



ECONOMY REGENERATION & HOUSING COMMITTEE

Monday, 14 October 2024

REPORT TITLE:	FREEPORT SEED CAPITAL FUNDING
REPORT OF:	DIRECTOR OF REGENERATION AND PLACE

REPORT SUMMARY

This report provides an update on the proposal for Freeport Seed Capital funding, for which the Liverpool City Region (LCR) Combined Authority is the accountable body. Peel Waters has developed an Outline Business Case which will be considered by the LCR Innovation Zone and Freeport Management Board for potential allocation of circa £8m of Freeport Seed Capital funding. If successful this would result in key enabling and infrastructure works being delivered at the proposed MEA Park West site in Wirral Waters. Completion of those enabling works will ultimately enable Peel to bring forward over 170,000 sq ft of new industrial employment floorspace at that site in future.

Wirral Working Together: A Council Plan for 2023 to 2027, sets out the Council's vision of working together to promote fairness and opportunity for people and communities. The matters contained in this report directly support the following delivery theme of the Council Plan:

- Working together to deliver people focussed regeneration.

Through delivery of this theme, the Council is leading Wirral's place shaping agenda – creating a strong economy based on brownfield first regeneration and delivering social, people-focused regeneration that benefits Wirral as a whole. Generating inward investment, new employment opportunities for our most deprived neighbourhoods and helping to address the economic and health disparities within the borough. Leading and influencing Wirral's place role in the Liverpool City Region and wider region.

This matter affects Bidston and St. James ward and is not a key decision.

RECOMMENDATION/S

The Economy, Regeneration and Housing Committee is recommended to support in principle, the progression of the Peel Waters Outline Business Case due to be considered by the LCR Innovation Zone and Freeport Management Board as the first stage in progressing towards securing Freeport Seed Capital funding.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To update Committee on the proposed project and seek support in principle for Peel Waters taking forward an Outline Business Case for consideration by the LCR Innovation Zone and Freeport Management Board as the first stage in progressing towards securing Freeport Seed Capital funding. Freeport Seed Capital Funding would bring about key enabling and infrastructure works at the MEA Park West site.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 This Committee received a report on 27 March 2024 which set out that Freeport Seed Capital funding was, at that point, provisionally being earmarked as part of a potential wider funding model/package to be further developed for the Maritime Knowledge Hub (MKH) project. Subsequently, a further report was considered by this Committee at its meeting on 16th July 2024 and Members resolved not to proceed with agreeing Heads of Terms in respect of the MKH project.
- 2.2 Officers have explored the potential for enabling strategic site acquisition(s) to support a potential Council-led development project within the Wirral Freeport Tax Site, however constraints regarding the remaining timescales in respect of Freeport Seed Capital funding have discounted this as a deliverable option.
- 2.3 Previous proposals for utilisation of seed capital funds in Wirral have been identified through the Freeport process but have not progressed to business case stage.

3.0 BACKGROUND INFORMATION

- 3.1 Freeports are specific geographic areas with streamlined planning processes, a package of tax reliefs, simplified customs procedures and duty suspensions on goods. The Government's Freeport policy has 3 core objectives to:
- Establish national hubs for global trade and investment across the UK.
 - Promote regeneration and job creation; and
 - Create a 'hotbed' of innovation.
- 3.2 Government announced its approval of the LCR Freeport on 10th January 2023. The LCR Freeport is underpinned by a common set of values with the aim of making a key contribution to the LCR's inclusive economy ambitions by virtue of:
- Collaboration on efforts to drive social mobility, equality, and inclusion;
 - Continuous assessment of core skills requirements and a proactive collaborative approach with key skills providers;
 - Consideration of activities in line with Fair Employment Charter / Real Living Wage;
 - Effective promotion of job opportunities to all communities via local recruitment channels; and
 - Promotion of low carbon initiatives and helping deliver the Net Zero ambitions of the LCR.

- 3.3 LCR Freeport secured £25m Seed Investment Capital when the LCR Freeport Full Business Case was approved by Government in December 2022. The projects identified for seed capital investment were those promoted by the Tax Site Local Authorities (Wirral, Halton, St Helens) in partnership with their developer partners. Government made Seed Capital funds available to support major projects in LCR Freeport, with the intention that this is focused on supporting regeneration, and in particular, infrastructure works focused on projects to address significant constraints to development. The allocation of which is subject to full appraisal and approval of project business cases via an assurance process overseen by the LCRCA as Accountable Body and must be invested in a suitable project by March 2025.
- 3.4 Shortlisted seed capital projects were confirmed in the LCR Freeport Full Business Case submitted to government in November 2022. Those projects have been reassessed over time, and in some cases alternative projects identified where there had been a lack of progress or viability issues. As is noted in Section 2, other options have been considered for utilisation of seed capital in Wirral. As seed capital had, earlier this year until July 2024, been earmarked to potentially support part of the financial package of the MKH project (which is no longer feasible) this has required LCR Freeport to work with the Council and stakeholders to seek alternative projects that could benefit from the seed capital funding notionally allocated to Wirral.
- 3.5 Further background to the LCR Freeport, policy objectives, governance arrangements, implementation and opportunities in Wirral were considered in a report to this Committee at its meeting on 8 March 2023.

