

Allerdale Workshop and Employment Land Plan – 2016

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1 Introduction and Background to the Study

1.1 Introduction

- 1.1.1 BDP with Deloitte, Carigiet Cowen, CBO Transport and Donleys were commissioned by Britain's Energy Coast (BEC) and partners to prepare an Employment Land and Workspace Study for Allerdale.
- 1.1.2 The Employment Land and Workspace Study is a key framework tool, helping the partners to bring forward a supply of sites to facilitate economic growth and to contribute to the quality of life in the area. There is a focus on the delivery of key sites within the Borough and identifying a robust plan to bring forward regeneration and development.
- 1.1.3 This report is the Final Report which draws together key information from the process to provide BEC and partners with the information necessary to ensure that development opportunities are brought forward in a coordinated manner within an overarching framework.

1.2 Background and Process

- 1.2.1 The principle objectives of the commission, as set out within the brief were;

Objective 1: Establish a single source of information to illustrate the scope and range of development opportunities across the study area

Objective 2: Detail the opportunities and constraints/barriers which might influence the form and scope of the development of the individual sites including reference to local planning policies and strategies

Objective 3: Identify existing infrastructure provision and any deficits that might need to be addressed to facilitate development

Objective 4: Consider realistic development timescales and relate those timescales to any necessary infrastructure provision, including consideration of the programming of infrastructure provision on related sites, if and where appropriate, and the phasing of development and costs across the range of sites. This will give specific consideration of development potential and development appraisals for key locations.

Objective 5: Identify options for development and delivery, including a preferred option, and identify the conditions necessary to support delivery and potential sources of funding.

- 1.1.4 The process undertaken by the BDP Team was as follows:

- Stage 1: Inception
- Stage 2: Evidence Base
- Stage 3: Draft Plan and Site Options
- Stage 4: Stakeholder Engagement
- Stage 5: Delivery plan and structures
- Stage 6: Final Plan and launch.

Stage	Description
Stage 1: Inception	This stage included the inception meeting / workshop with the steering group which clarified the brief for the commission, agreed the sites for inclusion within the study and identified initial information on the sites and the Borough.
Stage 2: Evidence Base	<p>The Evidence Base Report provided an economic overview and market context. This was critical to understanding the key economic drivers that will drive demand for sites and premises of various types and in different locations. It also contained a Strategic Overview section, including a review of key strategic documents that set the objectives and overarching strategy for the future growth and development of the Borough. It considered some of the site specific issues at a strategic level, identifying transport, infrastructure and planning issues and summarising the impact on the sites.</p> <p>The Stage 2 Baseline report was supported by an Appendix of Proformas for the 23 sites, containing the following information:</p> <ul style="list-style-type: none"> • Existing Use • Site Description • Neighbouring Uses • Commercial Tenancies/ Occupations • Ownership • Access / Movement • Connectivity • Engineering • Planning • Market Interest • Development Potential / Issues.
Stage 3: Draft Plan and Site Options	<p>The Stage 3: Options Report used the information within the Stage 2 report to:</p> <ul style="list-style-type: none"> • Develop the Vision and Objectives that inform site prioritisation • Provide an analysis of the sites to identify a shortlisted set of key sites • Provide further analysis of the shortlisted key sites.
Stage 4: Stakeholder Engagement	<p>The focus of Stage 4 was;</p> <ul style="list-style-type: none"> • To understand the current perception of the West Cumbrian market • To identify investment criteria needed to trigger development.
Stage 5: Delivery plan and structures	<p>This stage focused on the delivery of the shortlisted key sites including the roles of the partners in ensuring sites/premises can be delivered to the market in locations which are favourable to developers and occupiers but also sustainable and that capture maximum benefit and impact for the key urban settlements in the Borough.</p> <p>This stage included a Delivery Workshop with key partners to test the role of both ABC and BEC in delivery and for using the 'toolkit' available to the public sector.</p>

1.3 Purpose and Structure of the Report

1.3.1 This report is the Final Report for the Employment Land and Workspace Study. It has three aims:

- To provide the Delivery Strategy for the Study, identifying delivery structures and a delivery programme for individual sites.

- To draw together key information from the preceding stages to provide Britain's Energy Coast and Partners with the process and rationale that supports the identification of key sites and the relationship between the sites. Provision of supporting background and technical information on the study sites, including additional information on shortlisted key sites.

1.3.2 The report is therefore structured as follows:

- **Section 2: Economic Context** - sets out the economic context which underpins the Employment Land and Workspace Study.
- **Section 3: Analysis of Sites** – outlines how the employment and workspace study will support the growth aspirations of the borough and draws together the rationale for short-listing key sites for focussed intervention.
- **Section 4: Spatial Strategy** – The shortlisted sites have been assessed against the wider spatial Strategy in Allderdale in order to provide a sense check.
- **Section 5: Delivery Strategy and Programme** –sets out the overarching delivery toolkit including intervention options. This section also provides a delivery strategy for each of the key sites and an overarching delivery programme.

1.3.3 There are a number of appendices to the report:

- **Appendix A: Site Assessment Matrix:** the scoring matrix of all 23 sites
- **Appendix B: Site Assessment Matrix Commentary:** commentary on the individual scores for each of the site under each criteria
- **Appendix C: Site Capacity modelling results:** floorspace figures of the development capacity for each of the shortlisted sites [may need to add some assumptions to this]
- **Appendix D: Boroughwide map of sites:** a map showing the location within the borough of all the study sites
- **Appendix E: Shortlisted Site Proformas and Capacity Plans:** extended proformas of all the shortlisted sites and capacity plans
- **Appendix F: Discounted Site Proformas:** proformas for the remaining discounted sites
- **Appendix G: Viability Note**

2 Economic Context

2.1 Introduction

2.1.1 This section of the report draws together information gathered from a review of existing baseline reports, with supplementary information from key stakeholder interviews and an existing knowledge of the local property market. The analysis undertaken on the national, regional and local economic picture, allows us to define the potential investment opportunities emerging over the next 2-10 year period in relation to West Cumbria.

2.1.2 The section considers:

- The national energy context and investment programme,; with a significant proportion of the population working in Sellafield and related business
- The regional context, highlighting the employment profile of the West Cumbrian economy, the importance of Sellafield, its supply chain as a major source of employment and the other major economic sectors;
- The local market context, illustrating the nature of existing market demand across the different property sectors;
- Emerging demand requirements from the emerging economic influencers; and
- A summary which identifies the likely opportunities and requirements relating to future accommodation demand.

2.2 The national energy context

2.2.1 The 2007 White Paper: "Meeting the Energy Challenge" sets out the Government's international and domestic energy strategy to address the long term energy challenges faced by the UK, and to deliver key policy goals to reduce carbon dioxide emissions and ensure energy security.

2.2.2 The January 2008 Energy Bill updated the legislative framework in the UK with key elements of the bill addressing nuclear, carbon capture and storage, renewables, and offshore gas and oil. This provided the framework to encourage investment in nuclear power within a new regulatory environment which was simultaneously published in the January 2008 Nuclear White Paper, paving the way for a new-build nuclear investment programme, from which West Cumbria is set to benefit.

Renewable energy context

2.2.3 In terms of renewable energy, wind power remains the dominant energy technology in the UK with 8.9 GW of installed capacity in 2012 and its share of generating capacity is projected to continue to increase as new schemes are commissioned. In addition, power from tidal lagoons represents an increasingly important component of the future electricity generation portfolio and Tidal Lagoon Power Ltd. (TLP) plans to develop six lagoon power stations in the UK - the first of which is a 320 MW power station in Swansea Bay where construction is due to commence during the first half of 2015. The entire lagoon construction programme will be spread over a 12-year period (from 2015 to 2027). Once fully operational in 2027, the six lagoons would



40,000

40,000 dynamic, highly skilled people directly employed in the UK nuclear sector (2012)

generate 30 TWh of electricity per annum, equivalent to 8% of forecasted UK electricity production in 2027 and enough to power 7.9 million homes.

The national nuclear decommissioning programme

- 2.2.4 The UK's strategy to clean up its existing nuclear facilities is being delivered by the Nuclear Decommissioning Authority (NDA) through the established decommissioning supply chain. This is an existing UK market worth around £3 billion a year. The skills, capabilities and capacity needed for this decommissioning work are significant in their own right.
- 2.2.5 From the NDA's £3 billion UK expenditure per year, £1.6 billion¹ of this is spent in the supply chain, supporting 3,500 companies. Up to £1 billion per year of the NDA's annual expenditure is offset by revenue from generation and reprocessing. Waste management and decommissioning is therefore a strong and assured market in the UK.
- 2.2.6 The UK decommissioning market works with two offsite hubs, located in Gloucester and Warrington, which host the companies responsible for managing the decommissioning of the UK's eleven Power stations. These locations are important in servicing the network and significant changes in travel-to-work patterns are already emerging in response to relocation of non-site-essential nuclear sector employment away from licensed sites to town centres and other employment sites.
- 2.2.7 The breakdown of Sellafield's workforce by area is illustrated below:

Location	Proportion of Sellafield Ltd Workforce
Allerdale	21.5%
Copeland	58.4%
Carlisle	0.6%
Barrow	3.7%
Risley	8.3%
Other	7.5%

Source: Sellafield Plan, 2011

¹ NDA (2012) Draft Business Plan (2013 -2016)

The national nuclear investment programme

- 2.2.8 The civil nuclear sector is estimated to have contributed around £3.8bn in sales to UK companies in 2010/11, demonstrating that the sector opportunities relating to nuclear are significant². Of the £3.8bn, activities related to nuclear power plant operations were valued at around £1.5bn. The UK's strategy to clean up its existing nuclear facilities is being delivered by the Nuclear Decommissioning Authority (NDA) through the established decommissioning supply chain. The existing UK market is worth around £3bn per year³.
- 2.2.9 There are major planned investments in new nuclear with the industry committed to helping build a low carbon secure energy future for the UK. EDF Energy and Centrica are seeking to build new reactors at existing nuclear sites at Hinkley Point in Somerset and Sizewell in Suffolk, providing work for companies in the local communities and across the UK economy as a whole..
- 2.2.10 Following purchase by Hitachi, Horizon is bringing forward plans to develop either two / three nuclear reactors at each of its sites; Wylfa on Anglesey and at Oldbury in South Gloucestershire. Hitachi has committed to work with Horizon in maximising UK content on projects.
- 2.2.11 NuGen, a joint venture between Toshiba and Engie, is set to develop a new generation nuclear power station of up to 3.4 GW on land in West Cumbria, on the site known as Moorside. NuGen will work in partnership with the local community in West Cumbria and will look to maximise employment and skills opportunities in the region. NuGen is currently progressing site assessments and obtaining the relevant planning permissions and licenses throughout 2017/2018. The final investment decision will be taken by the end of 2018.
- 2.2.12 The UK nuclear industry has the capability to carry out a significant proportion of the work involved in new nuclear power station projects in England and Wales. It is estimated that a 16GW new nuclear programme could support between 7,600 to 9,800 direct jobs in the supply chain on average, per year over the period 2012-2034, with each new power station thereafter employing up to one thousand people in operation.



Total commercial turnover of the UK nuclear supply chain for 2010/11 is estimated at **£4bn**. Five sites are earmarked for development by 2030

2.3 The Regional Economy

- 2.3.1 The West Cumbrian economy has a long history of heavy industry associated with metals and the energy sector. West Cumbria's employment structure is distinct compared to the national average due to the high proportion of workers in manufacturing (16,100 jobs). This accounts for a quarter of all employment and a third of all fulltime employment in the area. West Cumbria has outperformed the UK in recent years in retaining its manufacturing employment and skills base. The dominance of the manufacturing sector is also reflected in data on Gross Value Added (GVA) which reveals that the production sector accounts for

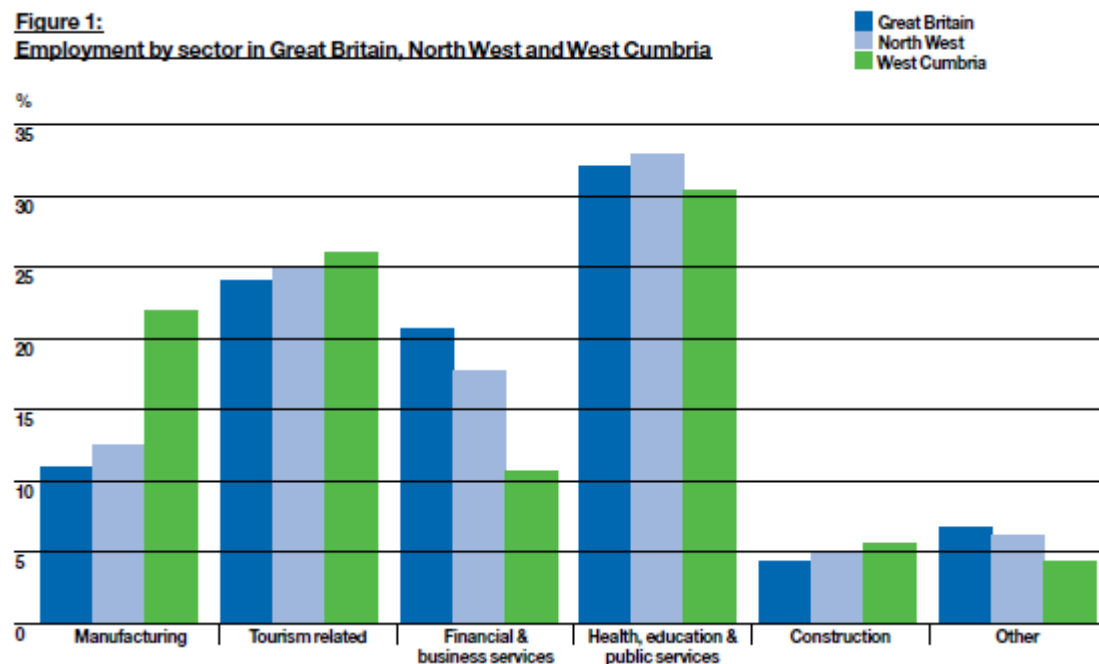
² Innovas and K-Matrix, Report for BIS. (2012). "Low Carbon and Environmental Goods and Services (LCEGS)2010/11"

³ HM Government: The UK's Nuclear Future

more than a third of all GVA in West Cumbria. Manufacturing has remained relatively resilient in West Cumbria, despite prevailing trends at a national level⁵.

