

Report Title:	Requests for material changes to previously approved Strategic Investment Fund (SIF) Projects
Portfolio Holder	Inclusive Economy and Third Sector
Summary of decision being sought	This report seeks the approval of the Combined Authority to process material change controls for previously agreed SIF Projects.
Is this report exempt? No	Reason for exemption Not applicable
Is this a Key Decision	No
Local Authorities affected	St Helens and Knowsley
<u>Impact and implications of this report</u>	
Financial impact	Yes, see paragraph 4.1
Delegation of decision sought	Yes, see recommendation 2 (C)
Supporting the Corporate Plan	A Fairer City Region
<i>(Tick as appropriate)</i>	A Stronger City Region ✓
	A Cleaner City Region
	A Connected City Region
	A Vibrant City Region
Climate Change Implications	Yes, see paragraph 4.3.
Equality and Diversity implications	Yes, See paragraph 4.4
Social Value implications	Yes, see paragraph 4.5
Human Resources implications	No
Physical Assets implications	No
Information Technology implications	No
Legal implications	Yes, see paragraph 4.9
Risks and Mitigation	No
Privacy implications	No
Communication and consultation implications	No
Contact Officer(s)	Pam McGuinness – Project Controls Manager pam.mcguinness@liverpoolcityregion-ca.gov.uk Telephone Number: 0151 330 4511
Appendices	No
Background Documents	No

LIVERPOOL CITY REGION COMBINED AUTHORITY

To: Liverpool City Region Combined Authority

Meeting: 10 June 2022

REPORT OF THE EXECUTIVE DIRECTOR OF INVESTMENT AND DELIVERY AND THE PORTFOLIO HOLDER: INCLUSIVE ECONOMY AND THIRD SECTOR

Requests for material changes to previously approved Strategic Investment Fund (SIF) Projects

1. PURPOSE OF REPORT

- 1.1. This report seeks the approval of the Combined Authority to process material change controls for previously agreed Strategic Investment Fund Projects.

2. RECOMMENDATIONS

- 2.1. It is recommended that the Liverpool City Region Combined Authority:
 - (a) agree the material change to the timescales associated with the Gerrards Park Project as indicated in paragraph 3.6 below;
 - (b) approve the allocation of £2.2m from the Strategic Investment Fund to Knowsley Metropolitan Borough Council for Phase 3 of the Kirkby Town Centre Project comprising improvements to the town centre multi-storey car park. This represents the final instalment from the £15m provisional allocation approved by the Combined Authority for town centre improvements on 6 December 2019;
 - (c) Delegate authority to the Executive Director of Investment and Delivery in consultation with the Executive Director of Corporate Services and Monitoring Officer to finalise the terms of the funding agreement with Knowsley Metropolitan Borough Council for Phase 3 of the Kirkby Town Centre Project.

3. CHANGES TO PREVIOUSLY APPROVED PROJECTS

Gerrards Park

- 3.1. In November 2019, the Combined Authority approved up to £4,136,000 of Strategic Investment Funding (SIF) to support the development of c.232,000 sq. ft speculative light industrial floorspace across the city region. At that time, the approved projects were Brookfield Park Phase 2 (Liverpool), Gerard's Park Phase 2 (St Helens), Image Business Park (Knowsley) and Magazine Point (Wirral).

- 3.2. This activity aimed to support the city region in retaining indigenous SMEs looking to expand/upgrade from lower grade stock, whilst also attracting new inward investment opportunities into the city region.
- 3.3. The Combined Authority part funded the construction of Gerard's Park (St Helens) Phase 2 industrial estate which is adjacent to a successful Phase 1 development. An award of £1,040,000 was made with a spend profile that covered the 2020/21 and 2021/22 financial years. Northern Trust Company Limited (NTCL) is the project sponsor.
- 3.4. The Grant Funding Agreement allowed for Local Growth Funding (LGF) to be utilised until the end March 2021, then provided for Gainshare funding to cover costs incurred after 1st April 2021. Accordingly, on 24th June 2021, a change control was approved to increase the project intervention rate to 100% to maximise spend on LGF during 2020/21. Officers are currently monitoring the balance of project funded via Gainshare (amounting to £80,916) that is being held as retention and will be paid on the submission of a final claim following practical completion of the development.
- 3.5. More recently, issues have arisen that have caused delays to the practical completion of the project which was originally expected in November 2021. Specifically, works have been delayed due to a supply chain shortage and the late delivery of materials. Furthermore, reduced trades availability has been experienced due to the Covid pandemic which was also compounded by the late delivery of utility supplies for the site. This matter was resolved on 22nd April 2022 when the site was energised.
- 3.6. NTCL now estimates that further work is required to conclude this project and achieve practical completion by the end of December 2022. As this request constitutes a delay in time in excess of 20% on original contracted assumptions, it requires Combined Authority approval as a material change before progressing.

