

 <p>St. Helens Council</p>	<h1 style="text-align: center;">CABINET</h1> <p style="text-align: center;">Friday, 6 March 2020</p>
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Report Title: Property / Delivery Partner

Cabinet Portfolio	Cabinet Member - Economic Regeneration & Housing
Cabinet Member with lead accountability	<p>Cllr David Baines, Leader</p> <p>Cllr Richard McCauley, Cabinet Member Economic, Regeneration & Housing</p>
Corporate Plan Theme	Place
Exempt Report?	<p>Report – Not exempt</p> <p>Appendix 1 – Exempt – Executive Summary ECF Partnership</p> <p>Appendix 2 – Exempt – Proposed Heads of Terms</p> <p>Appendix 3 – Exempt – Legal Advice</p>
Reason for Exemption	<p>Appendix 1 – Exempt by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972</p> <p>Appendix 2 – Exempt by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972</p> <p>Appendix 3 – Exempt by virtue of paragraphs 3 & 5 of Part 1 of Schedule 12A of the Local Government Act 1972</p>
Key Decision?	<p>Yes - In view of the Leader will have a significant effect on a significant number of people living or working in two or more wards of the Authority.</p>

On Public Notice?	Yes - 28 January 2020
Wards Affected	(All Wards);
Originating Service Area	Place Services
Accountable Director	Steve Littler
	Senior Assistant Director – Place, Growth and Regulatory Services
	stevelittler@sthelens.gov.uk
	01744 676138
Accountable Employee	Roy Benyon
	Head of Place and Delivery
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Report to be or has been considered by (Meeting and Date)	

Recommendations for Decision

Cabinet is recommended to:

- (1) Approve the appointment of English Cities Fund (ECF) as the Council's preferred strategic partner and to approve the heads of terms for the development of this partnership agreement as are detailed in Appendix 2 of this report.
- (2) To delegate the power to the Chief Executive in consultation with the Portfolio Holder for Economic Regeneration and Housing to enter into the formal partnership agreement at such time as all detailed terms, due diligence and legal formalities have been completed.

- (3) To delay the submission of the Local Plan in order to determine the implications of entering into a strategic partnership with ECF in land use planning terms and to bring a report to Cabinet in June / July 2020.

Recommendations for Noting

The Cabinet is recommended to note:

- (1) Appendices 1 to 3 of the report are exempt matters for the reasons set out above. Should members wish at any time to discuss any of the details set out in either Appendix 1, 2 or 3, it will be necessary to debate these matters in closed session.

1. Purpose of this Report

- 1.1 To seek approval to the appointment of English Cities Fund (ECF) as the Council's preferred strategic partner to ensure the delivery of a borough wide regeneration strategy and to endorse the Heads of Terms of this partnership agreement.
- 1.2 To consider delaying the submission of the Local Plan pursuant to the above in order to determine the land use implications.

2. Background and Consideration of Alternatives

- 2.1 The Council has recognised that a new approach to growing the economy of the borough is required that seeks to work pro-actively with the private sector and establish a strategic partnership maximising the opportunities presented to deliver significant future growth in St. Helens and deliver key priorities including Town Centre regeneration, social wellbeing and providing appropriate infrastructure to support future development.
- 2.2 Through this approach, the Council has developed a relationship with ECF which would satisfy these key objectives and provide a suitable mechanism to deliver a comprehensive regeneration of the wider borough including the provision of quality housing, new commercial activity, upgraded infrastructure and the overall improvement of the social and economic viability of the borough on a phased basis.
- 2.3 ECF is a highly successful Joint Venture Limited Partnership between Muse, Legal & General and Homes England which was originally established by the Labour Government in 2001 to drive greater institutional and private investment in English towns and cities. ECF was a direct response to the Urban Task Force's report "Towards an Urban Renaissance" which sought to identify the causes of urban decline and establish a vision for Britain's cities based on the principles of design excellence, social well-being and environmental responsibility.
- 2.4 The private partners in ECF sit alongside Homes England and were selected for their specific qualities via an OJEU competition with the aim being to deliver regeneration schemes on identified sites in towns and cities with Assisted Areas status, at that time. ECF was established as a £100m vehicle to invest public and private sector money. Each of the partners bring their own specific areas of expertise with Homes England providing land, funding and best practice, Legal and General offering strategic investment advice and funding support, whilst Muse specialise in site assembly, design, construction, sales and lettings.
- 2.5 This combination of partners provides a unique capability to deliver exceptional regeneration schemes drawing on ECF's development experience and investment expertise in place-making

that has led to true transformational programmes in some of the most challenging and complexed areas of the Country.

- 2.6** Such has been the success of ECF that this fund has been extended to £200m providing investment in new regeneration opportunities and is now able to operate in major towns and cities throughout England. The first five ECF partner schemes delivered development worth of £1.6bn into the five local authorities that supported them, from the initial investment by ECF of £100m. Further to this, ECF's most recent success has been the multi award winning regeneration of the Chapel Street and New Bailey areas of Salford. This 50 acre area of Salford has seen a once derelict and deprived area of the city being transformed to provide mixed tenure housing, grade A office development, hotels, new multi storey car parking as well as enhanced public realm facilities.
- 2.7** This concept of a strategic partnership between the public and private sector has been expanded to be applied to the Borough wide area of St Helens, linking viable development opportunities with the priority of delivering the regeneration of our Town Centre's. ECF acknowledge that significant investment will be required in the formative years of any partnership to deliver regeneration within the Town Centre's and would therefore be required to commit to a long term transformational programme of up to 20 years.
- 2.8** The key features of this proposed partnership and the operating model are as detailed in the Executive Summary in Appendix 1 to the report, but are further summarised as below: -

2.8.1 Overarching Development Agreement

The partnership will be controlled through a Borough wide Overarching Development Agreement (ODA), which will be delivered in accordance with an agreed business plan (known as the Delivery Strategy) between the Council and ECF.