- 2.3.2 The public sector is also a significant employer in West Cumbria. Public administration, health and education combined provide 15,500 jobs which represent 24.6% of total employment. This is lower than the equivalent national average of 28.2%⁶.
- 2.3.3 Sellafield Ltd is by far West Cumbria's biggest current employer, directly providing around 10,000 jobs and several thousand more in its supply chain⁷. Power generation ceased at Sellafield in 2003 and a process of phased decommissioning began leading up to planned closure of the site. The importance of Sellafield as a provider of employment in particular communities cannot be understated. For example, in Egremont, 45% of all those in employment work at Sellafield, in Cleator Moor 32.9% do so and in Whitehaven 31.8% do so. In these areas, Sellafield will frequently provide employment for several members of the same household. In Allerdale, the importance is less pronounced, although still significant. In Workington, 16% of residents work in Sellafield, and this narrows down to 5% in Cockermouth and 3% in Maryport⁸.
- 2.3.4 The predicted decline of employment at the Sellafield site has not materialised as the site has emerged as the UK's centre for Nuclear Decommissioning, capitalising on the wealth of nuclear industry expertise present in West Cumbria. The area is strongly placed to host one of eight planned new nuclear plants across the UK. Should this occur, private investment is likely to be in the order of £10bn. This investment presents the opportunity to attract new skilled individuals and their families into the area and create a lasting and positive impact by provision of new jobs⁹.
- 2.3.5 However, the way that West Cumbria has developed in the last decades as a "branch plant" economy means that much of this value leaks out of the economy to firms which are head quartered outside of West Cumbria. The prominence of the manufacturing sector compared to the UK is related to the operation of Sellafield and its supply chain, as illustrated by the following figure.

Figure: Britain's Energy Coast – A Masterplan for West Cumbria



⁵ The West Cumbria Economic Blueprint: Realising the Potential of Britain's Energy Coast

⁶ The West Cumbria Economic Blueprint, Britain's Energy Coast Cumbria

⁷ Sellafield Plan, 2011

⁸ Britain's Energy Coast Investment Strategy, Nuclear Topic Paper, 2011- SKM Enviro

⁹ The West Cumbria Economic Blueprint: Realising the Potential of Britain's Energy Coast

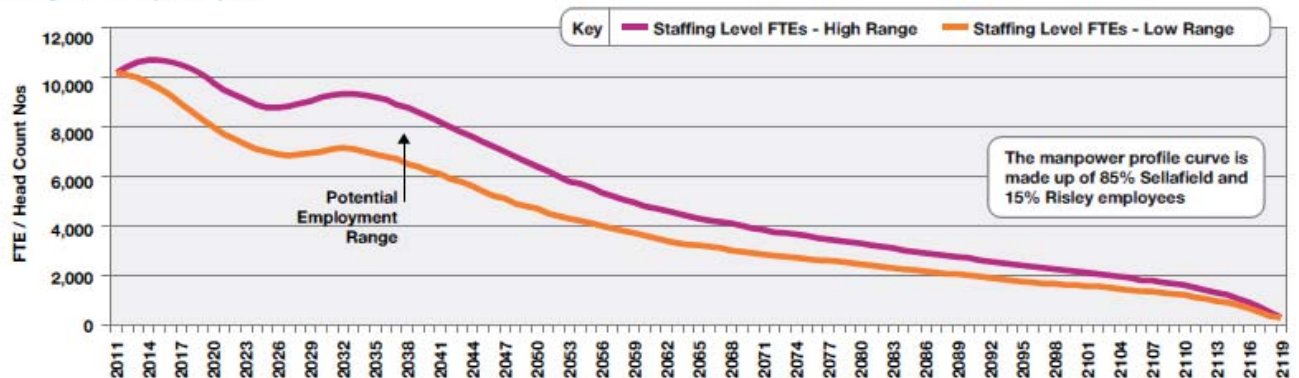
Regional economic influencers

The energy sector

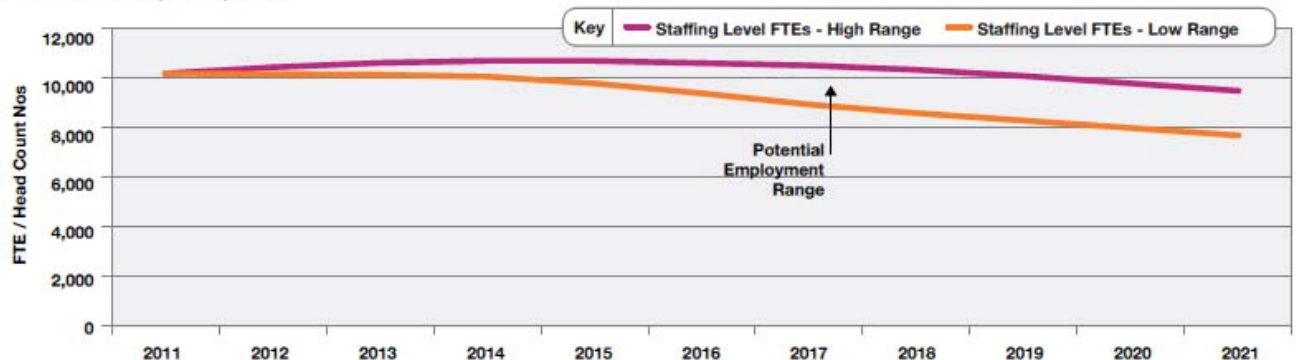
2.3.6 The energy sector is the dominating sector in West Cumbria and will continue to be in the foreseeable future. There are a number of key investments planned for West Cumbria's economy which in themselves will create major economic opportunities. These include:

- Nuclear Decommissioning, reprocessing and risk reduction on behalf of the UK Government:** the NDA are overseeing the clean-up and decommissioning of Sellafield, involving a major multi £billion investment programme. Various construction projects are also anticipated at the Sellafield site. Over 50% of the NDA's total budget is now dedicated to cleaning up the Sellafield site – around £1.5bn annually¹⁰ and £13.5bn¹¹ in total between 2014 and 2026- but the long and short term manpower profile for Sellafield Ltd. shows an overall reduction in employment levels over the forecast period to 2026/27, illustrated as follows:

Long term manpower profile



Short term manpower profile



Source: Sellafield Plan, 2011

- Nu Gen Investment at Moorside–** In line with the National Nuclear Investment Programme, West Cumbria has secured NuGen to develop a new generation nuclear power station at Moorside- one of five new nuclear plants across the UK with private investment in the region of £10bn¹². This investment presents

¹⁰ Sellafield Plan, 2011

¹¹ Sellafield Plan, 2011

¹² The West Cumbria Economic Blueprint, Britain's Energy Coast Cumbria, 2011

the opportunity to attract new skilled individuals and their families into the area and create a lasting and positive impact. To do this, the aim is to provide new jobs, new homes, infrastructure and services as well as re-invigorating the existing offer in terms of visitor accommodation, retail centres, educational facilities and business and industry locations. Moorside could become one of Europe's biggest new nuclear power developments, supplying up to 7% of the UK's electricity needs¹³.

- This nationally significant infrastructure project is targeted to commence power generation for the National Grid in 2025. Prior to that, the large-scale construction project will employ around 14,000¹⁴ people over the construction period with 6,000 people at its peak and will take approximately 7 years to complete¹⁵. This represents both a major economic opportunity for the area and a significant challenge. Initially jobs will peak at around 2024, then further at 2025 and 2026 as second and third reactors come online with numbers falling away to virtually zero by 2027. In terms of operational staff, from around 2021 there are likely to be 1,300 employment positions created on site¹⁶. 2018 will represent a significant milestone in the advancement of the project and the certainty attached, with the granting of the site license.
- **Supply chain flows-** Linked to both of these current and future investment programmes is the £800 million a year that is spent in the supply chain. This in itself is a significant benefit to the local economy, with almost 30%¹⁷ of this expenditure being retained within West Cumbrian business, a vital part of the local economy. The projected supply chain reported by Sellafield is detailed below which, although shows a downward trend, still represents a significant flow of money. The challenge for Allerdale lies in capturing a greater proportion of this spend locally.



Sellafield Plan, 2011

- **Tidal Lagoons-** Feasibility studies show that West Cumbria has the potential to support one of six tidal lagoons planned for Great Britain over a 12-year period (from 2015 to 2027). In addition to helping the UK transition to a low carbon future, a West Cumbrian lagoon could be uniquely positioned to deliver a range of social, economic and environmental benefits. The six proposed tidal lagoons could generate 8%

¹³ NuGen (October 2015) Moorside Environmental Update

¹⁴ Department of Energy and Climate Change, published in <https://www.gov.uk/government/news/major-milestone-reached-for-new-nuclear-in-cumbria>

¹⁵ NuGen report that the construction period is likely to differ depending on the choice of technology due to the different design approaches associated with the two designs. They report that it is difficult to be any more precise at this stage.

¹⁶ Interview with Sam Hounslow, Commercial Manager, NDA- 29th August, 2014

¹⁷ Sellafield Plan, 2011

of the UK's electricity, enough to power 7.9m homes, for an investment of £12bn¹⁸. The programme is expected to sustain 71,000 jobs nationally at its peak in 2021. The proposed six tidal lagoons are estimated to generate 30 TWh of electricity per year, equivalent to 18 million barrels of oil, for 120 years.

- The total investment in monetary terms for the West Cumbria is currently not publically available but it is likely to be over £1bn but there will not be certainty around this project until the model has been tried and tested in Swansea.
- **Coke/Coal-** Exploratory digging has revealed a large quantum of good quality coal near Whitehaven, with 25% of stock proposed for domestic market. The Workington Port could be gateway for coal exports, but there is some speculation that it may not be able to accommodate the appropriate sized vessel.

Other economic sectors

2.3.7 Whilst the energy sector forms a large part of West Cumbria's economy, other economic sectors play a role in the continued growth and economic diversification of West Cumbria. These sectors provide the support for energy industry as the major driver of the economy, but they also represent significant industries in their own right. Demand for services and products in these economic sectors is likely to grow in line with the level of planned investment in the energy sector, but in addition, growth is expected to occur in other ways as detailed below.

2.3.8 Other economic sectors for West Cumbria include:

- **Advanced manufacturing-** This is a significant industry for Cumbria as a whole, with a long industrial heritage and manufacturing companies continue to be significant employers. Production units operated by multinational companies can be found throughout Cumbria, including Pirelli Tyres, Nestlé, United Biscuits, Iggesund Paperboard, Kimberley-Clark, Heinz, Sealy Beds, GSK bio-pharmaceuticals, Innovia Films and Siemens sub-sea technologies. It is expected that most of the growth, both past and future, will come from indigenous businesses or companies already located within the county¹⁹. Work through the Growth Hub is underway to deliver a manufacturing supply chain programme to intensively support firms' ability to acquire and build capacity and capability through provision of specialist advice. This will include access to finance for innovative products and process improvement, R & D, capital investment and strengthening the supplier links. The Growth Hub will collaborate with other LEPs, the Manufacturing Advisory Service and UKTI to exploit opportunities for international trade and to secure new mobile inward investment and reinvestment.
- **Visitor economy-** The Lake District National Park attracts millions of visitors each year and is widely recognised as one of the most scenic areas of England. West Cumbria has a strong visitor economy and continues to be one of the UK's most visited destinations. With forecasts for the tourism sector to grow nationally by 4% p.a. through to 2025 (Deloitte, 2013), the rural economy is strong and will continue to form the economic foundations of the Lake District's towns including Keswick which lies within the Local Authority boundary of Allerdale. The visitor economy itself supports a supply chain of industry e.g. food and drink and online retail of adventure products.
- **Construction-** The scale of planned investment in West Cumbria is significant and there will potentially be many new contract opportunities for local firms in the residential, leisure and commercial sectors. This will lead to more opportunities for construction related employment and access to additional jobs locally.

¹⁸ Cebr (2014) The economic case for a tidal lagoon industry in the UK

¹⁹ Cumbria Strategic Economic Plan (2014-2024)

The construction project at Moorside for example will employ around 6,000 people at its peak and will take approximately 7 years to complete²⁰.

