

# Apply to the levelling up fund round 2

## Submission details

Submission reference	LUF20676
Created time	Wed, 10 Aug 2022 09:30
Signed-in user	[REDACTED]

## What is the legal name of the lead applicant organisation?

Copeland Borough Council

## Where is your bid being delivered?

England

## Select your local authority

Copeland

## Enter the name of your bid

Industrial Solutions Hub (iSH) Enterprise Campus

Does your bid contain any projects previously submitted in round 1?  Yes

## Bid manager contact details

Full name	[REDACTED]
Position	Property and Estates Manager
Telephone number	[REDACTED]
Email address	[REDACTED]
Postal address	The Copeland Centre Catherine Street Whitehaven Cumbria CA287SJ

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## Senior Responsible Officer contact details

Full name	██████████
Position	Chief Executive Officer
Telephone number	██████████
Email address	████████████████████

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## Chief Finance Officer contact details

Full name	██████████
Telephone number	██████████
Email address	████████████████████

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## Local Authority Leader contact details

Full name	██████████
Position	Directly Elected Mayor
Telephone number	██████████
Email address	████████████████████

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## Enter the name of any consultancy companies involved in the preparation of the bid

Avison Young (Strategic property, commercial advisory and cost cost consultancy)  
Hatch (Economic consultancy)  
NORR (Architects)  
Jacobs (Urban design and cost consultancy)  
32 West (PR - Public consultation support)

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## Enter the total grant requested from the Levelling Up Fund

£20000000

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## Investment themes

Regeneration and town centre	100%
Cultural	0%
Transport	0%

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## Which bid allowance are you using?

Full constituency allowance

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## How many component projects are there in your bid?

1

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## Are you submitting a joint bid?

No

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## Grant value declaration

I am submitting a bid as a single applicant and can confirm that the bid overall does not exceed £20 million grant value

Tick to confirm

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## Gateway criteria: costings, planning and defrayment

I confirm that some LUF grant funding will be defrayed in the 2022/23 financial year

Tick to confirm

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Costings and Planning Workbook

Copeland LUF Workbook - (27072022).xlsx

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## Provide bid name

Industrial Solutions Hub (iSH) Enterprise Campus

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## Provide a short description of your bid

The bid will part-fund the second phase redevelopment of an industrial estate owned by Copeland Council, to create an enterprise cluster that will help create a diverse and sustainable local economy.

It will complete the initial Campus, providing “grow on” engineering space, R&D facilities, academic space, further infrastructure investments and community initiatives.

Additionally, it will see creation of:

(i) a “Hub” in Cleator Moor town centre to generate interest in establishing a presence at the Enterprise Campus.

(ii) ‘Spine’ development: an attractive active travel route providing improved connectivity between the Campus and the town centre through landscaped footpaths and cycleways.

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## Provide a more detailed overview of your bid proposal

Cleator Moor is located in West Cumbria in the borough of Copeland. The borough has historically benefited from Sellafield and its supply chain (6 out of 10 jobs rely on it) which has a disproportionate, impact on a community that already has much of its population in the top two deciles of the multiple deprivation index.

It means that, if unchecked, residents are facing:

- Reduced employment opportunities;
- A widening skills gap;
- Further entrenchment of deprivation and poor health and wellbeing; and
- A town centre suffering from declining spend.

We are confident that, with support to tackle market failure, our LUF bid can make a huge difference to the long-term prospects of Cleator Moor and its residents. Work is already underway to lay the foundations for a better future, with some key interventions having been made, namely:

1) Copeland Borough Council (“CBC”) has bought the Leconfield Industrial Estate, as the site for the iSH Enterprise Campus.

2) Town Deal funding approval for Cleator Moor’s “Enterprising Town” bid. This funding will support the delivery of the first phase of the iSH Enterprise Campus.

These steps highlight the commitment of local stakeholders, and the community to drive change. They are also having a tangible impact on ambition for Cleator Moor and in identifying latent investment potential.

Importantly, it is clear that CBC’s ownership of Leconfield Industrial Estate, and its landlord engagement, is already changing perceptions of what this central part of Cleator Moor could be. Phase 1 of the development which is partially supported by Towns Fund investment will provide good foundation for change with the creation of a business and community “innovation hub” building along with refurbished units. However, further investment is required to tackle the market failure that prevent the realisation of the increase in ambition and the opportunity that now exists.

The LUF investment will support a second phase of the iSH Campus project which will build substantially on the benefits achieved through Phase 1, significantly increasing the impact and value of the investment. The interventions proposed for Phase 2 will integrate with the existing Phase 1, completing the development of the initial iSH Enterprise Campus by:

- Funding the remediation, enabling infrastructure and addressing the market failure that will comprehensively repurpose the current Leconfield Estate (Area 1) with an additional 7,455 sq m of high quality “grow on” engineering space with offices.
- Enabling expansion onto the Council-owned Heather Bank Site and neighbouring Diocese owned land with the development of 1,782 sqm of academic / R&D space.
- Connecting the campus to the town centre with community initiatives such as the creation of an ‘iSH Meanwhile Hub’ in Cleator Moor town centre and a ‘Spine’ development: a visually attractive active travel route that will provide greater connectivity between the east and west of the town, which is currently split by the Leconfield Industrial Estate) bringing footpaths and cycleways into the development through landscaped corridors as additional direct routes.

Annex 1 shows a digital drawing of the iSH Enterprise Campus (Annex 1, Figure 3.1) and a diagram illustrating the relationship between the different phases of the iSH Enterprise Campus (Annex 1, Figure 3.2)

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## Provide a short description of the area where the investment will take place

Cleator Moor is located in West Cumbria in the borough of Copeland. It lies to the west of the UNESCO World Heritage site of the Lake District National Park

and south-east of the coastal town in Whitehaven. It has a rich history, having been home to coal and iron ore mines which attracted a diverse and vibrant immigrant community. The town also features in several paintings by Lowry, who is said to have regularly stayed in the town.

In more recent times, the town has suffered from decline in line with the decline of the mining industry.

Currently, economic activity in Cleator Moor and the borough of Copeland is closely tied to the Sellafield nuclear site which opened in 1947. Over time Sellafield's focus shifted to be the world's first commercial sized nuclear power station, a recycling centre for nuclear fuel and a safe treatment and storage facility of nuclear waste. The facility is now undergoing a major decommissioning programme which have a huge impact on the regional economy. The Sellafield Ltd transformation agenda to reduce mission spend by at least £1.4bn by 2029, means a reduction in the work force of c3,000 roles over the next 5 years.

The borough of Copeland's economy is highly dependent on manufacturing and Sellafield-related demand. Sellafield Ltd directly employs more than 11,000 people of which 86% are based in Copeland. However, the nuclear capability of Copeland presents an opportunity to release the commercial potential of Sellafield to support export and access global supply chains through cluster development.

The Industrial Solutions Hub (ISH) is a community led intervention aiming to bring resilience to the economy of West Cumbria from an unhealthy reliance on Sellafield Ltd. To achieve this, it will grow capabilities on the back of existing world leading capabilities that exist in the region, primarily in support of Sellafield Ltd, allowing them to be commercialised to best economic effect for the region.

As part of this initiative, an Enterprise Campus will be developed that will act as a collaborative centre, bringing together academia and business of all sizes and providing the kind of network and facilities that will fuel business growth. In addition, the Enterprise Campus will contain facilities and equipment that will support the local community, upskilling and providing pathways into employment.

The Enterprise Campus will be located on the current Leconfield Industrial Estate site in Cleator Moor which the Council acquired in January 2021 and the Heather Bank site that the Council owns adjacent to the Leconfield Industrial Estate.

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**Optional Map Upload**

ANNEX 14 Maps showing location of Cleator Moor and Copeland.pdf

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## Does your bid include any transport projects?

No

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## Provide location information

### Location 1

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**Enter location postcode**

CA25 5QB

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**Enter location grid reference**

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**Percentage of bid invested at the location**

70%

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**Optional GIS file upload for the location**

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## Location 2

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Enter location postcode CA25 5HW

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Enter location grid reference

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Percentage of bid invested at the location 30%

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Optional GIS file upload for the location

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## Select the constituencies covered in the bid

### Constituency 1

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Constituency name Copeland

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Estimate the percentage of the bid invested in this constituency 100%

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## Select the local authorities covered in the bid

### Local Authority 1

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Local authority name Copeland

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Estimate the percentage of the bid invested in this local authority 100%

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## Sub-categories that are relevant to your investment

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Select one or more regeneration sub-categories that are relevant to your investment Commercial

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Select one or more transport sub-categories that are relevant to your investment Active Travel

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## Provide details of any applications made to other funding schemes for this same bid that are currently pending an outcome

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No other application has been made to other funding schemes for this bid. However, Phase 1 of the iSH Enterprise Campus scheme includes £7m of funding from the Towns Fund. The business case has been submitted with approval and release of funds expected in the Autumn 2022.

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## Provide VAT number if applicable to your organisation

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**Bidders are invited to outline how their bid will promote good community relations, help reduce disparities amongst different groups, or strengthen integration across the local community**

Inclusivity and diversity are at the very heart of our proposal. The Council / iSH have involved the community at every step in the development of the plans for the iSH Enterprise Campus. For example, iSH holds a monthly community meeting in Cleator Moor Civic Hall, where representatives from local schools, charities, youth groups, churches and business start-up support organisations meet to discuss and agree with iSH the priority actions which will deliver maximum community benefit for the people of Cleator Moor and the wider Copeland and West Cumbria community.

Partnerships through iSH with schools, local community groups, including Phoenix Youth Project, and charities such as Cleator Moor based Home to Work, will provide clear practical pathways for all ages, including those who are unemployed and who have disabilities, to learn practical skills in a range of settings from a new work experience programme across the community to a practical skills initiative for all ages from primary school upwards, which will lead to better employment prospects for all.

Workshops and a social enterprise start-up headed up by schoolchildren have already been set up in a Cleator Moor primary school thanks to iSH's intervention. We have already gained feedback from school staff about the positive impact iSH's involvement is having on raising aspirations of the children and awareness of opportunities open to them in their community.

The Levelling Up Fund will enable iSH to accelerate and broaden this initial activity to further reduce disparities across different groups and further strengthen integration across the local community.

The iSH Enterprise Campus will be at the forefront in driving economic growth in Cleator Moor and the wider region. However, it is imperative that we have inclusive growth that helps to address the town's deep-seated issues. The levels of deprivation are among the country's worst, with a trajectory of consistent decline.

We are keen that the iSH Enterprise Campus addresses the needs for different age groups, but particularly young people when it comes to upskilling and finding sustainable employment. The objectives of the iSH Enterprise Campus is to provide to provide employment opportunities for all which is why the focus is on providing a wide variety of jobs for different skills levels, not just highly skilled roles.

The presence of academia and R&D organisations will greatly enhance the prospects for young people along with enhanced skills and training provision. We don't just want to focus on the young either. Multi-generational unemployment will be supported through links with local and national charities and foundations.

The Council is leading the delivery of the iSH Enterprise Campus and will require that any potential partners share the same values as the Council when it comes to equality and diversity.

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**Is the support provided by a 'public authority' and does the support constitute a financial (or in kind) contribution such as a grant, loan or guarantee?**

No

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## Does the support measure confer an economic advantage on one or more economic actors?

No

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### Provide further information supporting your answer

A significant proportion of the work amounts to public infrastructure, specifically, the construction of the Town's Spine, the remediation and site clearance, the site wide and plot specific hard/soft landscaping, the provision of ducting, the upgraded internal roads/access and ecology commuted sums.

The provision of Public Car Parking is provided for in accordance with the Council's public duties and the Council in that context is not acting as an economic actor. So, in relation to the majority of the works, the Council is not acting as an economic actor, and will ensure that any works carried out will be tendered in accordance with the PCR2015, so that any parties carrying out the works will not benefit from the funding.

A proportion of the works – being the construction of the iSH meanwhile Hub and the, engineering units and R&D / Academic space - are due to be carried out by either the Council or a third party developer. There is clear evidence of market failure at the Leconfield Estate, and whilst the Council will be acting commercially in letting out the Hub (and potentially the Engineering and R&D/academic space), the works which it will be doing itself at the iSH meanwhile Hub will be on that basis that they are "revitalising" the development and therefore it can be argued that the Council will be undertaking non-economic activity (as per the German Land case).

The position is the same in terms of the Engineering and R&D / Academic space, though it may be that these facilities will also require third party funding and there may be a private sector developer carrying out the development works. The Council will need to ensure therefore that the selection of such a developer is through a proper procurement process, and that any subsequent lettings of the facilities are supported by valuations which confirm the lettings are at open market value.

The Council has sought external legal advice from Womble Bond Dickinson regarding the subsidy control position. The advice paper prepared by Womble Bond Dickinson is included at Annex 2.

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## Is the support measure specific insofar as it benefits, as a matter of law or fact, certain economic actors over others in relation to the production of certain goods or services?

No

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### Provide further information supporting your answer

Both the procurement of any works under which the funding will be spent, and the subsequent letting of the commercial element of the facilities built with the funding, will be the subject of PCR 2015 compliant tender processes or appropriate market testing in the case of the commercial lettings. On that basis, the Council will ensure that the award will not confer a benefit on certain economic actors over another, as the potential beneficiaries will be subject to appropriate market testing processes.

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## Does the support measure have the potential to cause a distortion in or harm to competition, trade or investment?

No

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### Provide further information supporting your answer

Most of the funding will be invested in public infrastructure and the contracts for the construction of such infrastructure will be the subject of PCR 2015 compliant procurement processes. The remaining commercial development will be carried out on the basis that there is existing market failure, any lettings



are carried out after appropriate testing of the market, and any development will be carried out adopting appropriate and compliant procurement processes. On that basis, we do not expect there to be any distortion in the market or harm to competition, trade or investment.

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## Will you be disbursing the funds as a potential subsidy to third parties?

No

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## Has an MP given formal priority support for this bid?

Yes

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**Full name of MP** Trudy Harrison

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**MP's constituency** Copeland

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**Upload pro forma 6** LUF Round 2 Pro formas V6.1 Proforma 6.docx

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## Describe what engagement you have undertaken with local relevant stakeholders. How has this informed your bid and what support do you have from them?

Stakeholder engagement is a key focus of the iSH Enterprise Campus development. A comprehensive 5-year Stakeholder Management Plan (See Annex 1 - Figure 6.1) and Communications Strategy has been developed that will guide the iSH Enterprise Campus development through its delivery, informing on who will be consulted, for what purpose, when, and how.

This involved extensive engagement with the local community, businesses, and local government to establish a strong appreciation of the area's challenges, barriers, needs, and opportunities shaping our planned interventions.

