



POLICY & RESOURCES COMMITTEE

Wednesday 2 October 2024

REPORT TITLE:	HIND STREET - PRIMARY ENABLING WORKS
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). The FBC is attached as appendix 1. This funding will unlock phases A and B of the development, a site comprising of 10.9 ha of brownfield land, for which planning permission is sought for the delivery of 633 homes and 1,330sqm (Net Internal Area – NIA) of ancillary commercial floorspace. The package of works set out in the FBC (referred to as the Primary Enabling Works) will support the creation of development plots, with identified works relating to:

1. Site preparation – programme of remediation and ground works to address issues associated with former industrial uses;
2. Utilities infrastructure – relocation of active gas Pressure Reduction Infrastructure (PRI);
3. Highway infrastructure – a network of streets finished with high quality materials, including high quality routes for pedestrians and cyclists and bus infrastructure; and
4. Delivery of Dock Branch Park South and the Kings Square Link – active travel and open space interventions including the southern sections of Dock Branch Park.

The proposed primary enabling works package will be implemented following a detailed design stage, with works expected to start in early 2025 and to be completed in Spring

2027. Plot development in Hind Street South is expected to commence in summer 2027 and developed out over the following 6 years (2033).

This report seeks the required authorisations to enable the council to secure the external grant funding required to undertake the primary enabling works and to enter into the various contracts and land deals that will enable the works to be implemented.

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 – Primary Enabling Works 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
- Safe, resilient and engaged communities

This matter affects Birkenhead & Tranmere ward.

This is a Key Decision.

Appendices 1 and 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

The Policy and Resources Committee is requested to:

1. Authorise the Director of Law and Corporate Services to:
 - (a) finalise and enter into a Grant Funding Agreement (GFA) with Homes England and a GFA with Liverpool City Region Combined Authority (LCRCA) to secure the funding required to implement the primary enabling works for the Hind Street Urban Village project as detailed at paragraph 3.2 of this report
 - (b) enter into a contract for the delivery of the primary enabling works with a contractor appointed through an appropriate framework.
 - (c) enter into a development management agreement with Ion Property Developments Ltd (Ion) through the Pagabo framework (Lot 3 – Reserved Suppliers – Development Management Services) to enable Ion Property Developments Ltd to manage the implementation of the primary enabling works on behalf of the council;

- (d) to enter into a legal agreement with Cadent Gas Limited (Cadent) in relation to the relocation of the gas infrastructure, subject to the costs of the arrangement being within the estimates detailed in the Full Business Case (FBC) submitted to Homes England and Liverpool City Region Combined Authority.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 Recommendation 1(a) will enable the Council to secure the £50.1 million of grant funding applied for through the submission of the Hind Street FBC from HE and LCRCA.
- 1.2 Recommendation 1(b) will enable the Council to place a contract to undertake the primary enabling works.
- 1.3 Recommendation 1(c) will enable the council to enter into a development management contract with Ion Property Developments Ltd in order that they can manage the implementation of the primary enabling works on behalf of the council, a role which the council currently do not have the capacity or expertise to undertake in-house.
- 1.4 Recommendation 1(d) will satisfy the requirement of Cadent that the Council accepts estimates prior to undertaking the work to relocate the gas infrastructure

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The proposed course of action in relation to the primary enabling works has been developed over a number of years in partnership with Ion Property Development Ltd which have provided development management service to the Council (appointed through the Pagabo framework) to develop the detailed scheme design and submit the planning application. As a result, a significant amount of time and money has been invested by the council to get the parties to this point, but other options are set out below.
- 2.2 The Council could decide not to enter into the GFAs. There is a degree of risk associated with the Council entering into the GFAs with HE and LCRCA. The grant will be at risk of clawback if the Council fails to deliver the primary enabling works or the subsequent housing outputs. However, without entering into the GFAs the Council will not be able to deliver the scheme and the Hind Street site will remain vacant and derelict. Non-delivery of the scheme would also have a detrimental impact on the housing trajectory numbers for the Local Plan and thus risk opening the Local Plan to challenge for not delivering housing in the quantities set out in the plan.
- 2.3 The Council could decide to not appoint Ion Property Developments Ltd to provide development management services. However Ion has been involved in developing the Hind Street scheme for several years and has already been providing development management services to develop the scheme design and submit the planning application. Whilst there is a potential conflict of interest in Ion acting as both developer (through the Master Development Agreement) and Development Manager for the primary enabling works, there are also significant advantages as

their commitment to the site's subsequent development means that it will be motivated to ensure that the primary enabling works are carried out to a high standard. The Council is also putting in place a number of governance and independent scrutiny mechanisms to ensure any potential conflict is adequately managed. See paragraph 3.10 below.

