

Maryport Future High Street Fund

FULL BUSINESS CASE (FBC)

A business case is a management tool and is developed over time as a living document as the proposal develops.

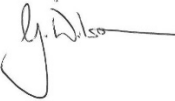
The Full Business Case (FBC) should summarise the results of all the necessary research and analysis needed to support decision making in a transparent way.

The evidence to support the investment decision must be set out in the HMT five case business case model: Strategic, Economic, Financial, Commercial and Management. In its final form the FBC becomes the key document of record for the proposal which summarises the objectives, the key features of implementation management and arrangements for post implementation evaluation.

**When you have completed your business case, please submit it to the Future High Streets team on [futurehighstreets@communities.gov.uk](mailto:futurehighstreets@communities.gov.uk)**

**Please also confirm separately with your delivery manager once you have submitted, via an email with no attachments**

Version	V3
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SRO Sign-off Name: Date:	 Graeme Wilson 28/07/2020
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## PROJECT SUMMARY

Local Authority: *Allerdale Borough Council*

High Street: *Maryport*

*Brief summary of proposal: Maryport has great potential to be an attractive and thriving Town, but has been held back by long-term economic decline and underinvestment creating a poor image and perception. Local attractions and facilities are failing to generate substantive local and visitor footfall and expenditure, compounding the impact upon the poorly performing high street.*

*Maryport struggles to compete for businesses, jobs, visitors and consumer spend with the neighbouring towns such as Cockermouth and larger, nearby destinations of Workington and Carlisle. This is compounded by low property values that deter development and investment by the private sector. Despite the decline of its historic industries, Maryport does have a core of employment but this tends to be low skilled which perpetuates the low wage economy. The high street is part of a grid of terraced Georgian and Victorian buildings with retail at ground floor and residential above. A number of large vacant historic 'landmark' buildings occupy key junctions, being past their original economic life and in need of repair they create an impression of dilapidation. Among these, the Carlton Cinema, Christ Church and Empire Theatre are prominent, visually striking buildings that have failed to be brought back into use by the private sector.*

*Funding is being sought from the Future High Streets Fund (FHSF) to address the structural and viability issues, which prevent the re-purposing of these key buildings, as well as to reduce upper floor vacancy rates. The conversion of Christ Church, the Carlton and land to the rear of 70 / 72 Senhouse Street (being referred to in this document as 'Empire Yard' due to its proximity to the former Empire Theatre), will be complemented by increased residential density generated by refurbishment of vacant upper floors into apartments. Public realm enhancements designed to improve the pedestrian experience and wayfinding to the high street, and key attractions, will also address perception issues and improve the 'sense of arrival'. This diversification of the high street supports the implementation of the Maryport Delivery Plan.*

*Encouraging pedestrian footfall along the high street to the Maritime Museum in the converted Christ Church and the Carlton's mixed-use events venue, café and shared creative workspace, will safeguard both of these historic buildings and bring them back into economic and sustainable use. In addition, the enhanced permeability of the town centre will support the Empire Yard redevelopment to create a flexible public space with artisan food and beverage outlets, market and event space, helping to restore and develop a night-time economy and provide start up business space. Maryport has the fabric and potential for a better town centre offer but is lacking the investment to deliver change, FHSF is required as the catalyst to Regenerate Maryport.*

*The FHSF funding will complement the High Street Heritage Action Zone (HAZ) programme, a smaller scheme, over a more concentrated area, based on enhancing the potential for the historic environment to support the High Street's regeneration. Its capital projects focus on the repair of historic fabric, replacing unsightly shopfronts, i.e. much of the beautification needed, but which is not eligible under FHSF. The HAZ programme also has an on-going community engagement and ambitious Cultural Programme which together will create events and festivals designed to; encourage footfall and the appreciation of Maryport's heritage and attractions. This should therefore attract residents and visitors to spend more time in Maryport and thus realise the potential for the newly refurbished and re-developed HAZ and FHSF capital projects to deliver on the strategic regeneration aims.*

Brief narrative summary of impact of proposal, drawing from your economic case:

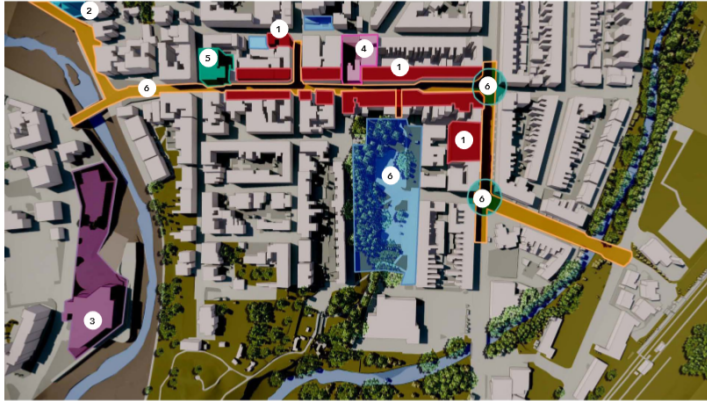
The Maryport FHSF investment will provide a transformational boost through a series of interventions designed to combine to have a bigger cumulative impact than they would as single entities aimed at attracting residents, businesses and visitors to the town through intervention in its existing and new residential and commercial developments, events and communal spaces. The project interventions aim to address the identified spatial fragmentation that inhibits movement and the town's poor residential, community and commercial offer through:

- Improving the built environment – addressing the high vacancy rates in the town centre through; adapting and converting buildings, opening up adjoining buildings
- Diversifying the High Street – providing a broader range of uses, to include more services, leisure facilities, meeting spaces and quality homes and improving the retail offer and experience and establishing an evening economy.
- Improving the Infrastructure – improving pedestrian access to the centre as well as signage and parking closer to retail and leisure facilities with green spaces and environmental improvements to enhance the experience

This package of interventions addresses the legacy of underinvestment in Maryport town centre by the private sector as well as issues of poor accessibility and wayfinding to key attractions. These proposals seek to develop a distinctive, coherent town centre offer that will improve the perception of the town, increase social value, and ultimately improve economic performance. The investments will address Maryport's principal market failures that manifest themselves in the high number of vacant units, low resident footfall and visitor numbers, which undermine the town's growth aspirations and future sustainability of the high street.

Maryport has both great opportunity and significant need. The town is located on the Cumbrian Coast, near Hadrian's Wall World Heritage Site, the Lake District National Park, and the Solway Coast Area of Outstanding Natural Beauty. The town has a stunning setting and benefits from a picturesque historic harbour and mile long promenade, which both offer panoramic views. It is also part of the Hadrian's Way Cycleway, the Rievers Cycleway and the England Coastal Path.

Key challenges are a legacy of unemployment linked to the demise of the coal and ship building industries and decline of Maryport's fishing fleet. Worklessness has contributed to inter-generational poor health and low educational attainment and a benefit claimant rate significantly above the borough average, contributing to high levels of deprivation. Other key challenges include leakage of jobs and resident spending to other nearby towns; structural issues including a low-value development environment and the existence of several large historic vacant buildings in the town centre discourage private sector investment into the town. A weak night-time economy and poor public transport services, coupled with a disconnection between the large residential population (of the Netherton, Ellenborough and Ewanrigg wards) and the town centre, mean that local residents do not see the high street as a worthwhile destination.



1 Vacant units  
2 Chapel Church  
3 The Wane  
4 Empire Yard  
5 The Carlton  
6 Public Realm, Parking and traffic interventions

Figure 1: FHSF scheme boundary and proposed intervention

The proposed investment will address the twin challenges of the legacy of underinvestment in Maryport by the private sector and poor accessibility. These market failures, which manifest themselves in the high number of vacant retail units and low footfall, combine to undermine the experience, growth, and future sustainability of the town centre. These proposed elements of the investment are as follows (Detailed

descriptions can be found in Appendix 1):

### **Public realm enhancements**

**The route from Maryport Train Station to the Harbour** is a key focus for the public realm proposals as it connects visitors who arrive by train to the Town Centre and through to the historic Harbour. The aim is to improve the sense of arrival, aid navigation for all visitors and encourage the use of public transport. The proposals seek to improve the streetscape by widening the footways to increase pedestrian priority, as well as visual improvements through improved design and tree planting. Arrival at the station will also be improved through the creation of a pedestrian crossing at the junction of Mealpot Road and Station Street, and will be further enhanced by improved signage throughout the town, in a cohesive and easily recognisable style.

Improvements along **Senhouse Street** will create a greener, more pedestrian friendly environment which will encourage footfall, dwell time and spending by shoppers and visitors, whilst also making the town centre more competitive as a with nearby centres. The proposals include:

- Widening footways to reduce vehicle dominance in the area;
- Improved landscape and appearance through the planting of trees;
- The addition of seating nestled within planting;
- Raised pedestrian crossings at key road junctions;
- Pedestrian crossing and improved arrival experience onto Senhouse Street for pedestrians from Mill Race Lonning;
- New finger posts at junctions with Curzon Street and Senhouse Street to improve legibility.
- Removal of a standard parking bay and a disabled bay on 'lower' Senhouse Street enabling car users to 'stop and shop' whilst adding greenspace to improve the environment and setting of the shops.

The streetscape of **Curzon Street** will be re-designed to encourage greater dwell time of all pedestrians. The creation of two 'gateway' features to draw in visitors from the north and south will take the form of large totems in the centre of the carriageway. Improved public realm on Curzon Street will complement those on Senhouse Street and the route from the train station to the harbour. These will include measures to slow traffic, trees to soften the streetscape and benches to encourage locals and visitors to spend more time here.

**The Harbour** at Shipping Brow will be improved through the planting of trees in raised planters on the existing resin bound / cobbled surfaces to create a greener, more inviting and pleasant arrival for coastal walkers / cyclists. Ease of navigation for visitors will be improved through the addition of new finger posting signs introduced along the station to the harbour route and the upgrading of existing finger posts to tie in with the new styling. On - street parking will be retained on the south side of Senhouse Street, whilst the removal of parking bays on the northern edge of the street will allow for a pocket of ornamental planting and small multi-stem trees. In addition, the enhancements will include the re-surfacing of Catherine Street & Furnace Road.

The public realm enhancements are designed to help create more attractive sense of place and settings for each of the building projects outlined below to enhance the value of each investment and generate an overall impact that is greater than the sum of its parts.

### **Empire Yard**

Public consultation carried out in February and March 2020 in Maryport highlighted that the community aspires to have a public square to accommodate markets and events. Feedback from the well-subscribed open walk-in consultations held on the high street confirmed an appetite for developing this space. Consultees indicated the proposal would draw residents back into town and attract visitors from neighbouring areas and further afield, to Maryport and support the growth of a tourist and visitor economy. The creation of an all-weather food and beverage, and communal space supported by an events calendar for the town (which is being created in part by the HAZ Cultural Programme). The acquisition of 70/72 Senhouse Street and land at the rear, along with the partial demolition of the rear of adjacent buildings will create this public Square/Yard. The insertion of a new two-storey street frontage, with covered public realm and single storey internal pods offers the option to provide additional flexible space for market stalls / artisan vendors and start up business space with low entry costs to encourage new entrants and vibrancy.

### **The former Carlton Cinema ('the Carlton')**

Bringing the Carlton back into use is key to the future of Maryport high street. Currently vacant, the Carlton is a large prominent building at the centre of Senhouse street (and opposite the Town Hall) which has the potential to accommodate a variety of functions and serve as a local community hub which creates great value to the Town by providing new activities and removes an eyesore.

The proposal for the Carlton is to form a new Creative and entertainment hub, offering a 100 -120 seater event space, with box office, on the ground floor, alongside a café / bar, toilets and a courtyard. The demolition of 28 Senhouse Street, the neighbouring property already owned by the Council, will accommodate changing facilities for artists, is equipped for use as rehearsal space and as a "Sound Pod" for recordings, providing back of house space for performances. The new external outdoor space created will be linked to Senhouse Street and provides additional public activity and open space along the main high street.

On the first floor, fine art and fabric studio space, with glass partition walls, gallery, a café, and breakout room are proposed. The second floor will house larger craft workshops aimed at woodwork, glass and ceramics, with an accompanying display space. This mixed - use development provides the ability to host community art-based activities of multiple types and sizes, addresses identified demand for studio space for local artists and accommodation for start-up digital / service / creative companies, in addition to a performance space for use by local schools and interest groups.

Terms have been agreed and an option secured by the council to acquire the building

### **The Wave**

The Wave sits on the Harbour side, originally built as an entertainment / theatre venue, it has failed in this function and thus has been adapted to host a variety of fitness and play activities such as a clip n'climb, and gym. As a result of the limitations of the structure and internal layout, it currently fails to meet the aspirations of the community as clearly demonstrated by community feedback from the public consultations. The facility is owned by Allerdale Borough Council (ABC) and managed by GLL (the Council's leisure operator) supported by an annual public subsidy of approximately £190,000. The situation has also been worsened by the closure of the local pool at Netherall School (for financial and operational reasons), as such Maryport is the only Town in Allerdale that does not have a pool.

The proposal is to remove the theatre and relocate this to the Carlton and reformat the interior to provide an all - purpose gym, changing, clip and climb, soft play, and café plus a small, flexible leisure pool that enables recreational swimming, swimming lessons, inflatable-based play, and aqua fitness facilities for schools, sports and interest clubs and the public. An e-bike (could also extend to general cycle / scooter) rental hub is also proposed in adjoining low-cost modular buildings. This will all create a multifaceted facility that creates a viable all - weather community and visitor attraction. The bike hub and pool will attract families and visitors from across Allerdale as well as satisfy resident's aspirations for a water based activity centre. The scheme makes better use of the surrounding environment, formalising some of the external space along the river as well as creating more movement between the harbour and high street

### **Christ Church**

Christ Church is a well-loved landmark that sits proudly and prominently within the Harbour. During the public consultation in February and March 2020 it became clear that the local community has a real appreciation and pride in this building and its history. It has been painted many times by renowned artists, including L.S. Lowry, and is known as the seaman's church due to its roof construction matching that of the barrel of a boat. Historic England are currently considering it for listing.

Currently vacant and with little money being invested, the church is suffering some damage to its external fabric, so bringing it back into use is vital. Its location on the edge of the high street, promenade and harbour ties together many of Maryport's assets. The proposal will bring the church back into community use by converting the space to accommodate the relocation of Maryport's Maritime Museum. The Council owns the Museum's artefacts and the collection has outgrown its current home, so re-locating to this larger and more prominent historic building, will give the opportunity to attract more people and will further help draw footfall from the Wave and the harbour onto the high street. Also, a local philanthropist has an outstanding collection of paintings by world renowned artists of scenes around Maryport and is keen to see them publically exhibited. Proposed works to the church would include the addition of a mezzanine level to increase the building footprint and a viewing platform from the church steeple to take advantage of the beautiful sea views.

Terms have been agreed and an option secured by the council to acquire the building. Support has also been secured from the Maritime Museum board for the relocation of the existing Museum.

### **Residential Development**

The conversion of vacant units, particularly upper floors around the town coupled with some (Council driven) new build, will address the failure of the private sector. Greater residential use is key to ensuring that the town is a busy and vibrant place. The proposal is to provide quality accommodation for rent, or niche occupancy such as assisted living. Dialogue in June 2020 with property owners has shown a willingness to embrace the principle but a lack of sufficient resources to deliver. To address this a repairs grants scheme will be created with grants up to £75,000 with a high intervention rate, being made available to owners for converting upper floors to residential use.

These incentives will be focussed on Senhouse, Curzon, High and Crosby Streets. The goal is to intervene in 25 to 30 cases to ensure good quality and not perpetuate the low-grade bed sit offer that currently blights the High Street. New build housing will be largely in the Downstreet and Milltoft areas that are within ABC, Cumbria County Council (CCC) ownership.

