

## Halifax Future High Streets Fund

### FULL BUSINESS CASE (FBC)

A business case is a management tool and is developed over time as a living document as the proposal develops.

The Full Business Case (FBC) should summarise the results of all the necessary research and analysis needed to support decision making in a transparent way.

The evidence to support the investment decision must be set out in the HMT five case business case model: Strategic, Economic, Financial, Commercial and Management. In its final form the FBC becomes the key document of record for the proposal which summarises the objectives, the key features of implementation management and arrangements for post implementation evaluation.

**When you have completed your business case, please submit it to the Future High Streets team on**

**[futurehighstreets@communities.gov.uk](mailto:futurehighstreets@communities.gov.uk)**

**Please also confirm separately with your delivery manager once you have submitted, via an email with no attachments**

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SRO Sign-off Name: Date:	  Marc Cole 3 <sup>rd</sup> June 2020
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## PROJECT SUMMARY

## WHAT IS THE INVESTMENT PROPOSAL?

Local Authority: *Borough Council of Calderdale*

High Street: *Halifax*

*Brief summary of proposal: The vision for Halifax is to create an environment taking inspiration from the past, where this market town was distinctive, vibrant and the centre of significant historical trading across textiles, engineering, confectionary and finance industries.*

*Halifax is a unique market town full of historic assets, some of which have successfully been brought back into use with a sustainable purpose and future, with Halifax Piece Hall being a fine example. The town is redefining its ambition as a place for enterprise, experience and community, using all its buildings and spaces in an inclusive and creative way to enhance economic growth.*

*Halifax is building a national and international reputation as a place of culture. A programme of physical infrastructure regeneration is in place across the town including a new sixth form centre. This mixed with more residential options and locally driven growth within the night time economy gives a blend of interventions in which the FHSF investment can play a crucial part.*

*The changes in how people use their high street have reduced footfall in parts of the town and the wealth of heritage buildings not fully utilised is concerning. Our plan aims to bring those spaces back into use by encouraging more diverse uses and the setting up of new businesses, generating new footfall and occupation.*

*Funding is being sought for a package of support to revitalise key historic buildings giving them a future purpose, develop connectivity through the town linking assets in an inventive, accessible way, create new event space and improved public realm, working with the cultural heritage of the place for developing new talent for the future economy, and widening the opportunities to encourage more people to live in the centre.*

*The proposed scheme comprises nine distinct but inter-related elements:*

1. *Revitalising the Borough Market*
2. *Unlocking the potential of the Victoria Theatre*
3. *Modernising the medieval alleyways linking the town*
4. *Developing a new amenity space at George Square/George Street*
5. *Unlocking Phase 2 of the Westgate development*
6. *Creating a new playful family-friendly trail through the town*
7. *Developing space for cultural and artistic activity*
8. *Bringing back residential properties at Palatine Chambers*
9. *Creating commercial properties at Northgate House*

*In the current context of the national COVID-19 emergency there has never been more urgent need to ensure the High Street is fit for purpose, welcoming and ready to bring people back to the town centre, creating the right environment to stimulate economic recovery.*

*Brief narrative summary of impact of proposal, drawing from your economic case: This proposal seeks to deliver a distinctive, coherent and inclusive town centre that will improve the perception of the town, increase social value, and ultimately improve economic performance through greater footfall and demand. The strength of the cultural offer already embedded with in the town will be enhanced securing a vibrant legacy from the investment.*

*Overall funding requested from the Future High Streets Fund (FHSF) - £17,382,215.00*

The boundary in which the proposed FHSF scheme sits is shown in Map 1, attached within Appendix A. This boundary is fully contained within the Calderdale District. Map 2 (also in Appendix A) shows the Spatial Master Plan for the proposed scheme, setting out the extent of the different use classes, transport flows (e.g. pedestrian/cycle/vehicle), the enabling infrastructure, and any geographic constraints or risks. The project does not sit within flood risk zones 2 or 3. Map 3 within Appendix A shows the individual scheme elements making up this package of interventions. Map 4 within Appendix A shows a Key Plan for the proposed scheme, which shows the extent of the different landownerships overlaid onto a version of the Scheme Spatial Master Plan.

This proposal sets out how the Council intends to rejuvenate and revitalise a key section of Halifax town centre through the improvement of the experience and environment in this area. This includes public realm, investing in key heritage buildings, unique retail and food experiences, and the expansion and improvement of cultural and leisure services. The

development of key locations within this concise geography will improve the overall perception of this part of the town centre which has seen declining footfall and underutilisation of existing facilities, building on positive momentum in the area around the Piece Hall and Woolshops and drawing people up through the town centre. The uplift in physical quality of place will enable the town to attract, connect, and retain employers, employees, residents, shoppers, and visitors in greater numbers, leveraging growth and sustainability for businesses and amenities within this area.

Specific interventions will enable the whole population of Halifax to benefit from these developments including the improvements to pavements and walking routes (through the alleyways, George Square/George Street and the Playful Trail), with accessible access to the whole Victoria Theatre and through the inclusive community focus of the new arts space. There will be benefits to the night-time economy with more evening events possible at the Borough Market, with a specific area separate to the daytime stalls, and the arts space being able to offer events, workshops and classes into the evening. The Victoria Theatre will also draw in additional footfall during the evening which builds on its current ability to fill bars and restaurants on performance nights, capitalising on this demand with its own improved catering facilities.

The proposed elements of the scheme are as follows:

#### **1. Borough Market**

This element includes essential refurbishment and modernisation of this stunning Victorian market, through the improvement of areas to facilitate its use as an events space including pop-up units, refurbishment of toilet facilities, and security features to enable the space to be used outside of market trading hours. The works also intend to materially restore and improve the façade and its eight entrances and various routes in to, out of and through the markets to create appealing and navigable routes and better link the thriving bottom to the struggling top of the town. The aim is to enable the market to return to its historic function as a demand generator for the town, attracting people to eat, drink, shop, and attend events by developing a new inside focal space to complement the Piece Hall, extending opening hours, updating facilities and broadening the potential uses of the building. There has been an evidenced drop in footfall (explored further within the Commercial Case) in recent years and FHSF support will enable interventions which address market failure by funding improvements for which there is no alternative source of capital, addressing the counterfactual position which is inevitably the continued decline of this asset and failure to capitalise on its unique potential. This package of improvements will ensure the market has a renewed purpose, make it sustainable and usable into the future and ensure it can live up to its potential as one of Halifax's most important historic assets.

#### **2. Victoria Theatre**

The refurbishment of the historic and striking Victoria Theatre is intended to release currently untapped potential for greater usage of this key asset to the town which operates below capacity at present following a long history of success in the town, due to the venue being in need of update in relation to interior facilities and environment to bring it up to modern standards in terms of accessibility and facilities. This will be achieved through the provision of a range of spaces to support the daytime opening of the theatre, improved modern catering facilities, inclusive access to the whole theatre, and the potential increase of performance space which will facilitate larger and more attractive productions to the theatre. Enabling bigger acts to perform at the theatre will help to draw in people from across the North, raising the profile of the town. There is potential for the theatre to bring in larger productions within high quality environments in Halifax, as evidenced by the success of the renovated Piece Hall, which successfully serves a much larger audience capacity. All these elements are designed to make the theatre central to the cultural and economic landscape of the town centre, increasing footfall, dwell time, and demand in the area of town which has been struggling to attract shoppers and visitors in recent years.

#### **3. Improve the medieval alleyways linking the upper and lower parts of the town**

Improvements are needed to some key pedestrian routes in order to address the severance affecting parts of the town and ensure that pedestrians are better connected across key points including new investments to the east or the bottom end of the town (Piece Hall, Westgate Phase 1, the imminent new Sixth Form college and the station gateway) and the projects within this package of works. Pedestrians are currently required to navigate several areas and streets which currently do not facilitate effective connectivity of the heritage and retail offers in one area with the other. There is some improvement being made by the A629 scheme to the larger highways in the area, however key pedestrian routes remain relatively unattractive to use, thus discouraging the flow of pedestrians through the town. This specifically includes two medieval alleyways which are of historical significance but currently unwelcoming, which will be made more appealing and conducive to pedestrian, shopper, and visitor use, increasing usage and footfall. These links will be rejuvenated through improved public realm and art installations to address existing safety concerns and encourage users to travel between the top and bottom of the town. This will in turn support businesses in the top of the town. Regular seating will be provided so less able users can rest whilst moving between the top and bottom of the town.

#### **4. George Square as an amenity space**

The George Square and George Street area of Halifax is currently a space characterised by heavy traffic and bus use with on-street car parking. The area is recognised as a potential space for events and community gatherings, with the Christmas lights switch-on for 2019 held here for the first time. This has provided the opportunity to test the impact of road closures and temporary bus rerouting to the area, with a successful event having been delivered. The vision for this area is for it to become a welcoming, greener space for residents and visitors to spend time in and use as amenity space, potentially with provision for children in partnership with the Eureka! playful trail element of this programme. These works will create a destination and public amenity for socialising and relaxing by creating a new public square. This will encourage more visitors to the top of the town. The improvements will create the setting for businesses around the square to spill out into the space. They will be supported by the increased footfall in these areas.

## **5. Westgate Phase 2**

Building on the success of the first phase of the Westgate Quarter project, Phase 2 (Westgate 2) seeks to bring derelict land and buildings back into economic use to provide high quality floorspace for local businesses. It will also deliver high quality public realm in keeping with Phase 1 and visual links with the adjacent Borough Market scheme element and with the nearby Piece Hall. The FHSF will cover the cost of the external elements of this development such as access ramps, improved pavements and appropriate lighting to ensure safety.

## **6. A new playful trail to link the National Museum of Childhood – Eureka! - with the assets within this FHSF package**

The Eureka! National Children’s Museum is a major visitor attraction in Halifax with approximately 300,000 visitors per year. This element of the scheme focuses on the provision of an asset to the town in terms of a playful trail that will encourage inclusive interaction and footfall across the town centre. This will bring demand to businesses along the trail and provide the physical and conceptual link between Eureka! and the areas of the town centre to be improved through this FHSF package such as the Borough Market, the medieval alleyways and George Square. Works planned within the trail project include improved crossing points to ensure safety for all users, whatever their levels of mobility. The route follows a predominantly step free route from the Station Gateway to George Square, and where level changes do occur existing infrastructure, such as the public lifts at the Piece Hall, are utilised to address level changes for those with restricted mobility. Regular attractions are also planned along the route, allowing those with restricted mobility places to pause on their journey.

## **7. Modify and bring back residential properties at Palatine Chambers**

14 former social housing units at Palatine Chambers which were formerly part of the government-sponsored Living Over the Shop (LOTS) scheme are currently vacant following the end of the LOTS lease. If modified and given a better quality of specification, this low-quality housing stock could be let to longer-term tenants, bringing more people back living within the town, creating demand for better services, facilities and environment. A small grant scheme will be developed to help with a contribution to the modifications.

## **8. Create commercial properties at Northgate House**

Refurbishment of the vacant former Calderdale Council offices at Northgate House, which occupies a prominent position within Halifax town centre, provides a rare and innovative opportunity to provide floor space for retail in a sustainable key town centre location, in close proximity to a range of services, facilities and transport links.

By contributing to the fit-out costs for 12,000 sq ft of new retail space, the FHSF would support economic ‘good growth’ and employment opportunities for the residents of Halifax and the wider region, whilst increasing footfall and vibrancy within the town centre core with positive effects on nearby development sites.

## **9. Developing more cultural space in the town**

Calderdale has a strong working Cultural Partnership which offers a broad range of cultural events and activities, which tend to begin their life in Halifax Town before being delivered across the neighbouring Towns. This has inspired a growth in demand for space which gives flexibility across the arts, music, theatre and showcasing works, which the market is currently not able to meet as the commercial opportunity is not sufficiently attractive. However, the cultural and regeneration opportunity for Halifax is clear. This project has identified a unit within the Borough Market which will be converted into a community gallery including workshop space. This will enrich the cultural offer and further drive demand into the town centre.

Further details and concept designs where appropriate for each scheme element can be found in Appendix B.

The combined proposals seek to deliver a coherent and inclusive, family friendly town centre offer that will remove severance, generate improved perception, increase social value, and ultimately improve economic performance through greater demand. Without FHSF, Halifax high street will continue to decline and fail to maximise the potential of the town. Moreover, Halifax will also fail to maximise the opportunities being generated through other investments in the town’s transport and highways. This has never been more important in the context of the economic recovery required in response to the unprecedented challenges faced by town centres from COVID-19 (see Appendix O).

There are no buildings to be acquired as part of this scheme. Several buildings and parcels of land currently in Council ownership will be part of the scheme and also private sector landowners will be engaged. The building required for the Westgate 2 scheme has already been acquired by the developer. Details of this are set out in Table 1 below, with further information concerning infrastructure requirements of the scheme highlighted in Table 2 and Figure 1.

**Table 1: Land and/or Buildings acquired or in Council ownership**

<b>Ownership</b>	<b>Current use</b>	<b>Cost</b>	<b>Remediation / redevelopment cost</b>	<b>Intended future use</b>
Already in Council ownership	<b>Victoria Theatre</b>	£0	£2,651,021	Growth in capacity
Already in Council ownership	<b>Borough Market</b>	£0	£7,871,987	Retail/ services and events space
Council / Private ownership	<b>Alleyways</b>	£0	£1,442,598	Connectivity

Ownership	Current use	Cost	Remediation / redevelopment cost	Intended future use
Council / Private ownership	<b>Palatine Chambers</b>	£0	£63,259	Residential
Council / Private Ownership	<b>Northgate House</b>	£0	£2,100,000	Retail
Not yet identified Already in Council ownership	<b>Play Trail locations</b>	£0	£984,206	Amenity space
Already in Council ownership	<b>Cultural Space</b>	£0	£787,401	Cultural space
Already in Council ownership	<b>George Square</b>	£0	£1,682,598	Amenity space
Purchased by O&C Services (private developer)	<b>Horton House – derelict building (Westgate 2)</b>	£345,000 (already invested)	£3,092,269	Retail and leisure

**Table 2: Types of physical infrastructure the FHSF is required for**

Public transport, traffic management, road improvements and access improvements		Public facilities (local government/ health/ education/ leisure)	✓	Severance and connection	✓
Digital infrastructure		Utility network extension and capacity reinforcement		Public Realm Works	✓
Other (please provide details)					

**Figure 1: Infrastructure requirements**

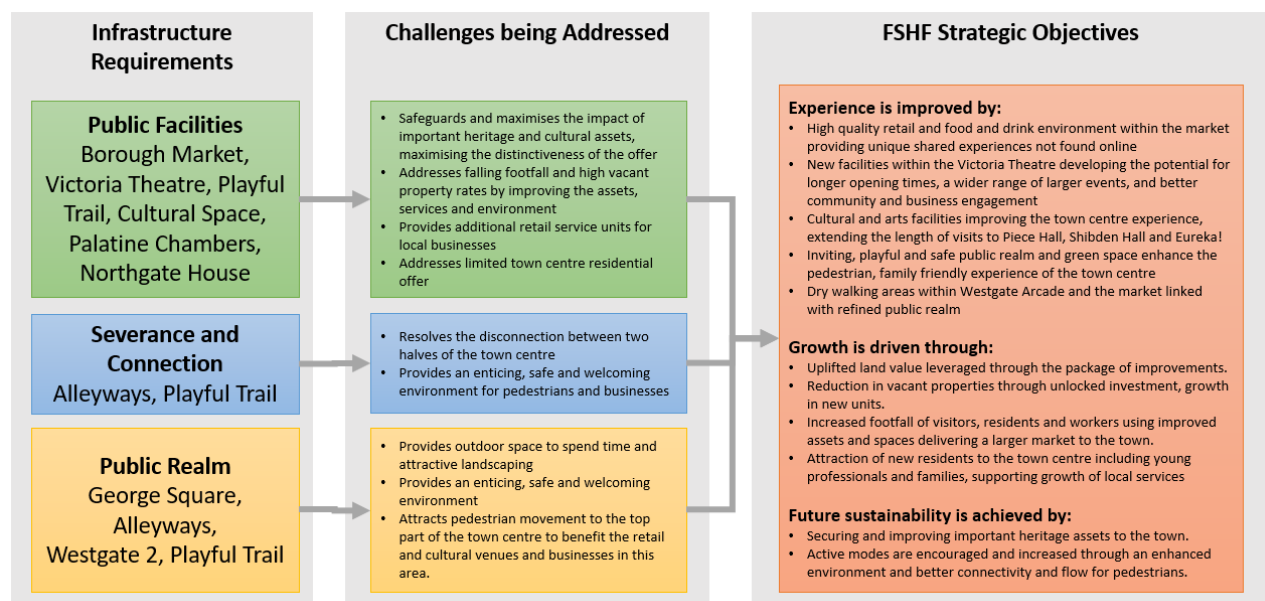


Table 3 below presents a short summary of the Present Value (PV) of benefits and costs by main categories along with the resulting initial Benefit Cost Ratio (BCR) of 1.74 (which takes account of all monetised benefits and the total public sector cost in line with guidance provided by the MHCLG). These costs are economic costs and therefore exclude inflation and have been discounted at 3.5% per annum.

