PORT OF WORKINGTON

DEVELOPMENT FRAMEWORK AND INVESTMENT PROGRAMME

GILLESPIES

Gillespies House
Wood Street
Altrincham
Cheshire
WA14 1ED

March 2005
## Contents:

### Executive Summary

- Executive Summary

### Section 1 Introduction & Background

1.1 Background to the Port of Workington Study
1.2 The Port’s Historical Importance and Changing Fortunes
1.3 Challenges for the Port
1.4 Why intervene – The context for change
1.5 The brief – it’s evolution and aspirations
1.6 Outline report structure

### Section 2 The Current Position – Baseline Analysis

2.1 Introduction
2.2 Governance & Management
2.3 Operating performance
2.4 Market position
2.5 Economic Context
2.6 Land Use/Regeneration
2.7 Market Context
2.8 Environment
2.9 Transport/Movement

### Section 3 The Way Forward

3.1 Introduction – Is Closure an Option?
3.2 Potential Role for the Port
3.3 4 Key Elements for Change

### Section 4 Governance & Management Framework

4.1 The Need for Institutional Change
4.2 Options for Future Governance
4.3 The Way Forward – Governance Structure

### Section 5 Port Masterplan – A 20 Year Future Plan

5.1 Introduction
5.2 Masterplan Context
5.3 The Port Masterplan and Key Components

### Section 6 Investment Options – Short/Medium Term Priorities

6.1 Introduction
6.2 Investment Options
6.3 Indicative Outputs assessment
6.4 Options appraisal and recommended approach

### Section 7 Funding Plan – 10 Year Project Programme

7.1 Introduction
7.2 Key funding sources
7.3 Proposed funding approach/programme - Key actions
7.4 Option funding projections – summary by funding sources

### Section 8 The Next Steps
8.1. Introduction
8.2. Key Recommendations

Appendices:

1. Governance Report
2. Environmental Baseline Reports
3. Market Appraisal Report
4. Project Pro-Formas
5. Database of Manufacturing Industry
6. Analysis of Charges
7. Basis of Costing Information
8. Policy Review
Executive Summary

1. The Port of Workington is currently the largest port in Cumbria and forms an important transport hub for the North West delivering a key role in serving the region’s industry and agriculture. Unusually, in the context of the UK maritime sector, the Port has been owned and operated by Cumbria County Council for the past 30 years and significant investment has been made in terms of the infrastructure and operation of the port. However, recent downturns in some of the main cargoes for the Port combined with core infrastructure that is now ageing badly and in need of repair/replacement has led to the need for a re-think about the future operation of the Port of Workington.

The closure of the port might be considered, but there are strong arguments against it. In particular;

- The recent loss of cargo does not reflect badly on the port, which is considered efficient by its users. It has been the result of closure or decline of industries in its hinterland. Historically, the port lost iron ore traffic in the 1970s, coal traffic in the 1980s, and phosphoric acid when Whitehaven closed in 2001. But so far new traffic has always emerged to replace the old
- The abandoning of the port would result in the closure of some of the remaining industries (e.g. Simon Storage) and the loss of income from employment in the area.
- It would rule out the attraction of industries which require port facilities in the future
- Other industries in the area would incur higher transport costs.
- It would also be expensive to close the port. It might entail a public inquiry, a HRO or even an act of Parliament

2. Moreover, the work undertaken in this report has demonstrated that there should be a sustainable role for the Port of Workington in serving the local manufacturing base for West Cumbria, but also potentially as part of a wider network of transportation infrastructure in the North West Region. This is some way off the current position, however, given the current decline in the Port’s operating performance as set out in section 2.2. of this report. The overriding need therefore, will be to create new opportunities for cargos and to achieve this, the evidence overwhelmingly suggests that significant change will be required.

3. The approach pursued by Cumbria County Council in marketing the Port during 2003 was unsuccessful. Significant work was undertaken in assessing the condition of the Port through the MDS Transmodal report and the Port being marketed to the private sector through a prospectus. Whilst two companies put forward proposals to take over and manage the port they did not ultimately wish to invest in the port. However, it has been possible to learn from the failure of the 2003 request for proposals. The private sector has been asked for its valuation of the Port as it stands, and its response was negative. The market for the port as a whole has been tested, and the response was that it was not considered very risky.

4. The next step must be to go back to the drawing board and identify what approach could be expected to maximise the prospects of a reversal of the recent decline and meeting the aspirations of the public sector partners. In addressing this need for change at the Port a structured approach to the future has been adopted that incorporates the following key aspects. These are set out in brief below and are considered in detail in the main body of the report. Taken together, these form the Development Framework and Investment Programme for the Port of Workington.
5. The first element of change at the Port must be to address the way in which the Port is configured in terms of its governance and management.

6. It is important to recognise that institutional change is a necessary condition for revival of the Port’s fortunes. The future of the municipal ports in the UK is due to change as a result of the DfT Municipal Ports Review and the need for Workington to embrace a new way of managing the Port’s operations is key. Set out in Section 4 of this report is an approach that seeks to broaden the management structure of the Port of Workington, bringing in additional partners and expertise. This approach has been developed in line with best practice working closely with the DfT to ensure that the proposals that emerge will place the Port of Workington at the forefront of Municipal Ports in the UK. This change in the governance and management of the Port is a critical first step in the process of changing the fortunes of Port of Workington and placing it back on a sustainable and competitive operating position.

7. It is clear that there are a number of options available regarding the long-term legal status of the Port, however, the long term aim should be for the port to be either:

1) converted into a trust. This was the main form of port ownership in the UK before 1991. Port trusts are non-profit making bodies, with their own acts of parliament. They have boards consisting of members selected for their knowledge of industry and maritime affairs, and all their profits all being ploughed back. They have their own accounts and complete independence in decision making. They are effectively a half way house between public and private ownership; or

2) sold to a private port company. The majority of the large ports in the UK are now privately owned. Previously the majority had been owned by trusts, but they were obliged to privatisate themselves by the government from 1991 - via outright sale, MEBO, issue of shares, etc.
8. Neither option seems practicable at present. First, the private sector has already been approached by CCC in 2003, to submit proposals for buying the port. But whilst there was some interest, there were no firm bids – reportedly because of the need for remedial investment
and the uncertain prospects for cargo and revenues. Secondly, there would be problems in trying to move directly to a trust, because:

- there is a backlog of investment which has to be tackled first;
- an allowance (dowry) would have to be paid, and it would be high if losses were expected; and
- an HRO would be needed. This would be difficult to obtain if the port did not seem to be financially self-sustaining. The government is opposed to the subsidising of losses

9. What is required for the Port of Workington therefore is an interim governance approach that will adjust the current position in the short to medium term but will leave the opportunity to move to a full Trust or private sector Port at a later date.

10. As an interim solution it is proposed that a “quasi-trust” should be set up by the council. The aim would be to provide the same benefits and advantages as a trust, while remaining under council ownership. The intention of these interim arrangements would be to set the port on a sound footing for eventual conversion to a trust or sale to a private operator.

11. It is proposed that in bringing forward the Quasi Trust approach, Cumbria County Council should establish a new committee that will be known as the “Workington Harbour Board”. The Harbour Board would consist of representatives from Cumbria County Council, Allerdale Borough Council and West Lakes Renaissance, together with a number of co-opted independent members. All members of the Harbour Board would have full voting rights. The Harbour Board would have full responsibility for the governance and management of the port, and in particular, implementing future changes.

12. It is unlikely, however that a change to the governing body would by itself solve the Port’s problems. There is no guarantee that a switch to a trust, a private owner or any other set-up will increase traffic – this will take time.

b) Port Masterplan – Vision of the Future

13. In addition to the changes in management and governance proposed there is a need to set out a clear vision of the future of the port that will engender confidence and set out a long term modus operandi for the new management organisation.

14. The masterplan for the future of the Port of Workington is based on the need to deliver the widest possible opportunities for the Port, building an enhanced commercial role as a local industrial port and developing the wider leisure and development potential of key parts of the Port Estate linking in with wider regeneration agendas and maximising the benefits of the ports considerable land holdings. The masterplan has been developed by the project team in close consultation with the Project Steering Group. The key principles that have informed its development are as follows:

1. The need to provide a long term approach – change in the Port’s fortunes won’t occur overnight;
2. The provision of a framework for investment – The masterplan seeks to inform the focus for investment;
3. Builds on the strengths of the Port – Identified strengths for the Port of Workington such as the extensive land available sea shipping operations and rail freight facilities;
4. Ties in with the wider regeneration agenda;
5. Seeks to broaden the economic profile of the Port ; and
6. Delivers planned expansion/diversification.
15. The Masterplan for the Port of Workington is based on the following Vision Statement (for the Year 2010):
“The Port of Workington operating successfully as a strategic gateway into and out of West Cumbria and complementing the physical and economic regeneration of the sub-region”

In order to realise this vision the following objectives will be achieved:

- Achieving operating integrity of the Port through investment in land and infrastructure;
- Serving new commercial markets through an expansion in the customer base;
- Attracting leisure developments through the realisation of a marina and provision of better facilities for the cruise market; and
- Becoming a key transport node by investing in multi-modal facilities and encouraging better transport infrastructure in the town.

16. In responding to this Vision Statement and Objectives, the Port masterplan is based on developing four main elements of the Port Estate and related land as follows:

1) Port and Port related operations;
2) Expansion for commercial development;
3) Leisure/tourism development; and,
4) Transport infrastructure.

The Port of Workington Masterplan is shown at Figure 5.1.

c) Investment options

17. Within the context of the overall Port Masterplan as established there is an overriding need to provide an action plan that will allow the new management organisation of the Port to take forward a series of priority initiatives in the short to medium term.

18. Whilst the long-term vision in the form of the Port Masterplan is necessarily more aspirational in nature, the investment options represent perhaps a more pragmatic approach in the short to medium term. The investment options are made up of a series of constituent projects that have been the subject of close scrutiny and evaluation. These robust and costed deliverables not only form the basis for the options, but also directly inform the funding plan as set out below and in Section 7 of this report. The investment options seek to identify the short / medium term priorities and outputs within a ten year timeframe with a view to turning round the Port’s operational position.

19. In total three ‘investment’ options have been worked up, identifying their specific project requirements, rationale for undertaking and cost. A fourth option – fall-back ‘closure and redevelopment’ – has also been considered given that it may ultimately prove necessary to revert to this option and face the difficult political decision to close the Port, if a more positive intervention option carried through at this time fails to deliver the required turnaround in the Port’s operating fortunes.

20. These options have been arrived at following debate and refinement by the project team, with consideration given to market opportunity, cargo/berth capacity analysis, and engineering review of the key infrastructure issues within the Port judged to be in need of repair/reinstatement/replacement.

The following range of options have therefore been considered:

1. Do nothing – no investment made in port infrastructure;
2. Sustainable commercial port operations;
3. Sustainable commercial port operations and leisure (marina) development of Town Quay;
21. It is clearly essential for the future of the Port that a strategy is put in place that at minimum enables it to return to a position of commercial sustainability. The rationale for this being to maximise the Port’s commercial role within the sub-region serving the Port’s existing users and expand its customer base by working to attract new commercial users, and optimising strategic opportunities (Robin Rigg, Sellafield de-commissioning). Based on historical levels this will need to ensure annual revenues of approximately £2m per annum – in cargo capacity terms this equates to between 300,000-500,000 tonnes.

22. To achieve sustainability, the key will be finding new cargoes from within the industrial hinterland served by the Port. A key recommendation is that the existing operational management of the Port needs to be supported by a full-time dedicated marketing/business development manager. Analysis shows that there are a significant number of manufacturing industries in the sub-region that do not use the Port.

23. In addition, however, there are areas of the Port’s estate that are currently significantly underutilised and could contribute not only to the financial position of the port in revenue terms but also provide important impetus and focus to wider regeneration agendas. For these reasons the analysis of the options has highlighted that the investment strategy needs to be targeted at not only developing the sustainable operating position of the Port through investments in key infrastructure and personnel but is also aimed at diversifying the commercial base by maximising the leisure potential of the port estate. A marina development within Town Quay offers the potential to significantly improve the environment along Town Quay by permanently impounding and maintaining a minimum water level within Town Quay (by two half-tide weirs), and to better integrate and catalyse the redevelopment of this historic part of the town for leisure and residential use, linking directly with the town’s wider regeneration agenda to deliver leisure use along the Derwent Valley as part of the West Allerdale Regeneration Strategy.

24. A range of projects are proposed as essential elements of the preferred investment option as covering health & safety works, flood protection works, port operational infrastructure, plant & equipment, town quay/marina development.

d) Funding Plan

25. The final element of the development framework and investment programme for the Port of Workington is the Funding Plan. This essentially adds a further level of reality to the investment options. A thorough investigation into the potential funding sources has been undertaken and this has in turn informed a funding profile for each of the investment options. This sets out with some clarity the financial position relative to each future scenario and the likely implications for the public purse. Importantly, a funding strategy is also included to shape the way that bids are made to key bodies.

26. There are a number of possible public sector funding sources for port and transport sector projects which could potentially be drawn upon to match fund against any direct support proposed by Cumbria County Council and Allerdale Borough Council under a restructuring of the Port’s governance structures, and any regional resources available from the NWDA which might be channelled through West Lakes Renaissance. These can be summarised as follows:

- TEN T (Trans European network programme)
- MARCO POLO programme
- Freight Facilities Grants
- Sea Transport
- DEFRA
- Structural Funds
27. The following initial strategy is recommended for planning the implementation of the more preferred intervention option 3:

1. focus activity on securing DEFRA grant support for flood protection works (total cost of £3.28 million), with grants potentially available for about 45% of investment in flood defences, and 35%-75% for coastal protection;

2. adopt a “wait and see” policy (for the five year time window advised by the engineering inspections) for the highest cost infrastructure item – berths 1 and 2, requiring £3.06 million in 5 years time. At that time, the aim should be to seek up to 50% of the total from the DfT under its FFG mechanism (either on the basis of loss of freight traffic from sea back onto road, or if other new cargoes have come forward/been identified which will enable some cargoes to be moved from road to sea transport);

3. apply for a FFG rail grant for new hardstanding for the container park and berths 5 and 6; agree between the project partners action to be taken with respect to the strategy for reinstating or removing Harbour Bridge, repair works necessary to Berth 7, and replacement of the redundant electrical operating systems to the two Nelcon cargo cranes critical for the bulk cargo handling capability of the Port.

e) The Way Forward/Key Actions

28. This report has set in place a strategy for the future of the Port of Workington in the short to medium term that is based around a number of key changes relative to the governance and management of the port and a number of key investments as part of a wider master plan for the site. This is in direct response to the issues faced by the port today of infrastructure investment and the need to embrace new markets to replace a number of lost cargoes.

The following key recommendations are established for the Port of Workington:

1. Move to the Quasi Trust governance/management approach through the establishment of the Workington Harbour Board as a committee of the County Council.
   *Key Responsibility – Cumbria County Council, Allerdale Borough Council, West Lakes Renaissance*

2. Carry out a legal and health & safety audit of the Port.
   *Key Responsibility – Cumbria County Council*

3. Appoint a new Business Development Manager as an essential pre-requisite to delivering new traffic/cargoes.
   *Key Responsibility – Port of Workington Harbour Board*

4. Adopt the Port Vision and Masterplan as an effective modus operandi for the new Harbour Board.
   *Key Responsibility – Port of Workington Harbour Board*

5. Pursue a positive investment approach that seeks to deliver both sustainable port operations and the exploitation of the leisure potential of the Port estate.
   *Key Responsibility – Port of Workington Harbour Board*

6. Put in place a phased/targeted funding approach based on scheme approval with a rolling 18 month monitoring mechanism reflecting the need for a cautious approach.
   *Key Responsibility – Port of Workington Harbour Board  iBusiness Development Manager*
Section 1. Introduction & Background

1.1. Background to the Port of Workington Study

The Port of Workington is currently the largest port in Cumbria and forms an important transport hub for the North West delivering a key role in serving the region’s industry and agriculture. Unusually in the context of the UK maritime sector, the Port has been owned and operated by Cumbria County Council for the past 30 years and significant investment has been made in terms of the infrastructure and operation of the port.

However, recent downturns in some of the main cargoes for the Port combined with core infrastructure that is now ageing badly and in need of repair/replacement has led to the need for a rethink about the future operation of the Port of Workington.

In 2002 a comprehensive review of the Port was undertaken. The Council’s objective for this detailed examination of the current operations of the Port was twofold:

- To recommend a strategic plan for the Port which presents the best business and financial solution for the public sector and maximum contribution to the local economy; and
- To develop a comprehensive action plan for implementation, including a prioritised investment plan.

On the basis of the outcomes of this review, the County Council, sought, via a Development Prospectus, expressions of interest from the private sector with a view to transferring ownership and/or the operations of the Port. However, due to a range of factors, this did not lead to the level of private sector interest that might have been hoped for.

In 2003 the County Council sought, via a Development Prospectus, expressions of interest from the private sector with a view to transferring ownership or operational responsibility to another organisation. Responses to the Prospectus demonstrated that there was only limited interest from the private sector in the management or ownership of the Port in its current circumstances. The crucial factors that are believed to have adversely influenced the level of private sector interest are the quality of the existing infrastructure and the ability, as a consequence, of the Port to react to new market opportunities.

A partnership was established during 2003 comprising of Allerdale Borough Council, West Lakes Renaissance and the North West Development Agency to address the future of the Port of Workington and to establish its role in the regeneration agenda of both Workington and wider West Cumbria, strengthening the current position and the opportunity to access new markets.

1.2. The Port’s Historical Importance and Changing Fortunes

The Port of Workington dates to Victorian times and originates from West Cumbria’s traditional industrial base of coal, iron and steel. From the mid-1970s, the Port has played an important role in the attempt to restructure West Cumbria’s economy, and direct action was taken by Cumbria County Council when it took over the ownership and management of the Port. This coincided with a move away from its traditional reliance on the region’s primary industrial sectors towards a more diversified economy with secondary manufacturing and tertiary service sectors playing a more significant role. As manufacturing developed to replace the area’s traditional heavy industries, access to shipping was viewed as an increasingly important factor.
For a good number of years, this strategy, at least from the Port’s perspective, was reasonably successful with the Port showing growth in cargo tonnage over the period 1980 to 1999. Trading surpluses were used to finance infrastructure repairs and maintenance, and the replacement of major capital items as and when appropriate.

By the turn of the Millennium, the Port’s two primary income streams came directly from its two main cargoes – 1) the import of phosphoric acid for Rhodia’s detergent plant in Whitehaven, and 2) the export of steel rails for Corus, located adjacent to the Port.

Rhodia (French owned) took over the former Albright and Wilson operation in Whitehaven in 1998. Formerly, Albright and Wilson imported phosphoric rock through Whitehaven, but this was switched to phosphoric acid imported to Workington, resulting in the closure of the commercial port at Whitehaven in 1992. However, Rhodia closure of its Whitehaven plant at the end of 2001 has seriously impacted on revenue streams to the Port.

Uncertainty has also surrounded the Corus operation in Workington for some years now, and although the plant has survived, this has been achieved only by moving from one contract to the next. The plant’s medium term prospects are considered to be uncertain, and its tonnage decline from 80,000 tonnes in 1999/2000 to 25,000 tonnes by 2001/2002 highlights the severity of the decline in the plant’s fortune.

1.3. Challenges for the Port

It would be unrealistic not to acknowledge right from the outset, that the Port of Workington faces significant hurdles if it is to achieve the level of ambition as set in this development framework. In particular, the following are pertinent:

- the economy in the immediate hinterland of the Port of Workington has been in decline for the last 20 years, and now been further de-stabilised by the Foot and Mouth crisis.
- relatively few new industries have emerged to replace the “sunset” industries – especially coal mining and steel – which provided much of Workington’s cargo traffic in the past. The cessation of coal mining in Cumbria in 1992 was a particular blow at that time. The closure of the Rhodia plant in Whitehaven at the end of 1991 was another.
- before joining the EU in 1972, only 28% the UK’s trade was to and from Europe. Twenty years on, Europe accounted for over 60%, and now, most of this cargo necessarily uses the south and east coast even for ocean-going inter-continental container traffic, west coast container ports such as Liverpool have failed to attract as much traffic as the east coast ports which are closer to the main sea-lanes from the US and Far East to Europe. The ports which require least diversion on their way to Rotterdam, Antwerp, Hamburg and Bremen are Felixstowe, Thamesport, London, Southampton on the south/east coasts/ Hull and Immingham;
- the roll-on, roll-off (roro) ferry traffic which dominate the west coast/Irish Sea trade is highly competitive and well-established at several ports – i.e. Holyhead, Liverpool, Heysham, Fleetwood, Stranraer and Cairnryan. Liverpool is strengthening its presence by constructing new non-tidal ferry terminals; and
- the vast majority of the north west’s non-ferry cargo has been concentrated at Liverpool for the last thirty years. Traffic other than Roro ferry traffic has been very limited at the small ports of the north-west.

1.4. Why intervene - The context for change

Notwithstanding the identified challenges above, the Port does represent a significant asset to this part of West Cumbria, and there are positive signs that Workington could play a key role in the North West Region. In a sense the challenge facing the Port is not entirely unconnected to
the wider challenge that faces the Cumbrian economy – remoteness from the central population areas of the UK and Europe. In this context, the Port, as a key element of the sub-region’s transport infrastructure must, if at all possible be retained. This will no doubt require positive action from both public and private sectors, and in this context, with West Lakes Renaissance now leading the implementation of key projects an agendas defined through the 1991/2 New Visions for West Cumbria and Furness, the time is now right to garner support for a restructuring programme for the port.

It is clear that the Port of Workington has reached an important point in its evolution. There have been significant downturns in the economic performance of this Port in recent years, and as yet new cargoes have yet to be identified to redress this position. Moreover, much of the infrastructure at the Port now requires significant investment.

Whilst closure of the Port has been considered later in this report, there are a number of social, political and overriding economic reasons why its future should be secured. To achieve this, a number of important decisions now need to be taken about its future direction and management.

The appraisal undertaken in 2001/2002 was “thorough and comprehensive and identifies a business strategy based on a far-reaching market appraisal …”. This sets out a way forward that incorporates:

1. action to support and underpin existing freight operations and handling facilities through the Port, and specific targeted infrastructure investment to help diversify into new sectors – particularly to support the rail freight and offshore energy industries; and
2. diversification of activities and land uses on non-operational parts of the Port estate linked to the new and enhanced tourism and leisure opportunities currently being developed by wider public sector investment strategies within Workington and the wider sub-region which include:
   • The Derwent Valley Scheme;
   • Workington town centre;
   • Derwent Forest Park; and
   • Potential new cruise liner destination.

As such, the Port is still seen as offering a significant economic role to help underpin the prosperity of Workington and the wider West Cumbria sub-region. This future though depends upon strengthening the Port’s current activities and opening up new markets linking to key projects and the wider regeneration of the area.

1.5. The brief – It’s evolution and aspirations

In establishing a future role for the Port of Workington, Cumbria County Council and their partners evolved a brief for a development strategy for the Port of Workington. The key aims of this being to:

- Create an area wide masterplan to integrate development of the Port to the wider regeneration agenda;
- Investigate new operational opportunities linked to synergies with renewable energy, rail movement and possible cruise ship arrivals;
- Establish a phased investment programme addressing operational constraints & business opportunities;
- Pave the way for a new ownership and management model; and
- Make the prospects for private sector interest more likely.
In delivering these aspirations the brief established three complementary and overlapping elements:

a) **Workington Port Masterplan** – An analysis of the port and the evolution of an overall approach to its future development, integrating it with surrounding initiatives and providing an action plan that can then be taken forward.

b) **Investment Programme** – Production of a fully worked up and costed investment programme supported by information to allow detailed funding applications.

c) **Legal Framework** – For a new Port of Workington Authority that will implement the masterplan and investment programme.

**1.6. Outline report structure**

In addressing the requirements of the brief and setting out the future proposals for the Port of Workington the following structure is adhered to in this report:

**Section 1 – Introduction**
Background to the work and the key deliverables.

**Section 2 – The Current Position**
Baseline analysis of the Port and the surrounding area setting out the existing conditions and establishing the scale of the challenge.

**Section 3 – The Way Forward**
The need for change and the key elements to be addressed including governance & management, the Port masterplan, the investment options and the funding plan.

**Section 4 – Governance & legal framework**
A review of the current governance position and the potential options for the Port with recommendations and a way forward for a preferred option.

**Section 5 – The Port Masterplan**
The vision and context for the next 20 year for the Port. An expose of the masterplan and the key components.

**Section 6 – Investment Options**
Emerging from the overall vision in the form of the Port masterplan, an exploration of the range of funding options that could be taken forward in delivering key investments and projects including appraisal and recommended approach.

**Section 7 – Funding Plan**
A ten year investment programme of targeted spending relative to the investment options as recommended in Section 6.

**Section 8 - Next Steps**
Setting out the key actions to be undertaken in the short term to establish the changes in governance and targeted investments envisaged.
Section 2. The Current Position - Baseline Analysis

2.1. Introduction

In evolving a future masterplan and investment framework for the Port of Workington an understanding of the current position is clearly an important pre-requisite. In this section of the report the existing position of the Port is set out relative to the following:

- Governance & Management;
- Operating Performance;
- Market Position;
- Economic Context;
- Land Use/Regeneration;
- Environment;
- Transport and Movement; and,
- Strategy/Policy.

2.2. Governance & Management

The Port of Workington is currently a Municipal Port owned by the Cumbria County Council (CCC). It is rare for a port to be owned by a County Council, the predominant Municipal Port model being ownership by District Council, which will have a closer identification with the local port. A number of Municipal Ports have changed their status over the last few years, including privatisation (e.g. Bristol), changing to Trust status (Exeter) or adopting the Quasi Trust model (e.g. Truro and Penryn, Whitstable).

Institutional change is certainly required at the Port of Workington, for several reasons:

- municipal ports have a poor track record in the UK (e.g. Bristol, Sunderland). Local councils have not proved very successful at administering ports;
- the Port does not have ring fenced accounts;
- the Port no longer has reserves.;
- if the Port is to receive funding for investment, it is necessary to create an owner which will able to guarantee that the funds will be invested in the Port and the profits retained;
- the Port’s status under the CCC is deteriorating. It no longer reports to a sub-committee in the CCC;
- the Port now reports to the construction unit of the council’s Contract Services, and has lost direct access to the councillors. The unit to which the Port reports has no specialised knowledge of maritime affairs. Requests for decisions on large expenditures now take longer to reach the councillors.

During 2004, the DfT commenced a review of the municipal ports sector, given that it considered that many of the problems that were found to be associated with the trust ports sector could also be found within the municipal ports sector (a good number are thought to be run at operating losses). Given the current agenda for modernising local government, this review attempts to get close to fundamental questions such as “Why are local authorities operating ports ? and, How does this fit with core local authority business and role ?”

The Municipal Ports Review contains 4 principal objectives:

- To benchmark performance against the private and trust sectors;
- To identify the benefits/constraints of municipal ownership;
- To look at the impact of the modernising local government agenda and to assess how operating a port fits with Best Value priorities; and
- To provide bests practice guidance (similar to the Trust Ports review) on future roles, status and governance structures for municipal ports.
The DfT has visited the Port of Workington as one of a sample of visits being made to various municipal ports across England and Wales as part of the review, and has indicated that it is generally positive about the set-up and operation it saw in place at Workington. As the findings and recommendations have emerged through this study (see sections 4/5) these have been debated with the Department as part of its consideration of recommendations for best practice changes to current municipal port structures. As a result, it is likely that significant changes in relation to the Management and Governance of the Port will be required in any event as a result of “The Municipal Ports Review”. Whereas the document is unlikely to be mandatory it will set out what should be regarded as “Best Practice” and as such the County Council will be obliged to pay full and proper regard to the recommendations set out in the document.

2.3. Historical Operating performance

Overview of financial position

The Port’s financial performance (in terms of gross annual operating profit/loss) is a function of the volume of tonnage levels (both imports and exports) passing through the Port, and therefore revenues generated, set against the operational costs of the Port’s activities. Further charges are then made by the County Council against the gross operating profit/loss position for capital asset charges (charges against previous capital investments in the Port’s infrastructure), and central county resource recharges (e.g. for IT, HR support).

The Port’s financial records show that historically, the port has operated on a sustainable basis where annual revenues have been around £2m per annum. Indeed, through much of the 1990s, the relationship between the Port’s revenues and operating costs returned a relatively strong trading position, generating a gross operating profit of c. £400,000 p.a through much of decade, and reflecting annual tonnage throughputs of between 500,000 – 600,000 tonnes. However, since the end of the 1990s, the Port’s trading position has weakened significantly, suffering year on year losses (described in greater detail below), and in consequence a worsening of the Port’s financial year, as reductions in operating expenditure have failed to keep pace with the reductions in Port revenues.

Attempts have been made to forecast potential cargo levels. Arguably, MDS made a creditable attempt in 2001, projecting a range of potential cargoes, totalling between 520,000 and 655,000 tonnes, and a new base for operating revenues of c. £1.7m from its high of £2.3m achieved in 1999/2000. However, three years on, few of the possibilities highlighted by MDS have actually materialised. Actual tonnage levels have failed to meet the expectations set in the MDS study and in 2003/04 fell to 199,000 tonnes, with total revenue falling to £1.3m. Current projections for 2004/05 show an even worse trading position, with the projection (January 2005) of operating revenue falling to just over £1.1m.

The Table below summarises the Port’s operating performance for the period 1996/97 to 2003/04, highlighting both gross and net operating position.
In terms of import traffic through the Port, the trend line for much of the mid to late 1990s identified in table 2.1 shows a steady improvement in traffic levels, amounting to an increase of 105,000 tonnes over the 1996 to 2001 period.