**Table 1: Building acquisition and redevelopment**

Scheme component	Current use	Acquisition Cost	Remediation	Intended future use
			/redevelopment cost	
Christ Church	Vacant former church building	£110,000	£1,149,458	Future site of Maryport Maritime Museum
The Carlton	Vacant former cinema and bingo hall	£190,000	£2,067,627	Mixed-use space for arts and community use.
Empire Yard	Vacant former theatre and external yard	£310,000	1,821,219	Mixed-use space for markets and events
The Wave and Bike Hub	Leisure centre.	None – site already in council ownership	£4,184,445	Enhanced leisure centre with a swimming pool
Public Realm enhancements	Public realm	No change in public ownership split between ABC and CCC	£3,624,679	Enhanced public realm
Residential development	Vacant buildings on Senhouse Street and Curzon Street.	None – land will not be acquired by the public sector as part of the project.	£2,868,400	Residential uses

The physical infrastructure required that will be supported by the FHSF funding is summarised below in Table 2.

**Table 2: Types of physical infrastructure the FHSF is required for**

Public transport, traffic management, road improvements and access improvements		Public facilities (local government/ health/ education/ leisure)	✓	Severance and connection	✓
Digital infrastructure		Utility network extension and capacity reinforcement		Public Realm Works	✓
Other (please provide details)					

A summary of the Value for Money (VfM) assessment of the FHSF proposals is shown in Table 3, identifying the Present Value (PV) of the FHSF funding and overall net additional PV of scheme benefits, in order to derive a BCR. In line with FHSF guidance, co-funding has been treated as a disbenefit in the numerator of the BCR. The total benefits less the total costs, with the ABC match funding included as a disbenefit in the numerator of the BCR, results in a BCR of 2.9:1. The economic case sets out the full BCRs of this project calculated in line with MHCLG guidance.

**Table 3: Summary of Value for Money (VfM) assessment**

Benefits	
PV LVU benefit	£2,332,548
PV Conservation deficit	£2,410,521
PV Pedestrian Movement benefits	£2,767,317
PV Regeneration benefits	£22,265,954
PV visitor impacts	£5,352,216
PV Employment Benefits	£78,073

PV participation in swimming	£10,471,156
PV participation in cycling	£7,192,576
PV cost savings to ABC	£1,072,483
PV benefits total	£52,932,493
PV ABC match funding	-£773,745
PV Private sector funding	-£2,905,969
<b>Costs</b>	
PV cost of Christ Church	£1,433,554
PV cost of Carlton	£2,772,345
PV cost of public realm	£3,749,683
PV costs of Empire Yard	£2,536,326
PV cost of residential development	£2,967,322
PV costs of the Wave	£4,220,598
PV costs total	£17,679,828
BCR	2.9

As this scheme includes several elements that affect different economic metrics, multiple methodologies have been selected and combined to fully capture the economic impact of the proposals. This multi-layered methodology combines land value uplift calculations based on MHCLG appraisal guidance, WebTAG appraisal methodologies consistent with Department for Transport (DfT) guidance and the use of Department for Business, Energy & Industrial Strategy (BEIS) appraisal guidance to assess the productivity benefits within Allerdale.

To capture the full range of benefits of the scheme, the economic analysis has included the following methodologies:

- Land value uplift – to capture the social value of the land use change linked to the proposed redevelopments and facilitated development in the town centre.
- Employment impacts assessing the value of moving people into employment through this scheme.
- Pedestrian movement analysis using DfT's WebTAG compliant Programme Entry Appraisal Toolkit (PEAT) model.
- Valuation of the regeneration impacts of the scheme as a whole using the MHCLG Appraisal Guide and the Valuing Urban Realm Toolkit (VURT).

All benefits have been set out over the 30-year appraisal period. The benefits have been discounted at a rate of 3.5% per annum in line with MHCLG appraisal guidance. A consistent cost base across all costs and benefits has been applied to be compliant with HM Treasury Green Book guidance.

## KEY MILESTONES

The key commencement and completion dates – subject to MHCLG confirmation and approval timeframes – for each scheme element are as follows:

- **Public Realm**
  - commencing – September 2020
  - completion – August 2022
- **Empire Yard**
  - commencing – September 2020
  - completion – October 2022
- **The Carlton**
  - commencing – September 2020
  - completion – January 2022
- **The Wave**
  - commencing – September 2020
  - completion – January 2023
- **The Christ Church**
  - commencing – September 2020
  - completion – March 2022
- **Residential Developments**
  - commencing – September 2020
  - complete – January 2022



**STRATEGIC CASE – What we're doing, and why****Background**

Maryport is the second largest town by population in Allerdale Borough, with 9,501 residents in 2018<sup>1</sup>. Maryport's economy was traditionally based around coal mining, shipbuilding and the port. The coastal location and proximity to the Lake District National Park means that the town is well positioned to exploit key assets, such as the harbour and promenade, as well as expand its existing activity and cultural offer. The marina and the 2.1km long Promenade with panoramic views connecting Hadrian's Wall Cycleway and the England Coastal Path are unique selling points for the town. Better connecting cultural venues such as the popular Maryport Aquarium, the Maritime Museum, the Senhouse Roman History Museum and other key assets could help revitalise Maryport's high street through increased footfall and dwell time leading to an increase in consumption expenditure with local businesses.

Maryport's attractions, events and tourism offer are not being fully exploited due to meagre visitor numbers that are currently the second lowest (in terms of days) of towns in Allerdale<sup>2</sup>. The town's – previously successful – Blues Festival that drew large crowds in 2017 was cancelled in 2018 and 2019 due to financial viability and business support issues<sup>3,4</sup>. This has now been replaced by Maryport Live festival reflecting a demand from the community for events in Maryport.

There are many challenges that persist in Maryport that limit development. For instance, development in other nearby areas has drawn employment away from Maryport in favour of larger towns such as Workington, compounding high levels of deprivation and multi-generational unemployment associated with the decline of the town's traditional industries. Further, low levels of investment and the undersupply of employment opportunities has resulted in the town having a higher than average proportion of elderly people and low working age population due to economic out-migration and a residualisation of population with a concentration of elderly residents. The socio-economic and the structural constraints that inhibit regeneration and development in the town are explored in more detail below:

**Employment, economic output and deprivation**

The Maryport area has a history of heavy industry and the decline over the years is still affecting the local economy. This has left a legacy of unemployment leading to intergenerational poor health and low educational attainment and a benefit claimant rate significantly above the borough average<sup>5</sup>. In 2018, two-fifths of Maryport residents were engaged in low-median-wage sectors such as human health and social work activities, education and manufacturing<sup>6</sup>.

Allerdale also lags behind the wider West Cumbria sub-region in terms of economic output measured by Gross Value Added (GVA); the Borough's 2015 per capita income was £19,000, substantially below the regional average (£23,400)<sup>7</sup>. This highlights the challenge in relation to economic prosperity for the Maryport area as one of the most deprived in Allerdale. According to the Index of Multiple Deprivation (IMD)<sup>8</sup> Maryport and the ward of Netherall, just north of the town centre is within England's 20% most deprived areas; more acute deprivation in the Maryport area exists in Ewanrigg and Ellenborough (south of the town centre) which are amongst the 10% most deprived communities in England.

**Structural issues**

At first glance Maryport ought to be a more successful visitor destination building on its scenic harbour and coastal location, significant Roman heritage and Georgian street assets as well as proximity to the Lake District National Park and its visitor base. However, the current town centre and high street provision for residents fails to draw the local population, and fundamentally does not create a sense of Maryport being desirable place to live. Desirable places to live are generally desirable places to visit and improvements to the town centre fabric and offer will attract resident and non-resident visitors alike.

To achieve the town's aspirations to become a vibrant visitor and cultural centre, ABC's 2018 Maryport Delivery Plan underlines the importance of addressing structural issues for residents in tandem with improving the visitor offer. The delivery plan highlights the spatial fragmentation of the town as a key issue, with Curzon Street, the rail line and local topography creating barriers between the town centre and large residential areas to the southeast, such as Netherall and Ewanrigg. The severance, combined with poor public transport provision (infrequent bus services, with many routes stopping before 17:00), negatively impacts the development of the high street, discouraging a night-time economy as well as prospective (out of business hours) non-retail uses. Addressing this will help to make one of the principal access routes into the town more integrated and connect residential communities and visitors with shops and business on the high street.

The Maryport Delivery Plan identified the Town's principal weaknesses as vacant buildings, poor environments, and the quality of attractions, limited developer interest and lack of investment. Opportunities to improve Maryport's offer include the potential of the high-quality townscape, heritage and architecture, the available development sites, retail clawback and shop front improvements. Underinvestment in the building stock has compounded a lack of demand, shown by stagnating house prices.

<sup>1</sup> ONS, population estimates, 2018.

<sup>2</sup> Global Tourism Solutions, STEAM 2018

<sup>3</sup> BBC News, *Maryport Blues Festival cancellation 'devastating'*, 2018: <https://www.bbc.co.uk/news/uk-england-cumbria-44809915>

<sup>4</sup> Maryport Blues Festival, 2020. Available at: <https://maryportbluesfestival.com/news>

<sup>5</sup> <https://www.cumbria.gov.uk/eLibrary/Content/Internet/536/675/1766/1775/4207416030.pdf>

<sup>6</sup> ONS, Annual Survey of Hours and Earnings, Business Register and Employment Survey

<sup>7</sup> ONS, Regional Gross Value Added (Income Approach) by Local Authority in the UK, 2015

<sup>8</sup> [https://dclgapps.communities.gov.uk/imd/iod\\_index.html#](https://dclgapps.communities.gov.uk/imd/iod_index.html#)

Land Registry data indicates the average price paid for a house in Maryport was £126,980, which is significantly below neighbouring Workington (£149,780), the wider Cumbria region (£208,130) and England (£360,920) as a whole<sup>9</sup>.

Maryport's town centre was designated a Conservation Area due to its special historic and architectural character in 1978. This presents an opportunity for the town centre, to capitalise on the historic character of the town centre. Maryport's Conservation Area has consistently been judged to be 'at risk' by Historic England's annual 'Conservation Areas at risk survey', in part due to the lack of maintenance and investment. These proposals will assist in preserving and enhancing some of this heritage and character.

### **MHCLG intervention**

Maryport town centre faces several long-standing challenges as a result of market failure. Amongst the most prominent, is a high vacancy rate along the high street (see Appendix 1) as a result of changing consumer retail preferences, and high costs (in a low yield development environment) of adapting business premises and coordination issues to prevent building dilapidation.

One of the key visual examples of this market failure is the vacant former Carlton Cinema, once a focal point of the high street, which has fallen into disrepair. Next to this building is a dilapidated property that is now owned by ABC. The prohibitive cost of bringing old and historic buildings – in a conservation area – back into use, given the poor development yields and higher costs relative to new build developments, deters private sector investment and contributes to market failure. The failure to utilise buildings like Christ Church and the Carlton for economic use has resulted in the deterioration of the buildings themselves, meaning the value of the historic assets to the town centre has diminished as has the general perception of Maryport in external eyes.

ABC's Planning Department carried out a survey in 2019 that found a high proportion of empty properties (46% of upper and ground floor units) on the high street including former shops, businesses and homes. Several large buildings have been vacant for many years including pubs, entertainment venues, retail units and banks. Consultations with local businesses have also highlighted that many of the existing shop units are not of a suitable standard, with limited display space and poor-quality shopfronts and signage. The emergence of large national chain stores (such as Lidl and B&M) on the outskirts of the town centre, have absorbed retail demand and are crowding out investment and further contributing to the high level of high street vacancy.

Low footfall and high vacancy rates are linked as is the lack of throughput of customers to local businesses. In addition to increased vacancy, Maryport has seen the loss of various public services such as the police station, doctor's surgeries and the job centre, which have further reduced town centre activity. The loss of businesses in the town centre combined with high vacancy and consequential poor levels of maintenance to existing premises has resulted in a greater need for investment to bring premises up to a suitable quality relative to other nearby areas. The poor environment for high street businesses in Maryport has led to further businesses being lost to nearby towns where premises can be established without incurring additional cost in bringing them up to a suitable standard. The long-running underinvestment by the private sector in the town centre is a sign of a market failure, whereby the private sector will not invest in assets such as public realm, as they cannot capture the benefits themselves, meaning much of their investment would not be directly recovered by them. Businesses tend to largely invest in their own premises, meaning any units not currently occupied are abandoned, resulting in their further deterioration, to the detriment of the town centre, including the public perception of the town centre as a former retail centre on a continued decline.

The increase in vacant units in the town centre is connected to poor accessibility for pedestrians from Maryport's main residential centres. Falling pedestrian footfall and visitors due to vacancy and declining town centre provision is compounded by poor permeability, meaning that visitors struggle to successfully navigate from key points of entry such as the train station, car parks or promenade to town centre assets along the high street. The accessibility issues, shifting retail market and low levels of private sector investment are all interconnected and have a bidirectional relationship with the level of town centre activity, pedestrian footfall and visitor expenditure.

The proposed scheme addresses the inadequate infrastructure that restricts movement along Curzon Street and the adjoining Senhouse Street (the high street); neither are pedestrian friendly, particularly with a high quantity of through traffic on Curzon Street that segregates each side of the road inhibiting access to the high street. Signage in the town centre is relatively poor, and roads and footpaths are narrow, often blocked by people stopping to drop off / pick up or 'fly parking'. As a result, frequent delays for the motorist are likely.

There is also limited provision made for cycling across the town centre, with no clear cycle routes, or adequate cycle parking along major transport corridors. Key locations such as the railway station and the harbour are disconnected from the town centre. Severance created by the railway line and busy A596 road disconnects active mode access to the town centre from Maryport's main residential areas, such as Netherton and Ewanrigg. The combination of poor pedestrian/cycle access provision and limited public transport services (particularly post-17:00) means that a lot of Maryport residents rely on cars to access the town centre. Also, whilst parking provision is sufficient to withstand current levels of demand, the inefficient layout (around the town) and poor signposting creates a deterrent for local residents to access the high street.

The lack of occupier demand, and consequential lack of maintenance of premises across the town centre also permeates into the housing market. Issues around the standard of housing in the town centre have been reported across multiple ABC resident surveys (see Appendix 3). The majority of the properties on the high street are flats above shops, or houses of multiple occupation. Many of the flats have poor facilities and small space standards often owned by private landlords, suggesting a lack of demand and an over-provision of poor-quality housing.

<sup>9</sup> HM Land Registry, Price Paid Data (PPD) <https://www.gov.uk/government/statistical-data-sets/price-paid-data-downloads>



Many factors have led to this housing market failure. The Maryport Delivery Plan identifies the limited range of housing stock in the area as a key weakness; housing is very poor quality and is unlikely to command high rental values, and new housing development has been limited, owing to the lack of easily developable sites and weak market forces, which in turn has led to a lack of new affordable housing being developed. The 2016 Housing Study<sup>10</sup> also recognised a need for developing new affordable housing in Maryport indicating an additional 15 new homes a year are required.

The housing stock within Maryport has stagnated, with many undeveloped sites in the ownership of major local builders not being brought forwards for development. Allerdale's 2016 Housing Study indicates that development over recent years has been limited, dictated by low property values and lack of potential profit for developers in bringing sites forward. The study finds that older people in the town face an undersupply of bungalows, and therefore choose to stay in larger family homes, creating a blockage in housing supply for larger families. A final market failure is Maryport's reputation. The town has become somewhat unloved and forgotten according to the findings of surveys into town centre satisfaction<sup>11</sup>. ABC carried out a detailed resident's satisfaction survey across the district in 2018. The survey finds that Maryport has the lowest level of overall satisfaction with the local area compared to other towns, as low as 28% compared to 84% in neighbouring Cockermouth, for example. Maryport also only scores 16% satisfaction with the range of shops compared to 68% in Cockermouth, while only 3% of respondents stated Maryport as being their preferred town centre.

### Objectives

The objectives of the Maryport FHSF investment are linked to themes identified in the Allerdale Borough Council Maryport Delivery Plan. The overarching aim of the delivery plan is to support regeneration and attract a broader range of residents, businesses and visitors to the town through intervention in its existing and new residential and commercial developments, events and communal spaces. As such, the project interventions aim to address the identified spatial fragmentation that inhibits movement and the town's residential and commercial offer.