Our plan sets a strong focus on engaging with key community groups including hard-to-reach communities and vulnerable groups. We value community engagement and want to shape iSH to address all local challenges, so that it's a place for many rather than for a few.

Since November 2021 we have held over 11 engagements events, of which 65% have been with our local community and the remainder with the private sector and our iSH governance board.

Stakeholder's Views:

There is strong/overwhelming support from the community/stakeholders with particular appreciation and celebration of the following:

- Innovation and educational elements
- Focus on diversifying the economy into robotics and other new technologies
- Opportunities the iSH Campus offers for local and smaller businesses to expand locally, while remaining a core part of the town.
- Sustainability: Electric-vehicle charging points, solar panels, and a green corridor ("the Spine") connecting the Town Centre with the iSH Enterprise Campus.

Our stakeholders raised some concerns around road infrastructure, site access and other landscaping aesthetics. These concerns have been documented and will contribute to the submission of this bid.

A public survey achieved a 93% approval rate for the Vision of iSH. The iSH Enterprise Campus is receiving substantial support from the local community, political businesses, education and community leaders, with particular

commendation for the ambitions set out in the Levelling Up Fund (LuF). Letters of support have been provided by strategic partners, community representatives, local businesses and local politicians including the MP for Copeland and the Elected Mayor of Copeland (see Annex 3).

#### Continued Engagement:

The iSH Programme will continue to communicate with the local and wider community groups throughout the planning, consent, construction, and initiation phases, putting a particular focus on early engagement so that iSH is shaped as a community driven project. So far, we have scheduled four dedicated in person events for the remainder of 2022 and have started building up our online presence. The digital channels allow us to effectively communicate with a larger set of stakeholders including interested parties outside of our imminent geography and rural communities who are less likely to access public consultation events within the local area. The iSH programme is also continuing to engage with the wider business community as well as exiting tenants on the site.

#### Community interventions improving engagement:

The community interventions we propose (see Annex 1, Figure 6.9) will further improve our stakeholder engagement. The iSH meanwhile hub location in the town centre will provide a central location for the local community to raise any ideas, views, and opportunities regarding the iSH programme. Additionally, the digital project (ducting for superfast broadband) will create an ecosystem that will allow us to host events and fares both in person, digital, and/or hybrid increasing the resilience of our engagement plan against future Covid-19 outbreaks.

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## Has your proposal faced any opposition?

The stakeholder management plan described earlier has provided evidence of strong community support for the creation of the iSH Enterprise Campus on the Leconfield and Heater Bank sites. The iSH Enterprise campus development has received a 93%. Sellafield and the NDA have also pledged their strategic support and are actively engaged in the delivery of the scheme. Letters of support from all levels of the community and businesses are demonstrated in (Annex 3).

Historically, support is founded on the initial acquisition of the Leconfield Industrial Estate with support of the Copeland Local Enterprise Partnership (CLEP) in January 2021 and builds on the successful Town Deal that has supported the development of Phase 1 of the iSH Enterprise Campus. Phase 2 will be driven by the LUF application with support from institutional investors. Phase 3 is possible and is included in the Outline Planning Application, however, it is contentious in the community due to the proposed expansion land being in private ownership and the perceived impact of any expansion on the nearby residences and roads. We have therefore decided not to pursue the acquisition of that site until demand for the additional space is clearer and we have clear mitigation measures in place to allay concerns, at which point, additional community engagement will take place to consult on any such plans.

The creation of the iSH Enterprise Campus is a strategic step by CBC and will require significant inclusive community and campus interventions in the town to achieve our collective aspirations. Inevitably, due to the scale and nature of the change we are promoting, there are aspects that impact the community as set out below:

Description: Relocation of existing activities / amenities.

Impact: Current Leconfield site tenants.

Mitigation: Providing support through the lease surrender process.

Description: Reallocation of sites earmarked for future development.

Impact: Future expansions on Leconfield site.

Mitigation: CBC property manager engaging early with affected stakeholders to identify suitable locations.

The proposed interventions will actively improve the social cohesion of Cleator Moor by increasing the connectivity within the town, contributing to the revitalisation of the town centre.

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## Do you have statutory responsibility for the delivery of all aspects of the bid?

Yes

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## Provide evidence of the local challenges / barriers to growth and context that the bid is seeking to respond to

Sellafield Ltd. has been the dominant economic driver for Cumbria and Copeland for 70 years and its supply chain sustains 6/10 jobs in Copeland. The intensity of the decommissioning works at Sellafield is decreasing over time (Annex 1 - Figure 6.2) translating to a reduction in supply chain spend. This shift provides the threat and opportunity upon which this bid is founded.

Threat: Copeland expected to suffer the largest contraction in employment and greatest drag on GVA growth (The Economics Impact of Sellafield, 2017, Oxford Economics) – most acute in Cleator Moor, which already faces significant challenges to growth, including:

- 1) Lack of employment opportunities - significantly lower job densities than other areas with a contracting business base and reducing business starts. A high dependency on manufacturing, accounting for over a third of economic output with other sectors including the professional, scientific, and technical experiencing a significant contraction (-35% over 3 years).
- 2) Skills profile and life chances - lower levels of productivity than Cumbrian/UK averages, resulting in lower economic output. The biggest drag on productivity is a persistent skills gap (Annex 1, Figure 6.3), which has impacts on life chances, income, health and well-being. Annex 1, Figure 6.3 (Qualifications Gained, 2011, ONS) shows that Cleator Moor falls into the last percentile for qualifications of A-Level and above gained compared to the rest of the UK. Research shows that the skills gap will widen, as we transition into the digital economy, if the challenge is not addressed.
- 3) Entrenched deprivation and poor health and well-being – Cleator Moor is in the top two deciles (Annex 1, Figure 6.4) for multiple deprivation nationally . Poor health outcomes are the main source of deprivation, with access to health and wellbeing services amongst the weakest in the country.
- 4) A struggling town centre - suffering from declining footfall and spend with increasing commercial vacancy rates – at 31% - UK average of 11% (West Cumbria Town Centre Retail and Leisure Study, 2020) with these challenges further exacerbated by Covid-19. Low market demand for commercial units reflects a disconnected and dysfunctional town centre discouraging private sector investment and cultivates a long-term decline in aspirations, particularly amongst the younger population.
- 5) Lack of digital connectivity - broadband coverage in Cleator Moor is limited. (Annex 1, Figure 6.5) shows the current internet speeds experienced in Cleator Moor (based on Great Britain Speed Map, Financial Times). Large areas of the town currently have extremely poor fixed connectivity speeds, with some postcodes having speeds marginally faster than the Universal Service Obligation ("USO") of 10Mbps (USO is the lowest legally binding internet speed in the UK)

National intervention through Openreach is scheduled for 2026 (Annex 1, Figure 6.6), however problems pertaining to Brexit is suggesting a delay in the scheme to 2030 . This is a barrier for the development of the cluster. The digital economy will require speeds greater than 100Mbps, which can only be provided via fibre optic or 5g infrastructure.

Opportunity: Our proposal will tackle current challenges and unlock opportunities to make a real, lasting, levelling up impact in Cleator Moor and the West Cumbrian region.

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## **Explain why Government investment is needed (what is the market failure)**

A number of market failures exist which undermine the ability of the private sector to intervene and resolve the identified challenges surrounding Cleator Moor and the wider region.

The main challenge for Cleator Moor is attracting private sector investors, developers and occupier/end user demand. This challenge is demonstrated through the area's existing commercial landscape with low market values and a limited asset base, which means that development activity is financially challenging from a viability perspective. To convince organisations to voluntarily locate in the region, it is not enough to point to available adequate properties. Instead, Cleator Moor must not only match but beat the attractiveness of facilities available in places such as Warrington, Derby, Bristol, Maidenhead and Middlesbrough. In the absence of public sector intervention, Cleator Moor will be unlikely be able to attract any private sector developers.

In addition to the viability challenges, it would be increasingly difficult for the private sector to effectively deliver such intervention which addresses both local challenges and contributes to the iSH Enterprise Campus vision. Therefore, government intervention is necessary to kick-start the iSH Enterprise Campus development, de-risking the scheme and improving the commercial viability given that:

- Employment space is of poor physical quality, unattractive, dispersed and unsuitable for the activities of successful modern business organisations.

- Demand for space has been identified that would allow a material growth in employment, however additional land needs to be brought forward, with appropriate infrastructure and amenity, to accommodate growth.

- Cleator Moor currently has insufficient digital infrastructure and connectivity. There is limited high-speed broadband (Annex 1, Figure 6.5) and mobile phone coverage. To allow iSH to play a leading role in the economic regeneration of the area it requires investment in an upgraded and extended digital infrastructure.

- Social innovation is a key pillar for a successful cluster development. Therefore, the scheme needs government investment to ensure that improved public services are at the heart of the iSH Enterprise Campus – ensuring that communities have access to education, training, health and wellbeing benefits and share in the growth dividend that this scheme will deliver.

Further, elements of the proposed intervention represent examples of a public good. The proposed interventions (Annex 1, Figure 6.9) have the potential for a wide range of positive externalities for society:

Investments to regenerate the Town Centre could drive footfall, leading to increased expenditure, increased dwell time, increased business turnover and therefore increased employment opportunities. This could tackle the high commercial vacancy rates and low levels of productivity currently witnessed in the area.

- Intervention targeted at better active mode infrastructure connections has the potential to deliver a wide range of socio-economic impacts for the community that may not materialise in the absence of delivery (e.g. mode shift, improved journey ambience, reduced illness, better physical and mental health).

- Investment will improve local perceptions helping to foster community cohesion and a sense of belonging. Furthermore, this will benefit the growth of the business ecosystem, which requires access to a local talent pool, which are attracted by the quality of infrastructure, services, opportunities to grow

and prosper and enjoy healthy and high-quality lifestyles.

Overall, no other interventions in West Cumbria have successfully created an effective, outward-facing cluster of organisations with the degree of self-reliance required to create a step change in the region. Spending objectives and benefits centre on regional economic growth with community interventions at its core that will increase the resilience, capability and skills, improve social outcomes, and that are built on a clean growth strategy.

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## **Explain what you are proposing to invest in and why the proposed interventions in the bid will address those challenges and barriers**

The iSH is a new intervention by local and regional leaders with the objective of creating a diverse and sustainable economy for Cleator Moor, less dependent on Sellafield. The intervention strategy is a combination of 'cluster-building' activities to deliver a competitive advantage to regionally located firms (existing and new) and the provision of community and business support services provided by the iSH Hub building. The strategy is guided by our community centric vision (Annex 1, Figure 6.7), which will transform the iSH Enterprise Campus into a hub for innovation, incubation and growth where everyone has access to skills development opportunities and business support programmes. The iSH Enterprise Campus will harness the unique skills of the region and leverage the economic potential of the Sellafield supply chain to create sustainable opportunities for people and businesses.

(Annex 1, Figure 6.8) shows Phases 1 and 2 of the iSH Enterprise Campus.

The Phase 2 iSH Enterprise Campus interventions, funded in part by the LUF will build on the Phase 1 interventions and together address the challenges and barriers faced by Cleator Moor. The application proposes a total of 11 interventions, which will address the challenges and barriers as follows:

1) iSH meanwhile Hub – a recycled structure that provides a work and incubation space, hosts community events, engagement and a cultural hub to promote social innovation and leverages existing interest from local and regional businesses to establish a presence at iSH. This will be relocated into the new hub building on site when Phase I works are completed.

- Challenge/Barrier: revitalise and activate the town centre, with a focus on community, culture, and local identity, as well as the early presence and establishment of iSH in the town.

2) Town's Spine – clearly defined and visually attractive active travel route that is dedicated to connecting the iSH Enterprise Campus with the town centre. The iSH Enterprise Campus masterplan will provide greater connectivity between east and west, which is currently split by the Leconfield Industrial Estate and in particular link the iSH Enterprise Campus to the town centre with 'the Spine', a 500m long visually attractive active travel route.

The proposal is to enhance connectivity for pedestrians by introducing landscaped footpath corridors into the town as an additional direct walking route. This route will encourage footfall by connecting various destinations developed through Towns Deal and iSH Enterprise Campus as well as existing facilities in Cleator Moor such as the Activity Centre, iSH incubation/R&D space, allotments and town centre facilities. Design of the pedestrian corridors include high quality even pavement with level access points, directional wayfinding elements, lighting, benches and green buffers. Wayfinding is an essential feature of the route, strengthening the user experience, increasing legibility and inclusion.

- Challenge/Barrier: increase porosity of the scheme and embed the iSH Enterprise Campus into the wider area by connecting the campus with the town centre. Along the 'Spine' various activities and public spaces will complement the experience of the route and demonstrate the town's identity, encourage a greener lifestyle, whilst adding vibrancy to a struggling high street.

3) Remediation and site clearance – significant remediation and site clearance

required due to location of mine shafts made ground and previous industrial use.

- Challenge/Barrier: enabling work will support the development of 9,030 sqm (NIA) of light industrial grow on space and R&D/academic space that will address the skills gap and improve employment opportunities.

4) Site wide and plot specific hard/soft landscaping and upgraded internal roads/access – key enabling infrastructure required for expansion of Phase 2 iSH Enterprise Campus that will allow for the development of grow-on space and R&D and academic facilities to complement the iSH business and community hub developed in Phase 1.

- Challenge/Barrier: increase business starts by offering R&D space for start-ups to test their products. Academic facilities will provide infrastructure for local community to improve skills base.

5) Car parking on Areas 1 and 2 - new shared car parks will enhance current community facilities as well as providing use for business/education.

- Challenge/Barrier: intervention will support the struggling high-street by providing parking for individuals coming from outside the local community. Electric vehicle charging points will be provided on site incentivising low carbon travel.

6) Ecology commuted sums - committed to achieve at least 10% increase in biodiversity net gain.

- Challenge/Barrier: Investment in biodiversity will raise the overall health and wellbeing improving deprivation levels.

7) Ducting to enable full fibre digital – provision of ducting to enable the rollout of superfast broadband, which is essential for digital placemaking opportunities.

- Challenge/Barrier: intervention will future-proof the region and its communities by embracing the new digital economy thus contributing to addressing the digital divide, attracting high-value business, retaining/attracting talent, upgrading skills, and enabling the transition to a lower carbon future.

8) Engineering and R&D space – intervention contains three separate projects; new engineering 'grow-on' space and offices (Plot 9), mid-size engineering buildings (Plot 12), and new R&D and academic space (Plot 25). LUF funding required to address market-failure and the development of 9,030 sqm (NIA) of engineering grow on space with offices and R&D/academic space. The Council will provide headlease/rental guarantee which will secure long term institutional investment.

