



REPORT TITLE:	DEPARTMENT FOR LEVELLING UP, HOUSING AND COMMUNITIES SIMPLIFICATION PATHFINDER PILOT INVESTMENT PLAN
REPORT OF:	ASSISTANT DIRECTOR FOR ASSET MANAGEMENT AND INVESTMENT

REPORT SUMMARY

The purpose of this report is to enable consideration to be given Council's Investment Plan which must be submitted to the Department for Levelling Up, Housing and Communities (DLUHC) on 26 October 2023. Participation in the DLUHC Simplification Pilot is conditional upon the receipt of a satisfactory Investment Plan to be appraised by DLUHC.

This proposal directly supports the following key themes in the Wirral Plan 2021-26:

- A prosperous, inclusive economy where local people can get good jobs and achieve their aspirations;
- A cleaner, greener borough which celebrates, protects and improves our environment and urgently tackles the environmental emergency; and
- Safe, vibrant communities where people want to live and raise their families.

This is a key decision due to the value of the combined funding allocations covering 2 or more wards.

The report primarily impacts on the Birkenhead and Tranmere, Bromborough, and Seacombe Wards.

Appendix 2 of this report contain 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 during considerations of these items under Paragraph 3 'Information relating to the financial or business affairs of any particular person (including the authority holding the information)'.

RECOMMENDATION/S

The Director of Regeneration and Place is recommended to:

1. Submit the Simplification Pathfinder Investment Plan to the Department for Levelling up, Housing and Communities on 26 October 2023 as set out in Appendix 1 of this report;

2. Agree the principles of the governance of the Simplification Pilot as set out in paragraph 3.15 of this report; and
3. Agree that the above decisions are not subject to removal of delegation and reconsideration as any delay likely to be caused by the process for removal of delegation and reconsideration would seriously prejudice the Council's interests by given that such process would render the Council unable to comply with DLUHC's deadline for the submission of the Investment Plan.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To enable the submission of an Investment Plan to secure the Council's participation in the DLUHC Simplification Pilot programme. The benefits of the pilot to the Council over the current, separate funding arrangements are important and bring multiple benefits. These include greater levels of flexibility, reducing the administrative burden of delivering three parallel programmes, as well as extending the completion date for all three funds to 31 March 2026. It will also simplify the change control process and increase the level of local decision making.
- 1.2 The Policy and Resources Committee on 4 October 2023 delegated the decision to the Director of Regeneration and Place in consultation with Group Leaders. This Officer Decision notice will be brought back to a future meeting of Policy and Resources Committee for information.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council has been invited to join the Simplification Pilot and Policy and Resources Committee has already approved this approach at its meeting of 13 September 2023. The Council could take the option of withdrawing its participation, but this would result in significant pressure to spend the Future High Street Fund grant by March 2024 and risk clawback, withheld funds or reputational damage if some funding remains unspent. Furthermore, on 4 October 2023, Policy and Resources Committee authorised the Director of Regeneration and Place to submit the Investment Plan.

3.0 BACKGROUND INFORMATION

- 3.1 On 13 September 2023, Policy and Resources Committee resolved to accept an invitation to participate in the DLUHC Simplification Pilot. This pilot streamlines the delivery of 3 growth funds overseen by it, namely Town Deal, Future High Streets Fund (FHSF) and the Council's Levelling Up Round 1 (LUF1) allocation which currently deliver the following regeneration programmes in Wirral as set out in Table 1.

Table 1: Wirral Regeneration programmes invited to participate in the DLUHC Simplification Pilot

Programme	Award
Birkenhead Town Deal	£25,000,000
Birkenhead FHSF	£24,581,010
New Ferry FHSF	£3,213,523
Birkenhead Waterfront (LUF1)	£19,648,872
Total	£72,443,405

- 3.2 The pilot will allow the council to amalgamate these funds into one large regeneration fund within a single claim process. It also will revise the spend

deadlines for all funds to the 31st March 2026. At present the current FHSF spend deadline is 31 March 2024 and LUF1's deadline is 31 March 2025. The pilot will also enable increased flexibility to reallocate money between the projects currently funded by these three funds.

