



## **ECONOMY REGENERATION & HOUSING COMMITTEE**

**Wednesday, 8 March 2023**

<b>REPORT TITLE:</b>	<b>FUTURE HIGH STREET PROGRAMME – EUROPA RESIDENTIAL PHASE 1, BIRKENHEAD</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF REGENERATION AND PLACE</b>

### **REPORT SUMMARY**

On 26 December 2020, the Council received notification of the outcome of two submissions it had made to the Ministry of Housing, Communities and Local Government (MHCLG) Future High Street Fund (FHSF). This announcement set out that Birkenhead had received its full requested allocation of £24.6m.

This report sets out the activities undertaken to develop one element of the Birkenhead Future High Street programme, namely the Europa Residential scheme. Committee is asked to delegate the decision to appoint a delivery partner to the Director of Regeneration and Place.

Town centre regeneration is a long-standing priority for the Council and is reflected in the Wirral Council Plan 2021 – 26, through the requirement to deliver inclusive economic growth, working for a prosperous, inclusive economy where local people can get good jobs and achieve their aspirations.

This matter affects the ward of Birkenhead and Tranmere.

This is a key decision owing to the significance in terms of the effect on communities living or working in an area comprising two or more wards in the Borough, as well as being in excess of £500,000 in monetary value.

### **EXEMPT INFORMATION**

Appendix 2 of this report contains exempt information 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).'

### **RECOMMENDATION/S**

Economy Regeneration and Housing Committee is recommended to

1. Approve that the current Future High Street Fund allocation for this project as set out in the exempt Appendix 2 to this report be ring-fenced for this purpose.

2. Recommend to Policy and Resources Committee that the Director of Regeneration and Place be authorised to:
  - a. in consultation with the Director of Law and Governance, progress the appointment of a delivery partner for the Europa Residential Phase 1 project further to the on-going mini-tendering process via the Homes England Housing Delivery Partner Dynamic Purchasing System; and
  - b. pursue and accept other avenues of funding and proceed to award of contract in the event that a suitably appraised and acceptable bid exceeds the Future High Street Fund allocation for this project
3. Authorise the Director of Law and Governance to finalise the legal documentation arising out of the implementation of the above recommendations.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

- 1.1 The Future High Street Fund (FHSF) is time limited to March 2024 and will support the Council by enabling access to significant funding to support the regeneration of Birkenhead including that of private sector investment.
- 1.2 The deadline for outline scheme proposals to be submitted to the Council from shortlisted prospective delivery partners (i.e. developers) is 10<sup>th</sup> March 2023. The earliest opportunity for Committee to consider these proposals and make a decision is likely to be circa June 2023 due to the upcoming elections and associated pre-election period. This timescale is likely to seriously compromise the ability to appoint a delivery partner, secure planning consent, achieve a start on site and defray FHSF deficit funding (should this be required) by 31<sup>st</sup> March 2024.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 The fundamental issue to be addressed is that of the time sensitivity associated with expenditure of Future High Street Funding. One option is to delay making a decision on the selection of a delivery partner until Committee has had chance to consider these proposals. This option has been discounted for two reasons.
  - Firstly, shortlisted proposals are not due to be submitted until 10<sup>th</sup> March 2023 and there are no further scheduled Committee meetings until following the local elections; and
  - Secondly, the FHSF process has been lengthy and protracted, taking 2 years to date from the launch of the programme. Despite these delays the original spend profile of March 2024 remains, so it is imperative to avoid further delay and commence activity to develop and deliver the projects.

### **3.0 BACKGROUND INFORMATION**

#### **Overview of Birkenhead Future High Street Fund**

- 3.1 The Birkenhead FHSF application outlined that the high street is blighted by vacant shop frontages, with the market also hosting considerable empty units; both experiencing a reduction in footfall. There is little or no diversity in terms of office, leisure and residential uses and outside of trading hours the core is largely deserted. There is little in the way of green space and infrastructure, with low quality and dated public realm and vehicle dominated, over engineered roads which provide a poor-quality pedestrian/cycle environment and have a poor road safety record.
- 3.2 To seek to resolve these challenges, the Birkenhead Future High Street Fund application identified five objectives:
  - An improved retail core and market;
  - A diversified and mixed-use town centre;
  - A walkable and sustainably connected centre;
  - An attractor of visitors; and

