



**3MG Executive Sub Board**

**Thursday, 12 January 2012 3.00 p.m.  
The Board Room - Municipal Building,  
Widnes**



**Chief Executive**

**COMMITTEE MEMBERSHIP**

<b>Councillor Tom McInerney (Chairman)</b>
<b>Councillor Stef Nelson</b>
<b>Councillor John Stockton</b>

*Please contact Lynn Derbyshire on 0151 471 7389 or email [lynn.derbyshire@halton.gov.uk](mailto:lynn.derbyshire@halton.gov.uk) for further information.  
The next meeting of the Committee is on Thursday, 29 March 2012*

**ITEMS TO BE DEALT WITH  
IN THE PRESENCE OF THE PRESS AND PUBLIC**

**Part I**

<b>Item No.</b>	<b>Page No.</b>
<b>1. MINUTES</b>	
<b>2. DECLARATIONS OF INTEREST</b>	
Members are reminded of their responsibility to declare any personal or personal and prejudicial interest which they have in any item of business on the agenda no later than when that item is reached and, with personal and prejudicial interests (subject to certain exceptions in the Code of Conduct for Members), to leave the meeting prior to discussion and voting on the item.	
<b>3. REGIONAL GROWTH FUND (RGF) GRANT</b>	<b>1 - 3</b>
<b>4. MARSH BROOK</b>	<b>4 - 7</b>

***In accordance with the Health and Safety at Work Act the Council is required to notify those attending meetings of the fire evacuation procedures. A copy has previously been circulated to Members and instructions are located in all rooms within the Civic block.***

**REPORT TO:** 3MG Executive Sub-Board

**DATE:** 12<sup>th</sup> January 2012

**REPORTING OFFICER:** Strategic Director, Policy and Resources

**PORTFOLIO:** Leader

**SUBJECT:** Regional Growth Fund (RGF) Grant

**WARDS:** Ditton and Riverside

### **1.0 PURPOSE OF THE REPORT**

**1.1** The purpose of this report is to seek authority to draw down the first instalment of grant funding following a legal agreement with the Government's Business, Innovation and Skills (BIS) Office for £9m Regional Growth Fund (RGF) grant.

### **2.0 RECOMMENDATION: That**

**2.1 Authority be given to the Operational Director for Economy, Enterprise & Property to negotiate funding drawdown arrangements with the Office for Business, Innovation and Skills to make the first claim from a £9m grant to undertake land remediation of 100 acres of brown field land; and provide rail infrastructure to open up HBC Field in order to prepare the 3MG site for private sector occupation and development; and**

**2.2 The Council enters into a clawback arrangement with the Stobart Group to share the risk.**

### **3.0 SUPPORTING INFORMATION**

**3.1** The Executive Board on 9<sup>th</sup> December 2004 (EXB162) adopted the Ditton Strategic Rail Freight Park Masterplan, now known as 3MG (the Mersey Multimodal Gateway). The Business Innovation and Skills office has offered a Regional Growth Fund allocation of £4.5m towards the remediation works to be carried out by the Stobart Group and £4.5m towards the provision of additional rail sidings to serve HBC Field and the wider 3MG area.

### **4.0 POLICY IMPLICATIONS**

**4.1** The Council adopted the 3MG Masterplan in December 2004. The 3MG programme is included in the Council's Corporate Plan, the Halton Partnership and Halton Borough Council Urban Renewal Strategy and Action Plan, and supports the Council's Urban Renewal corporate

priority. The Regional Growth Fund grant funding is essential to facilitate the delivery of 3MG.

