



POLICY & RESOURCES COMMITTEE

Wednesday 2 October 2024

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| REPORT TITLE: | HIND STREET – MASTER DEVELOPMENT AGREEMENT |
| REPORT OF: | DIRECTOR OF REGENERATION AND PLACE |

REPORT SUMMARY

The Hind Street Urban Village project will see the development of around 1,500 new homes over the next 10 to 15 years. This ambitious and transformational project will effectively create a new community adjacent to the town centre. The development will be a model of urban living, well connected to Liverpool City Centre through the proximity of Birkenhead Central and Green Lane Station, and provided with quality open spaces, public realm and active travel routes. The development is expected to attract people who are existing Wirral residents looking for a modern housing offer and a different lifestyle afforded by the proximity of Hind Street to so many local and city centre facilities, along with new residents from outside the borough. This is a landmark scheme for the Council and fundamental to the delivery of the Council's brownfield-first Local Plan.

The Council submitted a Full Business Case (FBC) for Hind Street South (the area south of Hind Street) on 9th July 2024, requesting £50.1 million of funding from Homes England (HE) and Liverpool City Region Combined Authority (LCRCA). This funding will unlock the initial phases in the south of the site, for which planning permission is sought for 633 homes. The future phases in the North of the site will comprise additional new homes, a new school and linkages to the town centre facilitated by the demolition of the Mersey Tunnel flyovers. It is proposed that the comprehensive development of this complex regeneration project will be delivered by way of a direct award of a Master Development Agreement (MDA) to Ion Property Developments Ltd (Ion).

This report seeks the Committee's endorsement of the finalised provisions of the long-term Master Development Agreement with Ion Property Developments Ltd and provides an update as to the strategy to mitigate the risks of a direct award approach.

Wirral Working Together – A Council Plan 2023 - 2027 sets out the Council's vision to secure the best possible future for our residents. The Hind Street Master Development Agreement supports the delivery of the following key themes through its role in enabling the development of new homes, new green spaces and active travel links on a site that is currently derelict and contaminated:

- Promoting independence and healthier lives
- People focussed regeneration;
- Protect our environment; and
- Safe, resilient and engaged communities

This matter affects Birkenhead & Tranmere ward.

This is a Key Decision.

Appendix 1 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

The Policy & Resources Committee is recommended to authorise the Director of Law and Corporate Services to enter into Master Development Agreement for Hind Street Urban Village with Ion Property Developments Ltd on the legal, financial and risk basis outlined in the exempt Appendix 1 of this report.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 The recommendation will enable the Council to enter into a long-term binding development agreement to enable the delivery of the comprehensive regeneration at Hind Street.
- 1.2 A further update on the final Business Plan that is a requirement of the Master Development Agreement (MDA) will be brought to a future Committee meeting to ensure that the Council is aware of the detail, including any risks, arising from the plan prior to the MDA becoming unconditional.
- 1.3 The proposed course of action in relation to the MDA has been developed over the last year following the approval by this Committee in July 2023 of Heads of Terms for an MDA with Ion Property Developments Ltd (Ion).

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Committee could decide to not enter into an MDA and seek to dispose of its landholdings to Ion Property Developments Ltd through a conditional sale or to a third-party developer. This option was previously considered and was discounted on three grounds:
 - (1) The stronger the obligations are on any delivery partner to deliver the scheme the better it will demonstrate that the scheme is deliverable should a compulsory purchase order process be required;
 - (2) HE and the LCRCA require obligations ensuring delivery of homes is passed on to a developer. Such obligations can only be passed on via a development agreement not through a land sale agreement; and
 - (3) The Council cannot compel any purchaser to deliver a particular type of housing or public realm with the land disposal route without a development agreement and linked obligations. The Council would therefore have to rely on planning policy as a means of securing the best possible scheme via the planning application process.
- 2.2 The Council could seek to procure a developer pursuant to a regulated procurement exercise and has explored this option as part of its decision-making on route to market. The emerging planning policy for Hind Street requires a masterplan for the development of the comprehensive regeneration area. The Hind Street regeneration area is a complex site, with many constraints and challenges (including, in particular, overlapping parcels of interconnected land ownership). Whilst it may be possible for the Council to prepare a single masterplan for the site it is not possible to deliver a masterplan with multiple and potentially competing developers on the site. Ion is the majority land-owner in the north of Hind Street and procuring a developer for the comprehensive site could require the Council to embark on a lengthy compulsory purchase order (CPO) process to seek to acquire Ion's landholdings. The funding timescales for the HE and LCRCA programmes do not allow sufficient time for such

a CPO exercise, and this option was therefore discounted as a potential delivery model.

