



## **ECONOMY REGENERATION & DEVELOPMENT COMMITTEE**

**Wednesday, 26 January 2022**

<b>REPORT TITLE:</b>	<b>APPOINTMENT OF A PREFERRED DEVELOPER FOR THE NEW FERRY REGENERATION PLAN</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF REGENERATION AND PLACE</b>

### **REPORT SUMMARY**

In March 2017 an explosion in New Ferry devastated the heart of the retail centre, destroying businesses and homes, having a significant impact on the local community. Since that time, the Council has been fully supporting the recovery of the area, seeking additional funding to acquire the interests of key properties and parcels of land which will enable the regeneration and redevelopment of the town centre to proceed.

These acquisitions are crucial to the delivery of the New Ferry Regeneration Plan. This Plan was produced by the Council and consulted on in September 2017 and has led to a preferred development option being selected with the support of the community. The plan seeks to protect local businesses and bring a mix of new residential and retail units into the town to create a sustainable future for New Ferry.

Since Members first considered the regeneration plan proposals for New Ferry, a preferred development option has been endorsed by Leader Decision in December 2019. An outline planning application for the preferred development option was approved by the Council in September 2020. An updated viability assessment has been undertaken, which indicated that there are considerable viability issues and changes in demand for retail accommodation. In March 2021 Policy and Resources Committee resolved amongst other matters in respect of the New Ferry Regeneration Plan that

“...Economy, Development and Regeneration Committee be authorised to make all necessary further decisions that are not otherwise delegated to officers, in relation to the Compulsory Purchase Order and consequential on the Compulsory Purchase Order including the selection process for and approval of a development partner the structure of that partnership arrangement whether through a land transaction or otherwise and any related land transactions and settlement of compensation and the engagement of appropriate advisors to advise on compensation for any business interests”

A preferred developer partner needs to be appointed to deliver the scheme. It is anticipated that this will be delivered by 2025.

The purpose of this report is to inform the Committee of the progress made regarding the procurement process for the appointment of a preferred developer in New Ferry and to make an award to the winning bidder.

The appointment will also involve financial support to the appointed preferred developer via a grant received as part of the Future High Street funding. This development funding is there to address viability issues within the scheme and to enable its development.

The matter affects the Bromborough Ward and is a Key Decision.

Appendix 3 to this report is exempt from publication in accordance with paragraph 3 of part 1 of Schedule 12 A of the Local Government Act 1972 on the basis that disclosing such information would reveal Information relating to the financial or business affairs of any particular person (including the authority holding that information).

## **RECOMMENDATION/S**

The Economy, Regeneration and Development Committee is recommended to approve that:

- (1) the tenderer set out within the exempt Appendix 3 to this report be appointed as preferred developer, being the highest scoring tenderer following conclusion of the competitive dialogue process (as outlined in the exempt Appendix 3 ) within the approved budget and in accordance with the Most Economically Advantageous Tender criteria;
- (2) The Director of Law and Governance, in consultation with the Director of Regeneration and Place be delegated authority to enter into all associated legal agreements with the preferred developer so as to finalise and complete the development agreement and all other associated legal documentation for sites A, B and C, (as shown in Appendix 1 to this report) with the option to include any other appropriate land/development opportunities that are within the defined wider area, as shown in the attached plan (Appendix 2 to this report); and
- (3) The Director of Law and Governance be authorised to draft and agree an appropriate Grant Funding Agreement with the preferred developer, for pass through of the Future High Street Funds grant allocation for New Ferry and a Grant Funding Agreement for additional capital up to £2,590,265.53 on appropriate terms and conditions for the grant.

## SUPPORTING INFORMATION

### 1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The Council is committed to the regeneration of New Ferry. It endorsed the New Ferry preferred development option in December 2019. There are a series of critical strategic acquisitions of land and property that are required to implement and deliver the regeneration proposals that have been endorsed by the Council.
- 1.2 There is approved capital funding in place of £1m to acquire the interests of all the properties required for the redevelopment. A number of sites have already been acquired and negotiations with property owners have taken place over the last two years. However, for various reasons the acquisition of some of the remaining land and property interests cannot be acquired by agreement.
- 1.3 A number of the sites and properties in New Ferry are derelict and in a dilapidated state of repair. This is having a detrimental effect on the area and detracts from attracting new investment. The use of compulsory purchase order powers may be used to enable the Council to promote and improve the economic, social and environmental well being of New Ferry.
- 1.4 Policy and Resources Committee in March 2021 gave approval for the making of a Compulsory Purchase Order under the Town and Country Planning Act 1990, Section 226(1)(a), and section 13 of the Local Government (Miscellaneous Provisions) Act 1976 for the acquisition of land and new rights in respect of the land within New Ferry to enable the regeneration of the area to be undertaken.
- 1.5 The strategic acquisition of various sites in New Ferry is necessary to deliver the preferred development option and of a suitable scale to make the development opportunity attractive and with financial assistance, which has been secured, commercially viable.
- 1.6 The redevelopment of New Ferry will support the delivery of good quality housing provision and contribute to the authority's house building targets which will meet local housing needs in the area. This in turn will make New Ferry a more desirable area. The influx of new residents has the potential to have a positive impact in terms of increased footfall and spend in the local centre.
- 1.7 The procurement process for the preferred developer has now been concluded, and a winning bidder has been identified. The appointment of a preferred developer will enable the regeneration and redevelopment plans for New Ferry to proceed. The redevelopment will deliver significant economic, physical, and social regeneration benefits for New Ferry. The completion of this development will contribute to creating a sustainable future for the town centre.
- 1.8 The redevelopment of New Ferry will support several of the key priorities in the Wirral Plan 2021-26. This includes an inclusive economy, a sustainable environment, and safe and pleasant communities.