Peel Waters proposal for MEA Park West at Wirral Waters

- 3.6 Peel Waters intends, through an Outline Business Case to be submitted to the LCR Freeport, a proposed use of c£8m of Freeport Seed Capital funds which would be used to deliver infrastructure and enabling works that would significantly accelerate delivery of development at the MEA Park West area of the designated Wirral Waters Freeport Tax Site.
- 3.7 The MEA Park West site sits within the West Float area of the wider Wirral Waters Regeneration Area and is a significant, largely vacant and derelict brownfield site located on the corner of Wallasey Bridge Road and Beaufort Road, adjacent to the Sasol Wax industrial processing facility, as shown in Appendix 1.
- 3.8 Peel's vision for MEA Park is to create a new waterside manufacturing, logistics, research and development and assembly campus attracting businesses from the Energy, Maritime and Modern Methods of Construction/ Modular sectors, and other key sectors.

- 3.9 Securing Freeport Seed Capital funding would enable delivery of site preparation and enabling infrastructure at MEA Park West. It is a site that has not been brought forward due to a significant viability gap needing to be addressed. According to Peel's draft OBC, such infrastructure works to be undertaken will include:
- Upgrade of the former 'Mobil' building to provide a Modern Methods of Construction prototyping, training and testing centre;
 - Completion of remaining land remediation;
 - Ground preparation works and foundations;
 - Installation of services/utilities;
 - Construction of new estate and access roads
 - Dock edge improvement treatments;
 - Electricity sub-station to fulfil power requirements of new buildings;
 - Sustainable urban drainage systems, green infrastructure and landscaping to ensure specific zones for bio-diversity net gain.
- 3.10 Completion of these infrastructure works would then facilitate Peel's future plans to deliver four Class B1/B2/B8 light industrial units totalling over 170,000 sq. ft. of new employment space, which would become home to a variety of growing businesses at MEA Park West. This is with the aim of blending the growth of local business, as well as encouraging inward investment from outside the region. This is with the intention of both boosting the local economy by improving supply chain activity and creating jobs for local people.
- 3.11 Council officers, LCR Freeport Team and Peel have been engaging with several businesses who have expressed interest in occupying new floorspace at MEA Park West within the future developed plots to understand their requirements and suitability. Peel Waters has issued Heads of Terms in recent months with two companies in the advanced manufacturing sector, demonstrating commercial intent and economic demand in this development location, subject to progression of the site. Other firms are at advanced discussions with Peel.
- 3.12 The use of Freeport Seed Capital funding would address the existing viability concerns and accelerate delivery of the MEA Park West scheme, which will ultimately help to generate business rates and accommodate new job opportunities on land that would not otherwise be economically active. MEA Park West would therefore deliver against the employment creation and economic growth aspirations articulated within Wirral Council's submitted Local Plan and its Economic Strategy 2021-2026; and also align with the intended uses of Freeport Seed Capital funding to invest in infrastructure to address constraints to site development.

4.0 FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications to Wirral Council arising from this report, however there are matters of note to the Committee in regard to projects being

progressed to secure Freeport Seed Capital funds, for which the LCR Combined Authority is accountable body.

- 4.2 The Ministry of Housing Communities and Local Government (MHCLG) has been clear in its communications that seed capital funds allocated to Freeports is provided with constraints on the deadline by which it must be spent.
- 4.3 Initially Freeport seed capital was required to be spent by LCRCA the end of the 2024/25 financial year. Due to delays in deploying seed capital seen by many English Freeports, this was extended by one year prior to the 2024 General Election, giving Freeports until the end of the 2025/26 financial year to utilise funding.
- 4.4 MHCLG has provided further guidance to LCR Freeport on the timescales to utilise Freeport seed capital, underlining the requirement for remaining funding to be spent in the 2024/25 financial year or, failing that, reprofiled to 2025/26, subject to the UK Government's ongoing spending review. MHCLG has also advised that any Freeport seed capital that was not reprofiled to be spent in 2025/26 would be subject to clawback should it remain unspent by the end of the 2024/25 financial year.

5.0 LEGAL IMPLICATIONS

Governance

- 5.1 LCR Combined Authority is the Accountable Body for Liverpool City Region Freeport. It is accountable to MHCLG for the use of public money including the Seed Capital Funding, and for ensuring the good functioning of the Freeport through a Governing Body, the LCR Freeport Management Board, which was established from April 2022. Following the launch of the LCR Innovation Zone in April 2024, terms of reference for a new joint board, the LCR Innovation Zone and Freeport Management Board, to include governance of the LCR Health & Life Sciences Innovation Zone as well as the LCR Freeport, were approved by the LCR Combined Authority on 20th September 2024.
- 5.2 The role of the Management Board whose Chair is the Metro Mayor with an independent Vice Chair, is comprised of local political leaders, an LCR Member of Parliament, and representatives from business and academic institutions and other stakeholders, is to be accountable for ensuring the achievement of the Freeport's strategic objectives and effective delivery in line with the expectations of the Full Business Case agreed by government. Through its Chair, the Board is responsible to the LCR Combined Authority. Operational matters are implemented by the LCR Freeport Team who work closely with Local Authority officers as well as key stakeholders. The Terms of Reference for the Board which contains further details on membership and its remit is available on the Combined Authority's website at: [mgConvert2PDF.aspx \(moderngov.co.uk\)](https://www.lcr.gov.uk/mgConvert2PDF.aspx(moderngov.co.uk))