- **Business and Professional Services-** Demand for business and professional services is forecast to grow, initially related to nuclear new build and decommissioning activity. This sector supports all sectors of the economy and is expected to grow in parallel. In terms of scale, we suspect this will be a modest growth locally as this is a sector which traditionally favours more populous locations such as Warrington and Manchester where a few of the nuclear contracts are serviced from.
- **Education-** With a focus on supporting the development of specialist teaching and education facilities to support business and the community, there will be enhanced opportunities for employment in the education sector.
- **Agriculture/AgriTech-** In the rural northern area of Allerdale, agriculture is still an important sector for employment and the economy. Agriculture is one of the most valuable resources in West Cumbria. Food security is an issue of national significance, and the capacity of West Cumbria to continue to supply food resources in future will be a valuable commodity

Infrastructure investments

- **Port-** The Port of Workington is a large port in Cumbria which has secured over £5.7m investment through the Britain's Energy Coast initiative. It provides an international gateway to West Cumbria and could provide a catalyst for growth of the logistics sector in the area, along with associated job opportunities. It will provide a sustainable end to end logistics option for businesses in Cumbria and beyond.
- The Port handles around 300,000 tonnes of cargo per annum; with exports including dry and liquid bulks, forest products and other cargo. As Workington accessible by rail, road and sea, it is an ideal location for a multi-modal logistics hub, and investment programmes currently being pursued by the Cumbrian Local Enterprise Partnership would see this asset expanded, starting with a £4m investment in the immediate road and rail infrastructure and expanding out with further rail investment to key economic locations e.g. Moorside.
- **Rail-** Upgrades to the coastal rail link are a priority investment as identified in the emerging Cumbria Infrastructure Plan. This upgrade would open up the rail freight network to potential markets e.g. linking the port to businesses.
- **Water** - United Utilities are investing £250m in linking West Cumbria to the rest of the regional water network via a major new pipeline from Thirlmere to West Cumbria, a new water treatment works, pumping stations and underground service reservoirs.
- **Electricity-** National Grid are investing £1.3bn in upgrading the electricity infrastructure in accordance with the NuGen investment at Moorside and the requirement across the West Cumbrian grid. If consent is granted, construction work is expected to start in 2019. National Grid is required to provide Nugen with the first phase of the connection into its transmission network by 2024.
- **Broadband-** Phase 2 of Connecting Cumbria will extend availability of Superfast Broadband to an additional 5,000 homes over and above the 111,000 covered by phase 1. Phase 2 will extend coverage

²⁰ The West Cumbria Economic Blueprint, Britain's Energy Coast Cumbria

to approximately 95%, meaning it will be dealing with more isolated rural areas and will have a more complex technical nature.

Skills and training

- 2.3.9 West Cumbria is facing a significant opportunity and skills are central to chances of realising this potential. In Cumbria, as in the UK, people have too few skills. This is evidenced by people with few skills being much less likely to find work and to earn good wages, and despite the supply of skills is rising, demand is rising at least as quickly.
- 2.3.10 People in Cumbria have somewhat fewer skills than the national average. The average qualification level is rising, but not 'catching up'. Catching up would have very desirable effects on employment, economic growth, average wages, and other benefits.
- 2.3.11 In 2008, as part of the University of Cumbria's arrival in Lillyhall, Workington, the area was renamed the Britain's Energy Coast Campus (BECC). This has since developed into a partnership arrangement of:
- ENERGUS (a joint venture of nucleus and GenII)
 - Lakes College
 - University of Cumbria
 - University of Central Lancaster (UCLan)
 - Lancaster University
 - University of Manchester
- 2.3.12 The aim of the partnership is to develop an integrated campus in and around Lillyhall that provides a world-class exemplar of a partnership between further education, higher education, specialised vocational training, business and the community. This five year, £100m, programme of investment in education and training capacity and capability will ensure West Cumbria has the skilled workforce to suit future requirements in the workplace.
- 2.3.13 In addition, The University of Manchester has the largest and most connected community of nuclear academics and researchers anywhere in the UK. Nuclear research and education is led by the University's Dalton Nuclear Institute, a major asset of the UK's nuclear innovation scene. It is the leading provider of higher education and learning in nuclear science and engineering. In 2012, the Dalton Nuclear Institute was awarded the prestigious Queens Anniversary Prize in recognition of its internationally renowned research and training for the nuclear industry.
- 2.3.14 The forthcoming Carlisle College Advanced Manufacturing Centre recently secured funding as part of the Cumbria Growth Deal. This will deliver an employer led curriculum at all levels to the engineering, manufacturing and processing sectors. This facility is accessible to the residents of Allerdale.

2.4 The local market context

Overview

- 2.4.1 Allerdale occupies the northern part of western Cumbria extending eastward to Lake District National Park. It is a large geographical area. The Allerdale Local Plan, excluding the National Park, identifies an area of 763 sq km. The 2011 census identified a population of 96,400 (including the National Park area). The Borough is predominantly rural, and is the 19th least densely populated authority in England and Wales (2011 census).
- 2.4.2 The Borough is remote. Workington is approximately 1 hour drive from the M6 motorway and by train 50 minutes from Carlisle and approximately 1½ hours from Barrow in the south.
- 2.4.3 The Borough however, is at the heart of Britain's Energy Coast. 70% of Cumbria's renewable are deployed in Allerdale. Sellafield and Moorside are to the south. The Borough is home to the Lillyhall

Nuclear Campus. Workington Port is a strategic Energy Coast asset. Proposals exist for a tidal lagoon off the Solway coast, possibly even a tidal barrage across the Solway to the north. The West Cumbria Coastal Railway runs through the Borough, connecting key settlements to Sellafield in the south.

- 2.4.4 In 2012 average weekly earnings within the Borough were below the national average of £397, but resident earnings are above the national average of £506 (Allerdale Local Plan part 1 July 2014). These figures reflect the popularity of Allerdale to those in professional occupations often working outside the Borough notably in the nuclear sector at Sellafield.
- 2.4.5 The nuclear sector is a key employer with 15% of the Sellafield work force living in Workington. Cockermouth, Maryport and the wider Allerdale area house significant numbers of Sellafield employees. Other employment in Allerdale is dominated by manufacturing, construction, chemicals, the public sector, retail and service sectors (including hotels and tourism). In more rural parts of the Borough, agriculture remains key.
- 2.4.6 Other than Sellafield, major employers in the Borough include Iggesund Paperboard, Tata Steel, Innovia Films (Wigton), Sealy Beds (Aspatria), Thomas Armstrong and M-Sport (international rally company) at Dovenby, Cockermouth.
- 2.4.7 The dominance of the nuclear sector in Allerdale cannot be understated and it is difficult to separate Nuclear from the wider Allerdale economy. Research and development originating from the nuclear sector is enabling companies to broaden their market activity nationally and internationally to sectors including oil and gas.
- 2.4.8 Other significant non-nuclear employers do make a significant investment contribution, eg:-
- Iggesund Paperboard - £100m in new bio-fuels plant
 - Innovia (Wigton) - £20m to produce polymer banknotes and £20m for new polypropylene facility
 - M-Sport - proposed £19m in new car research and development centre
- 2.4.9 Both the Iggesund development and that proposed at M-Sport are on land within the respective company's ownership. The new polypropylene plant at Innovia necessitated expansion of the main site. All of the companies may need additional land in the event of additional future development and investment.
- 2.4.10 The chemical industry is an important sector in Allerdale but in the last few years, three companies, Eastman, Evonik and Indorama have all closed their doors. Tata Steel is a key employer but in 2015 the steel industry in the UK has been badly hit by the fall in the price of steel and the availability of cheap supplies internationally. However, the Tata Steel facility in Workington relies significantly on the nuclear sector and has in recent years benefited from a £20m contract for nuclear decommissioning work. As such, it may be better placed than other plants.

Employment Offer

- 2.4.11 For business supporting the nuclear sector, proximity to Sellafield is important. Allerdale geographically is less well placed than locations in Copeland to meet this need however, Workington, Cockermouth and Maryport are within the "Sellafield core catchment". They are the main focus of Allerdale's employment offer²¹.
- 2.4.12 Workington has three key employment sites.

²¹ Source - West Cumbria Employment Land and Awareness Study Revised 2012 (GVA). This area also contains West Cumbria House and the Lillyhall Business Centre, which provide the Park's main office offer.

1. Lillyhall

- Lillyhall is Allerdale's only designated "strategic employment site".
- It is home to the Energy Coast Campus, centred on the Nuclear Skills Academy and Lakes College and is identified as a location for nuclear technology and research clusters.
- Extending to over 160 ha (Lillyhall Master Plan), as well as education, training and research, the Park is a key centre for offices, warehousing, distribution and manufacturing. Occupiers include University of Cumbria, Lakes College, Energus, Construction and Nuclear Skills Academies, Sellafield Ltd, Stobart Haulage, HMRC and the Cumberland Pencil Factory.

Key Features

- Good road communications (A595, A596 and A66)
- Sellafield 30 minutes; Workington 5 km (3 miles); Whitehaven 9 km (5 miles)
- Good land availability - 49.92 ha (123 acres) in 2010 and in 2015 in excess of 20 ha (50 acres) was actively being marketed
- High proportion of the available land is in public sector ownership
- Competitive land values - asking prices £75,000 per acre
- Limited office supply
- Limited availability of modern small B1, B2 and B8 stock

Main land Uses

- The Nuclear Campus in the Park's western sector has been the focus of a number of public sector developments in recent years including Energus (conference and learning centre), Nuclear and Skills academies.
- West Cumbria's principal car dealership cluster is centred on the Park's main road frontage.
- Mixed B1, B2 and B8 uses predominate across the rest of the Park. Much of the stock comprises units of in excess of 465 sq m (5,000 sq ft). The stock of smaller units is restricted. The Lillyhall Business Centre has the greatest concentration providing 1,115 sq m (12,000 sq ft) of modern, small employment units (70 sq m - 210 sq m [750 sq ft - 2,266 sq ft]).

Recent Activity

- A recent Enterprise Zone application has failed and it is anticipated that Allerdale borough council will take ownership of the HCA assets at Lillyhall in the near future.
- Increased levels of interest for land opportunities have been seen in recent months. Expectations of demand resulting from proposed nuclear new build are a major catalyst for this.
- Dunedin Property Asset Management recently acquired the significant property interests of Hansteen at Lillyhall. This includes the Lillyhall Business Centre and land and buildings on the east of the Park.
- NPL (a private company) has acquired the former Alcan factory (land and buildings 18 ha [45 acres]) at the southeast end of Lillyhall. This property offers potential for warehousing, external storage and new build opportunities.
- The Woodland Care Home site to the south side of the Park has been purchased for commercial development purposes.

2. Derwent Howe

- This is a significant employment area, which includes the Clay Flatts Industrial Estate and is bisected by the Cumbria Coastal Rail Line. It is situated southwest of Workington town centre.

- At the north, the area adjoins the mouth of the River Derwent and at the south incorporates the former Corus Rail steel works site.
- Employment use predominates but the area includes the Derwent Howe Retail Park and on Clay Flatts there is a good proportion of trade counter users.
- Occupiers include TATA Steel, Thomas Armstrong, the NDA and trade counter companies.
- Land ownership is diverse, but significant owners include, Cumbria County Council, Britain's Energy Coast and Northern Trust.
- The majority of the area is built out, but there are significant development opportunities including:-
 - Land south of Workington railway station (Cumbria County Council). Proposals exist for new transport. Interchange and possible office development
 - Former Corus Rail Steel Works, which has potential for a variety of uses, including employment, residential and leisure
 - Former Newdale construction site at the north of the area

3. Workington Port

- For the purposes of this overview, land north of the port, opposite Dunmail Retail Park and along the coastal fringe northwards to Flimby is included.
- Workington Port is a strategic Energy Coast asset. The Port's Strategic Review in 2014 identifies key users including Iggesund Paperboard, the offshore industry, Shanks (alternative fuels), and the nuclear sector.
- Over many years the port has lacked investment in fabric and infrastructure but was granted significant growth fund monies in 2015 to improve access and links to the Cumbrian Coastal Rail Line.
- Nuclear new build and potential new opportunities in the renewable sector offer potential for significant future growth. However, in 2014 only 2.6 ha (6.5 acres) of land within the Port's ownership was available for new development. Additional land outside the port boundaries, including land in the ownership of Allerdale Borough Council, has been identified which will enable significant future growth.
- To the north of the Port, the coastal fringe is home to a number of key employers which include Iggesund Paperboard, Thomas Armstrong and New Balance. There is also a large amount of vacant land. This area has been important for chemical companies. However, in the last few years, three of these have closed. Substantial parts of the area are currently being marketed.
- Historically land take up north of the Port area has been weak.
- Outside of Workington, the towns of Cockermouth and Maryport are also key settlements in the Sellafield catchment and offer important employment offers.

4. Cockermouth

- The town is an established office location benefiting from 3 office parks, Lakeland Business Park, Europe Way and Dovenby Hall, a few miles north of the town. These locations provide a mix of good quality office space predominantly comprising small (up to 3,000 sq ft) size units. These are popular with local, professional and other firms serving West Cumbria and some nuclear supply chain organisations.

- The employment offer in the town is more limited. Adjacent to Mitchells Auction Mart there are a number of agri suppliers and trade counter operators. Other employment space in the town centre is occupied by local traders or trade counter operators.
- The supply of employment land in the town is very limited.