## **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 The Council could decide not to continue the procurement process and not to appoint a preferred developer. However, the abandonment of the procurement process would not deliver the Council's strategic objectives or commitment to regenerating New Ferry. It would also be harmful to the Council's reputation, within the local community and the private sector.

## **3.0 BACKGROUND INFORMATION**

- 3.1 The Council has been committed to regenerating New Ferry since the explosion that occurred in March 2017. As part of that process, a preferred development option was drawn up and endorsed by the Council in December 2019. The Council also authorised officers to commence a suitable procurement process to appoint a preferred development partner.
- 3.2 The Competitive Dialogue procedure was chosen because it is the most suitable procurement approach where there is a need for the buying organisation (the Council) to discuss aspects of the proposed solution with bidders. Its use is limited to particularly complex contracts where the council cannot define in absolute terms what its requirements are. It also allows for the bidder to introduce their own ideas and suggestions to the scheme's design and approach with the option of submitting a variant scheme.
- 3.3 The bid assessment team included staff from the Council's Special Project Team and Property consultant advisors from Avison Young Ltd. All aspects of the procurement process have been overseen by the council's procurement and legal team.
- 3.4 Following issue of the standard OJEU notice initiating the procurement procedure and preliminary assessment of outline bids, 3 bidders were selected to progress to the dialogue stage. One of these bidders decided to withdraw from the process prior to the competitive dialogue process beginning.
- 3.5 The remaining two bidders each participated in the dialogue process and submitted final bids for evaluation. All bidders indicated a preference to submit a revised scheme as the scheme for which the Council has already secured planning permission was in 2019 and prior to the Covid pandemic. On further analysis it was recognised that the Council endorsed scheme may not produce the best outcome for the area nor be a suitable viable option due to changes in demand and the current economic climate. Any revised scheme would need a successful application for planning permission.
- 3.6 The Invitation to Submit Final Tender was weighted 70% on quality and 30% on financial. The proportion of scores allocated to these categories was determined by the assessment team and informed by the objectives and aspirations of the Regeneration Master Plan that was completed for the area. The scoring and weightings were as follows:

<b>Quality: Financial Split</b>	<b>No.</b>	<b>Criteria</b>	<b>Weighting for Final Tender Evaluation (ISFT Stage)</b>
Quality: 70%	1	Scheme Design	30%
	2	Programme for Development and construction delivery	20%
	3	Affordable Housing	15%
	4	Marketing Strategy	5%
	5	Energy efficiency and environmental sustainability	10%
	6	Social Value	15 %
	7	Legal & Commercial	5%
Financial: 30%	8	Financial Proposals	100 %

3.7 On 10 December 2021, final tenders were received from both bidders. The bid assessment team analysed and scored the bids individually, before meeting on 16<sup>th</sup> December to agree a moderated score for the two submissions (Please refer to Appendix 3). The following scores were agreed by the panel:

Bidder	A	B
Score	67.29%	70.29%

3.8 The assessment is based on both qualitative and financial scoring. Some of the key attributes of the winning bid were:

- A 100% affordable housing led development, made up of 71 high quality residential units with a mixture of tenures. This consists of 1, 2, 3 and 4 bedroom properties.
- A re-provided public car park that will be relocated to site B. (These works will be undertaken directly by the Council).
- Commitment to take on 5 Apprentices as part of the construction process and opportunities for local companies to become involved as sub-contractors.
- Community engagement programmes that will involve local schools and undertaking crime prevention initiatives in the local area.
- Incorporating a variety of environmental and sustainability measures into the new development.

- 3.9 The identity of the preferred developer is set out at Appendix 3 to this report. This is a well-established organisation with its own construction main contractor in place. Appendix 3 to this report is exempt from publication in accordance with paragraph 3 of part 1 of Schedule 12 A of the Local Government Act 1972 on the basis that disclosing such information would reveal Information relating to the financial or business affairs of any particular person (including the authority holding that information).