- 2.4 The Council could decide to procure an alternative organisation to undertake development management services. Whilst this approach would remove any possible conflict of interest (as outlined above) it would require a new procurement process to be undertaken. Any new development manager would not have the in-depth knowledge of the site that Ion has accumulated through its long-term involvement in the scheme, or have the same motivation that Ion will have to ensure the primary enabling works are carried out to a high standard because it is committed to its subsequent development. Members will also appreciate that procurement of any new development manager would cause both delay and have a financial impact.

3.0 BACKGROUND INFORMATION

- 3.1 The Council has been working in partnership with Ion Property Developments Ltd over a number of years developing proposals for Hind Street Urban Village. The project is detailed in the Birkenhead 2040 Framework which was adopted by the Council as the interim regeneration strategy by Economy Regeneration and Housing Committee in March 2022. The project will see the delivery of around 1,500 new homes over the next 10 to 15 years, with associated green spaces, active travel routes, community facilities and commercial premises on a site adjacent to the town centre which is currently derelict.
- 3.2 The first phases of the scheme – phases A and B – will deliver 633 new homes on the area south of Hind Street. On 9th July 2024 the Council submitted a Full Business Case (FBC) to Homes England (HE) and the Liverpool City Region Combined Authority (LCRCA) to secure £50.1 million of grant funding (£27.75 HE; £22.36 LCRCA) to undertake the primary enabling works (FBC attached as appendix 1). These primary enabling works will support the creation of development plots for the new housing and consist of:
- Site preparation – programme of remediation and ground works to address issues associated with former industrial uses;
 - Utilities infrastructure – relocation of active gas Pressure Reduction Infrastructure (PRI);
 - Highway infrastructure – a network of streets finished with high quality materials, including high quality routes for pedestrians and cyclists and bus infrastructure; and
 - Delivery of Dock Branch Park South and the Kings Square Link – active travel and open space interventions including the southern sections of Dock Branch Park.

- 3.3 The design, costing and delivery of the primary enabling works were developed in partnership with Ion Property Development Ltd which acted as the council's Development Manager and was appointed through the Pagabo Framework, and Sisk & Son (Sisk) which was appointed to a pre-contract service agreement (PCSA) following an express tender on the Procure Partnerships Framework (3 suppliers invited to bid). This engagement with Ion and Sisk has provided greater cost certainty and deliverability of the project. This work is ongoing to develop the design to RIBA Stage 4 and achieve greater cost certainty for the works. The cost of this will be recoverable from the grant.
- 3.4 This report addresses the actions the Council needs to take at this point to progress the scheme, the first of which relates to the Grant Funding Agreements (GFAs) that the council will receive from both HE and the LCRCA should they decide to award grant to the scheme. Discussions with both HE and LCRCA have been positive and a decision is expected in principle to award the funding, from both HE and LCRCA, by the end of September 2024. This will be followed by a GFA document with a number of grant conditions that the Council will need to meet in order to secure the grant, and these conditions will be categorised in terms of those that will need to be met to satisfy the funders that the Council has taken the necessary steps to deliver the project.
- 3.5 The "pre-GFA conditions" include an application for planning consent and negotiating for the acquisition of the required section of the Dock Branch Line. These will need to be satisfied prior to grant drawdown. From the discussions to date with HE and LCRCA a list of conditions have been compiled, which it is anticipated that HE and LCRCA will apply to the scheme and these are attached as appendix 2. This list is an officer assessment of the expected conditions and the actual conditions that HE and LCRCA will apply to the GFA may differ.
- 3.6 The Council will need to formally agree to the GFAs in order to secure the grant. Recommendation 1(a) provides for this to happen by seeking delegated authority to accept the grant at the appropriate point in time. The funders may decide to amend the amount of grant funding they offer (detailed in section 3.2) following their assessment of the FBC, but current discussions indicate that the grant offer may increase rather than decrease to provide greater contingency for the project.
- 3.7 Once the GFA is agreed, the Council will need to enter into a contract with a suitable contractor, procured through an appropriate framework, to undertake the primary enabling works (remediation, highways, etc). The current estimate of that contract value is £36,103,000. The cost of this contract is covered in full by the grant funding. Recommendation 1(b) seeks delegated authority to enter into this contract at the appropriate point in time.
- 3.8 In order to effectively manage this contract the Council proposes to appoint Ion Property Developments Ltd to act as Development Manager. The Council does not have the in-house capacity or expertise to directly manage a contract of this nature

and scale, so the appointment of the development management role will address the requirement to have robust and effective contract management and monitoring in place. To reassure members, Council does have capacity to hold the appointed development manager to account and this is detailed in the FBC at paragraph 5.7.5.