**Table 3: Benefit Cost Ratio Summary**

Total net additional benefits	Preferred Option (NPV, 2019/20 prices)
<b>Benefits for initial BCR</b>	
Land value uplift	£18,937,524
Pedestrian Movement benefits	£8,691,972
Public Realm benefits	£9,705,688
Total Benefits for Central BCR [A]	£37,335,184
<b>Benefits for Adjusted BCR</b>	
Cultural Wellbeing	£18,428,868
Employment Benefits	£336,360
Total Benefits for Adjusted BCR [B]	£18,765,228
<b>Total Benefits [A+B]</b>	<b>£56,100,412</b>

FHSF Cost [C]	£18,975,308
Co-funding [D]	£1,925,916
Total Cost [C+D=E]	£20,901,224
Private Sector Funding [F]	£2,454,092
<b>Initial BCR (FHSF Only) [(A-D-F)/C]</b>	<b>1.74</b>
<b>Initial BCR (FHSF + Co-funding) [A/E]</b>	<b>1.79</b>
<b>Adjusted BCR</b>	<b>2.57</b>
Net Present Social Value [A+B-E]	£35,199,188

NB: The BCR of 1.79 presented in the above table is the Central BCR inclusive of co-funding, calculated in line with MHCLG guidance. The methodology and calculation of this – along with the Central BCR exclusive of co-funding and the Adjusted BCR of 2.57 – is detailed in the economic case. As this scheme includes a number of elements that affect different economic metrics, multiple methodologies have been selected and combined to fully capture the economic impact of this scheme. This multi-layered methodology combines land value uplift calculations based on MHCLG appraisal guidance, with WebTAG appraisal methodologies based on DfT guidance, and the approach to valuing wellbeing impacts of cultural engagement from DCMS. To capture the full range of benefits of this scheme, the economic analysis has included the following methodologies:

- Land value uplift – to capture the social value of the land use change linked to this scheme applying MHCLG appraisal guidance;
- Employment impacts assessing the value of moving people into employment through this scheme;
- Pedestrian movement analysis using DfT’s WebTAG-compliant AMAT and PEAT models;
- The assessment of the impact of cultural and arts engagement on welfare, utilising DCMS methodologies; and
- Public realm valuation using the MHCLG Appraisal Guide and the Valuing Urban Realm Toolkit (VURT).

Given this methodology which reflects the objectives of the scheme to develop and nurture the cultural and heritage offer in Halifax, the adjusted BCR is the more accurate reflection of the expected value for money delivered through this scheme.

#### KEY MILESTONES

A number of key milestones in the delivery of the Halifax FHSF scheme have been identified, including submission of business case; award of funding; procurement of services; commencement and completion of works; sign-off of works by the Project Board; and monitoring and evaluation. These are set out in full in Appendix N, a summary is below:

- Submission of business case – Jun 20
- Procurement of Services – Aug 20 – Nov 20
- Design progression including planning consent, site investigation and public consultation – Sep 20 – Dec 21
- Procurement of services – invitation to tenders released to appointment of contractors – Oct 20 – Mar 22
- Delivery of works - commencement to completion – Nov 20 – Mar 24
- Programme Sign-Off – Apr 24
- Monitoring and Evaluation – Aug 20 – Mar 27

**STRATEGIC CASE – *What we’re doing, and why***

**Background**

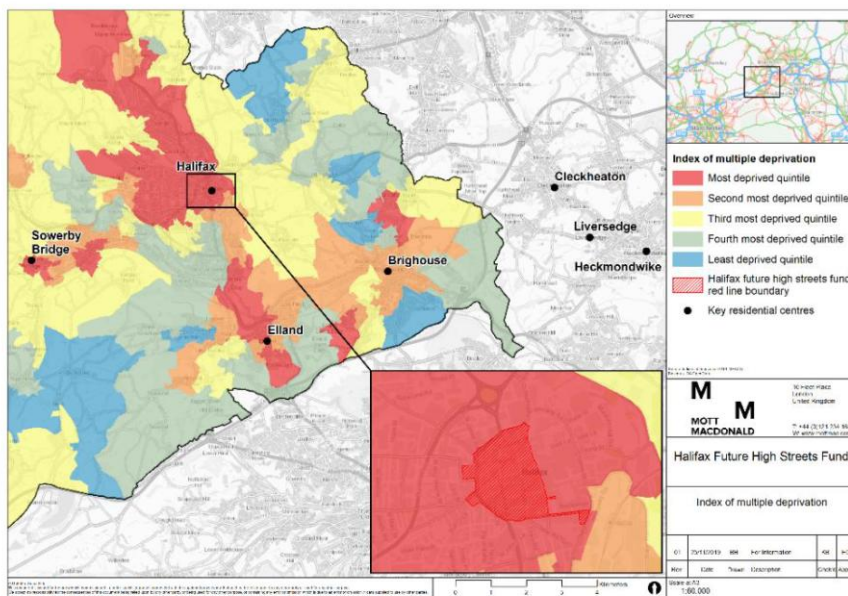
Halifax is an historic major town, drawing people from across the borough to work, shop and socialise. It is well placed for direct connectivity between the Leeds and Manchester City Regions via road (M62 junctions 24, 25, and 26) and rail. Road, train, and bus routes span out westwards from Halifax up the Calder Valley to Mytholmroyd, Todmorden, Sowerby Bridge and Hebden Bridge, and eastwards towards Brighouse, Elland, and on the other side of the M62 motorway, Huddersfield. Bradford city centre is 8 miles away to the north.

Halifax is Calderdale’s largest town (population 90,000; 47,000 households). There are 6,000 households in the Town ward living close to the town centre, mainly in small terraced properties, and 1,100 social rented homes very close to the centre (including 575 flats). The market for town centre living is in its infancy, with some conversions of former commercial properties taking place on a modest scale.

Halifax town centre faces a number of challenges. It competes with the larger urban centres of Bradford, Leeds, and Huddersfield which all offer more comprehensive retail and employment offers. The popularity of out of town shopping centres with free parking is also challenging, with centres at the Trafford Centre in Manchester, White Rose Centre in Leeds, Junction 32 Shopping Outlet in Castleford, just off the M62, and Meadowhall at Sheffield.

According to MHCLG’s 2019 Index of Multiple Deprivation, 19 of Calderdale’s 128 Lower Super Output Areas (LSOAs) (14.8%) were among the 10% most deprived nationally. 18 of these LSOAs were located within Halifax town. The Halifax FHSF boundary is situated entirely in the most deprived quintile and Figure 2 below illustrates the spread of deprived areas to the west and north of the town.

**Figure 2: Index of Multiple Deprivation**



*Source: MHCLG, Index of Multiple Deprivation, 2019*

In line with this profile, there are anti-social behaviour and street begging issues affecting the town centre, which the Council, the Police, and other partners are working together to address. Halifax has an employment rate of 71.3%, below local and national comparators. With an unemployment rate of 5.8%, it also has higher unemployment than local and national comparators.

Halifax has a lower proportion employed in high-skilled occupations<sup>1</sup> (30.4%) and a higher proportion of low-skilled occupations<sup>2</sup> (25.4%) than local and national comparators. The continued presence of Lloyds Banking Group, the Halifax head office and Covea in the town centre are critical to the local economy. The finance and insurance sector only accounts for 3% (90 businesses) of the Halifax business base, however the sector employs over 7,000 people (18.5% of the total workforce in the town) and continues to be a significant part of the economy. While professional, scientific, and technical businesses account for the second highest share of the business base (12% or 435 businesses), this is sandwiched between the relatively lower-skilled sectors of retail (13% or 455 businesses) and construction (10% or 340 businesses). The vast majority (99%) of businesses in Halifax are small and medium-sized enterprises (SMEs), however, there is a lack of modernised, small business premises throughout the town centre, deterring small businesses potentially setting up in the area.

There is a danger of Halifax developing a divided town centre. Footfall is reducing at the top of the town, for example, 20% down at Harveys department store on Commercial Street, meanwhile, footfall is increasing towards the lower part of

<sup>1</sup> Defined as SOC Major Groups 1-3  
<sup>2</sup> Defined as SOC Major Groups 8 and 9

town, where footfall is 20% greater at Woolshops Arcade area since the Piece Hall reopened in 2017. This disparity is exacerbated by a disconnection between two halves of the town centre, and this severance therefore needs to be urgently addressed. Arterial pedestrian routes are key to bringing footfall back to the top of town, and with the right investment pedestrian journeys could be enjoyable, safe and a positive draw to footfall.

Halifax has significant potential in terms of the raw materials present in the existing and historical architecture and amenities. Much of the impressive Georgian and Victorian stone architecture has been retained, with 120 Grade II listed buildings in the town centre. However, in order to fulfil this potential, some of the town centre’s key heritage assets require refurbishment. Most prominent among these is the Victorian Borough Market. The Grade II\* listed covered market sits squarely in the centre of town, with Market Street on one side and Southgate on the other. Some work funded by the Council is in progress to try to ensure the building is safe and weathertight, however further large capital investment is required to renovate and transform the market into a place not just to shop, but to eat, socialise, and see events in an environment that meets and potentially exceeds modern requirements.

Within Calderdale, Elland and Halifax have been prioritised as areas of the greatest need. Brighouse is in the process of setting up a Business Improvement District following a successful vote. Hebden Bridge continues to build on the success of winning the 2016 Great British High Street award and Mytholmroyd has received substantial investment as part of flood alleviation works since 2015. Brighouse, Hebden Bridge, and Mytholmroyd have comparatively low unit vacancy rates, with Todmorden having the lowest vacancy rate within Calderdale, and won the Great British High Street Rising Star award in 2018. Halifax has been selected for FHSF as it is the key administrative, retail, and service centre and leisure/entertainment offer in the borough for its six local market towns, and the main driver of the local economy.

### **Strategic Fit with the Wider Region**

Halifax is one of the five constituent districts within the Leeds City Region. Priority Four of the Leeds City Region Strategic Economic Plan is “Infrastructure for Growth”.<sup>3</sup> This focuses on identified spatial priority areas, of which Halifax Town Centre is one, as an Urban Growth Centre. The plan states that there is “much to build on” in Calderdale and the aim is to “deliver the right physical offer to businesses to support enterprise and growth”. The FHSF proposals offer the opportunity to deliver physical infrastructure which will bring vibrancy, demand and growth to the town centre, leveraging and multiplying the success of investments such as the Piece Hall and existing visitor offer around Eureka! in terms of generating footfall, increasing visitor numbers and creating demand.

This package of projects will address one of the three key objectives of the West Yorkshire Transport Plan which is to “put people first to create a strong sense of place – increasing access in a safe and inclusive way and encouraging walking and cycling for health and other benefits.”<sup>4</sup> The FHSF proposal will invite and encourage people to walk within and across Halifax town centre in an improved environment with better navigability and more desirable ambience. There is also an ambition to make West Yorkshire known for the quality and liveability of its places, which fit with the core objectives of this scheme.

### **MHCLG intervention**

Halifax is a town with significant areas currently underperforming with a combination of facilities and assets that fail to draw the demand needed to revitalise the town. Whilst there are some initiatives under way to address this, market failures persist, preventing Halifax from fulfilling its potential. Two key market failures present in Halifax are accessibility issues across the town centre and the need to preserve architecture and heritage assets. As set out in the Commercial Case, the Borough Market remains a popular and attractive asset however it has not been maintained to modern standards therefore has seen a drop in footfall in recent years. The Victoria Theatre is also an asset that does not currently live up to potential. While currently successful in delivering a wide programme of events, this venue could provide a modern, more inclusive and community focused service through investment in spaces and facilities to support this. This is again evidenced in the Commercial Case and shows the potential for improved day and night time experience within the town centre.

The investment in the Borough Market, Victoria Theatre, along with the provision of new cultural and arts space, will result in a range of positive externalities (assessed as part of the Economic Case) that will generate significant benefits to the town centre. Similarly, the plans to transform George Square and enhance accessibility through the town centre via the Playful Trail and medieval alleyways will provide public goods that the private sector cannot deliver.

There is currently a large amount of targeted investment in transport. Investment is planned in improvements to the A629 through the West Yorkshire-plus Transport Fund. This is a major phased project to deliver improvements to the highways running right around Halifax town centre (Appendix C). In addition, a new station gateway and a Sixth Form Centre at the formerly vacant Northgate building are also being developed, with the latter due to open in September 2020. The Northgate site will also become the new office location for Royal & Sun Alliance (RSA) with relocation of 600 employees, and creation of four new commercial units to let with up to 15 jobs. Whilst this level of investment brings more daytime footfall, there is a need for better connectivity and attractive places to pull demand across into the whole of the town. Providing different reasons for moving through the town to reach events, retail and services will be a key part in developing the legacy for the FHSF investment.

Halifax has a relatively small central core filled with various amenities such as the Piece Hall, Westgate 2, Borough

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<sup>3</sup> <https://www.westyorks-ca.gov.uk/media/1110/strategic-economic-plan.pdf>

<sup>4</sup> <https://www.westyorks-ca.gov.uk/media/2379/transport-strategy-2040.pdf>



Market, and Victoria Theatre, which are all within walking distance of the bus or train stations. Two large employment sites, Dean Clough Mills and Lloyds Banking Group offices, sit on the edge of town, employing over 7,000 workers combined. The main residential areas closest to the town centre are to the top end, the area of focus for this scheme. These areas are within walking distance of the town centre and this proposed package of FHSF works seeks to leverage the potential market presented by the people living, working, and travelling in these areas.

If this investment were not undertaken, the upper part of the town centre would continue the current trend of declining footfall and fall into greater difficulty in terms of the retail offer and the attractiveness of this section of town. This decline has been further exacerbated by the ongoing COVID-19 situation which has brought devastating, if temporary, change to all our high streets. If the existing issues are not addressed and supported once a recovery is made possible this part of Halifax will struggle to survive as a centre for retail and cultural activity. This would also likely exacerbate anti-social behaviour issues, and the failure to maximise the opportunities being brought forward by the current transport investment. Rather than living up to the potential of being hubs of local activity and vibrancy, the Victoria Theatre and Borough Markets elements of the scheme would likely see reducing sales and decline in uptake of retail units due to the deterioration of these venues. Evidence with regards footfall trends and demand potential is provided within the Commercial Case and Appendix L, Li, Lii - Victoria Theatre Customer Profiling.

The FHSF investment will also unlock private investment in the second phase of the privately-owned Westgate Quarter project. Building on the success of the first phase of the Westgate Quarter project, Phase 2 seeks to bring derelict land and buildings back into economic use to provide high quality floor space for local businesses. It will also deliver high quality public realm in keeping with Phase 1 and linking visually with the adjacent Borough Market. The Westgate 2 element of the scheme is private sector lead and represents significant co-funding for the scheme. The developer has committed £2.54m to the design and build of this scheme, but the development cannot currently proceed due to a gap in funds to cover external improvements required to make this retail and commercial development viable. Commitment of this local private developer to the development of the town centre is clear and stated. They have already committed more than industry standard towards the site acquisition costs. However, the support of the FHSF is needed to ensure this project is viable and can deliver the improved external environment which ties it into the package of projects and enables the development to be accessible and in keeping with uplift in the town centre environment. Our legal advice suggests that this project is exempt from state aid due to Town Ward (where funding is to be provided) being an area categorised under European Law as a Regional Aid Assisted Area coming within Article 107(3)(c) of the Treaty on the Functioning of the European Union (TFEU) (2007). As Town Ward qualifies as an Aid Assisted Area under the terms of this article, companies receiving aid in this area should be exempt from the usual treaty ban on state aid.