This apparent positive position is in part explained by the steady increase in the import of desulphurised gypsum by British Gypsum for use at its factory in Kirkby Thore. However, the trend line masks the real position over this period, which was that the Port was actually experiencing a steady reduction in its phosphoric acid cargoes to the Rhodia plant in Whitehaven. In 1996, 320,000 tonnes of phosphoric acid passed through the Port for use by Rhodia. By 2001 this traffic ceased with the closure of the Rhodia plant – and hence the marked reduction from 539 tonnes in 2000/01 to 396,000 tonnes in 2001.

Since 2001, the level of import cargoes through the Port has continued to decline, falling to just 157,000 tonnes in 2003/04, and perhaps more importantly, now made up of just a handful of cargoes (petroleum – 52,000 tonnes; logs, perlite and MEG – 105,000 tonnes). This continued decline has been exacerbated by the downturn in the import of de-sulphurised gypsum and other external factors that have impacted on the Port’s operations – such as the foot and mouth outbreak in 2002 hampering initiatives to diversify the Port’s activities into other cargoes such as animal feedstock’s and fertilisers.

Historically, the total export cargo tonnages handled through the Port has broadly represented about a third of total import tonnages. However, in line with the pattern affecting imports, export tonnages have also experienced a consistent period of decline from 150,000 tonnes (1996/97) to 42,000 tonnes (2003/04), again made up of primarily just two cargoes (with 37,000 tonnes of steel rails from Corus).

The fall in the Port’s export business is largely attributable to the fall in the export of two major cargoes handled by the Port:

Table 2.1: Port of Workington: Summary of Operating Performance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Imports (tonnage)</td>
<td>434</td>
<td>460</td>
<td>494</td>
<td>489</td>
<td>539</td>
<td>396</td>
<td>343</td>
<td>157</td>
<td>173</td>
</tr>
<tr>
<td>Exports (tonnage)</td>
<td>150</td>
<td>118</td>
<td>114</td>
<td>104</td>
<td>42</td>
<td>31</td>
<td>68</td>
<td>42</td>
<td>12.5</td>
</tr>
<tr>
<td>Total tonnage</td>
<td>584</td>
<td>578</td>
<td>608</td>
<td>593</td>
<td>581</td>
<td>427</td>
<td>411</td>
<td>199</td>
<td>185.5</td>
</tr>
<tr>
<td>Operating revenue</td>
<td>£2,103k</td>
<td>£2,020k</td>
<td>£2,108k</td>
<td>£2,310k</td>
<td>£2,108k</td>
<td>£1,773k</td>
<td>£1,926k</td>
<td>£1,327k</td>
<td>£1,116k</td>
</tr>
<tr>
<td>Operating expenditure</td>
<td>(£1,662k)</td>
<td>(£1,632k)</td>
<td>(£1,658k)</td>
<td>(£1,944k)</td>
<td>(£1,908k)</td>
<td>(£1,764k)</td>
<td>(£1,748k)</td>
<td>(£1,314k)</td>
<td>(£1,281k)</td>
</tr>
<tr>
<td>Gross Operating profit/loss</td>
<td>£441k</td>
<td>£388.5K</td>
<td>£451k</td>
<td>£366k</td>
<td>£199k</td>
<td>£9k</td>
<td>£177k</td>
<td>£13k</td>
<td>(£165.5k)</td>
</tr>
<tr>
<td>Capital Asset charges</td>
<td>(£333k)</td>
<td>(£379k)</td>
<td>(£353k)</td>
<td>(£311k)</td>
<td>(£157k)</td>
<td>(£131k)</td>
<td>(£95k)</td>
<td>(£75k)</td>
<td>(£72k)</td>
</tr>
<tr>
<td>Central recharges/CCS recharges</td>
<td>(£22k)</td>
<td>(£26k)</td>
<td>(£29k)</td>
<td>(£60k)</td>
<td>(£54k)</td>
<td>(£56k)</td>
<td>(£56k)</td>
<td>(£49.5k)</td>
<td>(£80.3k)</td>
</tr>
<tr>
<td>Net Trading balance/deficit</td>
<td>£86k</td>
<td>(£17.5k)</td>
<td>£68k</td>
<td>(£5k)</td>
<td>(£11.5k)</td>
<td>(£178k)</td>
<td>£26k</td>
<td>(£111k)</td>
<td>(£317.5k)</td>
</tr>
</tbody>
</table>

Source: Detailed financial performance figures provided by the Port Manager (checked with the Finance Manager, Cumbria County Council Contract Services)
1. the export of steel rails and sleepers from Corus has seen a fall in export tonnage from 90,000 tonnes in 1996 to 30,000 tonnes in 2003;

2. the export of cement clinker has declined from 55,000 tonnes in 1996 to zero in 2002.

The prospects for reversing the trend for these two cargoes is largely dependent upon external economic factors, and for the Port this continues to be characterised by uncertainty – for example, the Port was hopeful of benefitting from a potential Corus contract to export rails to Iran (the forecast was 65,000 tonnes) with revenue of £500,000 over a twelve month period. However, this contract has not materialised.

Throughout the whole of this period, the Port has not been successful in either diversifying or extending its export cargo traffic – in spite of a number of major bulk manufacturers operating within Cumbria.

**Summary – Operating profit/loss**

The Port’s financial performance reflects the decline that it has experienced in import and export tonnages. Greater detail/analysis is provided below of the performance of specific cargoes managed by the Port.

Port financial records show that historically, the port has operated on a sustainable basis where annual revenues have been around £2m per annum – in cargo capacity terms, this translates at between 400,000 to 500,000 tonnes of cargo throughput, equating to c. 350 ship visits per annum. To return to these levels of cargo throughput will require a significant change in the Port’s operational performance (2-3 times current throughput levels).

Financial records for the Port indicate that its best performing year was 1993/94 when it returned a gross operating profit of c. £620,000. For the majority of the mid to late 1990s, gross operating profit fluctuated around £400,000, but since 2000 this has declined to the point that the Port is now only breaking even, and indeed current projections for the 2004/05 financial year indicate an operating loss for the first time (-£165k before deductions for capital asset and central recharges).

After deductions for capital asset charges and central resource recharges, for the County Council, the Port is now returning significant financial losses (estimated at £317,500 for current financial year) (January 2005 projection).

**More detailed analysis of the Port’s operating costs**

Table 2.2 below provides a simple analysis of the Port’s operating expenditure for the financial years 2001/02 to 2004/05 (current projected estimate).

<table>
<thead>
<tr>
<th>Table 2.2: Summary analysis of the Port’s operating costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2001/02</strong></td>
</tr>
<tr>
<td>---------------------------------</td>
</tr>
<tr>
<td>Port labour costs (operatives)</td>
</tr>
<tr>
<td>Special Maintenance provision</td>
</tr>
<tr>
<td>Dredging</td>
</tr>
<tr>
<td>Administrative &amp; General Expenses</td>
</tr>
<tr>
<td>Redundancy Payments (Voluntary Scheme)</td>
</tr>
<tr>
<td>Capital Asset Charges</td>
</tr>
<tr>
<td>Central Recharges/CCS Recharges</td>
</tr>
<tr>
<td>Other expenses (assoc. with maintenance, dredging, cargo handling, pilotage)</td>
</tr>
</tbody>
</table>

Note: Appendix 6: provides further analysis of the basis for Capital Asset Charges and Central recharges.
The Graphs at Figures 2.3 & 2.4 illustrate these cost figures graphically overleaf:

Chart illustrating relative proportions of principal operating costs and change 2001/02 to 2004/05

Figure 2.1 Analysis of Operating Costs

Piechart illustrating relative proportions of principal operating costs (2004/05 projected out-turn costs)

Figure 2.2 Analysis of Operating Costs
Clearly these two figures highlight the fact that direct labour costs (both port management and port operatives) are the most significant cost head, accounting for c. 45% of the Port’s operating expenditure. It is notable from Table 2.2 that over the last four financial years this has been a relatively stable overall cost to the Port of c. £700,000 - £800,000, even though the revenues generated by the Port have declined steeply over this period. In fact, the Port’s direct labour employed by the County Council has varied little over the past 10 years, fluctuating between 28 and 34, summarised in the table below, and highlighting the increase in terms of proportion of revenues generated from c. 30% (1994/95) to current levels of c. 57% (2003/04).

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NO. OF EMPLOYEES</td>
<td>28</td>
<td>31</td>
<td>34</td>
<td>33</td>
<td>33</td>
<td>33</td>
<td>29</td>
<td>32</td>
<td>30</td>
<td>34</td>
<td>29</td>
<td>29</td>
</tr>
<tr>
<td>REVENUE</td>
<td>£1,647,989</td>
<td>£2,015,073</td>
<td>£2,234,500</td>
<td>£2,184,775</td>
<td>£2,103,379</td>
<td>£2,020,500</td>
<td>£2,108,922</td>
<td>£2,310,205</td>
<td>£2,108,009</td>
<td>£1,772,818</td>
<td>£1,926,061</td>
<td>£1,327,289</td>
</tr>
<tr>
<td>WAGE COSTS AS A % OF REVENUE</td>
<td>34%</td>
<td>29%</td>
<td>31%</td>
<td>36%</td>
<td>38%</td>
<td>37%</td>
<td>36%</td>
<td>33%</td>
<td>33%</td>
<td>44%</td>
<td>43%</td>
<td>57%</td>
</tr>
</tbody>
</table>

2.4. Port Market Position

A specialist independent port economist Ted Laing has worked alongside the Gillespies’ team to lead a market appraisal of the Port’s recent trading history, and likely future prospects. This appraisal has covered a number of different aspects that could each impact upon the future potential of the Port. It is included in full at Appendix 3, and its main findings are presented below. Areas covered include:

- the role of the Port within the wider port market and trends in port traffic;
- existing rail traffic and future prospects for growth; and,
- potential future demand from the nuclear decommissioning at Sellafield and future prospects of traffic from Corus who are a main user of Port facilities.

Detailed analysis of the Port’s cargo history to present day

Historically, the Port’s traffic has largely consisted of three sets of high volume industrial bulk cargoes that have supported major local industries:

- 1960s – iron ore and other traffic for the steel industry, with up to 1 million tonnes in this period.
- 1970s – early 1980s – coal exports of over 500,000 tonnes until the final mine was closed in 1992;
- 1990s – phosphoric acid imports of up to 322,000 tonnes, discontinued with the closure of the Rhodia plant in 2001.

Table 2.3 below, provides a profile of traffic handled at the Port of Workington over the last 20 years. This indicates that between 500,000 and 700,000 tonnes per annum has passed through the port, including a variety of cargoes but with two constant sets of traffic: petroleum (50-100,000 tonnes) and steel rail exports (20-100,000 tonnes).
The table does not include rail traffic handled by the Port’s rail terminal. The terminal handled about 110,000 tonnes of which 80,000 tonnes was in containers (3000 no.) during 2003/4.

At the core of the trading pattern presented in table 2.3 above, is the principle that historically new cargoes have always tended to emerge to replace lost traffic – certainly this held true all the way through to the 1990s, with other bulk cargoes coming through to replace the loss of the iron ore and coal traffic. However, the Port’s current trading problems stem from the fact that no major new traffic has emerged since the closure of Rhodia in 2001. Consequently, traffic has fallen from 600,000 tonnes in 1998 to 200,000 tonnes in 2003 with current projections to the end of 2004/05, 186,000 tonnes. This failure to diversify the Port’s customer base points to the urgent need for pro-active marketing and business development activity on behalf of both the Port’s non-executive and executive management if this decline is to be stemmed and the Port’s trading fortunes revitalised.

Against this background, it is necessary to consider the national and regional ports market within which the Port of Workington must aim to recover to the levels of traffic that it handled through the late 1990s.

Table 2.3: Cargo Handled at the Port of Workington 1984-2003

| Yr | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 |
|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| IMPORTS |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Liq Sulphur | 142 | 143 | 127 | 127 | 141 | 107 | 116 | 106 | 24 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Phosphoric Acid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 203 | 258 | 279 | 295 | 322 | 324 | 283 | 260 | 199 | 129 |  |  |
| Petroleum | 67 | 67 | 86 | 87 | 110 | 96 | 78 | 70 | 83 | 87 | 82 | 53 | 60 | 76 | 82 | 77 | 82 | 80 | 89 | 52 |  |
| Others (a) | 15 | 20 | 32 | 35 | 43 | 37 | 36 | 138 | 49 | 149 | 127 | 79 | 53 | 60 | 128 | 151 | 258 | 187 | 254 | 105 |  |
| Sub-total | 224 | 230 | 245 | 249 | 294 | 240 | 230 | 314 | 359 | 494 | 488 | 427 | 435 | 460 | 493 | 488 | 539 | 396 | 343 | 157 |  |
| EXPORTS |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Coal | 517 | 116 | 162 | 174 | 340 | 231 | 162 | 88 | 48 | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Steel Rails | 20 | 54 | 35 | 17 | 70 | 74 | 65 | 86 | 33 | 64 | 73 | 99 | 89 | 78 | 75 | 81 | 25 | 20 | 31 | 37 |
| Others | 22 | 24 | 13 | 28 | 19 | 24 | 23 | 21 | 16 | 14 | 35 | 25 | 59 | 40 | 38 | 24 | 17 | 11 | 37 | 5 |
| Sub-total | 559 | 194 | 210 | 219 | 429 | 329 | 250 | 195 | 97 | 94 | 108 | 124 | 148 | 118 | 113 | 105 | 42 | 31 | 68 | 42 |  |
| Total Imports + Exports | 783 | 424 | 455 | 468 | 723 | 569 | 480 | 509 | 456 | 588 | 596 | 551 | 583 | 578 | 606 | 593 | 581 | 427 | 411 | 200 |  |
National and Regional Port Markets

Overview

Both the national and regional port markets have been fairly static in recent years, with UK port traffic expanding at only +1% per annum over the past 5 years. However, on the west coast of the UK, port traffic has fallen at an average rate of 2% per annum (1997-2002) – largely, as a consequence of ‘wrong’ geography – trade with Europe being dominated by the south and east coast ports. Table 2.4 below summarises the decline experienced in regional port traffic in recent years, including a 5.3% decline in Workington.

| Table 2.4: Cargo Handled at the Ports in the North West of England (tonnes) (1992-2003) |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Lancs. And Cumbria   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Liverpool            | 27,795          | 29,987          | 30,874          | 30,841          | 30,357          | 28,913          | 30,421          | 30,288          | 30,564          | 31,684          | 2.1%            | 2.7%            |                 |
| Manchester           | 7,484           | 8,379           | 8,529           | 7,939           | 7,409           | 7,825           | 7,687           | 7,879           | 6,297           | 6,088           | 1.2%            | -23.3%          |                 |
| Heysham              | 1,918           | 2,708           | 3,124           | 4,069           | 3,585           | 3,370           | 3,723           | 3,824           | 3,705           | 4,083           | 16.2%           | 0.3%            |                 |
| Fleetwood            | 1,244           | 1,236           | 1,288           | 1,362           | 1,106           | 1,368           | 1,530           | 1,608           | 1,521           | 1,624           | 1.8%            | 19.2%           |                 |
| Garston              | 614             | 763             | 684             | 588             | 572             | 522             | 472             | 462             | 443             | 433             | -0.9%           | -26.4%          |                 |
| Workington           | 479             | 587             | 570             | 565             | 623             | 563             | 636             | 418             | 430             | 258             | -54.3%          |                 |
| Barrow               | 233             | 274             | 247             | 261             | 275             | 247             | 231             | 225             | 279             | 241             | 2.3%            | -7.7%           |                 |
| Silloth              | 73              | 126             | 150             | 147             | 155             | 231             | 168             | 141             | 134             | 155             | 15.0%           | 5.4%            |                 |
| Lancaster            | 159             | 129             | 129             | 121             | 126             | 112             | 135             | 117             | 130             | 157             | -5.3%           | 29.8%           |                 |
| Whitehaven           | 128             | 5               |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Total Lancs and Cumbria | 40,127         | 44,195          | 45,594          | 45,894          | 44,208          | 43,150          | 45,004          | 44,963          | 43,334          | 44,723          | 2.7%            | -1.9%           |                 |
| Small Ports only     | 1,686           | 1,884           | 1,780           | 1,682           | 1,751           | 1,675           | 1,642           | 1,363           | 1,416           | 1,244           | 0.0%            | -26%            |                 |

The market appraisal also highlights 2 other trends, which work against Workington:

1. The UK’s small ports have been losing traffic since 1989, when the abolition of the National Dock Labour Scheme allowed larger traditional ports to reduce their operational overheads; and

2. Workington does not handle the two types of cargoes that are showing evidence of real growth – containers and Ro-Ro.

Containers and Roro (roll-on, roll-off)

The market appraisal is not optimistic about Workington’s prospects for attracting container cargoes in the future. Almost 85% of all GB container traffic is handled by Felixtowe, Southampton, London, Medway and Liverpool. West coast container traffic (which accounts for just 10% of total GB container traffic) is concentrated at Liverpool, Clyde, Bristol and Cardiff (and, in volume terms, dominated by Liverpool). The appraisal highlights that there is no comparable UK port of Workington’s scale, which receives calls by container services.

Similarly, Workington is felt to be equally unlikely to attract Roro traffic (despite already having a small Roro berth, it has no customers). The market appraisal indicates that in order to attract traffic, and to stand a chance of competing for traffic handled by the Roro ferry ports of Liverpool, Heysham and Fleetwood to the south and the port of Clyde and the Roro ports of Stranraer and Cairnryan to the north, it would be necessary for the Port to build a new berth outside the Prince of Wales dock (to accommodate vessel size), but this is likely to be prohibitively expensive.
The market appraisal therefore points to the current pool of traffic which Workington could “reasonably target”, being that largely currently handled by Barrow and Silloth. Combined, these two ports handle a total of around 400,000 tonnes, mainly consisting of low paying bulk cargoes (sand, aggregates, limestone, and wheat for Silloth’s local flour mills). Overall, therefore, the market appraisal analysis concludes that even if Workington performs outstandingly well, “there is not much traffic to win from similar ports in the region” – for example, even assuming that say, Workington managed to successfully compete for 20% of the cargoes currently handled by Barrow and Silloth, this would equate to just 80,000 tonnes.

Summary

The review of the Port market indicates that the Port of Workington has suffered from a dramatic loss in traffic from an average of 400,000 to 500,000 tonnes per annum during the 1990’s to its current level of around 200,000 tonnes. This has been largely a consequence of the loss of its major bulk cargo trade with Rhodia in 2001, and, since this time, the failure to find/attract alternative Port users.

The market review undertaken indicates that in terms of competing for existing shipping traffic, the Port is unable to compete in growth sectors such as container traffic and Roro activity that is focused at other ports along the west coast (without significant capital investment in a new Roro berth outside the Prince of Wales Dock). As a result, Workington’s prospects are likely to be limited to:

1. the potential to transfer activities from local ports such as Barrow and Silloth;
2. industrial plants; and
3. projects such as windfarms and the decommissioning of the local nuclear power station.

2.5. Economic Context

This section provides an examination of economic issues within Cumbria and West Cumbria, examines the economic importance of the Port within its sub-region.

West Cumbria Socio-Economic Context

The Cumbrian Context

Cumbria is home to two businesses that, in employment terms, are highly significant to the county’s overall economic well-being. Within West Cumbria, economic activity and employment is heavily influenced by British Nuclear Group at Sellafield, directly employing around 12,000 people and combining nuclear power generation with nuclear fuel reprocessing for international customers. The second major employer is BAE Systems (more commonly known as Vickers) at Barrow-in-Furness. This site is now focussed upon the design and construction of submarines and other vessels for the British Navy and employs around 3,500 people. The announcement at the start of 2003 by BAE Systems that it was making 700 redundancies, effectively marking the loss of surface shipbuilding from Barrow, hit the local economy very hard.

The ‘knock-on’ effects of both of these employers in terms of supply chain linkages to other local industries is substantial, and also brings significant spending power to the local economy through its employees. In this context, the consequences of significant downsizing or closure of either site would be extensive and dramatic.

---

1 West Cumbria is commonly used to refer to the district authorities of Allerdale and Copeland, with their administrative centres in Workington and Whitehaven.
In common with many other parts of the UK, Cumbria has lost a lot of its older and traditional industry during the course of the twentieth century. Although in some cases, these industries are not completely extinct within the county, their scale of operation is now much reduced or significantly different in make-up from what it once was. Examples of employment decline has included: coal mining; iron and steel making; extraction of other minerals and stone; textiles, footwear & clothing and more latterly shipbuilding. At various times, these declines have been countered by growth in other industries, such as: chemicals; pharmaceuticals; nuclear power and reprocessing; rubber & plastics; food processing; paper, paperboard & publishing. However, some of these new industries have retracted as a result of corporate restructuring and changes in the global economy. More recently, there has been growth in new forms of employment such as tourism, services, communications and the public sector.

Looking to medium to long term prospects for the Port, perhaps there is some comfort to be drawn from the fact that manufacturing has been, is, and is forecast to remain an important sector within Cumbria and continues to be a major employer (see Appendix 3).

Nevertheless, there are parts of Cumbria, including West Cumbria, which continue to suffer longer-term difficulties in terms of employment generation, unemployment and structural weaknesses within the local economy. In response to these structural weaknesses, West Cumbria has increasingly been the target for regeneration programmes through assistance from UK and European programmes as outlined below.

**West Cumbria**

West Cumbria is geographically and economically peripheral and largely non-urban, with population concentrations largely along the coast in the towns of Workington, Maryport, Whitehaven and Egremont. The peripherality of the area is characterised by its remoteness from major cities, its isolation from industrial and commercial markets, and its poor communications by road, rail and air. It lies at the margins of England’s North West region and at the spatial extremes of both London and Europe. However, the economy of West Cumbria is largely specialised, industrial and urban, sharing many of the regeneration and deprivation issues that can be found in any major urban conurbation. Over time, the economy and social geography of West Cumbria has been shaped by rounds of investment, dis-investment and re-investment:

- during the eighteenth and nineteenth centuries, the area emerged as one of the world’s first integrated industrial complexes. The presence of both coal and high-grade haematite in a small area adjacent to port facilities saw the towns of Workington, Maryport, Whitehaven, Cleator Moor and Millom rapidly industrialise around iron and steel-making industries (particularly for the production of rails), in turn leading to a rapid population influx;

- in the twentieth century the ‘old’ industrial base began to erode creating high levels of unemployment, particularly in the urban centres. Salvation of some sort came with wartime munitions industries and post-war ‘branch-plant’ industries directed to the area through Government financial assistance. Of even greater significance, has been the focus on a single dominant employer – British Nuclear Fuels Limited (BNFL), located at Sellafield near Whitehaven, engaged originally in the manufacture of nuclear weapons material and more recently, civil nuclear fuel and waste product reprocessing; and,

- the economy of West Cumbria continues to be dominated by both the primary sector and by BNFL at Sellafield which employed 16,500 at its peak in 1988 during the construction of the THORP reprocessing plant, and now employs around 7,000 people in its day-to-day operations. It is estimated that a further 24,000 jobs across the North West are dependent upon BNFL.

Workington is the major population commercial and administrative centre for Allerdale and is the dominant focus for market activity across a range of sectors – in particular, retail (4,400 employees in 2002) and manufacturing (6,500 employees in 2002). In 2002, there were 31,414 employees in Allerdale, with high percentages within and manufacturing sectors (21%) when compared with national averages. In both of these industrial groups, the proportion of persons employed is double the national average and accounts for a quarter of employment in Allerdale.
Forecasts by Cambridge Econometrics (2001) of the future workforce structure of Allerdale in 2006 indicates that the manufacturing sector will decline to account for 18.1% of the total workforce, although this will remain higher than the Cumbria average (17.5%) and national average (12.5%). The largest growth is expected to be in the distribution, hotel and restaurant sector accounting for 28.3% of the workforce by 2006.

In terms of the number of businesses in Allerdale, this has declined during the 1990’s from 3,305 in 1994 to 3,050 in 2000. This decline appears to be the result of low rates of business formation, rather than an excessive rate of business failure. Work undertaken by DTZ (2002) for the Cumbria Economic Intelligence Partnership has categorised the main sectors that are growing and declining within Allerdale. This analysis identifies the main sectors of strength to be: retail; plastics and rubber; welfare; basic metals; education; miscellaneous manufacturing; environmental technologies; chemicals and building technologies. A number of these growth sectors could potentially support/provide traffic to underpin continued operations at the Port of Workington.

Economic importance of the Port of Workington within West Cumbria

The analysis that follows reviews the current economic benefit generated by the Port of Workington in terms of direct and indirect employment. This compares the previous work undertaken by MDS Transmodal (2002) with information collected by Gillespies/GENECON (2004).

**Direct Jobs**

A key economic output of the Port is direct employment. As outlined in Table 2.4 below, in 2002, the MDS study identified 34.5 full-time equivalent jobs at the Port. From data supplied by the Port of Workington, it is evident that there has been a minor reduction in the Port’s labour force. The current assessment is 29 FTE jobs in 2004.

<table>
<thead>
<tr>
<th>Job Type</th>
<th>2002</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>5.5</td>
<td>5.5</td>
</tr>
<tr>
<td>Marine operatives</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Operations and Engineering</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Cargo handling</td>
<td>17</td>
<td>11.5</td>
</tr>
<tr>
<td>Container park</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Warehouse</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34.5</strong></td>
<td><strong>29</strong></td>
</tr>
</tbody>
</table>

**Indirect Jobs**

In addition, there are a number of indirect jobs attributable to the Port. The core activities in what would normally be categorised as indirect employment associated with a port’s activities are:

1) Transport
   - shipping agencies and brokers
   - shipping companies
   - freight forwarders
   - road haulage
• railways
• warehousing
• distribution and supply chain management,
• marine insurance
• ship repair
• bunkering

2) Suppliers
• supplies
• services and goods provided to the port and the activities listed above

3) Others
• government departments including HM Customs and Excise, and immigration authorities.

Table 2.5 below identifies the assessment for 2002 (from the MDS study), and in 2004. There are 21 indirect jobs reliant upon the Port’s activities (this excludes indirect supply chain employment).

<table>
<thead>
<tr>
<th></th>
<th>MDS Study (2002)</th>
<th>2004 update</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pilot</td>
<td>1</td>
<td>Pilot</td>
</tr>
<tr>
<td>Security</td>
<td>1</td>
<td>Security</td>
</tr>
<tr>
<td>Ships Agents</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>EWS Rail</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>RNLI</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Simon Storage/CPL</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>21</strong></td>
</tr>
</tbody>
</table>

Net Employment Impact

Overall, the existing net permanent employment creation impact of the Port of Workington is set out below. This indicates that in 2002 the MDS study identified that in Allerdale there was a total of 40 people employed as a consequence of the Port’s activities (after allowing for displacement factors – 27 at the Cumbria spatial area, and 25 at North West level). Up-dating, the current assessment is that the 2002 review underplayed the indirect employment reliant upon the Port’s activities, and that 63 net permanent jobs are attributable to the Port of Workington.
2.6. **Land Use/Regeneration**

The current position of the Port can be defined from a number of perspectives. This includes land use and the wider regeneration strategy. Set out below is an analysis of the current land use at the Port, together with an assessment of current Local Plan Policy in these terms. In addition, the regenerative context is also considered at a local level relative to Allerdale.

**Land Use**

*Land Uses*

To the west of the rail line and north of the Port, use is dominated by vacant land, land for recreation and a wind farm as shown in Figure 2.3. This land was formerly for industrial use. To the south of the Port, land use is dominated by industry at Derwent Howe, but there is an emerging mix of uses on Town Quay, including some residential. There is also some vacant and recreation land to the south of the Port.

To the east of the main rail line, there is generally more activity and a greater mix of land use. This includes vacant land, industry, retail/leisure and residential uses north of the river, retail/leisure/recreation uses on the Cloffocks and a mix of uses including retail and residential in the town centre.

Generally, the Port operates in relative isolation in terms of land use, with a buffer provided by the river, vacant land, other industry and the main rail line. More sensitive uses such as residential are currently primarily confined to the east of the main rail line and are not affected by port operations.

<table>
<thead>
<tr>
<th>Table 2.7: Estimated Employment Impact of the Port in Allerdale</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MDS 2002 Assessment</strong></td>
</tr>
<tr>
<td>-------------------------</td>
</tr>
<tr>
<td>Gross direct employment in the Port</td>
</tr>
<tr>
<td>Indirect (outsourced) employment</td>
</tr>
<tr>
<td>Indirect (procurement) employment</td>
</tr>
<tr>
<td><strong>Total gross direct</strong></td>
</tr>
<tr>
<td>Full time equivalent employment net of displacement</td>
</tr>
<tr>
<td>Induced employment</td>
</tr>
<tr>
<td><strong>Total net attributable employment</strong></td>
</tr>
</tbody>
</table>
Land Ownership

There is considerable public sector ownership at the port as illustrated on the land ownership plan at Figure 2.4. below. This clearly presents key opportunities relative to the development of the port, particularly Town Quay.
Port Activity

Essential port activities are confined to the Prince of Wales dock and its immediate environs as shown in Figure 2.5. This includes Prince of Wales Dock, the crane working area and the harbour approach to the dock. This core area is essential to the working of the Port. Areas fully utilised for facilities and operations, although not core are nevertheless important to the current working of the Port. These fully utilised areas include chemical storage, container and dry goods storage and the rail maintenance yard. Areas currently utilised with capacity for expansion include the container storage hard standing. There are a number of areas near the core of the port that are under utilised or are not currently used but are potential lay down areas for the offshore industry. Areas that are not used and unlikely to be used for port operations include a small area beyond the rail maintenance yard and all of Town Quay and Merchant Quay south of the Port.