- 3.3 To progress, the Council is now required to submit a light touch Investment Plan to DLUCH by 26 October 2023. This plan is required to detail how the Council will use the funding with high-level information on the projects, as well as an aggregate set of outcomes and outputs and an annual funding forecast across set intervention themes.
- 3.4 Investment plans will be appraised by DLUHC according to a set of assessment criteria, including deliverability, value for money, strategic fit, as well as geographic distribution of funding. If a plan cannot be approved at the first appraisal, DLUHC will provide feedback and work iteratively with the Council to secure approval. The Council will have more flexibility from DLUHC to manage future change control of projects within its Investment Plan and will only need to seek future approval from DLUHC if making a material change which is defined as moving at least £5 million to a different intervention theme or moving at least £5 million between projects in the same intervention theme.
- 3.5 The Council remains the accountable body for the Simplification Pilot, however DLUHC has outlined that, building on the positive local role of Town Deal Boards it requires the Council to establish a consolidated governance structure which will oversee the total portfolio of projects. This board will have no decision-making power but will exercise strategic oversight over pilot activity. The Council has the flexibility to set out how its proposed consolidated governance will work, providing an overview of the chosen approach in the Investment Plan. DLUHC is comfortable with Town Deal Boards being reconstituted or expanded into this consolidated governance and in doing so the Council is required to consider the successor Board's scope and membership to reflect any wider geographical remit.
- 3.6 DLUHC has indicated that engagement and collaboration with local stakeholders is critical to the success of funding delivery and requires the Council to confirm it has consulted with its Town Deal Board and local MPs, before submitting an investment plan. Where local stakeholders or MPs have concerns about the delivery of outcomes or outputs, the Council is required to provide reassurance as to the local governance structures that will be put in place to ensure that funding continues to deliver against local priorities. The Council is required to evidence this consultation when submitting an investment plan to DLUHC.
- 3.7 Appendix 1 of this report sets out the Investment Plan to be submitted to DLUHC for approval. This details the 22 projects across c.£72million of grant funding collated by intervention theme. Within this there are some adjustments to forecasting of spend profiles that reflect the complexity of projects, flexibility of the Pathfinder, timescales for procurement of delivery partners and, for some Town Deal projects the need to further develop them before grant funding agreements are entered into. Amendments to outputs generally reflect the progression of projects from initial design to RIBA stage 3 and 4. There are however 2 projects that are subject to more substantial change, and these are outlined in more detail in paragraphs 3.8 to 3.14 of this report.

Birkenhead Market

- 3.8 On 10 November 2021, Policy and Resources Committee authorised the Director of Regeneration to adopt the preferred option, to demolish, design and develop the former House of Fraser site to accommodate a new market, the cost of which to be met from within the planned Future High Street Fund and Wirral Growth Company surplus resources allocated. Subsequent RIBA 3 design for the construction of a new purpose-built market and associated public realm on the former House of Fraser site estimates a build cost as set out in Appendix 2 of this report. Some value engineering to elements of the scheme is possible, however, the total cost, after value engineering is likely to remain in excess of the current funding envelope available.
- 3.9 Additionally, in May 2023 the Council acquired the Pyramids/Grange shopping centre, an outdated and underutilised shopping precinct located in the centre of Birkenhead. Previously in private ownership, there are a significant volume of empty units compromising redevelopment and the potential to secure new private sector investment. Ownership of the Pyramids/Grange assets now gives the Council control of an extra 13 acres of land at the heart of the town centre, including 255,000 sq ft of retail space. Council control removes significant barriers to the redevelopment of the town centre and provides a unique opportunity to reconfigure the space available and design a town centre fit for the future, as well as providing development opportunities for the private sector and other partners.
- 3.10 In light of the Council's recent acquisition of the Pyramids/Grange shopping centre and the cost envelope for the former House of Fraser market site, Officers have reviewed options including suitable premises in the town centre retail area now owned by the Council. This will be subject to further consultation and approval by elected members and a report will be brought to Economy, Regeneration and Housing Committee on 6 December 2023 for consideration and approval. At this stage the House of Fraser site remains in the Investment Plan as a longer term proposal.
- 3.11 The Investment Plan and the report to Economy, Regeneration and Housing Committee on 6 December 2023 will propose for the DLUHC grant funding currently assigned to the market programme to be reallocated as follows:
- RIBA 3 design for the new build development on the former House of Fraser site and associated public realm;
 - Demolition of the former House of Fraser building;
 - Category B fit out and refurbishment of a vacant unit within the shopping centre bringing it back into use and providing c.65 new units to provide continuous delivery of a market. Consultation to date with market traders as part of the RIBA stage 3 design of the House of Fraser option will be used as a basis to deliver market trader requirements.
 - Demolition of the existing market building and associated public realm on the site to enhance the area around newly constructed Birkenhead Commercial District Grade A office development; and
 - Gap funding for increased costs for a new Primary Substation. This is essential to enable commercial and residential development of the town centre where costs have

escalated owing to inflationary costs and a 4km route to secure a point of connection for a power supply.