- Challenge/Barrier: Intervention will provide space for local businesses in the region to test and trial their products, whilst also providing academic facilities for the local community to upskill developing a managerial class that will prepare them for the digital economy.

(Annex 1, figure 6.9), summarises and visually illustrates how the proposed interventions will remove the challenges and barriers. iSH Enterprise Campus will increase local job creation, raise skills levels and aspiration, improve digital connectivity, catalyse social innovation, and attract private sector investment through the co-location of public and private companies, directly connecting residents to high-value opportunities.

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## Upload Option Assessment report (optional)

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## How will you deliver the outputs and confirm how results are likely to flow from the interventions?

The attached Theory of Change for Phase 2 of the iSH Enterprise Campus illustrates how the key challenges and issues facing Cleator Moor are addressed through interventions funded by the LUF together with other funding streams and leveraging in private sector investment.

The Theory of Changes sets out the 5 key challenges

1) Lack of employment opportunities



- 2) A skills gap with lower life chances
- 3) Deprivation and poor health and well-being
- 4) A struggling town centre
- 5) Lack of digital connectivity

The project focusses on delivering a second phase of the iSH Enterprise Campus project across two adjacent sites owned by the Council along with some complementary wider community initiatives.

Below we set out the inputs & resources, activities and outputs from each of these elements.

1) Area 1 (the Leconfield site) focusses on solutions, delivery and production. Resources required are £24.7m split:  
£15.3m LUF



Activities include:

- site remediation and enabling works
- site wide and plot specific hard / soft landscaping and upgraded internal roads
- construction of new buildings for engineering grow on space and offices
- construction of a new community car park with EV charging points.

Outputs will be:

- 4,455 sq m (NIA) of "grow on" engineering space and offices
- 1,050sq m of (NIA) office space
- 165 car parking spaces for community use
- High quality landscaping

2) Area 2 (Heather Bank site) focusses on solutions, delivery and production. Resources required are £9.1m split:  
£2.1m LUF



Activities include:

- site remediation and enabling works
- site wide and plot specific hard / soft landscaping
- construction of new buildings for academic and R&D uses
- construction of a new community car park with EV charging points.

Outputs will be:

- 1,683 sq m (NIA) of academic / R&D space
- 82 car parking spaces for community use
- High quality landscaping

3) Complementary wider community initiatives  
Resources required is £2.6m LUF

Activities include:

- construction of iSH Meanwhile Hub
- construction of Town Spine (active travel route)
- provision of ducting to enable full fibre digital

Outputs will be:

- Recycled structure that provides work and incubation space, host community events and promotes social innovation
- Visually attractive active travel route (cycling / walking) connecting the town centre with the campus
- Ducting to enable roll out of full fibre digital

The total funding required is £36.35m broken down as:  
£20m LUF



The public sector investment will overcome the current 'market failure' by kickstarting the development of the iSH Enterprise Campus to provide attractive accommodation, increase confidence in future cluster development and in turn improve future commercial viability, job creation and economic growth.

The Theory of Change sets out how the investment and creation of Phase 2 of the iSH Enterprise Campus will generate outcomes aligned to four key pillars:

- 1) Regional Economic Output
- 2) Enhanced Public Services
- 3) Pride in Place
- 4) Quality of Life

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**Theory of change upload (optional)**

ANNEX 4 LUF2 (iSH Enterprise Campus) - Theory of Change.pdf

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## **Set out how other public and private funding will be leveraged as part of the intervention**

In addition to the £20million sought from the Levelling up Fund, the Council will borrow from the Public Works Loan Board (PWLB). The Council has budget approved to invest up to £5million in the redevelopment of the Leconfield site. It is a requirement that the project should be self-financing and therefore the loan repaid from operational surpluses generated from the project.

[REDACTED]

It should be noted that both the Leconfield site (Area 1) and the Heather Bank site (Area 2) are owned by the Council.

The Council's strategy is to secure forward funding via an institutional investor to finance the development of the engineering space "grow on" on Area 1 and the academic / R&D space on Area 2.

Given the inherent market failure in the area (a key reason for LUF money being needed), attracting speculative investors is challenging. It is therefore recognised that in order to attract long term institutional investment, it is likely that the Council will need to enter into a headlease or provide a rental guarantee.

The exact form of deal structure with the institutional investor is still to be determined at this stage and could involve either the Council transferring the land freehold to the institutional investor who would then develop the units and lease back to the Council or the Council developing the units and then the investor acquiring the freehold with the units leased back to the Council.

The deal structure will be developed in a way that meets the objectives of the Council whilst complying with public procurement rules and subsidy control principles.

The Council has already held initial discussions with key players in the long-income market such as M&G, Aviva and Legal General. Letters of support are included in Annex 5.

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## **Explain how your bid aligns to and supports relevant local strategies and local objectives for investment, improving infrastructure and levelling up**

The iSH Enterprise Campus has been designed with the wider local and national context in mind as shown in (Annex 1, Figure 6.10).

The iSH Enterprise Campus is cognisant of and aligned to the political, social, economic and cultural factors that are impacting West Cumbria and shaping



the future of the region, including strong alignment with the local and regional policies, strategies and initiatives. The iSH Enterprise Campus is unique as an intervention because it not only aligns to the policies but is a driving factor for their success.

Copeland Borough Council has an ambition to support business growth and diversification and is committed to working in partnership across the public, private and voluntary sectors and to explore all opportunities to support its strategic aims and ambitions for Copeland's economy and regeneration within the borough. iSH underpins and supports the Council's mission to make Copeland a better place to live, work and visit, by focusing on a number of areas including town centre regeneration; commercialisation of Council activity; employment skills and wellbeing; and strengthening the way the Council operates, maximising opportunities for growth. The local policy context is set out below showing it links with key strategic themes of the iSH Enterprise Campus.

#### iSH Strategic Theme 1 - Regional Economic growth and resilience

Aligns with:

- growing and using regional talent pool (Cumbria Local Strategy)
- localising supply chains, moving into new markets and looking for diversification opportunities (Cumbria Restart, Reboot, Rethink)
- providing a diverse and resilient economy and sustainable incomes. (Copeland Vision 2040)
- Ensuring that appropriate infrastructure is in place to support economic growth (Copeland Local Plan 2021 to 2038)
- Investment in new nuclear will provide further catalyst to the levelling up agenda (Cumbria Nuclear prospectus)

#### iSH Strategic Theme 2 – Inward private investment

Aligns with

- capitalising on regional productivity, innovation and enterprise potential (Cumbria Local Strategy)
- Benefitting from people rethinking the way they live, work and invest (Cumbria Restart, Reboot, Rethink)
- Levelling up: prosperity and opportunity for all – thriving communities (Copeland Vision 2040)
- Developing a positive brand for the area, building on the Energy Coast to attract inward investment (Copeland 2021 to 2038)
- Ecosystem that makes Copeland an attractive place for inward investment (Cumbria Nuclear prospectus)

#### iSH Strategic Theme 3 – Repositioning the economy

Aligns with:

- Exploiting underdeveloped economic opportunities to help get a better-balanced economy. Increase productivity (Cumbria Local Industrial Strategy)
- A response to Plan for jobs and further focus on employment and skills. (Cumbria Restart, Reboot, Rethink)
- Working in partnership and collaboration with anchor institutions and businesses that operate in the region to build an inclusive economy (Copeland Vision 2040)
- Supporting the establishment and success of SMEs (Copeland Local Plan 2021 to 2038)
- Commercialising innovation, increase productivity, create spin-off and start up enterprises. (Cumbria Nuclear Prospectus)

#### iSH Strategic Theme 4 – Capability and skills development

Aligns with:

- Ensuring that all residents contribute by sharing prosperity and opportunity (Cumbria Local Industrial Strategy)
- Increase business support, faster growing firms and innovation activity (Cumbria Restart, Reboot, Rethink)
- Working with learning and training bodies, job centres and education

providers (Copeland Local Plan 2021 to 2038).

- Creating the nuclear workforce of the future (Cumbria Nuclear Prospectus)

iSH Strategic Theme 5 – Social Value

Aligns with:

- Improving connectivity across the County (Cumbria Local Industrial Strategy)

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## **Explain how the bid aligns to and supports the UK Government policy objectives**

Nationally, the scheme aligns with key policies to support economic resilience and growth to further benefit the UK. The scheme's commitment to developing new capability and a diversified economy falls in line with key Government priorities, principally Levelling Up and Economic Recovery, set out in Build Back Better: Our Plan for Growth and Plan for Jobs policies is set out below against each of our iSH Strategic themes:

iSH Strategic Theme 1 - Regional growth and resilience

- Infrastructure - Investment in infrastructure to generate jobs and improve employment prospects (Build Back Better)  
- Kickstart - providing young people with a chance to build their confidence in the work place (Plan for Jobs)

iSH Strategic Theme 2 - Inward private investment

- Skills - Support productivity growth through high quality skills and training (Build Back Better)  
- Restart Scheme - Helping those who have spent more than 12 months on the Universal Credit intensive work search (Plan for Jobs)

iSH Strategic Theme 3 - Repositioning the economy

- Innovation - Support and incentivise development of creative ideas and technologies that will shape the UK's future high-growth, sustainable and secure economy. (Build Back Better)  
- Increased Work Coaches – Providing personalised, intensive support from work coaches for job seekers (Plan for Jobs)

iSH Strategic Theme 4 - Capability and skills development

- Support our small and medium-sized enterprises (SMEs) to grow. Catalyse centres of excellence, supporting individuals across the country to access jobs and opportunities by ensuring digital and transport connectivity, by establishing new UK infrastructure. (Build Back Better)  
- Job Entry Targeted Support – Providing applicants with support in CV writing, interview skills and job search advice. (Plan for Jobs)

iSH Strategic Theme 5 - Social Value

- Regenerate struggling towns in all parts of the UK. (Build Back Better)  
- Apprenticeship Hiring Incentives – Encouraging employers to hire new apprentices in England through incentivised grants. (Plan for Jobs)

Furthermore, the scheme aligns with the four pillars of sustainability: human, social, economic and environmental, which is fundamental to ensuring the long-term viability and alignment with goals set out in the Net Zero Strategy: Build Back Greener, Clean Growth Strategy, Clean Air Strategy and the target to achieve Net Zero carbon emissions for 2050. The iSH Enterprise Campus will have early consideration of environmental impact in the design and build phase. For example, brownfield site reuse, sustainable refurbishment options, enhanced ecology, drainage, sustainable travel and energy solutions, and material use.

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## Alignment and support for existing investments

<b>Where applicable explain how the bid complements or aligns to and supports existing and/or planned investments in the same locality</b>	Towns Fund  Phase 2 of the iSH Enterprise Campus, builds on the four successful Cleator Moor Towns Fund projects, where £22.5m has been allocated to kick-start the development of Cleator Moor. The interventions proposed for Phase 2 will integrate with the existing Phase 1 (Enterprising Town) completing the development of the initial iSH Enterprise Campus and enabling grow-on spaces for the provision of R&D facilities, academic space, further infrastructure investments and community initiatives. Additionally, the 'iSH Meanwhile Hub' and 'Spine' interventions align with the proposed Revitalised, Connected and Healthy Town interventions, and will therefore create powerful synergies, resulting in the town maximising its grant (See Annex 1, Figure 6.11).
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## Confirm which Levelling Up White Paper Missions your project contributes to

<b>Select Levelling Up White Paper Missions (p.120-21)</b>	Living Standards Research and Development (R&D) Transport Infrastructure Digital Connectivity Education Skills Health Wellbeing Pride in Place Crime Local Leadership
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### **Write a short sentence to demonstrate how your bid contributes to the Mission(s)**

Research and Development – The iSH Enterprise Campus will serve as the heart of the innovation ecosystem providing digital connectivity, facilities and programmes for supporting business, driving entrepreneurship and fostering innovation, thereby attracting public and private sector investment at the local, regional and national level.

Living Standard – The development of the iSH Enterprise Campus along with a revitalised town centre will drive economic regeneration by diversifying the economy, generating a variety of high-income jobs, creating opportunities for local economic development and improving quality of life.

Transport Infrastructure – Improvements to the local network and development of the 'spine' which will serve as a vibrant active travel route, linking the community iSH hub with the town centre and the surrounding community, will encourage a greener and healthier lifestyle for the community.

Digital Connectivity – High speed digital connectivity, through the provision of fibre to the premises (FTTP) and 5G wireless connectivity will allow existing local businesses to grow and benefit from the digital economy and to attract high-value businesses into the iSH Enterprise Campus, thereby future-proofing the local and regional economy.

Education – The iSH Enterprise Campus will provide academic space and facilities for R&D, training and incubation to businesses and the wider community including students. Overall, the innovation ecosystem will further act as a magnet for engagement with universities and institutions.

Skills – The iSH Enterprise Campus will provide high quality facilities, digital connectivity, equipment, and programmes for training, upskilling and collaboration to the community whilst attracting talent, businesses, institutions and universities more widely.

Health – By encouraging walking and cycling through developing vibrant active travel routes, and enhancing the ecology and landscape of the region developments will create a healthy environment and improve wellbeing.

Well-being – By driving economic regeneration and reviving community infrastructure, the iSH Hub, the 'spine' and the improvements to the town centre and local ecology will generate an environment where people can live and enjoy a fulfilling, healthy and productive life.

Pride in Place – Revitalising community infrastructure while creating engagement opportunities for co-shaping the future of the innovation ecosystem, the development at the Town centre, the 'spine' and the iSH Enterprise Campus will strengthen the unique character of the place and instil a sense of belonging.

Crime – By driving economic prosperity, generating opportunities for the local community and strengthening the social infrastructure, the development will improve activity and safety of public realm, thereby reducing anti-social behaviour and petty crime.

Local leadership – The economic regeneration process will generate opportunities at the local and regional level and empower local leaders, business and the community more widely to drive change and innovation.

Annex 1, Figure 6.12 provides an illustration of how each of the interventions comprised in the bid align to the Levelling up Missions.

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## **Provide up to date evidence to demonstrate the scale and significance of local problems and issues**

Cleator Moor is a small town located in the borough of Copeland - an area that with prominent challenges which have been amplified by the Covid-19 pandemic. The town is a far cry from the rich mining town of the industrial revolution.

Lack of employment opportunities: Employment in Cleator Moor has fallen by 14.3% since 2015 (-250 jobs) whilst comparatively national employment has seen a 3% uplift over the same time period. Further the high net out commuting of 2,270 people a day highlights the lack of local employment opportunities leading to both leakage of spend and an increase in commuting journeys. The decommissioning of Sellafield further enhances local employment concerns with 60% of both jobs and GVA in Copeland being directly or indirectly linked to Sellafield (Oxford Economics, 2017). The dependency on this major employer creates a significant threat to the future vitality of the town and wider borough. The most recent data highlights low productivity levels of £41,600 (average GVA per FTE) which places Copeland amongst the 10% lowest local authorities in the UK on this measure. This position has deteriorated over the last 5-years with productivity levels falling by 7% - an opposing trend to the UK average (+10%).