- 4.2 The Business Innovation and Skills Office have offered £9m Regional Growth Funding to progress 3MG. These funds are offered on condition that the Council enters into an agreement.
- 4.3 As is usual with such arrangements, the funding offer places the balance of risk with the Accountable Body, in this case HBC. Although some have been negotiated away, the most prominent risks for the Council remain:
  1. There is a specific clawback provision which will require the council to repay grant if the job target is not met. However, in turn, Halton will enter into a clawback agreement with The Stobart Group to underwrite and share the risk in the event that the jobs or investments do not materialise or is reduced.
  2. The responsibility for State Aid compliance rests with HBC. For this reason Halton will take advice regarding the potential implications of European Commission rules and regulations and implement appropriate procedures to monitor the project as it develops.
- 4.4 These risks are similar to those previously accepted by Members in connection with other projects such as Widnes Waterfront.

## **5.0 OTHER IMPLICATIONS**

- 5.1 The Council has given a commitment to secure as much external funding as possible to support the delivery of 3MG. The Regional Growth Fund grant referred to in this report supports that commitment.

## **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

### **6.1 Children and Young People in Halton**

None known.

### **6.2 Employment, learning and Skills in Halton**

Overall the 3MG programme will assist in providing job opportunities for local people and will go some way in addressing the level of unemployment in Halton. The next phases of development are estimated to create up to 2,717 new jobs.

### **6.3 A Healthy Halton**

The overall 3MG programme provides new walking and cycling routes as well as a bus service, which offer safe and affordable means of accessing key services and thereby can overcome many of the transport barriers often faced by people who do not own or have access to a car.

#### **6.4 A Safer Halton**

The 3MG programme will provide much needed environmental improvements to the immediate areas.

#### **6.5 Halton's Urban Renewal**

The 3MG programme is acting as a catalyst to attract developers and new businesses to the area by creating an attractive, well-accessed and serviced area, which provides a safe and attractive environment for employees and visitors.

#### **7.0 RISK ANALYSIS**

**7.1** There are risks to the Council in entering into the Contract with the office for Business, Innovation and Skills. These same risks have been acknowledged and accepted previously, e.g. previous NWDA funding agreements on 3MG and on the Widnes Waterfront Programme. In broad outline the risks are that minor breaches of the agreement (e.g. failures to provide, or delays in providing, information such as performance reports) can result in the Business, Innovation and Skills office having the right not only to discontinue funding for the future but also to demand the return of funding received prior to any breach of the agreement. This could have extremely serious consequences for the Council's services given that the maximum funding to be received under the agreement is £9m. The Operational Director for Economy, Enterprise & Property will be advising on this agreement. On balance the Chief Executive feels that the benefits of the scheme outweigh the risks and recommended Halton enter into a clawback agreement with The Stobart Group to underwrite and share the risk in the event that the jobs or investments do not materialise.

#### **8.0 EQUALITY AND DIVERSITY ISSUES**

Not applicable.

#### **9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

<b>Document</b>	<b>Place of Inspection</b>	<b>Contact Officer</b>
DSRFP Masterplan	Major Projects	Sally McDonald

<b>REPORT TO:</b>	3MG Sub-Board
<b>DATE:</b>	12 <sup>th</sup> January 2012
<b>REPORTING OFFICER:</b>	Operational Director – Economy, Enterprise & Property
<b>PORTFOLIO:</b>	Leader
<b>SUBJECT:</b>	Marsh Brook
<b>WARDS:</b>	Ditton and Riverside

### **1.0 PURPOSE OF THE REPORT**

- 1.1** The purpose of this report is to seek authority to enter into a contract with the Stobart Group in respect of future flood risk management of Marsh Brook.

