will be significant, in particular during the project construction phase. As a Community Interest Company, it will not be possible for Big Heritage to use their own cash flow to deliver the project and then claim the funding from the Council following this spend. Failure to support the delivery of the project could result in clawback of £2,933,116 by DLUHC and would undermine the wider Woodside Waterfront regeneration programme. This option has therefore been discounted.

3.0 BACKGROUND INFORMATION

- 3.1 The Levelling Up Fund (LUF) was launched in March 2021, with a focus on providing capital investment to support places where it could make the biggest difference to everyday life, including ex-industrial areas, deprived towns and coastal communities
- 3.2 The Council submitted one bid for the first round of funding for the Birkenhead constituency covering Woodside for £19,648,873 and was successful in securing the full amount.
- 3.3 The Council's Woodside LUF package comprises of two interlinked projects. Further detail is set out below.

Project 1 (Woodside Waterfront Visitor Attraction) proposes the delivery of four complementary interventions, which when delivered together will establish Woodside as an internationally significant visitor destination:

- Project 1a (Project Lead – Merseytravel): The replacement of all key infrastructure inclusive of bridge, pontoon and boom. Delivery would provide a 40 year + life extension and enable Merseytravel to continue to deliver daily river crossing services from the terminal. Renewal of the existing link span bridge would see the removal of the dome structure which blights the view.
- Project 1b (Project Lead – Wirral Council): The bus station located adjacent to Woodside Ferry Terminal is currently underutilised and occupies a strategic site, crucial to the delivery of a movement corridor between Birkenhead town centre and the waterfront. The LUF proposal seeks to remove the turnaround facility and delivery of public realm, creating a gateway feature for Woodside.
- Project 1c (Project Lead – Wirral Council): Delivery of a new riverfront urban park, around the historic Time Gun. A new bridge will provide a pedestrian and cycle connection across an inlet to Morpeth Docks, creating an uninterrupted route. This

intervention will also deliver public realm improvements which will create vibrant waterfront, with seating.

- Project 1d (Project Lead – Big Heritage): A world class visitor destination which is uniquely split on two banks of the Mersey. Proposals include the complete redevelopment of the U-boat Story, an education centre and memorial site for the Battle of the Atlantic.

Project 2: Woodside Gyrotory Reconfiguration (Project Lead – Wirral Council) includes a proposal to reconfigure the gyrotory, reallocating space to pedestrians and cyclists, delivering space for public realm and creating a coherent movement corridor between Birkenhead town centre and the Waterfront Gyrotory reconfiguration will also unlock a noteworthy development site. This project would also support remedial works for the heritage tramways, including short-term repairs and the realignment of the tracks as part of the enhanced transport museum offer.

4.0 FINANCIAL IMPLICATIONS

- 4.1 Approval was given in February 2022 to accept the grant funding agreement and to commence activity to develop and deliver the Council's Levelling Up Programme, including entering into a back-to-back funding agreement between the Council and Big Heritage C.I.C (Officer Decision Notice, 17 February 2022 refers).
- 4.2 The Council signed a Memorandum of Understanding (MOU) with DLUHC in February 2022, which sets out the terms, principles and practices that will apply to the working relationship regarding the administration and delivery of the Levelling Up Fund programme for Woodside. The MOU applies to financial years 2021-22 and 2022-23 only.
- 4.3 The agreed funds will be issued to the Council as grant payments under Section 50 of the United Kingdom Internal Markets Act 2020, for capital expenditure only.
- 4.4 The MOU requires the Council to provide regular project, financial, and risk reporting to DLUHC, in a format prescribed by DLUHC, demonstrating expenditure of the previous funding and that outputs and outcomes are being met.
- 4.5 Payments to the Council will normally be made six monthly, in January and July of each year, on the basis of a projected spend profile submitted on a quarterly basis. The July payment will cover Q1 (in arrears) and Q2 (in advance) and the January payment will cover Q3 (in arrears) and Q4 (in advance). By exception, the payment covering the 2021/22 financial year was made in February 2022.
- 4.6 In order to disburse the funding to Big Heritage C.I.C, the Director of Law and Governance is drafting a Grant Funding agreement between the Council and Big Heritage C.I.C. This has included due diligence checks on the beneficiary organisation, and confirmation that the Council is content that the grant they are to receive complies with Subsidy Control legislation.
- 4.7 Where grant beneficiaries are Community Interest Companies, charities or SMEs it is not always possible for them to use their own cash flow to deliver the project and then claim the funding from the Council following this spend. In drawing up the Grant Funding Agreement it is proposed that advance payments are made to Big Heritage C.I.C as the grant beneficiary, to enable project delivery. To manage the grant process, Big Heritage C.I.C would provide a forecast of spend which would be

reviewed and approved to inform staged, advance payments. Each month, evidence of spend would have to be provided to the project team, as part of the grant conditions, and this would be reviewed to confirm that eligible spend had been incurred. Subsequent advance payments would only be made when eligible past spend had been agreed and accounted for.