The Maryport Delivery Plan prioritises public realm, the promenade and harbour, housing, education and using Maryport's heritage to attract more people and investment. The report sets out the following priority areas:

- Improving the built environment – addressing the high vacancy rates in the town centre through; adapting and converting buildings, opening up adjoining buildings, considering change of use and in some cases possibly demolition.
- Diversifying the High Street – providing a broader range of uses, potentially to include more services, leisure facilities, meeting spaces and quality homes and improving the retail offer and experience. Establishing an evening economy, by developing a cafe, wine bar and restaurant core.
- Improving the Infrastructure – improving pedestrian access to the centre as well as parking signage closer to retail and leisure facilities. Green spaces, environmental improvements and community art will be provided at Senhouse Street.
- Addressing the reputation and popularity – providing a refreshed calendar of events will also encourage more people to visit the town and improve its reputation.

The priority areas outlined above informed the specific objectives for the Maryport FHSF proposal, which themselves are aligned with the FHSF overarching objectives in addition to various Institute of Place Management and Development (IPM) factors identified for a thriving high street (see the table below).

**Table 4: Maryport scheme alignment with FHSF objectives and Institute of Place Management and Development (MP Factors)**

Maryport Objective	FHSF objective	IPM Factor
Decrease the number of vacant units along the high street	<ul style="list-style-type: none"> <li>• Supporting change of use including (where appropriate) housing delivery and densification</li> </ul>	<ul style="list-style-type: none"> <li>• Anchors; Experience; Liveable</li> </ul>
Diversify the high street offer	<ul style="list-style-type: none"> <li>• Supporting change of use including (where appropriate) housing delivery and densification</li> <li>• Supporting adaptation of the high street in response to changing technology</li> </ul>	<ul style="list-style-type: none"> <li>• Entertainment and leisure; Diversity; Adaptability</li> </ul>
Increase parking provision in close proximity to retail and leisure facilities	<ul style="list-style-type: none"> <li>• Investment in physical infrastructure</li> <li>• Improvements to transport access, traffic flow and circulation in the area</li> </ul>	<ul style="list-style-type: none"> <li>• Accessible; Necessities; Walking</li> </ul>
Provide a refreshed calendar of public events	<ul style="list-style-type: none"> <li>• Supporting adaptation of the high street in response to changing technology</li> </ul>	<ul style="list-style-type: none"> <li>• Anchors; Experience; Liveable; Attractiveness</li> </ul>
Support an increase in the level of employment in tourism and leisure to aspire to the average across Cumbria.	<ul style="list-style-type: none"> <li>• Supporting adaptation of the high street in response to changing technology</li> </ul>	<ul style="list-style-type: none"> <li>• Entertainment and leisure; Diversity; Adaptability</li> </ul>
Increase the quantity and quality of office and service sector space in Maryport.	<ul style="list-style-type: none"> <li>• Supporting adaptation of the high street in response to changing technology</li> </ul>	<ul style="list-style-type: none"> <li>• Retailers &amp; services; Diversity</li> </ul>
Increased investment in art and creative sectors	<ul style="list-style-type: none"> <li>• Supporting change of use including (where appropriate) housing delivery and densification</li> <li>• Supporting adaptation of the high street in response to changing technology</li> </ul>	<ul style="list-style-type: none"> <li>• Entertainment and Leisure; Experience; Recreational Space; Diversity</li> </ul>

<sup>10</sup> Allerdale Borough Council Housing Study, 2016

<sup>11</sup> Allerdale Borough Council, Resident Satisfaction Survey, 2018

Improving the built environment to create health and wellbeing effects	<ul style="list-style-type: none"> <li>Investment in physical infrastructure</li> </ul>	Walking; Liveable
Improved permeability of the town centre and accessibility to strategic locations.	<ul style="list-style-type: none"> <li>Improvements to transport access, traffic flow and circulation in the area</li> </ul>	Appearance; Place Assurance; Experience; Accessible; Walking; Barriers to Entry
Increase weekday and weekend footfall and dwell time in the town centre, both in the daytime and evening.	<ul style="list-style-type: none"> <li>Supporting change of use including (where appropriate) housing delivery and densification</li> <li>Improvements to transport access, traffic flow and circulation in the area</li> </ul>	Anchors; Experience; Liveable; Attractiveness; Entertainment and Leisure

### Stakeholder issues

ABC is continuing to work with key partners and organisations to secure the regeneration of the town centre. This is through a series of formal and informal partnerships that have helped shape the FHSF scheme. These stakeholders are outlined in the table below.

**Table 5: List of stakeholders**

Stakeholder	Influence within Maryport
Maryport Town Council	Provide key support through their involvement in the Town Centre. They have an active engagement with the local community, providing a key communication network to support the project in the future.
CCC	The county council has provided information and support through their involvement with the Town Centre project and have agreed to act as a key partner for the delivery of this project.
Love Maryport Town Team	This community interest company has previously assisted in projects across Maryport.
Britain's Energy Coast	Britain's Energy Coast has supported Allerdale through their direct involvement with the project and agreed to support in subsequent investment and delivery.
Community Rail Cumbria	Community Rail Cumbria who share similar objectives to Allerdale in that their aim is to increase footfall at Maryport through the Station and thus into the town centre. They can achieve this by encouraging more visitors to the town and more people to use public transport for work. Situated on the Energy Coast Maryport Station has an abundance of car parking and is a commutable distance from major employers within the county such as the Sellafield Nuclear Plant based further down the coast near Whitehaven. Representatives have attended a number of meetings to review a joint approach in the Maryport Programme and in supporting footfall increase across the town, both organisations will work in partnership in order to achieve this aim.
Cumbria LEP	The LEP actively support ABC in this bid.
The Allerdale Investment Partnership (AIP)	The council's public / private investment regeneration partnership has recently employed additional resource and is exploring ways it can direct its resources and attract investment into Maryport.
The Harbour Board	The Board supports the Maryport Regeneration Programme and hosts to regular meetings involving Allerdale. Their Key involvement at present is around the development of facilities around the harbour and marina possible future housing development.
Maryport Aquarium	Several meetings have been held with Officials who are supporting the programme and we are working together to develop a programme of events and attractions to stimulate increasing footfall within the town.
The Roman and Maritime Museums	Both organisations within Maryport have met regularly with Allerdale and support the delivery of the programme and the development of initiatives that should see an increase in town centre footfall.
Camp Farm	The site is where the international Frontiers of the Roman Empire World Heritage Site meets Maryport. North of England Civic Trust are working with Allerdale to use this undeveloped asset to extend the proven tourism offer of Hadrian's Wall with visitor, employment and training facilities directly contributing to Maryport's economy.
The Settlement	This arts and education charity supports local arts projects and community events in Maryport and is keen to support Allerdale in increasing visitor numbers to the town and continued investment through the Maryport Programme.
Targeted Youth Support Team	The team is working in partnership with Allerdale on a consultation with local young people.
Local Housing Associations	Ongoing discussions with the two Local Housing Associations that currently provide homes in the town centre, namely Castles and Coasts and Home Group.
Key Private Sector Partners and Local Charities	Allerdale is actively working in partnership with Landlords, Developers, Local Businesses People and charities and supporting them to expand their commercial initiatives and helping to regenerate the town.

A series of consultation events were held to inform the development of the Maryport Delivery Plan. These engaged different groups of stakeholders within the town to seek their views, begin to achieve buy-in to the overall master planning process and to lay the foundation for successful ownership and implementation. These included:

- Council Executive, presentation 4th October 2017;
- Local Stakeholders, including local businesses, schools, recreation providers, the Maryport Harbour Authority / Maryport Harbour and Marina Limited, County Council among others in a workshop held on 17th November 2017; and
- Elected Members of the Town, Borough and County Councils, workshop 27th November 2017.

The Council Executive presentation 2017 was an informing session and general discussion over the strengths, weaknesses and potential of Maryport, drawing upon the Member's longer-term local knowledge. The latter two workshops were very similarly run, interactive sessions, asking for opinions and responses to findings from the Baseline and Options stages. This approach ensured that local peoples' views were captured to give a more balanced review of the town. The key findings from

the Council Executive Presentation include: acknowledgement of the economic challenges facing the town; strong support for improvements to Curzon Street; addressing poor physical environment in places and addressing empty retail units; and General support of the principles of the draft Vision.

Building on this momentum, consultation has also been undertaken in 2020 specific to FHSF projects outlined in this application. The engagement approach has been ongoing throughout the FHSF bid programme and will continue should the bid succeed. This will allow design proposals to be 'co-designed' with the community and other key stakeholders. Consultation workshops and presentations conducted in February 2020 focussed local business owners and the wider community, informing the evolving project designs. More than 350 people across all of the various events, providing largely positive feedback (see Appended FHSF Maryport Strategic Plan for detailed results). Further On-line (because of COVID) engagement took place in June and July 2020 with community groups, local schools, business and others, over 400 written responses were received, all of which were supportive of the aims, and the Community Pool group received almost 520 positive responses to their online survey of local residents indicating they would use the facility at least weekly.

### **Dependencies and Constraints**

The principal dependencies relating to this project are internal, as Christ Church, the Carlton, Empire Yard, the Wave and the residential developments all require renovation works to be delivered prior to their own delivery. In particular, Christ Church and the Carlton require remediation works before their conversion. Terms have already been agreed and secured by way of option agreements for their acquisition. Similarly, the Empire Yard requires the clearance of the site to enable re-development. These internal dependencies are consistent across all elements of the scheme, as works must be delivered in the correct order to unlock subsequent stages of delivery. The internal dependencies are typical among capital projects and require careful planning and management to ensure that each stage of the project is delivered in line with agreed timescales and budgets.

There is a clear inter-dependency between all the projects as they will, in combination, drive up footfall, dwell time, consumption expenditure and visitation/ revisitation. Through delivering them in combination the offer and attraction of the town centre is boosted far more significantly than if they were delivered individually over a longer time period. This injection of change is what Maryport town centre desperately needs.

The sole external dependency is the regeneration works being delivered at Maryport railway station. The project is a three-year programme of regeneration works costing £1.2 million<sup>12</sup> that provides free car parking, safe access and improved signage to the town centre. The enhanced accessibility will provide greater connectivity to the town centre, leading to increased footfall within Maryport. Other than the enhancement to Maryport railway station, CCC and ABC, and the FHS proposals have no other major constraints, or dependencies.

The principal constraints affecting the delivery of this project are cost, scope and time. The need to deliver this project within a pre-determined timescale and budget in order to avoid cost escalation is clear. As the FHSF will only provide the amount of funding requested in this business case and ABC will be responsible for all cost overruns. It is vital that the three constraints of cost, time and scope are closely controlled through the project delivery period.

In order to mitigate the impact of the dependencies and the constraints, it is important to maintain close control over the delivery of the project, ensuring that a suitable project management structure is in place to monitor the delivery of project works and outputs. The management structure selected to deliver this scheme and to ensure that the project is delivered to time and budget is set out in the Management case. The management of both dependencies and constraints will be supported by clear contracting that sets out the precise requirements of each supplier and contractor in delivering the scheme. This will include clear timescales, requirements to report on progress to ABC and a clear output-based specification that commits each contractor to the delivery of tangible outputs. Through clear and detailed contractual terms, contractors will be committed to the timescales and budgets, ensuring that each phase of work is delivered in time to enable subsequent phases to be delivered. This process will also require regular monitoring by ABC in order to support the coordination of the project as a whole amongst each work stream and scheme element.

### **Key Risks**

A project risk register has been prepared for the project, incorporating risks specific to each scheme element, identifying the likelihood and impact of each risk in addition to actions to mitigate these risks. Risks are to be managed through regular reviews of the risk register and identification of potential risks to the project. The project will implement a hierarchy of risk management that aims to eliminate risks where possible, then mitigate any impacts of foreseeable risks. This will be done formally at project site meetings and project board meetings. The investment has generally been assessed to be a medium to low risk project. Throughout the development of the project to date, ABC has mitigated and removed risks through scheme design and its on-going process of engagement with stakeholders, delivery partners and funders. The project risk register is presented in Appendix 4.

### **Data Protection**

We confirm that we have consulted the Data Protection Compliance Manager (DPCM) and considered requirements under the General Data Protection Regulation and Data Protection Act 2018 including the need for a Data Protection Impact Assessment. We acknowledge that you will share this business case with other government departments where relevant, with third parties providing advice and assessment services to the FHSF and with the High Streets Task Force in all cases on a confidential basis.  [Check this box to indicate 'Yes'. Failure to address data protection could delay approval of the business case. Further information can be found [here](#)]

<sup>12</sup> <https://news.cumbria.gov.uk/News/2019/regenerationprojectstransformmaryportrailwaystation.aspx>

**FINANCIAL CASE - How much it will cost, and how it will be funded**

*Please limit the Financial Case to 5 pages of text and tables. Any further detail as relevant may be annexed.*

The total public sector funding required for this scheme is approximately £17.45 million. This includes a FHSF ask of £16.73 million and £724,000 committed to the scheme by Allerdale Borough Council. The cost estimates for all scheme elements under the FHSF project have been produced by Appleyard & Trew and include inflation and contingency allowance, which are detailed in the Financial appraisal section below.

**Financial profile (preferred option)**

As summarised in Table 7, the total cost of the preferred option is estimated to be approximately £17.57 million, which includes all capital costs, inflation, contingency as well as an allowance for monitoring and evaluation activities of £50,000. A contribution from ABC's existing capital budgets of £724,000 as capital expenditure with a further £116,000 to cover the operation of Christ Church, Empire Yard and the Carlton prior to full operation of these sites. This contribution reduces the FHSF ask to £16.73 million (including M&E costs).

**Table 7: Cost of preferred option**

	19/20	20/21	21/22	22/23	23/24	Beyond	Total
Existing Funding (i.e. funding already committed)	£0.00	£0.36	£0.36	£0.00	£0.00	£0.12	<b>£0.84</b>
Co-funding to be leveraged	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	<b>£0.00</b>
FHSF	£0.00	£7.15	£7.23	£2.12	£0.01	£0.17	<b>£16.68</b>
Monitoring and Evaluation costs including staff costs (FHSF)	£0.00	£0.01	£0.01	£0.01	£0.01	£0.01	<b>£0.05</b>
<b>TOTAL</b>	<b>£0.00</b>	<b>£7.52</b>	<b>£7.60</b>	<b>£2.13</b>	<b>£0.02</b>	<b>£0.30</b>	<b>£17.57</b>

**Financial profile (Do Minimum)**

Table 8 sets out the financial profile for the Do Minimum option with a FHSF ask of £14.56 million (including M&E costs). Under this option, a reduced amount of investment in the town centre is proposed. This will target a different configuration of scheme options set out in the Preferred Option with a reduction in scale and cost to deliver the scheme. The composition of the Do Minimum option is detailed in the Economic Case.

**Table 8: Cost of Do Minimum**

	19/20	20/21	21/22	22/23	23/24	Beyond	Total
Existing Funding (i.e. funding already committed)	£0.00	£0.36	£0.36	£0.00	£0.00	£0.12	£0.84
Co-funding to be leveraged	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	<b>£0.00</b>
FHSF	£0.00	£6.47	£6.47	£1.57	£0.00	£0.00	<b>£14.51</b>
Monitoring and Evaluation costs including staff costs	£0.00	£0.01	£0.01	£0.01	£0.01	£0.01	<b>£0.05</b>
<b>TOTAL</b>	<b>£0.00</b>	<b>£6.84</b>	<b>£6.84</b>	<b>£1.58</b>	<b>£0.01</b>	<b>£0.13</b>	<b>£15.40</b>

**Source of funding**

The total cost of the intervention is estimated at £19,630,899 (with private and public sector funding). The Council has already provided £724,000 to the public realm enhancements which will be directed largely toward the marginal surface-level improvements identified in the costs plan (see Appendix 5) and the demolition of buildings as part of the redevelopment of the Carlton. The remainder of the scheme is anticipated to be funded through the FHSF.