What this indicates is that the Port is currently not fully utilising the estate for operational use. This is perhaps not surprising given the current performance of the Port, but does have implications in terms of potential for expansion. Similarly, there are areas currently not used that will be unlikely to ever form part of the core operational area of the Port such as Town Quay and here the flexibility exists to consider how these can be best utilised for the widest benefit.
Local Plan Policy

A number of policies affect land around the Port in Allerdale Borough Council’s current Local Plan as shown in Figure 2.6. To the north of the Port, the vacant Oldside site is identified as Employment Commitment (EM2), while land to the west and north is covered by both Leisure (WKL2) and Renewable Energy (WKRE1) policies. The Oldside site was allocated for industrial/employment development in previous Local Plans and has been carried forward. Appropriate uses identified for the Oldside site include light industrial (B1), storage (B8) and general industrial (B2). Leisure Policy WKL2 states that “the Council will approve appropriate leisure and recreation uses in the area between Oldside and Siddick, subject to protection of any wildlife habitats on site.” Renewable Energy Policy (WKRE1) states that “proposals for other forms of renewable energy at Oldside will be approved where they assist in securing development of a visitors centre, would not have an adverse impact on the amenity of local residents and would not have an adverse impact on the nature conservation interest of the site subject to other relevant policies.”

Within the Port itself, only currently underused land has been identified as Employment Commitment and the rest of the Port is unaffected. This land within the Port was allocated for industrial/employment development in previous Local Plans and carried forward. Appropriate uses identified for this Port land include port related services (B1) and port related storage (B8).

To the east of the Port, 2ha of land at Dock Road is allocated as a Local Employment Site and subject to a high quality landscape scheme incorporated into development proposals.

To the south of the Port, there are environmental and housing policies affecting the area in the Local Plan. Environment Policy WKEN1 requires that development in the Lower Derwent Valley, west of Workington Bridge (The Cloffocks including Merchant Quay), be related to the existing recreational land-uses and achieve a high standard of design. On Town Quay, Housing Commitment HS2 allocates the site off Stanley Street for housing and indicates existing permission for housing development would be renewed.

Development in and around the Port is also subject to Coastal Zone policies within the Local Plan. These policies seek to protect development from flooding and minimise any adverse impact on the marine environment.

The context for the Port in Local Plan policy terms effectively relates to leisure, employment and residential allocations. The fact that employment allocations have been brought forward from previous plans highlights the difficulty of the market in this part of West Cumbria. Residential allocations to the south are a reflection of changing aspirations for this part of Workington. This is explored further relative to regeneration below.
Regeneration

Regeneration Strategy

The West Allerdale Regeneration Programme aims to re-establish Workington and Maryport as thriving towns through the delivery of a number of projects. Proposals that may have an impact on the Port are shown in Figure 2.7. These include road proposals to improve access to both the Port and Derwent Howe employment areas through by-passing the town centre. A number of housing developments are proposed in the strategy, including Quayside, Merchant’s Quay mixed living/working and Eco Living on The Howe. To support business development, a number of improvements are proposed for the Derwent Howe employment area. In the Clofocks area, leisure, retail and recreation development is proposed.

The changing context is potentially significant for the future of the Port, particularly in considering peripheral elements of the Port estate such as Town Quay where interface with new housing/leisure could have significant wider benefits.
Constraints

There are a number of potential constraints on the Port as shown in Figure 2.8. The alignment of the existing rail lines and the size and physical condition of the dock could be a constraint on the future expansion of the Port. Cross river access provided by New Bridge Road and Workington Bridge are constraints, particularly for HGV movement. Both these routes to the south and east bring Port traffic through the town centre. In addition to cross river access, there are three constrained access points – the gyratory at Viaduct/Falcon Street, the Harbour rail bridge and the road bridge over the main rail line at the entrance to the Port.

The sea and River Derwent present a flood risk to the Port, which may increase in coming years due to climate change and a constraint on expansion. Chemical storage facilities at the Port are a constraint in terms of visual impact and attracting office development and the potential for ground contamination.

Existing residential development is currently relatively unaffected by current Port operations, but a large increase in vehicle movements could be give rise to complaints by these communities. In addition, future residential development on Town Quay could give rise to complaints regarding airborne dust and noise from the Port and potentially restrict operations.

The overhead power lines and associated pylons detract visually from the area and restrict the development potential of Merchant’s Quay. The prominent overhead power line may also detract from any future residential development in the area.
Opportunities

There are a number of potential opportunities for the Port as shown in Figure 2.9. Highway improvements could improve access from the south and east and alleviate heavy traffic in the town centre. There is the potential for residential development along Town Quay to broaden Workington’s housing offer. This new housing could be associated with an expansion of marine and leisure activities in the harbour between Town Quay and Merchant’s Quay. This could include the development of a marina. There may also be the opportunity to further develop the environmental buffer on Merchant’s Quay between Port operations and any proposed residential and marina development on Town Quay.

With regard to the large amount of under used and vacant land around the Port, particularly to the north, there is room for the expansion of Port operations and potential development opportunities. To the east of the Port beyond the main rail line, there may be the opportunity for high quality development associated with the gateway to the Port.

2.7. Property Market Context

Set out below is a summary of the current market context for the Port and the wider Workington area. This is examined by sector and has informed the development of the masterplan as set out in Section 5.

Retail

When considering Retail performance, Workington has been a declining centre in terms of the Management Horizons Retail Rankings falling from 246th in 1995/6 to 313th in 2003/4 out of 1,055 centres.

Workington town centre is one of the main retail destinations on the West Lakes coast. The retail heart comprises one purpose built shopping centre, The St John’s Precinct, although this is currently undergoing a £40m redevelopment providing an additional 15,163m² (168,000ft²) of
retail floorspace anchored by Debenhams in the new Washington Square scheme. There are two more additional retail developments in the centre. Ladies Walk provides an extension to the town centre, with occupiers including Wilkinson and Graves (a bingo operator). The second is a 2.84ha (7 acre) site known as Laundry Fields, which will accommodate a 6,500m² (70,000ft²) foodstore with Tesco as the preferred operator.

Prime rents in the centre are in the region of £540/m² (£50/ft²) in terms of Zone A, primarily, this level of rent is evident along Pow Street and in The Precinct. Rents in more secondary areas such as Finkle Street are in the region of £215/m² (£20/ft²). However, significant rental growth has been seen with advance lettings in the new scheme agreed at Zone A rents of between £754/m² and £861/m² (£70-80/ft²).

According to retail property databases such as Property Data, there are currently 10 outstanding requirements for space in the town centre. It is worth noting that the majority of unit shop requirements from multiple retailers for Workington have been satisfied by the new scheme. The largest single outstanding requirement is for 3,047m² (32,800ft²) for Poundstretcher.

Out of town retail is concentrated in two locations. Dunmail Park is an 11,610m² (125,000ft²) enclosed scheme with retailers including Etam and Toymaster, there is in addition a six screen cinema. The second concentration is at Derwent Howe, with a number of out of town retailers including B&Q, Allied Carpets and Currys. There is a Miami Superbowl and a Morrison foodstore at this destination. There are two outstanding requirements for non high street units from Pets at Home and Phones 4U.

Employment

The larger office buildings in the centre are predominantly occupied by government agencies and departments, or indeed the Local Authority. For example the DSS occupy a property on Vulcans Lane. The majority of purpose built space is located out of town at the main location Lillyhall Business Park some 3 km (2 miles) south of Workington town centre. Current rents are in the region of £86-107/m² (£8-10/ft²). Although there are currently no vacancies on the park, there is still some 16.2ha (40 acres) of developable land on the estate. This may well provide employment expansion land for offices in the Borough for the next 10 years.

There are two main industrial locations around Workington, Derwent Howe and Lillyhall. The former has rents in the region of £43/m² (£4/ft²) for units of 232m² (2,500ft²) and there is 2.2ha (5.5 acres) of developable land left on the estate. Lillyhall Industrial Estate is split into four distinct areas, with the North, East and West primarily comprised of industrial premises. Developable areas left on the estate include 1.4ha (3.5 acres) at Lillyhall East, 7.3ha (18 acres) at Lillyhall West and 10.9ha (27 acres) at Lillyhall North. It is understood that the land on Lillyhall North is now under offer to a Dutch consortium planning to develop a £37m dairy processing facility. Until this interest came forward, no land had been developed on the estate for 3 years.

In terms of major competing sites, the most influential on the area is West Lakes Science Park, with 27 companies already in occupation employing some 700 people. There are plans to further extend this Park, by providing a further 11 plots of developable land on the Science Park. This will allow for the development of up to 40,000m² (430,500ft²) of employment space in the first phase of the expansion of the Park occupying four of the eleven plots. This park can therefore be seen to be a major competitor in locational terms for manufacturing and industry in general in the West Lakes region.

Finally, it is worth noting that the ongoing development of Derwent Forest will expect to bring forward commercial development and employment opportunities.

Residential
The adopted Local Plan runs until 2006 and sets out housing allocations for the life of the Plan. There was an identified shortfall of approximately 50ha (123.5 acres) across the Borough, when existing allocations, permissions and windfall sites were taken into account. The plan allowed for 20ha (49 acres) of land for the Workington/Seaton area to be set aside for residential development. Policies WKHS1-5 set out the allocations for land in Workington. The draft Structure Plan for Cumbria is expected to be adopted in 2005. The housing strategy within the current draft sets out limits of 250 houses to be developed each year from 2006-2011. It is worth noting that this is considerably less than the current level of development in Allerdale. Policy UR4 of the Regional Planning Guidance goes on to state that no less than 50% of new houses should be built on brownfield land.

In close proximity to the Port, there are plots of land available for residential development on Town Quay. This includes to former British Gasholder site. The main site is approximately 2ha (4.95 acres) and following current local guidelines could accommodate up to 80 2-3 storey dwellings.

In terms of property values, average house prices based on sales in the last quarter as recorded by land registry are as follows. Detached properties on average sell for £183,000, semi-detached for £105,000 and terraced properties are worth in the region of £74,500.

**Summary**

The retail market is strengthening, especially through the redevelopment of the town centre precinct, Ladies Walk and Laundry Fields, which will set Workington in good stead for the future. The out of town market is fairly limited and as such there is very little demand from retailers to locate in out of town locations.

There would appear to be sufficient employment land in the Borough to meet the needs of future expansion of industrial and office markets in the short to medium term. With further expansion land available at key competing locations, particularly at West Lakes Science Park, there is a supply of land across West Cumbria to meet demand in the foreseeable future. It is therefore unlikely that non-port related industrial development will be the stimulus to the development of the land surrounding the Port in the near future.

There is clearly some potential concern over the proposed housing on the ‘Town Quay’ in light of the emerging Regional Planning Guidance on Port policy and the proximity of residential development to such activities. Generally, the housing market in the North West is still in a boom situation with greater than average increase in prices, estimated to have trebled in the last 2 years. The emerging Structure Plan and RPG policy may well exacerbate this problem with fewer houses per year allocated to the Borough in terms of new development and cost increases associated with brownfield development.

**2.8. Environment**

This section provides an overview of the study area including information regarding the site setting, local geology and hydrogeology, potential contamination and geotechnical aspects on and around the Port estate. This information has been compiled from a review of readily available information, published data, historical information, preliminary data searches and a site walk over. This report is intended for preliminary appraisal only. No intrusive ground investigation work has been carried out by WYG at this stage. Further details of geotechnical and ground contamination issues for the study area can be found in the Workington Port Geotechnical and Ground Contamination Desk Study Assessment Report (WYG, August 2004) at Appendix 2.

Information for the desk-top study has been obtained from the following sources:
Historical and recent Ordnance Survey maps and plans.
Geological Survey Sheets.
The Environment Agency.
Envirocheck.
British Geological Survey.
The Coal Authority.

Historical Land Use

The land use of Workington Port immediate surroundings has varied somewhat since the mid
1800’s with land uses ranging from residential housing and open space to heavily industrial
processors. In general it is apparent that the area has grown up around the River Derwent
channel and river mouth area to include the docks and associated industrial processes.

The historical Ordnance Survey plans available indicate the land use has been predominately
industrial including iron and steel works, ship building yards, railway sidings, chemical works
and more recently depots and a coal terminal. Some residential housing has occupied land in the
south of the study area for some time.

Geology

The geological strata present below the Workington area consist of Carboniferous Coal
Measures. The Coal measures comprise inter-bedded layers of sandstone, siltstone, mudstone
and shale deposited in a cyclothem sequence some 300 million years ago. Thin layers, or seams,
of coal are present within the strata, many of which are of sufficient thickness to have been
mined in the past. The geological plan does not indicate the presence of any coal seams sub-
cropping within, or within the vicinity of the site.

Above the Coal Measures at surface level more recent superficial or ‘drift’ deposits are present.
These deposits consist of clays, sands and gravels deposited during/after the last Ice Age.
Deposits of made ground are also anticipated to be present across the majority of the study site
associated with the former/present site developments.

Mining

A mining report obtained from the Coal Authority indicates the presence of recorded workings in
nine seams of coal at depths ranging from 100 to 450m below ground level. The Coal Authority
report states that ground movements from these workings should by now have ceased.

The site is not within a zone of influence on the surface from any present underground coal
workings, or within an area for which a license to extract coal by underground methods is
awaited/granted. Furthermore, the site is not within a zone of influence at the surface from plans
of future workings.

The Coal Authority has no knowledge of any mine entries within, or within 20m of the boundary
of the site.

Environmental Information

An enviro-data search was used to provide supplementary environmental information for the site
and surrounding area. This service collates information from a number of data sets, not least the
Environment Agency. The data sets only provide information on active licenses and consents
relating to current legislation, and as such any licenses or consents held by any former uses of
the site or adjacent sites, and pre-licensing activities will not be included as part of this search.
The information obtained from the database is extensive and therefore has not been summarised in this section of the final report. Details are however provided in the Workington Port Geotechnical and Ground Contamination Desk Study Assessment Report (WYG, August 2004), Appendix 2.

**Mining Related Ground Instability**

A geotechnical assessment has been carried out to determine the potential for past mine workings and/or the presence of shafts having an effect of possible future development of the eight areas.

The risk rating was designed to range from High to Low dependent on the presence or otherwise of shafts and the depth, or potential depth to mine workings below the areas. The various risk ratings were then colour coded and each area shaded the relevant colour (risk rating). This is provided in the Workington Port Geotechnical and Ground Contamination Desk Study Assessment Report (WYG, August 2004). This indicates a low risk factor applies over the study area.

**Contamination Risk**

Following an assessment of the available information, specifically the historical past land usage of the separate areas and the environmental information, the potential risk for the presence of contaminated land has been devised. As with the mining related risk, the contamination risk rating ranges from High to Low and is colour coded for each of the development sites. This is provided in the Workington Port Geotechnical and Ground Contamination Desk Study Assessment Report (WYG, August 2004). This shows that the majority of the Port area is categorized as Medium to High, risk the area of land to the south of the Town Quay being only Low risk.

**Recommendations for Further Investigation**

Recommendations for further site investigation works, where deemed appropriate, have been suggested for the eight areas within the study area. These, along with budget site investigation work costs are detailed in the Workington Port Geotechnical and Appendix 8 of the Ground Contamination Desk Study Assessment Report (WYG, August 2004).

**Ecology**

The habitats within the study site, if assessed individually, are largely widespread and common and do not present any major ecological constraints to the potential re-development of the port. However, actual and potential ecological constraints external to the study area were revealed during the survey and desk study, these are the presence of both statutory and non statutory wildlife sites, the presence of protected and rare species near to the study site, and the potential for the study site to support protected and rare species. These issues are separated into actual and potential constraints.

The actual ecological constraints identified include the presence of the River Derwent, which connects the site with the River Derwent & Tributaries SSSI, and the River Derwent and Bassenthwaite Lake SAC, upstream from the site. Although not directly adjacent to the study site the designated site is directly linked and any operation that affects the river may have a direct effect on this area, primarily through the potential impact on Annex II species such as lamprey, and perhaps otter that travel through the Derwent Estuary. Should any works proceed they should be designed so as to ensure zero impact upon these receptors of value to nature conservation.

The port area is also of potentially regional importance for several species of wintering and passage waders, with the harbour itself known to be of importance for purple sandpiper. At least one Schedule 1 bird species, barn owl, is thought to breed within the port area while another, peregrine
breeds in the area and may breed in the port itself. These species could all be susceptible to impacts resulting from habitat loss or disturbance as part of any redevelopment, although the precise extent and location of any constraints to the development is not known at this time and requires further survey work.

The potential ecological constraints outline the issues that require further survey work to assess whether they represent an actual constraint; these include the potential of the site to support bats, birds, badgers and reptiles. In addition issues such as nearby wildlife sites may represent an ecological constraint if any potential development is likely to impact upon these.

As well as several actual and potential constraints the site does show some potential to be enhanced for wildlife as part of any development. Although the opportunities for the enhancement of the site listed above are associated with a particular feature of interest, for the most part sympathetic management and planning will benefit a wide range of wildlife. For example, a continuation of grazing in the northern horse paddocks will maintain areas suitable for the common blue butterfly and benefit a variety of invertebrate species and inhibit the domination of the sward by competitive plant species and in the absence of protected, rare or notable species the study site has the potential to support a large diversity of bird, invertebrates and plants. In addition the construction of hibernation/shelter structures could enhance the site’s future attractiveness to reptiles and amphibians.

More appropriately detailed and specific opportunity recommendations would be possible following further survey for the species outlined above.

2.9. Transport/Movement

This section of the report considers the current access arrangements at the Port, including all modes of transport and the wider transport issues in and around Workington.

Port of Workington forms an important part of the overall transport system in West Cumbria, serving and supporting the local economy. Activity at the Port has varied considerably over the past decades, with business experiencing a significant decline in recent years. Total tonnage in 2004/5 is estimated at around 185,500 tonnes – this is under half of the 1998/9 levels.

Cargos handled may be loose or containerised, and these have included petroleum, phosphoric acid, chemicals, wood logs, gypsum, animal feeds and steel rails/sleepers. A number of these cargo types no longer use the Port, due to a variety of reasons.

The Port operates ship:rail, ship:road, rail:road and road:road interchange facilities. Ship related cargo in 2003/4 included pet products, MEG, logs, perlite, flasks, calcium carbonate and steel rails. Ship related cargo represented around three-quarters of the total Port tonnage in 2003/4. In terms of the split between road and rail, in 03/04 18% of shipping cargoes were moved by rail (Corus steel rails), with the remainder moved by road, generating 18 lorry movements on an average day. Rail (non-shipping) activity comprised both loose cargo and containers, generating on average 21 lorry movements per day. Thus the total average lorry movements (03/04) was 39 per day. The impact on lorry movements through the growth in port activity will depend upon the cargo types and the role played by rail in moving cargos to and from the Port. It does follow however that such growth is likely to lead to an increase in lorry movements in future years. Whether it is 40, 60 or 80 lorry movements per day, Ramsay Brow will continue to be an issue due to its physical constraints rather than capacity.

Port Access – Road
The Port is located to the West/Northwest of Workington Town Centre, and to the north of the Corus steelworks. It is linked with the existing highway network via Delta Drive to a new roundabout on the A595. The A595 carries around 13,000 vehicles per day, with approximately 10% of this being heavy goods vehicles [source: Cumbria LTP]. The construction of the new roundabout has improved immediate access to the Port considerably, operating within capacity even at peak periods. The link from the A595 roundabout to the Port crosses the main rail line via an arch-type bridge. At its narrowest point the road measures 5.5m over the bridge – this was previously subject to widening works by the reduction of existing footways. It should be noted that any significant increase in activity at or adjacent to the Port may necessitate substantial works to further widen the bridge (cost circa £2M).

On a strategic basis the Port is generally well connected to its markets, with the A66 trunk road providing links to the M6 at Penrith, and hence the national motorway network. From here the A66 continues across the Pennines giving links with the east of the country including the industries of Teesside and Yorkshire. Locally this route has been upgraded through the construction of the Stainburn and Great Clifton Bypass. This new road is designed to wide single carriageway standard.

The A596 provides a single carriageway link to the north, linking with industrial sites along the coast, Maryport and Carlisle further to the north. To the south, the A595 provides a single carriageway link to industrial sites at Whitehaven and also Barrow.

Whilst access by road to the Port is generally reasonable, the existing highway network experiences delays at peak times at the Ramsay Brow/Washington Street junction (see below). This key junction was modified to a signals scheme and currently creates a pinch-point on the network. In addition, the geometric constraints imposed by the signals design have created manoeuvrability problems for HGV traffic, both for the Port and others.

Highway access to the Port should be free from physical constraints and offer reliable journey times for existing and prospective business. Failure to do so may lead to lost orders. From discussions with the Port Manager it is understood that the Ramsay Brow junction has created logistical problems and is a concern for future Port transport operations. In addition, due to its location the Ramsay Brow junction forms a critical node on the local road network, and alleviating the current problems experienced here is fundamental to the overall traffic management within the town.

The strategy for the future development of transport in Workington has been investigated on behalf of the Workington Regeneration [Workington Movement Study, June 2004]. This considers infrastructure improvements [including solutions to the Ramsay Brow junction] and management options for dealing with current issues.

In terms of Port transport activity the key issues relate to freight movements. Trips generated by staff are minimal, given the low numbers employed at the Port. The employees work a shift system and generate very few movements in the standard peak periods (0800-090 and 1700-1800). Freight carried on the roads [and linked to the Port] generated over 14,000 HGV movements in 2003/4, or an average of around 40 movements per day.

**Port Access – Rail**

Rail carried approximately 70,000 tonnes of cargo at the Port in 2003/4, and forms a vital part of the overall operation. The Port has a direct link to the Corus plant which lies to the immediate south, and also a link with the main line [Cumbria Coast Line] to the east. The link with Corus passes over a bridge across the entrance to the river and the Town Quay. This bridge is shared with pedestrians and cyclists, and was originally designed as an opening bridge. This capability ceased over fifty years ago.
The main line is double track between Workington and Carlisle, from where the West Coast Main Line is accessed. The line is mixed use, with significant freight volumes operating between Carlisle and Workington – much of this is Port or Corus related. The signalling on the line is dated and includes a number of manually operated signal boxes. As a result operations are generally limited between the hours 0600 – 2200.

There are two major issues relating to increased use of the main line. Firstly, is the lack of spare capacity, with only one freight path available during the 0600-2200 period. Clearly this presents a constraint to expanded rail freight services at the Port. The second issue concerns the loading gauge, which currently only allows containers up to 8ft 6in high to be safely accommodated. This restriction limits the target market for intermodal rail operations at the Port. Whilst such improvements to the external rail network’s loading gauge are outside the control of the Port, Network Rail should continue to be lobbied to pursue such improvements at the earliest opportunity. The reality is however that the improvements to the existing loading gauge are unlikely in the foreseeable future.

**Port Access – Public Transport/Pedestrians**

In terms of rail activity, there is a daily service operated by EWS, plus other infrequent ad hoc services, including finished rail products from the neighbouring Corus steel plant. Cargoes include flasks, containers, steel rails and calcium carbonate.

Access to the Port by public transport is currently limited. Bus services 30 and 30a operate along the A595 between Workington and Maryport on a reasonably high frequency [every 20 minutes between 0630 and 1830, then reducing to hourly]. This is supplemented by the 300/301 service, linking Carlisle with Workington and Whitehaven, providing an hourly daytime frequency. Bus stops are available 100 yards north of the A595/Delta Drive junction.

The bus station is a 15 minute walk from the Port, but at present the route is less than ideal being severed by the Cumbria Coast [rail] Line and the A597. As part of the Workington Movement Study it has been recommended that a new interchange be created adjacent to the rail station – a 5-6 minute walk from the Port. Along with appropriate improvements to pedestrian links with the Port, such a facility would improve access options to the Port area.

In addition to the role rail plays for freight handling, it also provides passenger services for the town of Workington. A review of the summer timetable reveals that core passenger trains operate broadly on an hourly frequency in each direction between the hours of 1000 and 1800. The timing of services however does little to facilitate commuter movements to or from the area.

Pedestrian links with the Port are adequate for the purposes of the current operation. From the north a footpath is provided along the north side of the access road, although the width is severely restricted as it crosses the bridge over the main rail line. From the south the Port can be reached via the combined rail/cycle/foot bridge across the river and Town Quay entrances. A footbridge also exists over the main rail line adjacent to the sports stadium. This is of poor quality, with no ramps and would need upgrading/updating if the route through the former quay area were to be developed into a primary pedestrian route between the Port and the town itself [estimated cost - £0.25M].

The Port has the benefit of the C2C cycle running adjacent to the site. This is a well used route by leisure users, and anecdotal evidence suggests that it is also used by some employees at the Port. A grant is currently being sought to improve the route in this area, including works to the shared rail/pedestrian/cycle bridge.
2.10. **Strategy/Policy Review & Context**

This section provides a brief outline of the European, national, regional and local policy context for the Port of Workington. A full strategy and policy review is included at Appendix 8. In particular, this section considers:

- The policy statement and objectives;
- The impact of the policy statement on the Port of Workington; and,
- The funding opportunities available.
<table>
<thead>
<tr>
<th>Table 2.8: Strategy/Policy Context</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>European Policy</strong></td>
<td><strong>Port of Workington</strong></td>
</tr>
<tr>
<td>Structural Funds – North West England Objective 2 Programme 2000-2006</td>
<td>West Cumbria is designated as an Objective 2 area. This programme sets three priorities: Priority 1 focuses on making businesses competitive and providing support to business ideas; Priority 2 provides support for deprived communities; Priority 3 targets investment into major employment locations. West Cumbria has been designated with Economic Development Zone (EDZ) status, as part of Priority 3 of the Objective 2 programme. The EDZ provides a potential source of funding, however, much of the funding has already been allocated and the PoW would only benefit as a reserve project.</td>
</tr>
<tr>
<td>European Transport Policy</td>
<td>This policy promotes the removal of transport from congested roads and greater sea and inland waterway transport – with “sea motorway” a key feature. PoW could benefit from any reductions in road haulage and increased levels of short sea shipping and improved rail services.</td>
</tr>
<tr>
<td>Trans-European Network (TEN-T)</td>
<td>TEN-T aims to “integrate” transport infrastructure and the movement of passengers and freight in order to ensure economic competitiveness. PoW is identified as a “Category C” port, and is not part of the TEN-T road or rail network, as such it has limited access to funding. As a “Category C” Port Workington would be eligible for grant of 10% of infrastructure costs.</td>
</tr>
<tr>
<td><strong>UK Policy</strong></td>
<td></td>
</tr>
<tr>
<td>UK Transport Policy</td>
<td>The policy focus is upon the need to reduce environmental pollution and road congestion, and to support sustainable and integrated transport for passengers and freight. PoW provides an alternative to road haulage. The DfT aim to discourage grant aid to the ports industry in order to not undermine fair competition. However, individual proposals will be looked at on a case by case basis in terms of making grant aid available.</td>
</tr>
<tr>
<td>Transport 2010</td>
<td>This 10-year plan introduced the Strategic Rail Authority and greater focus on using the rail network for freight. The Strategic Rail Authority would be a key funding body for PoW if it was to develop its rail freight facilities.</td>
</tr>
<tr>
<td>Freight on Water</td>
<td>Focus on increasing the movement of freight traffic on to water based transport. ‘Sea and Water’ was established to act as the representative body for organisations related to water transport.</td>
</tr>
<tr>
<td>Modern Ports: A UK Policy</td>
<td>This policy primarily sets the principles of developing an integrated transport system and the important role that can be played by Ports. A review of Trust Ports (1998) looked at improving standards of corporate governance and accountability. DfT is currently finalising a similar study on Municipal Ports (including Workington).</td>
</tr>
<tr>
<td><strong>Regional Policy</strong></td>
<td></td>
</tr>
<tr>
<td>Regional Economic Strategy</td>
<td>The RES seeks to improve regional competitiveness and encourage economic growth, whilst protecting the environment and tackling the causes of social exclusion. Five key priorities are identified within the RES, with a series of strategic objectives and key activities in order to achieve Tier 2 and Tier 3 targets. The PoW could benefit from the Priority 1 ‘cluster’ focus that supports 16 key business sectors, in relation to PoW the key sectors would include maritime, environmental technology and tourism. Also as part of the Priority 4 focus on infrastructure PoW benefits from being able to offer sea transportation facilities for local companies and as a potential access point for visitors.</td>
</tr>
<tr>
<td>North West Maritime Strategy</td>
<td>The NWDA maritime cluster strategy identifies the importance of ports and shipping to economic competitiveness in the North West. Industries are able to transport goods using the ports. The maritime sector is a key employer within the North West economy for example in marine engineering, offshore energy and fisheries. Marine leisure opportunities and the cruise ship market are also becoming increasingly popular. PoW is seen within the strategy as primarily an industrial port with the potential to expand its cargo handling capabilities.</td>
</tr>
</tbody>
</table>
Regional Planning Guidance

The RPG identifies West Cumbria as a ‘Key Regeneration Priority Area’ and focuses on the need for new employment creation and improved infrastructure provision (Policy SD3). The RPG encourages enhancing the coast through the diversification of existing ports and harbours (Policy SD7) and developing new forms of economic activity for coastal communities (Policy CZ3) such as tourism activities. In terms of transport (Policy T6 and T7) encourages improved accessibility to ensure continued economic competitiveness and the movement of freight from road and rail to sea transportation.