Ageing Population: the population is ageing and declining. The working age population has decreased by 5% since 2011 which is against the grain of the national picture (+2%). There is a need to attract additional residents into the local area which is important in maintaining its position at the forefront of the UK's nuclear and clean energy sectors. This ties heavily into the future of town which has supply chain links to the Sellafield nuclear site and the potential that exists to diversify and widen the market, including international exports and access to global supply chains.

Entrenched deprivation: Copeland ranks in the top 25% most deprived local authorities nationally with specific issues around barriers to employment and education – both of which fall in the top 20% most deprived nationally. More locally the LSOA that the iSH Enterprise Campus is located in ranks in the top 10% most deprived in England in terms of barriers to employment. The skills challenge faced by Copeland is highlighted by the most recent data displaying an under qualified workforce with 33% of residents achieving NVQ4+ (degree level) qualifications which is 10 percentage points lower than the Great Britain average (43.5%).

Need for revitalised commercial property: The commercial property market in Cleator Moor is struggling and is need of investment to meet occupier and investor requirements. The latest market rent (Costar, 2022) shows an asking

market rent that is half of the wider Copeland rent (£4.47per sqft and £8.90 per sqft respectively), and significantly lower than the North West average (£10.81 per sqft). Low market rents can be attributed to both a lack of demand and the poor quality of stock on offer.

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## **Demonstrate the quality assurance of data analysis and evidence for explaining the scale and significance of local problems and issues**

Much of the evidence that has been constructed that supports the investment at the iSH Enterprise Campus has been developed over the past few years through the Cleator Moor Town Investment Plan (2021) and subsequent business cases submitted in 2022. The analysis has been enhanced using a range of national and official statistics as well as administrative data.

The analysis set out above is tied closely to that detailed in the Levelling Up Fund: Prioritisation of places methodology note<sup>[1]</sup>\* developed by DLUHC. This analysis relies on published official and national statistics making it robust and up to date. Moreover, as these components made up the rationale for prioritising locations for the Levelling Up Fund the choice of indicators is highly relevant to the allocation of the fund itself. Copeland ranked 86th (the lower the score the more deprived) out of 309 local authorities in England showing the need for investment and subsequently being reclassified as a priority area for Levelling Up Round 2.

As laid out above the most recent data from CoStar highlights that the commercial property market in the local area is stagnating. With market rents at a significantly lower value than both district and regional levels – there has been no new commercial floorspace come forward since 2010. Vacancy rates have fallen drastically over this period from 15% in 2010 to 0.2% to date in 2022 showing the market failure of negative externalities through the lack of a fully functioning commercial property market. This highlights a need for new commercial property stock to help revitalise the local market. The iSH Enterprise Campus is one of two strategic employment allocations within Copeland.

Data from both ONS and the DLUHC highlights a weak employment market with levels of productivity within the sub regional area sitting in the bottom 10% nationally which highlights a need for increased local productivity and high skilled employment. The low level of productivity means there is lower economic output for a given input (measured as GVA per job). Low productivity reflects weaknesses in the economy and points to lower levels of entrepreneurship, new business starts-ups and growth. Additionally, while there is no wage data available at the Cleator Moor level the LSOA where Cleator Moor is located ranks in the top 10% for barriers to employment and the top 30% for income deprivation.

The most recent data from ONS shows that the residential market across Cleator Moor is severely lagging behind national house valuations with an approximate market value of £160,000 compared to the national average of £358,000. The local area where the iSH Enterprise Campus is located has an average house price which sits below both the wider authority and national prices at £141,000. House prices are one signal of the lower levels of economic development of an area.

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## **Demonstrate that the data and evidence supplied is appropriate to the area of influence of the interventions**

Copeland is a district with a population size of approximately 68,000 people. The target area for the funding (the iSH Enterprise Campus) is adjacent to Cleator Moor town centre. The impact of the project is expected to be felt in Copeland as well as those who commute into Copeland for work, education or training. The most immediate impact of the scheme will be felt by the occupants and owners of commercial and residential property in close

proximity to the site and town centre.

Cleator Moor consists of 6 LSOAs and the strongest impacts will be felt in the following LSOAs from the proposed scheme:

- Copeland 004C
- Copeland 004D

To assess the economic value of the proposed interventions land value uplift associated with the completed regeneration has been estimated using residential property prices (Valuations Office Agency) and commercial property prices (Co-Star) within a 500-metre catchment area which is best fits with the two LSOAs above.

To assess the economic benefits of the proposed interventions, direct economic benefits (e.g. GVA and jobs) have been assessed at the Cleator Moor (and therefore Copeland) spatial level. Indirect and induced benefits have been assessed at the Copeland spatial level. Where possible localised data on a LSOA or local authority basis has been included to ensure the assumptions made are reflective of the area of investment. Due to the nature of the investment, these are conservative assumptions associated with the benefits of the scheme.

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## **Provide analysis and evidence to demonstrate how the proposal will address existing or anticipated future problems**

Copeland needs to grow and diversify the economy by providing a range of new employment opportunities and stimulating business start up and growth. Key challenges include low productivity and a low entrepreneurial culture. Cleator Moor has a struggling local economy, with a low job density and recent business base contraction. The out-migration of young people is driven by a lack of quality employment and higher education opportunities locally. Cleator Moor has sectoral strengths in the manufacturing sector but low-quality enterprising infrastructure to support start up, scale up and growth in the business base. The town centre is struggling with declining footfall and spend and increasing levels of commercial vacancy.

There are a variety of routes through which this package of investment will help to address the challenges set out above.

### **Direct Land Value Uplift and Wider Land Value Uplift:**

The creation of 10,332 sqm of commercial floorspace will provide an opportunity for tenants supporting the creation of quality jobs to move onto the iSH Enterprise Campus. This is likely to be in high value sectors such as engineering, advanced manufacturing, cyber security and robotics which Copeland currently is seeking to attract through a targeted approach as set out in the Copeland Economic Vision 2040. The success of this business attraction strategy will demonstrate the viability of these schemes and help attract similar investments in the future including Phase 3 of the iSH Enterprise Campus project which will require the land north of the Leconfield Industrial Estate. The benefits to local businesses arising from additional footfall and expenditure and the improved perceptions of Cleator Moor will be realised through improved land values – a measure of economic performance and enabling additional developments through overcoming local viability challenges. We assume that wider land values within 500m of the iSH Enterprise Campus will increase in the order of 2% per annum over five years (from 2026/27) following the investment.

### **Gross Value Added from High Value Job Creation:**

The creation of high-quality jobs will attract and retain working age people to live, work and spend in Cleator Moor, supporting improved prosperity and life chances, business competitiveness and town centre vitality. This scheme will create 286 gross direct jobs as a result of the intervention. A breakdown of the job creation is shown below.

### **Gross Jobs (further detail and profiling in the BCR note at Annex 6)**

- Plot 9 (new engineering space with some office) – 182 gross jobs
- Plot 12 (mid-size engineering buildings) – 39 gross jobs



- Plot 25 (R&D and academic space) – 38 gross jobs

The delivery of the scheme will create a significant uplift in employment within Cleator Moor. These jobs will be of a high quality and based on a weighted average of high value sectors. A GVA per FTE of £52,600 has been calculated for the gross jobs which would generate £15.04 million per annum when fully operational. Using HM Treasury's Green Book place-based multipliers, it is estimated that through the supply chain the project will also create 210 jobs (multiplier of 1.81) which will further provide employment opportunities in high value sectors within Copeland.

Skills provision:

Copeland has lower levels of qualifications attainment than the national average across multiple levels. There is a considerable higher-level skills gap: 33% of the workforce hold a level 4 qualification compared to the national average of 43%. As part of Area 2 (as shown on the site map), there will be the provision of academic and R&D space which will provide training opportunities within Cleator Moor. This will provide a stepping stone to obtaining full time employment on the iSH Enterprise Campus through upskilling, engaging throughout the education system, liaising with schools, colleges and youth groups and through obtaining training and qualifications after students have graduated or completed their masters with further qualifications at NVQ4 and above.

Labour supply impact:

Cleator Moor has pockets of severe and entrenched deprivation which reflect poorer standards of health and education, lower household incomes, and higher levels of benefits dependency. A significant proportion of the town is within the top 20% for multiple deprivation indices nationally, especially for income and education domains. A key driver of income deprivation is the amount of people claiming income support from universal credit. Copeland had the second highest claimant count % in Cumbria in December 2021 at 13.4%, higher than the Cumbrian average of 11.7%. Through employment and captured through labour supply impacts, 40% of GVA will be converted into taxation for the exchequer which have a double positive impact with less people likely to be claiming employment support and the exchequer benefitting from increased taxes collected.

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## **Describe the robustness of the analysis and evidence supplied such as the forecasting assumptions, methodology and model outputs**

A robust forecasting model built on a series of assumptions has been established in order to quantify the benefits and costs of the scheme and determine the Value for Money (VfM) being achieved through the proposed intervention.

All methods and assumptions are drawn from the following Government publications and guidance documents including:

- HM Treasury, Green Book (2022)
- DLUHC, Appraisal Guide (2016)
- Levelling Up Fund Documents (2022)
- Preparing an Economic Case
- Frequently Asked Questions
- Round 2 Application Guidance
- Homes England, Additionality Guidance, 4th Edition (2014)
- Homes England, Employment Density Guide, 3rd Edition (2015)
- HACT, Measuring the Social Impact of Community Investment: A Guide to using the Wellbeing Valuation Approach (2014)
- HM Treasury, GDP Deflator (March 2022)

Direct Land Value Uplift:

This is DLUHC's preferred method of assessing the economic benefits associated with commercial developments coming forward. The following assumptions have been made to ensure robustness of the results:

- The existing value are taken from DLUHC benchmarks for industrial land in Copeland. These are estimated to be £163,500 per ha in 2022 real prices (uplifted from 2019 prices).

- Estimates for the rental income is based on benchmark values for other industrial parks in the area including West Lakes in Cumbria. A conservative assumption of £108/£183 per sqm depending on land use has been assumed to match the business park.
- Whilst the DLUHC Guidance allows for real growth of up to 5%, based on the low values and yearly changes a conservative assumption of a 2% real growth uplift per annum has been applied.
- Build costs are taken from the relevant cost plan (Appendix 5) and development appraisals and exclude abnormal and site preparations etc.

#### Wider Land Value Uplift:

There is clear evidence to suggest that regeneration and place-based initiatives will lead to increased property and commercial values. We assume that wider land values of both housing and commercial sites in the areas surrounding the iSH Enterprise Campus (500m) will increase in the order of 2.0% per annum over a five-year persistence from 2026/27.

There is a range of evidence to demonstrate that good urban design and quality spaces increase property prices and rents. Research commissioned by CABE (Better Designed Streets) identified a direct link between increases in footfall, dwell time and attractiveness of an area with enhancing real estate values. A 2016 study by CBRE on behalf of the Royal Institute of Chartered Surveyors found a strong link between placemaking and commercial values, with commercial premium of up to 50% achievable on some new build sites. We therefore consider the scale of uplift applied here to be highly conservative.

#### Labour Supply:

A full GVA impact assessment was carried out to determine the likely direct and indirect job creation associated with the scheme.

Based on the job estimates provided, 15% are assumed to be accessed by people who are currently inactive in the labour market. This is based upon the level of initiatives that iSH and the tenants are likely to implement including working with young people, apprenticeships, and working with an autism charity which will provide a higher value than the default 10%.

#### Crime:

Localised bases have been used to estimate the impacts of crime and skills provision. The latest crime statistics have been used as the starting point with the reduction in crime linked to research showing the implications of regeneration on crime.

## Explain how the economic costs of the bid have been calculated, including the whole life costs

The costs of the proposed scheme have been estimated and align with those set out in the financial case. This covers all capital costs including, construction, design, professional fees, risk/contingency and an adjustment for inflation. In line with HM Treasury Guidance, the scheme costs use the following methodology:

- Estimation of outturn prices
- Adjustment to real prices
- Adjustment for optimism bias
- Discounting costs to 2022 values

The BCR explanatory note provides a detailed breakdown of each step in the process of determining the economic case.

#### Outturn Prices:

The project is estimated to cost £36,356,331. with £20,000,000 from the Levelling Up Fund [REDACTED]

[REDACTED]. Please note, there are costs associated with the Do-Nothing option which relate the site-specific ecology, landscaping and community cark park which would be undertaken by CBC irrespective of



whether the scheme goes ahead, with a cost of £ 2,447,900 (to be incurred in 2024/25). This provides a Net Outturn Cost of £33,908,431. A breakdown by funding is shown below.

Fund, Total – Net Outturn  
LUF, 20,000,000

[REDACTED]

Total, 33,908,431

An annual profile is shown in the cost workbook or in the BCR Methodology note

#### Real Costs:

The base cost estimates does not consider the real increases in costs over time and needs to be adjusted to account for the effects of the general level of inflation in the economy. The latest GDP deflator published by HM Treasury (31 March 2022) have been used to estimate in real 2022 prices. This uses OBR forecasts over the construction period.

#### Optimism Bias:

Optimism Bias (OB) has been applied to the capital costs, to account for potential overruns. To estimate OB, HM Treasury's Green Book Optimism Bias Guidance was followed. The recommended optimism bias uplift for the scheme (classified as a standard building project e.g., a new build) is between 2% (lower limit) and 24% (upper limit). A full optimism bias assessment has been carried out starting at the upper bound and adjusting based on the level of mitigation, with the results showing a mitigation of approximately 67%. A rate of 8% has been applied to public and private sector costs within the appraisal.

#### Discounting:

Discounting is the time preference assumption that generally people prefer value now rather than later and is applied to all costs and benefits. A discount factor of 3.5% per annum has been applied to all scheme costs incurred.

Funding, £, 2022 real prices after OB and in present values

• LUF, £19,602,252

[REDACTED]

• Total Economic Cost, £32,556,376

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## Describe how the economic benefits have been estimated

The economic and social benefits have been quantified in line with the Green Book 2022 or the DLUHC Appraisal Guide. All values are presented in 2022 real prices and present values at a rate of 3.5%. Benefits are broken into three categories: Initial BCR, Adjusted BCR or not included in the BCR.

#### Initial BCR

##### Direct Land Value Uplift:

The development of the iSH Enterprise Campus will create 10,332 sqm (GIA) and 9,030 sqm (NIA) of commercial floorspace and will be completed by 2025/26. This includes different land uses: light industrial, office, research & development and academic space.