**Table 9: Source of funding, £m**

Element	Source	Total Amount	Amount Secured	Amount to secure	2019/20	2020/21	2021/22	2022/23	2023/24	Future Years
Christ Church	FHSF (this bid)	£1.26	£0.00	£1.26	£0.00	£0.63	£0.63	£0.00	£0.00	£0.00
	Local Authority	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Public realm	FHSF (this bid)	£3.98	£0.00	£3.98	£0.00	£1.84	£1.94	£0.01	£0.01	£0.17
	Local Authority	£0.63	£0.63	£0.00	£0.00	£0.31	£0.32	£0.00	£0.00	£0.00
Carlton	FHSF (this bid)	£2.26	£0.00	£2.26	£0.00	£1.12	£1.14	£0.00	£0.00	£0.00
	Local Authority	£0.22	£0.09	£0.00	£0.00	£0.05	£0.05	£0.00	£0.00	£0.12
Empire Yard	FHSF (this bid)	£2.13	£0.00	£2.13	£0.00	£0.70	£0.71	£0.72	£0.00	£0.00
	Local Authority	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Residential development	FHSF (this bid)	£2.87	£0.00	£2.87	£0.00	£1.42	£1.45	£0.00	£0.00	£0.00

	Local Authority	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
	Private sector	£2.06	£0.00	£2.06	£0.00	£1.02	£1.04	£0.00	£0.00	£0.00
The Wave	FHSF (this bid)	£4.06	£0.00	£4.06	£0.00	£1.33	£1.35	£1.38	£0.00	£0.00
	Local Authority	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
The Wave Bike Hub	FHSF (this bid)	£0.12	£0.00	£0.12	£0.00	£0.12	£0.00	£0.00	£0.00	£0.00
	Local Authority	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Monitoring and Evaluation	FHSF (this bid)	£0.05	£0.00	£0.05	£0.00	£0.01	£0.01	£0.01	£0.01	£0.01
	Local Authority	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total	FHSF (this bid)	£16.73	£0.00	£16.73	£0.00	£7.03	£7.24	£2.13	£0.02	£0.18
	Local Authority	£0.84	£0.84	£0.00	£0.00	£0.36	£0.36	£0.00	£0.00	£0.12
	Private sector	£2.06	£0.00	£2.06	£0.00	£1.02	£1.04	£0.00	£0.00	£0.00

The table below illustrates that the current committed funding is £724,000 in capital funding from ABC to be complemented by a further £116,000 to cover the operational cost prior to the sites becoming fully operational. The expected private sector and FHSF contributions are not yet secured.

**Table 10: Committed and uncommitted funding**

Funding source	Committed	Uncommitted	Total
Local Authority	£0.84	£0.00	£0.84
FHSF	£0.00	£16.73	£16.73
Private sector	£0.00	£2.06	£2.06
<b>TOTAL</b>	<b>£0.84</b>	<b>£18.79</b>	<b>£19.63</b>

### Financial appraisal

Each scheme element has been financially appraised. The assumptions applied to scheme components conform to industry standards, which vary according to how far design development has progressed. The key assumptions in relation to professional fees, risk and preliminaries (including developer overheads and profits) are outlined in Table 11.

**Table 11: Professional fees, risk and preliminary allowances as a proportion of construction costs**

Element	Fees	Risk Allowance	Prelims (incl. overheads)
Christ Church	15%	15%	26%
Public realm	15%	25%	17%
The Carlton	15%	15%	24%
Empire Yard	15%	15%	24%
The Wave	12%	10%	15%
Residential development	15%	15%	24%

Source: Mott MacDonald

The FHSF financial asks for each component are based on detailed designs (see Appendix 1), investment grade development appraisals (see Appendix 8) and construction and build-out phasing that incorporates inflationary cost increase.

- **Christ Church**
  - Costs: the FHSF ask for this element is based on the expected acquisition price (£110,000) and design-specified construction costs plus allowances giving a total of £1,259,458.
  - Income generation: this will be confirmed at FBC+ stage with discussion ongoing around the precise operational arrangement between ABC and the Maryport Maritime Museum. Current engagement suggests that by expanding the space into a more prominent location will significantly increase revenue receipts.
- **Public realm**
  - Costs: the total FHSF ask for the enhancements is £3,975,975; this take accounts of a £4,257,679 CAPEX (including all fees, risk and inflation) value and a £351,296 OPEX (capitalised for 19 years), less a £633,000 capital contribution from ABC. The OPEX is to cover CCC's obligations under terms of a PFI agreement for the maintenance of Curzon Street.
  - Income generation: It is not currently anticipated that the public realm enhancements will have direct income generation.



- **Carlton**
  - Costs: The construction costs (£2,158,627) combined with the development appraisal purchase price (£190,000) minus a £91,000 contribution from ABC gives a total FHSF ask of £2,257,627.
  - Income generation: the combined net revenue from the studio, gallery, workshops and events space is expected to generate £57,000 annually by year five of operation (see Appendix 6 for the Draft Carlton Business Model)
- **Empire Yard**
  - Costs: land assembly (£310,000) and construction fees (£1,821,219) give a total FHSF ask of £2,131,121.
  - Income generation: this will be confirmed at FBC+ stage with discussion ongoing around the precise operational arrangement between ABC and prospective occupiers.
- **The Wave and Bike Hub**
  - Costs: the facility is already under ABC ownership so the FHSF ask of £4,184,445 relates purely to the construction costs and allowances.
  - Income generation: the improved activity provision at the Wave is expected bring in more revenue receipts and reduce ABC's current annual subsidy by approximately £70,000 (see Appendix 7). The attached bike hub is also expected to generate £200,000 annually from the fifth year of operation onwards (see Appendix 7 for the draft business model).
- **Residential Development**
  - Costs: the total cost of redeveloping and converting approximately 2,500 sqm of vacant buildings and upper-floor retail units into residential accommodation is £4,929,965. The private sector – through direct contribution and a 75% grant scheme – will cover 58% of the scheme cost, with the remainder constituting the FHSF ask of £2,868,400.
  - Income generation: It is not currently anticipated that the residential development will have direct income generation.

### Financial risks

While engagement with developers, funding organisations and other stakeholders is on-going, a number of financial risks must be mitigated throughout the delivery of the project. The full project risk register is set out in Appendix 4. The table below sets out the key financial risks and how each will be mitigated.

**Table 12: Financial risks**

Scheme element	Description of Risk	Consequence	Mitigation
Programme	Timing of the funding -Whether the programme timeframes are achievable in line with funding requirements-Change in Gov't policy (particularly in reference to COVID-19) -Delays in programme and procurement	Late delivery of proposed infrastructure	Contact government and identify response date for funding application. Mitigation largely out of the control of project actors.
Programme	Cancelation of the scheme due to funding issues- Exogenous funding constraints caused by central government reprioritisation -Change in Gov't policy (particularly in reference to COVID-19) -Changes in programme and procurement	Scheme not delivered	Contact government and identify response date for funding application. Mitigation largely out of the control of project actors.
Public Realm	CCC PFI Curzon Street contract with third party maintenance supplier-PFI road maintenance supplier design & work elements impacts on delivery-PFI- Third party contractor considerations	Delay to programme	Early engagement, share programme info, build team approach between ABC and CCC.
The Wave	Co-funding-Unable to secure private sector investment -- building space not attractive to the private sector - exogenous changes in demand	-Delays or entirely prevents the scheme going ahead -Impacts on programme and costs	Regular engagement with prospective occupiers and monitoring of footfall and local business needs.
Christ Church	Acquisition of Christ Church-Unable to purchase the Christ Church without a CPO-Owner unwilling to sell the building	Delay to programme	Approach landowners and explore purchase options

## ECONOMIC CASE – Our options and the extent to which they provide VFM

Please limit the Economic Case to 10 pages of text and tables. Any further detail as relevant may be annexed.

### Economic appraisal of shortlisted options

The economic appraisal of the FHSF scheme has been carried out in line with the MHCLG Appraisal Guide and HM Treasury Green Book guidance. The appraisal compares the PV of scheme costs to the PV of benefit in order to derive a Benefit Cost Ratio (BCR) in relation to the FHSF and overall scheme funding.

A longlist of options was produced through consultation exercises between ABC and various stakeholders including residents, businesses and community groups. This exercise produced a range of options to deliver regeneration to Maryport town centre. From the long list of options, five core interventions were shortlisted, in addition to Do-Nothing and Do-Minimum options.

This process has included the considered of each option against a set of Critical Success Factors (see Table 13). In accordance with HMT Green Book guidance, the preferred option has been assessed against the Do-Nothing option along with Do-Minimum option and Do-Maximum option.

**Table 13: Critical Success Factors (CSFs)**

Key Critical Success Factors	Broad Description
Strategic fit and business needs	The extent to which the option meets the agreed spending objectives, business needs and service requirements. This CSF relates directly to the strategic case and is used to assess how each option meets the objectives set for the project and how effectively this option is in addressing the challenges identified in Maryport's town centre.
Potential Value for Money	This CSF relates to the economic case and is used to assess the value for money offered by each option. The preferred option is the one that offers the greatest value for money, incorporating environmental, social and economic benefits compared with all appropriate and relevant costs. This purpose of this CSF is to ensure that the option that is taken forward delivers the greatest return for the public investment required, while appropriately managing the risks associated with this option.
Supplier capacity and capability	This CSF relates to the commercial case and is used to assess the commercial viability of each option. As the business case should result in a deliverable scheme, this CSF tests each option to ensure that suppliers exist that are capable and willing to deliver the works required. The preferred option should be likely to be attractive to supply-side, private-sector delivery partners.
Potential affordability	This CSF relates to the financial case and assesses the affordability of each option. The preferred option must be affordable to the procuring authority and their sources of finance, including aligning with any financing constraints that may exist.
Potential achievability	This CSF relates most closely to the management case and assesses the deliverability of the scheme. Options must be achievable in order to be taken forward, this relates to the ability of the procuring authority to deliver the intervention and for the benefits to be realised.

Source: HM Treasury, Guide to developing the project business case

A description of each of the shortlisted options is shown in Table 14. The Do-Nothing option is based on receiving no FHSF funding. In this situation, it is assumed that no development work will be undertaken, meaning that none of the benefits of the 'Do-Something' options will be realised. Under the Do-Nothing option, Christ Church and the Carlton Building are expected to remain vacant, the public realm will remain unchanged, the Wave will continue in its current use and Empire Yard will not be developed leaving the site unused.

**Table 14: Shortlisted options**

Shortlisted Options	Option Description
Option 1: Do Nothing	<b>Christ Church</b> - no redevelopment works undertaken; building assumed to remain vacant.
	<b>Carlton building</b> - no redevelopment works undertaken; building assumed to remain vacant.
	<b>Public realm enhancements</b> - no works undertaken; public realm will remain unchanged.
	<b>The Wave</b> - no works undertaken, The Wave to remain in current use.
	<b>Empire Yard</b> - No works undertaken, Empire Yard to not be delivered, site assumed to remain derelict.
	<b>Residential development</b> - the scale of residential development undertaken without FHSF support is likely to be very limited with the current funding gap.
Option 2: Do Minimum	<b>Christ Church</b> - Redevelopment of building to accommodate relocated Maryport Museum and installation of viewing platform.
	<b>Carlton building</b> - Redevelopment of building for a mixed-use development including event space and arts facilities
	<b>Public realm enhancements</b> - Enhancement of route from Maryport Railway station to the seafront along Station Street, Curzon Street and Senhouse Street.
	<b>The Wave</b> - Delivery of a swimming pool and an e-bike rental hub at the existing site
	<b>Empire Yard</b> - Acquisition of the site, site remediation works to flatten the ground on the site and an all-weather cover for the site to enable the use of the site for ad-hoc markets and car parking.
	<b>Residential development</b> - No funding will be provided for the Nixon site, the remaining £2.6m will be requested to provide gap funding for other residential redevelopments in Maryport.
Option 3: Preferred Option	<b>Christ Church</b> - Redevelopment of building to accommodate relocated Maryport Museum and installation of viewing platform.
	<b>Carlton building</b> - Redevelopment of building for a mixed-use development including event space and arts facilities
	<b>Public realm enhancements</b> - Enhancement of route from Maryport Railway station to the seafront along Station Street, Curzon Street and Senhouse Street.

<b>The Wave</b> - Delivery of a swimming pool and an e-bike rental hub at the existing site
<b>Empire Yard</b> – Redevelopment of vacant space for use by food and beverage businesses, markets and for public events.
<b>Residential development</b> - Redevelopment of upper storey levels of Nixons, 34-40 Senhouse Street, The Royal Victoria and other currently vacant buildings.

Each of the four shortlisted options have been assessed based on their strengths, weaknesses, opportunities and threats (SWOT), aligned with the CSFs outlined above. A summary of the SWOT analysis is set out in Table 15 below.

**Table 15: SWOT analysis**

Shortlisted options (Min. 3)	SWOT Analysis						
	Meeting Spending objectives	Strategic fit	Achievability	Supplier capacity and capability	Affordability	Potential VFM	Conclusion
1 – Do nothing	Does not meet spending objectives. Option would not enhance the built environment, support the diversification of Maryport town centre or improve infrastructure.	Does not align with MHCLG or ABC's strategy. No investment in infrastructure and buildings to bring about land-use change, diversification of the town centre and enhance the reputation of the town would fail to deliver the strategy.	N/A - Doing nothing requires no direct action by ABC. Failing to address the challenges set out in the Strategic Case would likely result in these challenges becoming more severe, ultimately requiring remediation in the future, likely at greater cost.	N/A – no action required.	N/A – No investment being made.	N/A – not assessed	Option 1 does not deliver objectives and in doing nothing to address the challenges facing Maryport, is likely to result in harm to the town centre as decline of existing uses continues. COVID-19 likely to further exacerbate threat to Maryport town centre as the retail sector is likely to be amongst worst affected sectors. For the above reasons, Option 1 has been rejected.
2 – Do minimum	Do Minimum option does meet some spending objectives to an extent. This option will lead to some diversification of the town centre offer and enhances pedestrian experience in the town centre. The Do Minimum option incorporates many scheme elements from the full option but falls short of delivering against the full spending objectives by not delivering the Empire Yard scheme or enabling residential development that may prove key to ensuring the long-term success of this project.	This option does align with the Council's strategy to diversify the town centre, improve the built environment and infrastructure and to address the reputation and popularity of the town. However, the Do Minimum option does not fully address ABC's strategy as housing and food and beverage uses are not addressed. This option aligns with many of the FHSF objectives but fails to deliver residential developments within the town centre.	The achievability of this option is supported by the management and commercial cases of this business case as each of the scheme elements within this option form part of the preferred option. The achievability of this option is high.	Engagement with potential suppliers suggests there is capacity and capability to deliver this option.	Option 2 is a lower cost option than Option 3 but is anticipated to produce fewer benefits than Option 3.	N/A – not assessed	While Option 2 does deliver against some of the objectives of the MHCLG and ABC and will produce benefits, it fails to realise the full benefits of delivering the full package of schemes. As a result, this option has been rejected.
3 – Preferred Option	Option 3 fully aligns to the spending objectives of both ABC and the MHCLG. This option would deliver a range of new spaces across Maryport, delivering the diversification	Option 3 aligns with the strategic objectives of the FHSF by investing in infrastructure to support land use change, including residential development and sustainable	Option 3 has been assessed to be achievable through the processes set out in the management and commercial cases of this business case.	Preliminary consultations with suppliers and initial soft-market testing have established that suppliers within both the public and private sectors have the	The financial case of this business case has established that Option 3 is affordable and generates sufficient income to support the maintenance	N/A – not assessed	Option 3 is the option which delivers the greatest quantum of benefits and the greatest Value for Money for both the MHCLG and ABC. Option 3 also delivers the strategic ambitions of both ABC and

	sought by ABC, improving the built environment and supporting the improved reputation of the town, attracting visitors, businesses and investment made possible by this intervention.	growth in the town centre.		capacity and capability to deliver this option.	of the physical assets delivered by this scheme.		the MHCLG. It was concluded that Option 3 is the preferred option.
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### Scheme costs

The approach to the assessment of public sector costs is described in detail in the Financial Case. A supporting financial model has been developed that sets out the cash inflows and outflows to ABC under each shortlisted option over the 30-year appraisal period.

