

Allerdale Borough Council

Executive – 1 March 2022

Workington Town Deal – Consideration of Business Cases

Portfolio holder	Councillor Mike Johnson Leader of the Council. Portfolio Holder for Economic Growth, Community Development and Place-making
Report from	Kevin Kerrigan, Programme Director (Workington)
Wards affected	Moorclose and Moss Bay, Seaton and Northside, St Johns, St Michael's, Stainburn and Clifton
Is this a key decision	Yes

1.0 The reason for the decision

1.1 To consider the business cases relating to the five projects included within the Workington Town Deal.

2.0 Recommendations

2.1 RECOMMENDED that:

1. The Business Case for the Workington Digital Accelerator be approved subject to the completion of a grant funding agreement
2. The Business Case for the Workington Townscape and Connectivity project be approved subject to the completion of a grant funding agreement
3. The Business Case for the Port of Workington and Oldside – Logistics and Clean Energy Hub be approved subject to the completion of a grant funding agreement.
4. That the Business Case for the Workington Innovation Centre be approved in principle and that further project development work be undertaken prior to the award of contracts for the construction and management of the centre.

5. That the Business Case for the Community Sports Village be approved in principle subject to the key conditions set out in paragraph 9.35 below and that further project development work be undertaken prior to entering a grant funding agreement and within a timescale to be determined. The approval of an advance funding award to be delegated to the Programme Director in consultation with the S151 Officer
6. That the Chief Executive Officer be authorised to approve the submission of Business Case Summaries for each of the projects in conjunction with the Chair of the Town Deal Board.
7. That the Programme Director be authorised to finalise negotiations with grant recipients and complete the grant funding agreements in consultation with the Monitoring Officer and S151 Officer.
8. That the Chief Officer (Finance and Assets) be authorised to make the necessary arrangements in relation to the closure of that part of the Central Car Park required for the delivery of the Workington Innovation Centre.
9. That the Chief Officer (Finance and Assets) be authorised to make the necessary arrangements for the granting of new leases for Borough Park and Derwent Park to facilitate the development of the community sports village
10. That the Programme Director be authorised to progress appropriate procurement arrangements in relation to the Innovation Centre and Oldside

3.0 Background and Introduction

- 3.1 In July 2019 the Prime Minister announced a £3.6 billion Towns Fund further details of which were provided through the publication of the Prospectus for the Towns Fund in November 2019. Workington was identified to be one of 101 towns invited to work towards agreeing a Town Deal and develop proposals for up to £25 million. In January 2020 the Workington Town Deal Board was established to support the development of a Town Investment Plan setting out proposals for investment.
- 3.2 The Town Investment Plan set out a vision for Workington that by 2030:

“Workington is a vibrant and well-connected commercial, civic and community hub for West Cumbria, loved by residents and visitors. Its prosperity is being built on a manufacturing renaissance, clean energy and a thriving town centre, powered by its skilled workforce and a dynamic mix of large and small companies. The town offers everyone a wealth of cultural, leisure, sporting and recreational activities. The town centre is home to new residents, business and social enterprise, as its attractive natural setting, built heritage and accessibility is increasingly recognised across Cumbria and beyond. Workington is a safe, healthy, affordable and sustainable community that offers opportunities for all”
- 3.3 The vision is underpinned by a number of key strategic objectives. Achieving these strategic objectives will allow the 2030 vision to be realised:

S01. Workington grows its economy and employment through focusing on its strengths in manufacturing and clean energy, and its role as West Cumbria's primary service centre.

S02. Workington attracts new and growing businesses through offering a skilled workforce, a competitive cost base, and localised support.

S03. Workington offers high-quality academic and vocational education and training opportunities to its residents and people across West Cumbria.

S04. Workington bolsters its natural and built environment offer for residents and visitors.

S05. Workington's town centre prospers through attracting residents and public and private investment diversifying existing uses.

S06. Workington enjoys excellent digital and physical connectivity.

S07. The proceeds of Workington's growth are shared widely in the local community.

S08. Workington remains a safe, healthy, affordable and sustainable community.

3.4 The priority projects set out in the Town Investment Plan were aimed at ensuring these strategic objectives are met.

3.5 In October 2020 the Workington Town Investment Plan was submitted to Government and as part of the Budget announcement on 3 March 2021 it was announced that Workington was being offered a Town Deal to the value of £23.1m. Heads of Terms for the Town Deal were agreed with Government in April 2021 identifying five projects to be supported by the Town Deal. It was then necessary for the Council, in consultation with the Town Deal Board to prioritise and confirm the funding allocation for each of these projects within the overall funding envelope offered. The project confirmation details were submitted to Government in May 2021:

3.6 As set out in the Head of Terms for the Town Deal it is necessary for the Council, as lead Council and accountable body for the Town Deal to consider green book compliant business cases for each of the projects which should be appraised in line with the Council's own assurance processes. This should include consultation with the Town Deal Board.

3.7 It is also necessary to demonstrate compliance with the conditions set out in the Head of Terms. The Heads of Terms included 3 general conditions which set out requirements for process and governance:

- **TIP Improvements:** Provide more information on delivery (in particular match funding) and project risks including partnerships. Provide private sector future engagement plan.

- **Assurance:** The business cases for projects will be taken through Allerdale Borough Council in line with local assurance processes.
- **Public Sector Equalities Duties:** Undertake programme-wide level impact assessment, relevant project-level impact assessment and relevant Environmental Impact Assessments

- 3.8 With the exception of the Town Centre Townscape and Connectivity Improvements project no project specific conditions were included in the Heads of Terms.
- 3.9 The Council is also required to submit a Monitoring and Evaluation Plan for the Town Deal Programme.
- 3.10 Following approval of the business cases it is necessary to submit a Project Summary Document for each project to the Department for Levelling Up, Housing and Communities (DLUHC). The deadline for the submission of Project Summary Documents is 24 March 2022. The Project Summary Document outlines actions taken to address any conditions attached to the project in the Heads of Terms, details of how the business case has been appraised, details of match funding where required, details of a quantified benefit-cost ratio or evidence of how value for money has been demonstrated and conformation of the delivery plan for the project including risks and mitigation measures. The Project Summary Document has to be signed off by the Chair of the Town Deal Board and the Chief Executive or 151 Officer of the Council.
- 3.11 Subject to a satisfactory review of the Project Summary Documents by DLUHC funding will be released in accordance with the agreed financial profile for the Workington Town Deal Programme.

4.0 Content (to include alternative options considered)

- 4.1 The business cases for the Town Deal projects have been produced in accordance with HM Treasury 'Green Book' guidance which sets out the case for investment using a Five Case Model as outlined below

Strategic Case: This is intended to provide detail on the key objectives and strategic fit with relevant policies and strategies and what it will deliver in the form of clearly defined achievements and outcomes. It provides the rationale as to why intervention is required, predicted on a robust and evidence-based case for change, and why public funding is required.

Economic Case: The economic case quantifies and monetises all costs and benefits and makes a judgement of value for money. The economic case establishes the preferred approach based on the optimum mix of cost vs benefits.

Financial Case: The financial case is intended to provide reassurance on the appropriateness of predicted costs, that other sources of funding have been fully explored and that all sources of assumed other funding will materialise.

Management Case: The management case is designed to show that the preferred option is capable of being delivered successfully, in accordance with recognised best practice. It also requires arrangements for monitoring and evaluation to be set out.

Commercial Case: The commercial case is intended to provide reassurance that the optimal procurement strategy is in place and will be utilised.

- 4.2 This report sets out a high-level summary of the business case for each of the projects which are included within the Workington Town Deal and sets out the main issues for the Council to consider in its role as accountable body for the Workington Town Deal following a review and appraisal of the business cases. The business cases have been reviewed by the Senior Management Team and statutory officers with input from specialist teams including from the programme office providing legal, finance and procurement advice. Additional support was sought from Cumbria County Council in relation to the appraisal of the commercial and management case for the Innovation Centre and Sports Village projects.
- 4.3 Copies of the business cases for each of the projects are appended to this report and therefore the detail is not produced in full within the report.
- 4.4 It is important to note that the business cases reflect the current stage of project development for each of the projects with some projects more advanced than others. Where further project development work is required this is identified along with a strategy and appropriate controls to ensure that outstanding issues are addressed and to provide confidence in the deliverability of the projects.

5.0 Workington Digital Accelerator

Project Overview

- 5.1 The Workington Digital Accelerator project is intended to operate as a central resource for digital and advanced IT skills development, to address a long-standing gap in higher level digital skills capability among the local workforce. The higher level skills need is growing due to the presence of Cumbria's specialist and technology oriented industry clusters in nuclear, defence, maritime and advanced engineering, which are contending with a steadily declining workforce pool of advanced skills and qualifications, due to demographic and geographic factors.
- 5.2 The business case for this project has been developed by the Council's strategic partner Mott MacDonald working with Lakes College who will host the proposed Digital Accelerator. The business case was informed by a feasibility study commissioned to establish the evidence base and need for the project. This feasibility study built on initial work undertaken in developing the Town Investment Plan and included stakeholder consultation.

Options Appraisal

- 5.3 The proposal set out in the business case was based upon the project concept set out in the Town Investment Plan. This was further refined through an options appraisal which considered three principal options:
- Online mode of course provision only with no physical presence (Do minimum)
 - A hybrid model sited within re-purposed space, based at Lakes College (Do something)
 - A freestanding new build/ modified building housing the Workington Digital Accelerator (Do maximum)
- 5.4 A new, discrete, bespoke building to house a specialist centre to support higher level digital skills development was eventually determined to not be feasible within the revised budget. By contrast, an entirely remote or online delivery/learning mode (as a potential 'do minimum' option) is unlikely to suit all learners across the spectrum of qualifications, training and skills development and would be at risk of achieving a far more limited reach into the market.
- 5.5 The preferred option for a physical presence in a re-purposed and suitably resourced at Lakes College provides an ideal balance between capital investment in a well-equipped and resourced digital skills training accelerator with online access and support. This is referred to as a "hybrid model".
- 5.6 The budget does not support a network of accelerators located across the district. Consequently, the proposed solution is based on the WDA having a physical presence in repurposed and suitably resourced facilities at Lakes College, with the college extending already established links by way of the "hub and spoke approach". LCWC already has established links by way of the "hub and spoke approach". For example, the existing Cyber Skills facility at Energus is expected to be remotely connected to the Accelerator, with sharing of specialist equipment, training and provision enabled. It is anticipated that these partnerships, through pooling resources and teaching / industry expertise will serve to enhance and extend the impact and value added by the WDA for Allerdale.