<table>
<thead>
<tr>
<th>Sub-regional and Local Policy</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>West Lakes Renaissance</td>
<td>The WLR Business Plan identifies ‘7 New Visions’ in regenerating West Cumbria. These include ‘Coastal renaissance’ (NV3) and ‘Making better connections’ (NV4). The PoW is identified as a key feature in contributing to meeting these priorities providing opportunities for the movement of goods and freight, enhancement of the tourism offer and the potential for a cruise terminal at Workington.</td>
</tr>
<tr>
<td>Cumbria and Lake District Joint Structure Plan</td>
<td>Policy ST5 and ST9 provide the strategic rationale underpinning public sector intervention within Workington, including at the Port. In particular, this identifies the need to promote sea links for passenger and freight services and provide new tourism attractions. Policy T26 and T28 reflect national and regional policy drives to encourage freight onto ships and the importance of ports within the economy. Policy C41 identifies the importance of sustaining and regenerating coastal communities with this identified as a priority for West Lakes Renaissance.</td>
</tr>
<tr>
<td>Cumbria Local Transport Plan</td>
<td>The LTP identifies the importance of the PoW as a gateway and freight transfer facility in the industrial heartland of Cumbria. Policy F3 states that the PoW must be developed as a road-rail-sea interchange.</td>
</tr>
<tr>
<td>West Allerdale Regeneration Strategy</td>
<td>This Strategy aims to create an attractive and thriving Workington with focus on four identified areas. These areas exclude PoW although it is identified as a key development opportunity and a regeneration driver. The Strategy identifies that the Port’s role includes enhancing its commercial activities, with potential for new linkages to the Old Harbour/Town quay area to create new residential and leisure opportunities, plus new links to the town over the River Derwent to establish links with employment areas.</td>
</tr>
</tbody>
</table>
Section 3. The Way Forward

3.1. Introduction - Is Closure an Option?

When considering the future of the Port, the obvious question that arises is whether closure could be an option. Examination of possible closure reveals that there would be an impact on the local economy and other costs associated with shutting it down. In addition there are good reasons to expect a positive future for the Port through the development of the new markets & traffic and potential new trading opportunities.

Ultimately, however, the importance of keeping the Port of Workington open can be illustrated by considering firstly the impact that closure would have on local economy and secondly the effect that closure would have on the possibility of attracting new economic activity to this part of West Cumbria.

Impact of loss of the Port on the local economy

To provide a baseline for assessing the economic importance of the Port within its sub-region, it is helpful to consider the consequences that would follow from the loss of the Port. There would be a number of short and medium term impacts.

Short term impacts are likely to include:

- loss of direct employment at the Port (29 jobs);
- loss of indirect employment safeguarded by the operation of the Port.
  - Miscellaneous activities: 9 jobs (pilot, security, Ships Agents, EWS Rail, RNLI);
  - Simon Storage (12 to 20 jobs) – closure of the storage and distribution facility for petroleum products and chemicals at the Port, for subsequent road distribution.
  - Corus (150 to 200 jobs) – uses the port for the export of steel and rail tracks. Discussions undertaken with Corus as part of this study suggest that the impact of closure of the Port for Corus could be quite significant for the Corus’ plant’s future. However, it is considered that there are other more significant macro-economic factors that are more likely to determine the Corus plant’s future. Firstly, the UK steel industry as a whole has lost market share in recent years (labour costs are less competitive than Eastern Europe). UK steel exports have fallen by about one third of its peak in the 1980s/1990s. Secondly, in the specialised steel rail sector, Corus has been criticised for making strategic mistakes at Workington. The Select Committee on Trade and Industry (March 2001) criticised Corus for opting to spend more on a French plant (£83 million) than would have been required to upgrade the Workington plant (£50 million) to produce long rails. It also criticised Corus for accepting that Railtrack should switch from UK supplies to Austrian and Italian suppliers without making a major effort to protect its domestic market. It concluded that Workington’s prospects in the medium and longer terms look “less bright”.
- increased operating costs which would be incurred by other local employers, principally in relation to transport costs as existing imports through the Port of Workington would have to transfer to alternative modes of transport if the port closed:
  - Iggesund – import of logs/pulp for paper manufacturing;
  - Voridian Polymer – materials for the production of plastic, rubber and elastomer;
  - British Gypsum – imported de-sulphurised gypsum rock for the Kirkby Thore facility;
  - BNFL – import of fuel from UK reactors for reprocessing;
  - Others – import of grain, fertilisers, perlite.
Effect on Attracting New Economic Activity

Medium to longer term impacts are likely to include the loss of a number of longer-term opportunities for securing traffic/cargoes through the Port. These include:

1) Robin Rigg Offshore Wind Farm
   - £200m project located at Robin Rigg sandbank in the Solway Firth, midway between Galloway and the Cumbrian coast, within ‘Scottish waters’ (estimated 15 miles offshore);
   - the proposal consists of up to 60 turbines, extending to a height of between 62 and 76 metres from the level of high water and fitted with rotating blades of between 80 and 104 metres;
   - it is estimated that the Wind Farm would produce energy to supply 180,000 homes entering the national grid in Cumbria;
   - Port of Workington has offered its services as a land base to the two contractors bidding for this project from Powergen for the construction phase of the project;
   - it is estimated that the contract value would be between £2-£4m in the short-term, with a long-term presence at the Port for maintenance purposes.

2) Decommissioning of nuclear facilities at BNFL Sellafield
   - identified in BNFL’s Near Term Work Plan (2004-2006) is that Sellafield represents “probably the most challenging nuclear site management clean-up programme in the world”, with the scope of works covering the entire nuclear lifecycle;
   - the delivery of this plan is estimated to cost £1.3 billion per year over the 2005/06 period and a further £1.2 billion for the following two years, and anticipated to remain at around this level for 40 years. 60% is expected to be spent within the supply chain;
   - BNFL has invested in a compound at the Port of Workington and now bases one of its ships at the Port;
   - there are potentially a number of commodities that would be required as part of the decommissioning process that potentially could be supplied through the port, or as a road-rail transfer facility including: caustic soda, nitric acid, containers, bulk chemicals, cement and stone.

3) Port of Workington Rail Terminal
   - there is land available at the Port of Workington to expand the existing rail head for the West Cumbria area and certainly if cargo handling levels similar to those projected as possible by MDS’s 2001 study (c. 600,000 tonnes p.a – i.e. more than 3 times current throughput levels), then this would provide the rationale for re-organising the rail terminal facility within the Port;
   - the rail head linked to the port would fit with current sustainable transport policy;
   - the expanded rail head could provide greater scope for imports and exports from the Port (perhaps including containerised traffic).

Associated Costs

It is also important to recognise that the closure of the port would not be a ‘no cost’ option. There are potentially a number of significant statutory and financial implications that would have to be addressed to facilitate closure. These include:

- A Harbour Revision Order (HRO) and/or a Private Act of Parliament would be required to enable closure of the Port;
Potentially large contractual claims could be made by long-term leaseholders or users of the Port (copies of these leases and agreements would be required to allow proper investigation of actual implications);

The disposal of the Port and associated land would raise issues such as security, land contamination, health and safety, etc.;

The need to continue to maintain sea defences;

The need to secure the dock necessitating partial or full infilling; and,

Redundancy costs and loss of jobs in the local economy.

These costs are considered in further detail in Section 4 of this report relative to the investment options.

3.2. Potential Role for the Port

Revitalising the Port’s traditional role serving its local industrial hinterland

If closure of the Port is not considered to be an attractive option in the wider context then the core issue remains as to what role the Port will play in the future. The market review on the Port’s recent trading fortunes has been reviewed in some detail in earlier sections, but can be summarised as follows:

The Port has handled between 400,000-800,000 tonnes over most of the last 20 years;

Historically, Workington’s traffic consisted of 3 cargoes, all of which have now ceased (1960s: iron ore; 1970s: coal; 1990s: phosphoric acid);

Until now, new cargoes have always emerged to replace the old;

The most significant change in the Port’s fortune is that no new major traffic has emerged since the closure of Rhodia;

Consequently traffic has fallen from 600,000 tonnes 1996-2001 to current levels of just less than 200,000 tonnes;

Both national and regional port markets have been fairly static (+1% p.a for the last 5 years). But West Coast traffic fell at 2% p.a over same period;

Workington does not handle the 2 types of traffic which are increasing at a higher rate than the average – roro and containers – and has little chance of attracting west coast container traffic, which is concentrated at Liverpool, Clyde, Bristol and Cardiff. Workington already has a small roro berth, but no customers. Major traffic would require new berths outside the dock, but at significant capital expense;

the pool of cargo in the region is small. The only other local competing ports – Barrow and Silloth – only handle c. 400,000t.p.a. There is little scope to compete with Heysham and Fleetwood as these are roro ferry ports. Similarly, to the north, the next major port is Clyde, and the roro ports of Stranraer and Cairnryan;

The conclusion from the review of competing ports – even if Workington performs outstandingly well is that “there is not much traffic to win from similar ports in the region”.

Despite this analysis of the Port’s current position, the market appraisal report (see appendix 3) remains relatively optimistic about the future for the Port, outlining that there are “good reasons to expect higher traffic in the future”. This position is based upon the Port of Workington traditionally being an industrial port rather than a general cargo port, drawing in traffic from industrial hinterland, which is in a continual state of flux, with some plants closing but other opening.

The appraisal report describes the Port’s current position as “in a trough, having been hit recently by the closure of specific industries”. However, this trough is viewed as “atypical” and that the industrial heartland of the area remains strong with major companies including UCB.
Films, Alcan, Iggesund, Sealy, Armstrong, Voridian, Cumbrian (fish products), Brookside products, Westport and New Balance Athletic Shoes.

The market study reports that “at present these industries are not generating port activity. But they generate a large requirement for transport – for example, Iggesund and Voridian together generate over 500,000 tonnes of road and rail traffic”. A reasonable assumption therefore, is that there will continue to be the requirement for port facilities to meet the transport needs of large industrial businesses across West Cumbria.

More intensive marketing / business development activity needed

Port financial records show that historically, the port has operated on a sustainable basis where annual revenues have been around £2m per annum – in cargo capacity terms, this translates at between 300,000 to 500,000 tonnes of cargo throughput, equating to c. 350 ship visits per annum. To return to these levels of cargo throughput will require a significant change in the Port’s operational performance (2-3 times current throughput levels).

The market analysis undertaken has concluded that it is not possible to produce a reliable conventional traffic forecast for Workington. Arguably, MDS made a creditable attempt in 2001, projecting a range of potential cargoes, totalling between 520,000 and 655,000 tonnes. At current day however, three years on, few of the possibilities have actually materialised.

Financial sustainability for the Port with its current cost base (i.e. 29 operatives) necessitates that the Port return to historical trading levels and annual revenue income of c. £2m. At this level of trading the Port can generate annual surpluses of c. £400,000, and this level of surplus will be required in order to re-build the Port’s reserves which will be critical for any future decision to seek DfT approval for transferring to full Trust Port status. As such, the Port’s current downturn in activity must be viewed as ‘atypical’ (given that new cargos have, until recently, historically emerged to replace lost cargoes). The recommendation is made that more intensive efforts are needed to market the Port’s transport/handling/storage capabilities amongst the existing manufacturing business base across Cumbria in order to re-build the Port’s cargo throughput to historical levels.

A detailed analysis of the major manufacturing companies operating across the six local authority districts of Cumbria has been undertaken, classifying by two digit SIC2 code. This analysis, listing company name, business and location is presented at Appendix 5, and has been summarised below for all companies employing more than 40 staff. This shows a total of 77 companies across Cumbria, just 5 of which are using the Port. This suggests a real opportunity for more pro-active business development activity by the Port’s executive and non-executive management could be successful in helping to diversify and extend the Port’s current customer base.

---

2 Standard Industrial Classification
It is critically important for the Port to raise its marketing profile and message – in particular, promoting the opportunity that the Port offers to companies to align themselves with UK and EU policy direction towards sustainable distribution. The UK Government has recently sponsored the setting up of SeaandWater.org. This provides support for coast and short sea shipping – and this promotes Port of Workington as a key freight gateway to/from West Cumbria.

**Key Risk to this strategy position:**

The principal risk to this strategy is that it may ultimately prove necessary to accept a counter position that a structural shift has occurred in the Port’s role and capacity, and as such, cargo levels may not recover to previous historic levels. Under such circumstances, financial sustainability will only be achieved by reducing operational costs in line with the revenues that are being generated. This will require difficult political decisions to be taken to reduce the number of operatives employed at the Port.

**Longer term future prospects**

**Nuclear decommissioning**

Currently there are no definite plans for the decommissioning of Sellafield nuclear reprocessing plant and the Government has not made a long-term decision on the disposal of nuclear waste. It is however unlikely that waste will be transported out via the sea but more likely that waste will be buried, and this will require materials. There are only three aggregates quarries in West Cumbria and so seaborne supplies may be required, as well as cement that could be shipped.

**Corus**

Steel has been exported via the Port of Workington for over 100 years and up until the end of the 1990s Corus exported up to 100,000 tonnes. However, in 2001, Corus bought the Sogerail

### Manufacturing Companies Using the Port

<table>
<thead>
<tr>
<th>Allerdale</th>
<th>Copeland</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 – 100 employees: 7 companies</td>
<td>40 – 100 employees: 1 company</td>
</tr>
<tr>
<td>100 – 350 employees: 8 companies</td>
<td>100 – 350 employees: 4 companies</td>
</tr>
<tr>
<td>350+ employees: 5 companies</td>
<td>350+ employees: 2 companies (1, BNFL)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Barrow</th>
<th>Eden</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 – 100 employees: 2 companies</td>
<td>40 – 100 employees: 1 company</td>
</tr>
<tr>
<td>100 – 350 employees: 5 companies</td>
<td>100 – 350 employees: 9 companies</td>
</tr>
<tr>
<td>350+ employees: 5 companies</td>
<td>350+ employees: 2 companies</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>South Lakeland</th>
<th>Carlisle</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 – 100 employees: 1 company</td>
<td>40 – 100 employees: 4 companies</td>
</tr>
<tr>
<td>100 – 350 employees: 5 companies</td>
<td>100 – 350 employees: 8 companies</td>
</tr>
<tr>
<td>350+ employees: 1 company</td>
<td>350+ employees: 7 companies</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTALS</th>
<th>Total manufacturing Companies (40+ employees)</th>
<th>Total manufacturing Companies using the Port</th>
</tr>
</thead>
<tbody>
<tr>
<td>Across the whole of Cumbria</td>
<td>77</td>
<td>5</td>
</tr>
<tr>
<td>West Cumbria (Allerdale, Copeland)</td>
<td>27</td>
<td>4</td>
</tr>
<tr>
<td>The rest of Cumbria (excl. Allerdale, Copeland)</td>
<td>50</td>
<td>1</td>
</tr>
</tbody>
</table>

Note: Other non-'manufacturing' companies also using the Port – Simon Storage (petro-chemicals import)
rolling mill in France in order to focus on exports, whilst Workington would focus on the UK market and minor exports to Ireland. Workington export volumes were expected to decline from almost 100,000 tonnes to around 10-20,000 tonnes and employment levels from around 400-500 in the 1990s to about 150-200.

The Workington plant received additional business following the Hatfield train crash, with a moderate increase in exports to 20-37,000 tonnes. However, more recently Corus has suffered from the boom in the Chinese economy, which has increased demand for shipping and thereby increased transport prices resulting in some of Corus’s shipping costs doubling and the loss of contracts – such as 65,000 tonnes to Iran.

Within this context future prospects for the Workington plant do not seem bright for two reasons:

1. the UK steel industry has lost its market share and despite productivity improvements it is still less competitive than Eastern Europe. Consequently, UK steel exports have fallen by a third since its peak in the 1980s/1990s.

2. in the specialised steel rail sector, Corus has been criticised for mistakes at Workington. The Select Committee on Trade and Industry (March 2001) criticised Corus for opting to spend more on a French plant (£83 million) than on upgrading the Workington plant. It also criticised Corus for accepting that Railtrack should switch from UK supplies to Austrian and Italian suppliers without making a major effort to protect its domestic market. It concluded that Workington’s prospects in the medium and longer term looks “less bright”.

**Rail Traffic**

The Port of Workington has a small rail terminal, built in 1998. The terminal handles bulk cargoes and containers of between 94,000-167,000 tonnes largely inbound. MDS (2001) forecast that the rail terminal should be able to attract 600,000 tonnes when considering local conditions. In reality, rail traffic has actually declined since 2001 with the market review indicating a more realistic target would be to have annual freight traffic of 200,000 tonnes per annum.

**Robin Rigg Offshore Wind Farm**

The Robin Rigg sandbank in the Solway Firth, midway between Galloway and the Cumbrian coast, within ‘Scottish waters’ (estimated 15 miles offshore), is the subject of a proposed £200 million offshore wind farm. The proposed wind farm would consist of up to 60 turbines, extending to a height of between 62 and 76 metres from the level of high water and fitted with rotating blades of between 80 and 104 metres. It is estimated that the completed project would produce enough energy to supply 180,000 homes and would enter the national grid in Cumbria.

The Port of Workington has the space and facilities to be the land base for this facility and has offered its services to the two contractors bidding for this project from Powergen for the construction phase. It is estimated that the contract value would be between £2m-£4m in the short-term, with a long-term presence at the Port of Workington for maintenance purposes.

**Summary**

The market report states that there are “good reasons to expect higher traffic in the future”. This traffic could come from existing or new companies within West Cumbria. There is also likely to be rail freight usage of the Port, estimated at 200,000 tonnes per annum, as well as possible uses from the decommissioning of nuclear facilities at BNFL Sellafield, further demands on the Ports facilities from Corus and the potential for the establishment of the Robin Rigg Offshore Wind Farm.

### 3.3. 4 Key Elements for Change
Notwithstanding the issues identified, it is clear from the analysis undertaken, that there is a sustainable role for the Port of Workington in serving the local manufacturing base for West Cumbria, but also potentially as part of a wider network of transportation infrastructure in the North West Region. This is some way off the current position, however, given the current decline in the ports operating performance as set out in section 2.2. of this report. The overriding need therefore, will be to create new opportunities for cargos and to achieve this, the evidence overwhelmingly suggests that significant change will be required.

The approach pursued by Cumbria County Council in marketing the Port during 2003 was unsuccessful. Significant work was undertaken in assessing the condition of the Port through the MDS Transmodal report and the Port being marketed to the private sector through a prospectus. Whilst two companies put forward proposals to take over and manage the port they did not ultimately wish to invest in the port. However, it has been possible to learn from the failure of the 2003 request for proposals. The private sector has been asked for its valuation of the Port as it stands, and its response was negative. The market for the port as a whole has been tested, and the response was that it was not considered very risky.

The next step must be to go back to the drawing board and identify what approach could be expected to maximise the prospects of a reversal of the recent decline and meeting the aspirations as set out above. In addressing this need for change at the Port a structured approach to the future has been adopted that incorporates the following key aspects. These are set out in brief below and are considered in the remainder of this report. Taken together these form the development framework and investment programme for the Port of Workington.

![Figure 3.1. Structure of Change](image)

e) Governance & Management

The first element of change at the Port must be to address the way in which the Port is configured in terms of its governance and management.

It is important to recognise that institutional change is a necessary condition for revival of the Port’s fortunes. The future of the municipal ports in the UK is due to change as a result of the DfT Municipal Ports Review and the need for Workington to embrace a
new way of managing the Port’s operations is key. Set out in Section 4 of this report is an approach that seeks to broaden the management structure of the Port of Workington, bringing in additional partners and expertise. This approach has been developed in line with best practice working closely with the DfT to ensure that the proposals that emerge will place the Port of Workington at the forefront of Municipal Ports in the UK. This change in the governance and management of the Port is a critical first step in the process of changing the fortunes of Port of Workington and placing it back on a sustainable and competitive operating position.

It is unlikely, however that a change to the governing body would by itself solve the Port’s problems. There is no guarantee that a switch to a Trust, a private owner or any other set-up will increase traffic. Even if the right institutional model had been in place when the Prospectus was issued in May 2003 inviting interest from outside port operators, it is unlikely a new governing body would have been more successful in attracting interest. A different governing body would have faced the same problem as the existing body – how to attract cargo and raise revenues. Furthermore, even if the institutional change were introduced tomorrow, its impact would emerge only in the future. Winning traffic will take time.

f) Port Masterplan – Vision of the Future

In addition to the changes in management and governance proposed there is a need to set out a clear vision of the future of the port that will engender confidence and set out a long term modus operandi for the new management organisation. The port masterplan seeks to build on the current operational areas of the port and the beneficial potential areas for expansion. This takes fully into account the realities of the baseline analysis carried out in Section 2 of this report.

The Port of Workington benefits from considerable areas of land under its control/ownership. This has been identified by the DfT as a potentially significant issue for the establishing the sustainable future for the Port of Workington. As such, the masterplan seeks not only to address the operational areas of the Port, but also to address this wider land holding in a way that maximises the potential benefits of the Port estate.

Importantly, the masterplan has also been designed to tie in with the wider regeneration agendas for Allerdale, West Cumbria and the North West, ensuring that the Port’s role in the region is established and enhanced. This necessarily means building on opportunities such as the cruise terminal, road/rail interchange and leisure potential of key areas of the Port’s land holdings.

g) Investment options

Within the context of the overall Port Masterplan as established there is an overriding need to provide an action plan that will allow the new management organisation of the Port to take forward a series of priority initiatives in the short to medium term. A range of investment options for the Port have been evolved in the light of the long term vision and considered and evaluated in terms of a cost benefit analysis. These range from a do minimum option as a benchmark, i.e. what would happen to the Port should there be no investment other than that required legislatively, to the other end of the spectrum where the both the commercial and leisure opportunities of the Port are exploited.

Whilst the long term vision in the form of the Port Masterplan is necessarily more aspirational in nature, the investment options represent perhaps a more pragmatic approach in the short to medium term. The investment options are made up of a series of constituent projects that have been the subject of close scrutiny and evaluation. These robust and costed deliverables not only form the basis for the options, but also directly inform the funding plan as set out below and in Section 7 of this report.
h) Funding Plan

The final element of the development framework and investment programme for the Port of Workington is the Funding Plan. This essentially adds a further level of reality to the investment options. A thorough investigation into the potential funding sources has been undertaken and this has in turn informed a funding profile for each of the investment options. This sets out with some clarity the financial position relative to each future scenario and the likely implications for the public purse. Importantly, a funding strategy is also included to shape the way that bids are made to key bodies.
Section 4. Governance & Legal Framework

4.1 The Need for Institutional Change

In terms of governance and management of the Port, institutional change is required for several reasons as set out in Section 3 of this report. Municipal ports have a poor track record in the UK (e.g. Bristol and Sunderland) and local councils have not proved very successful in their administration. The Port does not have ring-fenced accounts and no longer has reserves. If the port is to receive funding for investment, it is necessary to create an owner which will be able to guarantee that the funds will be invested in the Port and the profits retained.

In addition, the Port’s status within Cumbria County Council is deteriorating as it no longer reports to a sub-committee in the Council. The Port now reports to the construction unit of the Council’s Contract Services Directorate, and has lost direct access to Councillors. The unit to which the Port reports has no specialised knowledge of maritime affairs. Requests for decisions on large expenditure items now take longer to reach Councillors.

4.2 Options for Future Governance

Using previous experience, analysis of existing models across the UK and beyond and by meeting with port users, a series of options for the future governance of the Port of Workington have been developed. These are set out below with the key characteristics of each summarised:

1. Status Quo - the Port stays in the ownership of Cumbria County Council
2. Sale to the Private Sector - transfer governance & management to private sector
3. Public/Public Partnership - County, Allerdale & West Lakes Renaissance
4. Landlord Port - public ownership, private operator(s)
5. Quasi-Trust Port – mixed board as a Cumbria County Council Committee
6. Trust Port – effectively a new company/board

1. Status Quo

Maintaining the status quo would see the Port stay solely in the control of Cumbria County Council with the municipal port model. The Council would retain ownership, management and risk. However, the Port would be likely to continue to be under-resourced in terms of finance and personnel and have to compete with other Council priorities. There would also continue to be limited interface between the Council and other public and private partners. Past evidence suggests that this model would not attract the private sector, and therefore the Port would remain publicly accountable.

If the Port remains within the ownership of the Cumbria County Council (or successors in title), a Harbour Revision Order (HRO) will not be required. Significant changes in relation to the management and governance of the Port will probably be required when the Department for Transport (DfT) publishes ‘The Municipal Ports Review’. Whilst the document is unlikely to be mandatory, it will set out what should be regarded as “Best Practice” and as such the County Council will be obliged to pay full and proper regard to the recommendations set out in the document.

The Port would not be subject to corporation tax, even if it does make requisite profits in the future. The Port would continue to be subject to business rates as charged by Allerdale Borough Council. However, municipal ports owned by local councils are not liable to business rates. The sum involved is sizable and may increase when a new method for calculation of business rates comes into force.
2. **Sale to the Private Sector**

Outright sale to the private sector would see the transfer of port governance and management to a single private sector company. The model was imposed on the UK’s major ports in the early 1990s and would probably ensure greater ability to attract business and return to profitability. The public sector would however lose control of the Port. This model would be difficult to achieve. Cumbria County Council has already attempted to sell the port to private operators but without success.

The Port estate would need to be transferred to a private company and precise terms of transfer would depend on the terms of sale contract, but will need to factor in TUPE, contaminated land issues and possible repayment of any grant monies received.

A Harbour Revision Order (HRO) would be required and would have to address conservancy issues. There would also need to be suitable safeguards regarding the sustainability of the Port as a private concern. Should the private company fail, the County Council may end up having to take the port back into public ownership.

3. **Public/Public Partnership**

A public/public partnership model would involve Cumbria County Council, Allerdale Borough Council and West Lakes Renaissance. The partnership would be developed on an informal basis or through an incorporated vehicle. An informal partnership would see ownership of the Port retained with Cumbria County Council and a management committee of the County Council set up in which Allerdale Borough Council and West Lakes Renaissance would participate. An incorporated vehicle would see Port ownership transferred to a new company structure so that the County and Allerdale Councils and West Lakes Renaissance would be members. A dowry would likely be required to ensure financial security.

A Harbour Revision Order (HRO) would not be required provided the partnership was set up in accordance within the parameters of the current HRO. However, if there is a proposal to transfer land or conservancy responsibility (in part or in whole to, for example, Allerdale Borough Council), a HRO would probably be required.

4. **Public/Private Partnership – Landlord Port**

Ownership of the Port would be retained by the County Council, although ownership could be shared with Allerdale Borough Council and West Lakes Renaissance within this model. The first option would have a single private sector operator for the Port (extremely unusual) and the second option would work with multiple private sector operators/handling companies. The second option is much more common in this type of model and there are already embryonic signs of this already occurring at Workington. With a private sector operator(s) on board, the public sector element of the model would retreat to a landlord/common services function (i.e. dredging, security, road and dock maintenance).

As with the public/public partnership there are numerous ways that a Public/Private partnership could work. First, there could be a two-tier arrangement whereby the County Council or a Trust would own the Port estate, but the actual operation of the Port would be contracted out to a private operator as a whole. Second, as previous, except different parts of the Port operation would be contracted out to different companies. Third, although not strictly a partnership, the Port could be split into two, namely a commercial port to the north of the river and a leisure port to the south. This could be initially under the umbrella of a single holding company or the leisure part of the Port could be sold/disposed of to either a private company or to Allerdale Borough Council.

A Harbour Revision Order (HRO) could be required, although this would depend on the precise nature of the partnership.
5. **Quasi Trust Port**

A mixed management board would be established with this model. The board could potentially comprise 50% local authority representation and 50% ‘expert’ representation. The board would operate as a committee under the Council(s). This model would require a coherent port estate and have independent accounts and decision making. No dowry would be required.

This is a model recently adopted by Truro and Penryn plus Whitstable. In reality, the name ‘quasi trust’ is a misnomer, as no trust is actually set up and the municipal owner does not divest itself of the port estate. What the quasi trust does is set up a Harbour Board which has a more independent status and decision making powers, but sits within the rules and governances of the municipal owner. Hence, in the case of Workington, the Harbour Board would continue to be subject to the rules and regulations affecting the Council, including accountancy and financial procedures.

A new Harbour Board would be set up which in reality would be a Committee of the County Council and subject to the rules and regulations affecting Council Committees. A decision would have to be made as to whether the Board had executive or non-executive powers. The Harbour Board would be set up as a ‘fit for purpose’ Board in accordance with the normal procedures of the Council in setting up a new Committee, although the wording would need to be carefully considered to ensure that the Harbour Board was given all appropriate powers.

Independent lay members could be co-opted to the Harbour Board with full voting powers (in accordance with The Local Government and Housing Act 1989). Appointments would have to be made in full compliance with the Nolan Report recommendations. Whereas the Whitstable example provided for appointment of 4 independent members (although they actually appointed 5), who all came from outside political appointments, it is envisaged that the components of the Board in the Workington case would involve Allerdale Borough Council and possibly West Lakes Renaissance.

The Port estate will remain within the ownership of the Cumbria County Council (or successors in title). However, the finances of the Port would need to be ring fenced and the County Council would also need to cover any losses incurred by the Port. As ownership remains with the County Council, the accounts of the Port would continue to be prepared in accordance with accounting standards and local government accounting regulations applicable to the public sector.

A Harbour Revision Order (HRO) would not be required provided that the quasi trust is set up in accordance within the parameters of the current HRO.

Although not a Trust, best practice dictates that full regard should be given to “The Trust Ports Review” and the recommendations should be followed insofar that they are applicable. Whether the quasi trust model as seen at Truro and Penryn or Whitstable (as suitable adapted to meet the needs and requirements of Workington) is appropriate for the medium to long-term future of Workington depends upon the outcome of the masterplan as a whole including consideration of all the economic, funding and political factors. However, there are benefits in adopting the quasi trust model as a short-term solution and as there will remain the option to adopt at a later date one of the other legal structures discussed herein. This would enable a change to be made in the short-term, which would deal with some of the problems that the Port is currently suffering,
particularly in relation to Management and Governance structures. It would also set up a Harbour Board which would be able to manage and oversee any subsequent change.