5. Maryport

- The town has a limited office offer. Modern space is confined to a small amount of space in the harbour area. The town however, has significant employment, warehousing and industrial offer at Glasson, Solway and to the south Risehow Industrial Estates. At Glasson and Risehow, occupations are predominantly owner occupiers. Solway has a greater proportion of let space. Maryport Business Centre situated on the south side of the town centre offers units from approximately 250 sq ft (23 sq m) available on fully inclusive rents.
- Maryport Railway Station has direct access to Sellafield and a transport hub is proposed near the station.

6. Other Centres

- Outside the Sellafield catchment the economy of Key Service centres of Wigton, Silloth, and Aspatria, is driven primarily by significant manufacturing employers, , Innovia , Carrs and Sealy Beds respectively, and associated supply chains. Local market service demand including Agri-supplies is the other important element of employment demand.
- Each of the towns provide some employment offer.
- Wigton is the focus for employment space in the northern part of Allerdale and has a number of small warehouse/manufacturing employment sites. Demand for this space is primarily local driven. Silloth and Aspatria both have more limited offers.
- Outside these towns, local service centres in more remote locations offer a very limited employment offer and there is very limited demand. Agriculture is predominant. A number of these centres have benefited from the establishment of local business hubs.
- Keswick within the National Park also lies within the Allerdale Borough boundary and has a degree of employment offer. The market dynamics of the town are different to elsewhere in the Borough.
- The town Keswick is situated adjacent to Derwentwater, on the south side of the A66, 18 miles west of Penrith and M6 motorway J40, and 22 miles west of Workington. Keswick is a Lake District "honey pot". Its population of 5,660 (2011 Census), swells annually with significant visitor numbers.
- Tourism dominates the economy. By employment, accommodation and food, and retail, 26% and 17% (Action with Communities in Rural England, Rural Evidence Project 2013) respectively, are the two largest sectors.
- The town's other role is the main service and employment centre for the North Lakes area. Demand for employment space, both offices and other B categories, is dominated by the local market. Local professional firms and tourism companies, and increasingly knowledge and technology sectors are the main office occupiers. In other employment sectors, construction, at 9% is the third largest employer, local manufacturing and distribution together with some trade counter demand are other important elements.
- The employment offer in the town is limited, comprising primarily two locations, the Southey Hill Estate and Blencathra Business Park, 4 miles east of the town, together with a small stock of offices mainly in converted buildings or in over the shop space.

2.5 Analysis by sector

Offices

- 2.5.1 Westlakes Science & Technology Park in Copeland is the dominant office location in West Cumbria. The Park is home to some 70 businesses, the majority providing support services to the nuclear industry. In contrast, Allerdale Borough has a limited supply of modern office space. This is situated in out of town or edge of town locations. Lillyhall and Cockermouth (including Dovenby Hall) offer the greatest supply. Workington town centre provides limited office offer. Elsewhere in the Borough, Maryport is the only other location providing modern space.
- 2.5.2 With the exception of a small amount of space at Europe Way in Cockermouth, there has been no significant new build office accommodation in Allerdale for some time. Factors accounting for this include uncertain demand and relatively low values making such development unattractive and unviable. In Copeland, new builds driven by nuclear sector demand have taken place, namely Pillar House and the new Atkins office at Westlakes Science & Technology Park and Albion Square in Whitehaven.

Values

- 2.5.3 At Westlakes Science Park, new builds have achieved rents of between £15 - £17 psf and investment yields of sub 10%. Historically values at Westlakes have been significantly higher than elsewhere in West Cumbria, and indeed the whole of Cumbria. This is evidenced by Albion Square, which is reported to be let in the order of £13 psf.
- 2.5.4 If new build offices are constructed in Allerdale they are unlikely to command values as high as Westlakes, £13 - £15 psf may be more realistic. Rents for older stock are much lower.

Lillyhall	Modern Secondary	£7 - £11 psf £4 - £7 psf
Workington Town Centre	Modern Secondary	£6 - £8 psf £3 - £6 psf
Cockermouth	Modern Secondary	£7 - £11 psf £4 - £7 psf
Maryport	Modern Secondary	£6 - £8 psf £3 - £6 psf

- 2.5.5 Yields for vacant office space in Allerdale are typically 12% - 15% depending on age, specification, location and size. Investment yields where tenants are in place can be 10% - 15% depending on the age, size, length of lease, location etc.
- 2.5.6 Historically, demand for offices in Allerdale has been driven predominantly by local companies looking to serve the West Cumbria catchment. In October 2015 the majority of stock both at Lillyhall and in Cockermouth is occupied by the local rather than nuclear sector. For nuclear related enquiries, proximity to Sellafield and the key cluster of Westlakes Science Park are important location drivers. Consequently, the majority of office take up from this sector has been in Copeland. Limited supply there has meant that the nuclear sector has taken some space in Allerdale, notably at Lillyhall and Workington.

Take Up Rates/Enquiries

- 2.5.7 An analysis of interest in office space in West Cumbria known to Carigiet Cowen over the period 2009-2014 identified in excess of 18500 sq m of enquiries. This did not include "Albion Square". Of these, 77% were nuclear related. Enquiries for larger space needs ie in excess of 1000 sq m made up 46% of the enquiry floor space total but only 11% of enquiries by number. By contrast, enquiries up to 250 sq m made up only 27% of actual floor space but 67% of enquiries by number. Data on the proportion of enquiries for Allerdale alone is not available, but the majority of enquiries by both size and number are expected to be for Copeland.

Employment B2 & B8

- 2.5.8 Lillyhall and Derwent Howe (including Clay Flatts), are the predominant centres for this space. Lillyhall has a predominance of engineering and warehousing space. Derwent Howe is more of a trading estate and manufacturing location.

- 2.5.9 Rental values for this space are typically:-

Rental Values	£
New Build	£4 - £4.50
Modern	£3 - £4
Secondary	£1.50 - £3

Yields for vacant space are typically 12% – 15%.

- 2.5.10 Demand for larger (in excess of 10,000 sq ft) space tends to be weak. Recent data for take up rates is not available however, anecdotal evidence suggests take up rates for such space are low and currently the supply is increasing. There is potential for NuGen to take up such accommodation in coming years.
- 2.5.11 For smaller units, the demand is better and there is less choice in the market.

Serviced Offices and Managed Workspace

- 2.5.12 In 2014, the Allerdale Incubator Business Premises Review (S B Solutions) considered demand and supply issues for such space.
- 2.5.13 This highlighted relatively good occupation of space that is available for such purposes however, it highlighted a lack of demand data which would be required to justify any new build additional accommodation.

General Points

- 2.5.14 Over many years in Allerdale and the wider West Cumbria area, any development of employment space that has taken place has been public sector led or reliant on public sector funding. Demand and values have been insufficient to generate private sector demand.
- 2.5.15 Nuclear supply chain enquiries are contract led, limiting tenants' willingness to commit to leases of a length which would be attractive to developer investors. There is some evidence of this situation changing but it remains an issue.
- 2.5.16 Outside the Sellafield catchment, demand is in the main locally generated. Wigton has seen a small amount of new development for warehousing space and there is anecdotal evidence of a need for more accommodation. In other locations demand is more sporadic.
- 2.5.17 Land
- 2.5.18 The West Cumbria Employment Land and Premises Study in December 2008 considered supply and demand for employment sites in West Cumbria. The data for the sub-region was apportioned between Allerdale and Copeland. The Study was revisited and updated in January 2012 and contained the following analysis:-
- 2.5.19 In 2011 the total available supply for employment land in Allerdale was estimated at 99.55 ha (246 acres), comprising:-

	Hectares	Acres
Office B1	7.4	18

Warehouse B Classes	91.13	225
Other Non B Class	1.03	2.50
Totals	99.55	246

*Approximately 50 ha (124 acres) was at Lillyhall,

- 2.5.20 In Allerdale, employment land take up for the period 2006 - 2010 averaged 1.75 ha pa. Take up across sectors is shown below:-

Five Year Take Up Rates - 2006-2010

	Total	Yearly Average
Business Park	1.79	0.36
Local Employment	3.113	0.63
Own Use	0.66	0.13
Port Related	0.00	0.00
Strategic	3.18	0.64
Totals	8.76	1.75 pa

- 2.5.21 On the basis of this data, adjusted to reflect differing demand scenarios principally around nuclear and nuclear new build, the gap analysis up to 2030 shows the following:-

Allerdale (Ha)					
	Supply	Low Demand	Balance	High Demand	Balance
Office B1	7.40	8.70	-1.30	10.67	03.27
Industrial B2 & B8 and Warehousing	91.13	36.11	55.02	49.76	41.38
Non B	1.02	-	-	-	
Totals	99.55	44.81	53.72	60.43	38.11

- 2.5.22 This data identifies a reasonably healthy land supply with 50-60 ha across all sectors. However, office and other employment groups show different patterns.
- 2.5.23 Office B1 land supply shows a shortage of land up to 2030 of 1.3 ha to 3.27 ha.
- 2.5.24 Non office land shows a good supply and warehousing land appears adequate.

Values

- 2.5.25 Land values in Allerdale are relatively low.

	Low Range		High Range	
	£/Ha	£/Acre	£/Ha	£/Acre
Workington	£62,500	£25,000	£187,500	£75,000
Lillyhall	£100,000	£40,000	£187,500	£75,000
Cockermouth	£187,500	£75,000	£375,000	£150,000
Elsewhere	£62,500	£25,000	£187,500	£75,000

General Market Issues

- 2.5.26 Land values across the Borough, and the wider West Cumbria area, are competitive. However, uncertain demand has meant that the area has been perceived as a high risk for investors. Even where demand is

shown to exist in the nuclear sector, the contract lead nature of enquiries has limited tenants' willingness to take leases of sufficient length to provide adequate return to developers and their funders.

2.5.27 The added issue of low rental and capital building values has made private sector development unviable.

2.5.28 Development has been reliant on public sector input even at Westlakes.

2.5.29 Anticipated demand as a consequence of nuclear new build and other significant investments in the area are beginning to attract a degree of investor interest. Public sector contributions remain key and new development is yet to be realised on the ground.

2.5.30 In Keswick there are additional Issues;

- Lack of modern standard office space with parking
- Increasing demand from start-up and technology based companies
- Lack of land for employment opportunities including larger scale occupations. This has led to leakage to sites and premises outside Keswick and the wider National Park. Cumberland Pencil's move to Lillyhall Business Park is a prime example of this.
- Within the Park, there is a perception that prevailing planning policies can lead to high development costs and competition from other high value uses for sites impacts on potential viability of new development.

2.6 Summary

2.6.1 From our review of the economic context and the planned investments, we have identified the following key sectors which can influence future accommodation demand:

1. **Business, Financial and Professional Services:** Includes mainly services to the energy sector e.g. legal services and engineering consultancy.
2. **Manufacturing/Advanced Manufacturing including R&D:** includes mainly the supply chain manufacturing to the nuclear sector but increasingly to the wider energy sector.
3. **Construction:** A significant amount of planned construction activity will create the requirement for facilities to accommodate workers and materials.
4. **Transport and Logistics:** The movement of a significant amount of construction material and products for the supply chain will create the requirement for additional transfer and movement of goods throughout the transport network to the investment locations.
5. **Education:** Upskilling those in existing employment, and those currently unemployed to facilitate their transition into paid employment will be a growing requirement as future planned investment flows into West Cumbria.
6. **Public Sector:** There are a number of public sector agencies in office occupation in West Cumbria and relocations/ consolidations will be required over the next 15 years as existing facilities become older and leases expire on existing properties.
7. **Visitor economy supply chain:** Demand for employment space, both offices and other B categories, exists from the visitor economy within the Lake District National Park local market. Local professional firms and tourism companies, and increasingly knowledge and technology sectors occupy premises above shops in Keswick and within Blencathra Business Park. Future demand is expected to be small scale but reflective of the increasing ability for small businesses in this sector to operate, facilitated by technology (e.g. online retailing).

3 Analysis of Sites

3.1 Introduction

- 3.1.1 The consultant team has applied a robust process to developing the Employment Land and Workspace Study. A key component of this has been to develop a shortlist of key sites that deliver the objectives identified for the study to develop a focussed and deliverable framework.
- 3.1.2 This section provides an overview of the process undertaken, in particular identifying the site specific analysis which has been undertaken principally through the consideration of information within the proformas to identify a shortlist of sites. It further explains the demand analysis that has informed the short-listing of sites to 11 key sites.
- 3.1.3 This section is therefore structured as follows:
- Identification of strategic objectives under which the Employment Land and Workspace Study sites;
 - Identifying key sites for development;
 - Approach to the remaining sites.

