

SOUTHPORT TOWN DEAL

Les Transformations de Southport
Movement, Access and Connectivity

**BUSINESS CASE
EXECUTIVE SUMMARY**

EXECUTIVE SUMMARY

The *Les Transformations de Southport* project is a core component of the Southport Town Deal and has been developed to provide the infrastructure essential to underpin economic growth in the town. This was one of the three key themes of the Town Investment Plan (TIP). The 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 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.

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.

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.

STRATEGIC CASE

The strategic case sets out the evidence for the importance of access and connectivity for the visitor and retail economy. It demonstrates the case for change as a basis for improving the town centre environment and supporting both the visitor and retail economy.

Southport attracts approximately 8 million visitors per year from around the country for days out, short breaks and seaside holidays. The annual events programme generates large numbers of visitors to the town and provides an important boost to the economy in the area, but their impact is time limited and cannot sustain businesses in the tourism and hospitality sectors year round. Alongside tourism the town also performs as a 'day to day' town centre retail destination for residents as well as a wider Sefton and West Lancashire catchment area. Lord Street is the centrepiece of the town centre.

The strategic case 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. Both the 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 need to invest in the public realm in the town centre and the connection between Lord Street and the Promenade emerged strongly in the Town Deal consultation responses in 2020.

The case for change presented in the Town Investment Plan was that the quality of Southport's infrastructure and its links to the wider regional economy of the North West and the rest of the UK are key in terms of access to labour, jobs and other life opportunities. In-town infrastructure is vitally important to the movement of people, between attractions as well as in and around the town centre.

The vision for the project is as follows :

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. Aim to support businesses, improve the health and wellbeing of communities, encourage people to stay longer or return more frequently and thereby reinforce the vision for the town.

The Project objectives 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

The proposed changes to the physical environment of the town centre, in terms of public space, improved pedestrian and cycle connections and a new physical and digital wayfinding system are expected to deliver a wide range of beneficial outcomes as follows :

- 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

The project 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 contribution that each intervention was expected to make to growth and prosperity, access and connectivity and low carbon was reviewed and the deliverability of each idea and project was also assessed. 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 were included in the TIP.

Following the announcement of £37.5m funding for the Southport Town Deal, further details were developed for the project, to take account of the reduced level of funding and to review the options for phasing of delivery. 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.

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.

The theory of change for the project shows how the project is expected to lead to more successful businesses in the town, growth in the visitor economy and increased inward investment. It is also expected to improve community health and well-being and the quality of life in the town.

An equalities impact assessment of the proposals has been carried out in accordance with the Council’s Public Sector Equality Duty and the need to consider potential impacts on groups with differing income levels or protected characteristics. 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.

The scope of the project means that there are many key stakeholders. Key stakeholders have been identified and are being informed about the project and will have the opportunity to influence its development. The successful delivery of the scheme will be particularly dependent on the Council (as the statutory highway authority), the Town Deal Board and local decision makers and representatives. The scheme also aligns strongly with the work of the the Southport Business Improvement District (BID) and Marketing Southport and their interest in the visitor economy and the health and vitality of Southport Town Centre.

This business case sets out the justification and benefits for delivery of the whole project, but the Town Deal funding will only deliver the first phase of the works and further funding will be required to deliver the rest of the project. These issues are addressed in the risk register. Other constraints also identified in the risk register relate to the level of support for the proposals from businesses and the general public, the significance of the seasonal visitor economy in Southport and the need to minimise disruption to businesses at key times of the year.

ECONOMIC CASE

The anticipated benefits from the investment closely match the local transport and urban regeneration and the planning and land use investment themes of the Towns Fund. A proportionate approach to assessing the benefits of the proposed interventions has been adopted, based around three key types of appraisal: active modes appraisal; ambience benefits appraisal and wider economic impact appraisal.

The Department for Transport's (DfT's) Active Mode Appraisal Toolkit (AMAT) has been used to quantify the active mode benefits of the proposed interventions. The AMAT calculates the benefits associated with a forecast uplift in levels of walking and cycling across three key areas: mode shift; health; and journey quality. Within the AMAT, the key factors that the appraisal considers are changes in infrastructure provision and how these are likely to impact on demand for walking and cycling trips in the scheme location.

Ambience benefits relate to improvements in the overall travel 'environment' when undertaking journeys and are based on market research into how much per trip a passenger is willing to pay for improvements. The Willingness To Pay (WTP) valuation data from Transport for London's (TfL's) ABC (Ambience Benefits Calculation) tool has been used. An adjustment has been made to the WTP values from the TfL toolkit to make them more appropriate to Sefton. The tool monetises the benefit of providing enhanced individual journey ambience by using WTP values in pence per trip per minute (or unit). The WTP values refer to the maximum price an individual is willing to pay for transport interventions in order to gain the benefits following the implementation of such interventions.