6. **Trust Port**

This model would effectively give the Port away to a new not-for-dividend independent company managed by a board on behalf of all stakeholders. It would require public sector investment to clear any backlog of maintenance work prior to transfer and likely need a two year dowry. Management of the Port would be the responsibility of a diverse group of public and private sector professionals. This model also allows for ring fencing of resources and a high degree of independence. The company would have to pay corporation tax.

Trust ports are a ‘not for profit organisation’ where all profits are ploughed back into the port. All the property and estate of the port are normally vested in the trust (although there is a possible alternative model where a port estate is leased to a trust either at a commercial rent or a ‘peppercorn’ rent). The Harbour Board created to manage the trust port will have a diverse membership and include the local council with a view to giving a wide representation of stakeholders and managers. A local example of a trust port is Lancaster (Glasson).

The perceived rationale for changing the legal status of a municipal port into a trust port is that it provides a framework for running the port that is depoliticised. The running of a commercial port is normally outside the core activity of a County or Borough Council and it allows for there to be a wider stakeholder involvement in the Port.

The port estate would normally need to be transferred to the trust and the port needs to be sustainable as a commercial entity when it is transferred. Accordingly, it will be necessary to provide a financial dowry. A Harbour Revision Order (HRO) will be required and the setting up of the trust will have to take fully into account ‘The Trust Ports Review’.

**Appraisal of Governance Options**

Set out below is a summary of the issues related to each of the governance options.
<table>
<thead>
<tr>
<th>Issues</th>
<th>'Steady State' Maintain Status Quo</th>
<th>Outright sale to Private Sector</th>
<th>Public/Public Partnership</th>
<th>Landlord Port</th>
<th>Quasi – Trust Port status</th>
<th>Full Trust Port status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercial/Financial/Economic</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Ability to attract new traffic</td>
<td>Not able to market the port as there is no support between management &amp; governance – not able to move forward.</td>
<td>Positive approach, private sector involvement is an essential prerequisite to delivering change.</td>
<td>Improved position over existing, but limited/ lack of private sector/ commercial input would be a serious constraint.</td>
<td>Improved position, as business development activity becomes a core function of private sector handling companies.</td>
<td>Involved of expert board members combined with local authority should ensure new traffic, particularly at local level</td>
<td>Involved of expert board members should ensure new traffic, particularly at local level</td>
</tr>
<tr>
<td>2. Ability to restore financial profitability</td>
<td>Unlikely as the port will be not benefit from major investment or marketing</td>
<td>As 1.</td>
<td>As 1, potential to bring additional capital investment improved.</td>
<td>As 1.</td>
<td>Improved, given private sector commercial focus.</td>
<td>Significant up front investment should ensure that option sets off on an even keel. New involvement should improve access to funding &amp; business.</td>
</tr>
<tr>
<td>3. Ability to generate economic benefits for local economy</td>
<td>As 1,2</td>
<td>Delivers both direct and indirect benefits to local economic. Thriving private sector port is a significant improvement on a well intentioned but struggling public sector operation.</td>
<td>As 1.</td>
<td>As 1.</td>
<td>Improvement of both Local Authority &amp; local Partners should ensure that benefits at local economy level are maximised</td>
<td>Evidence of Trust Ports elsewhere in UK suggests independent expert board will attract business to the port.</td>
</tr>
<tr>
<td><strong>Strategic/Political</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Policy shift required within Cumbria CC</td>
<td>No change in policy required</td>
<td>No policy shift required. Marketing of the port has already been undertaken (without success)</td>
<td>In line with CCC objective to share responsibility for the Port, given the current absence of private sector interest.</td>
<td>Requires a shift in CCC’s approach to engage with private sector, rather than a fundamental shift in policy.</td>
<td>In line with CCC objective to share responsibility for the Port, given the current absence of private sector interest.</td>
<td>No policy shift required – Council relieved of responsibility for governance, management &amp; risk.</td>
</tr>
<tr>
<td>5. Risks relative to outcome of DfT Municipal Ports Review (to be complete by Oct 2004)</td>
<td>Could potentially be vulnerable as the key ethos of ports review is to create sustainable ports. Not a publicly funded approach.</td>
<td>All risks are removed due to private sector status</td>
<td>High – Public/Public unlikely to fit with outcome of Municipal Ports Review strategy, to deliver sustainable future over long term is questionable</td>
<td>Improved over current position given involvement of private sector.</td>
<td>Could potentially be vulnerable as the key ethos of ports review is to create sustainable ports.</td>
<td>Significant number of UK Trust Ports. Sustainable port option in line with ports review.</td>
</tr>
<tr>
<td>6. Ability to access public funding</td>
<td>Can still access existing county public funding, but will require change to prove the wider regeneration case for regional/national funding.</td>
<td>Limited potential through local funding agencies, however there are still national sources e.g. ‘Marco Polo’, ‘Motorways of the sea’</td>
<td>Significant improvement over current position</td>
<td>Local level funding through the County Council. Private sector can be more innovative in accessing available funding, but where there are multiple operators, co-ordinating funding strategy may be problematic. Pre-requisite would be for public sector to address current investment backlog.</td>
<td>Additional Key Board members should ensure greater ability to access variety of funds.</td>
<td>Additional Key Board members should ensure greater ability to access variety of funds.</td>
</tr>
<tr>
<td>7. Public sector control/influence over asset retained (e.g. land)</td>
<td>Retained but only under single public sector partner. No involvement of Allerdale or WLR</td>
<td>Loss of control, possible to retain through planning controls etc and user clause, claw back. HRO would be required possible with a public inquiry.</td>
<td>Control retained. Integration of CCC/ ABC land interests - 47 -</td>
<td>CCC retains ownership of estate, but has to become more flexible in way private sector operates within the Port.</td>
<td>Assets managed and governed by independent port trust</td>
<td>Assets managed and governed by independent port trust</td>
</tr>
</tbody>
</table>
8. Fit with Allerdale’s wider regeneration agenda

- Could potentially frustrate delivery of Borough’s / Workington regional objectives as it will not be possible to transfer the necessary land without HRO.
- Relies upon private sector cooperation, likely to conflict.
- Good fit with ABC regeneration agenda to retain port as economic asset.
- Allerdale less likely to be involved in management of the Port, therefore may miss opportunity to fully integrate with Allerdale regeneration agenda.
- Will to some extent depend upon the make up of the board, however, mix of public/private interest should ensure wider perspective and involvement of Allerdale could provide route to develop key land holdings.

Independent board will have the ports economic future as a primary focus. Evidence suggests that this may be less integrated with wider regeneration aspirations.

### Constitutional

9. Ability to maximise private sector representation on a new ‘Port’ Board

- Currently no board. This could be formed with private sector representation though County Council structures.
- Entirely private sector.
- Public/Public partnership would seem to discount this, but constitutionally, no reason why private sector could not participate.
- Enhanced private sector role in Port operations should result in active private sector involvement in Port governance.
- Experience of Trust Ports elsewhere shows that the quality of the private sector members brought on board is key to success (e.g. Port of Tyne).

Experience of Trust Ports elsewhere shows that the quality of the private sector members brought on board is key to success (e.g. Port of Tyne).

### Investment

10. Ability to resolve investment / infrastructure backlog

- Existing position has in effect resulted in current investment backlog therefore unlikely to resolve it without major ‘user change’ within the council.
- Private sector sale likely to require up-front public sector investment to secure interest and then release later private sector monies.
- Improved over current position, given improved access to grant funding.
- Economic and financial justification for public sector investment in clearing current investment backlog.
- Improved position due to wider management / governance arrangement. Still likely to require significant public sector funding up front.

Up front investment coupled with 2 year dowry is a pre-requisite.

11. Public sector cost implications

- Potential to become loss making as asset cannot be worked. Projected loss (150K pa) potentially ‘rose tinted’ as public sector accounting our resent 3 year process.
- Potentially a short term capital requirement, however, long term revenue benefit to public sector benefit.
- High – public sector retains future liability for port operations.
- Up-front public sector investment.
- Up-front public sector investment, but importantly, unlike the full trusts option no dowry required. Frees Council from long terms costs/liability.

Up front investment coupled with 2 year dowry is a pre-requisite. Frees Council from long terms costs/liability.

12. Deliverability

- Relates to ‘No Change’
- Recent experience suggests sale of whole port unlikely, but option may exist for port disposal e.g. ‘Town Quay’ Non operational estate. Also possibly complicated by need for HRO & public inquiry.
- Depends upon participation by ABC/ WLR
- Would need to be tested but evidence of successful approach elsewhere.
- Should be deliverable both politically and economically.
- Quality of the board is key.
- Deliverability depends on ability to fund significant up front investment and perhaps more importantly.

Deliverability depends on ability to fund significant up front investment and perhaps more importantly.
Status Quo
The adoption of the status quo option will not lead to an improvement in the Port’s current position. The inability to attract new port operator/business and the lack of general interest from the private sector cannot be altered under this model. Furthermore, this option would continue the isolated position of Cumbria County Council in relation to the Port.

Sale to the Private Sector
Whilst this option may initially appear very attractive, it would result in the total loss of control of the Port from the public sector. In addition, once the port had passed into the private sector, it could be sold on to any interested party. Although this option would result in private sector investment in the Port, it is simply not viable in the short-term as shown by the 2003 marketing exercise.

Public/Public Partnership
Whilst this would be an improvement on the current position, the limited involvement of the private sector in this model would be a significant constraint on the future of the Port. In addition, this model would require a shift in the current local policy position and there are few, if any, examples of successful ports under this model. It is also unlikely to fit well with the DfT’s port review.

Public/Private Partnership – Landlord Port
This option could effectively bring improvement to the Port by encouraging private sector involvement in the running of operations, whilst the public sector in the form of Cumbria County Council would be able to retreat to the role of landlord but retaining overall control. However, this option works best if there are a number of private sector operators rather than a single private company and is suited to a larger port scenario where competition can be generated.

Quasi Trust Port
This option would allow the Port to bring private sector expertise into the governance and management of the Port without the loss of control that would result from a sale to private sector. It is less onerous than the move to a full trust port and as such is likely to be more realistic, at least in the short-term. In addition, it relies upon ring fencing of recourses and ties in directly with current DfT thinking within the ports review. This is the preferred option.

Trust Port
Like the quasi trust option, a full trust port has the advantage of combining both public and private sector expertise in the administration of the port. However, this option is less likely to be deliverable in the short to medium term due to the likely need for a financial dowry. It should be considered a long-term option for the port to allow Cumbria County Council to remove liability & risk before transfer.

4.3 The Way Forward - Governance Structure
It is clear that there are a number of options available regarding the long-term legal status of the Port, including remaining as a municipal port (but with the amended governance structure advised herein), becoming a trust port, privatisation etc. as outlined above.

The long term aim should be for the port to be either:

1) converted into a trust. This was the main form of port ownership in the UK before 1991. Port trusts are non-profit making bodies, with their own acts of parliament. They have boards consisting of members selected for their knowledge of industry and maritime affairs, and all their profits all being ploughed back. They have their own accounts and
complete independence in decision making. They are effectively a half way house between public and private ownership; or

2) sold to a private port company. The majority of the large ports in the UK are now privately owned. Previously the majority had been owned by trusts, but they were obliged to privatise themselves by the government from 1991 - via outright sale, MEBO, issue of shares, etc.

Neither option seems practicable at present. First, the private sector has already been approached by CCC in 2003, to submit proposals for buying the port. But whilst there was interest, there were no firm bids – reportedly because of the need for remedial investment and the uncertain prospects for cargo and revenues. Secondly, there would be problems in trying to move directly to a trust, because:

- there is a backlog of investment which has to be tackled first;
- an allowance (dowry) would have to be paid, and it would be high if losses were expected; and
- an HRO would be needed. This would be difficult to obtain if the port did not seem to be financially self-sustaining. The government is opposed to the subsidising of losses.

What is required for the Port of Workington therefore is an interim governance approach that will adjust the current position in the short to medium term but will leave the opportunity to move to a full Trust or private sector Port at a later date. The proposals set out below provide a new framework for the governance and management of the Port of Workington that is:

- Capable of being promptly brought into effect;
- Dependent upon decisions being made by the Cumbria County Council within existing local government powers and not dependent upon approval by the Department for Transport;
- Do not require a change of ownership of the port estate nor give rise to the other issues highlighted above such as provision of a dowry, TUPE etc; and
- Provide governance and management for the Port and which will provide a better focus for the port but retain full accountability to the County Council.

The Quasi Trust Port

As an interim solution it is proposed that a “quasi-trust” should be set up by the council. The aim would be to provide the same benefits and advantages as a trust, while remaining under council ownership. The quasi trust would provide a body which will be a more suitable recipient of loans, in that it can guarantee that the loans will be spent directly on the port, and its profits retained.

The intention of these interim arrangements would be to set the port on a sound footing for eventual conversion to a trust or sale to a private operator.

It is proposed that in bringing forward the Quasi Trust approach, Cumbria County Council should establish a new committee that will be known as the “Workington Harbour Board”. The Harbour Board would consist of representatives from Cumbria County Council, Allerdale Borough Council and West Lakes Renaissance, together with a number of co-opted independent members. All members of the Harbour Board would have full voting rights. The Harbour Board would have full responsibility for the governance and management of the port, and in particular, implementing future changes.

It is further recommended that the accounts of the port must be ring-fenced. Other Municipal Ports that have adopted similar type governance and management changes have adopted ring fencing of accounts. There would need to be a valuation of the Port Estate and assets and an agreed rental figure or capital return on the valuation. (see Appendix 6 for detailed financial
analysis of the Port’s existing Asset Register, and issues to be agreed by the new Harbour Board in compiling an up-date to the Asset Register).

The purpose of ring-fencing the Port’s accounts would be to ensure that the council landlord does not ‘plunder’ any future profits made by the Port. Any surpluses earned by the Port should be retained within ring-fenced accounts. Funding arrangements will need to be agreed to facilitate works required by the Port to enable it to be returned to a sustainable operation.

As the County Council is the owner of the Port, it can continue to fund losses made by the Port, subject to any issues that may arise from the Public Audit Office. This would only change if the County Council was no longer the owner of the Port. For example, the County Council would not be permitted to fund losses if the Port became a full trust, hence the need to consider a dowry if the port was to change status to a full trust. The DfT suggests that a dowry equivalent to 2 years turnover should be provided to a new trust port although this figure is on the assumption that the port structure is in a sustainable and properly maintained condition at the point of transfer.

**Composition of the Harbour Board**

There are a number of options regarding the composition of the Board. Favoured by other ports and within DfT guidelines, the Board should consist of nine members. Other issues to be considered for the composition of the Board are:

- Does the County Council wish to retain a majority on the Board?
- Does the County Council wish to have Councillors on the Board?
- How does the County Council wish to select members to serve on the Board?

It is absolutely imperative to the success of Port of Workington that the Harbour Board provides a foundation for commercial/strategic direction alongside political decision making.

The majority position at this stage should remain with the public sector, and it is suggested that this be on the basis of the overall majority afforded by representatives from Cumbria County Council, Allerdale Borough Council and West Lakes Renaissance.

It is essential that all members of the Harbour Board have sufficient interest and/or relevant skills so that they are ‘fit for purpose’ to act as Board members. The County Council could co-opt appointees for some its positions on the Board. An Independent Chairman could be supported by one sitting council member from both the County Council and Allerdale Borough Council as Joint Deputy Chairmen of the Board. The other County Council Board Members would be Council employees or appointees. These would be the Port Manager and the Marketing Manager (assuming such an appointment is made).

The effectiveness of a Harbour Board would be enhanced by the involvement of co-opted independent members who have specialist skills and knowledge. The appointment of independent members of the Harbour Board facilitates a wider pool of expertise than would be available purely from Council representation and provides for a greater representation of stakeholder interest. Whereas one or more of the independent members may have a connection with existing port users, it is essential to ensure that the members being appointed are acting in the interests of the Harbour Board rather than representing vested interests. When choosing appropriate independent members it is envisaged that the candidates would include: a representative of the current major users of the port, expertise in relation to the marketing and use of the port by industry in the West Lakes region, expertise in the leisure and fishery role of the port and other expertise of use to the Harbour Board.

The appointment process of the independent members of the Harbour Board should be in accordance with the Nolan principles. It will be necessary for there to be an appropriate advertising and interview process. Whereas the appointment would be normally for 3 years but with an annual review, it is proposed to stagger periods to ensure that members do not all come

- 51 -
up for renewal at the same time. This will allow a degree of continuity on the Harbour Board. Upon selection all successful candidates would have to give disclosure of financial interests and the County Council would need to provide them with Indemnity for Civil liability. A specimen harbour board is set out below.

<table>
<thead>
<tr>
<th>Position</th>
<th>Source of Appointment</th>
<th>Qualities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Chairman</td>
<td>Independent appointment</td>
<td>Leadership, time, ambassador</td>
</tr>
<tr>
<td>2 Deputy Chairman</td>
<td>CCC Councillor</td>
<td>As per chairman with complimentary skills</td>
</tr>
<tr>
<td>3 Deputy Chairman</td>
<td>ABC Councillor</td>
<td>As per chairman with complimentary skills</td>
</tr>
<tr>
<td>4 Public Sector Board Member</td>
<td>WLR</td>
<td>Funding</td>
</tr>
<tr>
<td>5 Public Sector Board Member</td>
<td>Port Manager</td>
<td>Management &amp; administration</td>
</tr>
<tr>
<td>6 Public Sector Board Member</td>
<td>Marketing manager</td>
<td>Marketing</td>
</tr>
<tr>
<td>7 Independent member</td>
<td>Independent appointments</td>
<td>One or more of the following:</td>
</tr>
<tr>
<td>8 Independent member</td>
<td></td>
<td>Management of harbours</td>
</tr>
<tr>
<td>9 Independent member</td>
<td></td>
<td>Shipping / transport</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commercial / industrial experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Financial expertise</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Administration</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Environment issues</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sport/ recreation use of harbour</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Local community / economy knowledge</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tourism / Leisure</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fisheries</td>
</tr>
</tbody>
</table>

Figure 4.2. Specimen Harbour Board

Miscellaneous Issues
The proposals are put forward on the basis that the County Council determines as part of the Council’s functions under the Harbours Act 1964 in respect of the Port of Workington should be reserved to the County Council and not left in default as an Executive function. Failure to do this would result in the committee being limited to Executive Committee members and the object of enabling a decision-making Harbour Board representing a wider spectrum of stakeholders would not be fulfilled.

It is important that the Harbour Board is a committee and not a sub committee to enable co-opted members to have full voting rights.

The County Council can delegate the responsibility for all matters relating to the Port of Workington subject to such reservations as the County Council wishes to set. It is proposed that the County Council should initially set out in writing a ‘Broad Policy Document’ to be adopted by the Harbour Board. It is anticipated that one of the first roles of the Harbour Board will be to prepare a Business Plan for approval at cabinet level.
The proposal for the Harbour Board is that all members, whether County Council members or not, should have full voting rights. This is permitted by the Local Government and Housing Act 1989, section 13(4) g and Regulation 4 of the Local Government (Political Groups and Committees Regulations) 1990, which specifically provides such in the case of a Harbour Authority.

It is recommended that the Board Members are paid expenses in accordance with current Cumbria County Council procedures.

**Legal and Health and Safety Audit**

There should be a Legal and Health and Safety Audit prior to the new Harbour Board taking over responsibility for the Port. The primary need for an audit arises from the potential criminal liability of Harbour Board members arising from breach of regulatory duty. Whereas the Harbour Board members will be subject to indemnity from the County Council for any civil liabilities arising during the exercise of their duties, this indemnity will not extend to criminal liabilities as this is considered to be against the public interest. It is necessary for the purposes of both the County Council and the Board Members to know what the Legal and Health and Safety position of the Port. Equally, the new Harbour Board will need to know from the outset the extent of any legal or Health and Safety deficiencies so that these can be rectified. It is recommended that the Legal and Health and Safety audits be carried out independently.

**Implementation**

Subject to approval of the proposals, a summary of the steps required for implementation is as follows:

- Documentation to be drafted and approved to enable the proposals to go through committee stages of the County Council and the Borough Council with a view to going to full Council;
- Subject to the deliberations at Committee stage, the proposals fine tuned in relation to the composition of the Harbour Board and selection of the County Council representatives;
- Discussions conducted between Cumbria County Council and Allerdale Borough Council as to the terms upon which Allerdale will be invited to participate in the Harbour Board. Similar discussions will be required vis-à-vis West Lakes Renaissance;
- Proposals formally approved by Council;
- Appointment of Council representatives on the Harbour Board;
- Appointment of the independent co-opted members of the Harbour Board. This will involve the appointment of a selection committee, advertisement of the position(s), sending out job specifications and applications to candidates, interview process (possibly two rounds depending on numbers and calibre of applicants) and appointment process including formal letter of appointments, disclosure of financial and other interests and cross undertakings and indemnities by the County Council and the Harbour Board members;
- Valuation of the Port estate and assets;
- Arrangement of first meeting of the new Harbour Board;
- Legal and Health and Safety audits of the port (see above);
- Once the Harbour Board has been set up, the Board Chairman needs to be appointed. There is a case to be made that the Chairman be appointed prior to the other independent appointments so that they can help oversee the implementation of the formation of the Harbour Board;
- Agreement of a Broad Policy Document for the Port and adoption by the Harbour Board;
• Initiating such changes as necessary to ring fence the accounts of the Port. The precise arrangements cannot be formalised until the Municipal Ports Review is studied and there has been an audit/valuation of the port estate and assets; and,
• Drafting of New Bye Laws and Terms and Conditions to reflect the changes made.

A full report on the recommendations and proposals for interim changes to governance and management at the Port of Workington is included in Appendix 1.

Section 5. The Port Masterplan – A 20 Year Future Plan

5.1. Introduction

The changes to the structure of the Port of Workington in Governance terms through the establishment of the Harbour Board will be an important first step in putting the Port back on a sustainable footing. The formal incorporation of new partners will bring with it additional expertise, potential funding and a more robust approach to the attraction of new markets and decision making processes. However, as set out in Section 3.3 above, these changes in management will not, in themselves, attract new opportunities for the Port. What is required is a vision and framework that can be taken forward by the new management structure in the short, medium and long term. The Port masterplan sets out a 20 year future plan for the Port of Workington. This is based on the identified role for the Port and seeks to build on the key opportunities and strengths to deliver a future that is both economically sustainable and fully integrated into the wider sub regional, regional and indeed national agendas.

Set out in this section of the report is the nature of this framework for the future, the principles that lie behind its evolution and the key components with a consideration of their development. Importantly, this forms the structure from which the investment options are evolved in Section 6 of this report.

5.2. Masterplan Context

It is inherent in the strategy for the future for the Port that it reaches a sustainable operating position as a financially viable commercial port. This is critical not only for the commercial position but also in allowing flexibility to move to a full Trust Port Governance. In addition, however, to attract the levels of funding required to turn around the Ports fortunes the wider role of the Port of Workington for the regeneration agenda’s at both local and regional levels must be fully exposed. Set out below is this wider context as a pre-cursor to the description of the masterplan as set out in Section 5.3.

Regional Context

The Port of Workington is located within the West Cumbria ‘Priority Regeneration Area’ as designated in the North West RES and RPG. As such, West Cumbria is a focus for support by public sector programmes for physical enhancement and economic development to help facilitate the regeneration and gradual restructuring of the local economy.
West Cumbria’s peripherality is recognised as one of its principal economic disadvantages given distance to markets and the rest of the North West region. Efforts to turn around the trading fortunes of the Port of Workington can therefore be viewed as complementary to the regeneration activities taking place in West Cumbria. The presence of a successful and active Port of Workington serving many of the sub-region’s industries and manufacturing companies must be seen as a key strategic transport artery helping to alleviate the sub-region’s distance to market.

Within the regional context, the market review identifies the Port of Workington as primarily an industrial port offering traditional trading opportunities for the import and export of goods to and from local companies. The NWDA’s maritime cluster strategy ‘Maritime North West’ sees Port of Workington as providing opportunities for further expansion of freight traffic through the Port and to act as a satellite port to attract coastal feeder services. Such a role for the Port of Workington would further support the national policy agenda to encourage the transfer of freight from road to more sustainable modes of transport such as rail and waterways.

Also, within the regional policy context the Port of Workington is seen as providing opportunities for supporting and promoting the ‘new’ growth sectors like tourism, maritime (a cruise sector study looking at the viability of developing cruise terminals at Barrow and Workington has just been commissioned by Cumbria Tourist Board) and offshore renewable energy sectors. The NWDA’s ‘Sail North West’ strategy also identifies the potential for the Port of Workington to diversify the use of the Port estate to develop the marine leisure sector – in particular, a marina development within Town Quay linked with the wider regeneration of Workington and the ‘Old Harbour’ development plans.

Wider contribution to the local regeneration agenda

Revitalisation of the Port of Workington fits with the coastal renaissance objective set by West Lakes Renaissance, and promotion of the Port for both passenger and freight services.

Within the regeneration agenda for West Cumbria, the Port of Workington provides the potential to enhance the area’s tourism offer through the development of facilities such as a cruise terminal to help open up and promote the numerous attractions and visitor destinations along West Cumbria’s coast.

This diversification of the Port’s role can be viewed as spin-off activity from its core function serving local business needs for the movement of goods and freight. The Port is an important strategic gateway to West Cumbria. It offers the opportunity to develop short sea shipping routes linked to the rail network, to diversify and expand its user base, and more longer term to provide a key transport hub/gateway to assist in the decommissioning of Sellafield.

Within the West Allerdale Regeneration Strategy, the Port of Workington is identified as a key development opportunity and regeneration driver. The strategy points to the future role of the Port to enhance its commercial activities, but also to open up the ‘Old Harbour’ area of Workington as a vibrant new residential and leisure location to be developed around the Old Harbour/Town Quay area. Longer term, there is also the potential to develop new linkages between the Port and the wider transportation network in the form of new infrastructure projects such as the outer western bypass. Although only aspirational at this stage, these links could be complementary to the aspirations for delivering the overall vision and masterplan for the Port, and will help establish better links between the Port and the rest of the West Cumbrian sub-region.

5.3. The Port Masterplan and Key Components

The masterplan for the future of the Port of Workington is based on the need to deliver the widest possible opportunities for the Port, building an enhanced commercial role as a local industrial port and developing the wider leisure and development potential of key parts of the
Port Estate. The masterplan has been developed by the project team in close consultation with the Project Steering Group. The key principles that have informed its development are as follows:

1. The need to provide a long term approach – change in the Port’s fortunes won’t occur overnight;
2. The provision of a framework for investment – The masterplan seeks to inform the focus for investment;
3. Builds on the strengths of the Port – Identified strengths for the Port of Workington such as the extensive land available sea shipping operations and rail freight facilities;
4. Ties in with the wider regeneration agenda;
5. Seeks to broaden the economic profile of the Port; and
6. Delivers planned expansion/ diversification.

The Masterplan for the Port of Workington is based on the following Vision Statement (for the Year 2010):

“The Port of Workington operating successfully as a strategic gateway into and out of West Cumbria and complementing the physical and economic regeneration of the sub-region”

In order to realise this vision the following objectives will be achieved:

• Achieving operating integrity of the Port through investment in land and infrastructure;
• Serving new commercial markets through an expansion in the customer base;
• Attracting leisure developments through the realisation of a marina and provision of better facilities for the cruise market; and
• Becoming a key transport node by investing in multi-modal facilities and encouraging better transport infrastructure in the town.

In responding to this Vision Statement and Objectives, the Port masterplan is based on developing four main elements of the PoW estate and related land.

In seeking to deliver on this aspiration, the masterplan deals with four main areas as follows:-

1. Port and Port related operations;
2. Expansion for commercial development;
3. Leisure / tourism development; and,
4. Transport infrastructure.

These are developed through a series of targeted interventions for the Port and are highlighted on the masterplan shown at Figure 5.1 below and outlined in further detail in the following pages.
1. Port and Port Related Operations

The future of the Port of Workington depends primarily on the ability to create a sustainable commercial operation at the core of the Port based around the Prince of Wales Dock and the various land and infrastructure facilities relating to this. The following are key elements of this future:

a) Core Port

The core Port area is the current and historical operational core of the Port of Workington. Focussed on the Prince of Wales Dock, the area as defined for the masterplan incorporates the 7 berths, Ro-Ro compound, harbour offices, the current rail freight terminal and Harbour Bridge. This area has been the economic lifeblood of the Port and is the commercial heart of the operating facilities.

Work carried out in 2002 and further evaluation as part of this study has identified that much of the infrastructure that makes up the core port operations is currently nearing the end of its functional life. Significant investment is required to ensure the ongoing viability of the core port
business as a first step in creating a sustainable future operating position. This investment is explored in further detail at Section 6.2 of this report relative to Investment Option 2 – Moving to a Sustainable Port.

The establishment of a sustainable commercial position at the Port of Workington must be an essential early aspiration for the masterplan. The Port has historically handled far greater levels of cargo in the past. Over the majority of the past 20 years an average of 400,000 – 800,000 tonnes has been the norm. At present the Port is in a major trough in terms of cargoes, having been hit by the closure of a number of specific industries and a range of other commercial conditions outside the Port’s control. This trough is ‘atypical’, however, and in bringing the Port back up to historic levels of operation it is important that the infrastructure is in place to accommodate this.