- 2.3 The Council could seek to utilise its arrangement with Wirral Growth Company LLP to develop the Council's landholdings. However as set out above this could result in disjointed delivery and or a requirement on the Council to seek to compulsory purchase Ion's landholdings. Again the funding timescales for the HE and LCRCA programmes do not provide for a CPO exercise and this option was therefore discounted.

3.0 BACKGROUND INFORMATION

- 3.1 The Hind Street site is largely vacant brownfield site with former uses including the Birkenhead town gas works, along with disused railway sidings which previously served Woodside, Cammell Lairds shipyard and the docks. It comprises circa 20 hectares.
- 3.2 In 2022 the Council acquired National Grid's land and the freehold for a parcel of land adjacent to the Green Lane railway station, the former with financial support from the LCRCA. The Council is the majority landowner in the South of the site with Ion Developments Ltd in control of a large portion of land in the North of the site.
- 3.3 Ion has been involved in the development of the Hind Street scheme for over 5 years. They own sites north of Hind Street. They have also been appointed by the Council as the development manager for the scheme (through the Pagabo framework) to develop the scheme and submit the planning application.
- 3.4 Ion has a successful track record in delivering large scale, complex regeneration schemes including:
- New Brighton, Wirral - This award winning 'mixed use' development comprises a Cinema, Hotel, Children's soft Play Centre and Theatre as well as a supermarket, retail and restaurant units set in a comprehensive public realm which includes a new 850m long Promenade (Estimated project value £60 million).
 - Wolverhampton Interchange - A 16+ year strategic partnering arrangement to develop Wolverhampton Interchange including a new railway station, bus station, MSCP, cycle hub, offices and critical changes to the highways and close liaison with the Tram project (Estimated project value £100+ million).
 - Lime Street, Liverpool - A mixed-use gateway scheme including student accommodation, hotel and retail units including demolition of derelict buildings (Estimated project value £40 million).
- 3.5 In July 2023 this Committee considered an exempt report setting out recommendations from Economy Regeneration and Housing Committee on proposals for a MDA with Ion. The report set out that a legally justifiable route had been established for the Council to enter into a development agreement with Ion

without prior publication under Regulation 32(2)(b)(iii) of the Public Contracts Regulations (PCR). The report outlined the risks in pursuing this approach. The report set out the opportunity for the Council to use the “Exclusive Rights” approach to exempt the Council from a public procurement exercise, allowing the Council to enter into an MDA with Ion. The benefits of the MDA are that it would enable the Council to:

- impose positive development obligations on the developer;
- allow a long-term strategic approach to the regeneration which will be better able to react to market conditions, opportunities and challenges;
- pass on, where appropriate, the risks and obligations contained within the Grant Funding Agreements; and
- demonstrate to wider stakeholders, and for example at a CPO public inquiry, that there is a robust mechanism in place to provide a high degree of certainty over delivery.

3.6 This Committee approved the Heads of Terms for a MDA and authorised the Director of Law & Governance in consultation with the Director of Regeneration & Place to finalise the associated documentation.

3.7 The exempt Appendix 1 sets out the legal arrangements and basis of such arrangements based upon externally procured legal advice.

4.0 FINANCIAL IMPLICATIONS

4.1 The total land assembly capital costs to the Council has been estimated at £13.7 million. It is estimated that £11.1 million of this total will be recovered from developer(s) upon the commencement of construction within each phase/ land parcel. The balance of £2.6 million represents the Council’s cost of acquiring land in 2021/22 and 2022/23 which was met from the Strategic Acquisition Fund. The final appraisal under the MDA for the initial development phases will determine the viability and the Council may or may not be able to recover these costs. In addition, a £1.8 million grant received from the LCRCA has been defrayed on land acquisition to support the programme.

4.2 The MDA is conditional upon the Council securing the necessary grant funding for the primary enabling works. The developer is responsible for securing development funding for the housing development. The MDA is a long-term legally binding agreement. However, development of individual plots will not commence if the minimum land value cannot be achieved, unless the Council waives that condition. It is proposed that land receipts and overage are ring-fenced to support future phases of development.

4.3 In the longer term the Council will benefit from increased Council Tax revenue from the new homes, although some of this will be offset by some of its stewardship obligations in relation to the adopted highways, active travel routes and the section of Dock Branch Park within the Hind Street area. The development will also provide a major boost to the local economy with effectively a new community being created right on the edge of the town centre on a site which currently delivers no economic benefit to the area.

4.4 The Development Partner will pay the Council £25,000 plus VAT for each of the following Milestones being achieved:

- MDA being entered into;
- each Plot Development Agreement (PDA) being entered into; and
- each Plot lease being granted.