Appendix 2 of this report provides a breakdown of the indicative costs of the above activities. Appendix 2 of this report contain 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 during considerations of these items under Paragraph 3 'Information relating to the financial or business affairs of any particular person (including the authority holding the information)'.

Transport Visitor Attraction (Transport Shed)

- 3.12 On 8 July 2022, the Director of Resources approved the Full Business Case for Birkenhead Town Deal Transport Visitor Attraction (Transport Shed) via a published Officer Decision Notice. The Transport Shed project set out a new transport heritage visitor attraction in Wirral to be operated by National Museums Liverpool (NML) to be located by the new proposed Dock Branch Park area.
- 3.13 A number of options have been considered with NML for the Transport Shed location, but delivery challenges have been encountered due to third party land ownership and cost inflation, leading officers and NML teams to conclude that a joint project with NML is likely to be undeliverable for the £6.3m budget in the timeframe required. However, Council officers and NML are both very keen to continue exploring options for a significant visitor destination and initial thoughts are that a waterfront location should be explored to be delivered in the medium to long term. The draft Waterfront Masterplan has a site at Woodside that could potentially be suitable for a future project with more significant budget.
- 3.14 The Transport Visitor Attraction currently remains within the Investment Plan, highlighting the delivery challenges regarding the identification of a location. Officers will bring a report back to Economy, Regeneration and Housing Committee to present options for this project including any potential reallocation of funds.

Simplification Pilot Governance

- 3.15 The Council will remain the accountable body for funds within the Simplification Pilot and all relevant decisions will be taken for approval via the Council's current democratic decision making as set out in the constitution. However, as outlined in paragraph 3.5 of this report, the Council is required to establish a consolidated governance structure to reflect the wider scope of the pilot and DLUHC advise to build on the positive role of the Town Deal Boards to date. As such, the scope and membership of the Birkenhead Town Deal Board will be reviewed to reflect the wider geographical remit of the Simplification Pilot to form a consultative body. This successor body will have no decision-making power but will exercise strategic oversight over the funds within the scope of the Simplification Pilot. Governance arrangements in this respect will be reported to a future meeting of the Policy and Resources Committee.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This pilot is designed to simplify and deliver operational efficiencies as well as extending the delivery deadline for all associated regeneration projects funded by Future High Street Fund and Levelling Up Fund, which have deadlines of March 2024 and March 2025 respectively, to March 2026. Extending the deadline for spend will mitigate risk of not delivering within the timescales required by DLUHC. There are no additional financial implications of joining the pilot when compared to managing the three separate funds.
- 4.2 The Investment Plan requires approval from the Council's Section 151 officer prior to submission. As such they have reviewed the content of this report and the Investment Plan.

5.0 LEGAL IMPLICATIONS

- 5.1 It is proposed that a single Memorandum of Understanding (MOU) with Government, will replace the agreements in place for the three funding streams. Full consideration will be given to any associated legal implications both for the Council and in any external Grant Funding Agreements with third parties. Policy and Resources Committee on 13 September 2023, amongst other matters, authorised the Director of Regeneration and Place to enter into the Pathfinder Memorandum of Understanding (MOU), in consultation with the Director of Law and Governance.
- 5.2 To enable the Council to comply with DLUHC's deadlines for submission of the Investment Plan it is recommended that removal of delegation is removed. Any delay likely to be caused by the process for removal of delegation and reconsideration would seriously prejudice the Council's interests given that such process would render the Council unable to comply with DLUHC's deadline for the submission of the Investment Plan which would put the Council's participation in the Simplification Pilot at risk.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 DLUHC expect there will be operational efficiencies arising from the combined governance of the pilot, as it seeks to test an approach that reduces local administrative burdens whilst still providing DLUHC with required level of delivery data and assurance. A 3 monthly summary update (in the form of RAG reporting) focusing on spend and progress will be required, followed by 6-monthly detailed reports on spend and progress, including (but not limited to) forecast underspends, a plan for delivering uncommitted funding, projected delivery of portfolio-level outputs and outcomes, and changes to projects below the change request threshold.
- 6.2 In addition to monitoring, DLUHC will also conduct separate assurance activity, including local authority assurance reviews. These reviews will focus on the assurance processes that local authorities have in place and will follow a similar model as is currently used across the 3 separate funds.
- 6.3 DLUHC will share specific monitoring questions ahead of the first monitoring return. The first monitoring return is expected to occur in the third quarter of 2023-24.
- 6.4 Management of the extended Simplification Pilot Group will require the same level of resource as the existing Town Deal Board.

