

REPORT TO: Executive Board

DATE: 24th May 2012

REPORTING OFFICER: Strategic Director – Children & Enterprise

PORTFOLIO: Physical Environment

SUBJECT: 3MG Funding and Infrastructure

WARDS: Boroughwide

1.0 PURPOSE OF THE REPORT

1.1 The purpose of this report is to provide an update on the Growing Places Fund, to seek approval to accept the impending written offer from the Liverpool City Region Local Enterprise Partnership and to seek authority to utilise the Growing Places Fund and the Regional Growth Fund grant for the provision of infrastructure associated with HBC Field.

2.0 RECOMMENDATION: That

- 1) The Board accepts the offer of £5.4m of Growing Places Funding (GPF) from the Liverpool City Region Local Enterprise Partnership.**
- 2) The Board authorises the use of the £5.4m GPF for the provision of infrastructure associated with HBC Field.**
- 3) The Board authorises the use of £4.5m of the Regional Growth Fund (RGF) grant for the provision of infrastructure associated with HBC Field in line with the final offer letter dated 8 March 2012.**

3.0 SUPPORTING INFORMATION

3.1 The Executive Board on 9th December 2004 (EXB162) adopted the Ditton Strategic Rail Freight Park Masterplan, now known as 3MG (the Mersey Multimodal Gateway). The 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 was reported to 3MG Executive Sub-Board on 12th January 2012 (ESB5).

4.0 POLICY IMPLICATIONS

- 4.1 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. Grant funding is essential to facilitate the delivery of 3MG.
- 4.2 The £4.5m Regional Growth Funding for HBC Field can be utilised more widely than first envisaged. Initially the grant was identified towards the provision of rail sidings, however, the final offer letter dated 8th March also includes the provision for the link road and associated costs. This flexibility is timely and subject to Executive Board approval can provide some of the funding towards the link road and associated costs and will enable the Council to draw down the grant on the dates set out in the offer letter.
- 4.3 Following an invitation from the Liverpool City Region Local Enterprise Partnership (LEP) to bid for Growing Places Funds (GPF), an application was submitted for the 3MG access road. The Council was informed on 26th April that it had been successful in securing £5.4m of funding and officers have been working through the detail of the project with the Accountable Body, Liverpool City Council. We anticipate a written offer being with the Council by the end of May. These funds are offered on condition that the Council makes 'best endeavours' to repay the GPF as it is a revolving fund (effectively an interest free loan) and the funding is to be reinvested within the Liverpool City Region.
- 4.4 Whilst there is no formal clawback agreement imposed on the Council, the Council must budget for the repayment of the £5.4m at sometime in the future when either a) HBC Field is developed or b) by December 2015, whichever is sooner. In the event HBC Field is not developed the burden of the repayment would be on the Council purse along with the interest charges associated with borrowing £5.4m. The development of HBC Field is subject to a valid planning permission and securing an end user. If the Judicial Review challenge on the current planning permission were to be successful, a new planning application would be required. Also, there is no commitment from an end user at this time, although the site is under consideration.
- 4.5 As is usual with such arrangements, the funding offer places the balance of risk with the Council. Although some have been negotiated away, the most prominent risks for the Council remain:
 1. The repayment of the GPF when HBC Field is developed or by December 2015 whichever is sooner. Also, an expectation that the development of HBC Field will provide 1000 jobs.
 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.

- 4.6 These risks are similar to those previously accepted by Members in connection with other projects such as Widnes Waterfront.
- 4.7 With the timely announcement of the GPF and the final RGF offer letter, we now have a real opportunity to make progress with the infrastructure on HBC Field.
- 4.8 The contract to commission the road construction forms part of a separate report to the Board. However, there are a number of associated costs for example:
- A mitigation payment to Knowsley Borough Council for the impact on the A5300 junction of £400,000;
 - An easement payment to Network Rail for crossing the rail line of £100,000;
 - Water main diversionary works £122,000;
 - The lowering of the overhead line equipment by Network Rail £312,700;
 - Other ancillary costs associated with design and supervision fees and bond costs.

These costs are in addition to the direct road construction contract and are approximately £1.8m. These costs are deemed to be necessary in order to bring forward the road and can be funded through the RGF and GPF.

- 4.9 We also have the opportunity to bring forward the rail sidings scheme utilising the RGF, thus meeting our planning obligations which require HBC Field to be rail connected. This work we envisage is in the region of £2.5m and would provide the rail connection to HBC Field and the associated fees for design and approvals by Network Rail, all of which can be funded through RGF. Subject to Executive Board approval we would look to progress this scheme.
- 10.0 Bringing forward the road and rail infrastructure whilst external funding is available puts the Council at an advantage in terms of the delivery of HBC Field for occupiers searching for a significant B8 opportunity in the North West, HBC Field will be ahead of competing sites if it already has road and rail connections. We strongly believe that HBC Field will create significant job opportunities and by kick starting the development through the road and the rail access infrastructure, developers and end users will be able to better visualise the area for development and remove some of the uncertainties which currently exist.

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 Growing Places Fund referred to in this report supports that commitment.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

There are no implications associated with this report.

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 an agreement with the Liverpool City Region LEP for GPF. 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 the Council may be asked to repay GPF if the HBC Field is not developed by December 2015. The Operational Director for Economy, Enterprise & Property will be advising on this agreement.

8.0 EQUALITY AND DIVERSITY ISSUES

Not applicable.

9.0 REASON(S) FOR DECISION

The Council to enter into a Funding Agreement with the Liverpool City Region Local Enterprise Partnership and its accountable body to utilise the Growing Places Funding allocated for 3MG, specifically the provision of infrastructure associated with HBC Field.

10.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

Officers have reviewed the various mechanisms to bringing forward the development of HBC Field and the Growing Places Funding is the option recommended as it provides the necessary funding and is interest free until December 2015.

The Council has considered alternative ways of progressing the infrastructure associated with HBC Field, including working with a developer. However, the opportunity of the Growing Places Fund, in conjunction with the previous secured Regional Growth Fund allows the Council to lead this aspect of the development.

11.0 IMPLEMENTATION DATE

The funding agreement will be implemented as soon as practicable and before July 2012.

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

Document	Place of Inspection	Contact Officer
3MG Masterplan	Regeneration, Municipal Building, Widnes	Sally McDonald