- 3.9 It is proposed that Ion will be appointed through the Pagabo Framework and the standard fee within that framework for providing those services is 4%. The current estimate of the fee Ion will receive at the 4% rate is £1,800,000 (based on the current estimated main contract value, gas infrastructure relocation and associated professional fees). The cost of this is covered in full by the grant funding. Recommendation 1(c) seeks delegated authority to appoint Ion through the Pagabo Framework at the appropriate point in time.
- 3.10 Committee will be aware that an accompanying report to this is recommending that the Council enters into a Master Development Agreement (MDA) with Ion. The MDA and the Development Management Agreement are two different arrangements with Ion. The Development Management Agreement, to which this report relates, provides for Ion to manage the implementation of the primary enabling works on behalf of the Council. The MDA relates to the subsequent development on Hind Street whereby Ion will draw down plots and develop the new housing. To minimise any risk of conflict of interest between these two roles, the Council has established robust management structures for the governance of the project, will appoint a dedicated Council officer to work with Ion and the appointed contractor during the implementation of the primary enabling works, and appoint an external, independent expert to scrutinise all monitoring reports produced by Ion in relation to their role as Development Manager.
- 3.11 A key part of the primary enabling works is the relocation of the current Cadent gas infrastructure that exists on the site. This infrastructure serves the wider Birkenhead area and is in need of renewal. The proposal is to relocate the infrastructure to an alternative, smaller location within the wider Hind Street site. The benefits of this are that the town will benefit from new infrastructure which will serve the area for decades to come, and the site of the existing infrastructure can be remediated and developed for new housing.
- 3.12 Only Cadent is authorised to undertake this work to the gas infrastructure, so it will be securing the planning consent required and letting the contract to undertake the relocation works. The cost of the works is being met by the grant provided for the primary enabling works, but there will be a requirement for the Council to accept the estimate (known as C4) in order for Cadent to progress. Council officers have requested a revised C4 estimate from Cadent but the previous estimate (March 2024) was £2.6 million. This is part of the total cost of relocating the gas infrastructure, not the total cost which is currently estimated at £5,553,000, but all these costs are covered by the grant funding. Recommendation 1(d) seeks delegated authority to enter into the formal legal arrangements with Cadent once the C4 estimates provided by Cadent are approved at the appropriate point in time.
- 3.13 Approval of this cost commits the Council to meeting this expenditure when Cadent undertake these works, thus this recommendation will potentially commit the council to £2.6 million (or whatever the revised estimate is) of expenditure prior to securing the grant (although the cost is covered and recoverable through the grant). That

said, officers have had positive discussions with HE about them releasing some of the grant funding early (prior to satisfying all the GFA conditions) to enable this work to be funded through the grant rather than funded by the Council and reclaimed through the grant.

- 3.14 The relocation of the gas infrastructure requires the Council to acquire the site of the existing infrastructure and Cadent to acquire from the Council the relocation site. Discussions are ongoing with Cadent in relation to this land deal and draft Heads of Terms have been agreed. The values of the two sites will be offset and the financial transaction will be any difference in values between these two sites, with the likelihood that the larger, existing site has greater value so the Council will be paying a sum to Cadent. This land transaction is anticipated to be well within the scheme of delegation which officers hold so will be addressed through an Officer Decision Notice (ODN) at the appropriate time. The cost of this is covered in full by the grant funding.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The approval of the recommendations within this report commits the Council to a very significant level of capital expenditure for the delivery of the works, with associated revenue relating to the staff resource required to support the delivery. The capital costs will be met by the grant funding (although there are risks associated with this – see section 7.0). The revenue expenditure will need to be met by the council. There have been some discussions with HE with regard to capitalising the revenue elements, but the grant request is already very close to the maximum allowed without the project being referred to HM Treasury for approval which would add additional scrutiny and add very significantly to the delivery timescale, effectively “timing out” the project from the current HE funding window for the Brownfield Infrastructure & Land programme from which the HE element of this project will be funded.
- 4.2 Furthermore, the project already has a marginal Benefit Cost Ratio (BCR) close to the limit of what both HE and LCRCA require in order to support the project. Further costs to the project could tip the BCR below the threshold and therefore make it ineligible for funding.

5.0 LEGAL IMPLICATIONS

- 5.1 Regulation 33(8)(a) of the Public Contracts Regulations 2015 (PCR 2015) sets out the criteria for making a direct award:
- (a) following the terms and conditions of the framework agreement, without reopening competition, where it sets out—
 - (i) all the terms governing the provision of the works, services and supplies concerned, and
 - (ii) the objective conditions for determining which of the economic operators that are party to the framework agreement shall perform them, which conditions shall be indicated in the procurement documents for the framework agreement.