Strategic Case

- 5.7 The vision for the Digital Accelerator can be summarised as a well-equipped and resourced facility situated at Lakes College. It will have a physical presence in a repurposed and suitably resourced facility to enable it to operate as central resource for digital and advanced IT skills development, partnering with other training institutions and technology-oriented local employers. The Digital Accelerator will offer a range of courses focused on digital and advanced IT skills including core courses at levels 4-6 in HND/HNC and Degree level to specialist training in coding, web design, 3D modelling, Artificial Intelligence and Building Information Modelling. Training provision will benefit from access to the College's existing Virtual Reality and robotics equipment facilities and also its wider back-office and marketing resources. Provision of specialist courses will comprise a mix of formal vocational qualification and bespoke employer-led training designed in collaboration with employers and partner institutions. Lakes College is intended to act as the hub which enables collaboration between it and other digital and technology skills partners such as the Cumbria Institute of Technology and Energus.

- 5.8 Businesses in West Cumbria and the surrounding county have consistently highlighted in surveys and consultations a lack of higher level IT and digital skills among the local workforce, which are demanded by a number of Cumbria's high value and specialist industry clusters. This situation is projected to worsen due to ageing demographics, an outflow of younger workers with higher level skills to other parts of the UK and the West Cumbria's relative isolation from densely populated regions.
- 5.9 The Workington Digital Accelerator seeks to address the growing skills gap by achieving the following strategic objectives:
- Increase the available pool of higher level digital skills among the workforce in West Cumbria and the surrounding area
 - Increase the supply of 'job-ready' workers who are able to use digital software and equipment by local employers
 - Increase the survival of SMEs in technology oriented sectors through increasing access to digital skills
 - Increase the productivity of the workforce and average incomes through greater dissemination of digital and advanced IT skills among new and existing workers
 - Increase the penetration of basic digital skills among the adult population
- 5.10 The Digital Accelerator, as an investment proposal is strongly aligned with national government policy objectives for improving technical and vocational skills among the workforce and school leavers; regional policy to boost digital skills provision and the skills base for advanced IT skills among Cumbria's population; and local planning policy through enabling increased partnerships between education and training providers and maximising the strategic economic role of Lillyhall where a number of technology skills providers are located.

Economic Case

- 5.11 The Economic Case as set out is considered to have been developed using a robust and recognised methodology and clearly demonstrates that the project offers value for money.
- 5.12 The Workington Digital Accelerator is projected to support 250 students on its course programme once fully operational (assumed to be five years). The economic appraisal identifies and quantifies the lifetime benefit of each enrolment on a course in terms of individual earnings and productivity effects. This is estimated to generate approximately £5.5m of net benefits in present value terms, producing a benefit-cost ratio (BCR) of 4.4 based on the first five operational years of the project.
- 5.13 Performance of the project is assisted by Lakes College's ability to access existing education funding contracts to deliver digital and advanced IT courses and utilise its existing overheads to support its operation and marketing. The estimated BCR is a very high performing outcome according to government appraisal guidance. Furthermore, sensitivity testing of the economic appraisal suggests that the project is resilient to a significant increase in total costs or reductions in projected enrolments.

- 5.14 There are a variety of wider economic benefits of the Digital Accelerator which have not been quantitatively assessed as part of the business case but could amount to significant benefits to the local economy overtime, including: increased in general employability of the workforce, reduced search costs to technology-led SMEs in recruiting appropriate skills and increased attractiveness of West Cumbria to technology-led businesses/sectors.

Financial Case

- 5.15 The financial case demonstrates that the £1m funding available from the Towns Fund is capable of covering the capital costs of delivering the proposed digital accelerator facility. The cost estimates are based on concept designs for the facility produced by the college's design and project management agents and the anticipated equipment requirement based on the expected enrolments. The proposed works include provision for reconfiguring the estate to accommodate the facility, furniture and refurbishment, hardware purchase, software licensing and network upgrades as well as appropriate provision for professional fees and contingencies.
- 5.16 There will also be ongoing revenue costs associated with the future operation of the digital accelerator and which will not be supported through the Towns Fund. These are associated with the day to day running costs of providing teaching and training courses and it is important that these costs are met to ensure the benefits of the new facility can be realised.
- 5.17 The integration of the digital accelerator into an existing space at Lakes College does provide some benefit in allowing the facility to benefit from fixed overheads and support from the existing finance, HR, IT and marketing functions.
- 5.18 Operating revenues will be provided existing education and training contracts with public sector agencies and through full-cost commercial work recovered from employers and other users of the facility. Lakes College have a number of secure contracts in place that they will be able to draw down to produce an operational facility that will produce the intended benefits.
- 5.19 The business case sets out projected financial flows, including operating costs and income based on projections of student throughput the Digital Accelerator. This demonstrates a moderate operating financial surplus and as a not-for-profit corporation regulated by the Department for Education any surpluses generated by the project will be re-invested in the maintenance and development of the facility.
- 5.20 The financial case demonstrates that the capital costs of the digital accelerator project can be delivered through the funding available through the Towns Fund without a requirement for match funding and provides confidence that income streams can be achieved from a variety of sources to ensure that the facility can operate in a viable manner.

Commercial Case

- 5.21 The Digital Accelerator will be solely commissioned and delivered by Lakes College as the sponsor of the project and procured through its existing open tender arrangements. The development phase will be managed by a retained property management agent (AA Projects) who are also responsible for the proposed design. AA Projects will manage subcontractors and ensure the delivery of work to scope, schedule and budget. Risk sharing for cost or schedule overruns will be shared between Lakes College, AA Projects and sub-contractors.
- 5.22 Lakes College will be responsible for the operation of the facility and will be the main provider of training and education courses and for securing funding for this. Based on market testing that has been undertaken the college are confident that the predicted outputs can be achieved.
- 5.23 Lakes College have an established tracked record for delivering both capital projects and education provision and this provides confidence in relation to the delivery and ongoing management of the project.

Management Case

- 5.24 For the construction phase of the proposal and to provide oversight of the project, Lakes College Board of Governors propose to appoint a member of its senior management to act as project manager to ensure project management is consistent with the internal governance arrangements at the college. It is proposed to establish a Project Steering Group to include representation from Allerdale Borough Council and other partners to report progress on delivery.
- 5.25 In terms of the operation phase of the project it is proposed that the digital facility will operate as an internal facility to Lakes College, with staffing provided by the college and as such fall within the existing management and governance arrangement for the college.
- 5.26 In addition to the project specific assurance arrangements set out in the business case. Lakes College, as an entity regulated by the Department for Education have established systems for evaluating and monitoring the outcomes and impacts of their education and training programmes which provides additional assurance in relation to the realisation and monitoring the benefits of the Digital Accelerator.

Risk analysis

- 5.27 The top five risks identified for the digital accelerator project are set out in the table below:

Risk	Impact	Likelihood	Rating	Partner Responsible	Mitigations
Construction cost Over-runs	Weakened project viability	1	Low	LCWC/AA Projects and supply chain	Established working relationship and track record with AA project management. 13% contingency added to development cost

Loss of Course Funding Contract	Weakened project viability	2	Low	LCWC	LCWC have established access to a wide variety of UK govt funding contracts. WDA course offering strongly aligns with current and emerging policy
Loss of Towns Fund (Capital) Funding	Project cannot proceed	4	High	LCWC/ABC	Completion of a string feasibility study and business case. ABC
Loss of Trainer Partner Involvement	Scaled-back course offering and associated impact / benefits	3	Medium	LCWC	Training and other partners (e.g. Energus, Cumbria IoT, CLEP) were engaged early and involved in the concept development, optioneering of WDA
Design Risk	Project delays	1	Low	LCWC/ AA Projects	Re-purposing of internal space / limited new build reduces scope for design risk. Track record with AA Projects

Delivery and Governance Arrangements

- 5.28 Lakes College will be responsible for the development and ongoing operation of the Digital Accelerator Project. Lakes College have demonstrated a strong track record of delivering successful capital projects and education provision and have established internal governance and staffing arrangements in place for both the delivery and operational phases as set out in the management case.
- 5.29 As accountable body for the Town Deal, Allerdale Borough Council will put in place a grant funding agreement with Lakes College in relation to the transfer of funds from the Town Deal. It is proposed that the authority to complete the grant funding agreement be delegated to the Programme Director in consultation with the Monitoring Officer and S151 Officer.
- 5.30 In addition to the project specific monitoring arrangements set out in the business case. The delivery of the project will be monitored using the Council's existing reporting structures via the Regeneration and Investment Board and quarterly reports to Executive. Regular updates will also be provided to the Town Deal Board which will provide a further level of oversight to the project.

Project Conditions

- 5.31 The Heads of Terms for the Workington Town Deal does not include any project specific conditions for this project. In relation to the general conditions which are applicable to this project the business case clearly sets out the delivery arrangements in partnership with Lakes College (as described above) and identifies project risks and mitigations. Engagement with the private sector has taken place in developing the business case. An equality impact assessment has been undertaken for the project.

Outputs and Outcomes

- 5.32 It is proposed to offer a range of courses including Higher Skills Qualifications, employer responsive Higher Level training for employees and adult digital skills building to a projected total 250 course starts being reached in year 5.

6.0 Workington Townscape and Connectivity Project

Project Overview

- 6.1 The Workington Townscape and Connectivity project is intended to deliver improvements to the look and feel of Workington Town Centre by creating a more welcoming and improved public realm that gives pedestrians better priority and improves intra-urban connections between places within the town centre.
- 6.2 Improving the experience both of spending time in, and accessing the town, will increase footfall, dwell time and local spend which will act as a catalyst for further investment.
- 6.3 The aim of the project is to ensure that Workington can retain its place as the primary retail and leisure hub for West Cumbria, whilst also helping to attract new visitors and resident with a high quality sense of place that complement the town's natural setting.
- 6.4 The Townscape and Connectivity project includes three interlinked schemes as outlined below:

Legible Workington – Station Road Connectivity: Improved connectivity and wayfinding for pedestrians, cyclists and visitors from Workington Railway Station along Station Road-Oxford Street to the heart of the town centre (Murray Road). Legibility will be improved by utilising a continuity of materials, wayfinding and vertical interventions to improve visual links. The project will complement wider measures around the Washington Street / Jane Street gateway and the link between the historic core and retail centre.

Murray Road and Gateway: At the junction of Oxford Street and Murray Road, the area will be redesigned to create a new gateway to the retail centre. It will have a focus on placemaking by incorporating public realm amenity improvements and green infrastructure to enhance safer pedestrian links, giving the perception of less vehicular dominance and usage, particularly by buses using the bus station. This will help pedestrians recognise where Workington's main retail offer begins and help to welcome them towards it.

The public realm and green infrastructure enhancements along Murray Road aim to focus more on pedestrian needs by providing wider pavements along the northern side of the street to give improved clarity to the movement through this space, plus improved and safer access into the town centre. In turn by narrowing the main carriageway width together with green infrastructure and street furniture, this helps to slow vehicular traffic down making it a safer environment for all users.

The improved appearance of the street will encourage higher footfall, enhancing the financial viability of the area while supporting access to the wider existing retail offering, such as improving the central access and gateway to Central

Way and Washington Square shopping centre, but also providing improved pedestrian links at the northern end to Pow Street and its related public realm.