The Piece Hall investment, which has successfully brought an underused heritage asset back into use for the future, has underscored the benefits of targeted investment within the town centre, particularly with respect to the creative use of buildings of interest with a heritage past. FHSF support will enable the Borough Market, Victoria Theatre, medieval alleyways, and George Square to be brought back to life in a similar way, making them fit for purpose while at the same time futureproofing them. These initiatives will be supported by the broader package of interventions, including the Playful Trail, Westgate Phase 2, and creating, modifying, and bringing back residential and commercial properties within the town. However, against a backdrop of the austerity of the past 10 years, and the current COVID-19 crisis diverting funds and resources, no other funding is available to help develop this type of activity.

### Objectives

The Council's Inclusive Economic Strategy outlines six objectives the Council are looking to achieve in the period 2018 to 2024:

- Unlocking the growth potential of current business whilst attracting new investment and jobs to the borough.
- Working with public, private and third sector organisations to increase the social value of spending and recruitment.
- Increasing access to good jobs, good pay and good opportunities for progression.
- Helping young people and other workers to use their existing talents and have the opportunity to develop new skills.
- Supporting towns, villages and communities.
- Targeting Calderdale's effort and resources to maximise their impact.

Calderdale Council's strategy aligns with the objectives of the FHSF scheme in many ways. The remodelling of the Borough Market will provide a focal point for culture within the town centre, as well as good quality local food and drink options, providing new investment and jobs to the area, alongside increasing the social value of the area. Improving the public realm and removing severance will provide greater access to jobs and opportunities for businesses. The planning approval for Westgate 2 is already in place, and the project could progress quickly, providing additional retail, food, and services premises for small, independent businesses. These schemes build upon the huge impact of the recent refurbishment of the Piece Hall – which has received 5 million visitors since it reopened in 2017 – and more recently Shibden Hall, and will be supported by car parking provision, collectively increasing visitor numbers in the future and supporting new businesses within Halifax.

A logic mapping exercise has been undertaken which sets out the objectives for the scheme, and the proposed outputs, outcomes, and impacts expected to be generated by the scheme as a whole. This is attached as Appendix D. The objectives for the FHSF scheme as set out below are specifically aligned to the Halifax Town Centre Delivery plan (Appendix E) and have been developed in line with Calderdale's Vision 24<sup>5</sup>. These plans are well defined and supported

<sup>5</sup> <https://www.calderdale.gov.uk/vision/>

and encapsulate the roadmap for Halifax over the next five years and into the future. Each objective aims to increase the following metrics above baseline trends within 5 years of project completion:

- Increase the number of jobs, income per capita, and business start-ups within Halifax by unlocking development sites and employment opportunities in Halifax town centre.
- Enabling people to spend more time in Halifax town centre, creating vibrancy and buzz through interventions to refurbish and upgrade key assets and public spaces. Increasing the footfall and usage (e.g. theatre visits) within the key locations.
- Providing additional commercial accommodation to support business activity, increasing the number of business start-ups and business growth.
- Deliver greater recognition of Halifax's heritage status and develop the existing strong social and cultural offer, delivering increased visitors to key sites within the project boundary.
- Improve access, flow and circulation within Halifax Town Centre for pedestrians, enabling and encouraging greater demand for goods and services across the town centre, evidenced by increased footfall in improved pedestrian areas.
- Unlock the potential for residential development within and around the town centre with residential unit creation.

The objectives align directly with the FHSF objective statement. Every element of the scheme will improve the experience of Halifax town centre through improved assets and services which will deliver demand and vibrancy to the area. Better public spaces and flow through the town will encourage residents and visitors to stay longer and contribute more to the local economy. The scheme aims to sustain some of Halifax's most distinctive and important assets for the future of the town centre rather than allow them to decay and decline.

The FHSF proposal put forward in this business case focuses on the concept of 'Connecting Halifax' (Appendix B); making physical changes to better connect different parts of the town and creating the preconditions for different sections of the local community to connect with each other. This strategy will build on other proposals to create opportunities for interaction across all ages by creating enhanced public facilities, new public spaces, and places for play. The core and wider proposals will work alongside Halifax's existing retail and cultural assets to both diversify the town centre's offer and bring more residents within walking distances of these attractions. This will create a residential offer which is attractive to younger people, who tend to seek opportunities within the evening economy – something that is not strong within Halifax currently.

As part of the development of the High Streets Task Force, the Institute of Place Management (IPM) has identified the Top 25 Priorities that place leaders should be focusing on, in their quest for vitality and viability and to have sustainable high streets that meet the needs of their catchment communities<sup>6</sup>. There is close alignment between the proposed scheme and the identified IPM priorities.

### **Stakeholder issues**

This project is part of the long-term plan for the centre of Halifax which stems from the Town Centre Delivery Plan (Appendix E). This includes a range of major schemes and funding streams and has involved extensive consultation and stakeholder engagement. As part of the Town Centre Delivery plan, meetings were held with major investors in the town (Dews Garage, Walker Singleton Chartered Surveyors, Gregory Group, Yorvale and O&C Services). Feedback centres on specific opportunities for each, but the overall tone highlights the need to maximise the potential of the town centre to draw in a better retail offer and more demand. Independent traders cover a high proportion of the current retail offer, and this blends well with the high street brands. This mix is vital to maintain the variety of the offer, the biggest area for improvement is around the need to connect and route pedestrians more effectively through the town.

The Halifax Station Gateway and A629 projects have also included extensive stakeholder engagement which align with the wider town centre objectives of improving connectivity and economic activity within Halifax.

There are a number of key stakeholders specifically for the Halifax FHSF scheme, including the partners working jointly on this submission and wider organisations who may be impacted by the scheme. A full list is provided in Appendix F. Feedback in the form of letters have been received from The Piece Hall Trust, the West Yorkshire Combined Authority, Eureka!, Halifax BID, Mid Yorkshire Chamber of Commerce, West Yorkshire Police and Together Housing. In summary, the stakeholders believe the impacts of this scheme should include:

- Increase in attractiveness to different groups, growth in footfall, and building on success in other parts of town
- Linking to economic opportunity through improved transport options
- Improving the town centre and public spaces
- Providing inclusive experience day and night

A consultation event took place in March 2019 with stakeholders which generated positive feedback. The consultation recognised the issues and challenges posed by declining footfall in quieter areas of the town centre and suggested a number of ideas to tackle them, which are reflected in the proposals.

The Halifax Town Board met in January 2020 to review the Halifax Future High Street Fund proposal. The membership of the Board is very diverse covering private, public, and community sectors, and the Halifax BID. The feedback was very positive, with the connectivity of key assets linking the upper and lower parts of the town being singled out for particular

<sup>6</sup> <https://www.placemanagement.org/news/high-street-changes-update-25-factors/>

praise. The Town Board will continue to be kept informed on the progress of the application and will form part of the governance of the programme if successful.

One of the more challenging groups of stakeholders is likely to be the traders and retailers currently present within the Borough Market. While plans for improvements to the general market building, its services and facilities are supported and popular, it is possible that the proposed works will result in possible relocation or changes for a small number of retailers. This will require ongoing sensitive management, including possible compensation, and is captured for monitoring within the risk register (Appendix G).

A meeting with the Markets Working Group, a cross party membership, was held in January 2020 to discuss the Halifax Future High Street Fund application with a specific focus on the Borough Market scheme element. The members were pleased to see the range of interventions included within the application and felt the Market project met the needs of the traders, and local people. The members were keen to be kept updated on the bids progress and to be part of the decision-making process on the final designs.

### **Dependencies and Constraints**

The A629 Halifax to Huddersfield Corridor Improvement is closely linked to this scheme, and the FHSF scheme seeks to align with A629 timescales in order to procure and deliver similar services efficiently. However, it will be possible to separate the projects and deliver the FHSF independently to this project if the need arises and timings become unsynchronised. The A629 project comprises a multi-modal corridor improvements scheme prioritised for delivery within the first five years of the West Yorkshire-plus Transport Fund, which has been allocated £189.09m to drive economic growth by addressing transport and accessibility issues.

This supports the FHSF scheme by enabling better travel into the town centre and providing public realm and infrastructure improvements which will be complimentary to and synchronous with this scheme. The proposed FHSF scheme stands on its own and could proceed without the A629 project, however the improvements to highways and pedestrian cycle routes into the town centre will enable the proposed scheme to maximise the benefits from the FHSF investment. The A629 project is already underway and likely to be delivered within the expected timescales even within the context of current COVID-19 restrictions. The A629 scheme will result in some changes to highways and public transport arrangements close to the project and specifically bus stop arrangements within George Square. This is picked up within the FHSF risk register (Appendix G) and will be monitored closely for any specific impacts.

The rejuvenation of Halifax Station Gateway and Halifax Bus Station are additional major projects within Halifax. They will provide greater accessibility into the town for locals and businesses, easing pedestrian, cyclist, and vehicular movement into and around the town centre. The Station Gateway project has no dependencies or constraints with the FHSF programme but shares the objectives of increased economic activity and confidence within Halifax town centre. The bus station project also shares objectives and may have some impacts in terms of the public transport changes that will be required during construction of the station. This may again have impact on George Square with some services temporarily rerouted through the square. This is also captured within the risk register (Appendix G) to be monitored carefully.

The commercial units being brought forward as part of this FHSF scheme form part of a wider redevelopment of the vacant former Calderdale Council offices at Northgate House. In addition to the 12,000 sq ft of retail space, the refurbishment will provide 46,000 sq ft of quality office space, resulting in a scheme which aims to support the LEP and Combined Authority's priorities to accelerate town centre regeneration, develop a skilled and flexible workforce and support growing businesses. The project looks to build on the positivity surrounding Halifax relating to the opening of the refurbished Grade I listed Piece Hall and proposed investment in the WY+TF Phase 2 initiative, boosting productivity and enabling inclusive growth, whilst acting as a catalyst for further investment. The proposals are highly deliverable, already having received full planning permission on 21<sup>st</sup> September 2018 under application number 18/00861/LAA.

Key constraints of this project are the heritage and planning considerations required concerning the assets within the package. Halifax town centre is a conservation area and any works need to conform with requirements to preserve the quality and character of the area. As the Council is the guardian of these principles and has a thorough appreciation of the required standards and methods, the project will operate within these constraints. Once design work is finalised, planning and heritage approvals will be sought in accordance with required timelines and has been built into project milestones.

The Westgate 2 scheme is a privately-owned element of the package, and it received planning consent for the proposed scheme on 1<sup>st</sup> February 2018 within application number 17/01436/FUL.

### **Key Risks**

A risk register has been produced including both programme and project level risks and will be maintained throughout the project. The risk register will be reviewed regularly and form part of the standing agenda for future Project Board meetings, as detailed in the Management Case. The risk register is attached as Appendix G. The investment has generally been assessed to be a medium to low risk project.

### **Data Protection**

We confirm we have consulted the Data Protection Compliance Manager (DPCM) and considered requirements under the General Data Protection Regulation and Data Protection Act 2018 including the need for a Data Protection Impact Assessment. We acknowledge that you will share this business case with other government departments where relevant, with third parties providing advice and assessment services to the FHSF and with the High Streets Task Force in all cases on a confidential basis. ☒

## FINANCIAL CASE - How much it will cost, and how it will be funded

Table 5 sets out the financial profile for the overall FHSF proposals (as represented by the Preferred Option defined within the Economic Case). The total financial cost is estimated to be £21,920,484, which includes allowances for inflation and risk as described further below. The financial profile comprises £2,592,269 of private capital committed by O&S Management Services for the development of Westgate 2, £1,946,000 of co-funding, £17,017,070 in new funding to be provided by the FHSF.

The £17,017,070 is inclusive of delivery costs, which have been estimated by the Council based on salary costs for the proposed project team. This comprises two full-time project officers (PO7-10), a part-time Programme Manager (Special A), a part-time Finance Officer (PO14), and a part-time Legal Officer, who will be employed for the duration of the FHSF project delivery.

Monitoring and evaluation costs have been estimated by the Council to total £365,145. These will be funded via the FHSF. This estimate is based on salary costs for one full-time M&E Officer (SO1), who will be employed for seven years to encompass the duration of the FHSF project delivery and three years' of monitoring and evaluation activity beyond this, and the cost of installing and operating additional footfall counters at the Victoria Theatre, George Square, and Eureka!/Train Station, additional footfall counters at the Borough Market, and bespoke reporting on the data collected. Costs for collecting and reporting footfall data have been provided by Springboard.

**Table 5: Financial profile (Preferred Option)**

	20/21	21/22	22/23	23/24	Beyond	Total
Existing Funding (i.e. funding already committed)	£0	£1,046,135	£1,546,135	£0	£0	£2,592,269
Co-funding to be leveraged	£1,600,000	£173,000	£86,500	£86,500	£0	£1,946,000
New Funding: Future High Streets Fund	£1,469,608	£5,810,730	£5,003,821	£4,547,911	£185,000	£17,017,070
Monitoring and Evaluation costs including staff costs	£58,785	£51,060	£51,060	£51,060	£153,180	£365,145
<b>TOTAL</b>	<b>£3,128,393</b>	<b>£7,080,925</b>	<b>£6,687,516</b>	<b>£4,685,471</b>	<b>£338,180</b>	<b>£21,920,484</b>

Table 6 sets out the financial profile for the Do Minimum option. Under this option, a reduced amount of investment in the town centre is proposed. This will target a different configuration of schemes, as described in the Economic Case. The Do Minimum option comprises £2,592,269 of private capital, £346,000 of co-funding, and £14,682,205 in new funding to be provided by the FHSF, inclusive of £880,000 for delivery costs. A total of £365,145 for monitoring and evaluation will also be funded via the FHSF.

**Table 6: Financial profile (Do Minimum)**

	20/21	21/22	22/23	23/24	Beyond	Total
Existing Funding (i.e. funding already committed)	£0	£1,046,135	£1,546,135	£0	£0	£2,592,269
Co-funding to be leveraged	£0	£173,000	£86,500	£86,500	£0	£346,000
New Funding: Future High Streets Fund	£832,927	£4,961,638	£4,579,275	£4,123,365	£185,000	£14,682,205
Monitoring and Evaluation costs including staff costs	£58,785	£51,060	£51,060	£51,060	£153,180	£365,145
<b>TOTAL</b>	<b>£891,712</b>	<b>£6,231,833</b>	<b>£6,262,970</b>	<b>£4,260,925</b>	<b>£338,180</b>	<b>£17,985,619</b>

### Source of funding

The total cost of the intervention is estimated at £21,920,484. Of this, £2,592,269 will be funded by private sector capital committed by O&S Management Services for the development of Westgate Phase 2. This funding is additional to the £345,000 which has already been used by O&S to secure the site and a further £100,000 spent on the professional team

to date. £1,946,000 (9%) of co-funding will be leveraged to deliver the commercial units at Northgate House and the Alleyways. The £1,600,000 of co-funding for the Northgate House redevelopment is being funded by the Council through the Leeds City Region Local Enterprise Partnership (LEP) Growth Deal, while £346,000 of co-funding is being funded by the A629 Halifax to Huddersfield Corridor Improvement scheme through the West Yorkshire-plus Transport Fund. The remaining £17,382,215 (77%) to be funded through the FHSF.