5.3 Peel Waters intend to submit their Outline Business Case for use of Freeport Seed Capital funding at MEA Park West for consideration by the LCR Innovation Zone and Freeport Management Board meeting due to be held on 25th October 2024. The Peel company that would receive the grant is to be confirmed in due course subject to progression to full business case stage.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 There are no direct resource implications arising from this report.

7.0 RELEVANT RISKS

7.1 If a suitable project does not proceed through Outline Business Case and then to Full Business Case stage approvals and meet the relevant appraisal and assurance requirements (overseen by the LCR Combined Authority) and is not committed to be invested in a project by the end of the current financial year, there is a risk that unallocated seed capital funds will be subject to government clawback. Additionally, should re-profiling of Seed Capital expenditure need to be requested by LCR Combined Authority to be spent in 2025/26 (which is uncertain if that would be required at this stage), such re-profiling and provision of funding would be subject to the UK Government's ongoing spending review.

7.2 Subject to Outline Business Case approval, Peel Waters is committed to preparing a Full Business Case to be appraised in line with LCR Freeport assurance processes which is anticipated to be subsequently considered by the LCR Innovation Zone and Freeport Board in January 2025. Whilst timescales are narrow to spend the seed capital this financial year, Peel Waters is confident that subject to OBC and FBC approvals, it can be on-site by January 2025 and start drawing down the Seed Capital funding proposed to be allocated to this project.

8.0 ENGAGEMENT/CONSULTATION

8.1 Engagement has taken place with representatives of Peel Waters in respect of their emerging proposals for the MEA Park West site and with the LCR Freeport Management Team/LCR Combined Authority on the process of Peel progressing an Outline Business Case as the first stage of consideration for allocation of Freeport Seed Capital funding.

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 There are no equality issues arising from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 Peel Waters' partners and developers will be asked to follow the Peel Group ESG policy and the dedicated Wirral Waters Sustainability Action Plan, to maximise sustainable practices. Peel is committing to ensure sustainable building practises will be used during the construction of the infrastructure and future buildings. Sustainable Urban Drainage (SUDs) has also been incorporated into the design of the scheme as well as dedicated areas for ensuring biodiversity net gain. Sustainable building practises will be used during the construction of the infrastructure and buildings. Peel intends to assess future developed buildings on this site against the BREEAM¹ system, with the goal of a very good or excellent score.
- 10.2 The site is directly opposite Birkenhead North train station, offering a sustainable transport choice for those who will work at MEA Park West. Peel is also working closely with Wirral Council to develop a proposal for the City Region Sustainable Transport Settlements programme to improve the walking and cycling provisions at this location.

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 Peel Waters predicts that approximately £23m of private sector investment will be spent through the design and build of the MEA Park West scheme. The delivery of enabling infrastructure for MEA Park West through the Freeports Seed Funding would be catalytic to the surrounding employment space and in turn would encourage further investment into residential development across Wirral Waters through enhanced local economy benefits.
- 11.2 Peel Waters currently estimates that 213 gross additional new jobs will eventually be created at MEA Park West as a result of companies occupying new industrial floorspace that Peel plan to bring forward once infrastructure works are completed. The construction phase will also result in construction jobs and associated multiplier impacts in the local and regional economy.
- 11.3 Peel Waters intends to apply procurement policies and procedures to favour local supply chains and procurement from local and regional businesses, which will have positive impacts on local businesses in line with their social value policy.
- 11.4 Peel Waters site development approach will include building on existing partnerships with local higher and further education providers to provide site visits, work

¹ Building Research Establishment Environmental Assessment Methodology (BREEAM) to specify and measure sustainability performance measures of buildings

experience, degree level apprenticeships and other learning routes in civil engineering and construction, maximising opportunities with Wirral Met College's nearby construction campus on Tower Road and bringing forward the next generation of talent within Wirral and the Liverpool City Region, inspiring young people to pursue a career in STEM.

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APPENDICES

Appendix 1 - Site Location

BACKGROUND PAPERS

Wirral Economic Strategy 2021-2026
Wirral Council Plan 2023-2027
Wirral Local Plan 2021 to 2037 Submission Draft

TERMS OF REFERENCE

This report is being considered by the Economy, Regeneration and Housing Committee in accordance with Section 4.2 (f) of its Terms of Reference.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Economy Regeneration and Housing Committee Maritime Knowledge Hub	16 July 2024
Economy Regeneration and Housing Committee Maritime Knowledge Hub	27 March 2024
Economy Regeneration and Housing Committee Freeports and Maritime Innovation and Growth Projects	8 March 2023