- 5.2 The proposal to enter into a development management agreement with Ion Developments Ltd (Ion) through the Pagabo framework (Lot 3 – Reserved Suppliers – Development Management Services) to enable Ion Developments Ltd to manage the implementation of the primary enabling works on behalf of the council is a compliant procurement route and aligns with Regulation 33(8)(a) of the PCR 2015.
- 5.3 A compliant procurement route will need to be determined for the appointment of a contractor to deliver the primary enabling works.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 Delivery of the primary enabling works will have an impact of staff resources in terms of managing the contracts with Ion and the contractor for the primary enabling works and more broadly to ensure ongoing progress with the project. Section 7.5 of the FBC (attached as appendix 1) details the staff resources required to deliver the project.

7.0 RELEVANT RISKS

- 7.1 A comprehensive Risk Register is maintained in relation to the project, but the key risks associated with the primary enabling works are:
- **Grant Funding Conditions** – there is a risk that the council will not meet the grant funding conditions. Officers have made an assessment of conditions that they consider are likely to be imposed (see Appendix 2) and are working through that list to ensure we can and will address all conditions.
 - **Land ownership** – not all the land required to deliver the scheme is currently in council ownership. The key site in this category is the section of Dock Branch Line required for the scheme which is owned by Network Rail. Discussions are ongoing with Network Rail and they have agreed to the principle of the council acquiring the site. A valuation has been commissioned and once this has been finalised the Heads of Terms can be agreed and the section of the line required for the Hind Street project acquired by the council. A report on the acquisition of Dock Branch Line is on the Forward Work Programme for Economy Regeneration and Housing Committee in October 2024 and this Committee in November 2024.
 - **Cost Escalation** – as with all projects of this nature there is a risk of cost escalation once in the delivery phase, for example if additional works are identified as required through the remediation works. The FBC has included a contingency of 5% on the construction works and 20% on the Cadent works to manage this risk. Discussions are ongoing with HE with regard to the possibility of them providing additional funding to increase the contingency level on the works they will be funding from 5% to 20%. Any cost overruns over and above agreed contingency levels will need to be met by the council.

- **Poor performance of development manager** – there have been no concerns about the performance of Ion as development manager to date (i.e. the involvement they have had in the design and development of the project). The governance structures and staff resourcing measures established to manage the project provide robust arrangements to manage performance going forward.
- **Cadent delivery** – key elements of the relocation of the gas infrastructure will be undertaken directly by Cadent and thus subject to less control by the council than other elements of the primary enabling works. Both the council and Ion (in their role as Development Manager) have, and will continue to, work closely with Cadent to ensure the delivery of their elements of the scheme do not adversely impact on delivery of the wider programme of works.
- **Subsidy Control** – the council will be taking legal advice to ensure the proposals are consistent with all relevant subsidy control requirements.
- **Clawback** – if the council fails to deliver the primary enabling works or the agreed outputs within the GFA (e.g. 633 new homes) any expenditure by the council will be open to the possibility of clawback by the funders. The work undertaken to date with Ion and Sisk provides confidence that there is a deliverable scheme within the estimated cost envelope and the appraisal work illustrates that the subsequent residential development is economically viable and thus there should be no financial barrier to its delivery.

7.2 Key regeneration risks are detailed within the Directorate Risk Register and are regularly reviewed at the Regeneration & Place Departmental Management Team.

8.0 ENGAGEMENT/CONSULTATION

8.1 The primary enabling works are subject to a live planning application for Hind Street (currently expected to go to committee 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.

8.2 Given that the subject matter of this report is inextricably linked with the proposals in relation to the report on the same agenda relating to Hind Street- Master Development Agreement 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.

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](#).

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 contracts associated with the Hind Street project will have a requirement for contractors to provide social value through delivery of those contracts in line with the council’s policy.
- 11.2 Delivery of the primary enabling works will generate a significant number of jobs in the construction process itself, and the new neighbourhood that will subsequently be developed will provide opportunities for new jobs and social interaction.

REPORT AUTHOR: **Tom Booty**
Head of Regeneration Delivery
Email: thomasbooty@wirral.gov.uk

APPENDICES

Appendix 1 – Hind Street South – Full Business Case – July 2024
Appendix 2 – Grant Funding Agreement – anticipated grant conditions

Appendices 1 and 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

Wirral Council Plan 2023 - 2027

[Council Plan | wirral.gov.uk](http://wirral.gov.uk)

Birkenhead 2040 Framework

[Birkenhead 2040 Framework | www.wirral.gov.uk](http://www.wirral.gov.uk)

Wirral Local Plan 2021 - 2037 Submission Draft – May 2022

[Local Plan Reg 19 \(wirral.gov.uk\)](http://wirral.gov.uk)

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
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