### **2.0 RECOMMENDATION: That**

- 2.1 Authority is given to the Operational Director for Legal & Democratic Services to enter into a legally binding contract with the Stobart Group in respect of future flood risk management of Marsh Brook.**

### **3.0 SUPPORTING INFORMATION**

- 3.1** The Executive Board on 9<sup>th</sup> December 2004 (EXB162) adopted the Ditton Strategic Rail Freight Park Masterplan, now known as 3MG (the Mersey Multimodal Gateway).
- 3.2** The Council has been working in partnership with the Stobart Group since 2007 in order to bring forward development of 200 acres of brownfield land within Stobart's ownership. The development of this land is an integral part of the 3MG Masterplan and the aspiration to create up to 5000 new jobs at 3MG.
- 3.3** Site development, comprising a 528,000 sq ft distribution warehouse was undertaken during 2009. Site preparation works included the improvement of Marsh Brook comprising a realignment of the channel and the construction of a new outfall culvert to the River Mersey. The existing culvert, which was sited on land occupied by the Trans Pennine Trail and owned by the Council, had become blocked and as riparian owner, the Council was responsible for its maintenance. However, to enable the Development to proceed, the culvert construction work was planned to be undertaken and paid for by the Stobart Group.

- 3.4 During the infrastructure design stage, the Stobart Group and their Consultants liaised with the Environment Agency (EA), who are the Regulatory Authority for such matters, on their proposals to improve Marsh Brook. However, due to the demanding time constraints in delivering the development, work was commenced prior to receiving formal Land Drainage Act Consent from the EA. Furthermore, unforeseen issues and difficult site conditions during construction necessitated amendments to the proposals that were originally submitted to the EA.
- 3.5 In order to keep to the development programme, the Marsh Brook improvement works were completed without EA Consent. These works subsequently proved to be not acceptable to the EA in terms of obstructing flow and maintaining a natural gradient along the Brook.
- 3.6 The consequence is that in March 2010 the EA served notice on Westlink Holdings (the registered land owners who are a subsidiary of the Stobart Group) to rectify the un-consented works. Unfortunately, matters have not been resolved and there is an ongoing legal dispute between the two parties.
- 3.7 The Council has liaised with both parties, who are seeking to reach agreement, in an attempt to find an acceptable and amicable solution. The EA had indicated that they would be prepared to accept the current arrangement of Marsh Brook and would not proceed with their prosecution if an approved maintenance plan for Marsh Brook was put in place for a period of 30 years and the Council agreed to underwrite the flood management responsibility of Marsh Brook, which it will have a statutory obligation for from April 2012, the EA has agreed to cease the legal challenge.
- 3.8 The Council guarantee would only be activated following default by Westlink and the Stobart Group, or their successors in title in respect the flood risk management aspect of Marsh Brook. This agreement would be for 30 years and the Council would be paid up front the estimated maintenance costs of £164,000. This money would be held by the Council on a reducing scale for the 30 years and a proportion of it would be refunded annually to the Stobart Group for every year the Council has not had to intervene and undertake the maintenance.
- 3.9 It is imperative that the next phase of Stobart Park commences at the earliest opportunity as job creation is key to the ongoing success of 3MG, resolving this existing dispute will pave the way for the next phase of development.

#### **4.0 POLICY IMPLICATIONS**

- 4.1 The Council adopted the 3MG Masterplan in December 2004. The 3MG programme is included in the Council's Corporate Plan, the Halton Partnership and Halton Borough Council Urban Renewal Strategy and

Action Plan, and supports the Council's Urban Renewal corporate priority.

## **5.0 OTHER IMPLICATIONS**

5.1 The Council has given a commitment to work with external partners to maximise investment and job creation at 3MG.

## **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

### **6.1 Children and Young People in Halton**

None known.

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Overall the 3MG programme will assist in providing job opportunities for local people and will go some way in addressing the level of unemployment in Halton. The next phases of development are estimated to create up to 2,717 new jobs.

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## **7.0 RISK ANALYSIS**

7.1 There are risks to the Council in entering into the Contract with the Stobart Group. The Council will be taking on additional responsibilities in respect of Marsh Brook which don't exist at present. However, with the changes in flood risk management the Council will have a statutory responsibility from April 2012. The Council will have the financial resources to undertake the maintenance work if the need arises through the upfront payment.

**8.0 EQUALITY AND DIVERSITY ISSUES**

Not applicable.

**9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

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