- An investable proposition.
- 3.3 Alongside Wirral Growth Company investment, the Birkenhead application set out a vision for a diversified, mixed-use town centre with an improved retail core/market. This included the demolition of the old market and a smaller more modern and sustainable new build.
- 3.4 In addition a series of highways and connectivity projects would address the over-engineered highway routes around the town centre and simplify and enhance pedestrian and cycle access at key gateway entry points to the retail core and improve road safety. These include Conway Street/Europa Boulevard, Charing Cross/Grange Road West and Birkenhead Central Gyratory. The high street itself would also see enhanced public realm improvements on Grange Road.
- 3.5 Accelerated residential development on Europa Boulevard will provide new homes and bring added diversification in the town centre, increasing and enhancing its catchment. This will also contribute to the maturing of the local housing market making later phases of development more viable and support early brownfield residential delivery which is critical to the Council's emerging Local Plan.
- 3.6 The FHSF submission by the Council envisaged this important town centre site being developed as an exemplar residential scheme of the highest design quality with a particular focus on larger family homes. In order to guide investment and to clarify the Council's aspirations for this site the 'Birkenhead Exemplar Housing Design Feasibility Study' has been produced. The objectives of the feasibility study are;
- To provide Architectural and viability information relating to high quality family dwellings to enable the Whole Plan Viability Assessment to be completed;
  - To provide a comparative design and viability study for the Europa Phase 1 residential project in Birkenhead Town Centre;
  - To provide evidence of viability and developer appetite to deliver high quality non-standard high density family dwellings in Birkenhead;
  - To test emerging Local Plan design and parking, and open space related policies;
  - To set out innovative exemplars and design principles for delivering high-quality, high-density family dwellings in Birkenhead to inform the Birkenhead Design Guide;
- 3.7 The positive outcome from the feasibility study has triggered the next stage in the delivery process, namely the procurement of a delivery partner. To this end the Council has employed best practice in this field and has utilised the Homes England Housing Delivery Partner Dynamic Purchasing System (DPS). An initial Expression of Interest was sent to approximately 30 housing developers registered on the Dynamic Purchasing System. From this long-list a short-list of prospective developers has been drawn up and have been invited to submit their detailed proposals for this site. The deadline for submissions is 10<sup>th</sup> March 2023.
- 3.8 Shortlisted developers have been invited to prepare submissions which address the following objectives;
- To secure scheme proposals that balance high standards of design quality with the best land value offer achievable;

- For its selected Delivery Partner to build out its consented scheme in the shortest timeframe possible (and which, in any event, cannot exceed 31 months);
- The site developed as an exemplar residential scheme of the highest design quality with a particular focus on larger family homes;
- Facilitate a high quality, mixed tenure development of housing;
- Achieve a minimum of 189 residential units within the development;
- The development must be able to demonstrate that it has adopted, and applied, the principles set out in the Birkenhead Exemplar Housing Design Study;
- The development should adhere to Building for Healthy Life standards;
- A minimum of 10% of the total number of homes developed should be affordable;
- The project must promote sustainability and embrace to Council's emerging Wirral Climate Change strategy.
- Development which is distinctive and respects the local identity;
- Promote high quality standards of planning and urban design; create a modern and attractive place to live;
- Provide a safe, secure and pleasant environment; minimising opportunities for anti-social behaviour;
- Provide housing which is accessible and adaptable by observing Barrier Free and Housing for Varying Needs principles;
- To bring forward proposals that meet the housing needs of the area (which may entail a mix of tenure types across the development);
- Be in accordance with the emerging Birkenhead Town Centre masterplan and
- Recognises aspirations, affordability and value for money.

3.9 'Preferred Developer' status for this project will be awarded on the assessment of the following criteria;

- Scheme plans and house type details;
- Design quality;
- Planning and management;
- Marketing & disposal strategy;
- Project risks and programme;
- Financial appraisal;
- Resources and expertise;
- Social value contribution;
- Price.

## 4.0 FINANCIAL IMPLICATIONS

4.1 The Council has been awarded £24,589,011 from the government's Future High Street Programme towards a package of projects for Birkenhead Town Centre. Of this sum, the Europa Residential Project currently has an allocation and has received up front payments as set out in the exempt Appendix 2 of this report. The grant funding agreement sets out a Section 31 non-ring-fenced grant transfer with

yearly up-front payments. These upfront funds will be utilised to progress detailed project design and delivery. The balance of funding will be paid once prior funding has been defrayed.

## **5.0 LEGAL IMPLICATIONS**

- 5.1 The Director of Law and Governance ensure compliance of the Future High Street Fund projects and the onward flow of funds with the Subsidy Control Act 2022. It is not possible to provide a more detailed position statement in this regard.
- 5.2 The Public Contracts Regulations 2015 (“the 2015 Regulations”) provide at paragraph 33 (8) that a framework agreement shall be performed in the following way:
- (c) where not all the terms governing the provision of the works, services, and supplies concerned are laid down in the framework agreement, through reopening competition amongst the economic operators which are party to the framework agreement” (i.e. a mini / further competition).
- 5.3 Carrying out a mini completion will ensure compliance with the 2015 Regulations.
- 5.4 Recommendation 1 is directed ultimately for Policy and Resources Committee for a decision given that the value of the land is considered to be in excess of £500,000 and the appointment of a development partner will involve the development and onward transfer of the land in accordance with the objectives set out in paragraph 3.8 of this report.