Central Way: A pedestrian priority treatment is proposed to encourage and prioritise greater pedestrian and cycle movements through this area, including users of the National Cycle Network route 72. By using a series of design features including street furniture and green infrastructure, drivers will be encouraged to slow down and give way to pedestrians and cyclists. This will enable a safer pedestrian link between Murray Road and Washington Square shopping centre via Upton Street.

This will also involve reducing the existing function as an area for informal parking and loading to allow for a new adaptable public amenity space. This space would allow flexibility during markets and events and seasonal lighting would provide alternatives for night time use. In addition, the link to Murray Road would be developed and widened to further enhance wider connectivity throughout Workington town centre, giving flexibility and allowing freer, safer movement of shoppers.

This scheme also has direct connections with the proposed Innovation Centre, located on Central Way Car Park. Improvements along Central Way will help enhance access and provide better connectivity between the Innovation Centre site and the wider town centre, encouraging people into the retail centre.

- 6.5 The business case (appendix 3) includes concept designs which give a visual indication of the project will deliver. These concepts will be further refined as part of the detailed design process.
- 6.6 Given the nature of this project Cumbria County Council were asked to take the lead on the development of this business case. The County Council commissioned a consultant team from WSP and Hatch to support the development of the business case. It is also anticipated that Cumbria County Council will lead on the delivery of this project.

Options Appraisal

- 6.7 The business case sets out the options appraisal process based on a range of scheme objectives and critical success factors which enabled a long list of options for this project to be assessed and refined. This has enabled a package of scheme to be developed for each of the following scenarios which were considered in addition to a baseline 'do nothing scenario'
 - Do minimum
 - Do something
 - Do maximum
- 6.8 The preferred option in terms of the package of measures described in the project overview above represents the 'do something' scenario considered within the business case but the consideration given to the 'do minimum' and 'do maximum'

options demonstrates that this is a scalable project that could be flexed based on the availability of funding.

Strategic Case

- 6.9 The project clearly aligns with a range of existing policies at national, regional and local level including the Allerdale Local Plan and the Workington Town Centre Supplementary Planning Document which was adopted in 2021.
- 6.10 The key challenges the project seeks to address include existing poor-quality connectivity and public realm in the town centre which is in places relatively poor and tired and detracts from the visitor experience. Existing connectivity issues are exacerbated by a lack of clear wayfinding. A highlighted in the Town Centre SPD there is a lack of green infrastructure within the town centre.
- 6.11 Other challenges facing the town centre are structural changes in the retail sector and the effects of the pandemic which have impacted on Workington along with all town centres.
- 6.12 It is considered the project will have a positive impact in addressing a range of issues in Workington:
- Negative and outdated image, affecting how people perceive the place
 - Poor intra-urban connectivity
 - Maximising the town's leisure and retail opportunities
 - Post-pandemic recovery
 - Long-term environmental sustainability
- 6.13 The project will address market failure in that this type of public realm improvements will not be provided by the private sector as there is no profit incentive for private sector investment given low land values and there is limited opportunity for development contributions. A revitalised public realm can however contribute to higher visitor numbers and expenditure and therefore increase investor confidence and demonstrate opportunities for growth.
- 6.14 The public realm improvements proposed will help to encourage a shift towards sustainable and active transport options and contribute to improved health and low carbon outcomes through better pedestrian priority and improved cycle links.

Economic Case

- 6.15 An economic appraisal of the preferred option has been undertaken by the consultant team to consider the potential benefits of against the estimated costs. Given the nature of the scheme the economic appraisal has been undertaken using a combination of TfL's Ambient Benefits Calculator (ABC) and DfT's Active Modes Appraisal Toolkit (AMAT).
- 6.16 Factors considered in the economic appraisal include an estimate of land value uplift and an uplift in demand resulting in increased pedestrian movements. A

sensitivity analysis has also been undertaken to consider a range of plausible scenarios.

- 6.17 The economic appraisal demonstrates that the package of measures proposed will deliver a Benefit-Cost Ratio (BCR) of 2.38 which according to HM Treasury Guidance is considered to represent 'High' value for money.
- 6.18 The appraisal undertaken is considered to be robust has been developed using recognised methodologies and demonstrates that the project will represent value for money.

Financial Case

- 6.19 The overall cost of the proposed scheme is £4 million which represents the agreed funding allocation from the Workington Town Deal agreed by the Town Deal Board.
- 6.20 The costs have been estimated by WSP's Quantity Surveyors based on the design information available at this stage and including allowances for risk and contingency in line with the approach taken to other schemes within the County Council's Capital Programme.
- 6.21 It is noted that a deliberately cautious approach to risk and contingency has been taken with this being set at 35% (25% risk, 10% contingency). The cautious approach takes into account that topographical surveys are not available, but it is also noted that the types of interventions planned are relatively straightforward and work are largely confined within the existing highway boundary and requiring little or no highway reconstruction.
- 6.22 The financial appraisal that has been undertaken provides confidence the project can be delivered within the available budget. There is no match funding required for the delivery of this project.

Commercial Case

- 6.23 For the delivery of this project it is proposed that the County Council will procure the services of external contractors using the Council's two existing frameworks that have been developed for the delivery of capital projects. These are the Professional Services Framework (PSF4) and the Capital Schemes Framework (CSF). Splitting the work into several contracts may enable the County Council to progress different elements at different times as required to maintain the overall programme, whilst enabling flexibility to address issues and interdependencies.
- 6.24 The frameworks are compliant with the Public Procurement Regulations 2015 and procurement will be in line with the County Council's Contract Procedure Rules and Sustainable Procurement Strategy.
- 6.25 The procurement process will be led by the County Council's Capital Programmes Team with support from the Procurement and Contract Management Team who have an established track record in respect of the delivery of procurements of this nature.

Management Case

- 6.26 It is intended that the delivery of this project will be led by the Capital Programmes Team at Cumbria County Council. The County Council have extensive experience in delivering projects of this nature. The County Council's capital programme is overseen by the Strategic Investment Group (SIG) which manages resources to ensure effective delivery of the portfolio of projects and uses a 'gateway' approach to approve the development and delivery of projects at key stages.
- 6.27 For this project is it intended to establish a Project Delivery Board to oversee project level activity and report on performance to the accountable body i.e. Allerdale Borough Council. The Project Delivery Board will include representatives of Cumbria County Council, Allerdale Borough Council and key stakeholder representing interested parties and end users.
- 6.28 Project management will be in line with Cumbria County Council's governance framework and Scheme Management Toolkit.
- 6.29 A full project plan has been developed for the project which will see a Design and Build Contract Award in December 2022 following survey and preliminary design work and stakeholder consultation. Construction will commence in February 2024 and be completed by December 2024.

Risk Analysis

- 6.30 A full risk register has been provided as an appendix to the business case. An extract showing key risks is set out below.

Risk	Likelihood	Impact	Consequence	Mitigations
There is a risk of buildability issues caused by unforeseen circumstances or that could not be addressed in the design process resulting in increased construction costs, time, and delay.	3	3	Buildability issues not adequately addressed in design. Resulting in inefficient construction activities, late changes for improved buildability causing delay or additional cost. Impacts may include: <ul style="list-style-type: none"> • CDM issue • Difficult to construct details resulting in defects • Construction team using out-of-date information • Delays on site waiting for design information to be produced • Opportunities not realised as not identified or discussed at the right time. 	Identify specific high-risk areas of the scheme. Undertake site investigation to identify specific risks and mitigate them.
Opposition from local businesses to the proposed changes and/or scheme objectives mitigated through regular dialogue, information sharing in line with the	3	3	Amendments to the scheme scope and associated design and consultation costs.	Consult with key stakeholders prior to preliminary design and throughout design development and construction.

approach to stakeholder engagement articulated in the business case.				
There is a risk the Construction programme increases beyond that included in the estimate, caused by unforeseen circumstances, resulting in delays on site and additional prelim costs.	2	4	Longer construction phase causing additional disruption to local businesses and the public. Longer construction phase also increasing delivery costs.	Site investigation to identify any unforeseen circumstances prior to construction works started. Contingency plans to be developed for any likely discoveries on site
Local Government Reform process impacts on scheme delivery – mitigated through robust business case, project plan, governance structure and Grant Funding Agreement with the Accountable Body that will be adopted by the Cumberland Authority from 1 April 2023	2	2	Changes to decision making processes may impact the programme.	Grant Funding Agreement will cover this issue, defining responsibilities in relation to the accountably body and sponsor/implementing organisation
Reduction in Town Deal Funding available – mitigated through development of scalable scheme underpinned by costed options assessment.	2	2	Reduction of scheme scope.	Tolerate. Consider alternative funding options.
There is a risk that the landowner of Upton Street objects to the scheme proposals or seeks compensation.	3	3	Additional costs for compensation or costs associated with revised scheme scope.	Project team to investigate who landowner is and commence consultation prior to development of preliminary designs.
There is a risk of delay to appointing a design and build Contractor in the winter of 22/23 due to lack of appetite or too much alternative work in the market	2	3	Programme delay and associated costs	Early engagement with potential suppliers. Soft market testing. Utilisation of familiar pool of contractors with established capacity on CCC's Capital Works Framework.

Delivery and Governance Arrangements

- 6.31 Cumbria County Council will be responsible for the delivery of this project and will operate within the County Council's governance arrangements. Project specific arrangements will include the establishment of a Project Delivery Group as set out in the Management Case.

- 6.32 As accountable body for the Town Deal, Allerdale Borough Council will put in place a grant funding agreement with Cumbria County Council in relation to the funding and delivery of this project. It is proposed that the authority to complete the grant funding agreement be delegated to the Programme Director in consultation with the Monitoring Officer and S151 Officer
- 6.33 In addition to the project specific monitoring arrangements set out in the business case. The delivery of the project will be monitored using the Council's existing reporting structures via the Regeneration and Investment Board and quarterly reports to Executive. Regular updates will also be provided to the Town Deal Board which will provide a further level of oversight to the project.

Project Conditions

- 6.34 The Head of Terms for the Workington Town Deal included specific conditions for this project which requires the provision of a risk register including mitigation and for the outputs to be quantified and for further outcomes to be provided. The information required to satisfy these conditions have been provided as part of the business case. The outputs and outcomes are set out below.
- 6.35 In relation to the general conditions which are applicable to this project the business clearly sets out the delivery arrangements and identifies project risks and mitigations. Engagement with the private sector has taken place in developing the business case. An equality impact assessment has been undertaken for the project.