Notwithstanding this, it has not been possible in market terms to produce a reliable forecast for the future traffic movements necessary to revitalise the Port’s fortunes. This remains a key risk for the future masterplan and funding plan. However, the very existence of this port relies upon new cargoes coming forward and the infrastructure being in place to firstly, attract cargoes, and, secondly, to effectively service them commercially.

b) Core Port Expansion

In addition, to the core operational area of the Port as described above, there are significant areas of land associated with the core Port operations that are currently under-utilised. These relate primarily to open lay-down areas for storage and warehousing.

These areas of land and infrastructure are significant assets for the Port and have been identified as such by the DfT. The flexibility that they offer in terms of storage and operation is attractive for potential operators and should be beneficial in the attraction of new cargoes and users. On the basis that the current performance of the Port of Workington is atypical and that new cargoes will be found to bring movement up to and beyond previous levels of operation, then these areas will be the focus for expansion.

In section 3 of this report a number of potential new markets for Port of Workington are identified that could have an influence on how these Port expansion areas are used. These include Nuclear de-commissioning of the Sellafield Nuclear Processing plant, continued usage by Corus for steel based product movement and Robin Rigg offshore wind farms.

Notwithstanding these potential markets, at this stage it is difficult to predict what form this expansion of operations might take. The use of these land holdings will need to respond to the specific requirements of new users. It is likely, however, that these will relate largely to additional storage facilities both in the form of warehousing, and other forms of storage. It is not envisaged that these locations will be the focus for major commercial port-related development. Their safeguarding for core Port expansion is essential to the Port’s attractiveness in manufacturing/industrial terms.

c) Other Port Activity
Whilst not strictly part of the operational core of the Port of Workington, there are other areas of the Port estate that are home to essential port activity. This primarily relates to the petrochemical storage areas currently operated by Simon Storage. This currently occupies two plots of land in the Port, one immediately adjacent to the Prince of Wales Dock at Berth 4, and a second area immediately to the south of the main access route into the Port estate.

The movement of petroleum products represents a significant element of the total cargo handled at the Port of Workington (see Figure 2.2). Indeed, the movement of petroleum has been one of only two constant sets of traffic along with steel rail exports.

In securing the sustainable future of Port of Workington it is an essential pre-requisite that existing cargoes are protected and enhanced. The masterplan reflects this by seeking to ensure that the petroleum storage facilities are integrated into the wider masterplan aspirations as a fundamental of the Port and Port related operations.

2. Expansion for Commercial Development

There are a number of locations that, whilst they fall outside the ownership of the Port estate, could have a beneficial role to play in the future of the Port in terms of the 20-year masterplan. The possibility to deliver commercial Port related development has been an important contributor to the sustainability and offer of other UK ports and has had beneficial impacts in terms of their integration into the wider regeneration agenda. In Port of Tyne for example, new office development has been created adjacent to port operational land for port and port-related business. This has proved extremely successful and further development of this type is now being contemplated. In terms of the Port of Workington, the Allerdale Local Plan allocates two main areas for employment development in its vicinity:

- **Oldside:** Immediately to the north of the Port estate, allocated for B1 office/light industrial, B2 industrial and B3 storage and distribution.

- **Port Gateway:** Two sites at the gateway to the Port of Workington estate allocated as local employment areas, subject to high quality landscaping.

These sites are considered in turn below.

*Development of Port Gateway Sites*

These two sites straddle the access road into the Port estate from the roundabout with the A597 and A596. They form a key gateway into the Port, being highly visible from the main road. These sites have been identified as potential future port related development sites. From our investigations, these two sites are currently in nine separate ownerships. In total they extend to some 5.2ha (12.85 acres), with 4.14ha (10.2 acres) on the
southern site and 1.06ha (2.65 acres) on the northern site. Current uses on the sites include a sewage works on the southern site and some small warehouse units on the northern site.

These two sites form a key strategic development location for the Port. Straddling the access road, some form of Port related flagship development would assist in helping to anchor the Port as a major commercial operation in West Cumbria and highlight its importance as a regional economic driver. The aspiration for this site is to see Port related employment space created to capitalise on the creation of new quality commercial within such close proximity of the operational port. This could be in the form of offices with the intention being that occupiers of such a development would generate business for the Port and help improve upon its current financial position as it moves from the impending quasi trust basis to a full trust Port. Alternatively, a high quality industrial development could be created maximising the benefits of easy freight transfer, with the intention of achieving the same objective as an office development in terms of improving business prospects for the Port.

There are two notable barriers to development, which reduces the potential attractiveness of these sites and the financial viability of their delivery. The potential cost of moving the sewage works to another location could preclude this part of the site from being included in any potential development opportunity. This would mean that the southern site would be reduced to 3.25ha (8 acres). Any development on the remaining southern site would therefore need to be carefully screened from the sewage works and the very location adjacent to such an existing use could prove to make this an unattractive site to develop both from the perspective of a developer and any potential occupier.

Secondly, the availability of land elsewhere in the district (Lillyhall and Derwent Forest) and further afield (West Lakes Science Park) for employment development will influence the timing of development of commercial space and making the link with port related operators a vital selling point. Therefore due to competing opportunities the development timescale is likely to be more medium term unless brought forward by a specific port related operation. The aspiration for a Port related user/s for the sites also implies that the Port will be operating on a healthy and sustainable basis which to attract such business it would need to be. This further supports the view that the phasing of this development will be medium term and in all likelihood would not occur until the Port was operating under a full trust basis.

A further influence on the timing of development is the need for site assembly of third party landholdings. Including the sewage works, this amounts to nine separate ownerships. Given the existing supply of land elsewhere around the borough, development pressure for the land is not immediate and combined with the fact the land values do not promote immediate development, we believe that the land assembly can be undertaken in the longer term through private treaty. Should there be a more pressing need to develop as a consequence of operational needs, the support of Allerdale Borough Council could be sought to promote compulsory acquisition. It is difficult at this time to confirm or otherwise any potential issues with contamination of the sites and therefore work would be required to assess the quality of this land, especially bearing in mind the current use of part of the southern site as a sewage works.

**Port Related Business Development Site (Oldside)**

This site lies to the north of the Port Gateway Sites and is in the ownership of Allerdale Borough Council. It is allocated in the Local Plan as a local employment site for Port related uses and forms part of the employment land allocation for the borough. In total the site extends to some 8ha (19.75 acres). Although this is a cleared site, it is considered to be a brownfield site due to the historical use of the site as a steelworks. This site does have some major contamination issues resulting from its historical use as a steelworks and the cost of remediation is a major constraint to development.
The Local Plan makes a reference to the preferred type of development for this site, which include B1 (Light Industrial), B2 (General Industrial) and B8 (Storage/Distribution). These are suitable uses for the site in its current position close to a working port and would form part of the supply of general industrial land in the borough. However it would be more advantageous for the port, if port related occupiers could be sought. Given the problems associated with the gateway sites (land assembly and perception problems associated with the sewage works), this site could provide a further supply of port related land. The adopted approach would be to retain as employment land but with a presumption in favour of port related development in the first instance. This would have the benefit of supporting the sustainability of the Port and strengthen its market position on the West coast, without diminishing the long-term supply of employment land.

The stock of land both in the district and in the wider West Cumbria area as previously demonstrated is significant. A large part of this supply is focussed in existing employment locations such as Lillyhall, West Lakes Science Park and Derwent Forest which have been supported in terms of access and servicing. It is therefore extremely likely that short to medium term development will primarily be concentrated in these areas.

Market demand for this site will be dependent on two factors. The first is the take up of land in the already established locations over the next 5-10 years. If there is an increase in the take up of new space and developable land availability diminishes, then this could push developers/occupiers to considering alternative currently unestablished locations such as Oldside.

It is likely that in its current state and with current market conditions, the private sector development market will not bring forward the decontamination and redevelopment of the site. Therefore given the need to provide expansion land for port related activities and the fact this is in single ownership (Allerdale Borough Council), then it is likely that public sector funding should be used to decontaminate the site.

The intervention by the public sector would need to be supported by a marketing strategy which promotes the advantages of this port related development opportunity. There are a number of options which could be considered in terms of how the land could be offered to the market. This could include serviced plots, design and build opportunities and an element of speculative pre-built space. There is even the potential to take advantage of new practices such as Self Investment Pension Plan (SIPP) investment vehicles which allow investment in commercial property by owner occupiers for pension purposes.

3. Leisure and Tourism Development

The third element of the Port of Workington masterplan relates to the potential to tap into the emerging leisure and tourism markets for West Cumbria and the North West. For the Port of Workington there are two key opportunities in this respect. Firstly, the current feasibility study for the location of a cruise terminal in West Cumbria, and secondly the development of a marina facility at Town Quay tying into the regeneration agenda in the form of the West Allerdale Regeneration Strategy, and Sail North West.

Marina and Related Development

The development of a marina and related development is proposed as part of the overall masterplan for the Port to support both its regeneration and that of Workington as a whole. The development of a quality marina will assist in attracting new business and visitors to Workington, add value to proposed housing on Town Quay, create an attractive waterside for Workington and expand the leisure and recreational potential of the River Derwent and the Cloffocks. The marina should also provide the Port with a revenue income from the mooring...
and storage of leisure craft. A plan of the proposed marina for Workington is shown at Figure 5.2 and this is described in more detail below.

In order to accommodate a leisure marina, the existing Old Harbour between Town Quay and Merchant’s Quay would need to be dredged and half tide weirs constructed at either end to maintain water levels during low tide to prevent craft sitting on mud. The half tide weirs would maintain a minimum water level and allow craft to exit and enter the marina at high tide. One would be located near the Harbour rail bridge, the other incorporated into a new bridge structure (see below) at the upstream end of the Harbour to prevent water from draining out eastwards along Mill Stream to the River Derwent at low tide. The half tide weirs would also hide the mud in Old Harbour which is visually unattractive at low tide. In addition, an opening span would need to be provided on the harbour rail bridge to accommodate taller leisure craft, in particular sailing craft. A fixed bridge span (as existing) would severely restrict the number and quality of leisure craft accessing the proposed marina.

A system of walkway pontoons, finger pontoons, cantilever restraint piles and pedestrian link spans are proposed to accommodate 100 berths for leisure craft on the south side of the marina.

Figure 5.2. Marina Development – Initial Designs
These floating pontoons would be able to accommodate changes in water levels with the tide. Ramped access would be provided to Town Quay and each berth would be supplied with water and power. To relocate fishing vessels from Old Harbour and provide improved accommodation for sailing craft away from the Port, the sailing club would be encouraged to move to the new marina. The marina would provide improved moorings and eliminate sailing craft resting on the mud during low tide. It would also move existing leisure craft away from any air-borne dust generated by at the Port.

With the development of the leisure marina, the existing fishing boats would be relocated to the entrance of Old Harbour and to the former sailing club to create a fishing haven across from the Port of Workington. From an operational and health and safety point of view, fishing vessels and leisure craft should be moored separately. Some dredging could be carried out to enlarge and improve access to the proposed fishing haven. A new shed and workshop could also be provided on shore adjacent to the fishing haven and car parking.

Due to severance caused by the main rail line and the presence of a major overhead power line, Merchant’s Quay has little development value. However, it has substantial value as an environmental buffer between the Port and the proposed marina and residential development on Town Quay. It also has significant recreational value. With regard to the marina, it is proposed that a storage and wintering area is provided at the eastern end of the Quay and environmental improvements, in the way of substantial planting, are carried out in other areas to improve the ‘buffer’ effect. This boat storage facility would be fenced and access would be relatively infrequent. Minor maintenance could also be carried out in this area such as washing and minor repairs. A slipway to the Harbour would also be provided to allow access to and from the water and storage area. A tractor and trailer operated by the marina would be used move craft in and out of the water and around the storage area. A shed for equipment and parking for the tractor and trailer would be provided within the fenced off storage area. Existing rights of way on Merchant’s Quay would be accommodated within the plans and the existing footbridge would remain. Access over the existing level crossing is restricted and would be difficult even for the limited amount of traffic needing to accommodate the storage/wintering area. A single lane road bridge incorporating a half tide weir into the structure is proposed to provide improved vehicular access to Merchant’s Quay. The proposed bridge would also provide at grade access to Merchant’s Quay and the western end of the Cloffocks for pedestrians and cyclists.

With the lower key marina facilities located on the north side of the Harbour on Merchant’s Quay, more high profile facilities, such as the marina office, clubhouse, toilets and showers, laundry, chandlery, etc., would be located on the south side adjacent to the pontoons on Town Quay. Car parking would also be provided. Two alternative sites have been identified for these facilities. The first site is the vacant former gas works on Stanley Street (Option A). This is a prominent site adjacent to the proposed pontoons and close to the town centre. Development of the site along Town Quay would offer commanding views over the Harbour and marina. Parking could be accommodated behind a line of development along Town Quay and the marina facilities could be incorporated into a mixed-use scheme with leisure development on the ground floor and apartments on two floors above. The second site is located at the far western end of Town Quay and would accessible from either Lawson Street via Sea View or Town Quay (Option B). This site currently is currently vacant and has low development value, particularly for housing, as it is located under a power line and adjacent to a pylon and rail line. Although some distance from the pontoons and wintering area, a small single storey building incorporating only the marina facilities could be developed along Town Quay with car parking behind. This marina development could also provide a buffer between the rail line/Port and any future residential development to the east. The marina building in this location could also provide a landmark at the entrance to the Harbour.

The Environment Agency has seen the preliminary plan for the marina and did not raise any major issues. However, a full assessment of the environmental impact of the marina addressing hydrology and ecology would need to be submitted with any plans before any works were carried out.
Cruise facility

G P Wild International Limited, in March 2003, concluded within their feasibility study investigating the scope of developing and promoting Cumbria as a cruise vessel and ferry destination, that Workington was one of only two options feasible to sustain such a facility. As a result of this a study is currently underway to consider the feasibility of Port of Workington as a cruise destination along with the Port at Barrow.

There is potential for the Port of Workington to be developed into a deep-water port able to accommodate most of the world’s cruise ships. However, there are several latent barriers to its successful development. The most significant issue is the considerable investment in port facilities and infrastructure, and subsequent annual funding required. In comparison to alternative options within the region this development would require significant initial works before the facility could become operational. However, this deficiency has to be balanced against the potential of attracting other business to Workington, and the benefits to the local economy that cruise could generate.

The expectation of this would be to act as a catalyst to mutually reinforce the conglomeration of activities that will become established within the port area and possibly the wider regeneration of the town. Conceivably, the facility would enhance and even possibly shift the focus of the Port and the town towards a role as a gateway location for the Lake District, attracting national and international tourism to the whole of Cumbria, raising the profile and aspirations of Workington.

The present facilities within the port are limited and would not be able to accommodate the majority of cruise vessels operating at present due to the width of the dock gates and the length/draft restrictions. Further, the port is only accessible during high water therefore organising schedules for cruise visits is potentially limited and problematic. To accommodate a greater proportion of the future cruise vessel fleet new facilities would have to be constructed outside the Prince of Wales Dock. To ensure that the latest cruise vessels could be accommodated the proposed facility would have to comprise a berthing face 300 metres long with a dredged depth in front of the berth of approximately 8.5 metres below chart datum. For operational purposes the best location identified for the terminal is downstream of the North Jetty on the north side of the approach channel.

In terms of construction there are two possibilities, dependent upon the dredging options, which include a continuous quay or a solid waterfront. If the capital dredging can be disposed of offshore, an open suspended deck structure of similar form to the existing North Jetty would be appropriate. However, if the dredging arising could not be disposed of offshore, a solid waterfront would be appropriate. To complement the Cruise Liner Terminal parking facilities and improved access would also be necessary, which would be situated onshore adjacent to the current container park.

To ensure that the town centre can fully utilise the positive economic externalities and associated tourist derivatives from the Cruise Liner Facility it will be necessary to establish robust connections between the Terminal and the town centre through coordinated, complimentary and attractive land uses and spaces. An Environmental Impact Assessment would be necessary to investigate the likely environmental effect that the construction and operation of the facility may cause and how the negative results may be avoided and mitigated. For example, there may be implications such as shoreline erosion from ship wakes and water quality issues arising from dredging.

The expenditure required for the Cruise Liner Terminal is estimated at £17 million over a two year period in investment years 6 and 7. The parking facilities and access road would cost a
further £5 million split over the same investment years. Therefore, the overall investment required for a fully operation Cruise Facility would be approximately £22 million. In addition, investment would need to be sufficient to cover the annual maintenance costs would total approximately £760,000.

4. Transport Infrastructure

Access, both quality and quantity, is a key element in maintaining and developing the ports activity and future sustainability. The development of the Port of Workington will have direct impact on the transportation infrastructure that serves both internally within the Port estate and externally in linking with the wider highway & rail networks. In terms of the internal transportation infrastructure the big issue for the Port of Workington is the ability to accommodate and grow on the road:rail interchange facility as a core part of the port operations. Externally, the need for the Port to tie in with wider proposals for the highway network have been reflected in the masterplan. These two key elements are explained in further detail below.

Rail Freight Interchange

The Port of Workington has a small rail terminal built in 1998. This handles bulk cargoes and containers, largely inbound. Rail carried approximately 70,000 tonnes of cargo at the Port in 2003/4. The MDS study carried out in 2002 forecast that the rail terminal should be able to attract 600,000 tonnes of traffic when considering local conditions. This has not occurred and in actuality rail traffic has actually declined. Notwithstanding this, the opportunity remains for the expansion of the role of freight movements at Port of Workington. The Government’s policy of moving freight from road to rail is heavily supported by policy at all levels. Not only are national sustainable transport policies pointing in this direction, but the Cumbria Rail freight study (1999) completed by Cumbria County Council concluded that Workington had potential as a rail freight terminal.

The rail freight terminal currently operates at a central location adjacent to Berth 6. There are issues relative to the improvement of this facility and these are explored further in relation to the investment options in Section 6 of this report. There is additional potential to expand this facility in the medium term onto land to the east of the current position. Ultimately, however, if the levels of movements envisaged by MDS are to be achieved then the exploration of a dedicated road rail interchange for the site is promoted in the masterplan as a long term objective, with Port of Workington operating with Barrow to serve the rail freight traffic for the whole of Cumbria as identified in the aforementioned Cumbria Rail Freight Study.

There are issues in terms of the expansion of the rail freight operations at the Port. The main line is double track between Workington and Carlisle from where the West Coast Mainline is accessed. This line is mixed use with significant freight movements operating between Carlisle and Workington – much of which is Corus or Port related. However, as a result of outdated signalling operations are generally limited between the hours of 0600-2200. There are major capacity issues relating to increased use of the mainline with only one spare freight path within the above operating hours. In addition, there is a loading gauge which only allows containers up to 8ft 6 in height to be safely accommodated. In delivering an expanded rail freight facility at the Port of Workington therefore, the co-operation obviously has control over the delivery of internal infrastructure in the form of the dedicated rail freight interchange, the improvements necessary to the external rail network fall outside their remit. Whilst Network Rail should be lobbied to this end, it is unlikely that these investments will be made in the short to medium term and this is reflected in the more pragmatic view of this timeframe as set out in the investment options relative to rail freight.

External Road Connections

The Port of Workington generates transport activity and clearly has some impact on the transport networks, although in the recognised development control sense [higher trip generation, increased delays etc] this is minimal. However, as the Port develops, this position could change,
particularly if more significant proposals such as the Cruise facility come to fruition. The fact is that the Port of Workington part of the wider network and must therefore be considered integral to it. For example, the Port requires good quality highway links if it is to maintain customers and if it is to attract new ones. Failure to deliver this, albeit with other partners, could jeopardise the ability of the Port to secure the business needed to flourish.

The recent work completed for Workington Regeneration on the Workington Movement Study pulls together at a strategic level the key issues faced by the town. This includes routing options for strategic traffic and heavy goods vehicles, improvements to interchange, town centre accessibility, and an assessment of the Oxford Street/Jane Street corridor and the Senhouse Street area.

In terms of the strategic routing of traffic the Movement Study highlights the current problems associated with the Ramsay Brow junction and identifies three possible solutions, namely;

- **Curwen Park Long Link [cost £2.75M]**
- **Curwen Park Short Link [cost £2.10M]**
- **Ramsay Brow/Washington Street Junction Improvement [cost £0.70M]**

The objective for any improvement would be to reduce severance and the impacts of traffic (including HGVs) on the town centre and to enhance the capacity and operation of the road network in this area of the town. The study identified the Curwen Park Long Link as the preferred option, although the benefits identified in the study will have to be weighed very carefully against the adverse environmental impacts and public views. In addressing this pinch-point on the local highway network, this would help facilitate a range of wider network management options. It will also improve access for the Port along one of its key routes, alleviating congestion issues and, importantly removing the physical constraints that currently exist at the Ramsay Brow junction. For this reason the link is shown in the Port Masterplan together with improvements to the bridge access to the Port – another potential pinch point on the network.

It is important to note in the context of this wider strategic transport infrastructure that the work undertaken for this report does not conclude that the expansion of Port of Workington operations, even under the aspirations of this masterplan, would, in themselves justify the levels of traffic for this link. Rather, these would need to be taken with the wider benefits to the town of Workington as part of an integrated argument for the development of this significant piece of infrastructure investment.

The most radical proposal contained in the Movement Study is the concept of an Outer Western Bypass, which would link Derwent Drive with Delta Drive via the Port. This would be a major highway scheme, involving extensive bridgework, and is likely to be very costly. However, as part of the wider strategy for the town it does offer significant benefits. This has not been included on the Port Masterplan as the justification relative to the port operation is unlikely to be robust. This is not to say that it could not be delivered as part of a wider regeneration strategy for the town.

Advancing any future strategic transport infrastructure of this kind will require more detailed investigation to determine the feasibility, benefits, adverse impacts and costs. This future more detailed work must also link the complementary transport options and consider carefully the role of the Port within the transport system. Doing so will ensure the future needs of Port and the area of Workington are developed in tandem to best effect.
Section 6. Investment options – short/medium term priorities, outputs and indicative value for money appraisal

6.1 Introduction

Within the context of the Port Masterplan as set out in Section 5, a range of what have been termed “investment” options have been assessed for potential public sector support for the Port of Workington. In total three ‘investment’ options have been worked up, identifying their specific project requirements, rationale for undertaking and cost. A fourth option – fall-back ‘closure and redevelopment’ – has also been considered given that it may ultimately prove necessary to revert to this option and face the difficult political decision to close the Port, if a more positive intervention option carried through at this time fails to deliver the required turnaround in the Port’s operating fortunes.

These options have been arrived at following debate and refinement by the project team, with consideration given to market opportunity, cargo/berth capacity analysis, and engineering review of the key infrastructure issues within the Port judged to be in need of repair/reinstatement/replacement.

The following range of options have therefore been considered:

5. Do nothing – no investment made in port infrastructure;
6. Sustainable commercial port operations;
7. Sustainable commercial port operations and leisure (marina) development of Town Quay;

The following section provides a brief rationale for each of the projects which have been identified within the core options (1 to 3), a summary of the key projects and proposed works related to each project and an analysis of the year-by-year project expenditure programme. The tabulated analysis also includes indicative funding recommendations. This is taken forward in more detail in section 7.

6.2 Investment Options

Option 1: Reference Case – Do Nothing – no investment made in port infrastructure

Option rationale and anticipated outcomes

The ‘Do Nothing’ option is critical for defining the public sector’s minimum level of financial liability in the event that no decision is taken at the current time to undertake any capital investment in the Port’s operational infrastructure – beyond the minimum level of work considered to be absolutely necessary to meet public sector minimum health and safety liabilities.

Without commitment to invest in the operational infrastructure of the Port of Workington from the public sector, a number of potential outcome scenarios could result, and these include:

- the Dock infrastructure is now more than 80 years old and berths 1, 2 and 7 are showing clear signs of potential structural failure. Indeed berth 7 has been removed from operational use.
- the MDS report outlined that there would be the need for works on berths 1 and 2 within a 5 year timeframe. Therefore if no action is taken it would be reasonable to assume that structural failure would occur within this five-year time horizon. Given the intensity of use of both berths 1 and 2, it would be reasonable to assume that it would result in an order by the Health & Safety Executive (HSE) to close the port.
within the context outlined above there would be two potential alternatives of resolution:

- Temporary closure: re-construction of berths 1 and 2, with application to HSE to enable the re-opening of the port;
- Permanent closure: securing of the port estate and environmental remediation required by statutory agencies (e.g. Environment Agency) in respect of ground contamination (petro-chemicals, fertilisers, phosphoric acid and other chemicals). It is assumed that the site would then be sold on for redevelopment within a reasonable timeframe, say five years. The worst-case position would be that the public sector would remain liable for the long-term security of the port estate.

under either temporary or long term closure scenarios the public sector would remain liable for both public safety and for flood protection responsibility to the River Derwent and Town Quay. It would therefore be necessary to undertake infrastructure works to the riverside wall, tidal harbour and north beach retaining wall, and repair/reinforcement works to the Harbour Bridge plus the fencing off of berth 7.

Option 1: Key Projects

<table>
<thead>
<tr>
<th>OPTION 1: REFERENCE CASE – DO NOTHING SCENARIO</th>
<th>KEY PROJECTS</th>
<th>PROPOSED WORKS (YEARS 1-10)</th>
<th>RATIONALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Port Estate - Minimum Health &amp; Safety Works</td>
<td>1. Berth 7</td>
<td>Minimum cost option: repair/refurbishment of the False Quays structure to retain their propping function to the original masonry walls of berth 7.</td>
<td>Berth 7: Evidence of failure of some members and outward movement in some locations. Berth 7 has been removed from operational use. Collapse into the dock would cause underwater obstructions to berths 1, 2 and 4, disrupting the use of the Port. It is also likely that any collapse will pull away the masonry walls of the dock, as tied in. Local knowledge indicates that the design of the false quays were to act as support/protection to the original Lonsdale Dock masonry walls. The foundations of the original masonry walls are higher than that of the existing bed level of the Prince of Wales Dock. Without the false quays supporting the load of this wall it would collapse – (propeller wash/dredging/tidal action would be the catalyst for this process). WYG have advised their opinion (visual inspection of structure only) that permanent removal of the False Quays would potentially undermine the structural integrity of the original masonry walls of Berth 7, therefore removal of berth 7 false quays to prevent collapse into the dock is not possible.</td>
</tr>
<tr>
<td></td>
<td>2. Harbour bridge (non movable)</td>
<td>Structural inspection required for Health &amp; Safety issues within 1st year. Repainting of steelwork within 5 years. Fabrication and replacement of steelwork/local strengthening. Measures to remediate effects of scour – reinforcement/fill around the base of the bents</td>
<td>Northern fixed span over-painted after removal of corrosion products. No mitigating strengthening used – therefore previous refurbishment (mid 90s) has structurally weakened the bridge. Southern span previously fixed closed. Public liability given public right of way for the Coast to Coast route across the bridge. Local scour resulting from fluvial flow (River Derwent span) has reduced the depth of the river bed in the middle of the channel, undermining the structural integrity of the bridge bents.</td>
</tr>
<tr>
<td>Flood Protection Works</td>
<td>3. North Beach retaining wall</td>
<td>Local repairs in next 5 years plus additional rock armour revetment to limit overtopping</td>
<td>Generally sound condition, with some areas of local undermining. Overtopping occurs. In the event that no works are undertaken, failure of North beach retaining wall will result in flooding of this area of the Port land, most likely leading to: Table 6. Potential undermining of private sector wind</td>
</tr>
</tbody>
</table>
**OPTION 1: REFERENCE CASE – DO NOTHING SCENARIO**

<table>
<thead>
<tr>
<th>KEY PROJECTS</th>
<th>PROPOSED WORKS (YEARS 1-10)</th>
<th>RATIONALE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>turbines on adjacent land if no works undertaken.</td>
</tr>
<tr>
<td>4. Extending Sea defence works to the Riverside Wall</td>
<td>Rebuilding of original deteriorated section with new sheet piling required within next two years, and local repairs to impermeable surfacing to the rebuilt section. Installation of cathodic protection system (to protect sheet piling from accelerated low water corrosion). Sheet-piling repair within next 10 years.</td>
<td>The wall is essential to the integrity of the construction of the Prince of Wales Dock and quay area. Failure of the wall will lead to loss of operating areas and port access. The original section is now deteriorating, with signs of movement. The rebuilt section is in a satisfactory condition currently, however the top of the wall is submerged under extreme tides, washing out fill material. The gravity wall section adjacent to the Harbour Bridge requires repair within the next 10 years.</td>
</tr>
<tr>
<td>5. Town Quay repairs and River Derwent bank protection</td>
<td>Repair of remaining section of Town Quay and south wall of Tidal Basin west of Harbour Bridge, plus bank protection work to River Derwent.</td>
<td>Masonry construction at west end of Town Quay will require eventual repair, as will south wall of Tidal Basin to west of Harbour Bridge. Erosion banks of River Derwent evident.</td>
</tr>
<tr>
<td>6. South Breakwater</td>
<td>Localised repair to South Breakwater</td>
<td>Anticipated that localised repair will be necessary to South breakwater following significant storm event probable within 10 years.</td>
</tr>
</tbody>
</table>

**Temporary Closure**

| 7. Dock berths 1 and 2 are re-built to enable re-opening of the port. | Reconstruction of Berths 1 and 2 following failure event | Berths 1 and 2 play a crucial role in the ports handling capacity. They are currently in a poor state of repair and should they be taken out of use then this would have serious impacts on the operational capability of the port, notwithstanding the fact that other berths would remain open. There is current evidence of deformation of piles and columns with general spalling of underside of suspended concrete dock and degradation of dock beams. The MDS Transmodal report (2001) indicates that the structure is coming to the end of its operational life.....“at some stage within the next 5 years the operational capacity will come into question.” This opinion has been confirmed by WYG in consultation with the Port Manager. |