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

- 6.1 The Birkenhead Future High Street Fund programme will be managed by existing staff from within the Place and Investment Team, within the Regeneration and Place Directorate. This resource can be supplemented using external consultancy resources where necessary.

## **7.0 RELEVANT RISKS**

- 7.1 A programme Risk Register has been developed as well as individual Risk Registers for each of the individual projects including that of Europa Residential. These are updated throughout the programme/project lifecycle in order to assist the Council in identifying, controlling and managing risk. These are reported within the Council’s Corporate Risk Management structure. Current key risks to this project include;
- Failure to appoint a delivery partner would mean that there would be no project for Europa Residential. This would result in the loss of a minimum of 189 new residential units for this part of Birkenhead. This could also lead to the clawback of some/all of the FHSF allocation. However the Council has embarked upon a procurement exercise via Homes England’s Housing Delivery Partner Dynamic Purchasing System. A shortlist of prospective delivery partners have been invited to submit proposals for this site. Should these proposals prove to be unacceptable to the council, an alternative delivery partner procurement route is being prepared.

- Construction costs increase due to inflation. The impact of this risk materialising is that the build rate will slow and it will take longer to deliver the anticipated outcomes for the site. This could have an adverse impact on the wider town centre area. However the council will safeguard its position by scrutinising project costs in advance by experienced independent cost consultants and requiring a contingency budget identified for unforeseen events. Further to this, forecasts suggest that inflation will fall over the next few years.

- 7.2 As outlined elsewhere within this report the Future High Street Fund application process has been subject to delay and taken more than 2 years to date. However the final date for spend has not been extended and remains at March 2024. Failure to meet this deadline could leave the Council subject to clawback of the grant. To mitigate any risk of not delivering and spending within this timescale Committee is asked within this report to authorise the Director of Regeneration and Place to appoint a delivery partner (subject to acceptable scheme proposals being received).
- 7.3 This project can make a positive contribution to the wider Local Plan housing target for Central Birkenhead and in doing so help mitigate the council's risk of non-delivery.

## **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 The Future High Street Fund programme and projects support and add value to the previous Birkenhead Town Centre consultation conducted by Wirral Growth Company in 2021.
- 8.2 Stakeholders are currently being consulted (December 2022/January 2023) on a new/refreshed masterplan for the town centre (which includes the Europa Residential site) following recent realignment of the Wirral Growth Company.
- 8.3 As the Europa Residential project is developed further, proposals will also go through engagement and consultation as part of the statutory planning process.

## **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 (EIA) 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 of the Future High Streets Fund has been reviewed with regard to equality and links to the existing EIA conducted for Wirral's Growth Plan and no material amendments have been made.

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

- 9.3 A copy of the EIA for Wirral's Economic Strategy, which has been checked and is still valid, can be viewed at:  
<https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2021-0#overlay-context=communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2021>

## **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, energy efficient buildings within new developments; 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 a delivery partner.

## **11.0 COMMUNITY WEALTH IMPLICATIONS**

- 11.1 Regeneration of Birkenhead is the backbone of the Birkenhead 2040 Framework and emerging Local Plan. In this context this FHSF project is part of a wider regeneration programme to deliver a prosperous, inclusive economy to benefit local residents and communities.
- 11.2 Community Wealth Building reorganises local economies to be fairer and stops wealth flowing out of communities. The principles of the FHSF to deliver a diversified and mixed-use town centre, with a wider catchment of people living and working in the area and a major transformation of Birkenhead market to make it more appealing, sustainable and fit for modern market trading conditions will support economic, social and health outcomes, the community and many small and medium enterprises.
- 11.3 Within the FHSF programme Council land and assets are being used as a base to build community wealth, revitalising the town centre and maximising opportunities for local people. Future procurement exercises will build the wealth of our local communities where we will strive to maximise social value activity through the creation of local employment/training opportunities and local labour/spend to maximise the Wirral pound.

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## **APPENDICES**

Appendix 1: Europa Residential, Birkenhead – Site Plan

Appendix 2- Confidential further information - Appendix 2 of this report contains exempt information 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).

## **BACKGROUND PAPERS**

MHCLG Future High Streets Fund Call for Proposals, December 2018

<https://www.gov.uk/government/publications/future-high-streets-fund-call-for-proposals>

MHCLG Future High Streets Fund Business Case Guidance, 2019 (Copy available on request)

MHCLG Future High Street Fund Announcement, December 2020

<https://www.gov.uk/government/news/830-million-funding-boost-for-high-streets>

## **TERMS OF REFERENCE**

The report is being considered by the Economy, Regeneration and Housing Committee in accordance with section 4.2(a) and (g) of its Terms of Reference:

- (a) formulation and delivery of the Council's strategic development objectives for planning, sustainability and transportation;
- (g) overseeing the progress of major projects (including major building, infrastructure or other projects involving the erection or significant alteration of major permanent structures or landmarks) undertaken by the Council directly or as enabler, funder or joint enterprise partner, including but not limited to the Wirral Growth Company LLP;

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>