Outputs and Outcomes

- 6.36 The Townscape and Connectivity project will deliver the following outputs:
- 2,733m² of new and enhanced public realm (including green infrastructure) that is more attractive and more accessible to residents, businesses and visitors and gives pedestrians better priority.
 - 538m of improved and upgraded footpaths (widening or footpaths)
 - Improved wayfinding and a gateway to the retail centre to encourage footfall and intraurban connections
 - Better pedestrian and cycle priority within the town centre to encourage dwell time and encourage footfall
 - 32 temporary full-time equivalent (FTE) jobs supported during the construction phase
- 6.37 This will lead to the following outcomes:

- Enhanced townscape and place making to improve perceptions of place, increase investor confidence and encourage footfall and economic activity, including £8.1m (2021 prices) of journey ambience benefits;
- Improved intra-urban connections, better navigability and experience of the town centre, particularly from the Railway Station and between Washington Square-Central Way-Murray Road;
- Increased modal shift away from private vehicle to walking or cycling. This is expected to result in additional 93,500 additional walking trip per year, representing a 7.8% increase in pedestrian usage on Murray Road and 4.0% along Central Way;
- Health benefits arising as a result of improved pedestrian priority and wayfinding (£2.3m of health benefits (2021 prices));
- 94 commercial properties identified on Murray Road, Central Way and within Washington Square shopping centre expected to experience wider land value uplift (LVU) benefits;
- 16 residential properties identified on Murray Road and Central Way expected to experience wider LVU benefits.

7.0 Port of Workington and Oldside – Logistics and Clean Energy Hub

Project Overview

- 7.1 This project is focussed on the Port of Workington which is a key strategic asset for Cumbria and adjacent land at Oldside which is identified as a strategic employment site. The Port of Workington benefits from marine, road and rail access and this connectivity means that these sites have significant potential to support future development related to clean energy and logistics.
- 7.2 Due to historic uses these sites have contamination constraints and therefore investment is required to ensure the sites are available and ready to support future development.
- 7.3 There are two key elements to this project:
- The remediation of 5.75 Ha of land at Oldside
 - The remediation of 2.74 Ha of land within the Port of Workington
- 7.4 The aims and objectives of the project are:
- The remediation of land at Oldside to facilitate inward investment and the generation of much need-needed new employment opportunities.

- The remediation of land at the Port of Workington and provision of a hard-standing area adjacent to the current rail sidings to facilitate modal shift from road to rail and to support the role the port plays within the local economy.

7.5 The business case for this project has been developed jointly by Cumbria County Council (as owners of the Port of Workington) and Allerdale Borough Council (as owners of the land at Oldside) with input from Allerdale Investment Partnership and consultancy support from WSP.

Options Appraisal

7.6 As part of the business case development process, four options have been evaluated. These options are as follows:

Option 1 – Do Nothing: No investment from the Workington Town Deal is secured, and the enhancements to PoW and remediation to Oldside does not take place. This is the Reference Case against which alternatives options can be assessed.

Option 2 – Do Minimum: This reduced scope option comprises the following:

- remediation of a restricted area of land at Oldside (2.61 hectares);
- remediation of land and creation of a hard-standing area at the Port of Workington (2.74 hectares);

Option 3 – Medium Remediation: This is similar to the Do Minimum option with the area of land for remediation and preparation at Oldside:

- remediation of around 55% of the Local Plan development site at Oldside (5.75 hectares);
- remediation of land, of land and creation of a hard-standing area at the Port of Workington (2.74 hectares);
-

Option 4 – Do Maximum: This 'full scope' option comprises the following:

- remediation of the full extent of the Local Plan development site at Oldside (10.16 hectares);
- remediation of land, and creation of a hard-standing area at the Port of Workington (2.74 hectares);
- remediation of additional land at the Port of Workington (1.74 hectares)

7.7 Option 3 is the Preferred Option which meets the requirements of the business case and Town Deal in several ways:

Strategic Case

- 7.8 The proposed land remediation project aligns with a range of national, regional and local policies. The proposals are aligned with the Port of Workington Masterplan which sets out a clear rationale for further investment both to improve infrastructure at the Port of Workington and to support the delivery of employment land at Oldside which is allocated for development in the Allerdale Local Plan.
- 7.9 The land at Oldside, which is owned by Allerdale Borough Council, has the potential to capitalise on the logistical potential associated with the Port of Workington and clean energy opportunities within West Cumbria which and include an established and growing offshore wind sector and West Cumbria's role as a global centre of excellence within the nuclear sector.
- 7.10 The Port of Workington is already an important infrastructure asset and generator of economic activity in the area it has the potential to play a stronger role as an international gateway and, building on west Cumbria's sectoral strengths; to form a hub for clean energy, industry, and logistics.
- 7.11 The Port of Workington Commercial Masterplan presents an ambitious vision for how the Port of Workington and Oldside sites together can produce a compelling offer with improved port infrastructure supported employment land at Oldside providing a distinct proposition strongly aligned to the west Cumbria's sectoral strengths and wider investment opportunities. However, this potential can only be realised with the support of enabling investment such as that will be provided through the Town Deal.
- 7.12 The case for change for this project as articulated in the strategic case can be summarised as follows:

Need

- The need to demonstrate to several different end users that there is suitable land on which they can develop various facilities (including warehousing);
- The need to ensure that the potential to make greater use of rail connectivity for handling different types of commodities is maximised through the provision of suitable infrastructure; and
- The need to maximise the potential of Port of Workington and Oldside as centres of economic activity and growth that can support several local, regional, and national objectives (covering Levelling Up, 'green energy' and sustainable, environmentally friendly transport).

Barriers

- The absence of land to deliver a high-quality rail interchange, including hard standing and loading areas at Port of Workington. This is essential for Port of Workington to fully exploit intermodal connectivity and the opportunities this creates;

- An absence of suitable remediated, prepared land on which developers can construct various buildings and manufacturing plants, including warehousing and green energy generation plants (such as biomass); and
- Linked to the above, much of the land at Port of Workington and Oldside is not viable from a development perspective and unless this is rectified through suitable remediation, the various downstream developments discussed throughout this business case are unlikely to come forward. There is the risk that without intervention in the form of the Town Deal supported infrastructure and land remediation, end users are either unlikely to locate to Port of Workington and Oldside.

Opportunities

- The funding and related works will demonstrate to the market that the sites at the Port of Workington and Oldside have the requisite commercial and development viability to be considered as places suitable for investment;
- The funding will resolve current instances of market failure and will enable the PoW and Oldside to achieve their development potential.
- The funding will help to support activities such as land remediation and other preparatory infrastructure works – these will facilitate considerable downstream investment as inward investors and end users will be provided with viable land on which to develop and generate economic activity. These activities and the additional employment generated will meet several local, regional, and national objectives

Economic Case

- 7.13 The economic case has been developed in accordance with HM Treasury Green Book Guidance with a modelling approach based on standard ‘cost benefit analysis’ and additionality principles.
- 7.14 The economic benefits of the project reflect the characteristics of Port of Workington and Oldside projects and the various impacts that the Town Deal funding will have with respect to short term impacts (such as the provision of remediated, viable land for development) and ‘downstream’ benefits such as the benefits of inward investment by those parties demonstrating significant current interest in the sites.
- 7.15 The economic benefits considered include land value increases, intermodal facility benefits and additional employment related GVA benefits taking into account future development that is likely to come forward following the completion of site remediation works.
- 7.16 The Value for Money Assessment demonstrates a Benefits Cost Ratio (BCR) of 2.0 for the core scenario tested. A BCR in excess of 2.0 demonstrates High value for money. This outcome primarily reflects the impacts that end user investment will have once the land is remediated and prepared for use. The Town Deal funding will thus solve the current ‘market failure’ that is preventing this investment taking place.

Financial Case

- 7.17 The financial case sets out the costs associated with land remediation works, demolition works, construction of a hard standing adjacent to the rail sidings, project costs such as ecology surveys and associated project management and contingency costs.
- 7.18 The main costs are related to the proposed land remediation works and these have informed by ground investigation works undertaken by WSP. This has enabled a robust estimate to be made of the costs of remediating the site based on the site information, WSP's knowledge of previous similar projects assuming a commercial end use with limited soft landscaping and the site's former use. The estimated cost is based on remediating land affected by contamination to prevent, minimise, remedy or mitigate the effects of harm to human health, pollution of controlled waters, ecological receptors and building materials and to restore land to a state appropriate for its intended use
- 7.19 The project costs set out in the financial case, including appropriate allowances for risk and contingencies demonstrate that the proposed works can be delivered within the £4.5 million funding allocation from the Workington Town Deal.

Commercial Case

- 7.20 The commercial delivery model for the project proposes that Allerdale Borough Council will be responsible for the delivery of the remediation works at Oldside and Cumbria County Council will be responsible for the delivery of works within the Port of Workington reflecting the ownership of the two separate areas of land.
- 7.21 It is intended that Cumbria County Council will procure appropriate contractors through their existing framework agreements such as the Professional Service Frameworks and the Capital Works Framework. It is envisaged that a 2 stage Design and Build approach to the project will be adopted.
- 7.22 Allerdale Borough Council are also able to access the Cumbria County Council frameworks as well as other public sector frameworks such as Scape. The Council also has the option of working with Allerdale Investment Partnership as delivery partners in accordance with the Council's governance arrangements relating to AIP.
- 7.23 The commercial case also outlines that market testing has demonstrated that if the land is appropriately remediated and made viable there is interested from a range of companies in further investing at the site which will generate additional employment opportunities and economic benefits.

Management Case

- 7.24 Although it is intended that the two distinct elements of the project will be delivered by Cumbria County Council and Allerdale Borough Council based on the ownership of the respective site areas it is proposed that a collaborative approach to the overall management and delivery of the project will be adopted. A joint approach

has been in place during the project development phase and it is proposed that a joint Project Board will continue to meeting to bring together the two projects and ensure that the strategic objectives set out in the business case will be delivered.

- 7.25 The respective elements of the project will however be delivered within the governance and project management structures of each Council.
- 7.26 The business case included a detailed project plan which demonstrates that site remediation works will be completed by September 2024.

Delivery and Governance Arrangements

- 7.27 Cumbria County Council will be responsible for the delivery of those elements of the project within the Port of Workington and will operate within the County Council's governance arrangements. Allerdale Borough Council will be responsible for the remediation of the land at Oldside and has the option of working with the Allerdale Investment Partnership to deliver this element of the project. Any involvement of the Allerdale Investment Partnership would be agreed in accordance with the agreed governance arrangements relating to the AIP.
- 7.28 Project specific arrangements will include the establishment of a joint Project Board as set out in the Management Case.
- 7.29 As accountable body for the Town Deal, Allerdale Borough Council will put in place a grant funding agreement with Cumbria County Council in relation to the funding and delivery of the elements of the project within the Port of Workington. It is proposed that the authority to complete the grant funding agreement be delegated to the Programme Director in consultation with the Monitoring Officer and S151 Officer.
- 7.30 In addition to the project specific monitoring arrangements set out in the business case. The delivery of the project will be monitored using the Council's existing reporting structures via the Regeneration and Investment Board and quarterly reports to Executive. Regular updates will also be provided to the Town Deal Board which will provide a further level of oversight to the project.

Risk Analysis

- 7.31 A summary of the key risks for this project is set out below.

