

Report to:	Cabinet	Date of Meeting:	10 March 2022
Subject:	Transformations de Southport - Business Case		
Report of:	Executive Director (Place)	Wards Affected:	Dukes
Portfolio:	Cabinet Member – Locality Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

The report provides an update for Cabinet on the Southport Town Deal project, *Les Transformations de Southport*, and presents the preferred option for progressing the commitment of Town Deal funding for the project. The report also includes the business case for the project for submission by the Council, as accountable body, to Government on behalf of the Town Deal Board.

Recommendation(s):

That the report be noted and:

- (1) the proposals for committing the Town Deal funding for delivery of the first phase of the project are approved;
- (2) the business case for the project is agreed and should be submitted to Government on behalf of the Town Deal Board;
- (3) the agreement and return of the Project Documentation to the Department for Levelling Up, Housing & Communities (DLUHC) is delegated to the Chief Executive and the Executive Director of Corporate Resources and Customer Services, in consultation with the Executive Director (Place) and the Cabinet Member for Regeneration and Skills and Cabinet Member for Locality Services, on behalf of the Town Deal Board and in line with Town Deal funding deadlines; and
- (4) recommend to Council the approval of a supplementary capital estimate of £2.75m funded from the annual transportation capital programme (£0.25m) - for the development of the scheme – and the Town Deal (£2.5m) for the delivery of the first phase of the project.

Reasons for the Recommendation(s):

Under the Town Deal Heads of Terms, Sefton Council is required to submit businesses cases within 12 months of the offer (by March 2022). The business case for the *Les Transformations de Southport* project has been developed in accordance with the guidance provided for Town Deal projects and takes account of consultation feedback

and the results of previous studies in recommending the first phase of delivery for the project. The business case needs to be approved for the submission to be made to Government to facilitate the provision of the grant funding.

Alternative Options Considered and Rejected: (including any Risk Implications)

Failing to complete and agree the business case would risk losing the funding so that is not an acceptable option.

A range of different transport interventions were considered for inclusion in the project as part of the Town Deal process and a project focussed on improving movement, access and connectivity across the town was agreed by the Town Deal Board for inclusion in the Town Investment Plan.

What will it cost and how will it be financed?

The full cost of the whole project is estimated to be £12.75m, with potential additional elements that could increase costs to £15m. However, funding has not been secured yet for the whole project and the first phase of the project is expected to cost £2.75m.

The Council is committed to securing additional support to enable it to deliver the full project and initial conversations have taken place with the Combined Authority about the potential for further funding through the CA's transport pipeline. There are several potential private development projects expected to be proposed in Southport in the next few years and it is also reasonable to expect that some of these proposals will be able to provide contributions to the project as part of the requirements to address the highways and access impacts of the proposals. The Council elements of the funding will remain in the Transportation Capital Programme and adjustments will be made on a regular basis in accordance with the scheme's delivery.

(A) Revenue Costs

There are no revenue costs associated with the delivery stages of the project. Future revenue requirements for maintenance of the infrastructure, including highways maintenance, cleansing, trees and planting will be delivered through existing budgets for those elements. All the proposals are being delivered within existing highway infrastructure that is already being maintained by the Council. There are no new significant maintenance requirements.

(B) Capital Costs

The funding for the first phase of the project will be largely met through £2.5m of Town Deal funding, with the balance of £0.25m from the annual transportation capital programme.

The project will be funded through capital resources as described above. The Council's capital commitment will be allocated from existing committed budgets for the Council growth programme (transport scheme allocation) and the transportation capital programme. The funding for the transportation capital programme commitment will be provided through the City Region Sustainable Transport Settlement, which is administered by the Combined Authority.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):

There are no specific implications. The project is being progressed by Council staff, funded from existing Council budgets.

Legal Implications:

Any legal implications are incorporated in the report.

Equality Implications:

An Equalities Impact Assessment has been carried out for the project. The improvement to the street environment, including seating and provision of public spaces and wider footways are expected to have some benefits for those in the protected characteristic groups related to age, disability and maternity/pregnancy. No significant negative implications have been identified.

Climate Emergency Implications:

The recommendations within this report will

Have a positive impact	Yes
Have a neutral impact	No
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes

The proposals are intended to make the town centre safer, easier and more attractive to walk around, reducing the need for vehicular travel. They also include measures to improve connections to the railway station which will have a positive impact on encouraging people to come to the town by rail. Overall, the proposals are designed to encourage more sustainable travel in support of clean growth in the town and there should be an overall positive impact.

Contribution to the Council's Core Purpose:

Protect the most vulnerable:

The project is intended to improving safety and accessibility for all highway users, including specific provision for people with impaired mobility.

Facilitate confident and resilient communities:

The proposals are intended to make the town centre safer, easier and more attractive to walk around, as well as providing a better business environment that will create opportunities for local communities.