**Permanent Closure**

| 8. Site Security | Enhance existing site boundary fencing Employment of 24 hour security | Security management to demonstrate that reasonable precautions have been taken to protect public safety. A period of 5 years has been assumed to allow redevelopment proposals to come forward. |
| 9. Environmental Remediation | Assumption: Based on the current uses of the port, it will be necessary to undertake remediation across approximately 6Ha of the site. (Simon Storage petrochemical and a proportion of warehousing areas). | Works are required to meet likely Environment Agency concerns regarding seepage and surface water run-off. |
| 10. Prince of Wales Dock – enclosed dock integrity | Add material around the perimeter of the dock walls to protect the integrity of the dock walls to reduce the retained water height within the dock. | Rationale – maintain flood defence. The Dock gates cannot simply be pinned open to allow the Dock to ‘go tidal’ as this is likely to lead to failure of the dock walls at low water level. The dock gates either will have to continue to be operated or material (e.g. from dredging) added to the dock to support the dock walls. |

**Note: additional potential risk associated with Temporary Closure resulting from the failure of berths 1&2 (not costed).**

| 11. Structural repair work to 1 of 2 cargo handling cranes likely to be affected by the failure of berths 1 & 2 | Salvage and repair of Ino. cargo handling Nelcon crane. Estimate for brand new crane £1m. Assume salvage and repair cost at 50% of brand new cost. | Structural failure of berths 1 & 2 might result in one or both cranes falling into the Prince of Wales dock. Given that one of the cranes could be located over solid berth 3, a reasonable assumption might be that one of the cranes suffer structural damage. |
### OPTION 1: REFERENCE CASE – DO NOTHING SCENARIO

#### 10 Year Capital Project Expenditure Programme

<table>
<thead>
<tr>
<th>Project</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Port Estate Minimum Health &amp; Safety works</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£400k</td>
</tr>
<tr>
<td>1. Repair of false quays – propping function only</td>
<td>£400k</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Harbour Bridge Refurbishment</td>
<td>£116k</td>
<td>£268k</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£384k</td>
</tr>
<tr>
<td>Flood Protection Works</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. North Beach Retaining Wall</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£208k</td>
</tr>
<tr>
<td>4. Extending sea defence works to the Riverside Wall</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>[£500k (max)] £1,829k</td>
</tr>
<tr>
<td>(a) Riverside Wall Low Water</td>
<td>£901k</td>
<td>£901k</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) Riverside Wall - adjacent to dock entrance</td>
<td>£30k</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Town Quay – infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£624k</td>
</tr>
<tr>
<td>6. South Breakwater</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£120k</td>
</tr>
<tr>
<td>Temporary closure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£3,062k</td>
</tr>
<tr>
<td>7. Re-construction of Berths 1/2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£3,062k</td>
</tr>
<tr>
<td>Permanent closure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£1,221k</td>
</tr>
<tr>
<td>9. Site security</td>
<td>£120k</td>
<td>£100k</td>
<td>£100k</td>
<td>£100k</td>
<td>£100k</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£620k</td>
</tr>
<tr>
<td>10. Environmental remediation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£1,220k</td>
</tr>
<tr>
<td>11. Prince of Wales Dock – enclosed dock integrity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£300k</td>
</tr>
</tbody>
</table>

#### Annual projections

<table>
<thead>
<tr>
<th>(Temporary closure)</th>
<th>£1,447k</th>
<th>£1,169k</th>
<th>£208k</th>
<th>-</th>
<th>£3,062k</th>
<th>-</th>
<th>-</th>
<th>£120k</th>
<th>-</th>
<th>£1,121k</th>
<th>Nil</th>
<th>£500k (max)</th>
<th>£6,627k</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Permanent closure)</td>
<td>£1,447k</td>
<td>£1,169k</td>
<td>£208k</td>
<td>-</td>
<td>£1,620k</td>
<td>£100k</td>
<td>£100k</td>
<td>£220k</td>
<td>£100k</td>
<td>£1,221k</td>
<td>Nil</td>
<td>£500k</td>
<td>£5,685k</td>
</tr>
</tbody>
</table>

#### Totals (gross cost)

<table>
<thead>
<tr>
<th>Temporary Closure</th>
<th>£7,127k</th>
<th>PERMANENT CLOSURE: £6,685k</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL (Net Present Value)</td>
<td>£8,581k</td>
<td>PERMANENT CLOSURE: £5,493k</td>
</tr>
</tbody>
</table>
All costs presented as 3rd Qtr 2004 price base

1. Figures in red: WYG estimate 2004
2. Figures in blue: Posford 2002 estimate, up-dated to 2004 price base (utilising BCIS cost indices)

Note:

Other non-capital costs associated with port closure:

1. Operational losses to point of port closure (based upon assumption of 5 years at projected annual deficit of £200k). Total cost estimate - £1 million
2. Compensation to existing port users for lease terminations (Simon Storage). Total cost estimate - £20,000 (both landlord and tenant are able to terminate quickly)
3. Redundancies: estimate £200,000 (based upon analysis by Port manager), including provision for notice pay/holiday pay/early retirement
4. Project 9 assumption: long term redevelopment of Port Estate. Allow 5 years on-going 24 hour security cover.
1 - Berth 7 Repair/Refurbishment
2 - Harbour Bridge (non-movable)
3 - North Beach Retaining Wall
4 - Extending Sea Defences
5 - Town Quay Repairs & River Oranwent Bank Protection
6 - South Breakwater (not on map)
Figure 6.1  Option 1 – Reference Case
Option 2: Moving to a Sustainable Commercial Port

Option rationale and objectives

The following provides a brief summary of the background to the existing commercial operations at the port:

- The Port has handled between 400,000-800,000 tonnes over most of the last 20 years;
- Historically Workington’s traffic consisted mainly of 3 cargoes, all of which have now ceased (1960s: iron ore; 1970s: coal; 1980s: liquid sulphur & Coal; 1990s: phosphoric acid);
- Until now new cargoes have always emerged to replace the old;
- But no new major traffic has emerged since the closure of Rhodia, which led to the loss of the phosphoric acid trade;
- Consequently traffic has fallen from 600,000t in 1996-2001 to 200,000t in 2003;
- Conclusion from review of competing ports – even if it performs outstandingly well, “there is not much traffic to win from similar ports in the region;
- Despite reservations, “good reasons to expect higher traffic in the future”;
- Main reason – Workington has always been an industrial port serving industry in its immediate hinterland, rather than a general cargo port;
- At present it is in a trough, having been hit by the closure of specific industries, “but the trough is atypical”;
- Major companies in the area do not use the port – e.g. Iggesund, Voridian, UCB Films, Alcan, 600Sealy, New Balance Athletic Shoes;
- “At present these industries are not generating port activity. But they generate a large requirement for transport – e.g. Voridian and Iggesund together generate over 500,000t of road and rail traffic.

Port financial records show that historically, the port has operated on a sustainable basis where annual revenues have been around £2m per annum – in cargo capacity terms, this translates to between 300,000 to 500,000 tonnes of cargo throughput, equating to c. 350 ship visits per annum. To return to these levels of cargo throughput will require a significant change in the Port’s operational performance (2-3 times current throughput levels).

The market analysis undertaken has concluded that it is not possible to produce a reliable conventional traffic forecast for Workington. MDS made a creditable attempt in 2001, projecting a range of potential cargoes, totalling between 520,000 and 655,000 tonnes. At current day, 3 years on, few of the possibilities have actually materialised.

Financial sustainability for the Port with its current cost base (i.e. 29 operatives) necessitates that the Port return to historical trading levels and annual revenue income of c. £2m. At this level of trading the Port can generate annual surpluses of c. £400,000, and this level of surplus will be required in order to re-build the Port’s reserves which will be critical for any future decision by the Harbour Board (most likely in Years 5-10) to seek DfT approval for transferring to full Trust Port status. As such, the Port’s current downturn in activity must be viewed as ‘atypical’ (given that new cargos have, until recently, historically emerged to replace lost cargoes). The recommendation is made that more intensive efforts are needed to market the Port’s offer amongst the existing manufacturing business base across Cumbria in order to re-build the Port’s cargo throughput to historical levels.

It is however important to recognise that there is a risk associated within this recommended strategy - which it may ultimately prove necessary to accept a counter position that a structural
shift has occurred in the Port’s role and capacity, and as such, cargo levels may not recover to previous historic levels. Under such circumstances, financial sustainability will only be achieved by reducing operational costs in line with the revenues that are being generated. This will require difficult political decisions to be taken to reduce the number of operatives and directly employed workforce employed at the Port.

This option also fits existing strategic transport policy supporting the movement of freight from the road on to water and rail. The strategic opportunity is to promote the Port’s role for water and rail transportation to establish the Port of Workington as a key freight gateway to/from West Cumbria. Achieving the commercial sustainability of the Port will provide further opportunity for the expansion of freight traffic through the Port to establish its position as a satellite port for coastal and short-sea shipping.

Option 2: Key Projects

<table>
<thead>
<tr>
<th>KEY PROJECTS</th>
<th>PROPOSED WORKS (YEARS 1-10)</th>
<th>RATIONALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Port Estate Health &amp; Safety Works and Flood Protection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-6. Projects 1-6 at the docks as per option 1</td>
<td>See above</td>
<td>See above</td>
</tr>
</tbody>
</table>

Note however:
1. The rationale for reinstating Berth 7 on cargo capacity handling terms is difficult to fully justify for cargo throughputs up to 500,000 tonnes p.a through the Port. Although from discussions with the Port Manager, it is clear that there is a sound practical case for arguing that a reinstated Berth 7 would provide greater flexibility for the Port’s day-to-day cargo handling operations, for a target handling capacity of 500,000 tonnes p.a, it is not considered that there is a sufficiently robust capacity case to underpin a proposal to fully reinstate the false quays of Berth 7. WYG have considered refurbishment options and have advised that there is a same/similar cost option as for option 1 to structurally strengthen the false quays, and at the same time enable their re-use as a lay-by berth capable of supporting light loads.

2. Works to Harbour Bridge would be configured differently (see project 7 below).

Port Operational Area

<table>
<thead>
<tr>
<th>KEY PROJECTS</th>
<th>PROPOSED WORKS (YEARS 1-10)</th>
<th>RATIONALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Harbour Bridge</td>
<td>Early decision required on the design and reconstruction of Harbour bridge, given options: 1. Remove bridge (allows marina use of Town Quay) 2. Fixed bridge (opportunity cost – no marina) 3. Swing bridge (to allow for access by leisure craft to Town Quay)</td>
<td>The bridge was constructed in 1927 connecting Port of Workington to ‘Derwent Howe’ – the industrial area to the south of the River Derwent. There is evidence of loss of river bed material around the bottoms of concrete trestles supporting the viaduct. Corroded material has been removed at last re-painting with a consequential loss of thickness of the original steelwork. Rationale arguments for public funding for reconstruction of Harbour Bridge include: 1. West Allerdale Regeneration Plan highlights revival of the industrial area to the south of the River. Harbour Bridge connects this area with the Port, and would be a strategic loss if reconstruction works are not progressed. (Notwithstanding this, projected traffic movements to/from a sustainable port operating at 300,000 – 500,000 tonnes p.a would not justify construction of a new road bridge connecting Derwent Howe with the Port, and then beyond effectively providing a loop road around the Town Centre (an aspiration referred to within the West Allerdale Regeneration Plan). 2. Re-construction for continued access by Corus to the Port (possibly difficult to support on State Aid grounds, and given that Corus could theoretically continue to access the Port by using the main line (although timetabling may be problematic). 3. Public Realm – the bridge provides a strategic linkage as part of the Coast to Coast cycle route. Removal likely to cause</td>
</tr>
</tbody>
</table>
### OPTION 2: SUSTAINABLE COMMERCIAL PORT

<table>
<thead>
<tr>
<th>KEY PROJECTS</th>
<th>PROPOSED WORKS (YEARS 1-10)</th>
<th>RATIONALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. Re-construction of Berths 1 &amp; 2</td>
<td>Rebuild Berths 1 and 2 within next 5 years</td>
<td>Berths 1 and 2: Deformation of piles and columns with general spalling of underside of suspended concrete deck and degradation of deck beams. The MDS Transmodal report (2001) indicates that the structure is coming to the end of its operational life....“at some stage within the next 5 years, the operational capacity will come into question”</td>
</tr>
<tr>
<td>9. Existing container park hard-standing</td>
<td>Improvement to existing concrete slab and drainage system to be installed to present container compacted fill hardstanding area</td>
<td>Rutting of compacted fill of adjacent container hard standing area (health &amp; safety issue). Key customer (Voridian) is also complaining about potential contamination of its product in containers set down in this area (improvement needed to drainage system).</td>
</tr>
<tr>
<td>10. Expansion of existing road/rail freight facility hard-standing alongside berths 5 &amp; 6</td>
<td>Expansion of concrete hardstanding alongside berths 5 &amp; 6</td>
<td>Current cargo throughput through road/rail freight terminal: 60,000-100,000t p.a (bulk cargoes) and 3,000 container units p.a. Sustainable position: doubling of rail freight cargo throughput, as part of diversification strategy for the Port, optimising capacity through the road/rail freight terminal.</td>
</tr>
<tr>
<td>11. North Jetty phases 4 &amp; 5</td>
<td>Repair of concrete structure</td>
<td>North Jetty is critical for providing shelter and depth of channel for vessels entering the Port of Workington, providing a turning basin in front of the entrance to the Dock, and acting as protection to the Dock Gates against build up of beach material and wave action. Phases 1 &amp; 2 completed in 2000 (seaward end of the jetty). The MDS Transmodal report pointed to continued degradation of the landward end of the jetty and therefore the need for repairs within a 3-5 year period.</td>
</tr>
<tr>
<td>12. Nelcon cargo cranes</td>
<td>Replacement of electrical operating systems</td>
<td>Survey conducted by Kelmar in 2003 on crane condition (14 years old). Kelmar have recommended that electrical operating system is replaced due to obsolescence of the existing electrical operating system (no spares now available)</td>
</tr>
<tr>
<td>13. Reach stacker</td>
<td>Replacement of reach stacker once it reaches the end of its operational life (currently 6 years old). Assume Year 5.</td>
<td>To ensure/underpin sustainable operation of the rail freight facility. Assume replacement necessary at Year 5.</td>
</tr>
<tr>
<td>14. Pilot vessel / tug</td>
<td>Replace tug in Year 9.</td>
<td>Pilot vessel/tug was built in 1993. Assume lifespan of tug 20 years</td>
</tr>
<tr>
<td>15. Dock gates</td>
<td>Refurbishment of seals and seal housings in Year 4</td>
<td>No refurbishment has been undertaken for 20 years. Without the dock gates fully operational, the Port cannot operate.</td>
</tr>
</tbody>
</table>

Note: Berth 4 was refurbished in 2002 for liquid bulk cargoes (light use only). The MDS Transmodal report indicated a cost of £2m to re-build berth 4 for general cargo. However, Berth 4 was reconstructed for light cargo in 2002 at a reduced cost of £870k.
### OPTION 2: SUSTAINABLE COMMERCIAL PORT

#### 10 Year Capital Project Expenditure Programme

<table>
<thead>
<tr>
<th>Project</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>WLR / NWDA</th>
<th>DEFRA</th>
<th>DFT</th>
<th>EU</th>
<th>Harbour Board</th>
<th>Local partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects 1-6 as per Option 1</td>
<td>£1,447k</td>
<td>£1,169k</td>
<td>£208k</td>
<td>£120k</td>
<td>£1,121k</td>
<td>£1,462k</td>
<td>£1,141(k)</td>
<td>£1,141(k)</td>
<td>£1,462k</td>
<td>£1,462k</td>
<td>£1,462k</td>
<td>£1,462k</td>
<td>£1,462k</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less Harbour Bridge (see 7. below)</td>
<td>(£116k)</td>
<td>(£268k)</td>
<td>(£192k)</td>
<td>(£192k)</td>
<td>(£192k)</td>
<td>(£192k)</td>
<td>(£192k)</td>
<td>(£192k)</td>
<td>(£192k)</td>
<td>(£192k)</td>
<td>(£192k)</td>
<td>(£192k)</td>
<td>(£192k)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Harbour Bridge (early decision required on fixed bridge or swing bridge)</td>
<td>£100k</td>
<td>£754k</td>
<td>£1,832k</td>
<td>£100k</td>
<td>£754k</td>
<td>£1,832k</td>
<td>£754k</td>
<td>£754k</td>
<td>£754k</td>
<td>£754k</td>
<td>£754k</td>
<td>£754k</td>
<td>£754k</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Re-construction of Berths 1 &amp; 2</td>
<td>£3,062k</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£766k</td>
<td>£1,531k(a)</td>
<td>£766k</td>
<td>£766k</td>
<td>£766k</td>
<td>£766k</td>
<td>£766k</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. New container park hardstanding</td>
<td>£150k</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£150k</td>
<td>£150k</td>
<td>£150k</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Expansion of existing road/rail freight facility hardstanding alongside berths 5 &amp; 6</td>
<td>£289k</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£72k</td>
<td>£144.5k(b)</td>
<td>£72k</td>
<td>£72k</td>
<td>£72k</td>
<td>£72k</td>
<td>£72k</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. North Jetty phases 4 &amp; 5</td>
<td>£462k</td>
<td>£462k</td>
<td>£462k</td>
<td></td>
<td></td>
<td></td>
<td>£693k</td>
<td></td>
<td></td>
<td></td>
<td>£693k</td>
<td>£693k</td>
<td>£693k</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Nelcon cargo cranes</td>
<td>£280k</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£280k</td>
<td>£280k</td>
<td>£280k</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Reach stacker</td>
<td>£300k</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£300k</td>
<td>£300k</td>
<td>£300k</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Pilot vessel / tug</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£500k</td>
<td>£500k</td>
<td>£500k</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Dock gates</td>
<td>£150k</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£75k</td>
<td>£75k</td>
<td>£75k</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual projections</td>
<td>£1,481k</td>
<td>£1,936k</td>
<td>£3,013k</td>
<td>£208k</td>
<td>£901k</td>
<td>£3,824k</td>
<td>£462k</td>
<td>£120k</td>
<td>£500k</td>
<td>£1,121k</td>
<td>£3,808k</td>
<td>£1,141(k) (max)</td>
<td>£1,750k (max)</td>
<td>£800k</td>
<td>£4,132k</td>
<td></td>
</tr>
<tr>
<td>Totals (Gross costs)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Remove Bridge option £9,899k; Fixed Bridge option £10,533k, Swing Bridge option £11,631k</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Totals NPV

Remove Bridge option £8,744k; Fixed Bridge option £9,376k, Swing Bridge option £10,418k
(a) Conditional on the revival of traffic with marketing input.
(b) FFG for rail.
(c) DEFRA grant at 45%

All costs presented as 3rd Qtr 2004 price base

1. Figures in red: WYG estimate 2004
2. Figures in blue: Posford 2002 estimate, up-dated to 2004 price base (utilising BCIS cost indices)

N.B. Please note additional non project expenditure of £117k per annum for maintenance of infrastructure (assumption: to be funded from sustainable revenues going forward).
Figure 6.2 Option 2 – Moving to a Sustainable Commercial Port
Option 3: Moving to a Sustainable Commercial Port AND Exploiting the Leisure Potential of the Port Estate

Option rationale and objectives

Under this option the objective is to move the Port back to a sustainable commercial position as for Option 2, maximising the Port’s commercial role within the sub-region serving the Port’s existing users (such as BNFL, Simon Storage, Corus) and expanding its customer base by working to attract new commercial users, and optimising strategic opportunities (Robin Rigg, Sellafield de-commissioning). As for option 2, this would seek to bring the Port back to its previous levels of sustainable usage.

To achieve sustainability, the key will be finding new cargoes from within the industrial hinterland served by the Port. A key recommendation is again made that the existing operational management of the Port needs to be supported by a full-time dedicated marketing/business development manager. Analysis shows that there are a significant number of manufacturing industries in the sub-region that do not use the Port (see tabulated analysis within Appendix 5).

In addition to efforts to revitalise the commercial fortunes of the Port, Option 3 seeks to encourage and diversify the use of the Port’s landholdings to develop Town Quay for marina usage. The ability to control and affect cleaner operations at the Port will be important in the delivery of this second key element of this option. A marina development within Town Quay offers the potential to significantly improve the environment along Town Quay by permanently impounding and maintaining a minimum water level within Town Quay (by two half-tide weirs), and to better integrate and catalyse the redevelopment of this historic part of the town for leisure and residential use, linking directly with the town’s wider regeneration agenda to deliver leisure use along the Derwent Valley as part of the West Allerdale Regeneration Strategy.

Option 3: Key Projects

<table>
<thead>
<tr>
<th>KEY PROJECTS</th>
<th>PROPOSED WORKS (YEARS 1-10)</th>
<th>RATIONALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Port Estate Health &amp; Safety Works and Flood Protection</td>
<td>1-6. Projects 1-6 at the docks as per option 1</td>
<td>See above</td>
</tr>
<tr>
<td>Note however:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. maintenance works to Town Quay likely to be brought forward as part of construction of a marina</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. works to Harbour Bridge would be configured differently (see project 7 below)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Port Operational Area</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7-15. Projects 7-15 as per option 2, although Harbour Bridge (project 7) reconstructed as Swing Bridge</td>
<td>See above</td>
<td>See above</td>
</tr>
<tr>
<td>Town Quay/Marina</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Marina vehicular access and half-tide</td>
<td>Construction of a new vehicular access</td>
<td>The use of the north side of Town Quay for boat storage and repair will require new access in the form of a vehicular bridge across the quay. This</td>
</tr>
<tr>
<td>Description</td>
<td>Details</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>17. Development of a half-tide weir (northern end) to retain minimum water levels in Town Quay</td>
<td>The use of Town Quay for leisure boating activity will require a minimum water level to be retained.</td>
<td></td>
</tr>
<tr>
<td>18. Dredging of Town Quay to facilitate leisure boat usage</td>
<td>The use of Town Quay for leisure boating activity will require a minimum water level to be retained.</td>
<td></td>
</tr>
<tr>
<td>19. Marina infrastructure.</td>
<td>Town Quay tidal harbour basin remains semi-tidal post weir construction. Floating pontoon moorings required to accommodate the variation in water levels.</td>
<td></td>
</tr>
<tr>
<td>20. Fishing haven for fishing harbour area</td>
<td>Removal of fishing boats from Town Quay to facilitate marina development.</td>
<td></td>
</tr>
<tr>
<td>21. Town Quay repairs and River Derwent bank protection</td>
<td>Masonry construction at west end of Town Quay will require eventual repair, as will south wall of Tidal Basin to west of Harbour Bridge. Erosion banks of River Derwent evident.</td>
<td></td>
</tr>
<tr>
<td>22. Development of clubhouse and facility</td>
<td>Key marina infrastructure components.</td>
<td></td>
</tr>
</tbody>
</table>
## OPTION 3: SUSTAINABLE COMMERCIAL PORT AND LEISURE USE OF TOWN QUAY

### 10 Year Capital Project Expenditure Programme

<table>
<thead>
<tr>
<th>Project</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>WLR / NWDA</th>
<th>DEFRA</th>
<th>DFT</th>
<th>EU</th>
<th>Harbour Board</th>
<th>Local partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects 1-6 as per Option 1</td>
<td>£1,447k</td>
<td>£1,169k</td>
<td>£208k</td>
<td>£120k</td>
<td>£1,121k</td>
<td>£1,462k</td>
<td>£1,141k (c) (max)</td>
<td>£1,462k</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less Town Quay repairs (see 21. below)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(£624k)</td>
<td>(£312k)</td>
<td>(£312k)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less Harbour Bridge (included as project 7 Below)</td>
<td>(£116k)</td>
<td>(£268k)</td>
<td></td>
<td></td>
<td></td>
<td>(£192k)</td>
<td>(£192k)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projects 7-15 as per Option 2</td>
<td>£150k</td>
<td>£2,112k</td>
<td>£901k</td>
<td>£3,824k</td>
<td>£462k</td>
<td>£500k</td>
<td>£2,537k</td>
<td>£1,750k</td>
<td>£800k</td>
<td>£2,861k</td>
<td>£162k</td>
<td>(max)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjust for WLR also sharing cost of swing bridge with LA partners</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£162k</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Town Quay/Marina

| 16. Marina vehicular access and half-tide weir (southern end) | £120k | | | | | £60k | £60k |
| 17. Development of a half-tide weir (northern end) to retain minimum water levels in Town Quay | £370k | | | | | £185k | £185k |
| 18. Dredging of Town Quay | £257k | | | | | £128k | £128k |
| 19. Marina infrastructure (100 berth pontoons, boat storage area, slipway and hoist) | £524k £524k | | | | | £524k £524k |
| 20. Fishing Haven | £300k | | | | | £150k | £150k |
| 21. Town Quay / Derwent repairs | £265k £208k £208k | | | | | £340k £340k |
| 22. Development of clubhouse and facility | £455k | | | | | £228k £228k |

### Sub-total commercial port (projects 1-15) £1,481k £3,013k £208k £901k £3,824k £462k £120k £500k £497k £3,658k £1,141k £1,750k £800k £3,658k

### Sub-total marine leisure (Town Quay) (Projects 16-22) £257k £265k £1,522k £1,187k | £1,615k | £1,615k |

### Annual projections £1,738k £3,278k £1,730k £2,088k £3,824k £462k £120k £500k £497k £5,273k £1,141k (max) £1,750k (max) £800k £5,273k

### Total (Gross cost) £14,237k

### Total NPV £12,993k
N.B. Please note additional non project expenditure of £117k per annum for maintenance of infrastructure.

Cargo Handling – the method(s) for addressing this will be dependant upon the future cargo types, and the appropriate optimum set up will require more detailed investigation. For the purposes of this study we have indicated a figure in the range between £0.5M and £1M.

Town Quay dredging estimate will require a bathometric survey to allow the required material to be removed to be calculated. In the absence of this information we have assumed a uniform depth of material of 2m over an area measuring 450m by 50m. A dredging rate of £6/m has been adopted, which assumed all material is dumped at sea. Given the limited data available the figure estimated should only be used as a guide and a detailed bathometric survey should be undertaken. The same principal applies to the proposed Fishing Haven.

Please note additional maintenance dredging costs of £15k per annum for the Town Quay Marina and the Fishing Haven – based on 5% of initial dredging capital costs.
Figure 6.3  Option3 – Sustainable Commercial Port and Leisure
Option 4: Fallback position – closure and redevelopment

Option Rationale

The cessation of commercial operations at the Port would require the site to be considered for redevelopment in order to deliver an appropriate exit strategy for the public sector. The closure of the Port would therefore provide an opportunity for a fundamental re-think for the Port’s estate in land use terms.

Existing site uses are constrained by the existing Local Plan that runs to 2011, however, the forecasted timeline for any Port closure would be towards the end of the Local Plan period and therefore use options considered are those that may be attractive to the market but for which the current planning guidance does not address. Despite existing planning policy constraints there are a range of potential development opportunities that may be attractive to the market including residential, retail in the form of a factory outlet type operation and leisure facilities.

Housing Development

In terms of residential policy until the end of the Local Plan period in 2011, the allocation for new housing in the district is less than the current level of development ongoing. The principle of residential redevelopment should be supported since the port commercial activity will have ceased and the site will be considered as a brownfield location. The timescale for the potential redevelopment of the Port land would not see development commence until 2014 at the earliest, which is outside the current Structure Plan projection. Any residential development would therefore be dependent upon allocations made through a new Plan. However, a residential development around a leisure marina of the Prince of Wales Dock could be an attractive proposition given its coastal position and setting around a marina environment.

Retail Development

Retail redevelopment on part of the Port estate would have implications for the retail hierarchy in West Cumbria and, importantly for the newly enhanced Workington town centre. However in the event that commercial operations cease, this site will provide a major regeneration opportunity for West Cumbria and the Western Lake District. Factory Outlet Centres (FOC) are tourist attractors in their own right and any development of this kind could potentially lead to an increase in tourist numbers coming into the Western Lake District area and increase visitor numbers to Workington itself. A FOC could be developed in a similar way to the Freeport in Fleetwood, which is focussed around an old dock, with the dock also now used as a marina for leisure craft. In this respect, an FOC could deliver a significant boost to the area.

The timing of any such closure and potential major development would be some time after the current redevelopment of Workington town centre is complete. Also the type of operators attracted to a FOC are discount orientated operators that sell end of range stocks, therefore it may complement the retail offer in the town. Detailed shopping expenditure and retail spend analysis would need to be undertaken to assess the economic impact on the town centre and the Dunmail Park out of town shopping complex.

There has been no assessment of the commercial attractiveness of the retail potential on this site, but experience of other outlets indicate that the critical factors will be catchment within defined drive time and the anticipated growth in visitor numbers to the Western Lake District.

Summary

Given that any potential development period is some way off, further work would need to be undertaken on the future economic profile of the area. However, given the location and existing economic profile of the area, the rationale for future uses of the Port must include consideration of the feasibility of a tourist based attraction and residential development in a coastal setting. In the event of the closure of the Port, this site would need to be considered in a regional context rather than within the existing local planning framework and be based upon the creation of a critical mass of activities that are commercially attractive.
6.3 Indicative Outputs assessment

Direct and indirect job outputs

The total direct and indirect job outputs associated with each of the 3 investment options are projected as follows in table 6.1 below. Table 6.2 overleaf considers employment impact at the Cumbria spatial area, and summarises the assessment of net additional job outputs for each option.