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 The Council will be providing financial support to the developer through the Future High Street Fund grant that it has been awarded from Government. This is up to £2,590,265.53 to help facilitate viability on the development.
- 4.2 Additional council tax receipts will be generated as a result of the redevelopment plans being realised. Based on current council tax rates for the area, this is estimated at £98,000 per annum for the proposed scheme. This will provide the Council with future revenue income once the buildings have been completed and are being occupied.
- 4.3 The disposal of the land that is in Council ownership will generate a capital receipt to the Council based on a residual land value on completion. The details of the financial offers for site C, which is wholly in Council ownership are shown in Appendix 3. This is based on the proposed scheme that was submitted as part of their bid. However, the final figure will be determined by an appropriate cost appraisal/valuation of the final development on completion.

#### **5.0 LEGAL IMPLICATIONS**

- 5.1 The Council has a duty to efficiently manage its assets and has wide powers to acquire, hold, appropriate, develop and dispose of land under Sections 120 – 123 of the Local Government Act 1972, Part 2 of the Housing Act 1985, the Local Authorities (Land) Act 1963 and the Town and Country Planning Act 1990 (amongst other powers). The disposal of the development sites (A, B, C and any other sites within the wider area), through this competitive procurement process is deemed to fully comply with this obligation and meets the Council's objectives for achieving best consideration reasonably obtainable for the land and promoting regeneration in the area.
- 5.2 The obligation to build will be secured through the development agreements. The ultimate development will depend on the outcome of future planning applications and the progression of a compulsory purchase order for the land that is not yet in Council ownership.

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

- 6.1 There will be no additional resource requirements for Council staff as the regeneration of New Ferry will be overseen by existing staff resources within the Special Projects Team.

## **7.0 RELEVANT RISKS**

- 7.1 The re-development plan will require a submission to the Local Planning Authority for approval of reserved matters pursuant to the extant outline planning permission. Alternatively, a fresh planning application may be merited. There is a risk in either case that such applications may not be approved. However, on-going discussions with planning officers indicate that the scheme would be acceptable.
- 7.2 There is a risk that the preferred developer and main contractor are not able to deliver the redevelopment plans. However, due diligence processes indicates that this risk is low and the developer and main contractor have a strong track record in delivering housing schemes across the north west.
- 7.3 All risks associated with the proposal will be identified and managed in line with the Corporate Risk Management Procedure as part of the project delivery process. Project Risks will be regularly reviewed by the project team.

## **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 The development of the New Ferry Regeneration Delivery Plan was subject to public consultation in September 2017 and January 2019.
- 8.2 Ward members and local residents have been kept informed and are supportive of the Regeneration plans for the area.
- 8.3 The preferred developer is fully committed to community engagement and has set out a number of community consultation events and proposals as part of the bid submission. Further consultation will also be carried out as part of the planning process for the scheme.

## **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 The Council is not aware of any significant equality and diversity implications arising from the proposals set out within this report
- 9.3 An Equality Impact Assessment has been previously completed regarding the regeneration proposals for New Ferry. This is published on the Council website <https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments>

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

- 10.1 The redevelopment plans include environmental and energy efficiency measures that will be incorporated into the new buildings. These measures will contribute to the Council's aspirations to lower carbon emissions and meeting the target for the borough to become carbon neutral by 2041. The new homes at New Ferry

regeneration will be designed to at least a 30% reduction on carbon emissions from current regulations. This will include the following:

- A fabric first approach to reduce the developments carbon footprint and promote energy efficiency.
- The use of air source heat pumps for heating homes.
- Providing electric vehicle charging points for houses and apartments.
- The provision of cycle storage for apartments.
- It is anticipated of being able to achieve an EPC rating of B as a minimum, for all new homes.
- Photovoltaic solar panels to supply renewable energy were appropriate.

## **11.0 COMMUNITY WEALTH IMPLICATIONS**

11.1 The redevelopment plans involve significant social value obligations that will be agreed with the developer that will benefit the local community. This includes the following:

- Four 2-week placements per year for local school leavers, college students, care leavers.
- Promoting traineeship opportunities to local 16-24 year olds.
- Creation of 5 apprenticeships as part of the construction process.
- Employing two local direct employees.
- Community engagement activities, such as site visits for local school children and consulting with the local community on the design proposals.
- Crime prevention measures, this includes incorporating secured by design measures as part of the development and working with the police and local community groups.
- Hosting 'Meet the buyer' events and encouraging local businesses to apply to become an approved sub-contractor or supplier.

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## **APPENDICES**

Appendix 1 Development Sites A, B and C  
Appendix 2 Wider area plan  
Appendix 3 Exempt - Scoring of submitted Tenders

## **BACKGROUND PAPERS**

Standard Selection Questionnaire (SQ) tender documents and submissions  
Invitation to Submit Final Tender (ISFT) document and submissions



**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Policy and Resources Committee - New Ferry – Implementing the Regeneration Plan</b>	<b>17th March 2021</b>
<b>Economy Regeneration &amp; Development Committee - New Ferry – Implementing the Regeneration Plan</b>	<b>4th March 2021</b>
<b>Delegated decision Report - Preferred Development Option for New Ferry</b>	<b>20th December 2019</b>
<b>Cabinet Report - New Ferry Regeneration Strategic Acquisitions</b>	<b>17th December 2018</b>