Commission, broker and provide core services:

Improving and maintaining highway infrastructure is a core service delivered by the Council. This project delivered on behalf of the Town Deal Board will enhance the core infrastructure service provided by the Council.

Place – leadership and influencer:

The proposed project is intended to be an enabler for transformational change in the town centre environment and lead to further private sector investment in Southport.

Drivers of change and reform: Not applicable
Facilitate sustainable economic prosperity: The underlying aim of the project is to improve the environment of the town centre by providing better quality public spaces and safer and more accessible highway infrastructure which will lead to higher numbers of people coming to the town centre, staying longer and thereby supporting local businesses and the prosperity of the town centre.
Greater income for social investment: The procurement of the works contract will include a requirement for the contractor to provide added social value as part of the contract.
Cleaner Greener: The project is intended to make the town centre safer, easier and more attractive to walk around, reducing the need for vehicular travel. It also includes measures to improve connections to the railway station which will have a positive impact on encouraging people to come to the town by rail. Overall, the proposals are designed to encourage more sustainable travel in support of clean growth.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6725/22.) and the Chief Legal and Democratic Officer (LD.4725/22.) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

The *Les Transformations de Southport* project is part of the Southport Town Deal's Town Investment Plan which was submitted following an extensive public consultation with residents, visitors, business owners and young people (on which more than 7,000 responses were received). The project was identified as a priority by the Town Deal board, in both the submission of the bid in October 2020, and in the allocation of the awarded funding in March 2021.

Further consultation on the project started in February 2022. This consultation presented an overview of the whole project, with specific questions relating to the proposals for the first phase of delivery to be funded through the Town Deal allocation. The consultation is open to anyone to respond to, but it is particularly targeted at the business community and those individuals and organisations likely to be affected by the first phase of the proposals. The consultation will be continuing until the 18th March. The Town Deal Board have also considered the project and in February 2022 approved the business case for submission to government, subject to Cabinet consideration in March.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

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Appendices:

The following appendices are attached to this report:

Appendix A – Summary of *Les Transformations de Southport* business case

Background Papers:

The following background papers, which are not available elsewhere on the Internet can be accessed on the Council website:

Cabinet meeting 1st April 2021, Southport Town Deal – Heads of Terms:

[http://smbc-modgov-03/documents/s102024/Southport%20Town%20Deal%20Heads%20of%20Terms.pdf?LO\\$=1](http://smbc-modgov-03/documents/s102024/Southport%20Town%20Deal%20Heads%20of%20Terms.pdf?LO$=1)

Town Deal Board: <http://smbc-modgov-03/mgCommitteeDetails.aspx?ID=881>

1. Introduction/Background

- 1.1 Following the successful submission of Southport's Town Investment Plan (TIP), under the government's Town Deal funding programme, Southport was allocated £37.5m for a range of projects. All project funding allocations through the Town Deal have been developed with the agreement and support of the Town Deal Board and in line with the Town Deal Programme Heads of Terms.
- 1.2 One of the projects included in the TIP was *Les Transformations de Southport*. The provision of infrastructure to underpin economic growth was one of the three themes of the Town Investment Plan for Southport and this project provides the transport and public realm infrastructure needed to support the ambition of the Town Fund and the changing patterns of travel demand and movement around the town. The overall project is expected to cost approximately £12.75m and £2.5m of funding has been allocated from the Town Deal to enable the delivery of the first phase of the project. Additional funding will be sought for the further stages of the project.
- 1.3 The project aims to improve the atmosphere, prosperity and health of the town by providing better access and connections across the town centre, linking all the Town Deal projects and making it easier, safer and more enjoyable for people to get about the town. This means that all the parts of the town are better connected with each other, that people enjoy the town more and stay longer and that the town's businesses are able to grow and develop and attract new investment into the town.
- 1.4 In practice, the project will consist of access, connectivity and public realm improvements on key routes connecting the major development proposals (Marine Lake Events Centre, Enterprise Arcade and Southport Market) with the railway station, together with a new comprehensive signing and wayfinding system.
- 1.5 The business case for the Council's delivery of the project sets out the rationale for the whole project and provides more detail about the planned delivery of the first phase of the project that will be funded through Town Deal. The project is expected to achieve the outcomes and outputs required under the Town Deal Heads of Terms.