**Table 7: Funding Statement**

Element	Source	Total Amount	Amount Secured	Amount to secure	2020/21	2021/22	2022/23	2023/24	Future Years
Borough Market	FHSF (this bid)	£7,871,987	£0	£7,871,987	£432,188	£2,479,933	£2,479,933	£2,479,933	£0
	Local Authority	£0	£0	£0	£0	£0	£0	£0	£0
	Private Sector (other)	£0	£0	£0	£0	£0	£0	£0	£0
Victoria Theatre	FHSF (this bid)	£2,651,021	£0	£2,651,021	£157,075	£458,938	£1,245,459	£789,549	£0
	Local Authority	£0	£0	£0	£0	£0	£0	£0	£0
	Private Sector (other)	£0	£0	£0	£0	£0	£0	£0	£0
Alleyways	FHSF (this bid)	£1,096,598	£0	£1,096,598	£47,215	£524,692	£262,346	£262,346	£0
	Local Authority	£346,000	£346,000	£0	£0	£173,000	£86,500	£86,500	£0
	Private Sector (other)	£0	£0	£0	£0	£0	£0	£0	£0
George Square	FHSF (this bid)	£1,682,598	£0	£1,682,598	£56,449	£813,075	£406,537	£406,537	£0
	Local Authority	£0	£0	£0	£0	£0	£0	£0	£0
	Private Sector (other)	£0	£0	£0	£0	£0	£0	£0	£0
Westgate Phase 2	FHSF (this bid)	£500,000	£0	£500,000	£0	£500,000	£0	£0	£0
	Local Authority	£0	£0	£0	£0	£0	£0	£0	£0
	Private Sector (other)	£2,592,269	£2,592,269	£0	£0	£1,046,135	£1,546,135	£0	£0
Play trail	FHSF (this bid)	£984,206	£0	£984,206	£45,703	£469,252	£234,626	£234,626	£0
	Local Authority	£0	£0	£0	£0	£0	£0	£0	£0
	Private Sector (other)	£0	£0	£0	£0	£0	£0	£0	£0
Palatine Chambers Residential Units	FHSF (this bid)	£63,259	£0	£63,259	£63,259	£0	£0	£0	£0
	Local Authority	£0	£0	£0	£0	£0	£0	£0	£0
	Private Sector (other)	£0	£0	£0	£0	£0	£0	£0	£0
Northgate House Commercial Units	FHSF (this bid)	£500,000	£0	£500,000	£500,000	£0	£0	£0	£0
	Local Authority	£1,600,000	£1,600,000	£0	£1,600,000	£0	£0	£0	£0
	Private Sector (other)	£0	£0	£0	£0	£0	£0	£0	£0
Cultural Space	FHSF (this bid)	£787,401	£0	£787,401	£27,720	£379,841	£189,920	£189,920	£0
	Local Authority	£0	£0	£0	£0	£0	£0	£0	£0
	Private Sector (other)	£0	£0	£0	£0	£0	£0	£0	£0
Monitoring & Evaluation	FHSF (this bid)	£365,145	£0	£365,145	£58,785	£51,060	£51,060	£51,060	£153,180
	Local Authority	£0	£0	£0	£0	£0	£0	£0	£0
	Private Sector (other)	£0	£0	£0	£0	£0	£0	£0	£0
Delivery	FHSF (this bid)	£880,000	£0	£880,000	£140,000	£185,000	£185,000	£185,000	£185,000
	Local Authority	£0	£0	£0	£0	£0	£0	£0	£0
	Private Sector (other)	£0	£0	£0	£0	£0	£0	£0	£0
TOTAL	FHSF (this bid)	£17,382,215	£0	£17,382,215	£1,528,393	£5,861,790	£5,054,881	£4,598,971	£338,180
	Local Authority	£1,946,000	£1,946,000	£0	£1,600,000	£173,000	£86,500	£86,500	£0
	Private Sector (other)	£2,592,269	£2,592,269	£0	£0	£1,046,135	£1,546,135	£0	£0

## Financial appraisal

Each scheme element has been individually financially appraised.

The assumptions used to appraise each of the scheme elements conform to industry standards, although they do differ slightly according to how far design development has progressed for each element. Further details on the assumptions underpinning the appraisal of each of the scheme elements are provided in the Technical Annex in Appendix H. The key assumptions are outlined in Table 8 below:

**Table 8: Financial Appraisal Assumptions**

Element	Fees	Risk Allowance	Prelims	Overheads
Borough Market	15%	20%	Inc. in items	
Victoria Theatre	15%	20%	20%	Inc. in Prelims
Alleyways	15%	20%	20%	5%
George Square	15%	20%	20%	5%
Westgate 2	15%	15%	20%	Inc. in Prelims
Playful Trail	15%	20%	20%	5%
Cultural Space	15%	20%	15%	5%

Source: Mott MacDonald

Initial cost estimates for the **Borough Market** were provided by the Council, and subsequently reviewed by Mott MacDonald.

Final costs estimate building works to the Market of £3,012,500 and repair works £2,050,000, bringing total works for the Market of £5,062,500. Other works including works to the Southgate elevation roof and balconies have been costed at £700,000.

Fees were assumed to be 15% of the total works and contingency was assumed to be 20% of the total works. Due to the nature of the works, which are small-scale involving multiple contractors, preliminaries and overheads and profits have been included in the building works costs for Borough Market. Inflation of £92,612 has been calculated using the Building Cost Information Service (BCIS) Tender Price Index (TPI).

It has been assumed that maintenance and operating costs will be covered by commercial revenues generated by the scheme. Therefore, in order to be prudent, no additional income has been modelled for these scheme elements.

It has been assumed that 50% of the total fees will be spent in 2020/21 to pay for design progression including planning consent, site investigation, and public consultation, and the procurement thereof, and that subsequently, the remaining total cost will be spread evenly over the three years it will take to deliver the scheme.

Initial cost estimates for the **Victoria Theatre** were provided by AHR, and subsequently reviewed by Mott MacDonald.

The Victoria Theatre refurbishment will take place in three phases:

Phase 1 (2021/22): Box Office/Lift

Phase 2 (2022/23): Ground Floor/Canopy

Phase 3 (2023/24): First Floor Green Room/Kitchen & Bar

The building works for Phase 1 are estimated to cost £283,400; the building works for Phase 2 are estimated to cost £731,000; and the building works for Phase 3 are estimated to cost £440,000. This brings total building works to £1,454,400.

Preliminaries – inclusive of overheads and profits – were assumed to be 20% of building works. Design risk and contingency assumed to be 20% of building works inclusive of preliminaries. Fees were assumed to be 15% of the building works inclusive of preliminaries and design risk and contingency. It has been assumed that 50% of the total fees will be spent in 2020/21 to pay for design progression including planning consent, site investigation, and public consultation, and the procurement thereof. Inflation of £238,534.6 has been calculated using the Building Cost Information Service (BCIS) Tender Price Index (TPI).

It has been assumed that maintenance and operating costs will be covered by commercial revenues generated by the scheme. Therefore, in order to be prudent, no additional income has been modelled for these scheme elements.

The cost estimates for the public realm elements of the FHSF intervention – the **Alleyways**, **George Square**, and the **Playful Trail** have been developed by Mott MacDonald.

The building works are estimated to cost £201,432 for Cheapside and £302,190 for Old Cock Yard, bringing the total for building works for the Alleyways to £503,622. The building works for George Square are estimated to cost £602,118, and the building works for the Playful Trail are estimated to cost £487,500.

Main contractor's preliminaries and traffic management has been assumed to be 20% of the building works. Main contractor's overheads and profits has been assumed to be 5% of the building works. Project/design team fees and other costs have been assumed to be 15% of total building works, inclusive of main contractor's preliminaries and traffic

management and overheads and profits. A risk allowance of 20% of total building works and project/design team fees and other costs has been assumed. Inflation of £20,848.21 for Cheapside and £31,276.67 for Old Cock Yard (totalling £52,124.88 for the Alleyways), £62,319.21 for George Square, and £50,456.25 for the Playful Trail has been calculated using the Building Cost Information Service (BCIS) Tender Price Index (TPI). Maintenance costs for repairs, redecorations, inspections, and any planned or reactive maintenance and operational costs for facilities management, cleaning, and costs associated with energy have been estimated as per the RICS definition.

The total costs for delivering the improvement to Alexandra Street and King Edward Street, which will be delivered via the A629 scheme, have been estimated by AECOM to be £346,000<sup>7</sup>.

It has been assumed that 50% of the total fees will be spent in 2020/21 to pay for design progression including planning consent, site investigation, and public consultation, and the procurement thereof, and that subsequently, the remaining public realm works will be frontloaded, with 50% being spend in the first year and 25% in each of the subsequent two years it will take to deliver the scheme.

Initial cost estimates for **Westgate Phase 2** were provided by WHP, and subsequently reviewed by Mott MacDonald.

Building works are estimated to cost £1,497,463.86.

Main contractor's preliminaries – inclusive of overheads and profits – were assumed to be 20% of building works. Project/design team fees have been assumed to be 15% of total building works, inclusive of main contractor's preliminaries and overheads and profits. A risk allowance of 15% of total building works and project/design team fees has been assumed. The risk allowance of 15% reflects the more developed design stage (RIBA stage 3) of this project element. Inflation of £715,794.32 has been calculated using the Building Cost Information Service (BCIS) Tender Price Index (TPI).

It has been assumed that maintenance and operating costs will be covered by commercial revenues generated by the scheme. Therefore, in order to be prudent, no additional income has been modelled for these scheme elements.

It has been assumed that this total cost will be spread evenly over the two years it will take to deliver the scheme.

The cost estimates for the **Cultural Space** have been developed by Mott MacDonald.

Building works are estimated to cost £308,000.

Main contractor's preliminaries has been assumed to be 15% of the building works. Main contractor's overheads and profits has been assumed to be 5% of the building works. Project/design team fees and other costs have been assumed to be 15% of total building works, inclusive of main contractor's preliminaries and traffic management and overheads and profits. A risk allowance of 20% of total building works and project/design team fees and other costs has been assumed. Inflation of £6,069.57 has been calculated using the Building Cost Information Service (BCIS) Tender Price Index (TPI).

Maintenance costs for repairs, redecorations, inspections, and any planned or reactive maintenance and operational costs for facilities management, cleaning, and costs associated with energy have been estimated as per the RICS definition.

It has been assumed that 50% of the total fees will be spent in 2020/21 to pay for design progression including planning consent, site investigation, and public consultation, and the procurement thereof, and that subsequently, the remaining total cost will be frontloaded, with 50% being spend in the first year and 25% in each of the subsequent two years it will take to deliver the scheme.

The cost estimates for **Palatine Chambers** have been submitted by Fusion Housing.

The cost of equipment and installation of individual heating systems to replace the current, older system, is estimated to be £48,314 for replacing existing storage heaters and £7,350 for replacing existing water heaters, bringing the total to £55,664. This equates to £3,976 per flat.

The cost of product and fitting additional roof void insulation is estimated to be £2,500, or approximately £179 per flat. The cost of the security system and security door is estimated at £5,095, or £364 per flat.

The cost estimates for **Northgate House** have been submitted by the Council.

The full cost of refurbishing shell and core of Northgate House is £10.6 million. Pro-rated by floor space, the cost of bringing forward the 4 retail outlets on the ground floor is estimated to be £2.1million. This excludes fit out costs, etc.

It has been assumed that maintenance and operating costs for Borough Market, Victoria Theatre, and Westgate 2 will be covered by commercial revenues generated by the respective scheme elements. Therefore, in order to be prudent, no additional income has been modelled for these scheme elements.

The scheme cost is considered affordable and proportionate to the scale of the issues identified in the Strategic Case and the predicted benefits of the scheme assessed in the Economic Case.

<sup>7</sup> These estimates exclude Known/Unknown Utility Diversions; Ground Obstructions; Contaminated Material; VAT; and Professional Fees

**Financial risks**

The main financial risks associated with the proposed scheme are insufficient funding being available to deliver the preferred scheme, and cost overruns being experienced during delivery. The first of these risks are being mitigated by developing a strong business case in order to secure adequate funding from FHSF, as well as by diversifying funding sources via co-funding arrangements with the private sector. The Council has sought letters of commitment from private and co-funding partners to further minimise any funding shortfall risks to the project. The second of these risks will be mitigated by accurate scheme costings which have included adequate risk allowance and will be monitored and updated throughout the project to reflect the appropriate stage of design, and the robust programme and project management structures and procedures that have been developed to ensure that the scheme is delivered to pre-agreed timescales and budget. Details of this governance structure are provided in the Management Case. Key features include a Project Board, which has ultimate responsibility for the financial performance of the project, including the monitoring of project spends and the issue of financial monitoring reports to funding agencies and the Council's Cabinet as required, and the appointment of a Senior Responsible Officer (SRO), who will have executive responsibility for the project, including ensuring that the project remains technically and financially viable. Linked to this, delays in procurement pose a risk to timely and on-budget delivery of the scheme. Procurement risks have been minimised through the development of a realistic programme and procurement timescales with key stakeholders, which will subsequently be developed into a comprehensive procurement strategy which will be reviewed on a frequent basis by project team. Further details of the financial risks to the project are included in the risk register (Appendix G).



**ECONOMIC CASE – Our options and the extent to which they provide VFM****Options Appraisal**

Consideration was given to a range of potential options through consultation between the Council and various stakeholders. This process identified a number of options to deliver regeneration and enhancements to Halifax town centre. Three shortlisted options were identified through a systematic sifting exercise undertaken by the Council. Each option was assessed based on its Strengths, Weaknesses, Opportunities and Threats (SWOT) to identify the proposals that should be taken forward for analysis in the shortlist. This process resulted in the identification of a Preferred Option that met all of the Critical Success Factors (CSFs) identified for the scheme. In accordance with HMT Green Book guidance, the Preferred Option was assessed along with a Do Nothing and Do Minimum option. A Do Maximum option was also considered. The CSFs used to determine the FHSF proposals are set out in Table 9 below.

**Table 9: Critical Success Factors (CSFs)**

Key Critical Success Factors	Broad Description
Strategic fit and business needs	How well the option meets the agreed spending objectives, related business needs and service requirements, and provides holistic fit and synergy with other strategies, programmes and projects
Potential Value for Money	How well the option optimises public value (social, economic and environmental), in terms of the potential costs, benefits and risks
Supplier capacity and capability	How well the option matches the ability of potential suppliers to deliver the required services and is likely to be attractive to the supply side
Potential affordability	How well the option can be funded from available sources of finance and aligns with sourcing constraints
Potential achievability	How well the option is likely to be delivered given the organisation's ability to respond to the changes required and matches the level of available skills required for successful delivery

Source: HM Treasury, *Guide to developing the project business case*

The shortlist of options for this scheme includes the following:

**Option 1 – Do Nothing**

This option is the business-as-usual option whereby no intervention is made. This option will serve as the reference case, against which the three 'Do Something' options will be assessed.

**Option 2 – Do Minimum**

Under this option, a limited amount of investment in the town centre is proposed. This will target a different configuration of scheme options set out in the Preferred Option with a reduction in scale and cost to assess the impact of delivering the scheme. The Do Minimum proposes to only deliver certain scheme elements. The full scheme is set out in the Preferred Option below. Option 2 – Do Minimum proposes to only deliver the scheme elements regarding:

- Borough Market
- Victoria Theatre
- Alleyways
- George Square
- Westgate Phase 2

**Option 3 – Preferred Option**

The Preferred Option for this scheme contains nine core elements as set out in the Strategic Case. These are:

- Borough Market
- Victoria Theatre
- Enhance the medieval alleyways linking the upper and lower part of the town
- George Square as an amenity space
- Westgate Phase 2
- A new Eureka! Children's Museum playful trail to link existing and new sites
- Modify and bring back residential properties at Palatine Chambers
- Create commercial properties at Northgate House
- A new arts and cultural space

### Option 4 – Do Maximum

A Do Maximum option was considered in terms of the full delivery of the Halifax Town Centre Masterplan<sup>8</sup>, developed in 2010 and encompassing a much wider range of projects. This would have then brought a wider geography and additional improvements to the FHSF ask, however many of the developments identified within the Masterplan are already being delivered via the Station Gateway and the A629 schemes. There are additional improvements within the Masterplan not picked up elsewhere such as the setting of the Minster Church, the links to Dean Clough and the urban edge to the north and east of the chosen FHSF area. It was felt that these developments and the full extent of the Masterplan would not be feasible through FHSF due to the high level of funding required or insufficient alignment with FHSF objectives to be a realistic fit.

### SWOT Analysis

A summary of the SWOT analysis scoring each of the options against the CSFs from negative 2 (with two crosses representing a very weak alignment) to positive 2 (with two ticks representing a very strong alignment) is set out in Table 10 below.

The Do Nothing option scores well on achievability, supplier capacity and capability, and affordability, as it requires no intervention. Accordingly, it scores poorly on meeting spending objectives, strategic fit, and potential VfM.

The Do Minimum option generally scores favourably across all the CSFs, particularly with respect to achievability and affordability. However, it underperforms with respect to the Preferred Option for meeting spending objectives, strategic fit, and potential VfM. This is because it provides a weaker strategic fit by not delivering the full scheme, while VfM is lower due to key economic benefits not being realised.

The Preferred Option scores strongly across all the CSFs highlighting the strong strategic fit, achievability, and potential VfM of the proposed scheme. The Preferred Option is closely aligned with both local and regional strategic ambitions and policy objectives, is deemed to be achievable within the proposed budget and timeframes and is projected to deliver a wide range of economic benefits producing a BCR in excess of 2 (in the adjusted BCR), thus representing good value for money.

The Do Maximum option scores well on strategic fit but poorly on meeting spending objectives, achievability, supplier capacity and capability and affordability. This is because whilst the Do Maximum option would help Halifax to meet more of its strategic policy ambitions, it is felt that the extent of the scheme will not be feasible through the FHSF or sufficiently aligned with FHSF objectives to be a realistic fit.