A discount rate of 3.5% has been applied to the profile of costs and income. This is a public sector discount rate which, as set out within the HM Treasury Green Book, adjusts for social time preference (defined as the value society attaches to present, as opposed to future, consumption). It should therefore not be confused with financial discounting which reflects the time value for money in terms of the cost of raising capital and compensation for risk.

The costs include an allowance for optimism bias and are presented in 2019/20 prices. The summary of costs presented below only includes public sector costs (private sector funding is considered within the analysis of land value uplift).

**Table 16: Public sector costs (discounted, 2019/20)**

Scheme element	FHSF	Other public sector	Total public sector
<b>Option 1: Do Nothing</b>			
Christ Church	£0.00	£0.00	£0.00
Carlton building	£0.00	£0.00	£0.00
Public realm enhancements	£0.00	£0.00	£0.00
The Wave	£0.00	£0.00	£0.00
Empire Yard	£0.00	£0.00	£0.00
Residential development	£0.00	£0.00	£0.00
<b>Total public sector cost</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>
<b>Option 2: Do Minimum</b>			
Christ Church	£1.43	£0.00	£1.43
Carlton building	£2.77	£0.11	£2.88
Public realm enhancements	£3.75	£0.66	£4.41
The Wave	£4.09	£0.00	£4.09
Empire Yard	£0.66	£0.00	£0.66
Residential development	£2.74	£0.00	£2.74
<b>Total public sector cost</b>	<b>£15.45</b>	<b>£0.77</b>	<b>£16.22</b>
<b>Option 3: Preferred Option</b>			
Christ Church	£1.18	£0.00	£1.18
Carlton building	£2.77	£0.00	£2.77
Public realm enhancements	£4.05	£0.88	£4.93
The Wave (costs based on Option A)	£4.22	£0.00	£4.22
Empire Yard	£2.54	£0.00	£2.54
Residential development	£2.97	£0.00	£2.97
<b>Total public sector cost</b>	<b>£17.72</b>	<b>£0.88</b>	<b>£18.60</b>

### Benefits appraisal

As this scheme includes multiple elements that affect different economic metrics, a range of methodologies have been used to capture the full economic impact. This multi-layered methodology combines land value uplift calculations based on MHCLG appraisal guidance, WebTAG appraisal methodologies consistent with DfT guidance and the use of wellbeing values from the Department of Digital, Culture, Media & Sport (DCMS). The economic analysis included the following methodologies:

- Land value uplift – to capture the social value of the land use change linked to the proposed redevelopments and facilitated development in the town centre.
- Conservation deficit – the funding gap that prevents a historic asset in need of refurbishment from being returned to a beneficial and economically viable use.
- Pedestrian movement analysis using DfT's WebTAG compliant PEAT model.
- Employment impacts assessing the value of moving people into employment through this scheme.
- Visitor impacts that quantify the wellbeing benefit to visitors using data from the DCMS.
- The impact on wellbeing from involvement in arts, also using DCMS data.

- Valuation of the regeneration impact of the whole programme of works using Transport for London's (TfL) VURT model. This includes the impacts of the direct investments to the public realm, but also the investment into buildings that front on to the public realm.

All benefits have been set out over the 30-year appraisal period. The benefits have been discounted at a rate of 3.5% per annum in line with MHCLG appraisal guidance. A consistent cost base across all costs and benefits has been applied to be compliant with HM Treasury Green Book guidance. The methodologies used to apply each of these assessments are outlined in more detail below.

### Land value uplift (LVU)

The assessment of the expected uplift in land values for the sites brought forward by this scheme include four sites: Christ Church; the Carlton; Empire Yard; and Residential development.

With regard to the additionality, in the absence of FHSF support, this scheme would not go ahead and, as such, LVU would be zero. The proposed development would not be a viable proposition for the private sector. Displacement associated with the LVU impact of the scheme is assumed to be low due to supply constraints on flexible events space, workspace and undersupply of housing; this is compounded by the current challenges facing the town centre such as falling footfall and dilapidation of vacant, high-development cost properties that suggest the schemes are unlikely to displace a large amount of investment in sites elsewhere locally. Instead, it is more likely that the improvement of assets and public realm will attract new investment and encourage further development within the town centre. On balance, a displacement rate of 10% has been applied. The findings of this LVU analysis are shown in Table 17.

**Table 17: LVU impact of this scheme**

Project	Option 3 – Preferred Option (NPV, 2019/20 prices)
LVU – Christ Church	£164,448
LVU - Carlton Building	£367,266
LVU – Empire Yard	£767,422
LVU – Wider town centre	£84,317
LVU - Residential	£949,095
<b>Total net additional LVU</b>	<b>£2,332,548</b>

Source: Mott MacDonald

### Conservation deficit

Christ Church is prominently located on the Maryport's historic North Quay and harbour. The FHSF proposals will bring the church back into active economic use and enhance the building's special historic character, providing a wider regenerative impact for Maryport town centre. However, due to the scale of the construction costs associated with bringing the building back into use, the development appraisal (see Appendix 8) results in a negative residual land value. Similarly, the Carlton, which is also a historic and prominent building on the high street, which has previously been subject to unsuccessful efforts to repurpose the building that failed due high structural costs. The redevelopment is made significantly more expensive by each of the building's historical character and location in a conservation zone.

The additional costs of bringing the Carlton and Christ Church back into active use deters private developers as the additional costs make the project commercially unviable without public support. The costs of redeveloping two buildings have prevented either from being brought back into use without public sector funding as the costs compared to the value of bringing these sites back into use result in a negative residual land value.

For the purposes of this assessment, it is considered that the negative residual value can be seen as the 'conservation deficit' associated with the scheme. In line with the treatment of Section 106 and CIL payments presented within the MHCLG Appraisal Guide, the conservation deficit has been added to the LVU estimates, as although this is a cost to the developer, it is also a benefit to wider society.

**Table 18: Conservation deficit**

Conservation deficit	Option 3 – Preferred Option (NPV, 2019/20 prices)
Christ Church conservation deficit	£0.73m
Carlton conservation deficit	£1.68m
<b>Total conservation deficit</b>	<b>£2.41m</b>

### Pedestrian movement benefits

This public realm investment incorporates elements aimed at increasing pedestrian movement across the town centre, as well as enhancing the public realm, this economic assessment has sought to capture these benefits using the appropriate models. Transport for Greater Manchester developed the PEAT which combines existing models produced by the DfT on highways impacts, active travel, accidents and ambiance benefits to appraise transport interventions. The PEAT model includes the Active Modes Appraisal Toolkit (AMAT), aligned to the DfT's WebTAG Unit A5.1. AMAT is used to quantify the benefits of active travel and has been used to value the enhancements to pedestrian movement across Maryport. In terms of this appraisal, PEAT, which includes AMAT, also quantifies:

- Health benefits associated with reduced risk of premature death and diseases due to increased activity levels.
- Ambience benefits of improved walking and cycling infrastructure.



- Productivity benefits associated with reduced rates of absenteeism from work.

The impact of this benefit is set out in the table below.

**Table 19: Pedestrian movement benefits**

Pedestrian movement benefits	Option 3 – Preferred Option (NPV, 2019/20 prices)
Total pedestrian movement benefits	£2.77m

### Visitor impacts

The scheme includes the redevelopment of Christ Church into an attraction and the adaption of the Carlton building into an art space. An impact of these scheme elements will be the wellbeing value experienced by visitors to these attractions and those participating in art. The impact on wellbeing for people who attend cultural and educational events has been monetised by the DCMS which found that the value per attendance of arts and cultural events was between £46 and £62 (2014 prices). Taking a midpoint of these two values and uplifting them to 2020 prices, this value was multiplied by the assumed number of additional visitors to Christ Church and the assumed number of people taking part in arts and crafts as a result of access to courses at the renovated Carlton building.

ABC's Maryport Coastal Community Economic Plan reports that approximately 1,800 people visit the current Maryport Maritime Museum. It was assumed that the more prominent location in Christ Church could increase the annual attendance at the site to become closer to the visitor numbers reported at the Senhouse Museum of 9,000 per annum. The nearby Lake District Aquarium attracts a reported 35,000 paying visitors each year<sup>13</sup>, suggesting an increase in visitors to the Maryport Maritime Museum to 75% of the annual attendance figures reported by the Senhouse Museum is realistic. For the new Maryport Maritime Museum to achieve 75% of the annual visitor numbers of the Senhouse Museum, it would need to attract a further 6,700 people to the museum. Of these, an assumed 80% would be net additional, once assumptions for deadweight and displacement were applied (see detailed breakdown in the economic modelling Technical Note in Appendix 9). The 5,427 net additional visitors were each valued at £61 per visit to the scheme, based on the adjusted DCMS values. The same value was applied to each additional person who takes part in arts and crafts at the Carlton building as a result of the redevelopment of this site. It was assumed that 50 people will take part in arts and crafts at the Carlton building each year as a direct result of this intervention.

**Table 21: Visitor impacts**

Visitor impacts	Option 3 – Preferred Option (NPV, 2019/20 prices)
Impact of additional visitors to Christ Church	£5.30m
Impact of participation in arts	£0.05m
<b>Total visitor impact</b>	<b>£5.35m</b>

### Employment – moving people into employment

The Empire Yard was modelled in Mott MacDonald's Transparent Economic Assessment Model (TEAM) to quantify the quantum of employment that could be supported in this development. Applying an employment density of 18m<sup>2</sup>/Full-Time-Equivalent job<sup>14</sup>, and assumptions of 10% each for leakage, deadweight and displacement, TEAM modelled a total of 26 net additional jobs could be accommodated at the Empire Yard site.

Whilst the impact of these jobs cannot be included in the BCR by themselves in accordance with MHCLG guidance and the HM Treasury Green Book, the impact of a proportion of these jobs moving unemployed people into employment can be included. As the jobs supported by this scheme are likely to be accessible for those who are currently unemployed, it is expected that a number of the employment opportunities created could be filled by previously unemployed people.

The jobs created through the operational phase will help to bring currently unemployed or inactive people back into employment. Estimates as to the likely extent of this impact has been informed by an analysis of the skills profile of the jobs created, compared to those unemployed in Maryport, as well as ONS labour market flows data. The economic value that will be generated by workless claimants entering work has been based off the Unit Cost Database developed by GMCA Research Team (supported by MHCLG). The estimated value relates to the increased output as a result of an individual entering employment (less increased costs associated with travel and childcare) and the non-transfer payment fiscal benefits due to reduced DWP operational costs and reduced health care costs.

The value of this benefit is set out in the Unit Cost Database, compiled by New Economy for the Greater Manchester Combined Authority<sup>15</sup>. This provides the public value of removing a Job-Seekers Allowance (JSA) claimant from this benefit at £19,153 (in 2017/18 prices) per annum and the public value for an Employment and Support Allowance (ESA) claimant of £15,963 (in 2017/18 prices) per annum.

Data on claimants in Allerdale has been collected and the relative split between JSA and ESA claimants has been used to adjust the public value of the economic benefit of moving people into employment has been weighted accordingly. These prices have then been adjusted to 2019/20 prices using an inflator derived from HMT GDP

<sup>13</sup> Allerdale Borough council figures

<sup>14</sup> HCA (Now Homes England) Employment Density Guide, 2014

<sup>15</sup> New Economy, Unit Cost Database v2. 2019

deflators<sup>16</sup>. Although this is the annual benefit of each JSA/ESA claimant into work, this analysis has only included the benefit for one year, as it assumed that these claimants would likely find employment elsewhere after the first year.

Given the accessible nature of the jobs supported by this scheme, it is assumed that 20% of the jobs linked to this scheme can be occupied by JSA/ESA claimants. The economic value of this benefit based on 20% of the 26 net additional jobs being occupied by people who are currently unemployed is approximately £88,000 over one year. The assumption that 20% of the net additional jobs supported by this scheme could be occupied by people who are currently unemployed is a prudent one, given the accessible nature of the jobs being created in the town centre.

**Table 22: Economic impact of people moving into employment**

Employment impacts – moving people into employment	Option 3 – Preferred Option (NPV, 2019/20 prices)
Economic value of moving people into employment	£76,859

### Social value of people swimming at the Wave and cycling using e-bikes rental at the Wave

The expansion of the Wave leisure centre to incorporate swimming facilities can enable local residents to take part in swimming. The DCMS quantify the annual value of swimming per participant, based on regular participation at £1,630 per year. Based on current annual visitor numbers at the Wave, in its current form of 1,080 people<sup>17</sup>. Assuming this number of visitors will continue to visit the Wave and take part in swimming, and that approximately 50% of these visitors would otherwise take part in swimming elsewhere and are therefore displaced, the value of the Wave in enabling more people to participate in swimming regularly is approximately £880,000. This benefit has been counted for 15 years as it was assumed that this is the likely lifecycle of the swimming pool before restoration will be required.

In addition to the net increase participation in swimming, the Wave will incorporate an e-bike hub, that will enable visitors to rent electric-bikes and cycling along the promenade and access the National Cycle Network routes. As with swimming, the DCMS attribute a social value to participation in individual sports of £828 per annum<sup>18</sup>. This will be applied to the anticipated number of customers of the cycle hub produced by ABC to model the social benefit of additional people cycling as a direct result of this scheme. While the benefit of £828 per annum relates to regular cyclists, so values regular exercise and participation, rather than occasional participation. To adjust for this, only 25% of the total benefit of additional cycling has been included in this analysis. This assumption reflects the view that of all additional cycling enabled by this project, approximately one-quarter will be regular cycling, where users are repeat customers, taking part in cycling multiple times each year as a result of being able to rent an e-bike from the Wave. The social impact of increased numbers of cyclists has been taken for ten years, as it has been assumed that the bike hub would likely need renovation or the bikes replacing after this period of extensive use. Counting the benefits for only ten years and including only 25% of all visitors in the analysis reflects the need to be cautious with regard to this benefit. The scale of the economic benefits of participation in sports at the Wave is set out below.

**Table 23: Economic impact of participation in sports at the Wave**

Economic impact of participation in swimming at the Wave	Option 3 – Preferred Option (NPV, 2019/20 prices)
Economic value of participation in swimming	£10.47m
Economic impact of participation in cycling at the Wave e-bike hub	£7.19m
<b>Total impact of participation in sports at the Wave</b>	<b>£17.66m</b>

### Cost savings from a reduced subsidy at the Wave.

The delivery of the swimming pool at the Wave is anticipated by GLL, the contractual operators of the site, to reduce the amount of public subsidy required by the Wave to continue to operate. The Wave currently receives an annual subsidy from ABC, which was worth £189,580 in 2019/20. Analysis within GLL's business plan for the Wave (see Appendix 6) with the swimming pool has found that this subsidy would be reduced to £119,180 per year, a saving to ABC of £70,400. Over the 30-year appraisal period, this saving is equal to £1.1m

**Table 24: Cost savings to ABC from a reduction in the subsidy paid to the Wave**

Cost savings to ABC from reduced subsidy to the Wave	Option 3 – Preferred Option (NPV, 2019/20 prices)
Cost savings to ABC from reduced subsidy to the Wave	£1.07m

### Town centre regeneration benefits

The full package of schemes under the Maryport FHSF project can have a significant impact on the regeneration of the town centre, providing wide ranging benefits across Maryport. The expansion of the offer to visitors through the Christ Church, Carlton, and Empire Yard and The Wave developments can drive footfall across the town centre, attracting an expanded customer base for existing and new businesses across Maryport. The projects within the FHSF proposals are designed to appeal to both visitors and the residents of Maryport, with each project being developed to meet a clear need within Maryport to enhance user experience of the town centre. The redevelopment of sites across the town centre will deliver new attractions to drive footfall which will be supported by the enhanced public realm which complements the other scheme elements, better connecting them and enabling visitors and residents to access these sites with ease and in safety.

<sup>16</sup> HM Treasury, GDP deflators, 2019.