The sponsor requests an extension to complete the project by the revised longstop date of 31 December 2022.

Kirkby Town Centre Phase 3

- 3.7. On 6 November 2019, the Combined Authority approved in principle the allocation of £15,000,000 to support improvements to Kirkby Town Centre. £10,000,000 of this was allocated to support land acquisition and the development of the proposed retail scheme.
- 3.8. From the remaining £5,000,000, the Combined Authority approved a further allocation of £2,800,000 to support Phase 2 of the Project, comprising the development of a multi-screen cinema and further leisure provision in the Town Centre.
- 3.9. This report recommends allocation of the remaining £2,200,000 to support a third phase comprising refurbishment works to the town centre multi-storey car park in order to provide long-stay/all day parking to support town centre employment. This allocation is subject to the conditions set out in paragraph 3.16.

- 3.10. The Kirkby Town Centre car park provides 381 long and short stay parking spaces over 8 decks within Kirkby Town Centre. The car park provides approximately 40% of the overall public parking provision in the town centre.
- 3.11. The western end of the car park provides direct access to the commercial office building formerly occupied by Barclaycard “the Former Barclaycard Building”. When previously in occupation, employees relied on the long stay parking provision.
- 3.12. Significant concrete repair works, and aesthetic improvements are now required to ensure the structure can continue to provide car parking capacity for the town centre and to ensure that it does not detract from the surrounding high-quality development works once complete.
- 3.13. The current condition of the car park is a significant barrier to reletting the Former Barclaycard Building and feedback to this extent has been received by the Council from a number of potential tenants to the building. Dependent on use, this building could provide between 350-500 jobs in the town centre and support both employment in Kirkby and additional economic activity in the town centre.
- 3.14. Whilst timing for reletting the building will inevitably be subject to uncertainty, the Council believes without provision of suitable all-day parking this would be very challenging indeed.
- 3.15. In order to support this employment potential, it is therefore proposed to allocate the remaining £2,200,000 of funds provisionally awarded to the Town Centre towards renovating the Car Park as Phase 3 of the Combined Authority supported Kirkby Town Centre Project.
- 3.16. In order to offset the impact of potential additional car use, it is proposed that such award is subject to Knowsley Council providing suitable levels of electric vehicle charging capacity in the car park and also secure cycle storage. Combined Authority officers will maintain an ongoing dialogue with Knowsley Council as the project progresses to ensure that environmental and sustainability factors are taken into account throughout the proposed renovation works.

4. IMPACT AND IMPLICATIONS

4.1 Financial

The allocation of £2.2m from SIF represents the sole financial impact set out in this report. This amount can be met from the Fund’s resources.

4.2 Supporting the Corporate Plan

The material changes discussed impact projects which are themed within the stronger City Region detail within the Corporate Plan, but no adverse impacts are expected to arise from the content of this report.

4.3 Climate Change

The recommendations include an investment in improvements to the Kirkby Town Centre Car Park as part of a wider regeneration offer for the area. This needs to be considered in the context of a package of active travel initiatives and plans to mitigate as far as possible any adverse impacts as set out in the report.

4.4 Equality and Diversity

The project and works proposed seek to improve the town centre to attract people from all backgrounds and is grounded in community consultation feedback ensuring it is reliably reflective of the local community's demands from a town centre. The proposal for improvement includes rationalising the existing accessible provision to cater for a variety of users, as the current layout includes 14 accessible bays at ground floor which are rarely all in use. The plans will retain an element of accessible spaces and introduce parent and child bays, EV charging provision and quality cycle parking. The proposals also address access at both ends of the car park to ensure that they are safe, legible and without obstacles. Through the final design and procurement process, improvements to the stairwells will be included and potential installation of a lift will be reviewed, subject to the cost benefit analysis given all accessible provision is and will remain at ground floor.

4.5 Social Value

The requirement to provide social value is embedded in both Knowsley Council's procurement and planning processes. Following the outcome of the procurement exercise, the successful contractors will also be asked to complete the SIF social value questionnaire in accordance with the SIF Assurance Framework.

4.6 Human Resources

Not applicable

4.7 Physical Assets

Not applicable

4.8 Information Technology

Not applicable

4.9 Legal

The proposals for both the Gerards Park Project and the Kirkby Town Centre Phase 3 Project constitute material changes which will require a deed of variation to be signed by the Combined Authority and the project sponsor. Any changes to existing funding agreements are always considered by the Combined Authority's Legal Team.

4.10 Risks and Mitigation

Not applicable

4.11 Communication and consultation

Not applicable

5. **CONCLUSION**

This report contains the information required for the Combined Authority to consider the changes requested by current project sponsors.

Delivery

Third Sector