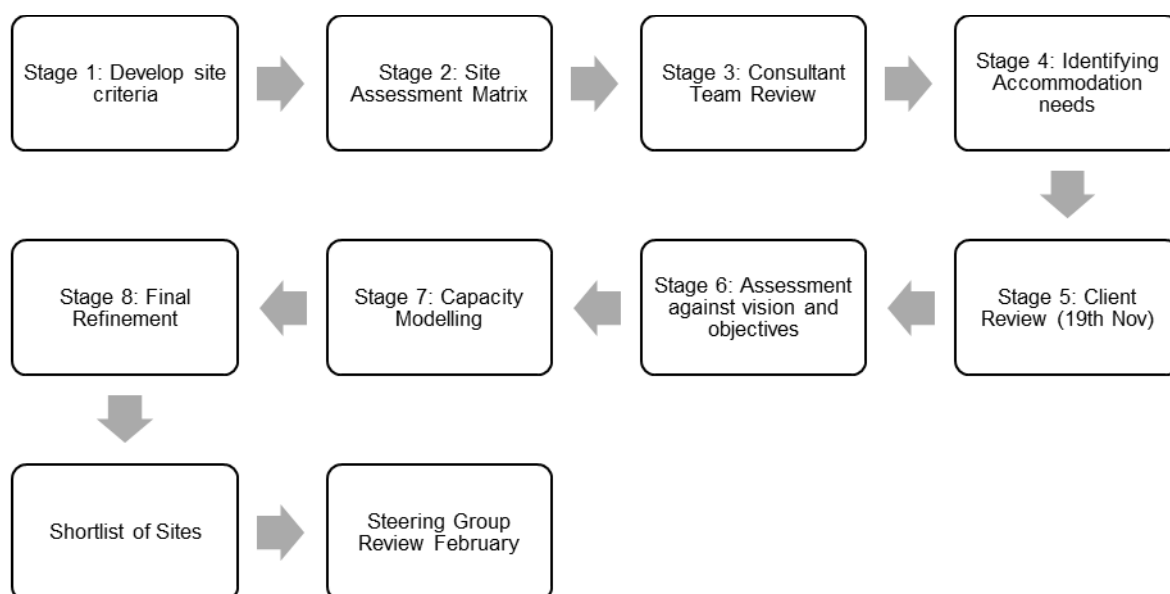
3.2 Strategic Objectives

- 3.2.1 We have reviewed the local context for planning and economic policy and identified a suite of objectives against which we have assessed the potential employment sites. There are seven strategic policies in total and we have scored the sites against the number of these policies and objectives which they meet.
- 3.2.2 The West Cumbria Economic Blueprint 2012 sets strategic objectives for developing the economy of West Cumbria. Having reviewed the objectives we believe the following are most relevant to the study:
- **Objective 1:** Optimising Worldwide Nuclear Investment and Building on our Expertise
 - **Objective 2:** Business Expansion and Diversification
 - **Objective 3:** Providing a Supportive Physical Infrastructure
 - **Objective 4:** Growing the Asset Base
- 3.2.3 The Allerdale Local Plan 2014 sets out the development objectives for the borough up to 2029. We have reviewed the Strategic Objectives of the local plan and have selected the following objectives as the most applicable to the selection of sites:
- **SO3a** Diversify the urban and rural economic base of Allerdale to enable a prosperous mixed, low carbon economy, including creative knowledge based industries, specialist engineering, energy and tourism sectors.
 - **SO3b** Encourage the development of business clusters, maximise the economic opportunities identified in the West Cumbria Economic Blueprint and Implementation Plan and ensure the timely improvement and delivery of essential infrastructure, such as the Port of Workington to support economic growth.
 - **SO3d** Provide a wide range of modern, high quality employment sites and premises to meet existing business needs and emerging sectors.
 - **SO3e** Support opportunities for home working, creation of rural enterprise hubs for start-up businesses and proposals that contribute to farm diversification.

- 3.2.4 Objectives within the Cumbrian Local Enterprise Partnerships Strategic Economic plan have not been used as it was considered that the plan provided a broader, higher level framework opposed to more tangible objectives that were more readily measurable against the objectives of this study.

3.3 Identifying the Key Sites

- 3.3.1 A site sifting process has been undertaken to sift the initial portfolio of 25 sites into a coherent and logical shortlist to be targeted for further analysis.
- 3.3.2 The sifting process has been an iterative process and the shortlisted sites have been continually reviewed as information on site capacity, demand and other analysis has been obtained. However, the following stages were essentially followed:



- 3.3.3 These stages are explained as follows:

Stage 1: Initial Workshop

- 3.3.4 A consultant team workshop was held with representatives from across the teams specialist inputs (engineering, market / economic context, transport, planning, design) to identify the top ranking sites across an agreed set of land uses.

Stage 2: Site Assessment Matrix

- 3.3.5 This process was formalised through the development of a matrix used to score the sites against the following set of criteria;

Table 3.1 Site Sifting Criteria

Criteria	Explanation	Scoring
Availability*	Is the site available for delivery, is it on the market – for some sites, due to market intelligence it has been assumed that it will be bought to the market imminently.	3 Available immediately/short term (0-5 Yrs)
		2 Available medium term (6-10 Yrs)
		1 Available long term (11-15 Yrs)

Criteria	Explanation	Scoring
Market Activity/Developer Interest*	Is there any known developer activity either specifically in the site or within the locality.	3 High Interest
		2 Moderate Interest
		1 Low Interest
Suitability for Growth Sectors	Is the site considered suitable to meet the needs of the identified growth sectors in the borough.	3 High Suitability
		2 Moderate Suitability
		1 Limited Suitability
Development Constraints	Are there any development constraints in the site; flood risk, contamination, historical/ archaeological	3 No Constraints
		2 Minor Constraints
		1 Major Constraints
Need for Investment	Is there a need for significant investment in the site in order for it to be bought into active and suitable employment use; i.e. site access, utilities or the development of suitable premises	3 No investment Required
		2 Some Investment Required
		1 Major Investment Required
Accessibility	Does the site have a good level of vehicular accessibility.	3 High Accessibility
		2 Moderately Accessibility
		1 Limited Accessibility
Public Transport Accessibility	Does the site have a good level of public transport accessibility – including bus, train, walking and cycling	3 High Accessibility
		2 Moderately Accessibility
		1 Limited Accessibility
Site Premises/Condition	If the site currently have employment premises in situ what is their condition	3 Good
		2 Moderate
		1 Poor
Character of surrounding environment	What is the character of the surrounding environment – would it be a suitable neighbour for employment use	3 Good neighbour
		2 Moderate neighbour
		1 Poor neighbour
Previously developed land/Greenfield land	Is the site greenfield or brownfield	3 Entirely previously developed
		2 Partly previously developed
		1 Entirely Greenfield
Impact on Environment/Biodiversity	What is the potential impact on the environment/biodiversity	3 Low impact
		2 Moderate impact
		1 High Impact
Suitability for employment development	Is the site suitable for employment development	3 High Suitability
		2 Moderate Suitability
		1 Low Suitability
Suitability for Other Uses	Is the site suitable for other uses	3 High Suitability/Significant Potential Benefits
		2 Moderate Suitability/Some Benefits
		1 Low Suitability/No Benefits

Criteria	Explanation	Scoring
Strategic Objectives	Does the site help to meet the relevant identified strategic objectives of the borough (identified in the Allerdale Local Plan 2014 and West Cumbria Economic Blueprint 2012)	1 One mark for each strategic objective the sites meets up to a total of 8

**double weighting was applied to the scores against availability and Market Activity/Developer interest as these categories were seen as being of primary importance to site deliverability*

Stage 3: Consultant Team Review

- 3.3.6 The sites were then assessed against the criteria to develop a score for each site, for each land use. The information contained within the Proformas informed this assessment. The results of the matrix are provided in appendix A.

Stage 4: Identifying Accommodation Needs

- 3.3.7 An analysis of the growth sectors within the local economy identified the following accommodation needs;

Table 3.2 Growth Sectors

Growth Sector	Accommodation Needs	Location
Business, Financial and Professional Services: Includes mainly services to the energy sector e.g. legal services and engineering consultancy.	Office	In accessible locations for the catchment, adjacent to other complementary businesses.
Manufacturing/Advanced Manufacturing including R&D: includes mainly the supply chain manufacturing to the nuclear sector but increasingly to the wider energy sector.	Light industrial with ancillary office	In accessible locations for the catchment, adjacent to other complementary businesses.
Construction: A significant amount of planned construction activity will create the requirement for facilities to accommodate workers and materials.	Office/ laydown space	Adjacent to multimodal transport networks e.g. Port, road and rail Office accommodation in a central, accessible business location.
Transport and Logistics: The movement of a significant amount of construction material and products for the supply chain will create the requirement for additional transfer and movement of goods throughout the transport network to the investment locations.	Laydown space/ Warehouses	Adjacent to multimodal transport networks e.g. Port, road and rail, Lillyhall and Derwent Howe.

Growth Sector	Accommodation Needs	Location
Education: Upskilling those in existing employment, and those currently unemployed to facilitate their transition into paid employment will be a growing requirement as future planned investment flows into West Cumbria.	Office/ Teaching facilities	Various but well connected to key transport routes and similar activities.
Public Sector: There are a number of public sector agencies in office occupation in East West Cumbria and relocations/ consolidations will be required over the next 15 years as existing facilities become older and leases expire on existing properties.	Office	Various but well connected to key transport routes and town centre locations.
Visitor economy supply chain: Demand for employment space, both offices and other B categories, exists from the visitor economy within the Lake District National Park local market. Local professional firms and tourism companies, and increasingly knowledge and technology sectors occupy premises above shops in Keswick and within Blencathra Business Park. Future demand is expected to be small scale but reflective of the increasing ability for small businesses in this sector to operate, facilitated by technology (e.g. online retailing).	Office/ Light industrial	Keswick

3.3.8 This was then used as the basis for identifying a more specific typology of accommodation which could meet the needs of occupiers in the identified sectors as follows;

- Office – Up to 2,500sq ft
- Office – Up to 5,000sq ft
- Office – Over 5,000sq ft
- Light Industrial – Up to 5,000sq ft
- Light Industrial – Over 5,000sq ft
- Advanced Manufacturing
- Industrial/Manufacturing
- Covered Logistics/Storage
- Uncovered Logistics/Storage

3.3.9 The list of shortlisted sites was then compared against the typology to identify which sites could accommodate development within each typology, the results are presented in table 4.2.

Stage 5: Client Review

3.3.10 Available enquiry information from BEC and Allerdale Borough has been used to inform the overview assessment of likely demand for land uses.

3.3.11

Stage 6: Assessment against Strategic Objectives

- 3.3.12 Each site has been reviewed in the context of the contribution it can make to the borough in the light of the identified strategic policies and objectives, a score was attributed to the sites within the sifting matrices as set out in table 3.1.

Stage 7: Capacity Modelling

- 3.3.13 A site capacity modelling exercise was undertaken for the shortlisted sites to gain an understanding of the quantum of development available on each site, the results are provided in appendix C. The capacity modelling builds on the demand analysis and workspace typologies identified in section four of this report. For each site we have applied identified the most appropriate use, or mix of uses, and identified the credible maximum floorspace available. With regard to office space, our initial demand analysis indicated potential demand for smaller office buildings of up to 2500sq ft. All the shortlisted sites are large enough to accommodate office buildings in excess of 2500sq ft and consequently we have not modelled small office buildings and have assumed that the demand for new small serviced offices can be met within larger developments.
- 3.3.14 For a number of the larger sites, smaller development parcels were identified and capacity modelling was undertaken on these areas. These areas were identified as being the most readily available for development due to a combination of their vacant brownfield status and availability to the market.
- 3.3.15 These areas within the larger sites where capacity modelling has taken place are identified in the plans within the relevant proformas. Capacity plans which sit behind the figures are being developed and these will be presented at the final stage.

Stage 8: Final Refinement

- 3.3.16 A further consultant team workshop was held to compare the results of the initial site sifting exercise, the site matrix, inputs from the client team and the consultant's professional judgement and qualitative information to develop a final shortlist of sites. A Client Steering Group meeting was also held and final amendments made to the shortlist of sites.

3.4 Shortlisted Sites

- 3.4.1 Based on the site scoring matrix in appendix A we have derived a shortlist of 15 sites. This should be read as a top 10 sites which meet a wide range of objectives and a further 5 sites that score well against more localised criteria. The shortlisted sites are presented in table 4.1.
- 3.4.2 It should be noted that Derwent Forest/Broughton Moor has not been included in the assessment of sites in Allerdale. This was agreed at the start of the commission with the client steering group. Derwent Forest has not been included because of the unique status of this site in the borough. It would score very poorly against the criteria set out in section 3 of this report and does not meet the requirements of objective 4 of the study (i.e. realistic development timescales and infrastructure investment required). This is not to say that Derwent Forest is not an important site in the borough, but this study has focussed on sites which can be promoted in the short to medium term.

Table 4.1 Shortlisted Sites

	Ref	Site Name	Score
Top 10	10	Lillyhall	48
	12	Port of Workington	47
	3	Cockermouth Low Road	45
	19	Cockermouth Gote Road	45
	16c	Wigton Syke Park	44
	5	Derwent Howe	43
	4	Cockermouth Mitchells	43
	17	Portinscale	41
	6	Flimby	38
	16d	Wigton Western Bank	37
Top 15	11	Maryport	36
	16a	Wigton Jam Works	35
	16b	Wigton former Auction Mart	35
	2	Aspatria	35
	13	Silloth Airfield	35
Discounted Sites	11a	Maryport Harbour Sites	31
	15b	Silloth Dock Site 2 (Smaller)	30
	18a	Keswick Pencil Factory	29
	15a	Silloth Dock	28
	18b	Keswick Lake Road	26
	7	Great Clifton	26
	1	Abbeytown	25
	9	Kirkbride Village Site	24
	8	Kirkbride Airfield	23
	14	Silloth Causeway Head	21

- 3.4.3 The focus and priority for delivery should be on the top 10 shortlisted sites – in addition site 11 in Maryport, which scores fractionally below the top 10, should be prioritised due to its strategic location in the second largest settlement in the borough.