Land Value Uplift = Value of land after development – Value of land before development

Using the same rental income values in the financial case to show the operating cashflow the following future value per sqm has been applied. Yield values are based on Co-Star values based in the local area.

Rental and Yield data for each type of land use

- Land use, Price per sq m, Yield %
- Light Industrial, £108, 6.1%
- Office, £151, 8.2%

- R&D, £108, 6.1%
- Academic space, £108, 6.1%

The existing value of the site has been estimated using the Valuation Office Agency's (VOA) Land values estimates for policy appraisal (2019) uplifted to 2022 prices using the GDP Deflator. The benefits are expected to be incurred in 2026 with a 2% real growth factor has been applied to the results based on a 4% yearly nominal increase in rent expected in the operating cashflow and 2% accounting for general inflation. Based on the lack of availability of other commercial sites and the demand for this type of commercial space in Copeland a displacement rate of 25% has been applied.

Direct Land Value Uplift (after additionality) in 2022 real prices and present values

- Land Areas, Direct Land Value Uplift
- Area 1, £10,580,018
- Area 2, £2,493,278
- Total, £13,073,296

Wider Residential LVU:

Land values in the surrounding area (LSOAs 004C and 004D) are expected to benefit from this significant regeneration scheme generating new footfall in the town centre and attracting new businesses to the area. The number of dwellings within a 500m radius was estimated below. A real growth rate of 2% has been applied with a displacement rate of 25% over a five-year persistence period starting from 2026/27.

Wider Land Value Uplift Impact Area

- LSOA, House prices, No. of properties, Adjusted number of properties (75%)
- Copeland 004C, 164,731, 830, 623
- Copeland 004D, 133,708, 720, 540
- Average / Total, 150,320, 1550, 1163

Wider Commercial LVU:

Higher footfall within the town centre will lead to increases in expenditure in shops and businesses. There is also the impact that this could help make vacant buildings in the town centre more viable for occupation, through the increased expenditure in the town. This would lead to higher property prices as well as further job creation. Using the VOA data which locates each commercial property using postcode data, there is approximately 56,285 sqm of commercial floorspace. Using VOA data and cross referencing against the values used in the Direct LVU, a rate per sqm of £108 and 8.2% has been used with the yield value is based on Co-star valuations. A real growth rate of 2% has been applied with a displacement rate of 25% over a five-year persistence period starting from 2025/26.

Labour Supply (benefit to the exchequer):

This is looking purely at the taxation benefits associated with new employment in the labour market:

- The scheme will create 259 gross direct jobs and 210 gross indirect jobs.
- Of which 15% of jobs supported go to new entrants to the workforce (39 direct and 32 indirect)
- Place-based GVA per employee (£, 2022 real prices) of £52,600 for direct and £58,300 for indirect
- Welfare from additional labour supply is 40% of GVA
- Benefits persist from 2025/26 until 2031/32
- Displacement of 25%

Labour Supply (social value):

As stated in HM Treasury's Green Book, "taxes such as VAT or social security payments and are not included as an element of social values". The well-being and the associated impacts on individuals have been captured through the HACT's valuation of economically inactive people being employed:

- Applied to only jobs directly created through the scheme (259)
- An assumption that 15% will benefit from greater well-being associated with employment (39 direct)
- Using the HACT value (EMP1401) of £15,900 (converted to £, 2022 real prices)
- Benefits persist from 2026/27 until 2031/32

- Displacement of 25% and HACT suggested deadweight of 15%

Crime reduction – regeneration of an area can lead to reduction in crime:

- Approximately 956 crimes were recorded across the impact LSOAs in Cleator Moor in 2021.
- We assume a 5% annual reduction in crime over 7 years (from 2025/26 – 2031/32).
- An average economic cost and social value of crime based on the Home Office Report (£2,900 in 2022 real prices)
- A displacement rate of 25% has been applied.

Active Mode Appraisal Toolkit:

The project includes a 500m spine road which connects the town centre to the iSH Enterprise Campus.

- The analysis undertaken is a conservative estimate and only estimates the walking impacts of the scheme based on ONS census data and applying the method stated in the LUF guidance has been used to estimate the baseline number of walkers.
- A 10% uplift factor has been applied for future scenario based on evidence of similar schemes using case studies from Sustrans.
- The AMAT has been adjusted to 2022 real prices and present values. This has also been adjusted to remove indirect taxation by dividing by 1.19 (market price adjustment factor).
- A copy of the AMAT toolkit has been included as part of the submission at Annex 7.

Additional Benefits for Adjusted BCR

Distributional Benefits:

Distributional impacts can be applied when there is a specific focus on a part of the UK where a place-based approach has been undertaken. Some of the benefits associated with the scheme, particularly the wider land value uplift, is likely to have a bigger impact on those from lower income households. The Wider LVU is helping to stimulate growth within the town centre and will also benefit those in Copeland, which currently has house prices significantly lower than the UK average. Using national gross household income data and assuming this will benefit the second quintile against the median equivalised income, this provided a value of 1.42 which was raised by the power of 1.3. This was applied to the Wider Land Value Uplift for both residential and commercial.

Breakdown of Net Benefits (after additionality) in 2022 real prices and present values

- Benefit, £, 2022 real prices, after additionality & present values
- Direct LVU, £13,073,296
- Labour supply (exchequer), £6,069,046
- Labour supply (social value), £2,053,919
- Wider Residential LVU, £593,431
- Commercial wider LVU, £11,488,135
- Reduction in crime, £4,871,413
- Active Mode Appraisal Toolkit (AMAT), £1,677,350
- Distributional benefit, £7,110,686
- Total , £46,937,276
- Other - GVA, £70,064,672 (not in Initial or Adjusted BCR)

## Provide a summary of the overall Value for Money of the proposal

The Value for Money statement has been summarised in accordance with the Levelling Up Fund, DLUHC and HM Treasury guidance.

The Value for Money statement has been summarised in accordance with the Levelling Up Fund FAQ's and Technical Guidance. The scheme's BCR has been estimated at 1.70 which demonstrates Medium Value for Money and High Value for Money once considering the non-monetised impacts when considering the scale of the impacts.

The monetised benefits included within the initial BCR are £39,826,590. The

benefits consist of

- Direct Land Value Uplift of £13,073,296
- Wider Land Value Uplift of £16,359,549
- Labour Supply (impact on exchequer) of £6,069,046
- Labour Supply (social value) of £2,053,919
- Crime Reduction of £593,431
- Active Mode Appraisal Toolkit of £1,677,350

The monetised benefits included within the adjusted BCR include are £46,937,276. This includes the following wider benefits:

- Distributional Impact of £7,110,686

The scheme also has significant Non-Monetised benefits including construction GVA, operational GVA, Land Amenity, university led research, increased biodiversity, and longer-term benefits of digital infrastructure.

Considering the impact of these jobs in line with the Green Book Place Based assessment and allowing for leakage (25%) and displacement within Copeland (25%), the approach indicates that the scheme will create 259 gross jobs, 210 indirect jobs and present value GVA impacts of £70,064,672 over approximately five years.

The Present Value of Public Sector Costs is £20,611,869 and the Private Sector Costs is £11,944,506. HM Treasury's Green Book suggests using an Optimism Bias rate of 8% based on a 67% level of mitigation from the upper bound of 24%. This is based on our understanding of the current level of design, procurement and stage of development of the project.

Switching values have been calculated to determine how a change in costs or benefits would affect the Value for Money category. Stated below shows the point at which scheme costs or benefits change the adjusted BCR to 1.5 and 2.0.

Changing the Adjusted BCR to 1.5

Benefits, Benefits would need to decrease by £4.1 million or 11.6%

Costs, Costs would need to increase by £2.7 million or 13.2%

If the costs were to be locked, the benefits would need to decrease by 11.6% to push the VfM down to 1.5. Alternatively, if the benefits stayed the same, the costs would need to increase by 13.2% to push the scheme BCR down to 1.5.

Changing the Adjusted BCR to 2:0

Benefits, Benefits would need to increase by £6.2 million or 17.8%

Costs, Costs would need to decrease by £3.1 million or 15.1%

If the costs were to be locked, the benefits would need to increase by 17.8% to push the VfM up to 2.0. Alternatively, if the benefits stayed the same, the costs would need to decrease by 15.1% to push the BCR to 2.0.

Annex 6 (the BCR Explanatory Note) is attached.

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**Upload explanatory note (optional)**

Annex 6 - BCR methodology note -iSH Enterprise Campus.pdf

---

## Have you estimated a Benefit Cost Ratio (BCR)?

Yes

---

## Estimated Benefit Cost Ratios

**Initial BCR**

1.35

---

## Describe the non-monetised impacts the bid will have and provide a summary of how these have been assessed

As part of the assessment of the economic case, non-monetised impacts were assessed against the scalability set out in the LUF "Preparing an Economic Case" document published.

### Non-Monetised Impacts:

#### - Construction GVA (Moderate Beneficial):

Using the HCA costs per jobs methodology to work out the construction impact of the scheme, it has been estimated that the scheme will generate 308 construction years of employment a Net Additional Direct GVA of £16.1 million after additionality (75%) and in present values.

#### - Land Amenity Value (Moderate Beneficial):

The pleasantness of the land will be improved by the remediation, ecology work and landscaping to improve the iSH Enterprise Campus. However, given that a lot of this work would potentially happen regardless of the scheme going ahead (Do nothing), it was appropriate to not include the benefits and to strip out the costs from the economic case.

#### - Skills, Training and research led innovation (Large Beneficial):

The project is working closely with potential partners such as the University of Manchester, UCLAN and Lancaster to bring research-based activities to Area 2. This is likely to be undertaken in cyber security, advanced manufacturing, robotics and low carbon. An evaluation carried out for University of Lancaster on their European Structural and Investment Funds showed that the Rate of Return was between 18-28 times the size of the initial investment. This demonstrates that this could provide substantial economic benefits to the area.

#### - Operational GVA (Large Beneficial) :

Whilst a place-based approach has been undertaken, due to the low rental values associated with Copeland this would not fully capture the impacts associated with the proposal. Based on completing a full GVA impacts assessment and taking account of the profiling of jobs, displacement and leakage, this would generate a Net Additional Direct and Indirect GVA of £70.1 million. This is a sizeable benefit and would generate a BCR of 2.82 before considering wider land value uplift, reduction in crime, social value of labour supply and distributional impacts. Overall, this would give a BCR of 4.11 and considering non-monetised impacts would strengthen the very high value for money.

#### - Increased Biodiversity (Slight Beneficial):

The full scheme will provide landscaping and other environmental measures which will increase biodiversity by 10%.

#### - Implementation of digital infrastructure (Slight Beneficial):

£1 million of digital infrastructure has been included as part of the proposal.

This relates to providing ducting around the site which will provide some of the foundations needed to provide full fibre and 5G provision. Whilst the exact nature is not quite known, this could generate economic benefits which feed into the wider regeneration/ place-based approach.

---

## Provide an assessment of the risks and uncertainties that could affect the overall Value for Money of the bid

To ensure robustness of the analysis undertaken several sensitivity tests were undertaken with the impact on the adjusted BCR shown below.

### Sensitivity Testing:

(Scenario and Adjusted BCR)

- Core scenario, 1.70
- Sensitivity Test 1 – reduction in Wider LVU growth rate to 1%, 1.12
- Sensitivity Test 2 – reduction in results or impact area for Wider LVU by 50%, 1.13
- Sensitivity Test 3 – increase in OB applied at the upper bound rate of 24%, 1.40
- Sensitivity Test 4 – reduction in Direct LVU by 20%, 1.57
- Sensitivity Test 5 – reduction in Labour Supply from 15% to 10%, 1.57

All sensitivity testing results show that the monetised BCR is above 1 before considering non-monetised impacts associated with the scheme. However, it is important to note that the place based BCR (using GVA instead of Direct Land Value Uplift) is significantly higher and is resilient to a range of alternative adjustments including a lower-than-expected GVA per worker, higher rates of displacement or leakage, and were employment impacts to be sustained over a shorter period. The BCR based purely on GVA would be 2.82:1 before considering wider economic and social benefits.

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## Upload an Appraisal Summary Table to enable a full range of impacts to be considered

### Appraisal Summary Table 1

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Upload appraisal summary table      Annex 8 - Appraisal Summary Table.pdf

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## Additional evidence for economic case

### Additional evidence 1

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Upload additional evidence      Annex 7 - iSH Active Mode Appraisal Toolkit.xlsx

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## Confirm the total value of your bid

Total value of bid      £36352302

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## Confirm the value of the capital grant you are requesting from LUF

Value of capital grant      £20000000

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## Confirm the value of match funding secured

£5000000

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Evidence of match funding (optional)      Annex 5 - Match funding (Letters of Support).pdf

---

Where match funding is still to be secured please set out details below

[REDACTED]

The Council has progressed preliminary discussions with potential institutional investors who have expressed an interest in forward funding the development. The Council and its adviser Avison Young have met with M&G, Aviva and Legal and General to discuss the scheme, the project financials and potential financing deal structure. All three of these institutional investors have expressed an interest in financing the scheme. Letters of support from M&G and Aviva can be found at Annex 5.

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## Land contribution

**If you are intending to make a land contribution (via the use of existing owned land), provide further details below**

The Council acquired the Leconfield site (Area 1) in January 2021. A recent valuation of the site by Edwin Thompson reveals the site to be worth [REDACTED]

The Council owns the site known as Heather Bank (Area 2). A recent valuation of the site by Edwin Thompson reveals the site to be worth [REDACTED]

The independent valuation of by surveyors, Edwin Thompson is attached below and at Annex 15.

The Council does, however, need to acquire the land to the south of its Heather Bank site in order to create a better access point. This land is owned by the Lancastrian Diocese. The Diocese are fully supportive of the iSH Enterprise Campus development and has confirmed its willingness to transfer the freehold of the land to the Council to facilitate the development.

Negotiations on price are ongoing, however the Council could secure the land at the price currently on the table [REDACTED] and prior to a detailed scheme being in place.

**Upload letter from an independent valuer**

ANNEX 15 - Independent Valuations of Leconfield and Heather Bank sites.pdf

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**Confirm if your budget includes unrecoverable VAT costs and describe what these are, providing further details below**

All development costs are VAT recoverable as advised by the Council's VAT adviser.

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**Describe what benchmarking or research activity you have undertaken to help you determine the costs you have proposed in your budget**

Qualified cost consultants at Avison Young have developed the cost plan for the delivery of the scheme. The costings reflect extensive experience in the specific field of works planned for the scheme to establish costs for each item of the development programme on a £ / m2 rate of the likely construction. This cost plan has formed the basis on the financial modelling with the base year being June 2022.