**Table 10: SWOT Analysis of longlist options**

Shortlisted options	SWOT Analysis					Potential VfM	Conclusion
	Meeting Spending objectives	Strategic fit	Achievability	Supplier capacity and capability	Affordability		
1 – Do Nothing	xx	xx	✓✓	✓✓	✓✓	xx	xx
2 – Do Minimum	✓	✓	✓✓	✓	✓✓	✓	✓
3 – Preferred Option	✓✓	✓✓	✓✓	✓	✓	✓✓	✓✓
4 – Maximum option	✓✓	✓✓	xx	x	xx	✓	x

### Scheme costs

The approach to the assessment of public sector costs is described in detail in the Financial Case. A supporting economic model has been developed that sets out profile of costs by each scheme component over the 30-year appraisal period. A discount rate of 3.5% has been applied to the profile of costs and income. This is a public sector discount rate which, as set out within the HM Treasury Green Book, adjusts for social time preference (defined as the value society attaches to present, as opposed to future, consumption). It should therefore not be confused with financial discounting which reflects the time value for money in terms of the cost of raising capital and compensation for risk.

The costs of the Preferred Option are set out in Table 11. The costs reflect the full public sector funding profile, with further details provided in the Financial Case.

<sup>8</sup> <https://www.calderdale.gov.uk/council/consultations/engage/downloaddoc.jsp?id=1621>

**Table 11: Cost of Option 3 – Preferred Option**

Scheme element	Option 3 – Preferred Option	
	Total, Undiscounted	Total, Discounted 2019/20 Prices
Borough Market	£7,871,987	£7,130,493
Victoria Theatre	£2,651,021	£2,391,566
Alleyways	£1,096,598	£1,000,663
George Square	£1,682,598	£1,534,501
Westgate Phase 2	£500,000	£466,755
Playful Trail	£984,206	£898,291
Cultural Space	£787,401	£718,170
Palatine Chambers	£63,259	£61,120
Northgate House	£500,000	£483,092
Monitoring & Evaluation	£365,145	£319,672
Delivery Costs	£880,000	£791,806
Optimism bias	£3,497,428	£3,179,179
Public sector co-funding	£1,946,000	£1,925,916
<b>Total public sector cost</b>	<b>£22,825,643</b>	<b>£20,901,224</b>

**Benefits appraisal****Economic benefits**

As this scheme includes a number of elements that affect different economic metrics, multiple methodologies have been selected and combined to fully capture the economic impact of the scheme. This multi-layered methodology combines land value uplift calculations based on MHCLG appraisal guidance, with WebTAG appraisal methodologies based on DfT guidance and the approach to valuing wellbeing impacts of cultural engagement from DCMS. To capture the full range of benefits of the scheme, the economic analysis has included the following methodologies:

- Land value uplift – to capture the social value of the land use change linked to this scheme applying MHCLG appraisal guidance.
- Employment impacts assessing the value of moving people into employment through this scheme.
- Pedestrian movement analysis using DfT's WebTAG-compliant AMAT and PEAT models.
- The assessment of the impact of cultural and arts engagement on welfare, utilising DCMS methodologies.
- Public realm valuation using the MHCLG Appraisal Guide and the Valuing Urban Realm Toolkit (VURT).

All benefits have been set out over the 30-year appraisal period in line with the build out profile produced by the Council. These benefits have been discounted at a rate of 3.5% per annum in line with MHCLG appraisal guidance. A consistent price base across all costs and benefits has been applied to be compliant with HM Treasury Green Book guidance.

The methodologies used to apply each of these assessments are outlined below. A detailed methodology note setting out the approach to assessing each of these benefits has been included as Appendix H.

**Land value uplift (LVU)** – the likely uplift in land values that could be achieved from the delivery of the FHSF proposals will be focused on three primary areas:

- LVU of the sites directly impacted by the scheme – this includes the Westgate and Northgate House sites, where the direct land value uplift from the redevelopment of these sites will be captured. It is considered in the appraisal that the combination of the Westgate Phase 2 and Northgate House developments and the improvement to the surrounding area would increase footfall and desirability of this particular area and, consequently, viability of redevelopment of the underdeveloped and poorly developed plots. Without delivery of the scheme such improvements to value perceptions on this area would not be realised.
- Wider LVU in the town centre associated with delivering the FHSF scheme – this captures the land value impact within the wider town centre of delivering the FHSF scheme. Delivery of the proposals will bring vibrancy and strength to the local economy, which will lead to more confidence in the area as a place to do business, increase footfall, and reduce risk for investors. This will result in reduced yields, a lower percentage of 'permanently vacant stock', reduced rent free / void periods, and a lower differential between the rented yield and vacant yield reflecting the fact that vacant stock will be let quicker, all of which will contribute to increased land values.
- LVU associated with nearby housing – this captures the impact on local residential land values of the FHSF

proposals. Research has shown a clear link between sites being in walking distance of high quality retail centres and higher house prices. The analysis, included in the appraisal of LVU, quantifies the impact of the scheme on supporting higher residential land values in close proximity to the area of intervention.

A conservative land value increase of 3% per annum – compared to the MHCLG Appraisal Guide recommended figure of 5% – has been applied. This is deemed to be prudent, particularly in light of increased economic uncertainty surrounding the impacts of COVID-19.

With regard to the additionality of the LVU impact, in the absence of FHSF support the Westgate Phase 2 and Northgate House developments would not be a viable proposition for the private sector, and thus would not go ahead. In the absence of the FHSF intervention, the public realm elements of the scheme would also not go ahead as these are public goods that the private sector cannot deliver. LVU would therefore be zero in the absence of FHSF funding, and as such, deadweight of 0% has been assumed.

In the absence of the FHSF intervention, the *status quo* ante would persist, meaning no – or at best limited – land value impact within the wider town centre. Under a Do Nothing scenario, it is likely that current trends would continue, meaning vacancy rates in the town centre would likely continue to rise, a higher percentage of ‘permanently vacant stock’, and increased yields due to higher risk, all of which may lead to a reduction in land values.

Displacement associated with the LVU impact of the scheme is assumed to be low. Given the current challenges facing the town centre, the redevelopment proposals are unlikely to displace a large amount of investment in sites elsewhere locally. Instead, it is more likely that the improvement of assets and public realm will attract new investment and encourage further development within the town centre. On balance, a displacement rate of 20% has been applied. This results in a net additional LVU impact of £18,937,524 (present value).

The findings of this analysis are shown in Table 12 below.

**Table 12: LVU impact of this scheme**

	<b>Option 3 – Preferred Option (NPV, 2019/20 prices)</b>
Direct LVU – sites included in scheme	£2,598,969
LVU associated with FHSF scheme delivery	£14,846,107
LVU associated with uplift in house prices	£6,226,829
<b>Total gross LVU</b>	<b>£23,671,905</b>
Additionality factor	80%
<b>Total net additional LVU</b>	<b>£18,937,524</b>

Source: Mott MacDonald

**Employment impacts** - the employment impact of the FHSF scheme has been assessed using Mott MacDonald's proprietary Transparent Economic Assessment Model (TEAM) The proposed project will deliver employment benefits through employment generated by commercial units within the Westgate Phase 2 and Northgate House developments, and through additional employment created as a result of the FHSF project reducing vacancy rates across the town centre. The potential employment benefits of these project proposals have been calculated through the following steps:

- Inputting of key site details into TEAM including site size and proposed land use. Other key assumptions have been reviewed on a site by site basis to accommodate specific working assumptions including the development footprint.
- Calculation of direct economic impacts through feeding the proposed uses by size through TEAM to calculate:
  - Direct effects of the sites in terms of employment and economic output (measured by GVA) of the sites once fully developed.
  - Indirect and induced effects of the developed sites from those businesses supported further down the supply chain. TEAM similarly models employment and activity supported by the incomes of those directly or indirectly employed (through consumption multiplier effects).

The economic impacts have been presented at both a gross and net level throughout the analysis. The net position adjusts the gross impacts for additionality and deadweight based on knowledge of the local economy and standard appraisal benchmarks. For the purposes of this economic appraisal, displacement and leakage have both been assumed to be 20%, and deadweight has been assumed to be 0% as it is assumed that without the investment in the town centre being made, none of these jobs would be created in Halifax town centre. An occupancy rate of 75% has been applied, reflecting site occupation and cyclical employment patterns on-site, and a composite multiplier of 1.29 has been applied, in accordance with HCA's Additionality Guide 2014. The additionality assumptions applied to this analysis are set out in detail in Appendix H.

In line with the analysis of LVU, the assessment of employment and GVA impacts has considered direct development supported by the scheme and wider development that will come forward associated with the expected reduced vacancy rate on the high street. On this basis, the analysis suggests that the scheme could support the creation of 98 net additional jobs (see Table 13) in Calderdale, producing £4.4 million of GVA per annum.

**Table 13: Employment and GVA impact**

Employment benefits	Option 3 – Preferred Option
Employment – Gross	206
Employment – Net	98
GVA, Gross per annum (£m)	£9.2
GVA, Net per annum (£m)	£4.4

While the impact of these jobs cannot be included in the BCR by themselves in accordance with MHCLG guidance and HM Treasury Green Book, the impact of a proportion of these jobs moving unemployed people into employment can be included. As the jobs supported by this scheme are expected to be accessible for those who are currently unemployed, it is likely that many of the jobs linked to this scheme could be filled by previously unemployed people.

The value of this benefit is set out in the Unit Cost Database, compiled by New Economy for the Greater Manchester Combined Authority<sup>9</sup>. This provides the public value of removing a Job-Seekers Allowance (JSA) claimant from this benefit at £19,153 (in 2017/18 prices) per annum and the public value for an Employment and Support Allowance (ESA) claimant of £15,963 (in 2017/18 prices) per annum.

Data on claimants in Halifax has been collected and the relative split between JSA and ESA claimants has been used to adjust the public value of the economic benefit of moving people into employment has been weighted accordingly. These prices have then been adjusted to 2019/20 prices using an inflator of 1.04 derived from HMT GDP deflators<sup>10</sup>. Although this is the annual benefit of each JSA/ESA claimant into work, this analysis has only included the benefit for one year, as it assumed that these claimants would likely find employment elsewhere after the first year. Given the accessible nature of the jobs supported by this scheme, it can be assumed that 20% of the jobs linked to this scheme can be occupied by JSA/ESA claimants. The economic value of this benefit, based on 20% of the 98 net additional jobs being occupied by people who are currently unemployed, is approximately £336,360 over one year. The assumption that 20% of the net additional jobs supported by this scheme could be occupied by people who are currently unemployed is a prudent one, given the accessible nature of the jobs being created in the town centre.

**Table 14: Economic impact of people moving into employment.**

Employment impacts – moving people into employment	Option 3 – Preferred Option (NPV, 2019/20 prices)
Economic value of moving people into employment	£336,360

**Wellbeing impact from cultural assets** – in addition to the above impacts in terms of LVU, there is also the wellbeing benefit that would be associated with the additional visits to the Victoria Theatre and Borough Market following the FHSF improvement works. In terms of the theatre, research undertaken on behalf of DCMS into valuing the wellbeing impacts of culture and sport found that the value per arts attendance was between £46 and £62 (2014 prices). The lower end of this range, adjusted to 2019/20 prices using an inflator of 1.09 derived from HMT GDP deflators<sup>11</sup>, has been applied to visits to the new theatre for the purposes of this assessment.

With regard to the Borough Market, an assumption has been made that 25% of new visitors will be coming to the market for heritage purposes. A travel cost of £16 has been applied to the estimated additional visitors from outside of Halifax, informed by the Piece Hall Economic Impact Assessment. A heritage value of £10 has then been applied to the estimated additional visitors from within Halifax, also informed by the Piece Hall Economic Impact Assessment. This is considered to be a prudent approach as DCMS research suggests that the wellbeing value of visits to heritage and cultural assets could be as high as £484 per visit<sup>12</sup>.

In order to be cautious, the wellbeing impact from cultural assets has only been assumed to persist for five years. An allowance for displacement of 20% has again been applied. The improvements to the Victoria Theatre and Borough Market would create a significantly stronger cultural and heritage offer within Halifax, complementing the other heritage destinations within the town centre and supporting significant economic growth. For example, the Markets Matter report, produced by the Institute of Place Management, suggests that markets can increase footfall within town centres by 15% to 27%. Therefore, displacement is expected to be very low.

**Table 15: Wellbeing impact from cultural assets**

Wellbeing impacts – cultural assets	Option 3 – Preferred Option (NPV, 2019/20 prices)
Economic value of wellbeing from cultural assets	£18,428,868

**Pedestrian movement benefits** – as this package of schemes incorporates elements aimed at increasing pedestrian

<sup>9</sup> New Economy, Unit Cost Database v2. 2019

<sup>10</sup> HM Treasury, GDP deflators, 2019

<sup>11</sup> HM Treasury, GDP deflators, 2019

<sup>12</sup> <https://historicengland.org.uk/content/heritage-counts/pub/2014/heritage-and-wellbeing-pdf/>

movement across the town centre, as well as enhancements to public realm, the economic assessment has sought to capture these benefits using the appropriate models. Transport for Greater Manchester developed the Programme Entry Appraisal Toolkit (PEAT) which combines existing models produced by the DfT on highways impacts, active travel, accidents and ambiance benefits to appraise transport interventions. The PEAT model includes the Active Modes Appraisal Toolkit (AMAT), aligned to the DfT's WebTAG Unit A5.1.

PEAT estimates and reports scheme impacts on active modes (e.g. walking and cycling), following guidance from WebTAG unit A5-1. This is considered appropriate for use since no other transport modes are specifically being modelled as part of the Halifax FHSF OBC. It calculates the following types of impacts: physical activity benefits, absenteeism benefits, journey quality benefits, environmental impacts, indirect tax impacts and congestion impacts. The PEAT appraisal covers George Square and the four Medieval Alleyways (Cheapside, Old Cock Yard, King Edward Street, and Alexandra Street), and the Playful Trail. Whilst the scheme is set to deliver improved conditions for cycling through resurfacing, no benefit to cyclists has been assumed in the appraisal given the focus of the scheme is on improvements to the pedestrian environment.

The impact of this benefit is set out in Table 16 below.

**Table 16: Pedestrian movement benefits**

<b>Pedestrian movement benefits</b>	<b>Option 3 – Preferred Option (NPV, 2019/20 prices)</b>
Total pedestrian movement benefits	£8,691,972

**Public realm benefits** – the FHSF proposals incorporate a number of enhancements to the public realm within Halifax town centre, including George Square, the medieval alleyways, Playful Trail, and elements of Westgate Phase 2. The impact of these scheme elements has been assessed using the MHCLG Appraisal Guide and the Valuing Urban Realm Toolkit (VURT). VURT was developed by Transport for London (TfL) and quantifies the economic value of urban realm enhancements to the built environment based on user benefits and willingness-to-pay analysis.

The economic value of green space/recreation space has been appraised using MHCLG Appraisal Guide amenity costs of development. An amenity cost value of green space/recreational space has been applied to the George Square, Medieval Alleyways (Cheapside, Old Cock Yard, King Edward Street, and Alexandra Street), George Square, and Playful Trail elements of the FHSF scheme using an Urban Core land type classification and inflating this to 2019/20 values using HM Treasury GDP Deflators.

The economic value of public realm enhancements has been appraised using the Valuing Urban Realm Toolkit (VURT), which has been developed by Transport for London (TfL) to provide objective, evidence-based justifications for investment in the public realm. VURT quantifies the uplift in the value of extant businesses within an area by applying a 1.22% uplift for each stepped increase in quality that is ascribed to the public realm enhancements being proposed in a scheme to the current rateable value of each business assessed to be directly impacted by the enhancement to the public realm. The VURT has been applied to the medieval alleyways (Cheapside, Old Cock Yard, King Edward Street, and Alexandra Street), George Square, and the Playful Trail following a Pedestrian Environment Review System (PERS) assessment of the existing and proposed conditions of lighting, personal security, quality of environment, and maintenance associated with these scheme elements.

The impact of this benefit is set out in Table 17 below.

**Table 17: Public realm benefits**

<b>Public realm benefits</b>	<b>Option 3 – Preferred Option (NPV, 2019/20 prices)</b>
Economic value of green space/recreation space	£1,821,624
Economic value of public realm enhancements	£7,884,064
Total public realm benefits	£9,705,688

### **Summary of benefits**

The economic benefits of this scheme are summarised in Table 18. These reflect the net additional impact of the proposals after taking into account deadweight and displacement.