A series of options were developed and considered as part of the AMAT and ABC appraisal, in order to identify which option might generate the highest VfM (Value for Money). The options tested using the AMAT and ABC range from Do Nothing (which assumes business as usual with no Town Deal investment), to Do Minimum and 3 Do Something scenarios as described below.

- **Do Nothing** : Under the Do-Nothing scenario, Sefton Borough Council would not receive any Town Deal funding to implement the project and no improvements would be made, with a continuation of the business-as-usual situation.
- **Do Minimum** : The Do Minimum scenario assumes the use of £2.5m of Town Deal funding to deliver the interventions focused around Chapel Street, Eastbank Street, King Street and Market Street as well as potential improvements at the rail station entrance.
- **Do Something A** : The Do Something A scenario assumes the delivery of Do Minimum interventions, plus additional improvements at the Lord Street/Nevill Street/London/Street junction, on Nevill Street itself and at the Nevill Street/Promenade junction.
- **Do Something B** : The Do Something B scenario assumes delivery of the Do Minimum and Do Something A interventions, plus additional improvements at the Eastbank Street/Lord Street, Promenade/Bold Street and Bold Street/Lord Street junctions.
- **Do Something C** : The Do Something C scenario assumes delivery of the Do Minimum and Do Something A and B scenarios, plus additional improvements on London Street and along Lord Street.

Cost Benefit Analysis (CBA) has been used to appraise the costs and benefits of each of the options being tested against the reference case i.e. the Do-Nothing scenario, where no investment is made in Southport's town centre infrastructure through the Town Deal. Where possible, the benefits have been quantified and monetised and then discounted to provide net present values, reported in 2021 values in line with the Towns Fund appraisal guidance.

At this stage of the project, the business case has been developed on the basis of an overall scheme cost of £12.75m. Funding for the first phase of the scheme only will be provided by £2.5m from the Town Deal allocation for Southport. Funding for the whole of the scheme has not yet been secured. The project is a capital project, and the business case has been developed on the basis of the capital investment, so there is no revenue element included in the project and in the business case. The overall estimated cost for the preferred option for the project is £12.75m, but with an option for a larger project of up to £15m.

The indicative scheme costs were converted to PVC (Present Value of all Costs) values for each of the scenarios, as shown below.

Option PVC Values

	Do Minimum	Do Something A	Do Something B	Do Something C
PVC Costs (£, 2021 PV)	2,648,192	7,463,088	12,277,983	14,444,686

As well as the quantified benefits calculated using the AMAT and ABC, there will also be a range of 'wider economic impacts' associated with the scheme. These include the following:

- Additional visitor numbers at key events (and the additional visitor expenditure and additional employment in the visitor sector that this generates); and
- Additional employment and employment-related Gross Value Added (GVA) generated by new developments that will be unlocked, at least in part, by the new scheme.

All wider economic impacts are based on standard 'additionality' guidance (as published by the HCA, now Homes England and DCLG, now the Department for Levelling Up, Housing and Communities).

The results of the value for money assessment are summarised below.

Summary of Value for Money calculations

Benefits	Do Minimum	Do Something A	Do Something B	Do Something C
Total Estimated Benefits (AMAT & ABC)	£20,215,893	£30,924,413	£40,547,820	£43,317,422
Total Estimated Costs	£2,646,666	£7,460,988	£12,275,525	£14,441,749
BCR (Benefit Cost Ratio)	7.64	4.14	3.30	3.00
NPV (Net Present Value)	£17,569,227	£23,463,424	£28,272,294	£28,875,674
VfM (Value for Money)	Very High	Very High	High	High
Estimated Wider Economic Benefits	£31,168,763	£48,058,241	£63,258,772	£67,557,911
Adjusted NPB	£51,384,656	£78,982,654	£103,806,591	£110,875,333
Adjusted BCR	19.41	10.59	8.46	7.68
Adjusted NPV	£48,737,990	£71,521,666	£91,531,065	£96,433,585
Adjusted VfM	Very High	Very High	Very High	Very High

It can be seen from the initial BCRs that the proposals for all scenarios result in High or Very High VfM, with all BCRs above 3. In each scenario, the largest proportions of benefits come from enhanced journey quality and increased physical activity. The inclusion of the wider economic impacts in the adjusted BCRs means that these increase to above 7 in each scenario.

Based on both quantitative and qualitative assessment, the Do Something B scenario has been identified as the preferred option. It delivers an initial BCR of 3.30 and an adjusted BCR of 8.46, representing High and Very High VfM respectively. Although some of the other options are forecast to generate larger BCRs, Do Something B offers the best fit with the scheme objectives and in being the most deliverable option in terms of affordability and delivery timescales.

Other potential impacts, such as accident casualties, reductions in severance and journey time impacts have not been considered in the appraisal. The project is expected to deliver potential benefits in terms of road safety improvements and reducing severance. Effects on journey times are expected to be largely neutral.