The ODA will be delivered in a number of individual Phases in accordance with the provisions of the Delivery Strategy. Development of these Phases is likely to be sequential rather than all of the Phases being developed simultaneously although where appropriate the ODA will allow simultaneous development of multiple Phases.

ECF, in partnership with the Council, will prepare the Delivery Strategy within 6 months of completion of the ODA simultaneously with the progression of the necessary early development phases for St. Helens and Earlestown Town Centre's, and these will be presented back to Cabinet in late Autumn for approval.

2.8.2 Land Arrangements

The ODA will provide ECF with a conditional land agreement in respect of Council land interest contained within a development phase.

Subject to the satisfaction of appropriate conditions, which will leave a phase ready for immediate development, the Council will grant to ECF or its funder a long-term lease of that phase subject to agreeing appropriate terms.

Once the Council's land has been drawn down, ECF will be required to commence and complete the development in accordance with the delivery strategy.

2.8.3 Steering Group Arrangements

A Steering Group comprising of appropriate Senior Officer and Member representation from the Council and ECF would be established to agree the wider programme of development across all future phases. ECF would input into elements like design, planning etc. and approve specification for works through the Steering Group. It is also important to note that any phases of development being brought forward through the delivery strategy will require the appropriate approval of Cabinet before proceeding. Equally the governance arrangements of the steering group will be approved by Cabinet in due course.

2.8.4 Development Trust Account

All development between the Council and ECF will be progressed on an open book basis under the auspices of a Development Trust Account. This model assumes that during the programme there will be costs incurred and surpluses paid into the account over a 20-year period.

2.9 These terms are intended to form the basis of a long term partnership with ECF which will allow the Council to bring forward the regeneration of its Town Centre's with a recognised model of delivery that has already brought forward over £1.6 billion of investment from its initial investment of £100m.

2.10 ECF have already demonstrated that this approach can deliver long term economic regeneration. In principle, this model works by linking phases of development that have the potential to deliver financial returns with areas that have a high priority, such as Town Centre regeneration, but are less viable, where one cross subsidises the other to promote true area-wide regeneration.

2.11 This is fundamentally the opportunity the Council has been seeking to take a longer term view on its regeneration strategy for the borough and collectively manage its finite resources to ensure that they are capable of underpinning its commitment to deliver a strong and vibrant economy for the borough.

2.12 ECF in partnership with the Council will provide the necessary resources and capabilities to deliver successful regeneration propositions for our Town Centre and wider Borough. The structure of this agreement will provide the process by which we ensure that working together we are able to transform St. Helens for the benefit of all our existing and future residents.

3. Financial Implications

3.1 There is an expectation that both the Council and ECF will work to secure third-party public-sector grant and/or further private funding where there are viability challenges. There may also be an expectation, though not a requirement, that where appropriate, the Council will provide support to use its own resources as a means of overcoming viability concerns where the use of third-party funding has been explored and is insufficient.

3.2 Any financial implications will be considered by Cabinet as part of the appropriate approval to any future development phase. Early phases of development would include St.Helens and Earlestown Town Centres which may require investment of up to £200M from various sources of funding.

4. Legal Implications

- 4.1** The Council has received specialist legal advice throughout the course of developing the proposed arrangements with ECF. Further details on the advice received can be found in Appendix 3 which is an exempt document.

5. Equalities Implications

- 5.1** Social value will be a constant thread throughout this partnership process. There will be the potential to create significant supply chain activity, employment training and apprenticeship opportunities which will directly benefit St.Helens residents and businesses. Social value requirements will be set out in the ODA as a contractual requirement.

6. Environmental Implications

- 6.1** Any long term partnership of this type has the potential to change and influence the environment in which we live, work and enjoy our time in St.Helens. It is therefore recognised that public consultation, providing well designed and appropriate buildings and infrastructure as well as applying sustainable transport and energy principles will be key priorities throughout each and every phase of the proposed development.

7. Human Resources Implications

- 7.1** Appropriate human resources will be required to ensure the successful delivery of this partnership in order to meet development expectations. It is therefore proposed that additional regeneration resources be considered within Place Services to align with ECF's commitment.

8. Corporate Landlord Implications

- 8.1** Any land and property identified within the proposed programme of development will need to be identified and safeguarded. There may also be the requirement to acquire further interests as part of any site assembly process. The Council may consider utilising Compulsory Purchase Powers in exceptional circumstances.

9. Health and Wellbeing Implications

- 9.1** Through a sustained and effective programme of regeneration there is significant potential to contribute to improved health and wellbeing outcomes across the Borough.

10. Appendices

Appendix 1 – Exempt – Executive Summary ECF Partnership
Appendix 2 – Exempt – Proposed Heads of Terms
Appendix 3 – Exempt – Legal Advice

11. Background papers

None.