2. Project Outcomes

- 2.1 The vision for the project is to create accessible and well-connected high quality public spaces, providing priority for people walking and cycling and those with limited mobility in support of clean growth. This will support businesses in attracting and retaining customers, improve the health and wellbeing of communities, encourage people to stay longer or return more frequently and thereby reinforce the vision for the town.
- 2.2 Key objectives of the project are:
 - Define a consistent and high quality look and feel for street design in Southport
 - Develop a framework street design that will deliver natural wayfinding between key destinations within the town centre

- Support the natural wayfinding with a high quality, effective and modern physical and digital wayfinding system
- Redress the balance between place and movement on key streets to reduce traffic domination and create the conditions across the town centre where walking and cycling is safe, simple and attractive
- Improve the accessibility of the town for everyone by reducing or removing barriers and severance, especially for people with limited mobility
- Improve pedestrian and cycling routes both in the town centre and waterfront and between the town centre and the waterfront
- Create a town centre environment that promotes enhanced public health and wellbeing
- Increase footfall, dwell time and expenditure within the town centre

2.3 The proposed project outputs for the whole project are summarised as follows:

- Upgrade of railway station entrance
- A total of 1,216m of improved public space, pedestrian and cycle connections throughout the town
- A total of 17,180m² of improved public space throughout the town
- A comprehensive physical and digital wayfinding system across the town

2.4 The proposed project outputs for the first phase, funded through the Town Deal, are summarised as follows:

- A total of 556m of improved public space, pedestrian and cycle connections on Chapel Street, Eastbank Street and King Street
- A total of 1,413m² of improved public space on Market Street
- First phase of delivery of a comprehensive physical and digital wayfinding system across the town

2.5 These interventions are expected to deliver the following outcomes:

- Increased usage of rail services
- Increase in walking and cycling with associated health and well-being outcomes
- Reduction in traffic congestion due to improved traffic management and signing
- Significantly improved visitor experience on arrival and in the town centre
- Longer dwell time by residents and visitors due to more enjoyable public spaces
- Increased town centre/high street footfall

2.6 These outcomes are expected to have a significantly positive impact on the economic vitality of the town and the health and well being of residents and visitors.

3. Delivery Approach

3.1 As part of the Town Deal bid process, a wide range of ideas for improving movement, access and connectivity in the town centre were reviewed together with the other project ideas for diversifying and strengthening the economy as part of the Town Deal bid process. The *Les Transformations de Southport* project was

identified as the measure to deliver the infrastructure improvements needed to underpin growth in the town and the proposals included in the TIP were then agreed by the Town Deal Board.

3.2 The bid for Town Deal funding was clear that Town Deal would provide a contribution to the overall scheme and that further funding would be required. This remains the case. The Town Deal Board remain committed to the delivery of the whole project and have agreed to commit £2.5m of the Town Deal funding to the delivery of the first phase of the project.

3.3 Consideration of the different elements of the project and how they should be delivered and in what order was therefore essential. Several factors were taken into consideration in identifying the elements to be delivered in Phase 1 and the later phases of the project as follows.

- Evidence of need: Available evidence from previous studies, public consultation and other comments about areas where improvement was needed most.
- Recommendation from previous studies: The Southport Investment Framework and the Town Centre Access and Connectivity study both included recommendations for improvements that would stimulate growth in the town.
- Building on success: Where recent investments have proved successful, ongoing investment in those areas will reinforce and develop that success.
- Support for Town Deal priorities and investments: The project was always intended to improve connections to and between the other Town Deal investments and the phasing of those investments was used to inform the phasing of this project.

3.4 The first phase of the project will focus on Chapel Street, Eastbank Street, King Street and Market Street. It will also include the development and initial implementation of the wayfinding strategy. The reasoning for the choice of these areas as the first phase is provided below.

- Evidence of need: The condition and appearance of Chapel Street and the railway station entrance is regularly raised by the public and their representatives as needing attention and improvement. More than 4 million entries and exits take place at the station every year so the station serves as a key gateway to the town and the existing look and feel of the station entrance create a disappointing impression of the town. A volunteer led Station Improvement Group has been formed specifically to seek improvements to the station. The existing direction signs across the town are variable in form and quality and the totem signs with direction maps on are in poor condition and require updating.
- Recommendation from previous studies: The Southport Investment Framework (2016) recommended improvements to the Market area and included a specific recommendation, "Public realm improvements to King Street and Market Street will enable activities associated with the Market Hall to utilise this outdoor space for large scale outdoor markets, events and other uses associated with a revitalised market hall." This idea was also identified in the Town Centre Access and Connectivity study (2018) which proposed that "King Street and Market Street are upgraded from Local Streets to Destination Streets. To achieve this transformation some interventions will be required to help improve the 'place' function whilst maintaining the existing 'movement' function on these streets."

- Building on success: The refurbishment of Southport Market in 2020, using advance funding from the Town Deal has proved very successful, with tens of thousands of customers and turnover of more than £1.4m in its first six months. There have also been very successful Sunday markets, with more than 50 stalls, held inside and alongside the Market. Three new businesses on Market Street and two on King Street have opened since the Market re-opened.
- Support for Town Deal priorities and investments: One of the other Town Deal projects that is being planned for early delivery in the Town Deal process is the Enterprise Arcade, located on Eastbank Street. This will provide a new business incubator premises, focussing on the arts, creative and digital businesses emerging in the town. Its location on Eastbank Street means that it is ideally located for access to the railway station and is linked with the growing Market quarter.