In developing the cost plan, Avison Young has relied upon a range of specialist advice. The range of specialist advice that the order of cost is based on includes:

- Avison Young
- NORR – Masterplanning and architects

- Billingham George and Partners – Civil and structural engineers
- JH Partners – MEP consultants
- ONE Environment – Landscape architects
- Tetra Tech – infrastructure and remediation consultants

Avison Young cost consultants rely on accurate and current information to provide relevant benchmark advice and solutions including capturing information on emerging trends and new approaches to delivery in real time.

Avison Young's information will consistently challenge design strategies to ensure the project costs are maintain budget and are robust, with core input mechanisms which the project management will utilise for the control of the project.

Avison Young's benchmarking and cost advice is informed by:

Insight & Analytics – Established to collect data and undertake analysis required to support our technical teams and the projects they deliver.

Pooled intelligence gained from other projects – Avison Young is working with the public and private sectors on live projects across the UK which are likely to share a number of similar challenges, and therefore, require mitigating solutions. The more projects undertaken, the more knowledge is captured and the broader understanding there is of success factors. This enables Avison Young to refine its knowledge and methodologies.

Wider networks – Avison Young liaises with other members of the development supply chain (designers, material manufacturers, construction companies, financiers, developers etc). It gains knowledge and their rationale on emerging technologies and innovative delivery structures.

Use of "intelligence" – All projects possess challenges which need to be overcome. To achieve an optimum solution, it requires a combined, collaborative, multi-disciplinary effort to develop and deliver a project successfully.

Annex 9 sets out the overall costs of the scheme broken down by each build item. Annex 10 shows the detailed Avison cost plan and Annex 11 shows the Jacobs cost plan for the "Town Spine" active travel route element.

The rationale / research undertaken to support each of the key cost items is set out below (Further details can be found in the Annexes 9,10 and 11)

- Site clearance costs are based on what is required to prepare the site for new builds, i.e. removal of building slabs, hardstandings etc.

- Remediation costs have been informed by early feasibility reports identifying potential issues in the ground from the sites former uses with coal shafts and mines.

- New build unit elements and car parking costs have been priced from extensive data that Avison Young has through completion of numerous industrial units of varying sizes.

- External areas have measured from architectural and landscape drawings and priced accordingly to a scope reflective of each individual unit. Preliminaries and overheads and profit costs are based on cost data from similar completed projects in the sector.

- Risk costs are based nominal allowances at this stage and will be replaced by a priced risk register through the design stages.

- Landscaping costs have been measured from architectural and landscape drawings and priced accordingly to a scope reflective of each individual unit.

- Ecology commuted sums - Avison Young and the Design Team have considered a range of commuted sums that have been applied for different council bodies across the UK and made an assumption on what level this may apply to CBC.



The cost plans shown in Annex 9, 10 and 11 exclude inflation and are in June 2022 prices. However, in the cashflow model, the cost plans have been converted into nominal terms by applying appropriate inflation costs for the next five years. These rates are:

2022/23 - 3.8%  
2023/24 - 2.9%  
2024/25 - 4.2%  
2025/26 - 3.8%  
2026/27 - 3.9%

An extract of the first 10 years of the 40 year cashflow model is attached at Annex 17.

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## **Provide information on margins and contingencies that have been allowed for and the rationale behind them**

The funding need has been calculated based on delivery of the programme as set out in this bid. Costs have been prepared by external cost consultants (Avison Young) and are based on its extensive experience of undertaking similar schemes of this nature.

Each cost item has been reviewed to assess the risk of cost increases depending on the RIBA design stage. As the project is nearing RIBA stage 3 in the design process, a contingency allowance of 10% has been included to cover any unforeseen costs.

The Town Spine project is less developed in terms of the design process, so to account for a significantly greater level of risk a contingency of 40% has been added to the costs.

The cost plans are in June 2022 prices. These costs within the financial model have then been inflated by the BCIS forecast for the next five years. The inflation rates used are:

2022/23 - 3.8%  
2023/24 - 2.9%  
2024/25 - 4.2%  
2025/26 - 3.8%  
2026/27 - 3.9%

All works will be procured under fixed price contracts

Within the cost plan, 7% has been included for overheads and profit on each cost item. This is an on-market contractor profit margin and is based on recent experience of tendering for similar works packages.

The council will lead the delivery of the scheme using an experienced multi-disciplinary development management team led by Avison Young.

The project generates an ungeared (Project IRR) of 7.2% which is below a typical return that a commercial developer would require for a project of this scale and risk profile. However, given delivery of the project will be led by the Council, it is willing to take a below market return (in order to progress the delivery of the iSH Enterprise Campus and de-risk the location in order to attract investors for future phases).

The 7.2% Project IRR is satisfactory for the Council as the project generates sufficient cashflow to repay the PWLB borrowing, service the long-term institutional finance and generate some surplus cash flow to the Council.

The Council's adviser, Avison Young has also been in discussions with institutional investors such as M&G, Aviva and Legal and General to validate modelling assumptions with regards to financing rates / yields on different debt tenors. The financial modelling of the long-term income strip finance assumes a 3.5% yield uplifted by annually RPI on a 35-year term.

## Describe the main financial risks and how they will be mitigated

The main financial risks and how they will be mitigated are set out below. The full risk register is included at Annex 12 and has been uploaded below.

Risk: Insufficient funding

Risk detail: Lack of success in securing funding, scope of works in excess of funding available

Risk mitigation: (1) CBC engaged Avison Young to undertake robust modelling. (2) Financial modelling being underpinned by external cost consultancy input. (4) Levelling Up Fund - Team assembled to drive forward strong application help deliver full Leconfield site aspiration (iSH Enterprise Campus). (4) Development of phased schemes of work that can be delivered in accordance with available / secured funding with future phases being progressed when funding secured.

Risk: Funding approval process & timescales

Risk detail: Securing Levelling Up Funding and processes

Risk mitigation: (1) Engage with key stakeholder and assemble supporting data.

(2) Implement granular project management control to ensure robust funding submissions are assembled. (3) Agree approaches prior to progressing with work.

(4) Close management of programme and resources needed. (5) Levelling Up Fund - Team assembled to drive forward strong application help deliver full Leconfield site aspiration (iSH Enterprise Campus). (6) Development of phased schemes of work that can be delivered in accordance with available / secured funding with future phases being progressed when funding secured.

Risk: Private sector investment required not secured to extent required to enable delivery

Risk detail: Risk that there is insufficient market interest

Risk mitigation: Soft market testing has been undertaken to inform the strategy to date. Further soft market testing will be undertaken prior to launching a procurement competition. The Council is also leading the delivery of development which will lower the investment risk to attract private sector investment. The Council is willing to use its covenant strength to secure long term institution finance.

Risk: External factors (e.g. Brexit, Ukraine war, global supply chain issues) leading to development costs increasing during delivery programme

Risk detail: Costs increase due to inflation or under-estimation of base assumptions in modelling.

Risk mitigation: The Council is leading the delivery of the iSH Enterprise Campus, so any cost over-runs will be borne by it. Once contractors are procured, fixed price contracts will be entered into. The financial modelling already assumes latest BCIS forecasts on inflation over the next five years.

Risk: Ground conditions

Risk detail: Site Investigation fails to provide all the information required for the design construction

Remedial works required to stabilise land for development

Risk mitigation: (1) Undertake desk study & intrusive investigations to confirm ground conditions (2) Develop optimum masterplan to enable efficient phased delivery. (3) Allow for appropriate contingency sums. (4) Develop as delivery strategy develops. (5) Agree appropriate form of contract and treatment/sharing of risk during the works.

Risk: Lack of tenant commitment

Risk detail: Failure to attract tenants prepared to enter into required lease rental and length of lease terms

Risk mitigation: (1) Robust existing tenant consultation with full disclosure of iSH Enterprise Campus aspirations. (2) Extensive market engagement to attract new tenants (Significant interest already expressed). (3) Masterplan

commercial due diligence to ensure appropriate development plots are brought forward. (4) Maintain close engagement with NDA and SL at the highest senior level of secured long term commitment.

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Upload risk register

Annex 12 - LUF Bid Risk Register.xls

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**If you are intending to award a share of your LUF grant to a partner via a contract or sub-grant, please advise below**

N/A

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**What legal / governance structure do you intend to put in place with any bid partners who have a financial interest in the project?**

In terms of the legal / governance structure on this project, the base assumption is that the Council will be leading the delivery of the project.

The Council will enter into industry standard fixed price contracts with the contractors (e.g. JCT). The Council will carry out extensive due diligence on its prospective construction partners. A robust financial standing check will be undertaken on suppliers at the pre-qualification stage and prior to contract signing. The financial standing check will be supported by credit reports (e.g. Dun and Bradstreet) and backed up by financial analysis covering the most recent set of accounts and the previous two years. Key metrics that will be tested include:

- Business performance – e.g. turnover and profitability
- Financial strength – Net assets, gearing / level of debt
- Liquidity – current ratio / acid test ratio

The pre-qualification process will also be used to assess the contractors track record and experience in delivering similar schemes.

The Council will then seek to secure finance from an institutional investor in order to deliver the commercial units.

The exact form of deal structure with the institutional investor is still to be determined at this stage and could involve either the Council transferring the land freehold to the institutional investor who would then develop the units and lease back to the Council or the Council developing the units and then the investor acquiring the freehold with the units leased back to the Council.

The deal structure will be developed in a way that meets the objectives of the Council whilst complying with public procurement rules and subsidy control principles.

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**Summarise your commercial structure, risk allocation and procurement strategy which sets out the rationale for the strategy selected and other options considered and discounted**

Key drivers that shaped our delivery strategy:

We have a real, and well evidenced, opportunity to transform the future prospects of Cleator Moor and its residents by building on the successful Town Deal and the demand it has already stimulated. Our delivery approach therefore reflects:

- 1) The Town Deal, which has provided initial funding to kick start delivery of Phase 1 of the iSH Enterprise Campus on the Leconfield Industrial Estate.

2) Addressing the historical lack of investment in the Leconfield Industrial Estate and the lack of interest from its former disinterested owner. In 2021, Copeland Borough Council, with support from Cumbria LEP, concluded the purchase of the Leconfield Industrial Estate providing the control needed to transform its future.

3) Since taking ownership of this strategic site (which physically divides the communities of Cleator Moor), the Council has been working with potential occupiers and technical teams to understand how it can be transformed to benefit the community, business and the wider Cumbria economy.

As a result of our analysis, direct delivery was the only credible route to lay the foundations for change. Partnering and sale of land to a developer were discounted due to the project economics, risk and loss of control.

CBC will therefore lead the delivery of the initial enabling works and development of Phase 2 of the iSH Enterprise Campus. It has brought in external project management support to mitigate risks of cost over-run and delay, and will procure contractors through open tendering processes.

The procurement strategy for the above has the same core principals, but specific workstream detail plans to address the different outcomes required for each works package developed. The core principals are that:

- Services, supplies or works will as far as possible be procured in accordance with established rules and regulations and the commercial strategy of the organisation which has been prepared.
- Procurement will as far as practical be collaborative ranging from 'pre-compete' arrangements and prices at national level to more local arrangement involving 'call-off contracts' and frameworks for specified services, supplies and works.
- The project's requirements will be framed in terms of outputs and outcomes as far as practical.
- Innovation and creative solutions will be encouraged through early supplier engagement.
- The quality attributes of the services and outputs required will be defined together with the performance measures against which they will be assessed.
- Potential implementation timescale will be defined.
- Stakeholder consultation will be defined.
- As appropriate, transferring of risk to the private sector when the service provider is better able to influence the outcome than the council.
- The risks presented by any proposal to provide service or works will identify the broad impact of risks that provision of their contract may have on the Council.
- The objectives of the project in terms of Critical Success Factors and Works stream Business Case objectives will be defined.
- Social value will be embedded within the procurement process with an emphasis on local employment and skills, local supply chains and sustainability.
- Payment mechanisms will be defined
- The process for control of change will be defined
- Contract terms and form of contract will be agreed at the outset

CBC has currently procured consultants to support activities that have progressed the scheme to date through established procurement frameworks and arrangements that demonstrate value for money. These include

- o Avison Young
- o NORR architects
- o Tetra Tech
- o Womble Bond Dickinson
- o Billingham George and Partners
- o One Environment
- o Hatch

Procurement of the ISH Enterprise Campus operator:

As part of Phase 1, a procurement process is being undertaken to select an operator for the iSH Business and Community Hub building. The council has already commenced soft market testing to inform level of input into the design process, key requirements and potential commercial arrangements. It is likely that the Phase 2 operator scope will be incorporated into this procurement process given the synergies involved.

Procurement of contractors to deliver the site works:

The procurement of the contractors to deliver the site works will be on the back of established frameworks. The framework has not been selected yet, but is likely to be one of the following:

- Procure Northwest
- Scape
- Pagabo

The works will be procured on a competitive design and build contract basis with construction risk and programme being transferred to the contractor off the back of clearly defined requirements, constraints and objectives.

The contractor procurement process will entail a robust pre-qualification process for selection of appropriate and capable contractors. The contractors' proposals will allow for selection of alternative solutions which the project may choose to take benefit from on the basis of time or cost advantage.

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## **Who will lead on the procurement and contractor management on this bid and explain what expertise and skills do they have in managing procurements and contracts of this nature?**

The Council has engaged the services of an experience project management consultant (Avison Young) to lead on the procurement and management of the contractor. Avison Young (AY) has been selected based upon its track record and capabilities delivered from its significant resource base which includes a diverse range of skills including contracting, architecture, surveying, civil, building services engineering and finance. AY has advised the Council from the beginning of this Programme demonstrating a true understanding of the Council's needs.

As the Programme has progressed, AY has engaged technical advisory team members to ensure the Programme progressed at the right pace and expertise on board. To maintain Programme momentum the Council has recognised the value of continued consistency of service and professional expertise and support.

The co-ordination of services is led by AY (Barry Crichton | Principal, Project Consultancy & Management) who has excellent experience delivering programmes of this scale. AY operate from local offices and bring a blend of core project management, cost consultancy, planning and strategic commercial advisory skills as dictated by the demands of the Programme.

In its Project Management capacity, AY has embedded wider technical inputs to complete technical studies, further due diligence to inform design development and progression/ development of the masterplan and individual planning applications through the RIBA plan of work stages. It has and continues to demonstrate the required skill-sets and experience to manage the full technical team.

For this Programme AY continues to engage extensively with NORR architects in its capacity as lead designer who are supported by BGP (C&S), JHP (MEP), One Environments (Landscape) and Tetra Tech (Transport and Ecology). KOK has also been engaged as Principal Designer CDM H&S advisor.