3.5 Shortlisted sites against workspace typologies

3.5.1 The suitable employment land use typologies for the shortlisted sites have been identified in the below table, green identifies the preferred employment land use typology and yellow identifies a potential, albeit less favourable employment land use typology for the sites;

Table 4.2 Shortlisted Sites against employment land typologies

	Ref	Site	Site Area (ha)	Office			Light Industrial		Advanced Manufacturing	Industrial/Manufacturing	Logistics/Storage	
				Upto 2,500sq ft	Upto 5,000sq ft	5000sq ft +	Upto 5000sq ft	5000sq ft +			Covered	Uncovered
Top 10	10	Lillyhall	189									
	12	Port of Workington	42.5									
	3	Cockermouth Low Road	1.3									
	19	Cockermouth Gote Road	8.8									
	16c	Wigton Syke Park	7.8									
	5	Derwent Howe	132.4									
	4	Cockermouth Mitchells	7.6									
	17	Portinscale	1.7									
	6	Flimby	81.3									
	16d	Wigton Western Bank	1.5									
Top 15	11	Maryport	14.5									
	16a	Wigton Jam Works	2.2									
	16b	Former Auction Mart	4.8									
	2	Aspatira	3.1									
	13	Silloth Airfield	30									

3.5.2 A number of sites, by virtue of their location and scale have been identified as suitable for a mix of complementary uses, these sites are:

- **Lillyhall:** which currently provides a mix of employment uses across a range of sectors. Our analysis indicates that Lillyhall is potentially the most flexible employment site in the borough.
- **Derwent Howe:** is suitable for the full range of employment uses and is a strategic site within the largest settlement in the borough.

- 3.5.3 Other sites shortlisted offer more targeted opportunities for employment development, such as light industrial and distribution units at the Port of Workington and light industrial and advanced manufacturing at Cockermouth Gote Road. Suitable sites for offices include Cockermouth Low Road, Cockermouth Mitchells and Portinscale.

4 Spatial Strategy

4.1 Introduction

- 4.1.1 The shortlisting of sites has been undertaken taking into account the wider spatial strategy for the borough as set out in the Allerdale Local Plan (Part 1). This section of the report sets out the spatial strategy and assesses the shortlisted sites against it.

4.2 Policy Position

- 4.2.1 Overall spatial growth in Allerdale is governed by the Local Plan (Part 1) adopted in 2014. Policy S3 of the Local plan sets the settlement hierarchy and within the borough and provides guidance on the level of development expected within each settlement as follows;

Table 4.1 Settlement Hierarchy

Hierarchy	Settlement
Principal Centre	Workington (including Harrington, Seaton, Siddick and Stainburn),
Key Service Centre	Maryport
	Cockermouth
	Wigton
	Silloth
	Aspatria
Local Service Centre	Abbeytown, Allonby, Brigham, Broughton, Broughton Moor, Dearham, Flimby, Great Clifton, Kirkbride, Prospect and Thursby
Limited Growth Villages	Blencogo, Blitterlees, Branthwaite, Bridekirk, Bolton-Low-Houses, Bothel, Crosby, Dean, Eaglesfield, Fletcherstown, Glasson, Gilcruix, Greysouthen, Ireby, Kirkbampton, Little Clifton/Bridgefoot, Mawbray, Newton Arlosh, Plumbland, Skinburness, Tallentire
Infill/Rounding off Villages	Anthorn, Blennerhasset, Bowness-on-Solway, Broughton Cross, Camerton, Crosby Villa, Deanscales, Dovenby, Hayton, Langrigg, Little Bampton, Mockerkirk, Oughterside, Oulton, Papcastle, Pardshaw, Parsonby, Port Carlisle, Torpenhow, Ullock, Waverton, Westnewton

- 4.2.2 In addition Keswick, lying within the Lake District National Park is identified in the national parks Core Strategy 2010 as a 'Rural Service Centre'. Under policy CS02 50% of development in the borough is to be focussed within these service centres which are identified as having a role in providing key local employment opportunities.

4.3 Spatial Analysis

- 4.3.1 The shortlisted sites are located within either the principal centre, key service centres, local or rural service centres, aside from Lillyhall which is recognised in the Local Plan as being key strategic employment location.

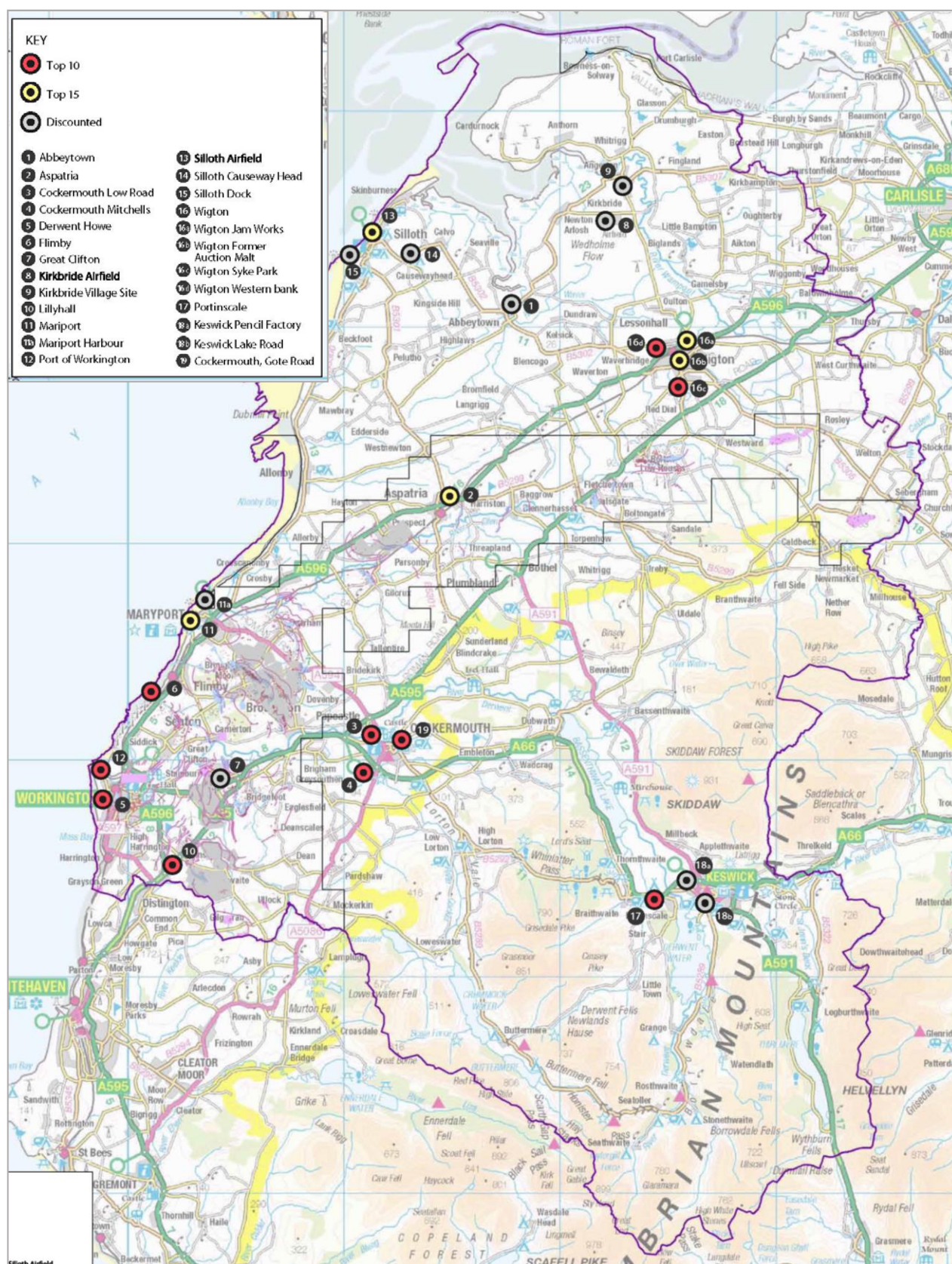
Table 4.2 Shortlisted sites within the Settlement Hierarchy

Hierarchy	Settlement	Shortlisted Site
Principal Centre	Workington	5. Derwent Howe 12. Port of Workington
Key Service Centre	Cockermouth	3. Cockermouth Low Road 4. Cockermouth Mitchells 19. Cockermouth Gote Road

	Wigton	16c. Wigton Syke Park 16d. Wigton Western Bank
	Marport	11. Maryport
Rural Service Centre*	Keswick	17. Portinscale
Local Service Centre	Flimby	6. Flimby
Other		10. Lillyhall

**identified in the Lake District Core Strategy 2010*

Figure 4.1 Boroughwide Map of Sites



5 Delivery Strategy and Programme

5.1 Purpose

- 5.1.1 This study considers a number of potential development sites and identified a shortlist of sites through a sifting process as detailed in Stage 3. The critical test for these shortlisted sites lies in the delivery of development which will facilitate and capture the required economic growth locally. Consultations by both BEC and ABC with both the property and occupier markets have identified in certain terms that there is a clear need for public sector participation in the development market and to create and implement a suite of intervention and participation tools which can stimulate the market and encourage further investment in Allerdale. This is not just applicable for Allerdale but was a consistent message when we undertook the soft market testing exercise in 2015 for Copeland and indeed is a clear theme for none core city markets.
- 5.1.2 The sites have been shortlisted to provide the partners with a range of locations which could meet the demand of all the relevant sectors over the short, medium and long term, providing both sufficient quantity of space but also choice to the marketplace. These sites will require some level of intervention by the public sector to create credible delivery proposition and ultimately secure development.




5.2 Introduction to Delivery

- 5.2.1 The objective of securing development for a public authority is often for the purpose of economic benefits with regeneration rather than only financial returns. Yet, maximising value whilst facilitating regeneration is a complex challenge. Development came to a virtual standstill in 2008, and has been slow to recover since this event. There is an ever evolving need for the Public Sector to intervene and stimulate development to encourage economic growth.
- 5.2.2 Both the public and private sector have witnessed a reduction in finance availability, grants and funding gaps. Assistance is now provided through the application of a number of tools to make sub-market schemes viable, including the provision of capital on a return basis set on certain terms. The public sector has found itself tasked with creating investment opportunities and viable income streams through establishing a programme of recyclable investment, which acts as a catalyst for further investment from the private sector. The public sector therefore takes a share of both risk and reward through greater participation in property development, and critically business. Development in the regional markets has only really returned where there has been a partnership between the public and private sectors, working towards common goals and reducing uncertainty and therefore the risk profile of any scheme.
- 5.2.3 The increased need for the public sector to intervene and take an active approach has resulted in many Local Authorities using a variety of tools to create value, but rebalance risk. The table below presents a number of examples which have all been brought forward using the various tools available.

Table 5.1 – Public Sector Initiatives

Public Authority	Initiative	Description
 Salford City Council	Greengate Embankment	Rental guarantee to kick start a speculative office project. The Council guaranteed 50% of the rental value of the 196,000 sq. ft office building which forms the first phase of a 1m sq ft development.
 Derby City Council	Friar Gate Square	First speculative office development in Derby City Centre for 25 years. The 32,000 sq ft received approximately £3m from the Council.

 <p>Oldham Council</p>	<p>Oldham Town Hall</p>	<p>Transformation of a derelict Grade II listed Old Town Hall converting it in to a 1,000 seat 8 screen cinema and associated family leisure uses including 4 restaurants. There is a £16m public/private funding package considered which is believed to comprise a mix of prudential borrowing and underwriting by the Council.</p>
	<p>Grand Central</p>	<p>Funded by Birmingham City Council, the Department for Transport and Centro. BCC purchased the shopping centre asset formally known as the Palisades. The new development in the city centre now known as Grand Central will include a 250,000 sq. ft John Lewis store on the site of the former Stevenson Tower which is to be delivered in Autumn 2015.</p>
	<p>City Arena</p>	<p>Leeds City Council developed a new £80m concert and events arena which is run by operator SMG Europe. Using capital investment and enhanced revenue streams created by the Arena. The Council has also used put options to kick start speculative development.</p>
	<p>Coventry Investment Fund</p>	<p>The establishment of a £50m recyclable investment fund established through PWLB financing to deliver capital projects in Coventry which can demonstrate contribution to the business rate base, alignment with the Council's investment priorities, deliverability and a scale of jobs created or safeguarded. The Council will made a provision of grant under the block exemptions in exceptional circumstances but wished to maintain the integrity of the funds value.</p>
	<p>Market Walk Shopping Centre</p>	<p>CBC purchased a £22m retail asset to derive a resilience income stream and to facilitate further retail development which the private sector has failed to deliver. PWLB borrowing but consideration of income strip approach. The asset produces a net distributable income for reinvestment in the town centre.</p>
	<p>Bridgefield</p>	<p>Stockport Council took over a long leasehold interest in a major redevelopment site for control and to facilitate redevelopment. Investment c. £9m.</p>
	<p>Friars Walk</p>	<p>The Council's development partner went into administration and the Council kept its professional team on board to secure planning permission for the developer's scheme implemented the CPO and took on liability for the compensation and then appointed a development manager to secure per-lets and funding.</p>
 <p>MANCHESTER CITY COUNCIL</p>	<p>Central Park/Sharp Project</p>	<p>The 200,000 sq ft Sharp Project, completed in 2011, is a £16.5m development owned by Manchester City Council. This project had a number of funding streams including ERDF, RDF & Education funding.</p>

	Multi Storey Car Park	Delivery of a MSCP through forward funding with a £1 buy-back at lease expiry (45 years). Price of £9.95m, reflecting a NIY of 3.78%.
	Grand Central Car Park	Forward funding with a £1 buy-back at lease expiry (35 years). £21.2m, reflecting a NIY of 4.24%.
	Provident Financial – Southgate Centre	The Council provided £6m of mezzanine finance to McAleer & Rushe to retain head office of Provident Financial's 700 employees in a 120,000 sq. ft grade A building along with the development of a 200 bed hotel. Critically this ensured that this major employer remained in Bradford.