5.0 LEGAL IMPLICATIONS

5.1 The Levelling Up grant is awarded under s50 of the UK Internal Markets Act 2020. This provides that:

(1) A Minister of the Crown may, out of money provided by Parliament, provide financial assistance to any person for, or in connection with, any of the following purposes—

(a) promoting economic development in the United Kingdom or any area of the United Kingdom;

(b) providing infrastructure at places in the United Kingdom (including infrastructure in connection with any of the other purposes mentioned in this section);

(c) supporting cultural activities, projects and events that the Minister considers directly or indirectly benefit the United Kingdom or particular areas of the United Kingdom;

(d) supporting activities, projects and events relating to sport that the Minister considers directly or indirectly benefit the United Kingdom or particular areas of the United Kingdom;

(e) supporting international educational and training activities and exchanges;

(f) supporting educational and training activities and exchanges within the United Kingdom.

5.2 The Council will enter into a Grant Funding Agreement with Big Heritage C.I.C to protect the interests of the Council and ensure that the grant recipient utilises the grant funding as agreed.

5.3 The onward flow of funds will need to comply with the new regime applicable to state subsidy. 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 Subsidy Control position has been reviewed and it is considered that the International Battle of the Atlantic project constitutes primarily non-economic activities which are also for a non-economic purpose, therefore funding such activities would not constitute a subsidy. The effect of this is that from a subsidy control perspective the funding does not require compliance with the Act nor the subsidy control principles (See section 12 and Schedule 1 of the Subsidy Control Act 2022).

5.5 The Council has conducted project assurance and regular reporting continues to be undertaken, aligned with the Council's agreed assurance processes.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 The Council's Levelling Up Fund programme will be managed by existing staff from within the Council's Regeneration Service supported by finance, legal and the Regeneration Programme Management Office.

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 In making advance payments to grant beneficiaries there is a risk that the funding will not be spent as agreed. However, this risk is considered low. The Grant Funding Agreement will have a clawback clause that will enable the funding to be clawed back if not utilised as intended. Evidence provided by the grant beneficiary will be scrutinised by officers of both the Economic Growth Team and the Finance Team. The funding will not all be released in one go. Further tranches of funding will only be released when the grant beneficiary can fully evidence the previous spend. This approach has been utilised previously with success.

8.0 ENGAGEMENT/CONSULTATION

8.1 As projects within the Levelling Up Fund programme are developed, these proposals will go through engagement and consultation as part of initial design and the statutory approval and planning process as appropriate to each project.

8.2 Wirral Council has a statutory consultation process that is required for the undertaking of work on the adopted highway which will require public consultation.

8.3 The Council is working closely with Big Heritage C.I.C to ensure that their proposals are subject to public engagement. Big Heritage has a strong track record of community engagement and 'giving people a sense of ownership over their shared past' is one of their key organisational objectives.

9.0 EQUALITY IMPLICATIONS

9.1 The potential impact of the Levelling Up Fund has been reviewed with regard to equality and links to the existing Equality Impact Assessment (EIA) conducted for Wirral's Economic Strategy and no material amendments have been made.

9.2 Whilst there are no equality implications arising from this report, the associated actions arising from the delivery may need to assess any equality issues and mitigate any negative impact that may emerge. Any associated EIA's will be done at the earliest possible stage.

9.3 The Council has an obligation under section 149 of the Equality Act 2010 and the Public Sector Equality duty (Sect 149 2011) to show due regard to the duty and show due regard to mitigate any negative impacts that may affect people with protected characteristics under the Act. The Director of Regeneration and Place recognises that this decision may have an impact on those who would wish to access certain locations by motor vehicle and other modes of transport. Where applicable details of any restrictions and alternative routes would be published and an equality impact assessment would be undertaken.

A copy of the EIA for Wirral's Economic Strategy can be viewed at:

<https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impactassessments/equality-impact-assessments-2021-0#overlay-context=communitiesand-neighbourhoods/equality-impact-assessments/equality-impact-assessments2021>

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The content and recommendations contained within this report are expected to reduce the emissions of greenhouse gases. This will include, as appropriate, infrastructure improvements to reduce car dominance and create a safer environment for road users and pedestrians, and environmental and climate considerations within the Council's Social Value strategy to be used within the procurement of future contractors. The design of the International Battle of the Atlantic will embed key sustainability principles.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 Community Wealth Building reorganises local economies to be fairer and stops wealth flowing out of communities. Striving for a prosperous and inclusive economy where local people can get good jobs and achieve their aspirations, the Council aims to create an economy that benefits all of our residents and one which keeps money within Wirral. The Council's Community Wealth Building Strategy is a key part of how this is achieved and makes a major contribution to improving the economic, social and health outcomes of the borough.

11.2 The projects within the LUF programme for Birkenhead will revitalise the town ensuring that more wealth is invested and stays within our Borough. The International Battle of the Atlantic Centre is being developed by a local Community Interest Company, which will help build a more resilient local community and support community organisations. Future procurement exercises will build the wealth of our local communities where we will strive to maximise social value activity through creation of local employment/ training opportunities and local labour/spend to maximise the Wirral pound.

REPORT AUTHOR: Name: Hannah Austin
Principal Economic Development Lead
Email: hannahaustin@wirral.gov.uk

APPENDICES

N/A

BACKGROUND PAPERS

Levelling Up Fund Round 1: Prospectus

Levelling Up Fund Round 1: Technical Note

Levelling Up Fund Round 1: First round of successful bidders

Wirral Council Levelling Up Fund application (June 2021)

Memorandum of Understanding between Wirral Council and the Department for Levelling Up, Housing and Communities (Levelling Up Fund Round 1)

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Levelling Up Fund, Director of Regeneration and Place Officer Decision Notice	17 February 2022