<sup>17</sup> Data provided by Allerdale Borough Council

<sup>18</sup> Data provided by Allerdale Borough Council

The public realm enhancements draw the other interventions together into a single, Maryport-wide regeneration scheme, which combines to deliver transformative change to the town centre for which there is a clear need. The decline of Maryport town centre over recent decades has resulted in a number of vacant retail units, underused assets such as the Carlton and Christ Church and a loss of interest in the town as a visitor destination. The FHSF aims to restore the town centre into active use for a range of purposes, including the museum at the historic Christ Church, the artist's hub and flexible space at the Carlton, the innovative food and beverage offer at Empire Yard and the recreational offer at the Wave. These interventions supported by an enhanced public realm can significantly increase both the success of existing businesses in the town through increased footfall and the perception of the town as a vibrant and attractive place for visitors and businesses.

The impact of the package of FHSF interventions on Maryport will be to increase the value of businesses and homes in the town centre. The package of projects can increase these values by increasing footfall across the town centre, increasing the number of customers for businesses and boosting the success of businesses in Maryport as a result. The enhanced activity and offer within Maryport can also increase the values of residential properties across the town centre as demand for housing in Maryport increases. Conventional analysis would fail to capture this transformative impact on the local economy and land values, meaning that the full impact of the FHSF investment on Maryport would not be fully considered as part of the economic appraisal of the scheme. In order to capture the impact of the package of FHSF interventions on Maryport as a whole, Transport for London (TfL)'s Valuing Urban Realm Tool (VURT) was used. VURT quantifies the economic value of enhancements to the built environment based on user benefits and willingness-to-pay analysis. VURT was used to assess the impact of the whole package of interventions to ensure that the economic value of the FHSF intervention on land values across Maryport are captured in the appraisal.

VURT applies an uplift in Rateable Values (RVs) for existing business in the area directly around enhancements to the urban realm. The scale of this uplift is relative to the specific enhancements being delivered in that area, as recorded in a Pedestrian Environment Review System (PERS) assessment. VURT also applies this uplift to residential buildings in the same area, based on the average sale price of those homes. Residential sales values are higher than commercial RVs, resulting in a larger impact on residential properties from the same percentage uplift.

A conservative approach was taken, assuming only a proportion of the total homes in the area around the public realm enhancements will be impacted. Data from Ordinance Survey found 121 homes directly interface with the scheme along Senhouse Street, Curzon Street and Station Street, with approximately 1,400 homes within a five-minute walking distance from the intervention. Site visits carried out in January 2020 identified a further 50 homes, of the remaining 1,200 to be directly impacted by the public realm enhancements. Accordingly, a total of 171 homes were included in the residential analysis within the VURT model and to be cautious, this benefit was only captured for a total of ten years.

**Table 25: Town centre regeneration benefits**

Town centre regeneration benefits	Option 3 – Preferred Option (NPV, 2019/20 prices)
Public realm benefits - commercial	£0.65m
Public realm benefits - residential	£21.61m
Total public realm benefits	£22.27m

#### Treatment of public sector match funding

In accordance with MHCLG appraisal guidance, public sector match funding is to be subtracted from the benefits in order to isolate the impact of the FHSF investment. ABC has committed £724,000 in match funding to this scheme, which when optimism bias of 10% has been applied and placed in present values totals £773,745.

#### Summary of benefits

The economic benefits of this scheme are summarised in Table 26. These reflect the net additional impact of the proposals after taking into account deadweight and displacement. As per the FHSF guidance, the match funding has been removed from the total benefits to establish FHSF benefit.

**Table 26: Summary of economic benefits**

Total net additional benefits	Option 3 – Preferred Option (NPV, 2019/20 prices)
Land value uplift	£2,332,548
Conservation deficit	£2,410,521
Pedestrian movement benefits	£2,767,317
Public realm benefits	£22,265,954
Visitor impact	£5,352,216
Moving people into employment	£76,859
Participation in swimming	£10,471,156
Participation in cycling	£7,192,576
Cost savings to ABC	£1,072,483
ABC match funding	-£773,745
<b>Total scheme benefits</b>	<b>£53,167,885</b>

#### Benefit-Cost Ratio

There are two key metrics set out in the MHCLG appraisal guidance that can be used to assess VfM: the calculation of BCRs, which simply show the ratio of benefits to costs; and the Net Present Social Value (NPSV), which represents the present value of benefits less the present value of costs. Both metrics have been used to assess the VfM of each intervention option (Option 2, Option 3 and Option 4) in comparison to the do-nothing option (Option 1).

The BCR of each intervention option is calculated on the following basis:

$$BCR(\text{intervention option}) = \frac{\text{Benefit}(\text{intervention option}) - \text{Benefit}(\text{do nothing})}{\text{Cost}(\text{intervention option}) - \text{Cost}(\text{do nothing})}$$

The NPSV involves determining the difference between the net marginal benefit and net marginal cost of each intervention option:

$$NPSV(\text{intervention option}) = \text{Net Benefit}(\text{intervention option}) - \text{Net Cost}(\text{intervention option})$$

Where:

$$\begin{aligned} \text{Net Benefit}(\text{intervention option}) &= \text{Benefit}(\text{intervention option}) - \text{Benefit}(\text{do nothing}) \\ \text{Net Cost}(\text{intervention option}) &= \text{Cost}(\text{intervention option}) - \text{Cost}(\text{do nothing}) \end{aligned}$$

For the purposes of this business case, and in line with FHSF guidance, the private and public-sector co-funding have been deducted from the net additional benefits of the scheme to provide an estimation of the numerator in the BCR. The denominator of the BCR represents the discounted FHSF costs, including optimism bias. The BCR and NPSV for the Preferred Option compared to the Do-Nothing option (Option 1) is shown in Table 27 below.

**Table 27: BCR and NPSV**

Total net additional benefits	Option 3 – Preferred Option (NPV, 2019/20 prices)
Benefits for Central BCR	
LVU benefit	£2,332,548
Conservation deficit	£2,279,043
Pedestrian Movement benefits	£2,767,317
Regeneration benefits	£22,265,954
Public sector cost saving	£1,072,483
Total Benefits for Central BCR [A]	£30,717,345
Benefits for Adjusted BCR	
Employment Benefits	£76,859
Participation - arts	£48,861
Participation - swimming	£10,471,156
Bike participation	£7,192,576
Visitor impacts	£5,303,355
Total Benefits for Adjusted BCR [B]	£23,092,808
Total Benefits [A+B]	£53,810,152
FHSF Cost [C]	
FHSF Cost [C]	£17,719,948
Co-funding [D]	£877,659
Total Cost [C+D=E]	£18,597,607
Private Sector Funding [F]	£2,905,969
Central BCR (FHSF Only) [(A-D-F)/C]	1.5
Central BCR (FHSF + Co-funding) [A/E]	1.7
Adjusted BCR [(A+B-F)/C]	2.9
NPSV [A+B-E]	£35,212,545

### Risk, optimism bias and contingency cost

Risk was factored into the cost estimate for each scheme element individually, based on the risks specific to each element. The full risk register sets out the risks identified for each project.

Optimism bias has been estimated for each scheme element through the application of the process set out in HM Treasury Green Book supplementary guidance on optimism bias. Christ Church, the Carlton and Empire Yard were assessed to be non-standard building projects as each element includes special design requirements on unique buildings. Each of these scheme elements were allocated the upper bound optimism bias value of 51%, which was then reduced in line with the guidance based on the mitigation works undertaken during project development that reduces the risk posed by optimism bias. Following the assessment of the mitigation of optimism bias and reflecting the level of risk allocation within the costs for each, Christ Church, which includes 15% risk allocation was adjusted for optimism bias at a rate of 22% to reflect the unknown elements within the church and the economic risks associated with this. Similarly, the Carlton and the Empire Yard were each allocated 30% optimism bias to reflect uncertainties around the costs of these developments.

The public realm enhancements were adjudged to be standard engineering projects under the Green Book guidance and following mitigation was allocated an optimism bias of 10%, this reflects both the 25% risk allocation built into the costs and the mitigations put in place to limit additional risk with relation to this project. Similarly, the residential development incorporated 10% optimism bias, to reflect the relative certainty around the costs of this scheme resulting from the multiple reviews of the costs and the higher level of certainty in the costs of this element due to this element involving standard works that are often delivered across the UK. The Wave was allocated 10% optimism bias due to the higher level of controls put in place to mitigate the underestimation of costs for this scheme element.

## Sensitivity analysis

As part of undertaking sensitivity testing, analysis has been carried out of the switching values associated with key variables in terms of achieving a BCR of 1 (poor value for money), a BCR of 1.5 (acceptable value for money) and a BCR of 2 (high value for money).

Three sensitivity tests were carried out on this core BCR to test how sensitive the BCR is to changes to the costs and benefits of the scheme:

- **Sensitivity test 1:** If 50% of the land value uplift was displaced from elsewhere in the study area.
- **Sensitivity test 2:** If no pedestrian movement benefits are delivered.
- **Sensitivity test 3:** If only half of the number of people modelled in the core scenario visit Christ Church, participate in arts at the Carlton and in sports at the Wave.

Sensitivity tests 2 and 3 assess the potential impacts of the COVID-19 pandemic on the viability of this scheme. Due to concerns around the transmission of the virus, it is possible that the public may be reluctant to visit crowded locations and town centres such as Maryport, these scenarios assess the sensitivity of the BCR to these impacts.

The results of these tests are shown below. This analysis demonstrates that the scheme will achieve at least an acceptable value for money under all sensitivity test scenarios. This demonstrates that the scheme produces a wide range of benefits that makes the project resilient against any of the above scenarios from negatively impacting the scheme's BCR to the extent to which the project no longer offers acceptable value for money. The findings of the sensitivity tests are set out in Table 28.

**Table 28: Sensitivity tests**

Total net additional benefits	Option 3 – Preferred Option (NPV, 2019/20 prices)	Sensitivity 1	Sensitivity 2	Sensitivity 3
Benefits for Central BCR				
LVU benefit	£2,332,548	£1,166,274	£2,332,548	£2,332,548
Conservation deficit	£2,279,043	£2,279,043	£2,279,043	£2,279,043
Pedestrian Movement benefits	£2,767,317	£2,767,317	£2,767,317	£2,767,317
Public Realm benefits	£22,265,954	£22,265,954	£22,265,954	£22,265,954
Public sector cost saving	£1,072,483	£1,072,483	£1,072,483	£1,072,483
Total Benefits for Central BCR [A]	£30,717,345	£29,551,071	£27,950,027	£30,717,345
Benefits for Adjusted BCR				
Employment Benefits	£76,859	£76,859	£76,859	£76,859
Participation - arts	£48,861	£48,861	£48,861	£24,430
Participation - swimming	£10,471,156	£10,471,156	£10,471,156	£5,235,578
Bike participation	£7,192,576	£7,192,576	£7,192,576	£3,596,288
Visitor impacts	£5,303,355	£5,303,355	£5,303,355	£2,651,678
Total Benefits for Adjusted BCR [B]	£23,092,808	£23,092,808	£23,092,808	£11,584,833
Total Benefits [A+B]	£53,810,152	£52,643,878	£51,042,835	£42,302,178
FHSF Cost [C]				
FHSF Cost [C]	£17,719,948	£17,719,948	£17,719,948	£17,719,948
Co-funding [D]	£877,659	£877,659	£877,659	£877,659
Total Cost [C+D=E]	£18,597,607	£18,597,607	£18,597,607	£18,597,607
Private Sector Funding [F]	£2,905,969	£2,905,969	£2,905,969	£2,905,969
Central BCR (FHSF Only) [(A-D-F)/C]				
Central BCR (FHSF Only) [(A-D-F)/C]	1.5	1.5	1.4	1.5
Central BCR (FHSF + Co-funding) [A/E]				
Central BCR (FHSF + Co-funding) [A/E]	1.7	1.6	1.5	1.7
Adjusted BCR [(A+B-F)/C]				
Adjusted BCR [(A+B-F)/C]	2.9	2.8	2.7	2.2
NPSV [A+B-E]				
NPSV [A+B-E]	£35,212,545	£34,046,271	£32,445,228	£23,704,571

## Non-monetised impact - Temporary employment in construction from the delivery of the scheme

The delivery of the schemes will support local employment in the construction sector during the delivery period. The capital expenditure to deliver each of the scheme elements can collectively support approximately 60 direct jobs during the construction period, generating approximately £30m of Gross Value Added to the local economy. While these impacts are temporary, the localised employment benefits from the delivery of the Maryport FHSF projects can have a significant impact on the local economy.



## COMMERCIAL CASE - *How will the project or programme be delivered?*

### Market Analysis

This section provides an overview of the market for each of the scheme elements within the Maryport FHSF proposal. This demonstrates that each of the proposed interventions directly responds to clear demand within Maryport, providing confidence that the delivery of these schemes will be successful and that the proposals are appropriate to the needs of Maryport.

### Christ Church

Demand for the redevelopment of Christ Church as an expanded museum and viewing platform is evidenced through the 2020 consultation findings. In addition, the failure of the Maryport Maritime Museum to capitalise on residual visitor numbers from the nearby, and popular, aquarium indicates a missed opportunity.

- The current Maryport Maritime Museum reports an average attendance of approximately 1,800 people per annum. The museum operators have indicated to ABC that the lack of space at the current site limits the number of visitors that can be accommodated at the museum. The current building restricts the number of exhibits that can be displayed, as well as the type of exhibitions / events that can be held.
- Stakeholder and public consultations suggest that the museum relocating to a larger site, in a more prominent location that connects the high street to the harbour front could attract substantially greater numbers of visitors each year.
- The proposed Christ Church museum location would be better placed to attract a proportion of the 90,000 annual visitors to the Lake District Coast aquarium in Maryport harbour. The opportunity to attract visitors from the aquarium into the town centre could have a significant impact on the success of the FHSF scheme as a whole.
- The relocation of the museum to the historic Christ Church building will enhance the value of the attraction while bringing the church building back into use, for which consultations found clear support
- The building has been declared unsafe in its current form under the terms of Section 77 of the Building Act (1984). This legislation requires the building to be made safe, but cannot compel the owner to return the building to active use. Following the rejection of planning permission to redevelop the building into a nightclub, owing to the inappropriate location for this use, the current owner of the site has made no investment in the building, causing the site to deteriorate, threatening the preservation of the building as a landmark in Maryport. While ABC is willing to use its powers under Section 215 of the Planning Act (1990) to restore the outside of the building, without a change to an appropriate use for the benefit of the community and the town in general, the building will remain vacant and deteriorate further.

### Carlton

- Consultations with members of the Cumbrian artistic community in early 2020 have found clear interest in the redevelopment of the Carlton as a space for artists and performances. The consultations found a view that the location of the Carlton, in an historic building close to Maryport harbour is seen as an additional benefit of the site, providing inspiration to the artistic community.
- Market research undertaken by ABC to inform the development of the financial model for the operation of the Carlton demonstrates sufficient demand to operate the building profitably throughout the modelled period, once the initial costs have been recovered in year 1.
- Consultations found a clear need for the diversification of Maryport town centre and for the use of the Carlton to host performances. The current cultural offer in Maryport town centre is limited, demonstrating an undersupply of suitable spaces for arts and performances.

### The Wave

- The proposals to deliver a swimming pool in the existing Wave site have proved popular among consultees.
- While there are existing swimming pools within driving distance of Maryport, there is clear demand for a pool in the town and the need to address deprivation and health inequality within Maryport, relative to neighbouring areas.
- Maryport is an area of heightened deprivation and health inequality. The need for residents to drive to access swimming facilities creates a barrier for many, including more deprived residents whose ability to afford the travel costs to access existing pools is diminished. It is these groups that would benefit the most from the Wave's redevelopment. Knight, Kavanagh & Page's (KKP) 2020 report on the proposals for the Wave sets out how deprivation and health inequality are acute within Maryport and that the demand for access to swimming facilities is clear within the town.
- Data collated by KKP shows excess demand for swimming lessons and for places in swimming clubs in pools across Allerdale. As many of the swimming clubs are at capacity, the surplus demand can be met by the delivery of the swimming pool at the Wave.