Risk	Impact	Likelihood	Mitigations
Ecology – there is a risk of project delay created by further site assessment demonstrate significant ecology constraints	4	2	<p>Providing an ecologically clean site will be a key deliverable before the land can be remediated. A cost line has been included within the remediation budget to cover any additional ecological works required.</p> <p>Any ecology found would mean remediation works would have to be phased around the site to allow for additional ecology works.</p>
Programme Delays – there is a risk of	3	2	The Programme timeframes will be reviewed on an ongoing process with the funding

programme slippage created by delays in funding decisions			period is significant and should ensure programme reprofile is achievable
Planning and Consents - there is a risk that planning consents will not be achieved to programme, resulting in a delay to this part of the project.	3	2	Early consultation will be sought with planning authority. Relevant surveys will be prepared and to reduce queries and delays to the planning process. Achieving planning permission will be a key deliverable for the Project Board prior to remediation works commencing.
Funding - there is a risk that Towns Funding isn't secured caused by either the project or programme failing through the due diligence process	5	2	Develop robust Full Business Case in line with HM Treasury Green Book requirements.
Delivery – there is a risk that costs increases or land constraints impact on delivery of scheme	3	3	Ground investigation works have been carried out on an extensive area of the Port and Oldside however, only a portion of this land will be remediated through the project. The area of land to be remediated could be adjusted to address any delivery issues. The contract going forwards will aim to transfer a suitable amount of risk to the contractor through either a fixed price NEC Option A or an Option C Target contract which will have a maximum target price stated. Work is ongoing to ensure areas of land required to deliver scheme are unencumbered and land areas can be adjusted if required.

Project Conditions

7.32 The Head of Terms for the Workington Town Deal does not include any project specific conditions for this project. In relation to the general conditions which are applicable to this project the business case clearly sets out the delivery arrangements which will involve Cumbria County Council taking responsibility for work within the Port of Workington and Allerdale Borough Council being responsible for delivery of work to the land at Oldside. The business case also identifies project risks and mitigations. Engagement with the private sector has taken place in developing the business case. An equality impact assessment has been undertaken for the project.

Outputs and Outcomes

7.33 The primary outputs from this area of land relate to the remediation of land as follows:

- Land at Oldside – 5.57Ha
- Land at Port of Workington – 2.74Ha

8.0 Workington Innovation Centre

Project Overview

- 8.1 This project would involve the development of a new Workington Innovation Centre located on part of the Central Car Park in Workington Town Centre. The vision for the project is to establish the Workington Innovation Centre (WIC) as a distinctive, successful and widely recognised focal point for the incubation and growth of scalable firms. The WIC will have a broad innovation coverage but with a particular focus on digital technologies and the digitisation of advanced manufacturing.
- 8.2 The offer provided by the Workington Innovation Centre will include:
- High quality energy efficient design, 15,000 sq ft (net lettable) of modern/flexible workshop and office space that can be easily reconfigured to meet the changing need of tenants
 - Reliable and cost-effective broadband, offering download speeds of up to 1Gbps
 - Cafeteria/bar and communal informal meeting space to encourage interactions between firms/workers
 - A formal conference/meeting room space
 - A welcoming reception area with secure storage and shower facilities for cyclists
 - Tailored innovation and entrepreneurship support
- 8.3 The Innovation Centre will accommodate innovative start-ups from the local area, in-movers from elsewhere, skilled knowledge workers who post Covid 19 are seeking to shift to a remote of hybrid working model, as well as a small number of anchor tenants who are likely to be associated with the nuclear supply chain.
- 8.4 The Workington Innovation Centre will also help to support Workington town centre and the recovery from the pandemic by attracting increased footfall and expenditure.
- 8.5 The development of this project and the associated business case has been supported by a consultant team comprising SQW, Mott MacDonald and Buttress Architect who were appointed through the strategic partnership arrangement the Council has agreed with Mott MacDonald.

The design concept is demonstrated in the RIBA Stage 2 Design Concept Report produced by Buttress Architects. The design brief reflects the key differences between an Innovation Centre and traditional managed office spaces and stresses the need for flexibility and the quality of wellbeing spaces.

Options Appraisal

8.6 A long list of options for the development of the Innovation Centre was produced from which a shortlist of three options (in addition to a 'do-nothing' scenario) was identified. The shortlisted options were:

- 10,000 sq. ft office and workshop space Enterprise Centre with limited entrepreneurship programme – discounted as would not provide sufficient benefit
- 15,000 sq. ft office and workshop space Innovation Centre with entrepreneurship and innovation support programme – preferred option
- 20,000 sq. ft office and workshop space Innovation Centre with entrepreneurship and innovation support programme – discounted as unaffordable

Strategic Case

8.7 The strategic case demonstrates that the Workington Innovation Centre benefits from a highly supportive policy context with a strong alignment with a range of policy objective and national, regional and local level and in particular those strategies and policy commitments which emphasise incentivising business start-ups, increasing levels of innovation and productivity, narrowing the divergence of living standards across the country and promoting a shift towards a low carbon economy.

8.8 The Workington Innovation Centre project seeks to address a number of key issues and challenges including that:

- The Workington economy suffers from low levels of business formation and major deficits in relation to higher-level skills and innovation. In addition, the impact of Covid 19 has been significant and there is a need to re-energise Workington town centre and accelerate its post-pandemic recovery by attracting increased footfall and expenditure.
- Compounding the structural economic weaknesses, there are multiple land and property failures evident in the town centre. There is no supply of Grade A office space in Workington, which limits the town's ability to attract and retain high quality firms, and there is a poor supply of small units for early stage companies or in-movers looking for modest amounts of space. There is also a limited supply of co-working space.

8.9 It is recognised that in considering the broader West Cumbrian commercial property market, there are a number of business centres, science parks and coworking spaces however the Workington Innovation Centre will complement these existing developments, working alongside existing supply to support the growth of a strong entrepreneurship and innovation ecosystem across West Cumbria.

8.10 To inform the development of the business case stakeholder engagement was undertaken through a combination of in-depth consultations and an e-survey. The

stakeholder engagement demonstrated widespread support and enthusiasm amongst stakeholders for the development of the proposed Innovation Centre highlighting the opportunity to provide a hub for networking and collaborative R&D activity.

- 8.11 The feedback from stakeholders has also influenced the design and management proposals for the Innovation Centre stressing the need for flexibility and the ability to respond quickly to emerging shifts in the market and the need to offer high quality physical and digital infrastructure. The provision of workshop space was highlighted as being helpful in differentiating the offer and cultivating demand within different segments of the market.
- 8.12 The stakeholder engagement also highlighted some interest from some firms in taking space at the Workington Innovation Centre. This interest has also been confirmed by separate discussions Officers have had with potential occupiers.

Economic Case

- 8.13 The potential economic impacts of the options outlined above have been modelled as part of the economic case. This report focuses on the economic impacts of the preferred option.
- 8.14 SQW have undertaken the economic modelling for this project and recognising that the proposed intervention is primarily about innovation rather than simply a property development scheme value for money is assessed primarily in terms of jobs created rather than a land value approach which would be more appropriate for a property scheme.
- 8.15 The economic modelling undertaken by SQW is considered to be robust and adopts an appropriate methodology taking into account the volume of floorspace created, the number of employees, productivity in terms of GVA per job with appropriate adjustments made for additionality and discounting.
- 8.16 Based on the modelling undertaken the proposed innovation centre is estimated to deliver a benefit cost ratio (BCR) of 1.7.
- 8.17 SQW have also applied a sensitivity analysis to the economic impact model to consider scenarios where the forecast levels of occupation density are not achieved and where the level of demand is lower than anticipated. In both scenarios it is estimated that a BCR of 1.3 will be achieved.
- 8.18 It is also recognised that the BCR in itself does not give a comprehensive view of the social value offered by an intervention and should not be the sole defining factor in appraising options. The business case identified five key non-quantified benefits that would flow from the development of the Innovation Centre and its associated entrepreneurship and innovation programme.
- The Innovation Centre could support efforts to address structural weaknesses within the Workington economy - boosting levels of

entrepreneurship and innovation, which are relatively low, as well as creating employment opportunities for local residents.

- The provision of higher quality office space will enhance Workington's ability to attract and retain high quality innovative firms, making it easier for the town to attract and retain the higher skilled workers these firms need, thus helping to tackle the area's stubborn skills deficit. It could also form part of a broader strategic agenda at the level of West Cumbria to support the transition to a more innovation-intensive and technology-rich economy.
- The Innovation Centre could develop a community of innovative companies, helping to enhance the image/profile of Workington as a business location, and attract more tenants to the Innovation Centre in future, thus further supporting local economic growth.
- Increasing levels of activity at the Innovation Centre would also generate benefits for the wider town centre through increased footfall and spending. Re-energising the town centre will be particularly important to respond to the negative impacts of Covid-19. The Innovation Centre could also help Workington respond by meeting the likely increased demand for flexible 'third spaces' as a result of behavioural shifts observed during the pandemic.
- The Innovation Centre could help to address local commercial property market failures, whereby viability gaps prevent developers from bringing forward Grade A space. A successful WIC would help to de-risk future speculative commercial development schemes in the area by showing that higher rental levels are achievable, thus helping to close the viability gap on future schemes.

Financial Case

- 8.19 In considering the financial case for this project it is recognised that the Council does have a significant financial interest in this project given that the Council will be responsible for project delivery, will provide a significant capital contribution to the project and will be responsible for the future ownership and operation of the building.
- 8.20 The financial appraisal undertaken considers the capital costs of constructing the Innovation Centre, ongoing operating costs, rental income and the capital and revenue funding available.

Capital Costs

- 8.21 Based on an Order of Cost Estimate produced by Quantity Surveyors at Mott MacDonald based on a RIBA Stage 2 Concept Design Report produced by Buttress Architects the total estimated cost of construction of the Innovation Centre is £8.77 million. This includes a contingency allowance of 10%.

- 8.22 These figures are considered to be cautious estimates and will need to be refined as the final design and specification of the building is developed.

Annual Operating Costs

- 8.23 A number of detailed assumptions have been made in relation to the annual operating costs of the Innovation Centre informed by discussions with an experienced innovation centre operator. The majority of costs relate to staffing and property costs. Operating costs have been estimated as being £234,272 in the first year of operating rising to £313,274 in year 10.

Operating Income

- 8.24 The main source of income for the Innovation Centre will be rental income from tenants as well as from the users of the meeting rooms and events space. It is proposed that the rental will include utilities, service charge and broadband and access to the entrepreneurship and innovation support but excluding business rates. Some income will also be generated by rental income from the café operator.
- 8.25 The income model developed for the financial case is based on an initial rental level of £18.50 per sq. ft which is similar to what is currently achieved at Westlakes Science Park. As noted above the rental would however be all inclusive and include access to the support package provided by the Innovation Centre.
- 8.26 The total rental income received will be dependent on the levels of occupancy that can be achieved. Whilst it is anticipated that the Innovation Centre will generate income from year one it will take time for occupancy levels to build. Rental incomes have been modelled on the assumption that 25% occupancy will be achieved in year 1 rising to 90% by year 7. It is assumed that occupancy levels will not exceed 90% taking into account there is expected to be a level of churn in terms of occupiers moving in and out of the building. The cumulative operating loss for the Innovation Centre in the initial years of operation is estimated at £630,000 before an operating surplus starts to be generated by year 7.
- 8.27 It is recognised that in the early years of operation total expenditure will exceed income whilst occupancy levels build however this was always expected to be the case which is why the proposed funding allocation from the Town Deal includes a level of revenue support.