Avison Young's project management capability is underpinned by 'product not process' using a three strand approach to deliver robust project management.

1. Identification of workstreams:

From the outset Avison Young split the Programme into workstreams and aligned key individuals from their team with the Council and iSH teams. Each workstream is then driven hard individually to get the desired result at the appropriate programme time. The workstreams check-in on a weekly with the core project team to review progress and agree next steps and corrective actions if required.

2. Assign responsibility:

Avison Young has established clear lines of responsibility across the design and other consultants and ensure it "owns" its workstream(s) and actions for the duration of the project. Its early output included a consultants design responsibility matrix.

3. Clear communication plan:

Avison Young promotes concise and clear communications particularly with the Council team. Its key tools include regular dashboard reporting followed up with focussed discussions. Its dashboards capture the current period's achievements, challenges conquered and those not met, and the following month's target. This ensures full Council/ project manager communication and engagement is achieved across the whole project at regular/ weekly intervals.

An organogram showing the delivery team is attached at Annex 1, Figure 8.1.

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## **Are you intending to outsource or sub-contract any other work on this bid to third parties?**

The Council, as developer will have ultimate responsibility for the delivery of the scheme. However, recognising capability and capacity gaps, it has engaged a multi-disciplinary team led by Avison Young to oversee the design process, planning, procurement of contractors and consultants and development management. The services that Avison Young will be managing is set out in the organogram at Annex 1, Figure 8.1.

The works will be procured on a competitive design and build contract basis with construction risk and programme being transferred to the contractor off the back of clearly defined requirements, constraints and objectives.

The contractor procurement process will entail a robust pre-qualification process for selection of appropriate and capable contractors. The contractors' proposals will allow for selection of alternative solutions which the project may choose to take benefit from on the basis of time or cost advantage. The payment structure to the contractors will be milestone-based with monies paid in arrears, ensuring that funds are only expended on delivery of clearly defined outputs.

The established frameworks used to procure contractor capture formal KPI data at the end of pre-construction period and upon project completion. These SMART KPIs include:

- Cost management (under PCSA and main contract)
  - Time management (under PCSA and main contract)
  - Client satisfaction (under PCSA and main contract)
  - Safety management
  - Fair payment
  - Defect management
  - Sustainability
-

## How will you engage with key suppliers to effectively manage their contracts so that they deliver your desired outcomes

Contracts will be entered into by the Council following the procurement process for each scope as described in the response setting out the procurement strategy.

The site works will be procured on a competitive design and build contract basis with construction risk and programme being transferred to the contractor off the back of clearly defined requirements, constraints and objectives.

1) Managing risk and achieving best value and delivery of outcomes through a robust procurement process:

The contractor procurement process will entail a robust pre-qualification process for selection of appropriate and capable contractors. This process will include extensive due diligence on the suppliers' business and key individuals.

A robust financial standing check will be undertaken on suppliers at the pre-qualification stage and prior to contract signing. The financial standing check will be supported by credit reports (e.g. Dun and Bradstreet) and backed up by financial analysis covering the most recent set of accounts and the previous two years. Key metrics that will be tested include

- Business performance – e.g. turnover and profitability
- Financial strength – Net assets, gearing / level of debt
- Liquidity – current ratio / acid test ratio

The pre-qualification process will also be used to assess the contractors track record and experience in delivering similar schemes.

Following the pre-qualification process, bidders will be invited to submit tenders where they will be evaluated on:

- Quality
  - Delivery programme methodology
  - Proposed project team
  - Quality management
  - Contracting
  - Social value
- Financial
  - Price
  - Robustness of pricing proposal

The contractors' proposals will allow for submission of alternative solutions which the project may choose to take benefit from on the basis of time or cost advantage.

Within the tender evaluation criteria, social value will be embedded with an emphasis on local employment and skills, local supply chains and sustainability.

2) Managing risk and achieving best value and delivery of outcomes through effective contracts and contract management:

- All contracts will be based upon terms and conditions of established framework arrangements to which CBC has access and can request amendments if desired
- Contractual clauses for the provision of services will be as per the standard agreed within the frameworks procurement agreements
- Wherever possible, the contracts will be on the basis of a fixed cost for a set of defined outcomes with agreed mechanisms for changes in circumstances should they occur.
- Payments to the contractor will follow standard JCT payment terms where



value of works are signed off and paid according to milestones along with an industry standard retention.

- As part of the contract entered into with contractors there will be liquidated damages that are apportioned to completion of the works within the agreed programme dates. The levels of damages cannot be defined at this stage but there will be relevant to any loss of income or increased expenditure as a result of delays to the works caused by the contractor (either directly or indirectly). This mechanism incentivises the contractor to complete the project on time, and ahead of schedule where possible.

3) Managing risk and achieving best value and delivery of outcomes through effective project controls:

We will work in close collaboration with our appointed project management and technical advisors to ensure robust management of risk and drive our desired project outcomes. We have and will continue to deploy a number of project management techniques and control documents.

Before control techniques and documents can be effectively implemented, the projects are broken down into workstreams and aligned with key individuals from the established project team, design team and contractor team. Each workstream is then driven hard individually to get the desired result at the appropriate programme time. Each workstream is managed in detail with weekly check-ins and the detail arising from the workstream is summarised within a dashboard report provided to the full team/ client meetings and corrective actions if required settled.

Clear responsibility across the design and other consultants is critical to manage risk and assure best value outcomes. This is achieved formally by way of the schedule of services in the terms of appointment and production of a consultants design responsibility matrix.

We promote concise clear communications and collaboration across the project team. We use the following techniques and control documents to help deliver best value project outcomes in a risk managed environment:

- Project oversight is managed by a Project Execution Plan which is regularly updated as the project navigates through the procurement and delivery phases.
- Weekly focus across workstream is maintained via the use of check-in logs recording key risk, issues and actions.
- Monthly project dashboards highlighting progress, key decisions required, keys risk and financial oversight. The dashboard provide an overview of the Programme and individual projects / workstreams.
- Weekly design team meetings attended by the full project team, including cost advisors, to maintain momentum through the delivery of the RIBA Plan of Work stages.
- Change control logs to record changes impacting time, cost, quality, sustainability and social value outcomes.
- Robust risk management informed by a costed risk register.
- Project derogations schedules maintained to ensure continued alignment with the overarching Project Brief.
- Clear project governance procedures to ensure full stakeholder buy-in / approval before the project proceeds to the next defined stage.

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## Set out how you plan to deliver the bid

The iSH Enterprise Campus Delivery Plan (DP) comprises an indicative DP, supporting images and overarching narrative.

The DP confirms the key project stages, including task durations with logic links (dependencies and interfaces) tied back to key milestones. A summary of the key aspects of the Delivery Plan is provided below:

Key Milestones:

Planning – The iSH Enterprise Campus Masterplan was submitted on 1st July 2022 with the approval targeted at end of September 2022. Once the Masterplan is approved, individual plots will come forward as “reserved



matters” applications>

Land acquisition – Although the Council, owns the entire site on which development takes place, it will need to acquire land to the south of its Heather Bank site in order to create a better access point. This land is owned by the Lancastrian Diocese. The Diocese are fully supportive of the iSH Enterprise Campus development and has confirmed its willingness to transfer the freehold of the land to the Council to facilitate the development. Negotiations on price are ongoing and the Council is targeting acquiring the freehold in April 2023.

Following the planning process, the delivery plan sets out 4 work packages showing the design development, contractor procurement and the construction period (including enabling works and units builds).

A summary of project milestones is provided below with further detail provided in Table D in the workbook and the detailed delivery programme at Annex 13:

Planning Process:

- (1) Masterplan Outline Planning Application submission (1st July 22)
- (2) Masterplan Outline Planning approval determination (4th July 22 to 23 Sep 22)
- (3) Reserved Matters information compilation period complete (26 Sep 22 to 16 Dec 22)
- (4) Reserved Matters determination / approval (09 Jan 23 to 31 Mar 23)

Work Package 1: Meanwhile iSH Hub:

- (5) Planning, design, site erection allowance period (07 Nov 22 to 31 Mar 23)

Work package 2: New Engineering Space with offices (Plot 9), new engineering units (Plot 12) and Community car park (Area 1):

- (6) RIBA Stage 3 Design Development (23 Sep 22 to 17 Feb 23)
- (7) Contractor Procurement (03 Oct 22 to 14 Jul 23)
- (8) RIBA Stage 4 Design Development (20 Feb 23 to 25 Aug 23)
- (9) Construction period (28 Aug 23 to 30 Jan 26)
- (9a) Site Clearance & Remediation (28 Aug 23 to Mar 24)
- (9b) Unit construction (01 Apr 24 to 30 Jan 26)
- (9c) Site landscaping (01 Apr 24 to 04 Apr 25)

Work package 3: New R&D / academic space (Plot 25) and adjacent car park (Area 2):

- (10) RIBA Stage 3 Design Development (06 Mar 23 to 04 Aug 23)
- (11) Contractor Procurement (10 Apr 23 to 18 Aug 23)
- (12) RIBA Stage 4 Design Development (21 Aug 23 to 19 Jan 24)
- (13) Construction period (22 Jan 24 to 04 Jul 25)
- (13a) Site Clearance & Remediation (22 Jan 24 to 10 Oct 24)
- (13b) Unit construction (22 Mar 24 to 06 Jun 25)
- (13c) Site landscaping (01 Feb 25 to 6 Jun 25)

Work package 4: Town spine & Digital connectivity ductwork plus Area 1 Sitewide landscaping, internal road upgrade & community car park:

- 14 Planning (03 Apr 23 to 29 Sep 23)
- 15 RIBA Stage 3 Design Development (03 Apr 23 to 23 Jun 23)
- 16 Contractor Procurement (10 Jul 23 to 27 Oct 23)
- 17 RIBA Stage 4 Design Development (30 Oct 23 to 23 Feb 24)
- 18 Construction period (26 Feb 24 to 28 Mar 25)
- 18a Site Clearance & Remediation (26 Feb 24 to 31 May 24)
- 18b Construction (01 Jun 24 to 28 Mar 25)
- 18c Landscaping (09 Jan 25 to 28 Mar 25)

Delivery team, procurement and organisation

As with Phase 1 of the iSH Enterprise Campus project, the Council is leading the delivery of the scheme, however, it has engaged an advisory and development management team with the skills, capability and capacity to deliver the scheme.

The delivery team structure is shown at Annex 1, Figure 8.1.

The scope of the Development Management role undertaken by Avison Young on behalf of the Council as developer will include:

- Setting the Project Delivery Plan, and review of the progress and exception
- Setting the objectives, scope, quality, timescale and cost control for each workstream
- Controlling the workstream assurance process and advising on project risk;
- Procurement of any sub-project teams
- Review and advise on the adherence to the objectives of the Project Delivery Plan and the delivery of Critical Success Factors
- Strategic advice and recommendation regarding, revenue opportunities, stakeholder communications and financial management.

The scope of the project management role within each workstream will cover:

- Professional team management
- Project monitoring and evaluation reporting
- Works-package / sub project issues and risk reporting
- Contractor procurement
- Contract management.
- Project controls
  - o Budget / cost
  - o Change
  - o Time
  - o Weighted risks

Works contracts will be secured off established frameworks on the basis of maximum risk transfer on a fixed price and delivery programme basis for each works programme.

Agreement with utilities companies for Network Supplies and connections will be on the basis of well-defined requirements through delivery contracts including time, cost and scope definitions.

#### Stakeholder Management

The iSH Enterprise Organisation will continue to communicate with the local and wider community and business groups throughout the planning, consent, construction and initiation phases. This will be delivered through a series of in person events as well online. The digital channels allow us to effectively communicate with a larger set of stakeholders.

The iSH meanwhile Hub in the town centre will provide a central location for the local community to raise any ideas, concerns, and opportunities regarding the iSH programme.

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## Demonstrate that some bid activity can be delivered in 2022-23

Estimated spend in 2022/23 is [REDACTED] The main bid activity that will be delivered in 2022-23 is:

- The iSH Meanwhile Hub – Quotations have already been received from temporary building suppliers for 8 x units, including a welfare block and delivery. A budget of [REDACTED] has been included in the project cashflow to cover deliver and utility connections.
- Design development – On-going design development for the new engineering space on Plot 9 along with some landscaping designs has been included in the project cashflow in 2022/23. The estimated design development fees in 2022/23 are [REDACTED]

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## Risk Management: Set out your detailed risk assessment

The ISH Enterprise Campus development project has been subject to a robust and regular detailed risk assessment. The output of these assessments are captured within the detailed risk register included at Annex 12.

The project team has been actively managing risk from project inception to maximise opportunities and minimise any adverse effects.

CBC has engaged Avison Young to own and drive Risk and Opportunity management and are responsible for keeping the programme plan on a successful path.

To respond to the key elements of this question, we have summarised four key risks with arrangements for managing and mitigating these risks and associated roles / responsibilities for risk. Please refer to the risk register at Annex 12 for a comprehensive view of c30 project risks.

Key risks:

**Risk Ref 16 | Development costs increase during delivery programme**  
External factors such as the War in Ukraine and global supply chain issues have led to a period of relatively high inflation which is having an impact on development costs. The financial modelling undertaken by Avison Young is based on a cost plan in current prices (June 2022) which has been uplifted by latest BCIS forecasts on inflation. We have also included a reasonable level of contingency (10%) that reflect the RIBA stage.

**Risk Ref 25 | Loss of funding due to inability to hit funding end dates:**  
The project team is acutely aware of the funding spending obligations and the risk of funding clawback should the project fail to manage the delivery programme effectively. The project is navigating the RIBA Plan of Work Stages and has established a robust master programme.  
The project offers development package flexibility enabling CBC to drive forward packages of work and assure the required funding spend.  
CBC has also implemented the required ecology survey activity which have constrained survey activity windows to ensure programme is not unnecessarily delayed.

**Risk Ref 11 | Members engagement – the Local Government Restructure has impact on project appetite.**  
The risk is that Members under the new Cumberland Council (following the LGR) do not support the proposals for the iSH Enterprise Campus.  
This risk will continue to be mitigated with Member briefings in the approach to the next decision point around delivery.

**Risk Ref 7 | Ground Conditions**  
CBC has undertaken extensive site investigations ahead of securing ownership of the main site area. The site investigations confirm various mining and historic industrial uses which will require careful consideration in terms of site phasing and ground remediation works.  
The masterplan has been developed in an optimal manner targeting major develop on zones requiring less ground remediation and placing lighter / less intrusive development (e.g. surface car parking) on areas necessitating more costly site remediation.