3.5 It is proposed to deliver the first phase of the project with the £2.5m allocation from the Town Deal, together with the contribution of £0.25m from the Council's capital programme. Whilst that element of the project is being delivered, the business case will be used to make the case for further funding to deliver the later phases of the project.

4. Business Case

4.1 The Business Case developed for the project meets the requirement set out by Government and funding approval through the Town Deal Programme. The Business Case adopts the standard Treasury Green Book 5 Case Model as follows:

- Strategic Case
- Economic Case
- Financial Case
- Commercial Case
- Management Case

4.2 A summary of the Business Case is provided in Appendix A and the key elements of the business case are provided below.

STRATEGIC CASE

4.3 The strategic case sets out the evidence for the importance of access and connectivity for the visitor and retail economy. This draws on the information presented in the Southport Development Framework from 2016, the Southport Town Centre Access and Connectivity Study of 2018 and the Town Deal consultation carried out in 2020. All these previous studies identified the importance of safe, accessible and attractive infrastructure for the movement of people between attractions as well as in and around the town centre. The strategic case presents the extensive list of interventions that were considered as part of the Town Deal process and the way in which they were appraised and selected for inclusion in the TIP. The proposals for the different phases are identified and the ongoing consultation and engagement with key stakeholders is also summarized.

ECONOMIC CASE

- 4.4 The benefit calculations take account of active travel benefits, accident savings, ambience improvements and wider economic benefits. Different options for the project have been appraised, based on availability of funding and phasing. Sensitivity testing to identify the effect of different assumptions on the value for money have also been carried out. The full scheme option of £12.75m has been assessed, but a further option with possible additional funding up to £15m, subject to funding bids has also been included in the appraisal. The project offers strong value for money and the benefit cost ratios for the options and sensitivity tests are all high or very high. Due to the early stage of development of the project and that more specific proposals have only been developed for the first phase of the project, a prudent approach has been taken in the development of the Benefit Cost Ratio (BCR) value for money calculations.

FINANCIAL CASE

- 4.5 The financial case considers the capital costs associated with the project. There are no revenue elements included in the project. Cost estimates are indicative at this stage and more detailed estimates will be developed as the details of the project are refined. These indicative scheme costs are considered to be proportionate and affordable in relation to the scale of issues and benefits identified. The potential funding sources for the project are also identified. For the development of the scheme, it is proposed that £0.25m of existing Council capital resources is used, from the growth programme and the transportation capital programme. The delivery of the first phase of the project will be funded through the £2.5m of Town Deal.
- 4.6 Funding for the later stages of the project is not confirmed, but it is assumed that it would be comprised of Council capital programme £0.25m, Combined Authority (subject to funding bid) £9.0m, developer contribution (subject to planning obligations) £0.75m. The delivery of the whole project is currently expected to take place over 5 years, from 2022/23 – 2026/27.

COMMERCIAL CASE

- 4.7 The capability and experience to deliver such projects already resides within the Council and the existing processes for procurement, financial management and monitoring and project management will be suitable and sufficient for the delivery of the project. The delivery of the first phase of the project will be undertaken by a contractor appointed through a procurement strategy that will be developed and managed in accordance with the Council's Contract Procedure Rules. The project will be included in the Council's transportation capital programme and managed and monitored in accordance with existing processes and reported to Cabinet Member for approval.

MANAGEMENT CASE

- 4.8 The project will be managed in accordance with the Council's existing assurance and management framework and will also be reported to the Town Deal Board. Delivery programmes will be developed for each phase as they are finalised. Seasonal issues (summer and Christmas) will need to be accounted for in all the

project delivery phases. Subject to approval of the funding, the first phase is planned to start in early 2023. The risk developed for the scheme identifies that key risks relate to the availability of future funding, levels of public support and risk of delays and cost increases, e.g. related to inflation, staff diversions, contractor availability. Measures to mitigate and manage these risks are also identified in the risk register. Key stakeholders have been identified and are being consulted as part of current consultation process. Monitoring and evaluation of the project will be carried out in accordance with the requirements of the Town Deal.

CONCLUSIONS

- 4.9 The case for change is strong because of importance of access and connectivity for visitor and retail economy and there is a good evidence base for the scope and phasing of the project. The project offers value for money and the benefit cost ratios for the options are all high or very high. Indicative scheme costs are considered to be proportionate and affordable, but additional funding sources are required for the later phases of the project. Existing procedures and approval mechanisms are suitable for procuring and managing the delivery of the project. Key risks and measures to mitigate and manage those risks have been identified. Key stakeholders are identified and consultation is under way.