5.3 Current Instructions

- 5.3.1 A detailed understand of the local market is critical so that the public sector has both the right 'tools' and indeed the right focus to ensure it is effectively working to promote economic development. In light of this both BEC and Allerdale are both currently, however unfortunately separately, engaged in gained a deeper understanding of the occupier market in terms of barriers to expansion and indeed mapping the supply chains to the active growth sectors. This is a critical piece of work which will allow all BEC partners clear insight into the economic growth sectors and will allow BEC to best target any interventions for maximum impact.
- 5.3.2 North Associates has been appointed by BEC and is part way through undertaking a Soft Market Testing (SMT) exercise with businesses in West Cumbria to inform BEC's knowledge of existing and future property requirements. This will inform the BEC strategy of how to best focus funding and consider its priorities in supporting economic and social growth in the region. We understand that an initial 24 companies have been approached in the SMT process, and selected on the basis of local insight and/or future expansion programmes.
- 5.3.3 The first round of SMT is due to be complete by March 2016. It has been noted that to date the market has responded positively to the interviews and welcomed the interest shown by BEC in the engagement strategy. The companies are apparently keen to continue such engagement in future, as a means by which BEC can assist businesses in a proactive delivery of their growth strategies. ABC is supportive of this engagement programme and is keen to understand the results from the wider study to inform the growth strategy collectively.
- 5.3.4 It is considered that the SMT engagement result will also cause BEC to revisit its wider strategy and corporate plan to ensure it remains a fit for purpose economic development agency for the next cycle.
- 5.3.5 In addition, ABC also has recently bolstered its Economic Development Directorate and has a small but active team which is proactively now engaged in trying to assist occupiers with providing a property solution which fits the business needs, both financially and also in terms of looking at the wider network in the borough. It also plans to commission shortly, a specialist to engage with both indigenous occupiers at the borough level and inward investors who are searching for property within Allerdale. This study will track the economic growth sectors and critically the supply chains which need to support growth. This will be a very informative study which will provide the insight into developing a clear prioritisation strategy for both ensuring business and property support is targeted to delivering maximum results.

5.4 Intervention Options

- 5.4.1 In February, the consultant team held a delivery focused workshop with ABC Officers and its public sector partners, where the development issues and intervention options were discussed as part of a wider discussion on the delivery requirements in Allerdale, under broadly the three main themes highlighted in figure 1.

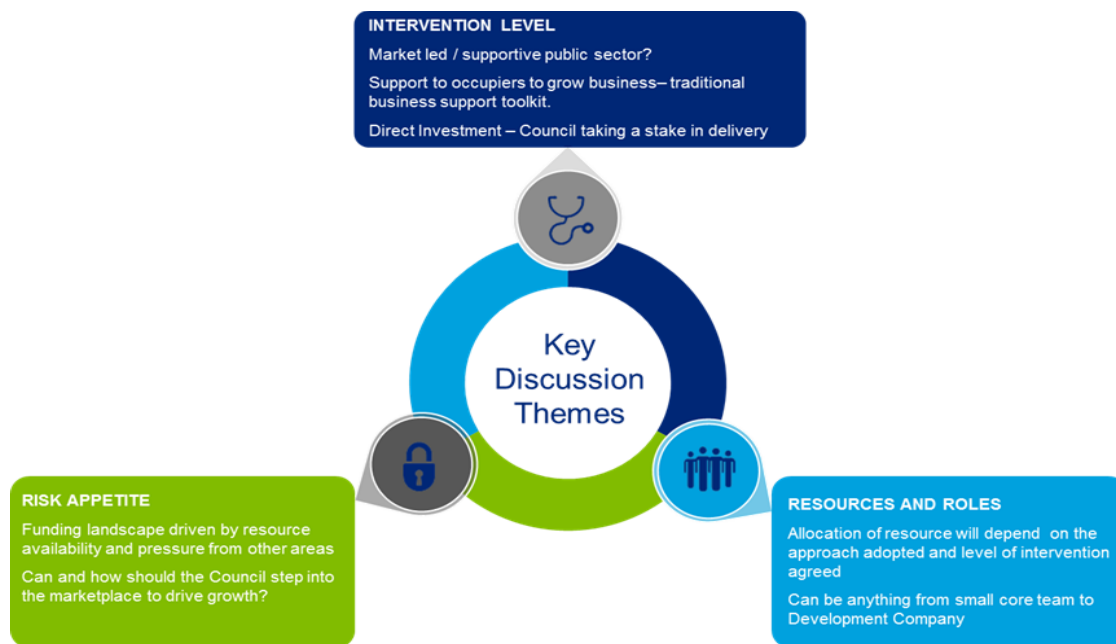


Figure 5.1 – Delivery Workshop Key Discussion Themes

- 5.4.2 We considered the breadth and took a cohesive approach, which is currently being explored by the ABC officers. Albeit, a relatively resource light team, it appeared to be working hard to ensure there was real focus to working towards adopting a strategic approach to assisting business growth which they cleared understood to always be more complex than just providing a property solution. We also discussed how ABC was now looking at a more sophisticated approach to participating in the provision of property with the full spectrum of participation being considered including direct development.
- 5.4.3 BEC, ABC and partners are aware of the broad need and understood the importance of participating in schemes where there is a strong rationale to do so. There are a number of intervention measures available to the public sector partners which can be deployed to assist in de-risking development opportunities.
- 5.4.4 From the outcome of this workshop, along with feedback from market consultations and our experience of delivering complex schemes, we have categorised the intervention options into four themes as shown in the diagram below which are relevant to the Allerdale area.

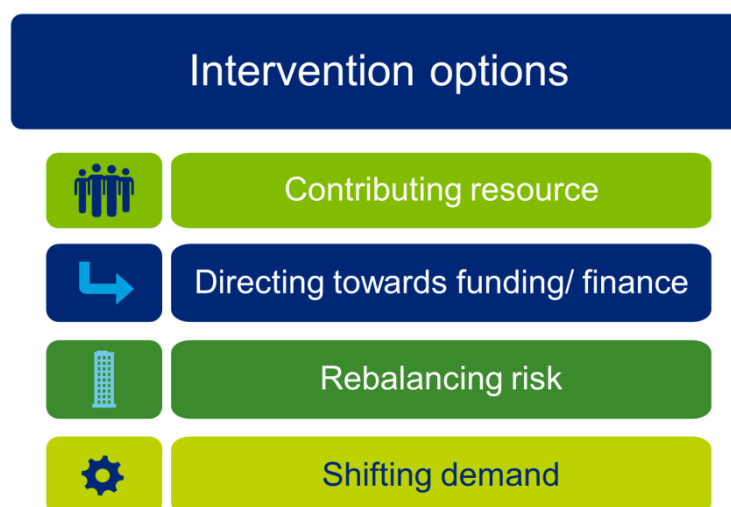


Figure 5.2 – Intervention Options

5.5 Contributing Resource

- 5.5.1 There is still a need for clear strategy for the shortlisted portfolio of sites to be articulated and adopted by all the partners, many of whom have a geographical remit which extends beyond Allerdale. We note throughout this study the limited resources of the partners, but a more joined up and cohesive approach could provide for a more efficient structure. ABC has established a small, focused and dedicated team, and it is hoped the outcome of the sifted sites will allow the priority portfolio to start to undertake a range of 'market readiness' actions, as a minimum, to act as a catalyst to achieving development on these sites. These 'market readiness' actions are aimed at removing risk and uncertainty and may include, but are not limited to:
- Building a relationship with any private landowner;
 - Undertaking a proactive occupier search – strategic leasing;
 - Using the established links of the West Cumbrian Economic Forum as a route into Government Agencies and UKIT;
 - Offering soft-landing services for occupiers;
 - Securing a planning permission or an endorsed planning and development framework for sites;
 - Undertaking planning related surveys including ecological surveys, transport assessments, flood risk assessment;
 - Undertaking site investigations/site surveys (e.g. topographical / asbestos);
 - Title investigations;
 - Demolition;
 - Marketing strategy;
 - Developer appointment; and
 - Access to funding.
- 5.5.2 The ABC property team / inward investment team should be the 'front door' to investment in the District, being the knowledge bank and the interface with potential partners and landowners.
- 5.5.3 We have again noted throughout this study that there is a lack of documented evidence on occupier and investment enquiries and general market activity which is usually held by an inward investment team. This is likely to be due to available resourcing and have adequate systems. However, this information is important in demonstrating market demand, assisting potential investors and occupiers and in ensuring appropriate targeting.
- 5.5.4 Having a dedicated team for the Allerdale priority sites will ensure focus on delivery. Such a team should have clear responsibility in promoting the sites and be able to match occupiers to suitable and deliverable sites. This study along with the strategic sector and supply chain engagement and the new focused team is the start to providing that knowledge bank.
- 5.5.5 There are a number of ways such a team could be supported, which could include:
- Direct appointment of suitably skilled staff / retraining of staff;
 - Secondments from partner agencies with consideration given to the potential to seek secondees support from the extensive supply chains part of any socio-economic contractual obligations; and
 - The use of a corporate vehicle / partnership which could be established on a flexible basis to deal with a variety of assets and opportunities or on a more traditional contractual basis. This option may be appropriate where opportunities extend across the administrative boundaries.
- 5.5.6 There is the opportunity to take on additional responsibilities and services which would match the level of intervention required for assistance in providing access to funding, through to providing development management services for direct delivery. It is assumed that the team would hire in additional resource from specialist consultancies as required, rather than provide a full service in-house function.

5.6 Directing Towards Funding / Finance

- 5.6.1 The availability of finance and the funding of viability gaps are two key areas for intervention. We have witnessed a number of local authorities stepping into a funding role as traditional bank finance has become increasingly difficult to secure due to the perceived risk of the sector, albeit credit conditions have eased as of late. Typically LA's have accessed a mixture of both their own funds and prudential borrowing which is then provided on a loan basis set at commercial terms to third parties following appropriate due diligence and security provisions to provide both senior and mezzanine debt finance. This option would include the scenario that a project is entirely public sector funded, such as the impending acquisition at Lillyhall and the proposed managed workspace schemes to address adequate business start-ups, and critically 'move on' space being considered.
- 5.6.2 To date, and in the wider area to Allerdale, BEC has used its funding streams to deliver a range of projects both directly and by supporting a number of sub-marginal schemes through the provision of gap funding. We understand that the gap funding is repayable should schemes achieve any super profits through an overage provision in the contract. Whilst this provides some protection for BEC to ensure it is supporting appropriate schemes, there is a fine balance to incentivise developers to reach any pay back thresholds if they are not also rewarded for this achievement and effort.
- 5.6.3 In addition to the continued use of this approach, there is merit in considering whether these funding streams could create a recyclable investment fund which can either be used by inviting third parties to bid for such, meeting minimum criteria, or used by a Allerdale Delivery Vehicle or Trust, to create a portfolio of investments to be held for revenue generation purpose or disposed of. Either way, the revenue and/or capital could be ring-fenced and used to leverage additional investment. Through the application of such a vehicle the public sector gets to share in the development returns as well as securing the economic benefits.
- 5.6.4 A number of the investment funds have created specific funds which are targeted at the public sector market, and are seeking acceptable schemes and products on which to create long term funding options of c. 25 year plus. We would advise early discussion with potential investors to ensure any vehicle and indeed opportunity created is done so as to make it institutionally acceptable.

5.7 Rebalancing Risk

- 5.7.1 Rebalancing risk requires participation in the development process: This is not about taking risk where the private sector will not, but instead taking measured and considered steps to share in both the risk and therefore the reward of development / economic growth. The market research has suggested that there is a 'lack of knowledge' in the market place which is generating an imbalanced perception of risk. We have documented some of the ways to remove risk through undertaking market readiness actions including providing access to information, above. In addition, there are a number of ways the partners could help rebalance risk, these can include:
- Rental Guarantees;
 - PUT options; and
 - Head lease provisions.
- 5.7.2 We have documented in earlier stages that there is a lack of understanding in the development market in regard of the nuclear sector in Allerdale. We highlight the complexities of the supply chain contracts in particular, and whilst Allerdale is not as reliant on the Nuclear sector as other Local Authorities, it is still an important point to consider, especially when considering development at Lillyhall which is a proven location of the Nuclear supply chain. Traditionally the Nuclear supply chain occupiers have only been willing to take 5 year lease terms as per the Nuclear contracts. This non institutional lease structure is therefore being reflected in the capital value of the asset. The reality is that this reflects the supply chain contracts rather than the fragility of the nuclear sector. Indeed we are advised of a long-term need for the decommission services alone, extending into the next century. The property market finds this challenging to understand and these schemes will compete for investment with traditional products which are able to offer longer lease terms and therefore are more acceptable to the traditional investment institutions and therefore have greater value.