7.0 RELEVANT RISKS

- 7.1 All specific project and programme risks, which remain unchanged by entering into the pilot, are captured in individual risk registers and reported to the Regeneration Project Management Office on a monthly basis. They are also highlighted at the Regeneration Portfolio Board and reported to the Investment and Change Board.
- 7.2 There are potential risks to project delivery arising under the current funding parameters, given the spend deadlines and the ability to deliver successful schemes in time to meet these deadlines. The three funding streams will all share a new completion date of March 2026 which will allow more time for project delivery. Currently the end date for FHSF is March 2024, LUF1 is March 2025 and Town Deal is March 2026. Joining the pilot will result in the spend deadline for all three funds being March 2026.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 The Investment Plan requires consultation with stakeholders, including the Council Leader, elected members, MPs and the existing Town Deal Board.
- 8.2 As referenced in paragraph 1.2 of this report, Policy and Resources Committee on 4 October 2023 delegated the decision to submit the Investment Plan to the Director of Regeneration and Place in consultation with Group Leaders. As such the Director of Regeneration and Place has conducted this consultation which has received majority support from Group Leaders.
- 8.3 Further consultation has been undertaken with MP's, elected members covering the geography of the Simplification Pilot and the existing Town Deal Board, all of which support the Council's participation in the Simplification Pilot. A number of comments have been received and noted in relation to the following which are subsequently mitigated as follows:
- Birkenhead Market: As outlined in paragraphs 3.10 of this report further work will be undertaken with a report taken to Economy, Regeneration and Housing Committee on 6 December 2023.
 - Transport Shed: As outlined in paragraph 3.14 of this report, the Transport Visitor Attraction remains within the Investment Plan, highlighting the delivery challenges regarding the identification of a location. Officers will bring a report back to Economy, Regeneration and Housing Committee.
 - Governance: Within the Investment Plan the principle of a consolidated governance structure to cover the wider remit of the Simplification Pilot is proposed. As outlined in paragraph 3.15 of this report, governance arrangements, including Terms of Reference for the successor body to the current Town Deal Board will be reported to a future meeting of the Policy and Resources Committee.
- 8.4 Full consideration will be given to build upon the successful use of the "Have Your Say" web site and other social media platforms to keep people informed as the

project development design and implementation stages proceed. This is no different to the existing arrangement with the three separate funds.

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.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 None directly arising from this report however the regeneration schemes impacted do have climate change resilience measures and Biodiversity Net Gain proposals at the core of their designs and objectives to mitigate impacts.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 Community Wealth Building reorganises local economies to be fairer and stops wealth flowing out of communities. Striving for a prosperous and inclusive economy where local people can get good jobs and achieve their aspirations, the Council's aims to create an economy that benefits all of our residents and one which keeps money within Wirral. The Council's Community Wealth Building Strategy is a key part of how this is achieved and makes a major contribution to improving the economic, social and health outcomes of the borough.

11.2 The projects within the investment plan ensure that more wealth is invested and stays within the Borough. A number of the projects are being developed by local community interest companies which will help build a more resilient local community and support community organisations. Future procurement exercises will build the wealth of our local communities where we will strive to maximise social value activity through creation of local employment/ training opportunities and local labour/spend to maximise the Wirral pound.

REPORT AUTHOR: **Beverley Staniford**
Economic Development Manager
beverleystaniford@wirral.gov.uk

APPENDICES

Appendix 1- The Investment Plan

Appendix 2- Confidential information referenced in the report.

Appendix 2 of this report provides a breakdown of the indicative costs of the above activities. Appendix 2 of this report contain 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 during considerations of these items under Paragraph 3 'Information relating to the financial or business affairs of any particular person (including the authority holding the information)'.

BACKGROUND PAPERS

Simplification Pathfinder Pilot: Technical Guidance, Department for Levelling Up, Housing and Communities - 31st July 2023

<https://www.gov.uk/government/publications/simplification-pathfinder-pilot-technical-guidance/simplification-pathfinder-pilot-technical-guidance>

Letter to Paul Satoor, Wirral Council Chief Executive, from DLUHC dated 30th June 2023 – Funding Simplification Pathfinder Pilot

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
DLUHC Simplification Pilot - Policy and Resources Committee	13 September 2023
Levelling Up Fund – Officer Decision Notice	17 Feb 2022
A Town Deal for Birkenhead – Approval of Full Business Cases (Tranche 2) Officer Decision Notice	8 July 2022
Future High Street Fund – Economy, Regeneration and Development Committee	4 March 2021