Funding available

- 8.28 The proposed capital funding allocation from the Town Deal is £7.5 million whilst a £1.3million match funding contribution from the Council's capital programme is proposed therefore the estimated £8.77 constructions cost is considered to be affordable.
- 8.29 The proposed revenue support contribution up to the end of 2025-26 from the Town Deal is £700,000. Whilst this is sufficient to cover the forecast losses there is risk that the timing of the support is outside the Towns Deal programme.

Financial Considerations and Risks

- 8.30 The Council will be responsible for the delivery and subsequent operation of the Innovation Centre, so it is important to consider the potential financial risks associated with this. This assessment has also been informed by the appraisal undertaken by CCC.
- 8.31 In terms of the development of the Innovation Centre an assessment of potential construction costs has been undertaken which indicated that the project is affordable. It is however recognised that these costs will need to be further refined as design development work is progressed and that construction price inflation is a current risk to all capital projects. A contingency provision has been allowed for in the cost estimates but there remains the potential for cost overruns. To mitigate this risk the procurement approach proposed in the commercial case (SCAPE) allows for early engagement with the construction contractor and this will allow for costs to be closely monitored as the scheme progresses and action taken where necessary, for example through value engineering to ensure that the project can be delivered within budget.
- 8.32 In terms of future operating costs, it is considered that the financial appraisal undertaken is robust, but it necessarily relies on a number of informed assumptions in relation to the rental level and predicted occupancy levels being achieved. The predicted rental levels are not currently being achieved within the office market in Workington but it must be recognised that no comparable facility to that proposed currently exists. Similar rental levels are currently being achieved at Westlakes Science Park and the Workington Innovation Centre will provide an enhanced offer in terms of the additional services provided.
- 8.33 The engagement undertaken to date suggests there is strong support for the Innovation Centre proposal and the challenge will be to turn this broad support into commitments to take space in the centre. Officers will continue to work with potential partners to secure potential occupiers for the Innovation Centre.
- 8.34 The proposal to appoint an experienced partner to operate the centre on the Council's behalf as set out in the commercial case below seeks to further mitigate this risk of not achieving the required occupancy levels as they will have the relevant skills and experience to market the facility and cultivate demand and will be incentivised to do so. It is proposed that further market testing is undertaken to test the robustness of the proposed management approach.
- 8.35 As set out above even if the predicted demand is met there will be a shortfall in revenue over the initial years of operation. There is provision of revenue support within the Towns Deal, but this must be drawn down by the end of the programme in 2025-26. As the requirement for revenue support continues after this time there is a risk that this funding cannot be fully utilised. Ways to mitigate this risk and ensure the full revenue support can be drawn down will need to be explored. This will require further discussions with the management company as to modelling of expenditure.

- 8.36 If the required occupancy levels cannot be achieved there is a risk that the Council may need to underwrite any additional revenue deficit. This risk could however be mitigated by seeking to repurpose parts of the building. For example, it is suggested that the upper floor of the building could be repurposed as an aparthotel. At this stage no detailed assessment of the costs, demand for, or viability of, alternative uses has been undertaken, but the design strategy for the building seeks to ensure that its future use is as flexible as possible.
- 8.37 A further issue to be considered is that the site of the proposed Innovation Centre is currently in operation as Central Way carpark. The development of the site will therefore reduce the overall number of parking spaces available. An initial review has indicated that this car park is not fully utilised and that current users could be accommodated in other council owned town centre car parks, including the adjacent multi-storey carpark, but there is likely to be some displacement.
- 8.38 It is acknowledged that there is a level of financial risk to the council associated with the project both in terms of potential cost overruns in relation to the construction of the building and potential revenue implications were the Innovation Centre to underperform. As outlined above further work will be undertaken to quantify and mitigate these as the project is developed through early engagement with the construction contractor and potential management operators prior to the award of contracts for the construction and management contracts. It must however be noted that there is also a level of risk associated with not proceeding with the project in terms of not taking advantage of this significant opportunity to secure funding through the Town Deal for a major regeneration project within Workington town centre.

Commercial Case

Operation of the Innovation Centre

- 8.39 To maximise the potential of the proposed Innovation Centre it is important that an appropriate commercial model is adopted for the management of the facility.
- 8.40 An options appraisal was undertaken in developing the business case which considered three options.
- A third party specialist via a Management Agreement (outsourced model)
 - A third party operator via a long-term lease arrangement
 - Allerdale Borough Council operates the Innovation Centre direct
- 8.41 The option of the Innovation Centre being directly operated by the Council was rejected primarily that the Council does not necessarily have the in-house expertise that will be needed to cultivate demand and manage the Innovation Centre and that there would be an advantage in bringing in a specialist operator with experience providing innovation support and entrepreneurship programmes in similar centres elsewhere.
- 8.42 In considering options for a third party operator it is considered that as it is likely to take some time for the Innovation Centre to generate a surplus as set out in the

financial case a lease arrangement is unlikely to be attractive to the operator market.

- 8.43 The preferred option is therefore to seek to procure an operator via a Management Agreement that provided a fixed management fee and an incentive fee based on profit or revenues generated. As indicated above this option will be subject to further market testing.

Procurement Strategy

- 8.44 The Innovation Centre project will give rise to three procurement requirements.
- 8.45 *Construction Contractor:* Allerdale Borough Council will have responsibility for the construction of the proposed Innovation Centre. It is proposed to use the SCAPE Construction Framework to procure a contractor to undertake the construction works. The Council has experience in using the SCAPE framework in relation to the construction of the Workington Leisure Centre and this framework does allow for early engagement with the contractor providing an opportunity to further refine both the cost plan for the proposed development and the risk associated with this as well as developing the project plan in more detail.
- 8.46 *Innovation Centre Operator:* It is proposed to advertise the requirement for an operator to manage the Innovation Centre via The Chest which is the North West's Local Authority Procurement Portal is one of the Council's standards approaches to procuring goods and services.
- 8.47 *Café Operator:* It is envisaged that the café operator will be procured separately to the Innovation Centre Operator and that this opportunity would be attractive to a local operator. The Chest would also be used to advertise this procurement opportunity.

Management Case

- 8.48 The Management Case sets out an indicative plan for governance and project management for the Innovation Centre which includes the establishment of a Workington Innovation Centre Board. It is anticipated that the Board would include senior representation from the Council and other organisations such as Cumbria LEP, Cumbria Chamber of Commerce, the local FE sector as well as private sector representatives. The role of the Board will be to provide strategic oversight to the Innovation Centre management team to ensure the successful delivery and operation of the facility. Part of the strategic oversight role provided by the Board will be ensure that the operator of the Innovation Centre is fully engaged with the wider business support and innovation landscape across West Cumbria so that the Workington Innovation Centre operates in partnership with other innovation facilities in the area such as Eagle Labs at Whitehaven.
- 8.49 As set out in the Commercial Case it is proposed to appoint a specialist operator to take responsibility for the day-to-day management of the Innovation Centre. The management case does however set out an indicative staffing structure for the facility. It is considered that the management team will have a critical role in

ensuring the success of the facility and contributes to the wider success of the town centre.

Entrepreneurship and Innovation support programmes

8.50 In addition to the provision of attractive and flexible accommodation for businesses a key aspect of the Innovation Centre is the programme of business and innovation support that it is intended to provide. The operator of the will be expected to develop this programme in detail when appointed but it is anticipated that it will include a range of activity, examples of which are set out below:

- Business planning, growth and strategy workshops as part of a broad incubation programme offer including activity with local young people / enterprise competitions etc.
- Diagnostic assessments of business' current innovation status and opportunities to accelerate adoption
- Sector or technology specific/themed workshops
- Support to design customer and market validation exercises
- Introductions to private and public funders
- Introductions to suitable academics, RTOs and other specialist support bodies as part of the commercialisation process
- Investment pitch preparation
- Facilitated introductions to other key members of the local innovation system
- Support in exporting
- Information and guidance on intellectual property protection
- Creating events which bring together, in a targeted way, potential innovation collaborators
- Helping to produce and publicise case studies of centre companies' growth and successes to help promote them, the centre, and also to act as an inspiration to local entrepreneurs and innovators.

8.51 It is also intended that the Innovation Centre will be a hub for events, networking and wider community engagement with a regular programme of events during the day and on evenings. Again the operator will be expected to develop a detailed programme once appointed but this would be expected to include networking events, hosting meetings and showcasing cutting edge technologies. The café area in particular can be used to host events to attract new audiences that would not otherwise the Innovation Centre and this also provides an opportunity to generate activity that will support the wider town centre.

Delivery and Governance Arrangements

8.52 Allerdale Borough Council will be responsible for the delivery of this project within the Council's existing governance arrangements and the appointment of a construction contractor and centre operator will be undertaken in accordance with the Council's procurement rules.

8.53 As outlined in the management case it is proposed to establish a Workington Innovation Centre Board to provide project specific governance and oversight.

8.54 In addition to the project specific monitoring arrangements set out in the business case. The delivery of the project will be monitored using the Council's existing reporting structures via the Regeneration and Investment Board and quarterly reports to Executive. Regular updates will also be provided to the Town Deal Board which will provide a further level of oversight to the project.

It is proposed that further operational decisions relating to the inclusion of the part of the Central car park within the proposed development site be delegated to the Chief Officer (Finance and Assets).

Risk Analysis

8.55 A number of key risks for the project are identified in the table below. The risk register will be further refined and developed as the project is development and in particular following early engagement with the construction contractor through the SCAPE Framework.

Risk	Impact	Likelihood	Mitigations
Final design of the WIC not attuned to needs of target customers	1	5	Expert advice from a successful operator of such environments to provide 'critical friend support' as the design evolves to ensure design is fit for purpose as it progresses through the planning process.
A suitable contractor cannot be procured	2	5	The inability to procure a suitable contractor to build the WIC could result in significant delays and financial implications. ABC will launch a competitive tender exercise to find a suitable contractor using the SCAPE Framework which the council have successfully used for previous schemes.
An experienced innovation centre operator(s) cannot be procured	2	5	Strong management by a specialist operator is an integral part of the WIC concept if the project is to deliver effectively against its core objectives. At this stage, there is no certainty that the WIC will be attractive to commercial operators given the economic and commercial property market contexts for the scheme. ABC will launch a competitive tender exercise to find a suitable operator for the WIC.
Costs increase/ inflation	2	5	Inevitably, there is a risk of a lack of demand from enterprises for space in the WIC, exacerbated by the changes to work patterns owing to the Covid-19 pandemic. A specialist operator with a strong track record in operating innovation centres across the UK will be procured to manage the WIC. An effective marketing strategy will be developed to promote and encourage the uptake of the space. The delivery of high quality innovation support and entrepreneurship programmes will help to cultivate demand and raise rental levels. Also, the design of the building is very flexible, as well as being inspirational and aspirational. WIC will be able to respond quickly to changes in patterns of demand, and the top floor could easily be repurposed for use as an aparthotel, which would drive additional demand.