5.0 LEGAL IMPLICATIONS

5.1 In relation to the MDA, HE requires the Council to:

- provide subsidy control advice prior to the drawdown of land under the MDA;
- confirm the legal basis of the profit share and recovery arrangements;
- remove existing restrictions (to the benefit of HE) on land the Council acquired from Homes England so that these can be replaced with appropriate restrictions in relation to the grant funding.

5.2 It is anticipated that the legal input will be resourced from external legal advisers at the appropriate time.

5.3 Given the longevity of the proposed legal arrangements and the value of the ultimate transactions is well in excess of the relevant £500k threshold, and having regard to timescales, this report has not been considered by Economy, Regeneration and Housing Committee (ERH Committee) prior to coming to this committee. The Chair and Spokespersons of ERH Committee have been alerted and informed of these reports and their contents before being considered by this committee.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 Whilst the MDA places numerous delivery obligations upon Ion, it should be noted that the Council will need to resource the management and monitoring of the MDA. The staff resources required in this respect are detailed in section 7.5 of the Hind Street FBC which is appended to the accompanying report on the Hind Street Primary Enabling Works. In summary they are:

- 60% time of Head of Regeneration Delivery
- 60% time of Project Manager;
- 60% time Contract Manager; and
- 20% time of Regeneration PMO

- External Project Monitor.

7.0 RELEVANT RISKS

- 7.1 Key regeneration risks are detailed within the Directorate Risk Register and are regularly reviewed at the Regeneration and Place Departmental Management Team. Members will be aware that there is also a forthcoming workshop on Directorate risks. Finally, the risk register is regularly reported to the Council's Audit and Risk Management Committee.
- 7.2 Other relevant risks are set out in the exempt Appendix 1

8.0 ENGAGEMENT/CONSULTATION

- 8.1 The Hind Street project is subject to a current planning application which is expected to be determined in November 2024. Extensive consultation was undertaken prior to the submission of the planning application, with utilisation of the Council's Have Your Say website and in-person exhibitions at EdsPlace in the town centre. The planning application itself has been subject to the required statutory consultation.

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. An Equality Impact Assessment (EIA) was included as part of the Planning application which concluded that "all protected groups were assessed to have a neutral potential impact upon them arising from the different components of the development proposals". The full EIA is available on the Planning Portal at [4217114451692611637 - Hind-Street-Equalities-Statement-Final-2-August-2023 \(1\).pdf](https://www.planningportal.co.uk/consult/eia/4217114451692611637_-_Hind-Street-Equalities-Statement-Final-2-August-2023(1).pdf).
- 9.3 A new Equality Impact Assessment will also form part of the detailed business plan referred to in section 3.15 of this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 The Hind Street Urban Village scheme is premised on the concept of creating a low carbon neighbourhood with energy efficient homes and densities that encourage walking, cycling and the use of public transport rather than the car. Improved landscaping and public spaces will create the opportunity for biodiversity net gain. The construction phase of the development will generate carbon emissions, and although the development will be low carbon it will still be an increase on the existing position where there is no development. On balance, the economic and regeneration benefits of the scheme are considered to significantly outweigh the increase in carbon emissions that will result.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 The detailed business plan for consideration at a future meeting will set out the approach to social value, environmental sustainability policy and procurement and supply chain management.

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APPENDICES

Appendix 1- Legal Advice and Suggested Legal Arrangements (EXEMPT)

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BACKGROUND PAPERS

Wirral Council Plan 2023 - 2027

[Council Plan | wirral.gov.uk](https://www.wirral.gov.uk/council-plan)

Birkenhead 2040 Framework

[Birkenhead 2040 Framework | www.wirral.gov.uk](https://www.wirral.gov.uk/birkenhead-2040-framework)

Wirral Local Plan 2021 - 2037 Submission Draft – May 2022

[Local Plan Reg 19 \(wirral.gov.uk\)](https://www.wirral.gov.uk/local-plan-reg-19)

TERMS OF REFERENCE

This report is being considered by the Policy & Resources Committee in accordance with section b of its Terms of Reference.

SUBJECT HISTORY (last 3 years)

| Council Meeting | Date |
|--|--------------|
| Economy, Regeneration & Housing Committee Hind Street Regeneration Delivery – Capital bid for Hind Street budget | July 2023 |
| Economy, Regeneration & Housing Committee Hind Street Delivery – Agree MDA heads of terms, submit hybrid planning application, Green Lane section 25 Notice | June 2023 |
| Economy, Regeneration & Housing Committee Hind Street PCSA – Decision to enter into PCSA | January 2023 |

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| Economy, Regeneration & Housing Committee Hind Street Infrastructure relocation – relocation of PRI | November 2022 |
| Economy, Regeneration & Housing Committee Hind Street Regeneration – acquisition of Green Lane land | May 2022 |
| Economy, Regeneration & Housing Committee Hind Street Regeneration – acquisition of Green Lane land | March 2022 |