**Table 18: Summary of economic benefits**

<b>Total net additional benefits</b>	<b>Option 3 – Preferred Option (NPV, 2019/20 prices)</b>
Land value uplift	£18,937,524
Cultural wellbeing	£18,428,868
Employment benefits	£336,360
Pedestrian movement benefits	£8,691,972
Public realm benefits	£9,705,688
<b>Total scheme benefits</b>	<b>£56,100,412</b>

### **Benefit-Cost Ratio**

There are two key metrics set out in the MHCLG appraisal guidance that can be used to assess VfM: the calculation of

BCRs, which simply show the ratio of benefits to costs; and the Net Present Social Value (NPSV), which represents the present value of benefits less the present value of costs. Both metrics have been used to assess the VfM of the preferred option (Option 3) in comparison to the Do Nothing option (Option 1).

The BCR of each intervention option is calculated on the following basis:

$$BCR(\text{intervention option}) = \frac{\text{Benefit}(\text{intervention option}) - \text{Benefit}(\text{do nothing})}{\text{Cost}(\text{intervention option}) - \text{Cost}(\text{do nothing})}$$

The NPSV involves calculating the difference between the net marginal benefit and net marginal cost of each intervention option:

$$NPSV(\text{intervention option}) = \text{Net Benefit}(\text{intervention option}) - \text{Net Cost}(\text{intervention option})$$

Where:

$$\begin{aligned} \text{Net Benefit}(\text{intervention option}) &= \text{Benefit}(\text{intervention option}) - \text{Benefit}(\text{do nothing}) \\ \text{Net Cost}(\text{intervention option}) &= \text{Cost}(\text{intervention option}) - \text{Cost}(\text{do nothing}) \end{aligned}$$

For the purposes of this business case, and in line with feedback received from MHCLG, a central BCR has been calculated on the basis of monetised benefits consistent with HM Treasury, MHCLG and DfT appraisal guidance. An adjusted BCR has then also been calculated taking into account the wider benefits of the scheme. While the Central BCR represents good value for money we believe the adjusted BCR best demonstrates the impact of this scheme due to the inclusion of cultural wellbeing factors which are critical outcomes for this FHSF scheme. The BCR and NPSV for the Preferred Option compared to the Do Nothing option (Option 1) are shown in Table 19 below.

**Table 19: BCR and NPSV**

Total net additional benefits	Option 3 – Preferred Option (NPV, 2019/20 prices)
Benefits for Central BCR	
LVU benefit	£18,937,524
Pedestrian Movement benefits	£8,691,972
Public Realm benefits	£9,705,688
Total Benefits for Central BCR [A]	£37,335,184
Benefits for Adjusted BCR	
Cultural Wellbeing	£18,428,868
Employment Benefits	£336,360
Total Benefits for Adjusted BCR [B]	£18,765,228
Total Benefits [A+B]	£56,100,412
FHSF Cost [C]	£18,975,308
Co-funding [D]	£1,925,916
Total Cost [C+D=E]	£20,901,224
Private Sector Funding [F]	£2,454,092
Central BCR (FHSF Only) [(A-D-F)/C]	1.74
Central BCR (FHSF + Co-funding) [A/E]	1.79
Adjusted BCR [(A+B-F)/C]	2.57
NPSV [A+B-E]	£35,199,188

### Risk appraisal

A project risk register has been prepared for each scheme element, identifying the likelihood and impact of each risk in addition to actions to mitigate these risks. This was developed during a risk workshop held with all key stakeholders. Risks are to be managed through regular reviews of the risk register and identification of potential risks to the project (for further details, see Management Case).

The investment has generally been assessed to be a medium to low risk project. The principal risks identified to date pertain to possible cost escalations, design and construction risks, commercial viability, and the impacts of COVID-19. The project will implement a hierarchy of risk management that aims to eliminate risks where possible, then mitigate any impacts of foreseeable risks. Risks will be reassessed and rescored post-mitigation. This will be done formally at project

site meetings and project board meetings.

**Table 20: Key Project Risks**

Project	Risk	Probability (Score 1-5)	Impact (Score 1-5)	Overall Score	Mitigation Actions
Programme	Costs increase due to unknown factors including project scope, inflation, increased design detail.	4	4	16	The project will be fully costed including a contingency. Full budget monitoring will be carried out as per standard project management processes. Drop schemes if necessary.
Programme	Cost implication of compensation claims in respect of blight once extent of scheme becomes public - residential claims. On completion of scheme - permanent.	4	4	16	Risk reduction through the development of a comprehensive communications strategy. Robust justification as to why these interventions are being made and what the benefits will be. Considerate design to minimise any blight issues with respect to neighbouring properties.
Programme	Potential requirement for Environmental Impact Assessment risks delaying programme.	4	4	16	Risk reduction through completion of preliminary research study to inform EIA screening process, assisting CMBC to decide whether EIA should be completed. Planning to advise on impact.
Programme	<u>Large Services</u> : Unknown extent of required statutory utility diversions risks increasing costs or causing delay to scheme (Large Services). Pre-existing renewal schemes for statutory utilities not coordinated with the scheme.	4	4	16	Risk mitigation through early engagement with CMBC Highways and Streetsworks team to understand where statutory utilities are located and determine any conflicts with the proposed interventions. Preliminary design to initiate detailed statutory utilities searches on commencement of next stage of work.
Programme	Programme/ cost risk as a result of unplanned utility apparatus works.	4	4	16	Risk mitigation through early and ongoing engagement with CMBC Highways and Streetsworks team to understand where works may take place.
Programme	COVID -19 delay - planning and decision delays.	4	4	16	Continue positive engage with planning and decision making processes to understand and plan for any delays arising s far as possible.
Victoria Theatre	Unforeseen elements of existing building that impact on design and proposed installations or re-modelling proposals.	4	4	16	As far as possible, undertake surveys of existing building to ascertain condition and integrity.
Victoria Theatre	Health and Safety risks within occupied building.	4	4	16	The works are designed and phased to suit operational elements of theatre that may allow for certain continuity within contained areas that have adequate security in place.
Victoria Theatre	Loss of revenue to theatre.	4	4	16	Agree logical sequence and programming of phases for project that include Theatre's timetable and optimum times for part closures.
Westgate Phase 2	The existing building and grounds may prove to be defective, contaminated and or unusual.	4	4	16	Consult with architect and instruct specialists where necessary prior to tender.

The full project risk register is attached in Appendix G.

#### Optimism bias and contingency cost

The costs of this scheme include optimism bias and contingency to quantify the impact of risk on these costs. Optimism Bias is defined by HM Treasury in its supplementary Green Book guidance<sup>13</sup> as a proportion of the cost of a scheme that is factored into the total scheme cost that accounts for the tendency for project appraisers to underestimate the cost, or to

<sup>13</sup> HM Treasury, Green Book, Supplementary Green Book Guidance, Optimism Bias, 2019



estimate the cost of a scheme overly optimistically.

Both optimism bias and risk are reflections of the level of uncertainty around an individual project and attempt to account for the potential cost implication of unknown factors or identified risks being realised. Optimism bias and contingency are conventionally higher the earlier into the project lifecycle a scheme is. As more appraisal and investigation work is undertaken on a scheme, the level of uncertainty and risk is reduced, which is reflected in reduction in both contingency and optimism bias.

The Halifax FHSF project comprises a mix of Standard Buildings (Borough Market, Victoria Theatre, Westgate Phase 2, Cultural Space, Palatine Chambers, and Northgate House) and Standard Civil Engineering (Alleyways, George Square, and Playful Trail). According to supplementary HM Treasury Green Book guidance, the upper bound optimism bias is 24% for Standard Buildings and 44% for Standard Civil Engineering. However, the Green Book also advises that optimism bias should be reduced where there has been full identification of stakeholder requirements (including consultation), accurate costing; and/or project and risk management. The scheme has been subject to a detailed consultation process through pre-application discussions with a number of key stakeholders. The Council has also sought the views of local residents in order to inform the design and evolution of the scheme. This process has helped to refine the design and content of the development proposals, whilst aiding understanding of the key planning issues. As such, optimism bias of 20% has been applied to Borough Market, Victoria Theatre, and the Cultural Space, and 10% to Westgate Phase 2, Palatine Chambers, and Northgate House. This lower level of optimism bias reflects a more detailed level of design for these project elements. Optimism bias of 30% has been applied to the Alleyways, George Square, and Playful Trail. These levels of optimism bias across the project are considered prudent.

### Sensitivity analysis

As part of undertaking sensitivity testing, analysis has been carried out of the switching values associated with key variables in terms of achieving a BCR of 1 (poor value for money), a BCR of 1.5 (acceptable value for money) and a BCR of 2 (high value for money). This analysis has been applied to the BCR in relation to FHSF funding only.

Three sensitivity tests were carried out on this core BCR to test how sensitive the BCR is to changes to the costs and benefits of the scheme:

- Sensitivity test 1: If 50% of the land value uplift was displaced from elsewhere in the study area.
- Sensitivity test 2: If the increase in visitor numbers associated with the FHSF scheme is assumed to be 25% less than estimated under the base case.
- Sensitivity test 3: If no pedestrian movement or public realm benefits are delivered.
- Sensitivity test 4: If the upper bound optimism bias as set out in supplementary guidance is applied.

The results of these tests are shown in Table 21. This demonstrates that the scheme will achieve at least an acceptable value for money under all sensitivity test scenarios with the exception of scenario 3, where the scheme would achieve poor value for money if no pedestrian movement or public realm benefits are delivered. This underscores the importance of pedestrian movement and public realm elements of the FHSF project.

**Table 21: Sensitivity Analysis**

	Core Scenario	Sensitivity test 1	Sensitivity test 2	Sensitivity test 3	Sensitivity test 4
Central BCR (FHSF Only)	1.74	1.36	1.74	0.77	1.65
Central BCR (FHSF + Co-funding)	1.79	1.45	1.79	0.91	1.70
Adjusted BCR	2.57	2.23	2.43	1.69	2.45
NPSV	£35,199,188	£28,097,617	£32,350,521	£16,801,528	£34,167,360

**COMMERCIAL CASE - How will the project or programme be delivered?****Market Analysis**

Halifax is the largest town in Calderdale with a population of 91,938<sup>14</sup>. It provides significant housing, employment, shopping – including the Borough Market – leisure, education, health and cultural facilities. Halifax provides the main focus for public transport in Calderdale with good links to Leeds, Bradford, Huddersfield and the wider North East, Manchester, the wider North West, and London.

Halifax is an historic town centre where Georgian and Victorian properties with small floor areas dominate the property market. While this is a strength as it creates an attractive streetscape, it does mean that there is a lack of retail accommodation suitable for national high street brands due to the small footprint of most shops. The prime retail area benefits from key footfall-drawing attractions including Borough Market, Woolshops, and the Piece Hall, but has contracted in recent years in line with national trends reflecting competition with online shopping and high business rates, which are double rents and do not reflect the current market. Retail rents in Halifax have halved in the past 10 years, and reduced rents and increased incentives have reduced vacancy rates within the past year. However, the town centre is in need of investment to prevent further decline.

Retail units located in close proximity to the FHSF area sell for a value of between £40 and £187 per square foot (psf), averaging around £96 psf. Retail rents of properties closest to the FHSF area range between £6 psf and £20 psf, averaging around £10 psf.

Halifax town centre is dominated by Victorian properties, with limited residential development transactions in central Halifax. However, there is confidence in the market in terms of likely demand from purchasers and renters for new housing in and on the edge of the town centre, which suggests that there is an undersupply of residential property within the town centre. That said, comparable values are generally very modest, with new-build apartments sold within HX1 ranging from £1,316 per square metre (psm) to £1,848 psm; 1-bed flats tend to sell for £65,000-75,000, while 2-bed flats sell for £95,000-£110,000. These low values are likely to make new build residential challenging in viability terms in the town centre. Yet, there is demand for affordable housing. The Council's 2019 Housing Market Statement identified a need for 30% affordable housing within Halifax town centre, which has been exacerbated by a shortfall in affordable housing provision over the past five years.

A market report has been produced by AspinallVerdi (see Appendix I), which has identified the strengths, weaknesses, opportunities and threats associated with the town centre.

**Table 22: SWOT Analysis**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Piece Hall provides a tourist attraction that brings in visitors to the town centre and is a focal point for outdoor events (e.g. markets and concerts).</li> <li>• The Victorian and Georgian properties that dominate the town centre are attractive and provide a pleasant streetscape.</li> <li>• Major retail centres such as Manchester or Leeds are 45 minutes to an hour away by public transport and are therefore less of a threat.</li> <li>• Dean Clough is an internationally renowned mill refurbishment which hosts many high-profile businesses in the town.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of retail accommodation suitable for national high street brands due to small footprint of most shops.</li> <li>• Lack of modern/refurbished serviced office space.</li> <li>• Low values which cause issues of viability.</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Developments at Crossley Street, Silver Street, Commercial Street and George Street which are on the western side of the town centre to counter-balance the Piece Hall development and Markets on the eastern side.</li> </ul>	<ul style="list-style-type: none"> <li>• General trend for a declining high-street (exacerbated by the expected economic impact of COVID-19 restrictions).</li> <li>• High business rates that do not reflect the current market</li> <li>• Office occupiers prefer locations with car-parking</li> <li>• Competition with other developments such as Northgate House and Broadway.</li> </ul>

Source: AspinallVerdi

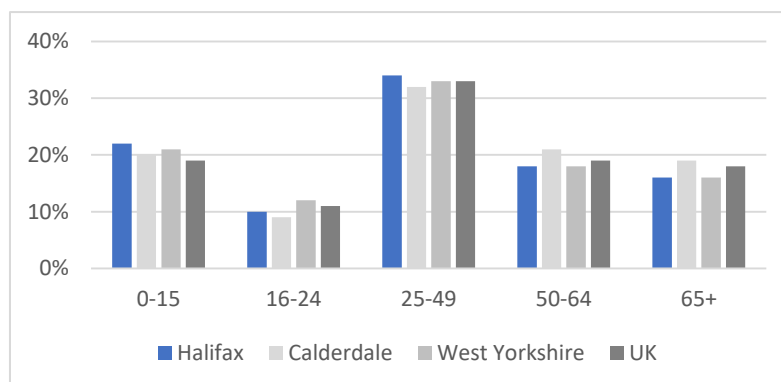
The town has seen steady population growth of 4% since 2011. Projecting this rate of growth forward, the population of Halifax could be expected to increase by over 9,500 over the next 20 years.

Halifax has a relatively young population when compared to both local and national comparators. 10% of Halifax's population is aged 16-24, slightly above the figure for Calderdale (9%), although slightly below the average for West Yorkshire (12%) and the UK (11%). Notably, 34% of Halifax's population is aged 25-49, above Calderdale (32%), West Yorkshire (33%) and the UK (33%). Only 16% of Halifax's population is aged 65+, compared to 19% for Calderdale, 16% for West Yorkshire, and 18% for the UK. Halifax is the only urban centre in Calderdale that has seen positive working-age population growth since 2011 and has also recorded the slowest rate of growth in over 65s during this period. These demographics highlight the need for the town centre offer to reflect the relatively large proportion of young working age people who are most likely to have families. This demonstrates demand exists for facilities such as the Playful Trail with

<sup>14</sup> ONS Population estimates, 2018

its accessible, family friendly amenities; wider events and play opportunities at George Square and a modern Victoria Theatre with more potential for classes and community uses.

**Figure 4: Halifax Demographics (share of population)**



Source: ONS Population Estimates, 2018

Halifax has a working age population of 57,134, and a wider labour market of 207,376, as defined by the town's Travel To Work Area (TTWA)<sup>15</sup>.

Halifax is facing similar problems in terms of skills, employment, and prosperity as other similar-sized urban centres. Halifax has an employment rate of 71.3% which is below both local and national comparators. Moreover, Halifax's unemployment rate is 5.8%, which is higher than other comparator areas. Qualification figures are set out in table 23 below.

**Table 23: Halifax Qualifications**

	Halifax	Calderdale	West Yorkshire	UK
Employment rate - aged 16-64 (%)	71.3	77.0	72.3	75
Unemployment rate - aged 16-64 (%)	5.8	3.4	4.3	4.3
% who are economically inactive - aged 16-64	24.3	20.3	24.5	21.7
% with NVQ4+ - aged 16-64	25.4	34.8	32.7	39.2
% with no qualifications (NVQ) - aged 16-64	8.3	6.7	9.4	8
% of all in employment in high-skilled occupations	30.4	42.6	41.9	46.1
% of all in employment in low-skilled occupations	25.4	20.3	18.6	16.8

Source: ONS, Annual Population Survey, 2018

Further demographic maps can be found in Appendix J. These maps highlight densities of groups within and close to the Halifax town centre. The major population density area is to the west, outside of the town centre and the FHSF boundary.