- 5.7.3 Rebalancing risk may therefore be as simple as providing access to information, through to taking a head lease or providing a rental guarantee to remove perceived risk. Given the knowledge the wider Partners have of the sector, the perceived risk in providing such an undertaking may be acceptable and we would encourage further discussion on this which could be a relatively straightforward issue to resolve.
- 5.7.4 The impact of the flooding in December 2015 will no doubt manifest in concern from a business resilience issue in highlighted the relatively peripheral location for Cumbria. We understand this has impacted considerably upon the employment land supply in the Borough, but also the delivery of key sites. Not only have occupiers been affected physically by the flooding, but by the interruption to business activity caused by damage to the wider infrastructure, resulting in poor connectivity. As a result, occupiers are inevitably facing internal decisions as to where to locate, and ABC and its Partner need to tackle this issue by working with the business' to ensure they are retained the borough.

5.8 Shifting Demand

- 5.8.1 ABC has recognised the importance of maximising revenue in the district from the nuclear industry. However, the Council also realises it is less reliant on this sector than its neighbours. It is of great importance to grow a strong economic base to attract other industries including within the renewables sector, growing clustering within the energy sector.
- 5.8.2 ABC has an emerging three pronged strategy:
1. Encourage more start-up businesses;
 2. Grow the existing businesses in the district; and
 3. Attract larger businesses through inward investment.
- 5.8.3 In order to achieve this, it must improve its knowledge as to the types of industries which would be attracted to locate in the borough; and whether industries may include advanced manufacturing, engineering, or renewable energies. As previously mentioned ABC is about to commission a study, due to complete in summer 2016, to identify the types of industries it should focus on attracting to the borough, its key growth industries and to map the supply chain.
- 5.8.4 ABC has also acknowledge the importance of skills and educational attainment in capturing more local spend and recognises that continued consideration should be given to human capital, innovation, training, entrepreneurship. Physical regeneration should also be considered as these factors are all fundamental to economic success.
- 5.8.5 The supply chain of a skilled workforce is critical to ensuring additional local capture and the desirability of a town is fundamental to retaining the skill set.

5.9 Recommended Approach

- 5.9.1 ABC has an established small team which is currently refocusing to ensure it can provide both property and importantly wider business support to the private sector. It is addressing some of the knowledge gaps and appears to be thinking on a broader platform about the tools and interventions available to it in doing this. We understand from our discussion it is exploring taking greater risk in deploying its own capital to provide solutions to stimulate economic growth. In doing this, it is also considering the growing importance of creating resilient income streams for the Local Authority, something which if executed well, property has the ability to do.
- 5.9.2 We would therefore recommend that the team continues to develop this strategy for full review and adoption with the benefit of the currently outstanding reports and through gaining a more meaningful relationship with its Partners. BEC has the opportunity to use its asset base to leverage investment opportunity. This has been demonstrated through the delivery of schemes such as 'Jacob's House'.
- 5.9.3 We recommend that this team focus on no more than 3 projects which are chosen through a matrix of economic and social impact, complexity and deliverability. At this stage we would suggest that such a shortlist includes Lilyhall, Workington Port and Derwent Howe which we consider to be strategic in nature and potential impact.

5.10 Site Delivery and Intervention Options

- 5.10.1 We have set out in the tables below appropriate key actions and likely intervention options for shortlisted sites. This is summarised through an intervention stage diagram which reflects key development programme steps. These should be read in conjunction with site proformas located in Appendix xx, and are based on the high level desktop work completed as part of this study. This should become a live document which is updated as further detail and investigations are undertaken.
- 5.10.2 Development viability and supply chain are both important factors upon deciding which sites to intervene with, and which to prioritise, more detail on viability in Allerdale is provided in the note at appendix G. We stress that any intervention should be concentrated on strategic sites in resilient locations, which will benefit from high impact investment. Lilyhall and Derwent Howe are two sites which would benefit from high intervention in the immediate and longer term, as they will generate the greatest impact within Allerdale.
- 5.10.3 The programme provided below provides an overview of the likely timescales of delivery for the preferred sites.

Table 5.2 Delivery timescales for shortlisted sites

Site	Name	Short 0 – 3 years	Medium 3 – 8 years	Long 8+ years
2	Aspatria		Low	
3	Cockermouth Low Road		Low	
4	Cockermouth Mitchells			Medium
5	Derwent Howe	High		
6	Flimby		Low	
10	Lilyhall	High		
11	Maryport	Medium		
12	Port of Workington	High		
13	Silloth Airfield		Low	
16a	Wigton Jam Works		Low	
16b	Former Auction Mart			Low
16c	Wigton Syke Park		Low	
16d	Wigton Western Bank			Low
17	Portinscale		High	
19	Cockermouth Gote Road		High	

Intervention Level

LOW
MEDIUM
HIGH

5.10.4 The level of public sector intervention is different and vary for each site. The following diagram illustrates key stages in a traditional development process.

Table 5.3 Delivery programme and intervention strategy for shortlisted sites

No	Site name	Assumed use	Intervention level	Timescale	Delivery Overview	Likely Intervention
2	Aspatia	Light industrial / Covered storage	Low	3 – 8	<ul style="list-style-type: none"> The site is in private ownership Two plots have been identified as deliverable Suitable uses include light industrial units sized up to 5,000 sq ft or covered logistics/storage space Demand is driven by the market 	<ul style="list-style-type: none"> ABC / BEC to build relationship with landowner Proactive occupier search Actively assist in marketing the site
3	Cockermouth Low Road	Office / Light Industrial	Low	3 – 8	<ul style="list-style-type: none"> The site is in private landownership Located on the edge of a key service centre with good road access Prevailing low rental value for employment space is likely to make speculative development unviable Suitable for offices or light industrial units up to 5,000 sq ft Potential aspiration for 'other' planning potential 	<ul style="list-style-type: none"> ABC / BEC to build relationship with landowner Assist with marketing the site Assist in an active approach to find an end user
4	Cockermouth Mitchells	Office / Light Industrial / Covered Storage	Medium	8 +	<ul style="list-style-type: none"> The site is in private ownership and is greenfield Strategic extension site Located adjacent to a relatively 	<ul style="list-style-type: none"> ABC / BEC to build relationship with landowner Assist with marketing the site Assist in an active approach to find an end user

No	Site name	Assumed use	Intervention level	Timescale	Delivery Overview	Likely Intervention
					<p>established employment location</p> <ul style="list-style-type: none"> • Restricted access to main road – would require access • Good transport connections providing access to workforce in the wider area • Suitable for units up to 5,000 sq ft of offices or light industrial uses, or for covered logistics / storage • Would require planning designation 	
5	Derwent Howe	Mixed Use	High (priority)	1 - 3	<ul style="list-style-type: none"> • Public Sector Cumbria County Council and ABC own a significant part of the site • Major established employment estate • Considered acceptable for a range of uses on site • Considered an important commercial centre for employment, and other uses including retail • Well situated to the local centre and wider workforce • Residential planning application accepted on part of the site (private ownership) 	<ul style="list-style-type: none"> • Phased development to come forward as a masterplan to incorporate any residential uses where appropriate, including extant consents • Potential for ABC to acquire managed workspace and serviced offices on site • Improve access into the site by providing a secondary route • Proactive end user search
6	Flimby	Industrial Storage /	Low	3 - 8	<ul style="list-style-type: none"> • Suitable for light industrial units sized above 5,000 sq ft, manufacturing units or 	<ul style="list-style-type: none"> • ABC is currently monitoring the site to assess demand and requirement for intervention

No	Site name	Assumed use	Intervention level	Timescale	Delivery Overview	Likely Intervention
					<p>logistics / storage</p> <ul style="list-style-type: none"> Part understood to have been recently sold Understood to be in multiple private ownership In close proximity to the Port to provide land for further port related logistics and storage uses Part currently being marketed with identified potential for utility companies, nuclear and renewable energy companies 	<ul style="list-style-type: none"> ABC / BEC to build relationship with landowner Proactive occupier search Actively assist in marketing the site
10	Lilyhall	Office / Light Industrial	High	0-3	<ul style="list-style-type: none"> Part in significant Public sector ownership (HCA) Sites in HCA ownership being actively marketing, with ABC purchase A JESSICA charge is associated with the site, expected to be lifted before transfer from HCA to ABC Capable of ongoing delivery as a near term project Demand may be driven by nuclear occupiers within the Allerdale boundary Would be suitable for offices up to 20,000 sq ft or light industrial units sized up to 5,000 - 15,000 sq ft Understand a masterplan is being complete This is considered to be a strategic site for the growth sectors, proven by existing 	<ul style="list-style-type: none"> ABC to acquire 68 acres of the site in H1 2016 ABC have secured 2 occupiers on 25 acres of the site already, and remains in conversation with other potential end users ABC to proactive market once land transferred to them ABC to build relationship with owners and assist with masterplan Should ABC wish to assist with delivery, this would be a key site to undertake this under a masterplan led approach, to deliver a comprehensive scheme in phased development plots Comprehensive and dedicated team to deliver, and pursue a strategic leasing

No	Site name	Assumed use	Intervention level	Timescale	Delivery Overview	Likely Intervention
					occupiers	plan
11	Maryport	Light Industrial / Manufacture	Medium	0 - 3	<ul style="list-style-type: none"> ABC and Cumbria County Council own part of the site Demand is generally from smaller local businesses Small light industrial units are likely to be preferred in this location – largely serves a local market Part of the site is within Flood Zone 3 	<ul style="list-style-type: none"> ABC / BEC to build relationship with landowner Proactive occupier search Actively assist in marketing the site
12	Port of Workington	Light industrial / Logistics / Storage	High	0 – 3	<ul style="list-style-type: none"> In the ownership of Cumbria County Council Likely to be suitable for light industrial units and logistics / storage Important expansion land for Port resilience and should continue to be used for Port related uses Construction on new bridge due to begin in June Railway sidings delayed due to grant funding – connection is reinforced with occupiers requirements (inc. Iggesund) 	<ul style="list-style-type: none"> Focus on infrastructure delivery and improvements Will require dedicated resources to pursue Strengthen relationship with Port Build relationship with Port & Port ecosystem
13	Silloth Airfield	Light industrial / Manufacture	Low	3 - 8	<ul style="list-style-type: none"> The site is in private ownership Potentially suitable for industrial and storage / logistics 	<ul style="list-style-type: none"> ABC / BEC to build relationship with landowner Proactive occupier search Actively assist in marketing the site

No	Site name	Assumed use	Intervention level	Timescale	Delivery Overview	Likely Intervention
16a	Wigton Jam Works	Light industrial / Storage	Low	1 - 3	<ul style="list-style-type: none"> The site is actively being marketed by private owner Suitable for smaller scale light industrial and covered storage space A cleared site actively being marketed by agents Walton Goodland 	<ul style="list-style-type: none"> ABC / BEC to build relationship with landowner Proactive occupier search Actively assist in marketing the site
16b	Former Auction Mart	Office / Industrial / Manufacture	Low	3 - 8	<ul style="list-style-type: none"> The site is in private ownership Former potential supermarket site (now withdrawn) Central town location inhibits access to main roads to north and south Potential development dependent on site owners objectives for the site 	<ul style="list-style-type: none"> ABC / BEC to build relationship with landowner Proactive occupier search Actively assist in marketing the site
16c	Wigton Syke Park	Light industrial / Manufacture	Low	1 - 3	<ul style="list-style-type: none"> The site is in private ownership Planning application submitted on part for employment use 	<ul style="list-style-type: none"> ABC / BEC to build relationship with landowner Proactive occupier search Actively assist in marketing the site
16d	Wigton Western Bank	Light Industrial	Low	3 - 8	<ul style="list-style-type: none"> The site is in private ownership Potentially suitable for light industrial units sized up to 5,000 sq ft Poor frontage and watercourse on site Small scale site 	<ul style="list-style-type: none"> ABC / BEC to build relationship with landowner Proactive occupier search Actively assist in marketing the site
17	Portinscale	Offices	High	3 – 8	<ul style="list-style-type: none"> Potential for offices Access is difficult, public sector input required Site in private ownership 	<ul style="list-style-type: none"> Help to improve access provision to A66 ABC / BEC to build relationship with landowner Proactive occupier search Actively assist in marketing the site
19	Cockermouth Gote Road	Light Industrial	High	3- 8	<ul style="list-style-type: none"> Existing employment site occupied by James Walker (considering relocation after flooding) Any relocation could take up to 36 months 	<ul style="list-style-type: none"> ABC / BEC to build relationship with landowner Proactive occupier search Actively assist in marketing the site

No	Site name	Assumed use	Intervention level	Timescale	Delivery Overview	Likely Intervention
					<p>to achieve</p> <ul style="list-style-type: none">Any new build / refurbishment of existing facility would require, as a minimum, a sufficient level of flood resilience to attract new occupiersShould not underestimate the market impact of such a relocation on future reuse of the site – any flood resilience measures would attract additional cost	<ul style="list-style-type: none">Investigate potential funding streams to help with flood resilience measures

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