- A swimming pool in nearby Netherhall closed after facing financial difficulties, leaving a gap in the market for swimming in this area. The closure of this pool was opposed by local residents because of the loss of access to swimming facilities for local primary schools which had used the Netherhall pool without having to pay for transport costs.
- The Wave is currently operating at a loss and is subsidised by ABC at a cost of £189,580 per annum. ABC maintains the centre through this subsidy as it is clearly an asset for the town and its loss would result in further harm to the health and wellbeing of residents. Work undertaken by GLL, the operators of the Wave suggests that the additional revenue from the operation of the pool would reduce the need for subsidy by £70,400 per year, providing a significant annual saving to ABC, while maintaining the Wave as a key local resource. In this way, the delivery of a swimming pool at the Wave makes the entire site more commercially viable and supports the continued existence of the Wave as a community resource.

#### **Bicycle rental and recreational cycling (at the Wave)**

- A report produced by Carplus Bikeplus in 2016 on the Shared Electric Bike Programme reports that schemes to rent out electric bikes have the impact of encouraging people who would otherwise not cycle to take up the sport<sup>19</sup>. The document sets out its findings that the availability of electric bicycles substantially increases demand for bicycle rental schemes as the benefits of electric bikes, such as the motorised assistance to support amateur cyclists up steep hills and to those with health concerns, make it easier for a wider range of people to take part in cycling. The wider demographics of e-bike user's further increases demand for cycle-rental schemes, which can have transformative impacts on bicycle use in areas where it may not otherwise be popular. The potential for schemes such as the one proposed for Maryport can also help towns access opportunities to attract visitors and incorporate the e-bike rental into its offer to visitors is also highlighted by the 2016 report. Examples of this being successful such as in the Isle of Wight and Plymouth demonstrate the potential for Maryport in attracting additional visitors to the town. While demand for this individual scheme may not be clearly evidenced, it is clear from the Shared Electric Bike Programme report that the e-bikes proposal presents a clear opportunity to deliver transformative change to active travel and recreational cycling in Maryport as well as providing a new major attraction to draw visitors to the town.

#### **Empire Yard**

- Empire Yard will deliver an innovative new food and beverage development to Maryport town centre, diversifying the town centre offer in a way that has received widespread support from residents through the consultation process. The need to diversify the town centre was a common theme among consultations, with several respondents remarking on the lack of options for food and drinks establishments in the town centre.
- The proposed use of the Empire Yard for regular markets will deliver on a long running ambition to host markets in the town centre. Attempts were made to hold Christmas markets along Senhouse Street, but the restrictive streetscape limited the market to a small number of stalls. Despite the small scale of the previous market, all stallholders reported profits from the market, demonstrating an enthusiasm for markets in Maryport that are restricted only by the lack of a suitable location to host them. Empire Yard will be a purpose-built area to host regular markets that can attract visitors to the town centre, meeting clear demand for a market that was demonstrated through previous attempts to hold markets in the town that failed only due to the lack of a suitable location.
- Consultations found clear support for the proposals for Empire Yard, reflecting the need for the diversification of the town centre and the development of a night time economy. The current undersupply of restaurants, bars and cafés has generated excess demand for a greater range of restaurants and bars in the town that can serve residents and visitors.
- The potential for Empire Yard to attract visitors from existing attractions such as the aquarium and new developments such as the museum and Christ Church presents an opportunity to utilise Empire Yard to maximise the attractiveness of the town to visitors and generate greater revenue from visitors to the town.

#### **Housing**

The majority of Maryport housing stock comprises Georgian and Victorian terraced housing. There are some typical post war semi-detached properties and some recent flats and houses close to the Harbourside. Much of the older property stock are good-sized family houses that are attractive and reasonably priced. However, there has been limited new housing development in Maryport owing to the lack of good sites and weak market forces. The 2016 Allerdale Strategic Housing Assessment identified that, whilst the Borough has more 3- and 5-bedroom houses compared to the national average, there is an undersupply of 1- and 2-bedroom dwellings. One proxy illustrating the high level of demand were the average 13 applications per listing for affordable 1 to 2-bedroom properties in 2019/20

The grant scheme will help address the relative undersupply of 1- and 2-bedroom properties, by repurposing the vacant upper floors of retail units along the high street. The intervention will target the mismatch between the housing stock and demand but also address the disinvestment and deterioration of privately-owned buildings highlighted in the

<sup>19</sup> Carplus, Bikeplus, Shared Electric Bike Programme Report (2016).

Allerdale Housing Strategy 2016 – 2021; around a fifth of the Private Sector Housing Stock was below Decent Homes Standard in 2016<sup>20</sup>.

### **Public realm enhancements**

The public realm enhancements directly support all of the schemes by improving access to each of the scheme elements, providing simple connections between the railway station, the harbour and key streets, supporting pedestrians and cyclists, including those who are new to Maryport. The FHSF investment will deliver new attractions across the town centre to draw visitors to Maryport and directly address demand for a diversified town centre with an enhanced offer to visitors. The public realm enhancements are vital to connect these interventions, enabling pedestrians and cyclists, including those utilising the e-bike rental services at the Wave, to travel around the town centre safely and easily. The public realm enhancements support the Christ Church, Empire Yard and Carlton developments by enabling visitors to the town to travel around Maryport in safety, segregated from traffic and utilising wider pavements, made more necessary by the recent COVID-19 pandemic. The public realm enhancement draws together all of the other schemes under the FHSF project, connecting each together in a way that supports active travel, exploration and cycling, including for inexperienced cyclists renting e-bikes from the Wave. The regeneration of the public realm in the town centre will support the wider regeneration across Maryport, repurposing the town centre for the diverse range of uses resulting from the package of FHSF projects.

### **Delivery Confidence**

The delivery of proposals involves the appointment through open tender of a contractor to undertake the work on the Carlton, Christ Church and public realm improvements. Planning and engineering for the town is at an intermediate stage, and construction can begin shortly after funding is secured. In terms of refurbishment, Carlton and the residential developments are expected to be complete by January 2022, followed by Christ Church in March. The public realm works will complete in August 2022, with the Empire Yard development and Wave refit completing in January 2023. This ensures that the FHSF investment will be spent (and not merely committed) by 31st March 2024.

Confidence in the ability to deliver this scheme is underpinned by wide ranging support from across the community, local government and businesses within Maryport and the engagement undertaken to date with potential suppliers, operators and customers of the proposed schemes. A series of letters of support for the scheme is attached as Appendix 10. These letters show clear approval for the scheme across local government, residents, community groups and businesses that demonstrates both the need for intervention to bring about transformative change to Maryport town centre and support for the specific proposals. This support, from a cross-section of the Maryport community includes from local councillors and others who can support the delivery of the scheme through planning committees and wider support from within ABC. Local community groups also demonstrate both support for the scheme and demand for the infrastructure and developments it will deliver.

The on-going consultations that have been carried out by ABC with potential suppliers, contractors and operators have found clear evidence of support and a willingness to partner with ABC to deliver the schemes.

- The Christ Church proposal has the support of the Maryport Maritime Museum, the proposed operators of the site.
- The Carlton has been discussed with several possible operators and contractors who may ultimately be appointed to deliver the works. These discussions have returned clear signs of support for the scheme and an enthusiasm to deliver and operate the site from several interested parties.
- Similar discussions have taken place regarding the Empire Yard, for which a preferred operator has been identified. Discussions have concluded with an agreement in principle with a major operator of markets across the UK which has identified a manager to oversee the development of the Empire Yard.
- Discussions have been on-going with a number of landowners and developers with regard to the residential sites identified in this scheme. These discussions have shown clear interest in bringing these sites forward, with the intervention from FHSF proving significant in removing the barrier to investment for these developers.

The Wave is an existing leisure centre operated by GLL. GLL has committed to continuing their operation of the Wave site and have demonstrated clear support for the scheme (see Appendix 7). GLL has estimated that the scheme to enhance the Wave will increase the commercial viability of the site, enabling ABC to reduce the level of financial support for the centre that it currently provides. In addition to the high level of support for these schemes, delivery confidence is provided by a robust and reliable management process, set out in the Management case and supported by contractual arrangements (set out at the end of this section) within this Commercial case. The application of robust management structures and clear and concise contracts to establish the necessary professional agreements between ABC and its suppliers and operators ensure that the project will be delivered in line with pre-agreed budgets and timescales. The use of detailed and clear contracts between all suppliers, delivery partners and operators that clearly explain the terms of the agreement between the parties and the responsibilities of each party under that agreement provide a high-level of confidence in the successful delivery of the scheme. Contracts will be in place with all suppliers, contractors and operators to ensure that the project will be delivered and will be operated appropriately to ensure the benefits of the scheme are realised.

<sup>20</sup> Draft Housing Strategy 2016-2021

The procurement of all partners will begin once funding has been committed to the scheme and reflect both best practice in open public procurement and the need to appoint technically capable specialist support to deliver each of the scheme elements. Allerdale Borough Council uses its own in-house Supplier Management Assessment Tool (SMAT) to determine the level of management required for a given project. The SMAT system will likely classify the FHSF projects as “Major”, leading to the assignment of a contract manager to monitor performance of the projects monthly. The delivery of the proposals for the FHSF relies on the appointment through open tender of a contractor to undertake the work on the Carlton, Christ Church and public realm improvements. Allerdale Borough Council will then oversee the operations of the contractor and monitor the progress of the works as the client.

The detailed design works undertaken on each scheme element are based on the requirements of likely suppliers and reflect the demand for these developments. The designs have been developed in partnership between the project design team, ABC and its partners, with the specific intention of directly meeting demand within the town centre and achieving the greatest benefits while ensuring the scheme is deliverable for an acceptable cost. The deliverability of this scheme is evidenced by the clear demand and support for the scheme, the appropriateness of the suppliers and operators and the designs targeted on ensuring that both the schemes themselves and their benefits can be delivered.

Allerdale Borough Council has a history of success in delivering previous regeneration schemes on time and within budget. Most recently the Council has developed of a new £9million leisure centre in Workington which opened in 2016. The centre, which replaces the existing leisure centre, was a complex project that included provision of the following facilities:

- A 25m x 8 lane pool with small pool for teaching / alternative uses and spectator seating.
- A spa suite (sauna/ steam room/ Jacuzzi).
- Wet and dry changing facilities.
- 4 court sports hall (including soft play area if practical).
- Climbing wall.
- Fitness suite (100 stations) and 2 activity studios (flexible use).
- Spinning studio.
- Artificial full size 3G pitch (es).
- 2 squash courts.
- Café.
- Administration / office provision.

Further details of Allerdale Borough Council’s approach to project management and how governance of the proposed scheme will operate in practice are included in the Management Case.

### **Delivery model**

The delivery model utilised for this project will be consistent across each element of the scheme, with all procurement being undertaken in line with ABC’s established procurement model. ABC utilises a standardised procurement strategy for each capital project that requires a clear structure to be followed in order to appoint the most appropriate supplier for each requirement. Templates of the Procurement Strategy are attached in Appendix 11. The use of this standardised approach ensures that all procurement by ABC reflects best practice and aligns to the spending objectives of the council and results in the appointment of the supplier that offers the Most Economically Advantageous Tender (MEAT). ABC will advertise each service requirement through its e-tendering portal that will seek to balance quality and cost, in order to appoint suppliers that offer value for money to the council. As purchasing decisions are not solely made in relation to the offered price of services, ABC will utilise its Procurement Strategy to identify the supplier for each required service that best meets its criteria. These criteria include:

- The suitability of the skills and experience of each supplier to deliver the required work.
- The availability of that supplier and their capability to deliver the work within the required timescales.
- The agreement of each supplier to ABC’s contractual terms, including those for dispute resolution, cost overruns and change-control.
- The willingness and capability of each supplier to reflect ABC’s commitments to its sustainability, environmental and social responsibilities, including fair employment practices such as its commitment to paying the living wage.

The appointment of each supplier will be set out in a comprehensive contract between both parties that clearly states the roles and responsibilities of each with regard to the project and to each other. The details of each contract is set out below.

### **Payment mechanisms**

Contractors will be paid using standard contract mechanisms as per Council processes. The payment schedule will be set out in the tender documents issued for each work package and will be subject to limited negotiations, in order to ensure that the terms of the agreements between ABC and its suppliers are agreeable to all parties. Payment schedules will reflect the release of project funding as it is agreed between ABC and the MHCLG.

**Contractual issues**

Appropriate contract management is necessary to ensure that all works that are commissioned deliver the required outcomes, to the correct budget and within appropriate timescales. Through successful contract management, each of the three core constraints affecting capital projects, time, cost and scope, can be carefully controlled to ensure that the spending to which the council is committing through the contract will deliver the outputs required. Contracts for each supplier will vary to the extent that each of the scheme elements will require different services to be performed. Common amongst all contracts is the clarity with which each contract sets out the following:

- The purpose of the contract.
- The output specification against which the success of the project will be judged, and payment will be issued.
- The roles and responsibilities of each party in relation to the contract.
- The length of the contract.
- The schedule against which all works will be delivered.
- The total cost of the works, broken down by task.
- The charging mechanism, the approach by which invoicing shall be undertaken, linked where possible to specific deliverables.
- Commitments by contractors to report on progress throughout the project.
- Break clauses and clauses by which the contract is nullified.
- A process by which disputes will be resolved.
- A process for correct change control.

The above contract elements will be set out clearly and agreed between ABC and all suppliers. This process will result in an enforceable and binding contract for the delivery of each work package. External legal and other appropriate professional advice will be in place to supplement in-house advice and to support the delivery of the projects developed by the ABC and to assist in the discharge of its fiduciary duties in the exercise of its powers to progress this project and all constituent work packages.

Any contracts for the supply of works, goods or services made in the name of the council will comply with the Council's Contract Procedure Rules and all relevant regulations, reflecting best practice in both procurement and transparency. This will ensure that all public resources are being used in a way that provides demonstrable value for money and that all procurement is administered fairly, in line with Government guidance on public procurement.



## MANAGEMENT CASE - How will delivery of the programme/project be planned, monitored and overseen to evaluate and ensure its success?

### KPIs, Monitoring and oversight

A comprehensive set of Key Performance Indicators (KPIs) has been developed to monitor the progress of the project against both financial spend and physical delivery against the pre-agreed project plan. The full Monitoring and Evaluation Plan is attached as Appendix 12. The supply of data to enable the monitoring of the delivery of this project will be an obligation of the operators of each scheme element, enabling correct monitoring and evaluation of the project.

In addition to monitoring the delivery of the project and the budget throughout the project implementation phase, KPIs will be utilised to monitor the intended outcomes of the project, as a core element of the project's benefits realisation and monitoring and evaluation measures. The measure of successful performance in the delivery of this project will depend on both the correct application of agreed delivery methodologies, appropriate financial management and the delivery of tangible outputs and outcomes as identified in the design of the project. The scheme KPIs are set out in Table 29 below. These KPIs relate directly to capturing the outcomes of the project. More information on these KPIs are available in Appendix 12, the Monitoring and Evaluation Plan.

**Table 29: Scheme KPIs**

KPI	Baseline	Timeframe
Town centre perception	Current town centre perceptions as derived from a baseline survey	Defined target timeframe for achievement, review annually.
Average dwell time in the town centre	Current average dwell time in the town centre, derived from footfall counters and town centre perception survey	Defined target timeframe for achievement, review annually.
Footfall flows between key points in the town centre	Current level of footfall in key thoroughfares.	Defined target timeframe for achievement, review annually.
Increased share of active mode access to the high street	Current number of visitors to Maryport prior to delivery of the FHSF intervention.	Defined target timeframe for achievement, review annually.
Number of vacant units (voids) in the town centre	Current number of vacant units (voids) in the town centre	Defined target timeframe for achievement, review annually.
Number of leisure businesses	Current number of leisure businesses in the town centre	Defined target timeframe for achievement, review annually.
Number of events in the town centre	Current number of events held annually in the town centre	Defined target timeframe for achievement, review annually.
Visitor numbers and expenditure	Current visitor numbers and expenditure in the town centre	Defined target timeframe for achievement, review annually.
Amount of office space in the town centre	Current amount of office space in the town centre in the town centre	Defined target timeframe for achievement, review annually.
Business start-ups	Average number of business start-ups over	Defined target timeframe for achievement, review annually.
Town centre population	Current population in the town centre	Defined target timeframe for achievement, review annually.