Lack of strategic oversight	1	4	Strategic oversight is key to ensuring that the project is delivered successfully. The Workington Innovation Centre Board comprised of senior representation will be responsible for providing strategic oversight and constructive 'check and challenge'.
Lack of partnership working	2	4	The project is committed to partnership working. One of the roles of the Board will be to ensure that the innovation centre maximises cluster development opportunities and builds synergies with complementary hubs. The operator will also be required to engage with the wider business support and innovation landscape across West Cumbria.
Commercial model is unsustainable	1	5	Early analysis and refinement of the model. Regular reviews of risk. Regular reviews of potential for additional services to enhance the sustainability of the model.

Project Conditions

- 8.56 The Head of Terms for the Workington Town Deal does not include any project specific conditions for this project. In relation to the general conditions which are applicable to this project it is proposed the project will be delivered by Allerdale Borough Council in accordance with the delivery arrangements set out in the business case. The business case also identifies project risks and mitigations. Engagement with the private sector has taken place in developing the business case. An equality impact assessment has been undertaken for the project.

Outputs and Outcomes

- 8.57 The following objectives are expected to be generated by the proposed Workington Innovation Centre:
- Five new companies started and housed within the WIC by 2030
 - By 2030, fifty new jobs (gross) will be created in the WIC
 - Ten strategic collaborations developed for tenant businesses by 2030
 - A 15% increase in the proportion of firms engaging with R&D and innovation in Workington by 2030
 - By 2030, increase the headline all-inclusive rental figure for Grade A office space in Workington Town Centre to £21.50 per sq. ft.

9.0 Community Sports Village

Project Overview

- 9.1 This project sees to provide an improved community sports and leisure facility within the Lower Derwent Valley close to Workington town centre and the existing Workington Leisure Centre as well as the existing cricket and bowling club. At the heart of the proposed development would be the redevelopment of the existing football ground at Borough Park to provide a shared stadium for Workington AFC (Reds) and Workington Town RLFC alongside a new community facility on the site of the former Lonsdale Park which is located adjacent to Borough Park.

- 9.2 It is recognised that to achieve the ultimate aspirations for the sports village project may take some time and require significant investment over and above that which has currently been identified.
- 9.3 It is therefore proposed to take a phased approach to the delivery of the sports village which will nevertheless still offer significant benefits in the short term and be an important first step in delivering the overall ambitions for the scheme.
- 9.4 The first phase of development to be funded through the Town Deal would be based on a partial redevelopment of Borough Park and primarily involve the demolition and replacement of a new stand in its place. The existing playing surface would be replaced with a new synthetic pitch which will allow for the increased use of the pitch by both clubs as well as offering potential for increase usage outside of match days.
- 9.5 The new community pitch on Lonsdale Park will be funded separately and initial discussions with the Football Foundation in relation to this development have already commenced. The upgrading of existing poor quality pitch provision at Moorclose is also being explored.
- 9.6 Subject to additional funding being generated the further redevelopment of Borough Park would involve the replacement of the remaining stands and the introduction of additional facilities.
- 9.7 The business case has been developed with the support of Mott MacDonald as part of the strategic partnership arrangement with the Council.

Strategic Case

- 9.8 The Sports Village proposal strongly aligns with a range of policies at local, regional and national level and is a key element of the ongoing regeneration of this part of Workington building on the successful development of the Workington Leisure Centre and the more recent Travelodge development.
- 9.9 At a national level the development will contribute to the aims of the Levelling Up agenda as well as DCMS and Sport England strategies to encourage more engagement in sport.
- 9.10 At a regional level the Cumbria Tourism Strategy suggests using venues to promote Cumbria's unrivalled reputation for Culture, Heritage and Events. Events at the Sports Village, both sporting music and other kind, can help contribute to this and enhance Cumbria's reputation. In unlocking growth and employment the proposals contribute to the Cumbria Recovery Strategy and in promoting physical activity, helping to reduce isolation and encourage health habits will support the Cumbria Joint Health and Wellbeing Strategy.
- 9.11 At a local level the proposals align with Local Plan policy in relation to the future development of the Lower Derwent Valley. The proposals are also consistent with the aims of the Council's Physical Activity Strategy which aims to encourage

participation in sport and physical activity leading to sustained, positive lifestyle changes. The sports village will also contribute to addressing the shortfall of playing pitch provision in Workington as identified in the Playing Pitch and Outdoor Sports Strategy.

9.12 The key aims of the sports village can be summarised as follows:

- Contribute to Levelling Up in the UK: spreading prosperity and access to opportunities to more deprived areas, communities, and people providing access to culture and sport, employment opportunities, spreading the future economic success of the Sports Village and clubs involved as addressing the region's health challenges.
- Enhance the club's commercial opportunities and economic resilience: through investing in the Sports Village facilities, resources, and conditions for the clubs to create the conditions for new and enhanced revenue through community facilities. This is expected to close the gap on non-match days.
- Enhance West Cumbria's tourism reputation: building on and diversifying the tourism and destination offer by adding an additional facilities and programming.
- Address the health challenges and encouraging healthier and more active lifestyles and discouraging smoking, excessive alcoholism, and poor diets. The community facility should address inactivity which is a major cause of death and disability in the region.
- Stimulate town centre footfall and give people a reason to visit the Workington Town Centre and Lower Derwent Valley with festivals, events, cultural activities, sport, and other programming introduced at the Sports Village.

9.13 In articulating the case for change a key driver for this project is that the existing grounds at Borough Park (Workington Reds) and Derwent Park (Workington Town) do not meet modern standards and expectations and in particular key issues that must be addressed are:

- The current Borough Park and Derwent Park facilities are not inclusive and accessible sporting facilities for community usage.
- Limited capacity for growth in current facilities with strict league requirements if clubs are to achieve promotion and move up the hierarchy.
- The stadiums are expensive to maintain and have extremely poor environmental and sustainability standards.

9.14 The without the public investment provided through the Town Deal it is unlikely that wider future investment in the sports village development will be forthcoming and a once in a generation opportunity to create a positive change, support Workington's

two primary sporting clubs and engage in the wider community with positive health and wellbeing benefits, will be lost.

Economic Case

9.15 The approach taken to the economic case for the Sports Village project is based on a combination of quantitative and qualitative analysis focussed on capturing the core benefits of the scheme.

9.16 The quantitative value for money analysis covers two key outcomes, which are:

- Land value uplift effects arising from the more productive use of the site.
- Quantifiable participation benefits arising from the project's role as a community facility.

In addition, there are several wider economic benefits. These are:

- Employment creation from construction and operation of Sports Village.
- Gross Valued Added increase to the economy arising from higher employment.
- Additional spending within the Workington economy because of the Sports Village.
- Additional economic activity associated with the including hospitality space.

9.17 The detailed assessment undertaken is set out in the business case appended to this report.

9.18 The economic case considers the value for money in terms of the proposed public investment in the first phase of development and demonstrates a Benefit Cost Ratio (BCR) of 1.5. In terms of the longer-term vision for the sports village it is demonstrated that the BCR would rise to 2.2.

Financial Case

9.19 The funding sources that are potentially available to deliver the initial phase of the sports village development are £5.4 million allocation from the Town Deal, a £1m capital contribution from Allerdale Borough Council and £150,000 that Workington Reds are able to access from the Football Stadium Improvement Fund.

9.20 In relation to the first phase of development an Order of Cost Estimate using the RICS – New Measurement Rules has been produced by Mott MacDonalds Quantity Surveyors. This estimates the cost of the first phased of development including the replacement of the main stand and playing surface at Borough Park as £6.5 million demonstrating that the initial phase of development is affordable if all of the funding identified above can be accessed and risks relating to costs certainty are successfully mitigated.

9.21 Clearly given the current stage of project development there is a high degree of uncertainty in relation to the cost estimates at the present time and it should be noted that the costs estimates exclude certain elements such as VAT, fit out and

some operational costs. The costs estimates will be further refined as design development work progresses and it will be important to ensure that this is closely monitored to ensure that the costs remain within budget and the project satisfies affordability and viability requirements. The VAT treatment of the project will be dependent on the corporate status and structure of the Sports Village Company and its commercial arrangements. It will be necessary for partners to consider the extent to which a VAT liability arises as part of the work in establishing the Sports Village Company and how it will meet that liability in whole or in part. Risks associated with uncertainty around current costs estimates will be managed through revision to the scope of the scheme or appropriate value engineering.

- 9.22 The community pitch is expected to be funded separately with initial discussions having commenced with the Football Foundation in relation to both this and the potential improvement of the existing poor-quality pitches at Moorclose.
- 9.23 There is no commitment to ongoing public funding to support the ongoing running costs of the sports village. It is important that the facility is therefore self-sustaining and it is important that appropriate commercial arrangements are put in place to enable this. The proposed arrangements are set out in more detail below but in the short term the proposals will reduce both clubs ongoing maintenance liabilities in relation to both Borough Park and Derwent Park and by sharing a single ground operating costs can also be reduced contributing to the increased financial sustainability of the sporting operations.

Commercial Case

- 9.24 Project development work to date has been undertaken jointly by Workington Town and Workington Reds (the Stadium Partners) with support from Allerdale Borough Council through the establishment of a joint Sports Village Project Board. It is agreed that the sports village should be led by both clubs and whilst the Council will provide some capital funding to facilitate the development and will continue to provide practical support through staff resources it will be the Stadium Partners that will be responsible for the delivery and ongoing operation of the Sports Village.
- 9.25 The commercial model to be adopted for the Sports Village is therefore required to provide a steady income stream to the stadium partners, importantly this will enable the distribution of funds to maximise the community and health benefits.
- 9.26 It is therefore proposed to establish a new Sports Village Company that will be responsible for the delivery of this project and the ongoing running of the facilities. The proposed arrangements for this are set out in more detail in the management case below.
- 9.27 It is proposed that the Sports Village Company appoint a suitably qualified and experienced project manager to support the delivery of the project and lead on the procurement of a suitable design team and construction partner to progress the development.
- 9.28 Although the commercial strategy is clearly set out the Sports Village Company has not yet been established and provides some uncertainty risk to the future delivery of

the project. Given the high level of public funding that is required to deliver the development it is considered that any funding award should be subject to a series of conditions to ensure that robust financial controls and project management arrangements are in place to ensure that the project's objectives can be delivered.