**Roles and responsibility for risk:**  
CBC is the risk owner and key party responsible for overseeing and implementing the identified risk control and management measures.  
CBC has engaged an experienced external consultancy team to work alongside the it comprising project management, strategic commercial advisory planning consultancy, architectural and technical advisors.

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## **Provide details of your core project team and provide evidence of their track record and experience of delivering schemes of this nature**

As applicant, Copeland Borough Council has had some notable successes in bringing forward and facilitating regeneration schemes across the area in recent years including:

- The Albion Square office development in Whitehaven to allow the relocation of 1,500 employees off the Sellafield site,
- The regeneration of the former Bus Station to provide a business incubation facility for new and young businesses, offering co-working, office and meeting space. This is the first phase of the North Shore Development Scheme which also includes proposals for a hotel, office facilities and a multi-story car park.
- In addition, the Council has been instrumental in bringing forward the provision and development of West Lakes Science Park as part-owner of the development and property management company which was a public sector-led scheme in partnership with the nuclear sector, the provision of the Whitehaven Campus school of development, Whitehaven Townscape Heritage Scheme, extension to Beacon Museum and the provision of sports and leisure facilities.

In recognition of the scale and aspiration and capabilities required within the original proposals for the acquisition and redevelopment of the Leconfield Industrial Estate and the subsequent plans for the roll-out of the first two phases of the iSH Enterprise Campus, the Council has assembled an advisory team which includes development management services to help bring forward these proposals. The advisory team includes its retained property and strategic advisers, Avison Young, NORR (an international architectural practice), and Bob Collins who has 40 years' experience in regeneration and development in both the public and private sectors.

Recent experience of Avison Young in the role of Development Manager:

Client: City of York Council  
 Architect: Arup/ Allies & Morrison/ Gustafson Porter + Bowman  
 Contractor: John Sisk & Son Ltd  
 Completion: Phase 1 Infrastructure - March 2024.  
 Value: Phase 1 Infrastructure - £70m. Masterplan Value - c£650m

Avison Young was appointed by City of York Council as the development manager on Phase 1 of the masterplan. This project is the most significant urban expansion in the city's modern history at 45 hectares in size and one of the largest urban regeneration projects in the UK. The former railway land will provide a series of compact residential neighbourhoods and a new business quarter which will enable the city to accommodate future growth along with the planned restoration of historic railway buildings, a new central gallery for the National Railway Museum and a new railway park. The scheme will provide up to 2,500 new homes, up to one million sq ft of new Grade A offices and hotel use and up to 6,500 new jobs.

Client: Durham County Council  
 Architect: Faulkner Brown  
 Contractor: Tolent  
 Completion: Q3 2022  
 Value: £80m

Avison Young was appointed by Durham County Council (DCC) as the development manager on the development known as Phase 1, Milburngate, Durham. The development is currently on site and once complete (in Q3 2022) which will provide circa 450,000 sq ft of mixed-use development of residential, office, retail and leisure facilities including a 92-bed hotel, 60,000 sq ft of high-quality restaurants/ bars, cinema, multi-storey car park, multiple retail/ leisure units, and a residential block providing a total of 153 luxury apartments to be operated on a PRS model.

Client: Knowsley Metropolitan Borough Council  
 Completion: June 2021

Knowsley Council had been navigating prolonged development discussions with their development partner (St Modwen) for several years and there was growing tension within the Borough for the new retail development to gain traction. The Council engaged Avison Young to provide commercial assurance and client-side development and cost management services to ensure their position was safeguarded ahead of execution of the development agreement and throughout the delivery phase. The development concluded in June 2021. Avison Young was an integral strategic partner who safeguarded the delivery

of the development on behalf of the Council enabling a smooth handover to their asset management partner.

The Avison Young led multi-disciplinary team is set out in Annex 1, Figure 8.1

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## **Set out what governance procedures will be put in place to manage the grant and project**

The Council has comprehensive assurance systems and has adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government 2016. A copy of the Local Code is available on our website at:

[https://www.copeland.gov.uk/sites/default/files/attachments/local\\_corporate\\_governance.pdf](https://www.copeland.gov.uk/sites/default/files/attachments/local_corporate_governance.pdf)

Adhering to this Framework enables the Council to monitor the success of its strategic objectives. Both risk management and internal control measures are a significant part of the Council's corporate governance framework and are designed to manage risk to a reasonable level.

The systems of risk management and internal control are based upon an ongoing process, designed to identify and prioritise the risk to the achievement of the Councils' policies, aims and strategic objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

I can confirm that Copeland Borough Council has adequate assurance systems in place.

In relation to the iSH Enterprise Campus, our assurance processes are already active. Specifically, the Council, with support from the Cumbria LEP, purchased the freehold of the Leconfield Industrial estate in 2021 and is currently managing the risks associated with that investment. Furthermore, the Council has budgeted for further investment of up to £8m that would support delivery of the iSH Enterprise Campus.

Signed: Steven Brown, Director of Financial Resources, Copeland Borough Council

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## **If applicable, explain how you will cover the operational costs for the day-to-day management of the new asset / facility once it is complete to ensure project benefits are realised**

The Council has undertaken robust financial modelling to understand the viability of the scheme including sensitivity analysis to understand the impact on its financial position of key risks crystallising.

The key metrics that the project has been assessed on are:

- Project internal rate of return ("IRR") – assessing the cashflow of the project on an ungeared IRR basis.
- Understanding how much surplus cash the project is generating and the extent to which the project can cushion key risks.

The project was modelled on a 40-year build and hold basis and was required to generate a Project IRR that would be suffice to repay its PWLB debt and any potential external third party financing.

A key assumption in our financial modelling was the operating costs. The modelling assumes operating costs at 35% on rental income which based on the units generating £1.04m per annum, the assumed operating costs £363k per annum. If the estimated operating costs are increased to 45% of rental

income, then operating costs increase to £466k per annum. At this level of operating costs there is still sufficient cashflow generate to service the financing costs.

The Council is also developing and owning Phase 1 (the Hub building and refurbished units), so it will be able realise some operational efficiencies across Phases 1 and 2.

The Council is currently managing the existing Leconfield estate, but it intends to procure an operator who will initial operating the Hub building in Phase 1, but also extend management to the rest of the scheme. The commercial arrangement will need to be agreed with the operator, but is likely to be either a management agreement, or a lease with a nominal rent plus a share of income.

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**Upload further information  
(optional)**

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## **Set out proportionate plans for monitoring and evaluation**

A robust Monitoring and Evaluation (M&E) Plan has been put in place which is set out below:

M&E objectives and approach

The LUF investment will be measured against a number of critical success factors ("CSFs") which are set out below and are a direct response to the challenges outlined in the Theory of Change. Importantly, these CSFs are to measure the impact of the LUF over and above public sector funding (e.g. Towns Fund, CLEP, CBC).

CSF and description:

CSF 1: New jobs created from the investment:

- The number of new sustainable jobs which has resulted from the new modern facilities space developed
- The inclusiveness of jobs created (the range of skills and qualifications needed)
- The level of funding from supply chain organisations and the degree to which those organisations become embedded into the local economy.

CSF2: Improvement in skills and job opportunities for the local community:

- Extent to which the investment facilitates new jobs for town residents, particularly young people.
- The number of people supported into first employment, re-entry into employment or career development.

CSF3: Support to longer term sustainable growth, diversification and exports

- The impact on supporting the longer-term sustainability of the local economy, so the LUF acts as a catalyst to future prosperity and social value and doesn't end up being a 'one-off' investment.

CSF4: Degree of transformative impact on the town

- Putting Cleator Moor on the Map as place to start business
- Improvements in the health and well-being of residents
- Improvements to the local environment
- Improved movement and footfall through the town, driving passing trade for local businesses.

CSF5: Addressing market failure and attracting private sector investment into the town

- Growth in property values, such that land development generates a commercial return to attract investors.

Overview of key metrics for M&E

This looks ate the CSF identified in Theory of Change, the SMART KPI

applied, How KPI is measured, who is responsible for measuring and the frequency of the measurement.

CSF1: New jobs created from the investment

SMART KPI: Permanent Jobs created

How KPI is measured: Increase in jobs for business assisted, Surveys of businesses assisted, working with CBC Economic Development Manager

Responsibility: CBC

Frequency: annually

SMART KPI: Construction Jobs created

How KPI is measured: Increase in jobs for business assisted, Surveys of businesses assisted, working with CBC Economic Development Manager

Responsibility: CBC,

Frequency: semi-annually

SMART KPI: The range and diversity of jobs created

How KPI is measured: Increase in jobs across pre-defined skill levels and job types. Surveys of businesses assisted, working with CBC Economic Development Manager

Responsibility: CBC

Frequency: annually

CSF2: Improvement in skills and job opportunities for the local community:

SMART KPI: Number of apprenticeships

How KPI is measured: Increase in apprenticeships for business assisted, working with CBC Economic Development Manager

Responsibility: CBC

Frequency: annually

SMART KPI: Number of young people taking jobs in the town

How KPI is measured: Number / proportion of school leavers entering employment or training in the town / local businesses

Responsibility: CBC

Frequency: annually

CSF3: Support to longer term sustainable growth, diversification and exports

SMART KPI: Number of new start-up firms created in the Cleator Moor

How KPI is measured: Info from Chamber of Commerce, may need threshold – e.g. annual revenue >£1m and >25% of revenue not from Sellafield Ltd.

Responsibility: iSH, CBC

Frequency: annually

SMART KPI: Increase in Sellafield Ltd supply chain procurement from Cumbria based firms (%)

How KPI is measured: iSH / Sellafield Ltd to monitor. Sellafield Ltd carries out analysis for its own supply chain engagement purposes.

Responsibility: iSH, Sellafield Ltd

Frequency: annually

SMART KPI: New non-Sellafield related exports from the region

How KPI is measured: Surveys of businesses assisted. Working with CBC Economic Development Manager

Responsibility: CBC Economic Development Manager

Frequency: annually

CSF4: Degree of transformative impact on the town

SMART KPI: Improvement in air quality

How KPI is measured: Undertake air quality surveys

Responsibility: CBC

Frequency: annually

SMART KPI: Improvements in health and well being

How KPI is measured: Surveys/ monitoring on number of people cycling, perception surveys on well-being

Responsibility: CBC

Frequency: annually

SMART KPI: Improved footfall

How KPI is measured: Town footfall data, monitored by counters

Responsibility: CBC

Frequency: Quarterly

CSF5: Addressing market failure and attracting private sector investment into the town:

SMART KPI Rental value growth

How KPI is measured: Market analysis from local agents

Responsibility: CBC property team

Frequency: Semi-annual

SMART KPI: Level of private sector investment leveraged

How KPI is measured: Construction project spend in Cleator Moor / region, Occupier take-up premises, measuring investment from out of region.

Responsibility: CBC property team and inward investment team

Frequency: annual

We will apply these KPIs and monitoring techniques to the specific activities / interventions in the Theory of Change / logic model.

Further engagement with the community and perception surveys

An element of measuring the impact of the interventions is our ongoing community engagement. We will undertake perception surveys with residents, businesses, and visitors, with a specific focus on young people, to assess how people engage and feel about the area and the project's impact on these indicators. A baseline survey would be conducted before the end of the 22-23 financial year so that future changes can be measured against it. A further survey would be conducted in the financial year 25-26 to measure changes, as works are completed, and future surveys would be undertaken post-project completion.

Resourcing and governance arrangements for M&E

The delivery of the iSH Enterprise Campus and the monitoring and evaluation plan sits within the overall governance and management structure for the iSH programme. The CBC CEO Chairs the iSH Company Board, which is made up of additional representatives from local business, education and the community. The iSH Company Board oversees the entire iSH Programme, and the partners work together according to the Board's Terms of Reference. The CEO is the Senior Responsible Officer (SRO) for the iSH Programme and its projects.

The iSH Programme is dedicated to creating an effective cluster for region, of which the iSH Enterprise Campus project is part of.

The governance and management structure of the iSH programme is set out in Annex 1, Figure 8.3.

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## Senior Responsible Owner Declaration

**Upload pro forma 7 - Senior Responsible Owner Declaration**

LUF Round 2 Pro formas V6.1 Proforma 7 (Signed by PG).docx

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## Chief Finance Officer Declaration

**Upload pro forma 8 - Chief Finance Officer Declaration**

LUF Round 2 Pro formas V6.1 Proforma 8 (Signed by SB).docx

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## Publishing

URL of website where this bid will be published <https://www.copeland.gov.uk/cmig>

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### Additional attachments

#### Additional file attachment 1

Upload attachment ANNEX 1 - Diagrams and Visuals to support Bid Response.pdf

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#### Additional file attachment 2

Upload attachment ANNEX 2 - Advice on subsidy control from Womble Bond Dickinson.pdf

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#### Additional file attachment 3

Upload attachment ANNEX 3 - Stakeholder letters of support.pdf

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#### Additional file attachment 4

Upload attachment ANNEX 4 LUF2 (iSH Enterprise Campus) - Theory of Change.pdf

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#### Additional file attachment 5

Upload attachment ANNEX 5 - Match funding (Letters of Support).pdf

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#### Additional file attachment 6

Upload attachment ANNEX 6 - BCR methodology note -iSH Enterprise Campus.pdf

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#### Additional file attachment 7

Upload attachment ANNEX 7 - iSH Active Mode Appraisal Toolkit.xlsx

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#### Additional file attachment 8

Upload attachment ANNEX 8 - Appraisal Summary Table.pdf

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#### Additional file attachment 9

Upload attachment ANNEX 9 - Overall Scheme Costs.pdf

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#### Additional file attachment 10

Upload attachment ANNEX 10 - Avison Young Order of Cost Estimate.pdf

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#### Additional file attachment 11

Upload attachment ANNEX 11 - Jacobs Order of Cost Estimate (Town Spine Element).pdf

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#### Additional file attachment 12

Upload attachment ANNEX 12 - LUF Bid Risk Register.xls

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**Additional file attachment 13**

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<b>Upload attachment</b>	ANNEX 13 - iSH Enterprise Campus Indicative Programme (06072022).pdf
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**Additional file attachment 14**

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<b>Upload attachment</b>	ANNEX 14 Maps showing location of Cleator Moor and Copeland.pdf
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**Additional file attachment 15**

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<b>Upload attachment</b>	ANNEX 15 - Independent Valuations of Leconfield and Heather Bank sites.pdf
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**Additional file attachment 16**

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<b>Upload attachment</b>	ANNEX 16 Images and initial designs of iSH Enterprise Campus.pdf
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**Additional file attachment 17**

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<b>Upload attachment</b>	ANNEX 17 - Cashflow extract (first 10 years).xlsx
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**Additional file attachment 18**

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<b>Upload attachment</b>	ANNEX 18 - Copeland LUF Workbook - (27072022).xlsx
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