### PPM strategy

ABC's approach to management is based on continuity and collaboration between previous and related projects and programmes, with clear lines of accountability throughout the management structure. The Maryport Steering Group provides strategic direction and leadership on the delivery of the FHSF scheme, mirroring the group's role on the Heritage Action Zone (HAZ) project and in developing and implementing the Maryport Delivery Plan. The Steering Group provides consistency between the various projects being delivered and proposed for Maryport town centre, ensuring that each project is delivered efficiently and collaboratively, drawing on technical specialists from across the council and its delivery partners as required.

The Maryport Steering Group includes more than 20 members, representing Maryport Town Council, ABC, Cumbria County Council, Allerdale Investment Partnership and multiple external partners, among others. The day-to-day oversight of the project delivery is the responsibility of the Programme Director, who also led the development of the Maryport Delivery Plan, providing continuity between the Delivery Plan and the FHSF project. The Programme Director reports to the Chief Executive of ABC, ensuring that the council remains fully informed on the progress of the project and able to provide scrutiny to the project delivery team to ensure that pre-agreed delivery targets on budget and schedule are being met. The Programme Director will serve as the Senior Responsible Owner (SRO) for the FHSF project in accordance with PRINCE2 and HM Treasury best practice guidance.

Among the duties of the Programme Director will be to report to ABC's portfolio leads on the Cabinet. This ensures that the project is ultimately accountable to the Council's elected members, who can monitor spending, progress and support in the management of any risks that cannot be fully controlled within the project delivery team. The Programme Director has overall responsibility for the delivery of the project. This includes ultimate responsibility for:

- The financial performance of the project, the monitoring of project spending and the issue of financial monitoring reports to funding agencies and the Council’s Cabinet as required.
- Approving all documents and deliverables of the project.
- Approval of all project delivery stages.
- Change control during the delivery of the project.
- Overseeing stakeholder management and communications.
- Ensuring that adequate resources are available to deliver the project.
- Reporting to the Cabinet on the progress of the project.

Under the Programme Director, the Project Manager will be directly responsible for the day-to-day management of the project. The Project Manager will report directly to the Programme Director and will be supported by the Capital Projects team who are also supporting on the delivery of the harbour and promenade elements of Maryport’s Regeneration programme. The Project Manager will also be supported the , HAZ Officer, The collaboration between the FHSF and HAZ supports the delivery of both projects and can provide efficiencies between the two projects due to the complementary nature of these projects on Maryport town centre. A management support team has been assembled to support the delivery of other regeneration projects in this area, including HAZ. This support team will work with the Project Manager and each work stream to assist in the delivery the FHSF project. The support team consists of experienced management specialists who can provide targeted support to assist in the delivery of each scheme element. The Project Delivery Team consists of work stream leads, each attached to an individual project element. Each work stream lead will oversee the delivery of a scheme element, including the oversight of all relevant delivery partners and external contractors.

ABC has a track record of delivering high-value interventions as the lead delivery partner, including a multi-million-pound leisure development which opened in late 2016. The council will replicate the successful delivery methodology to ensure that the FHSF intervention is delivered within pre-agreed schedules and budgets.

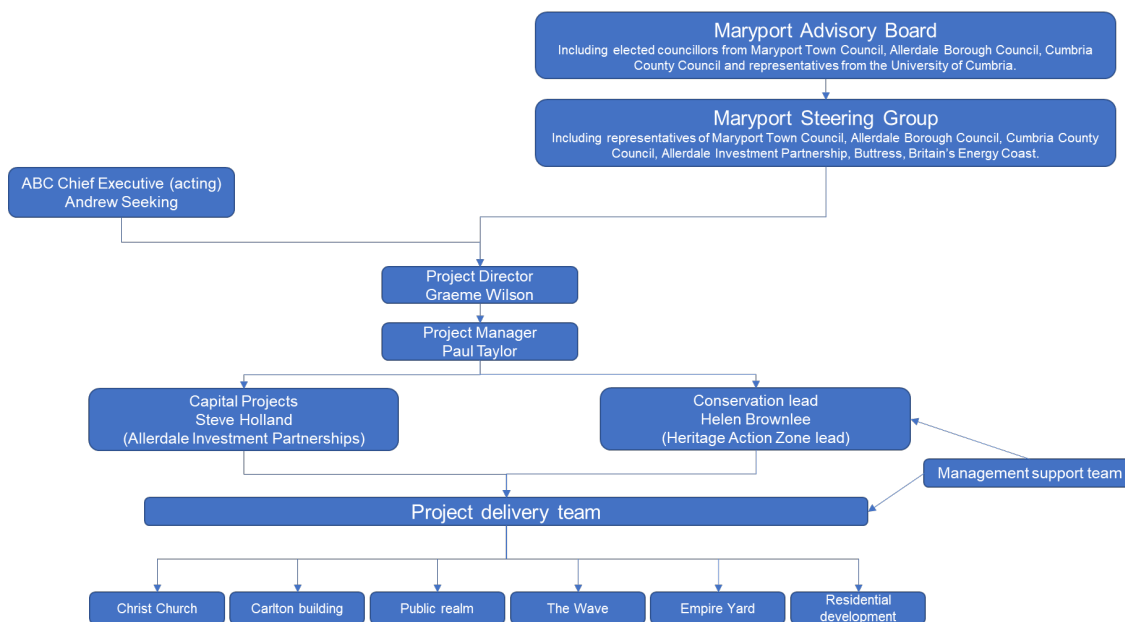
**Project framework**

The project will be managed in accordance with Cumbria County Council’s Project Management Toolkit, which has been used successfully on a range of major capital projects, including the A595 Grizebeck scheme. The Project Management Toolkit is aligned to Association of Project Management (APM) principles and has been adapted to correspond directly with ABC’s existing structure and the management structure proposed to deliver this scheme.

In line with similar successful major capital projects delivered by ABC over recent years, the Council will utilise its existing staff on the Project Team, supplemented by representatives of external contractors as required to ensure that the Project Team has a full view of how the project is progressing. The Council will not be required to employ additional staff on a temporary basis to take part in its oversight role, as ABC has experienced staff who have served in oversight roles on a number of previous successful major capital projects. The continuity offered by the retention of these experienced staff in the oversight of this project will further support the delivery of this project in line with the extant delivery mechanisms used successfully by ABC in the delivery of previous projects.

The project organogram, demonstrating the management structure proposed for this project is shown below.

**Figure 2: Organogram**



Project assurance with regard to this scheme will take the form of regular meetings between ABC and the contractors due to deliver the work through progress reports produced by the project delivery team. Gateway reviews will be instituted at key project milestones to accompany the regular reporting and ad-hoc project control meetings, to ensure that all elements of the project are being delivered in line with the schedule set out in this business case.

On-going project assurance will be provided through regular meetings and contact between the project management team and the ABC Executive. A meeting will take place at regular intervals between the Council's Executive and the project delivery team, including representatives of the contractors, where every element of the project shall be reviewed, including risk, financial management, physical progress and any challenges that have emerged during the delivery phase. Through regular meetings and on-going communication between the relevant project teams, assurance will be provided by the Project Team. Gateway reviews will be carried out where major elements of the project commence or are completed. The Gateway review system brings about the following advantages:

- Compliance with best practice in line with APM and HMT approved methodologies.
- An opportunity to involve key project stakeholders during the delivery phase.
- Enables a robust audit trail to be maintained, including detailed meeting minutes that demonstrate that the project has been managed correctly and that public money has been spent appropriately by ABC and its contractors.
- An opportunity to review the progress and targets for the delivery of the project, including all relevant delivery partners in the discussion.
- Deployment of resources to the project, responding to any specific skills or staffing requirement highlighted during the delivery of the project.

Reporting will play a major role in providing project assurance. ABC's Executive will control the FHSF funding provided for the project. The Executive will only release this funding, in stages, to the contractor's Project Team upon receipt of an itemised invoice for work completed, accompanied by a highlights report that marks progress since the previous invoice. These reports will enable the Executive to closely monitor the project's progress and withhold funding if work is not delivered in line with agreed cost and schedule. This is a key lever to enabling the Executive to ensure that the project is delivered in line with the contract between ABC and the contractor and aligned to the business case.

Through these processes, the Project Team will be able to effectively monitor the delivery of the project against key metrics. The project assurance provided at regular meetings and through reporting will enable:

- Financial monitoring, of spend against the agreed schedule and budget.
- The physical delivery of the project against the project's objectives set out in the business case; and
- The delivery of the project against the agreed schedule.

### Project plan

A high-level project plan, setting out the delivery periods for each scheme element is set out in Table 30 below.

**Table 30: Project plan**

Project	Start	End
The Wave	Sep-20	Dec-22
The Carlton	Sep-20	Dec-21
Public Realm	Sep-20	Aug-22
Vacant Buildings	Sep-20	Aug-23
Christ Church	Mar-21	Aug-22
Empire Yard	Sep-21	Jul-23

### Deliverables and activities required

The deliverables for this project are divided into the five projects, each project contains several activities required to deliver each project. This is set out below

- **Christ Church**
  - Clearing of Christ Church building
  - Redevelopment of the building, construction work on interior of the building for use as a museum.
  - Construction of the viewing platform.
- **Public realm**
  - Enhancement to Curzon Street.
  - Enhancement to Senhouse Street.
  - Linkage to Maryport Railway Station.
- **The Carlton**
  - Clearance of the building to enable redevelopment works.
  - Delivery of redevelopment works to the Carlton building.
  - Partial demolition of neighbouring building to enable construction of single-storey extension.
  - Construction of single-storey extension.

- **Vacant buildings – residential development**
  - Redevelopment of upper-storey rooms for residential use – led by private sector developers
- **Empire Yard**
  - Clearance of the site.
  - Development of ground floor.
  - Development of first floor.
- **The Wave**
  - Development of swimming pool.
  - Construction of bike hub.

#### Milestones

Based on the submission of this business case in July 2020, work will commence in Q4 2020 on all projects, with all deliverables complete by end of Q1 2024, in line with MHCLG guidance.

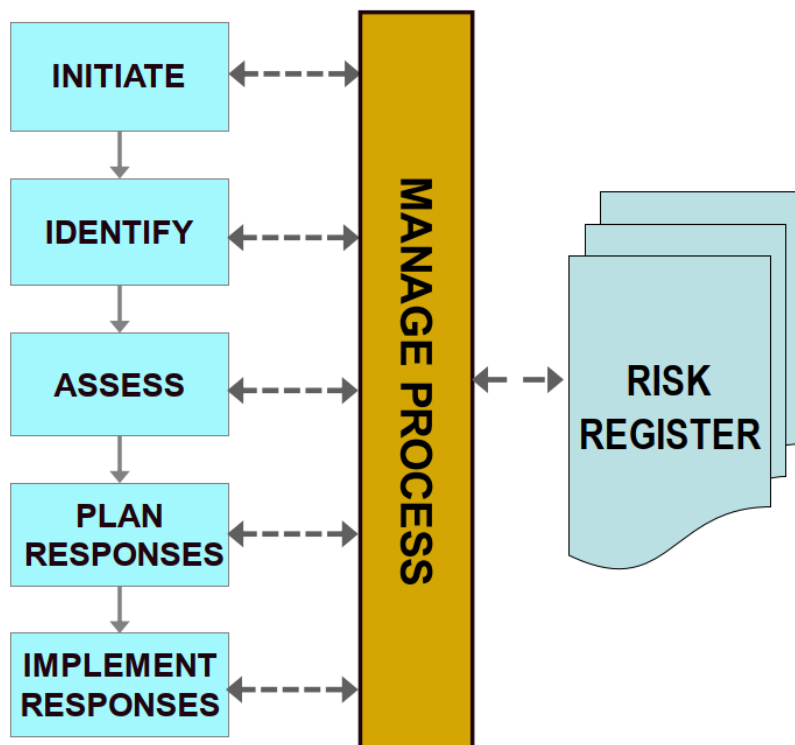
#### Change or risk management strategy

An effective risk management strategy for the project will be based on the principles for risk management contained within the Association for Project Management (APM) guidance. The procedure for identifying key risks should follow as below:

- **Initiate** – to plan for the collection and management of risks, identifying the resources available and those required to identify and manage the risks associated with a project.
- **Identify**: produce the risk register through discussions with key project leads and specialists (as appropriate to the area of the project and/or the producing organisation) and identify risks, opportunities, and threats. There are a number of approaches suggested within the APM guidance that can be used to develop the initial risk register;
- **Assess**: assess the risks in terms of their probability and impact on the project objectives;
- **Plan response**: prepare the specific response to the threats (e.g. to help reduce or avoid the threat), or this could also be to plan to maximise the opportunity if the risk happens; and,
- **Implement**: carry out the above in response to an identified threat or if one occurs.

Risk management needs to be an ongoing process, as shown in Figure 3 below.

**Figure 3: Risk management strategy**



Source: Association for Project Managers

Project risks were identified in a series of project-wide risk workshops that involved representatives from across each scheme element and from the various delivery partners involved in the project as a whole. These workshops identified the risks that are set out in the project risk register in Appendix 4. A review of the project risk register will be a standing item on Project Board meetings. This will ensure that project risks are actively managed and that wider communication between different members of the project team is ongoing throughout the delivery phase.

The overall responsibility for risk management will rest with the Project Board; however, the day-to-day management of the strategy will be the responsibility of the Project Manager.

There are currently two levels of project-based risk management:

- Project Risks: those affecting the cost, scope and timescale for the project; and
- Project Management and Delivery Risks: those presenting wider risks to the client body

### **Evaluation and benefits realisation**

ABC has a bespoke Benefits Management and Realisation toolkit. The toolkit has enabled the borough to plan and manage programme benefits effectively. This cannot be achieved without each individual project's benefits being managed and realised. The Maryport FHSF project will be monitored throughout its lifecycle in line with the KPIs set out in Table 28. Each KPI is a specific and measurable metric against which the success of the project will be evaluated. Each evaluation criteria, including the psychical delivery of project outputs, such as the quantum of new employment space created and outcome criteria, such as the increase in employment in Maryport, will be closely monitored throughout the project's lifecycle. The full Monitoring and Evaluation Plan for this project is attached as Appendix 12.

A budget is set for monitoring and evaluation as set out within the financial and economic cases. Many of the required data sources are currently readily available such as details regarding vacant properties, and some will require additional research for example the monitoring of user perception of the town centre. Increased footfall will be measured using footfall counters. On street surveys before and after development will identify the average time spent in the town centre and average spend. ABC will utilise a range of methodologies and data sources to monitor both the delivery of the scheme and its outcomes.

Monitoring and evaluation are essential parts of any project. It provides an opportunity to improve performance by reviewing past and current activities, with the aim of replicating good practice in the future and eliminating mistakes in future work. The Council has a responsibility to report on how funding is being utilised for this scheme and how its expenditure represents value for money to the taxpayer and how spending aligns with the main objectives of the scheme. The Monitoring and Evaluation plan in Appendix 12 sets out in detail the how both the delivery and outcomes of this project will be monitored, including data collection and sources, roles and responsibilities and ABC's commitments to reporting.



## **Appendix**

- 1. Maryport FHSF Scheme Design Report**
- 2. Vacancy Rates Maryport**
- 3. ABC Resident Surveys**
- 4. Risk Register**
- 5. Maryport FHSF Costs Plan**
- 6. Draft Carlton Business Model**
- 7. Cumbria Foundation Maryport Community Pool Feasibility Draft Report**
- 8. Development Appraisals**
- 9. Economic Appraisal Technical Note**
- 10. Stakeholder Scheme support**
- 11. ABC Procurement Strategy**
- 12. Monitoring and Evaluation plan**