Sensitivity testing was carried out to determine the impact of lower and higher benefit scenarios and different appraisal periods on the BCR for the preferred option (Do Something B). The sensitivity testing is important because the outcomes of schemes of this nature are uncertain, in particular in terms of future levels of use as a result of new public realm and associated infrastructure.

In order to illustrate the sensitivity of the forecast uplifts, four different scenarios have been explored:

- Core – which was used within the AMAT and ABC calculations for the BCR;
- Low – which presents a ‘worst case’ scenario of low forecast (-50%);
- High – which presents an optimistic scenario of high demand increase (+50%); and
- DfT Uplift Tool – which presents the uplift based on the DfT Uplift Tool, as provided as part of the Tranche 3 Active Travel Fund.

Additionally, sensitivity tests for 15-year and 30-year appraisal periods were undertaken for comparison with the assumed 20-year appraisal period. In all tests, the VfM for the preferred scheme option remained high or very high, with the adjusted BCRs showing very high VfM across all scenarios.

FINANCIAL CASE

The business case has been developed on the basis of an overall scheme cost of £12.75m, but recognising that there is potential to extend this and deliver more subject to the availability of additional funding. At this stage, funding for the whole of scheme has not been secured and further funding bids for the scheme will be submitted based on the evidence presented in this business case. The Town Deal will provide £2.5m for the delivery of the first phase of the project. The project is a capital project and the business case has been developed on the basis of the capital investment, so there is no revenue element included in the project and in the business case.

Cost estimates at this phase are indicative allocations only. Allowances for inflation and for optimism bias have not been identified separately and are incorporated in the overall indicative estimates. As specific phases of the project are developed further and the details of the designs are confirmed, more detailed cost estimates will be prepared. The indicative scheme costs are considered to be proportionate and affordable in relation to the scale of issues and benefits identified.

An indication of the components of the phases of the project and the indicative budgets for different elements has been developed. Given the uncertainty relating to the availability of the full funding for future phases of the project, it is difficult to provide a definitive funding profile. However, an indicative profile of potential outturn scheme costs has been developed which shows potential delivery of the scheme over a 5 year period from 2022/23 – 2026/27.

The potential funding sources for the project are also identified. For the development of the scheme, £0.25m of existing Council capital resources is being 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. 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.

There is no revenue funding identified for the delivery of the project and all the project delivery will be capital funded. Future revenue requirements for maintenance of the infrastructure, including highways maintenance, cleansing, trees and planting will be delivered through existing budgets for those elements.

The Council has existing structures and procedures in place for financial management that provide capacity and capability to meet the financial requirements and liabilities associated with the funding agreement.

COMMERCIAL CASE

The project involves capital investment in physical infrastructure within the highway network, typical of projects carried out by the Council in its statutory function as local highway authority. The Council delivers an annual programme of transport capital investment, together with larger and longer term capital funded transport infrastructure projects. 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 both suitable and sufficient for the delivery of the project. This 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 the relevant budgetary approvals. Once completed, the project will form part of the Council's highway infrastructure asset and managed through the highways asset management plan.

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. It is envisaged that the works for each phase of the project will be procured on a build only basis using the NEC3 Engineering and Construction Form of Contract (or an updated version of the same), this will provide flexible contractual options. The appointment of the Contractor will be subject to approval by Sefton's Cabinet delegated to the relevant Cabinet Member.

Key project risks have been identified and management of these risks will be an ongoing task through to practical completion. The use of an NEC3 contract provides for a robust Risk Management process which ensures that construction risks are raised at the earliest opportunity and dealt with expeditiously thus optimising key project targets such as expenditure of project funds and impact of the project on the public. During the contract formulation stage, a contract Risk Register will be prepared, which transfers the ownership of each risk to either the Employer or Contractor on the basis of which party is best placed to deal with the risk should it arise.

MANAGEMENT CASE

The project is being delivered by Sefton Council on behalf of the Town Deal Board as one of projects set out in the Town Investment Plan. It will be managed in accordance with the Council's existing procedures for delivering highway infrastructure improvements and projects within the Council's Growth and Investment Programme and will also be reported to the Town Deal Board. Key decisions regarding the Town Deal projects are made at Sefton Council Cabinet, supported by recommendations from the Growth and Investment Board, the Strategic Capital Investment Group and 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. Delivery of the later phases will depend on the outcome of funding bids, but it is expected to take place over a period of 5 years, up to 2026/27.

A Risk Register has been developed for the project and this will be modified and amended as the project progresses. The risk register identifies that key risks relate to the availability of future funding, levels of public support, scope creep, seasonal constraints 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.

Southport's Town Investment Plan was submitted following an extensive public consultation with residents, visitors, business owners and young people. 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. 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. In particular this will focus on the delivery of the lengths and areas of improved public space and provision for walking and cycling as defined outputs of the project. The outputs for this project will also be included in the overall monitoring and evaluation plan for the Town Deal, which will be reported to the Town Deal Board and to Government.

CONCLUSIONS

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.