In terms of skills and education, the wider Halifax TTWA compares more favourably. The employment rate in the Halifax TTWA is 74.9%, while the proportion of 16-64 year olds with NVQ4+ qualifications is 34.5% and the proportion of 16-64 year olds with no qualifications is 7.1%. The proportion employed in high-skilled jobs in the Halifax TTWA is 45.2% and the proportion employed in low-skilled jobs is 19.2%<sup>16</sup>.

Halifax's large catchment area of containing highly skilled workers and people employed in high value occupations underscores that there is buoyant latent market demand in the town, which provides the opportunity to support economic activity in the town centre and increase spend. At the same time however, the pervasive skills, employment and prosperity issues within Halifax town itself underscores the need for further investment in the town centre to capitalise on this opportunity.

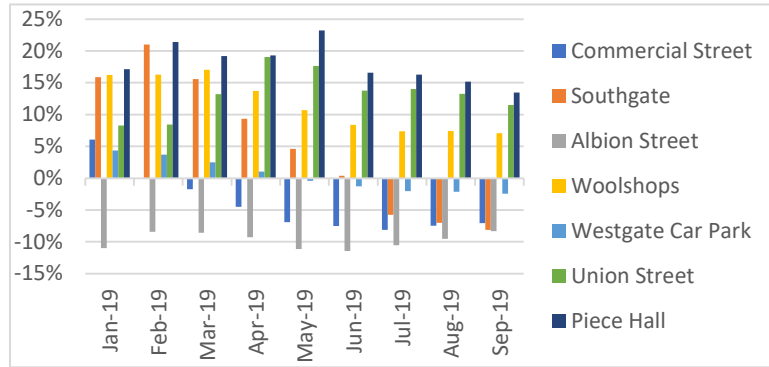
Analysis of footfall data across the town centre (where available) evidences the issues over the past year with some parts of the town centre maintaining and increasing footfall whilst other areas are being left behind. This also reflects the success of recent investments to the town. As shown in Figure 5 below, the Piece Hall remains a popular venue with year-to-date footfall increasing by 13% in September 2019 (latest available) compared to September 2018, while Union Street has also seen similarly strong growth, with year-to-date footfall increasing by 12% in September 2019. This represented a total increase of around 235,000 and 48,000 people, respectively. However, locations to the centre and top of the town have seen falling footfall numbers. The Albion Street and Southgate locations both recorded an 8% decrease, in year-to-date footfall in September 2019 compared to the previous year, with a 7% decrease recorded in Commercial Street. This

<sup>15</sup> ONS Travel to work area analysis in Great Britain, 2016

<sup>16</sup> ONS Travel to work area analysis in Great Britain, 2016

represents a total fall of around 50,000, 52,000 and 66,000 people, respectively.

**Figure 5: Year on year, year to date, change in footfall**



Source: Counter data from O&S Services, Halifax BID, Piece Hall, September 2019

In terms of the visitor economy, Calderdale's accommodation and food services employ 7,000 people, representing 8% of total employment in the local authority. This is slightly larger than regional comparators West Yorkshire (6%), Leeds City Region (7%) and Yorkshire and the Humber (7%). The arts, entertainment and recreation industry is a comparably smaller employer in Calderdale, with 4,000 employees, representing 4% of Calderdale's employment, in line with regional figures. Calderdale has seen increasing tourism since 2014. Between 2016 and 2018, total trips have increased to 200,000 compared to 165,000 for 2014-16. Holiday trips and total nights have also increased over this period, in line with increases for Leeds City Region and Yorkshire and the Humber. Halifax has also seen increasing tourism activity in recent years. Since the reopening of Piece Hall in 2017, the landmark building generates GVA of at least £7.2m a year through its direct employment, events it hosts and by providing space for start-ups and small businesses to operate, with £4m a year contributing directly to the retail sector<sup>17</sup>.

Halifax's Borough Market is one of the finest examples of Victorian markets in the UK, winning an award for Large Market Hall of the Year<sup>18</sup> in 2008. It regularly benefits from unique events such as the Maker's Market and artist in residence project. The International Food Market which lines the streets around the market building is also award winning. This reflects the well-documented<sup>19</sup> distinctiveness of Halifax and Calderdale and the potential for growth through local, independent businesses and creative activity. The key to unlocking this potential is to secure the future of the buildings and spaces that can support it. Footfall in the market has been gradually declining, from 5.3m during 2010 to 3.6m in 2018 (latest available annual data). The building itself is struggling due to lack of investment and parts are now tired in appearance with potential health and safety issues for stall holders and shoppers, with toilet and welfare facilities not being of required modern standards.

Successful refurbishment of markets can be seen to have generated growth and opportunity with many examples across the UK. In addition to becoming hugely popular attractions in their own right, evidence from other market projects suggests that an improved market offer can also provide a significant catalyst for wider growth of local daytime and evening economies. Altrincham Market, for example, has been a huge success in the context of helping to regenerate a part of the town centre with table-topping vacancy rates within surrounding high street shops, into a thriving community social hub and a vibrant quarter of the town centre. In Halifax the food and drink offer goes hand in hand with the focus on local independent traders. The success of recent additions to the Borough Market of Korean, vegan and artisan coffee stalls point towards the logic and significance of an improved venue and food offer to increase demand, presence and energy within the town centre. The presence of reliable, accessible local food supply through the market has also provided a lifeline for local people through the current COVID-19 restrictions underlining the market's importance to the town.

The Victoria Theatre represents an opportunity to increase demand and develop the potential market in the Halifax FHSF area. The theatre has seen average annual ticket sales of 82,000 over the past ten years. This could be increased as many performances are not fully selling out, while there is also further opportunity to increase demand through extending operational hours via an improved food and drink offer, day time events, and arts spaces. This would represent opportunities for the local community to use the spaces within the theatre for courses, seminars and networking events. Evidence from similar works at the Wolverhampton Grand Theatre and the Birmingham Hippodrome (Appendix Ki and Kii) shows this type of development can return on its investment quickly.

The profile of customers who are booking theatre tickets tends to be the older sections of the population, in contrast to the typical profile of theatre-going audiences and Halifax's relatively younger demographic profile (as shown in within customer profiling attached as Appendix L, Li, Lii). This suggests latent demand in the Halifax area which is not being leveraged by the current offer; the Victoria Theatre does not appear to currently be reaching the younger, more affluent profile types which do exist within the catchment of the theatre, and can be found within two minutes' walk at one of the

<sup>17</sup> The economic and reputational impact of the regeneration of The Piece Hall, Chamberlain-Walker and Bradshaw, 2019.

<sup>18</sup> National Association of British Market Authorities (NABMA)

<sup>19</sup> [www.theguardian.com/uk-news/2018/feb/18/halifax-burgeons-with-new-shoreditch-of-the-north-tagline](http://www.theguardian.com/uk-news/2018/feb/18/halifax-burgeons-with-new-shoreditch-of-the-north-tagline)

major employment sites within Halifax (Lloyds Banking Group including Halifax Bank Headquarters), but tend to demand a quality of experience the theatre cannot currently provide. Beyond ticket sales, almost a third of visitors also visit food and drink outlets as well as the venue itself which suggests an improved food and drink offer within the theatre could perform well. The potential to attract larger audiences and more visitors through an improved environment, food and drink offer and uplifted accessibility to modern standards is evidenced by the success of the Piece Hall in bringing higher spending audiences to Halifax. The improved Victoria Theatre offer will be distinct within the area. Research looking at theatres across West Yorkshire shows while there are several smaller venues (600 seats and under) catering for smaller scale productions there is only the Alhambra Theatre in Bradford which is capable of hosting large West End type shows, but with a smaller seating capacity. The feature of the stalls seating being removable also lends the theatre towards larger music and comedy acts. With recent performances from high profile stand-up comedy artistes it has the potential for seizing upon and developing that reputation.

### **Delivery Confidence**

The Council will be the delivery body for the programme. The Council has a strong track-record of delivering regeneration schemes to pre-agreed timescales and budget. Examples are the schools capital build programme, the delivery of new and refurbished council offices within the town and the new North Bridge Leisure Centre.<sup>20</sup> The Council will resource this proposal through the recruitment of a dedicated programme manager and two project officers plus the support of legal and finance officers, each of whom will have the required experience to ensure schemes are delivered to the quality requirements agreed with FHSF, including the delivery of benefits, both financial and non-financial.

A robust governance structure has been established, as set out in the Management Case. Through this structure, the project will be delivered in line with the pre-agreed budget and schedule. This structure provides both vertical and horizontal lines of accountability where each person and organisation involved in the project's delivery must report on progress, spend and outcomes regularly.

A project risk register has been prepared, identifying the likelihood and impact of each risk in addition to actions to mitigate these risks (Appendix G). Risks are to be managed through regular reviews of the risk register and identification of potential risks to the project. The project will implement a hierarchy of risk management that aims to eliminate risks where possible, then mitigate any impacts of foreseeable risks. This will be done formally at project site meetings and Project Board meetings. The investment has generally been assessed to be a medium to low risk project.

### **Governance Structure**

At the core of the Council's delivery structure is the Project Board that is responsible for providing overall direction to the project, approving the business cases and the completion of project stages. The Board will ensure that the project is adequately resourced for the monitoring of major project risks. The Project Board reports vertically to the Town Board comprising members from public, private, and third sectors, as well as to the Council's Cabinet. This ensures the project is ultimately accountable to the Council's elected members, who can monitor spending, progress and support in the management of any risks that cannot be fully controlled within the project delivery team. The Project Board has overall responsibility for:

- Financial performance and monitoring of project spends, reports to Council's Cabinet as required.
- Approving all documents and deliverables of the project.
- Signing off on all project delivery stages.
- Approving major changes that impact the project.
- Overseeing stakeholder management and communications.
- Ensuring that adequate resources are available to deliver the project.
- Reporting to the Cabinet on the progress of the project.

The Project Board is chaired by the Senior Responsible Officer (SRO) which will be the Director of Regeneration and Strategy. The SRO has executive responsibility for the project and is the owner of the business case. The SRO has a duty to oversee the delivery of the project and to ensure that the project remains technically and financially viable and compliant with the Council's corporate standards and strategic plans. The SRO is a position of leadership within the Project Board and, as such, will be held by a senior Council official with experience in delivering large capital projects for the Council. The SRO will have ultimate responsibility for approvals and the decisions of the Project Board.

The Project Board will also contain a person designated as the Senior User. The Senior User is the representative of stakeholders on the Project Board and will oversee the stakeholder management throughout the delivery of the project and chair the User Group. The primary duty of the Senior User is to ensure that the project delivers the intended outcomes and benefits for users. This includes providing recommendations for sign-off of design stages and project documents, based on their assessment of how the project is progressing its delivery of key outcomes and benefits for end users.

The Project Board's day to day liaison with the project team will be overseen by the Project Sponsor. The Sponsor is responsible for project assurance, maintaining focus of the project team on the required objectives, authorising expenditure within delegated levels of authority, and acting as the client representative for the scheme. The Project Sponsor will be responsible for the strategic alignment of the project during delivery, ensuring proposed changes are checked against effects on aim, benefits, and critical success factors. The Project Sponsor will be the primary point of

<sup>20</sup> For more information please visit <http://www.calderdalenextchapter.co.uk/>

contact between the Project Board and the Programme Manager. The Project Sponsor will also be responsible for:

- Monitoring actions to ensure compliance with Council's governance.
- Approving the appointments of consultants and contractors (within delegated authority) advised by procurement panel evaluation and taking an active involvement in the appointment process.
- Maintaining at all times, on behalf of the Project Board, an overview of the project in relation to the business case.
- Informing and working with the stakeholders and other client departments.
- Ensuring that the Project Manager (and Project Team) receives decisions and instructions from the Project Board on time.
- Establishing with the Project Manager an agreed approach to major issues that arise (particularly risk assessment, value management, and change control).

The Programme Manager will run the project on a day to day basis on behalf of the Council, tasked with ensuring the project is capable of achieving the benefits defined in the project brief, managing the drawdown of professional fees, monitoring the performance of external consultants against their appointment criteria, and chair of the Project Team. They will produce highlight, exception, and end stage reports, and attend meetings with the Project Board as required, making recommendations for sign-off of design stages/project documents and requesting any significant variations.

### **Delivery Scheme Capability**

The Council has a strong track record of delivering regeneration schemes to pre-agreed timescales and budgets across Calderdale and continues to do so with many ongoing projects, some of which have been referred to previously and are further detailed in the Halifax Town Delivery Plan. As a result of this, the Council has existing staff who have managed similar schemes, projects and developments in a manner which ensures they are delivered on time, to budget and to tight funding constraints. The recruitment of a specific project team to increase delivery capacity is also already under way. The intention is to deliver the scheme by awarding a number of contracts through the Council's competitive tendering procedure to ensure that any resulting contract is awarded on the most economically advantageous basis. Thereafter the Council will oversee and monitor the progress of the works as Employer or Client. The Project Board will be staffed with Council officers based on their experience, expertise and availability.

The Council assets improved through this scheme will continue to be managed and owned by the Council, who will continue to invest in the maintenance of these assets appropriately through existing budgets. Westgate Phase 2 will continue to be managed and owned by O&C Management Services who will continue to be responsible for maintenance.

### **Delivery model**

In accordance with the Council's own Contract Procedure Rules as governed by the Local Government Act 1972 and in compliance with the Public Contract Regulations 2015, where applicable, the design development services and construction works will be procured to award necessary contracts to deliver the Programme. Invitations/Instructions to Tender will be published through the Yorkshire and Humberside regional e-tendering portal YORtender utilising Framework Agreements such as YORBuild2 or the Calderdale Professional Consultancy Service Framework as appropriate and in order to ensure that all tenderers are treated fairly, equally and in an open and transparent way encouraging competition. Standard form contracts with Council's own amendments will be issued from bodies such as NEC and JCT and will be included with all the tender documentation at the time of publishing.

These frameworks ensure collaboration, fairness, and efficient project management. Using established and proven procurement frameworks allow the Council to select and appoint suppliers in an efficient and robust manner which is pre-approved and well understood and delivered by council procurement staff.

The contract terms and conditions between the Council and the successful Contractor(s) will thereafter define all the Contractor's obligations under the contract, including timescales, deliverables and payment/price together with terms and conditions addressing the carrying out and control of the works, insurance requirements, termination and settlement of disputes. The responsibility of the Contractor in terms of reporting obligations will also be addressed in the contract which will be enforced, monitored and overseen by the Council throughout the term of the contract.

Wherever practical delivery of George Square, the Alleyways and the Play Trail will be aligned with the A629 scheme process to enable streamlined and consolidated procurement and delivery of works given the shared nature and objectives of the works. Should changes occur to either scheme which result in timelines becoming misaligned the projects will be decoupled and progressed separately.

Westgate Phase 2 will be managed and procured by delivery partner O&C Management Services, using industry standard procurement processes. An architect has been appointed who will lead a competitive tendering process to generate a minimum of three tender proposals. A JCT contract will be issued to the preferred supplier.

### **Payment mechanisms**

Contractors will be paid using standard contract mechanisms in accordance with Council process and in compliance of the Housing Grants, Construction and Regeneration Act 1996 as applicable.

### **Contractual issues**

There are no anticipated legal, contractual or procurement issues.

**MANAGEMENT CASE - How will delivery of the programme/project be planned, monitored and overseen to evaluate and ensure its success?**
**KPIs, Monitoring and oversight**

A robust set of KPIs will be used to monitor project spend and delivery. This will include the tracking of budget and the variance against estimated and actual. It will also cover time spent and any adjustments to the project schedule once this is confirmed. Delivery of data relating to progress against construction and physical works will be a requirement of the contractor's obligations as specified within the contract terms. Delivery of KPIs in terms of outputs and the evaluation of success will be monitored as per the SMART objectives set out in the Strategic Case and the Monitoring and Evaluation plan included as Appendix M. A summary of these is provided in Table 24. A full-time Monitoring and Evaluation Officer will be employed by the Council to collect, collate, and analyse the KPI data. Any performance issues will be addressed through the project governance structure with escalation points through the Project Management team and Project Board.