Management Case

- 9.29 Following consideration of a range of potential options for the delivery of the Sports Village Project, as set out in the business case, it is proposed to establish a new Sports Village Limited Company which would be 50/50 owned by Workington Town and Workington Reds who would each appoint new directors to the board of the new company but additional independent directors would also be appointed which have appropriate specialist knowledge and expertise to support the delivery of the project.
- 9.30 The Sports Village would have the ability to establish subsidiary companies to lead on the delivery and operation of the sports village and could also if appropriate establish a community interest company to deliver aspects of a community engagement programme.
- 9.31 The Sports Village Company will be required to develop a robust business plan to ensure the long-term sustainability of the sports village which would include generating revenue from operations within the stadium, sponsorship etc. The Sports Village Company will be responsible for raising the additional funding necessary to deliver future phases of development.
- 9.32 As indicated above the Sports Village Company has not yet been established and therefore it is not yet possible to put in place a business plan for the Sports Village. This again provides a degree of uncertainty and represents a risk in terms of the delivery, viability and affordability of the project.

Issues for further consideration

- 9.33 Following the appraisal of the business case, including input from CCC, a number of refinements have been made to address issues raised but as indicated above significant uncertainty remains in a number of areas and this represents a risk to the future delivery of the project.
- 9.34 The outstanding risks and uncertainties arise primarily from the need to put in place the commercial structure proposed for the delivery of the project and in particular that the Sports Village Company has not yet been established. This means that many of the actions required to mitigate risk and provide confidence in relation to the delivery of the project, such as the preparation of a robust business plan and detailed project delivery plan cannot yet be put in place. It is known that Workington Town and Workington Reds are taking steps to put the necessary structures in place but it is considered that no substantial funding award should be made until key conditions can be met.
- 9.35 The business case suggests a number of funding conditions that it may be appropriate to include within a future grant funding agreement however before a

grant funding agreement can be put on place it is considered that a number of key conditions should be met. These include:

- The vehicle for the delivery of the scheme (i.e. the Sports Village Company) should be established and details of the term of reference/articles of association provided setting out the proposed governance arrangements for the sports village.
- A business plan providing further detail of financial modelling, project plan governance arrangements and risk register relating to the delivery and ongoing operation of the sports village.
- Confirmation of key personnel responsible for delivery of the project, including relevant experience.
- Stakeholder management plan
- Legal and financial advice on any VAT liability arising from the project, and how the Sports Village Company will meet this liability (which will not be met by Allerdale Borough Council).

9.36 Whilst it is considered that no substantive funding award should be made until the key conditions outlined above have been met and a grant funding agreement is in place it is recognised that some funding support to the clubs may be required to enable them to get to this stage of development. To support with project delivery DLUHC has released an advanced 5% capital funding pre-payment. This advance funding award is not yet fully allocated and could be used to support the clubs in completing that additional project development work. It is suggested that the clubs be requested to put forward a costed proposal for the necessary additional work and that approval of an advance funding award be delegated to the Programme Director.

Risk Analysis

9.37 Key risks for this project identified at this stage are set out in the table below. As set out above it is expected that a more detailed risk register will be developed following the establishment of the sports village company.

Risk	Impact	Likelihood	Mitigations
Construction costs inflation impact on delivery of scheme within budget	4	2	Contingency provision included within cost estimates. Robust financial/project management mechanisms. Project scope reviewed/value engineered as required. Appointment of experienced project manager for project.
Sports Village Company fails to generate match funding required	4	2	Ensure appointment of appropriately experienced directors to Board. Robust business plan required. Phased approach to development proposed.
Commercial model fails to generate sufficient revenue to sustain facilities	4	2	Ensure appointment of appropriately experienced directors to Board. Robust business plan required
One of clubs goes into administration	4	2	Sports village company structured to ensure ongoing operation of facilities. New tenants to be sought.

Delay or failure to secure planning permission	3	2	Early and ongoing engagement with local planning authority.
Construction costs, VAT fit out and operational costs cannot be successfully managed to achieve scheme affordability and viability meaning that the project cannot proceed	4	2	Requirement to provide satisfactory corporate governance, business plan and VAT treatment (with expert legal/finance advice) are conditions of grant funding. Project scope reviewed/value engineered as required. Robust financial/project management mechanisms. Ongoing engagement with DHLUC regarding funding.

Delivery and Governance Arrangements

- 9.38 Responsibility for the delivery of this project will lie with a new Sports Village Company to be created to deliver and operate the facilities. A grant funding agreement will be required with the Sports Village Company with appropriate conditions to ensure that robust financial controls and project management controls are in place.
- 9.39 In addition to the project specific monitoring arrangements set out in the business case. The delivery of the project will be monitored using the Council's existing reporting structures via the Regeneration and Investment Board and quarterly reports to Executive. Regular updates will also be provided to the Town Deal Board which will provide a further level of oversight to the project.
- 9.40 The freeholds for Borough Park and Lonsdale Park are owned by the Council. Workington Reds have a lease for Borough Park which expires in March 2025 but is a protected lease in terms of the Landlord and Tenant Act 2025. Subject to an agreement on terms in accordance with the Council's Disposals and Acquisitions Policy and relevant legislation it is proposed that a long term lease be granted to the Sports Village Company in relation to both Borough Park and Lonsdale Park to facilitate the delivery of the Sports Village Project. This will require Workington Town to surrender their existing lease in favour of the new arrangements.

Project Conditions

- 9.41 The Head of Terms for the Workington Town Deal does not include any project specific conditions for this project. In relation to the general conditions which are applicable to this project it is proposed the project will be delivered by the Sports Village Company in accordance with the delivery arrangements set out in the business case. The business case also identifies project risks and mitigations. Engagement with the private sector has taken place in developing the business case. An equality impact assessment has been undertaken for the project.
- 9.42 It is noted that the match funding requirements and outputs agreed in the Heads of Terms for this project will not be fully met by the initial phase of development as described in the business case.

Outputs and Outcomes

- 9.43 The main output from this project will be the provision of an upgraded sports stadium at Borough Park with a new synthetic pitch which will allow for increased use of the stadium. The project also aims to provide an additional synthetic pitch adjacent to the main stadium for community use with funding routes for this being actively pursued. It is hoped that this will be a catalyst for further expansion of the stadium in the future and potential further investment in the improvement of existing playing pitches elsewhere in the town.
- 9.39 As well as increased participation and engagement in sporting activities the project is anticipated to deliver improved perceptions of Workington as a place and an increase in visitors associated with sporting and other events.

10.0 Implications of Local Government Reorganisation

- 10.1 Proposals for Local Government Reorganisation in Cumbria anticipate that Allerdale Borough Council and Cumbria County Council will cease to exist from 1 April 2023 on the creation of two new unitary authorities.
- 10.2 The delivery of the Town Deal Programme will extend beyond the vesting date of the new unitary authorities and the roles and responsibilities of both Allerdale Borough Council and Cumbria County Council in relation to project delivery and as accountable body for the programme will be transferred to the new Cumberland Council. As part of the Implementation Programme for Local Government Reorganisation appropriate arrangement for the transfer of responsibilities will be put in place to ensure the continued delivery of the Town Deal Programme.

11.0 Implications and Impact

12.1 Contribution to Council Strategy Priorities, Outputs and Outcomes

The Town Deal projects contribute to a number of the priorities and objectives of the Council Strategy 2020-2030 and in particular the following:

A cleaner, greener Allerdale

- Use our assets to encourage green technology

Invest to grow

- Use our asset portfolio to create new or different opportunities
- Utilise key partnerships to stimulate growth
- Work with partners on key economic sites and opportunities

Thriving towns and villages

- Create deliverable town plans that enable our towns to adapt to the changing nature of the high street.
- Support businesses (through future provision of accommodation)
- Give people a reason to visit our towns (festivals, events, cultural and sporting activities, markets)

Resilient communities

- Address inequalities (through improved job opportunities resulting from future development of sites)
- Promote healthy active lifestyles
- Address community safety issues

The development of the business cases for the Workington Town Deal is a key activity identified in the Council's Delivery Plan 2021-2022.

12.2 Finance/Resource implications

The funding allocations for the Town Deal for the five Town Deal Projects are as follows:

Digital Accelerator: A funding allocation from the Town Deal of £1 million. There is no match funding requirement for this project. The project will be delivered in partnership with Lakes College.

Public Realm and Connectivity: A funding allocation from the Town Deal of £4 million.

Port/Oldside: A funding allocation from the Town Deal of £4.5 million

Innovation Centre: A funding allocation from the Town Deal of £8.2 million comprising a capital allocation of £7.5million and a £700,000 revenue allocation to support the operation of the Innovation Centre and entrepreneurship programme. A £1.3m capital contribution from Allerdale Borough Council.

Community Sports Village: A funding allocation from the Town Deal of £5.4 million. A £1m capital contribution from Allerdale Borough Council.

The Council has already received advance funding of 5% of the total award and, subject to the approval of the business case summaries, further funds will be drawn down on an annual basis in accordance with a financial profile submitted to DHLUC at project confirmation stage. As a result of further project development work there is some variation between the funding profiles set out in the business cases and the financial profile previously submitted however it is considered that this is a cash flow management issue that can be managed at programme level.

12.3 Legal and governance implications

Allerdale Borough Council is the lead Council and accountable body for the Town Deal. The legal and governance arrangements for each of the projects are set out above.

12.4 Risk Analysis

Each of the project business cases includes a detailed risk register. Details of the key risks for each of the projects are set out in this report.

12.5 Increasing satisfaction and service

The projects included within the Workington Town Deal aim to build on the town's quality of life offer and improve opportunities for residents, visitors and business. Particular benefits will be increased opportunities for employment and training, greater access to formal and informal sport and recreation and improved public realm and connectivity within the town centre.

12.6 Equality Impacts

Equality Impact Assessments have been completed for each of the projects included within the Workington Town Deal and are appended to this report.

12.7 Health and Safety Impacts

The Health and Safety impacts associated with the delivery of the individual projects will be considered fully as the projects are developed in detail.

12.8 Health, wellbeing and community safety impacts

The projects included within the Workington Town Deal will make a significant contribution to improving the health and wellbeing by supporting new employment and training provision as well as increasing opportunities for participation in sport and informal recreation including walking and cycling.

12.9 Environmental/sustainability impacts

12.10 Other significant implications

None identified.

Appendices attached to this report

Appendix number	Title of appendix
1	Business Case – Workington Digital Accelerator
2a	Business Case – Workington Townscape and Connectivity
2b	Appendices – Workington Townscape and Connectivity
3a	Business Case – Port of Workington/Oldside Logistics and Green Energy Hub
3b	Appendices – Port of Workington/Oldside Logistics and Green Energy Hub
4a	Business Case – Workington Innovation Centre
4b	RIBA Stage 2 Report – Workington Innovation Centre
5	Business Case – Community Sports Village

6	Equality Impact Assessments
7	Appraisal and Response documents - Community Sports Village & Innovation Centre

Background documents available

Name of background document	Where it is available
Workington Town Investment Plan	workington_tip_v5.pdf (alldale.gov.uk)

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