**Table 24: Scheme KPIs**

Proposed Indicator	Proposed Source	Halifax FHSF Objective	FHSF Objective
Inward investment (enquiries and £)	Council	Employment, Commercial	Drive growth, Ensure future sustainability
Rental Values	Council	Employment, Commercial	Drive growth
Business start ups	Halifax BID	Employment, Commercial	Drive growth, Ensure future sustainability
Perceptions survey	Council	Experience, Movement	Improve experience on the high street
Number of events held	Council	Experience, Heritage & Culture	Improve experience on the high street
Town centre population	ONS	Residential	Ensure future sustainability
Visitor numbers and expenditure	Survey	Experience, Movement, Commercial	Improve experience on the high street, Ensure future sustainability, Drive Growth

**Project Portfolio Management strategy**

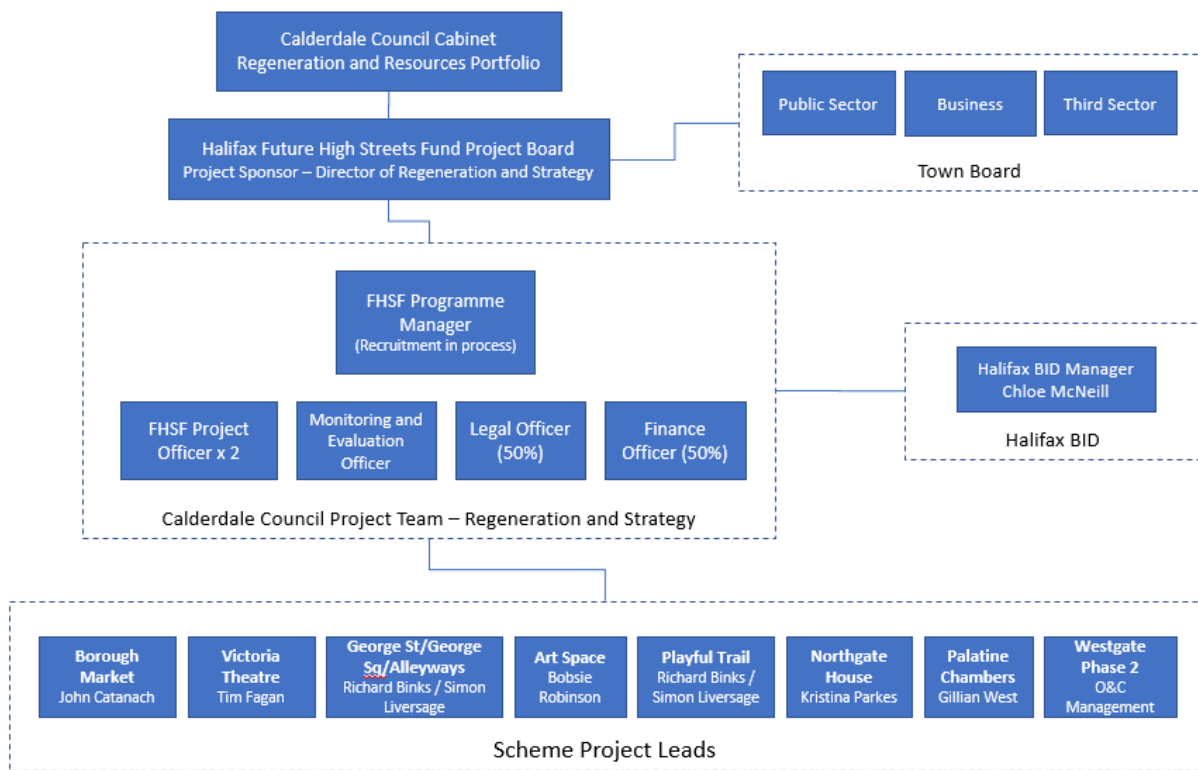
The Council's approach to project management is based on a clear structure with lines of accountability running throughout the delivery team, connecting each part of the team to senior leadership within the Council, enabling monitoring of progress, accountability and the ability to escalate issues where required. The project will be delivered according to PRINCE2 principles and methodologies. PRINCE2 is the recognised corporate project management methodology employed by Council and all project managers are appropriately trained. The Senior Responsible Officer (SRO), Project Manager and Business Change Managers (BCMs) will be members of the Project Board. The Project Director will also be included but this role is not a substitute for the SRO.

**Project framework**

Central to the delivery of the scheme is a robust programme of governance. The management, governance, and monitoring arrangements will ensure the scheme continues to receive support at a senior level and the momentum required to deliver as planned. The governance is predominantly delivered as part of the wider Council project management structures. A delivery structure is already in place within the Council's Regeneration and Strategy directorate. A specific FHSF project team has been established. The well-established Town Board which includes public, private, and third sector representatives is ready to provide project governance and oversight.

The operational structure is set out in Figure 6, which illustrates that the scheme sits within the portfolio of the Cabinet Member for Regeneration and Resources and reports to the Town Board.

**Figure 6: Operational structure**



Calderdale Council has a track record of successfully delivering major infrastructure projects. Table 25 below shows a selection of other relevant schemes.

**Table 25: Major Project Examples**

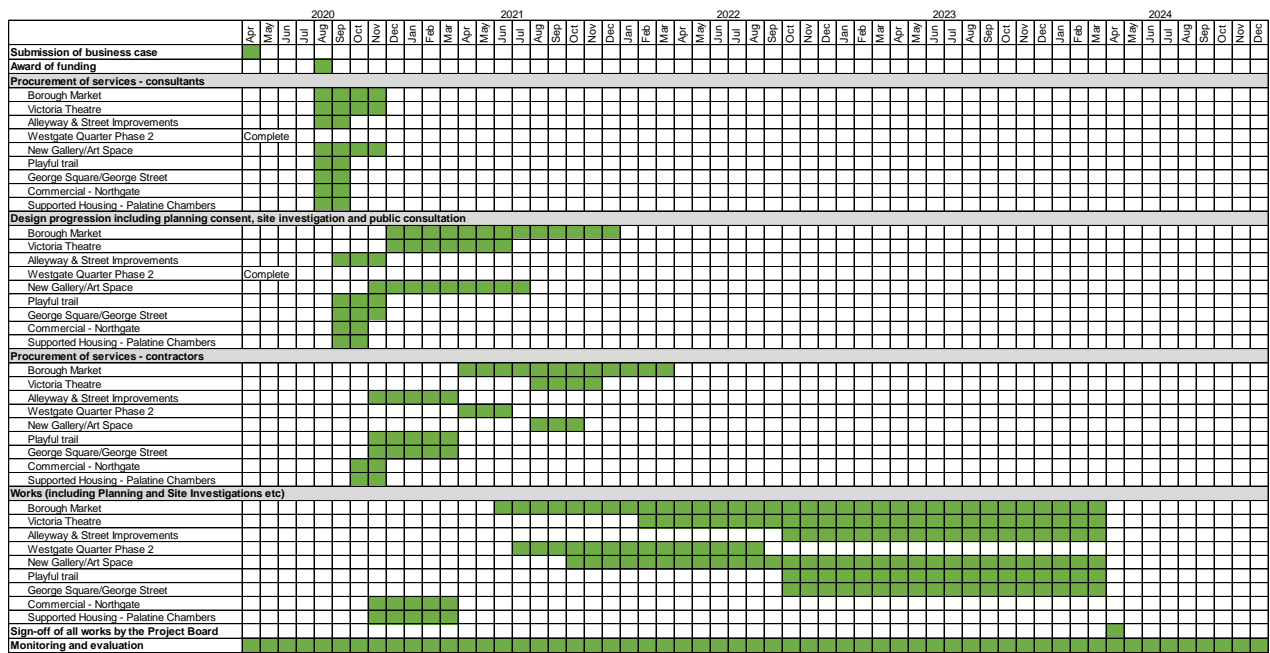
Scheme	Description	Date	Approx. Value
Halifax Piece Hall	Major programme of refurbishment and rebuild of this Grade I listed building, one of Halifax's most historically significant landmarks.	2017	£19m
Princess Buildings	Renovation and modernisation of Grade II listed building.	2015 - 2016	£6.2m
Todmorden High School	A new school building and renovation works to existing buildings and grounds.	2014 - 2018	£5m
Elland Bridge	The complete demolition and rebuild of a listed canal bridge following devastating floods in 2015 which caused the bridge heavy damage.	2015-2017	£4m

**Project plan**

The programme deliverables and timescales are set out in the Gantt chart in figure 7 below and attached as Appendix N. The programme is sufficiently flexible to accommodate changes to in scheme delivery progress and provides full visibility with respect to performance. It can be used in conjunction with the Risk Register to anticipate, manage and mitigate risks as they occur.



Figure 7: Programme Plan Gantt Chart



The procurement of consultancy services will be delivered through the Council's Professional Consultancy Services Framework as set out in the Commercial Case. The design progression stage will take the design from concept to outline and include workshops with stakeholders at key stages of the design development. These work activities to progress the scheme through the planning application submission are critical to the project's overall successful delivery. The preliminary design activities, once complete, will further define the project details and inform the final infrastructure delivery cost. Key elements to be defined at this stage include:

- The details of all structures to be approved in principle by Calderdale Council and relevant third-party organisations
- The impact of the scheme on the environment and land needed for mitigation for adverse effects, as defined in an Environmental Impact Assessment where required

Planning applications (where not already in place as stated in the Strategic Case) will necessitate collation of appropriate information in line with government legislation. The application will enable the case for the scheme to be put forward by experts and interested parties; including due opportunity for challenge. It is anticipated the planning application will include the submission of an Environmental Impact Assessment or Environmental Statement. Time is programmed for the preparation of the planning application and corresponding timescales for the planning period. As no land purchase is anticipated as part of the scheme therefore this is not included within the project plan.

The detailed design process effectively creates the pre-construction documentation. It will incorporate changes required by the statutory processes such as any planning conditions or amendments following a Public Inquiry.

Production of a works tender document is a critical path element – it clearly defines the scope of the scheme, describes any unduly onerous risks, and transfers knowledge on any health and safety concerns. This helps ensure the Contractor's tendered price is sufficient to cover the entire works, thereby increasing cost certainty to the Council.

During this period, the risk register and risk management plan will be continually updated and reviewed to ensure all foreseeable risks are captured. Each risk will be assigned to the party best able to manage that risk with an associated mitigation strategy recorded. Activities considered to be wholly within the contractor's control will be identified as Disallowed Costs under the NEC contract. This further incentivises the contractor to control their activities to ensure the project is completed on time and to budget and reduces the risk to the Council.

The main construction works activities will be delivered by various contractor employed directly by Calderdale Council. The works will be tendered as part of the design & build contract and will ensure the contractor(s) are capable of delivering projects of this size, and that risks are passed to the party best able to manage and mitigate them.

The contract will be administered by the FHSF Programme Manager with the support of the project team as described in Figure 6.

**Change or risk management strategy**

This section of the Management Case covers the risk management strategy and its associated processes. Within the

context of this scheme, a risk is defined as an event that poses a significant threat or opportunity to the project's delivery, in terms of cost and time. The risk management strategy describes the specific risk management techniques and standards to be applied and the responsibilities for achieving an effective risk management procedure. The strategy follows the principles given in the HM Treasury Orange Book.

Calderdale Council recognises that effective risk management is critical for a project's successful delivery. For the FHSF works, a systematic approach has been adopted to risk management, to understand the scale and likelihood of each identified risk, and to put a strategy in place to manage them through each project stage. This methodology is in line with the Council's Corporate Risk Management Policy and adopting it will help to achieve the scheme's overall objectives.

The Programme Manager will develop the Risk Register and identify those elements of the project plan that require immediate attention. The risk register will also allocate risks when the main Contractor tender is being prepared and reviewed. The residual risk can then be correctly allocated to the Council or the contractor.

Due to the current COVID-19 restrictions a series of Risk Conversations were held with project leads during week commencing 13<sup>th</sup> April 2020, which formed the start of a continual risk review process – in place to ensure the risk register is updated regularly to record any re-rating in risks, changes in actions and relevant comments, risks closed out or expired, and any new risks identified. The risk register will be a controlled document, with each update given a revision number and saved so a progressive record is kept of the risk management process. This will be a valuable future reference to establish how risks evolve and are managed.

The key project risks are outlined in the risk register as attached within Appendix G, identifying the likelihood and impact of each risk. Risks are to be managed through regular reviews of the risk register and identification of potential risks to the project. The project will implement a hierarchy of risk management that aims to eliminate risks where possible, then mitigate any impacts of foreseeable risks. This will be done formally at project site meetings and Project Board meetings.

Updating the risk register will be an ongoing process, requiring the following steps:

- **Identify risk** – identify risks and opportunities and enter onto the register. The bulk of initial entries will be created at the risk workshop but will be updated throughout the life of the project;
  - Review risks from similar projects
  - Prompt list from the HM Treasury Orange Book
  - Risk workshops
- **Identify Severity Rating** – this is the product of the Probability (i.e. likelihood) of the risk occurring, and the Impact it would have, would it to occur; both Probability and Impact are entered as a rating against each risk to produce a High, Medium or Low severity rating;
  - Probability: 1=very low, 2=low, 3=medium, 4=high, 5=very high
  - Impact: 1=low, 2=moderate, 3=high, 4=severe, 5=critical
  - Proximity categories will be imminent, within the stage, within the project, and beyond the project, and will be based on appropriate early warning indicators.

The risk rating will be Probability x Impact

Ratings  $\geq 20$  are High (red, to be escalated),  $\geq 15$  are Medium (amber),  $< 10$  are Low (green).

- **Identify risk owner** – each identified risk will be assigned an owner, usually by the Project Manager. The risk owner will implement the mitigation strategy, and subsequent actions to reduce or eliminate the risk by a specified date
- **Develop Risk Mitigation Plan** – this puts in place the actions that need to be taken to mitigate or eliminate the risk. The Severity Rating will determine what level of action to take; the plan will record the nature and date of actions taken, people responsible (usually the risk owner), the new severity rating following mitigation and any cost implications;
- **Review Severity Rating** – re-calculate the severity rating following mitigating action through revised Probability and Impact inputs
- **Assess residual cost impact** – following mitigation, the cost of each residual risk should be calculated on the basis that it will occur; optimistic and pessimistic costs should be prepared for each risk

Risks will be communicated using the following project management products:

- Highlight Reports
- End Stage / Project Reports

**Evaluation and benefits realisation**

Monitoring and evaluation are essential parts of any project. It provides an opportunity to improve performance by reviewing past and current activities, with the aim of replicating good practice and eliminating mistakes in future work. The Council has a responsibility to report on how funding is being utilised for this scheme and how its expenditure represents value for money to the taxpayer and how spending aligns with the main objectives of the scheme.

The project will be monitored throughout its life course following the logic model developed for the scheme and associated indicators. Appendix M sets out the key data sets required to monitor each indicator, their sources, and how they link directly with scheme objectives. A budget of £365,145 has been set for monitoring and evaluation as set out within the Financial and Economic Cases.

Many of the required data sources are currently readily available such as details regarding vacant properties, and some will require additional research, for example the monitoring of user perception of the town centre. Increased footfall will be tracked and measured via footfall counters. Several are installed across the town centre and these will be used to monitor footfall levels before and after development. Requirements for additional counters have been identified and included within the budget. On-street surveys before and after development will identify the average time spent in the town centre and average spend. Using this information, the benefit to the town can be calculated.

The Council is committed to the ongoing monitoring of the impacts of schemes that it introduces to ensure that benefits are realised, impacts are identified, and any unforeseen effects are understood. In the case of this project, the monitoring and evaluation arrangements will include significant reporting against the project's business plan and financial performance, as well as the required construction monitoring and evaluation.

The existing Strategic Finance Lead and budget managers will provide the day to day financial management and support for the project. The day to day project lead provides an update to the project and steering groups by way of a monthly financial dashboard which summarises expenditure and funding against programme. It will also detail any slippage or overspend on the forecasted profile for the project.

The Council's existing project management will oversee and monitor the project assurance and evaluation, maintaining up-to-date funding records. There will be monthly site meetings and review of any variances as part of the proposed internal monitoring approach.

In order to monitor the delivery of the scheme correctly, the Council will:

- Create a monitoring and evaluation plan (Appendix M);
- Monitoring and evaluation plans will be published on the Council website and will be available to the public;
- Provide progress reports on the evaluation process throughout the project lifecycle through its rigid management structures; and
- Provide an initial report based on data collection annually throughout the project lifecycle.