<table>
<thead>
<tr>
<th>Table 6.1: Estimates of new gross jobs (direct and indirect outputs)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct jobs</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Management / supervision (incl. Marketing)</td>
</tr>
<tr>
<td>Marine ops/engineering</td>
</tr>
<tr>
<td>Cargo handling/container /warehousing</td>
</tr>
<tr>
<td>Marina operations / chandlery</td>
</tr>
<tr>
<td>Boat repair</td>
</tr>
<tr>
<td><strong>TOTAL JOBS (DIRECT)</strong></td>
</tr>
<tr>
<td><strong>Indirect jobs (outsourced port operations / port-related businesses)</strong></td>
</tr>
<tr>
<td>Pilot</td>
</tr>
<tr>
<td>Security</td>
</tr>
<tr>
<td>Ships agents</td>
</tr>
<tr>
<td>EWS Rail</td>
</tr>
<tr>
<td>RNLI</td>
</tr>
<tr>
<td>Simon Storage / CPL</td>
</tr>
<tr>
<td>Other - port-related businesses on port expansion land</td>
</tr>
<tr>
<td><strong>TOTAL JOBS (INDIRECT)</strong></td>
</tr>
</tbody>
</table>
1. Indirect procurement activity – assumptions based upon projections within MDS Transmodal study, 2001

2. Deadweight jobs position presented by the Reference Case, option 1 have not been deducted due to short-term safe-guard position only (see more detailed explanation below).

Table 6.2 above presents the summary of employment impact for each of the three options at the spatial area of Cumbria. Appendix 6 presents tables 1, 2 and 3 indicating the detailed analysis of gross to net employment position at three spatial areas (Allerdale borough, Cumbria, and NW region) considering leakage, displacement and multiplier effects.

It has been argued within the options analysis that the anticipated outcome from Option 1 Do Nothing is likely to be the permanent closure of the Port by the end of Year 5. No action now, will simply defer the difficult political decision to close the port. In this event, all the jobs presented within Table 6.2 above as the safe-guarded employment position would be lost. Therefore, in net additional terms, the 41 safe-guarded jobs for Option 1 have not been deducted from the projections for options 2 and 3 in order to derive net additional jobs for these two more positive intervention options.

6.4 Options appraisal and recommended approach

Appraisal criteria – towards a preferred option

The criteria used to move from the long-list to a recommended short-list of options for full appraisal are:

- **Strategic contribution** – based on the relative contribution of each option to regional, sub-regional and local economic development/regeneration agendas;

- **Financial and funding assessment** – based upon the quantum of total gross public sector costs for the delivery of each option (i.e. highest gross cost option scores least, given that it is assumed that this will significantly reduce the likelihood of total funding requirement being achievable;

- **Market feasibility** – based upon the review of the Port’s prospects for growth in the context of the review of national and regional port markets;
• **Deliverability** – based on issues such as timing, the severity of risks, engineering constraints and the degree of control. In scoring each option, funding issues are excluded (considered within financial and funding assessment) – clearly availability of funding will ultimately determine whether an option can be delivered or not; and

• **Regeneration/economic impact** – based on the estimates of job projections, the medium/long term safe-guarding of employment in local companies that would otherwise be affected by closure of the port, and the loss of this key strategic transport gateway to West Cumbria.

The options are scored against each of these criteria on a range of 1 to 5 (where 1 is very poor/low, 3 is neutral/medium, 5 is very good/high).

The scores have been established through consideration of the relative merits of each of the options. Typically, a score of 5 is given for the option with the highest level of a quantified indicator (e.g. receipts), or because it is judged most likely to meet the assessment criterion. Scores for the other options are then derived by comparing their quantitative or qualitative performance with the best performing option against that criterion.

Given the importance of the Port as a strategic infrastructure component for the Cumbria/West Cumbria sub-region, and therefore importance in terms of economic development potential, a weighting of +100% has been applied to the scores assessed against ‘Strategic fit/contribution’, ‘Financial and funding assessment’ and ‘Regeneration Impact’. The maximum score any one option could theoretically achieve is therefore 40. Table 6.3 below sets out the results of this broad-brush assessment.

The key highlights from Table 6.3, in terms of the ranking of options:

Option 3 is clearly identified as the option recommended to be taken forward, given that it scores highest overall, even though it is the highest cost option and therefore scores lowest in terms of requirement for public sector funding. It is considered however that this option offers a ‘best fit’ in terms of strategic fit/contribution to local and sub-regional regeneration agendas and overall, over time is more likely to help achieve progress towards the delivery of the overall masterplan vision for the Port outlined within section 5.

* weighted appraisal criteria + 100% (i.e. maximum score 10)
Indicative value for money assessment

Table 6.4 below presents an indicative value for money assessment (VFM) for each of the three options, based upon an analysis of total gross costs and gross marginal ‘option’ costs and net additional jobs.

<table>
<thead>
<tr>
<th>Options</th>
<th>Gross Capital Costs (£)</th>
<th>Gross Revenue support (capitalised over 5 years)</th>
<th>Compensati on to existing Port Users + redundancies</th>
<th>Total Gross Costs (£)</th>
<th>Gross marginal option costs (i.e. deduct reference case)</th>
<th>Net local jobs</th>
<th>Net additional local jobs</th>
<th>Gross cost per net additional local job</th>
<th>Gross marginal ‘option’ cost per net additional local job</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1 Do Nothing REFERENCE CASE Result: Closure</td>
<td>£6.19m</td>
<td>£1.0m</td>
<td>£0.22m</td>
<td>£7.41m</td>
<td>N/A</td>
<td>41* (short-term safeguard only)</td>
<td>N/A</td>
<td>£180,700</td>
<td>N/A</td>
</tr>
<tr>
<td>Option 2 Quasi-Trust proposal Sustainable commercial port</td>
<td>No bridge: £9.89m Fixed Bridge: £10.5m Swing Bridge: £11.63m</td>
<td>£0.6m (2-3 years support and costs for new Business Developme nt manager)</td>
<td>Nil</td>
<td>£12.23m</td>
<td>£4.82m</td>
<td>54</td>
<td>54</td>
<td>£298,000</td>
<td>£89,000</td>
</tr>
<tr>
<td>Option 3 Quasi-Trust proposal Sustainable commercial port + leisure use of Town Quay</td>
<td>£14.2m</td>
<td>£0.6m (2-3 years support and costs for new Business Developme nt manager)</td>
<td>Nil</td>
<td>£14.8m</td>
<td>£7.39m</td>
<td>61</td>
<td>61</td>
<td>£360,000</td>
<td>£137,000</td>
</tr>
</tbody>
</table>

Table 6.3: Preliminary assessment of the options (maximum score = 40)

<table>
<thead>
<tr>
<th>Option Number</th>
<th>Strategic fit / contribution *</th>
<th>Financial and funding assessment *</th>
<th>Market feasibily (assuming funding in place)</th>
<th>Regeneration / economic impact (jobs / wider benefits / strategic transport gateway)</th>
<th>Total, all criteria</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1 Do Minimum Maintaining the operational Status Quo</td>
<td>2</td>
<td>10</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>Option 2 The Project – Quasi-Trust proposal Creating a sustainable commercial port</td>
<td>6</td>
<td>6</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>27</td>
</tr>
<tr>
<td>Option 3 Sustainable commercial port and maximising leisure potential of the Port Estate (marina use of Town Quay)</td>
<td>10</td>
<td>2</td>
<td>4</td>
<td>5</td>
<td>10</td>
<td>31</td>
</tr>
</tbody>
</table>
At this stage, this VFM analysis is relatively crude and would need refining if part of a detailed economic appraisal. Further refinement might for example give more detailed consideration to issues such as:

1. Assessment of the discounted cost position based upon the projected profile of expenditure over 10 years;
2. Factor in a more accurate projection of annual revenue support; and
3. Attribute-off costs which create other outputs (e.g. flood protection measures).

However, at this point, the analysis does usefully indicate that there is a clear and marked differential in the VFM position between the options depending upon whether simply gross cost per net additional job, or gross marginal or 'option' cost per net additional job is considered. Recommendations regarding value for money analysis usually focus upon consideration of the ‘efficiency’ of project options looking at both total undiscounted cost per net additional job, and gross marginal cost per net additional job and then comparing against recognised best practice benchmarks for public sector projects undertaken elsewhere.

In terms of both total gross costs and the gross marginal cost position, option 2 presents a lower cost per job ratio over option 3. However, both options present cost per job value for money figures considerably above usual public sector benchmarks\(^3\), and therefore selection of the preferred option must give consideration to other wider issues such as best fit in terms of strategic contribution and importantly, the consequences of the loss of this strategic sustainable transport gateway to/from West Cumbria - as well as the more practical issue of availability of public sector funding.

**Recommendation: ‘Scheme-Level’ funding approval with rolling 18 month monitoring**

Overall, given the relatively poor value for money case for both options 2 and 3 (in terms of comparison against accepted public sector cost per job benchmarks), this does suggest a strategy of moving forward cautiously with funding approvals. It is recommended that consideration is given at this time to a ‘scheme-level’ funding approval to a ten year investment/funding strategy, but one which will require call-off / application for funding for packages of projects on a phased / staged basis. It would also be sensible to incorporate an 18 month rolling review mechanism into the Harbour Board’s progress to monitor whether there are signs of improvement in the Port’s trading fortunes, and as part of the decision process to be considered in approval of successive project packages.

Section 7 includes a detailed analysis of potential funding sources to help deliver both options 2 and 3.

---

\(^3\) English Partnerships’ Best Practice Note 15 (October 2003) presents benchmark cost : job ratios ranging between £16,600 and £42,000 (total undiscounted cost per net additional job)
The tables presented overleaf highlight potential ‘packages’ of projects which could be defined within a ‘Scheme-Level’ funding approval. Option 3 work packages are illustrated, and detail and summary tables are provided.
<table>
<thead>
<tr>
<th>Scheme Level Funding Approval: Potential packaging of projects (Option 3 illustrated – detail)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yr</strong></td>
</tr>
<tr>
<td><strong>Minimum Health &amp; Safety</strong></td>
</tr>
<tr>
<td>1. Repair of false quays – propping function only</td>
</tr>
<tr>
<td>2. Harbour Bridge Refurbishment</td>
</tr>
<tr>
<td><strong>Flood Protection</strong></td>
</tr>
<tr>
<td>3. North Beach Retaining Wall</td>
</tr>
<tr>
<td>4. Extending sea defence works to the Riverside Wall</td>
</tr>
<tr>
<td>(a) Riverside Wall Low Water</td>
</tr>
<tr>
<td>(b) Riverside Wall - adjacent to dock entrance</td>
</tr>
<tr>
<td>(c) Cathodic protection</td>
</tr>
<tr>
<td>5. Town Quay - infrastructure</td>
</tr>
<tr>
<td>6. South Breakwater</td>
</tr>
<tr>
<td><strong>Essential Operational Infrastructure</strong></td>
</tr>
<tr>
<td>7. Harbour Bridge (early decision required on fixed bridge or swing bridge)</td>
</tr>
<tr>
<td>8. Re-construction of Berths 1 &amp; 2</td>
</tr>
<tr>
<td>9. North Jetty phases 4 &amp; 5</td>
</tr>
<tr>
<td>10. Nelcon cargo cranes</td>
</tr>
<tr>
<td>11. Dock gates</td>
</tr>
<tr>
<td><strong>Commercial Enhancement</strong></td>
</tr>
<tr>
<td>12. New container park hardstanding</td>
</tr>
<tr>
<td>13. Expansion of existing road/rail freight facility hardstanding alongside berths 5 &amp; 6</td>
</tr>
<tr>
<td>14. Reach stacker</td>
</tr>
<tr>
<td><strong>Sectoral Diversification</strong></td>
</tr>
<tr>
<td>15. Marina vehicular access and half-tide weir (southern end)</td>
</tr>
<tr>
<td>16. Development of a half-tide weir (northern end) to retain minimum water levels in Town Quay</td>
</tr>
<tr>
<td>17. Dredging of Town Quay &amp; EIA</td>
</tr>
<tr>
<td>18. Marina infrastructure (100 berth pontoons, boat storage area, slipway and hoist)</td>
</tr>
<tr>
<td>19. Fishing Haven</td>
</tr>
<tr>
<td>20. Town Quay / Derwent repairs</td>
</tr>
<tr>
<td>21. Development of clubhouse and facility</td>
</tr>
<tr>
<td><strong>Capital replacement</strong></td>
</tr>
<tr>
<td>22. Pilot vessel / tug</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Scheme Level Funding Approval: Potential packaging of projects (Option 3 illustrated – summary)</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td><strong>Yr</strong></td>
</tr>
<tr>
<td>Minimum Health &amp; Safety (incl. Harbour Bridge) <strong>OR</strong></td>
</tr>
<tr>
<td>Minimum Health &amp; Safety (excl. Harbour Bridge)</td>
</tr>
<tr>
<td>Flood Protection</td>
</tr>
<tr>
<td>Essential Operational Infrastructure</td>
</tr>
<tr>
<td>Commercial Enhancement</td>
</tr>
<tr>
<td>Sectoral Diversification</td>
</tr>
<tr>
<td>Capital replacement</td>
</tr>
<tr>
<td><strong>Total Capital Requirement (Gross)</strong></td>
</tr>
<tr>
<td><strong>Total Revenue Requirement (Gross)</strong></td>
</tr>
</tbody>
</table>
Section 7. Funding Plan - 10 year ‘Scheme Level’ programme

7.1. Introduction

A 10 year period is recommended as the timescale appropriate for planning the transition of the Port from Municipal Port (and the only port in the country managed by a County authority) to full Trust Port status. As described earlier, it is envisaged that this transition will need to be planned essentially in 2 phases:

1. Years 0 to 5 Municipal Port to Quasi-Trust Port;
2. Years 5 to 10 Quasi-Trust Port to full Trust Port.

At the very least, it is estimated that the first phase of transition to quasi-trust trust status should be given an initial timescale of 5 years to provide a sufficient period of time within which to attempt to turn around the trading fortunes of the Port, and to move from its current position of trading deficit to trading surplus. Sustained trading surpluses will be critical for building the Port’s financial reserves, ring-fenced for the benefit of the Port under the new Quasi-Trust structure (Harbour Board). If the new Harbour Board, is to move to the second phase of transition to full Trust Port status, it will be necessary to demonstrate to the DfT that the Port is generating sustained operational surpluses, and that there are sufficient reserve funds in place, (sometimes referred to by the DfT in terms of a “dowry” - at least 2 years of operational costs). It is estimated that a minimum 3-5 year period of successful trading will be necessary to achieve this target.

The three “investment” options (one reference/base case, and two more positive intervention options) presented within the previous section have therefore been conceived over this 10 year timescale. Alongside the projection of costs (both capital and revenue) associated with each investment option, recommendations have been made on both the sources and level of public sector funding likely to be available to deliver each option. This has been planned/profiled over the full 10 year option investment horizon, and as such the recommendation has been made that a ‘Scheme-level’ approval should be sought from the NWDA to provide certainty and to enable delegation of decision making to the partners of the new Harbour Board. This should be subject to a rolling 18 month review mechanism to monitor the new Harbour Board’s progress in terms of reviving the port’s trading fortunes. If this strategy fails, and the port’s trading position does not turn around within the time frame of this ten year investment plan, then it will be necessary for the Harbour Board to consider the fallback/closure option.

The following section therefore provides a review of the potential public sector funding sources that could support infrastructure, site remediation and enhanced facilities at the Port. A summary of the year-on-year funding profile is then presented for each source of likely public sector funding, and where regional, national or European resources are unlikely to be available, the scale of the funding gap or deficit likely to fall to local partners.

7.2. Key funding sources

There are a number of possible public sector funding sources for port and transport sector projects which could potentially be drawn upon to match fund against any direct support proposed by Cumbria County Council and Allerdale Borough Council under a restructuring of the Port’s governance structures, and any regional resources available from the NWDA which might be channelled through West Lakes Renaissance. The following provides a summary of these funding sources and their criteria for assessing the eligibility of project proposals.

General - the Government’s funding philosophy for Ports

The Department for Transport (DfT) aims to discourage grant aid to the ports industry, with such assistance generally seen as interfering with market forces, and undermining fair competition. Such a policy approach that seeks to leave the port industry to fend for itself results in those smaller ports that have no commercial future with the option to be redeveloped for other purposes. It is possible that any assistance proposed at Workington could be met with
opposition from the likes of Barrow and Silloth, both operated by ABP, which might claim unfair competition.

However, the DfT has indicated that it is prepared to look at proposals for support on a case by case basis, and will, in principle be prepared to support proposals, and even provide grant aid directly if it enables the transfer of freight traffic off roads on to rail or maritime transport. Grant aid is also made available via DEFRA to protect riverbanks and coast defences if it is necessary to protect significant urban facilities or places of significant employment from flooding.

“TEN T” (Trans European Network) Programme

The TEN T has been set up by the EU to “integrate” transport infrastructure. Specifically, TEN T funding is intended for “the upgrading of infrastructure in peripheral areas” - for example island locations. The TEN T network includes trunk railways, roads and inland waterways. However, Workington is not directly linked to the closest TEN T facilities, which are the M6 and the west coast main line railway. As such it is categorised as only a “Category C” port, and therefore has only limited access to TEN T funding.

As a Category C port, Workington would only be eligible for a grant of 10% of infrastructure costs (in order to qualify as a Category B port there would need to be traffic over 50,000 tonnes and ability to demonstrate direct connection to TEN T network). The applicant also has to show a connection between its hinterland and the core of the community. Applications are received directly by the EU, although there may be a referral from the EU back to the DfT for views.

www.europa.eu.int/comm/dgs/energy_transport/home/calls/index_en.htm

MARCO POLO Programme

The EU’s MARCO POLO programme offers financial assistance (up to 30%) for promoting switches to environmentally friendly transport – i.e. rail, inland waterway or shipping. The main aim of the programme is to combat road congestion by providing risk funding for commercial projects which seek to take traffic off the roads, whilst also trying to avoid distorting competition unduly.

To qualify for the MARCO POLO programme at least two member states of the EU must be involved in each project through the saving of road miles at both ends of the route. Any application to qualify for this programme would go to the EU directly, although they may involve the DfT by seeking views on the proposed project. It is understood that competition for these grants is substantial.

www.europa.eu.int/comm/transport/marcopolo/whatsnew/index_en.htm

Freight Facilities Grants

Rail

The Freight Facilities Grant (FFG) began in the 1970s and was specifically targeted at rail use. The aim of the grant is to make savings in terms of road vehicle miles and the FFG would support infrastructure and equipment needs (the main grant for operations is the TAG⁴). The grant allocated is usually approximately 50% although there are usually restrictions on availability. First, the facility must need the grant to be viable, and secondly, the grant may not be available if it would result in diverting traffic from another Port or rail service rather than from the road.

FFG support was provided to Workington for the construction of its rail terminal in 1998 and further FFG support could be available for upgrading the rail facilities at the Port of Workington. In 1998, the case for the FFG support was made on the basis of switching container traffic from

⁴ The Track Access Grant (TAG) is a grant to reduce rail service costs to get traffic off the roads. It is a revenue grant, paid in arrears. It is paid directly to rail operators such as EWS.
the road (Teesside to Voridian’s chemical plant close to the Port of Workington). Arguably, this grant has been successful, sustaining rail transport for Voridian’s product, although, this rail traffic was suspended for a period during 2004 because of problems with container heights and a further issue has been that there is only one freight path per hour in the daytime. As a consequence, Voridian’s transport contractor, UBC, switched to trucks rather than rail, although recent reports suggest that about 70% of the traffic has now returned to rail.

The rail terminal has also lost the incoming paper pulp and out going paper reel shipments from the Iggesund plant. Paper pulp had been transported by rail from Iggesund’s logistics centre at Tilbury to the Port of Workington by EWS. Both cargoes, however, have moved back to a road transport company due to cost and reliability.

FFG grants for rail are dispensed by the Strategic Rail Authority (SRA), with their availability dependent on the existence of funds, with the SRA reportedly lacking significant funds at the current time. [www.sra.gov.uk](http://www.sra.gov.uk)

**Sea Transport**

Since 2000, the FFG has also been made available for sea transport. Again the aim of the FFG is to divert traffic off the roads and onto water. The FFGs are grants for investment in port infrastructure and equipment, but are not available for ships. A dual strategy for making the case for Sea Transport FFG grant to underpin infrastructure investment at Workington seems appropriate:

1. to underpin any new import/export contracts secured with local manufacturing industries as a result of activity/interest generated by a new dedicated business development manager on the executive management of the Port, and/or active participation of members of the new Harbour Board; and

2. to argue that without FFG support in respect of certain infrastructure works (for example the reconstruction of berths 1 and 2), it is probable that traffic currently brought in by ship will return to the roads.

Applications for an FFG must identify the specific traffic to be diverted and show how the sea-based solution would not be viable without the grant. Furthermore, these grants would not be made available if the impact would be to divert traffic from another Port or rail service rather than from the road.

The amount of grant that is offered is usually the lower of two values – (i) the environmental benefits, or (ii) the amount needed to make the project viable, as demonstrated by the financial case. In relation to Ports, the maximum grant is 50%, except in cases where there are exceptional environmental benefits and/or where financial analysis indicates that a figure in excess of 50% grant is required. In such cases it may be possible to secure EU agreement for higher grant. For 2004/05 period the FFG budget has been allocated on a few large projects.

FFG for sea freight [www.dft.gov.uk](http://www.dft.gov.uk) Freight Grants Unit.

**DEFRA**

Grants are made available by DEFRA for 45% of flood defences and 35-75% for coastal protection that are necessary to protect assets and facilities that are significant employment creators or are significant in other ways. The Port of Workington meets the set criteria, but the case for any intervention must be made on a project by project basis.

Contact was attempted with DEFRA as part of the study, forwarding details of project schemes identified for potential DEFRA funding. Unfortunately DEFRA’s response was that the Port (or the public agencies on behalf of the Port) would have to submit a detailed application before they would be prepared to comment on whether projects could be accepted for funding assistance.
Structural Funds

EU Structural Funds are a mechanism aimed at reducing economic and social disparities between regions through co-financing domestic regional development initiatives. For the period 2000-2006, the North West region has received substantial funding support through the Objective 2 programme aimed at developing a strategic and co-ordinated approach to allocating the funds and addressing economic regeneration needs. Under Priority 1, with its focus on business competitiveness, Ports would be eligible for funding allocations. The West Cumbria area (including Workington) has also been defined as an Economic Development Zone and £7.6m of European funding is being channelled into the area over the seven-year period to the end of 2006.

It is understood that the majority of this funding has now in principle been allocated against projects. It is possible however that the Port of Workington might benefit if accepted as a reserve project in the event that other project(s) are not brought forward within the Programme timescale.

7.3. Proposed funding approach/programme - Key actions

The options analysis has shown that there are two major projects that require action in order for the Port’s commercial activities to continue. These include:

- flood protection defences (30% of the total amounts needed and 55% of the amount needed within years 1 to 4); and,
- reconstruction of berths 1 and 2 (amounts to 30% of the total funding requirement) although, on the basis of engineering advice received this is projected towards the end of an initial 5 year timescale proposed for turning around the operational fortunes of the Port.

Phased/targeted funding approach

The following initial strategy is recommended for planning the implementation of the more positive intervention options 2 or 3:

1. focus activity on securing DEFRA grant support for flood protection works (total cost of £3.28 million), with grants potentially available for about 45% of investment in flood defences, and 35%-75% for coastal protection;
2. adopt a “wait and see” policy (for the five year time window advised by the engineering inspections) for the highest cost infrastructure item – berths 1 and 2, requiring £3.06 million in 5 years time. At that time, the aim should be to seek up to 50% of the total from the DfT under its FFG mechanism (either on the basis of loss of freight traffic from sea back onto road, or if other new cargoes have come forward/been identified which will enable some cargoes to be moved from road to sea transport);
3. apply for a FFG rail grant for new hardstanding for the container park and berths 5 and 6;
4. agree between the project partners action to be taken with respect to the strategy for reinstating or removing Harbour Bridge, repair works necessary to Berth 7, and replacement of the redundant electrical operating systems to the two Nelcon cargo cranes critical for the bulk cargo handling capability of the Port.

The other grant programmes that are available would seem to offer little scope for assistance. The MARCO POLO grant is dependent upon specific cargoes being identified for diversion from road to sea and in turn removing road traffic from two EU states. TEN T would only provide minimal assistance and the peripherality of Workington from the nearest qualifying TEN
T network (the M6 Motorway and the West Coast Main line) makes the Port of Workington unlikely to qualify for such assistance.
Option funding projections – 10 year funding profiles

The investment options tables and project analysis included within section 6 also included alongside the projections of project costs likely funding sources and scale of projected funding for each project line of the three investment options.

This was provided in summary format for each funding source. Given that implementation is proposed over a period of 10 years, it is also necessary to illustrate the likely year-on-year funding requirement for each funding source to enable project partners to plan and budget appropriately.

The following tables provide a summary of the 10-year funding profile for “investment” options 1 to 3.

<table>
<thead>
<tr>
<th>Option 1: REFERENCE CASE DO NOTHING SCENARIO - 10 YEAR COST / FUNDING PROJECTIONS (gross, 2004 prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yr</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>PROJECTED COST PROFILE</td>
</tr>
<tr>
<td>Estimated Capital Costs</td>
</tr>
<tr>
<td>Estimated Revenue Costs</td>
</tr>
<tr>
<td>Compensation to existing users + redundancies</td>
</tr>
<tr>
<td>Total Gross costs</td>
</tr>
<tr>
<td>FUNDING SOURCES (estimated projections)</td>
</tr>
<tr>
<td>WLR</td>
</tr>
<tr>
<td>DEFRA</td>
</tr>
<tr>
<td>DfT</td>
</tr>
<tr>
<td>EU</td>
</tr>
<tr>
<td>Harbour Board</td>
</tr>
<tr>
<td>Funding gap for Local Authority Partners</td>
</tr>
</tbody>
</table>

* Notes:

1. Likely maximum potential funding from DEFRA for flood protection works, assuming DEFRA accept flood protection case at this location. This funding target has been reduced from the targets set for options 2 & 3 given that the anticipated outcome of Option 1 would be the closure of the Port. Any shortfall would need to be funded by Local Authority Partners.

2. Projections of DEFRA funding for Option 1 based upon the following assumptions:
   - Contributions from DEFRA during Years 1 and 2 targets flood protection works to North Beach retaining wall.
   - Contributions from DEFRA for protection works to extend sea defence works to the Riverside Wall included at Year 10, assumed comes forward at this time as part of redevelopment of the Port.
### Option 2: SUSTAINABLE COMMERCIAL PORT - 10 YEAR COST / FUNDING PROJECTIONS (gross, 2004 prices)

<table>
<thead>
<tr>
<th>Yr</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Estimated Capital Costs</td>
<td>£1,481k</td>
<td>£3,013k</td>
<td>£208k</td>
<td>£901k</td>
<td>£3,824k</td>
<td>£462k</td>
<td>£120k</td>
<td>£500k</td>
<td>£1,121k</td>
<td>£11,631k</td>
</tr>
<tr>
<td></td>
<td>Estimated Revenue Costs</td>
<td>£200k</td>
<td>£200k</td>
<td>£200k</td>
<td>£600k</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£600k</td>
</tr>
<tr>
<td></td>
<td>Total Gross costs</td>
<td>£1,681k</td>
<td>£3,213k</td>
<td>£408k</td>
<td>£901k</td>
<td>£3,824k</td>
<td>£462k</td>
<td>£120k</td>
<td>£500k</td>
<td>£1,121k</td>
<td>£12,231k</td>
</tr>
</tbody>
</table>

**FUNDING SOURCES (estimated projections)**

<table>
<thead>
<tr>
<th></th>
<th>WLR</th>
<th>£494k</th>
<th>£1,142k</th>
<th>£57k</th>
<th>£378k</th>
<th>£997k</th>
<th>£231k</th>
<th>£60k</th>
<th>£449k</th>
<th>£3,807k</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEFRA</td>
<td>£419k</td>
<td>£406k</td>
<td>£94k</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£1,141k*</td>
</tr>
<tr>
<td>DfT</td>
<td>£75k</td>
<td></td>
<td>£144k</td>
<td>£1,531k</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£1,750k</td>
</tr>
<tr>
<td>EU</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£800k</td>
</tr>
<tr>
<td>Harbour Board</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£4,131k</td>
</tr>
<tr>
<td>Local Authority Partners (capital)</td>
<td>£494k</td>
<td>£1,466k</td>
<td>£57k</td>
<td>£378k</td>
<td>£997k</td>
<td>£231k</td>
<td>-</td>
<td>£60k</td>
<td>-</td>
<td>£449k</td>
</tr>
<tr>
<td>Local Authority Partners (revenue)</td>
<td>£100k</td>
<td>£100k</td>
<td>£100k</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£300k*</td>
</tr>
<tr>
<td>WLR (revenue)</td>
<td>£100k</td>
<td>£100k</td>
<td>£100k</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£300k*</td>
</tr>
</tbody>
</table>

**Notes:**

1. Likely maximum potential funding from DEFRA for flood protection works, assuming DEFRA accept flood protection case at this location. Any shortfall would need to be funded by Local Authority Partners.

2. Provisional allowance to support continued trading deficit position of the Port (and the on-costs of a new business development manager). Target break-even position with 3 years. If this is not achieved, it will be necessary to review the staffing structure of the Port in order to bring operating costs in line with revenues generated.

3. Note above Year 2 costs assume full re-construction of Harbour Bridge with new opening swing bridge. Section 6.2 presents 3 options in respect of Harbour Bridge (1) complete removal of Harbour Bridge – possible if for example the sole use of the bridge by Corus were to cease; 2) reconstruction with fixed bridge and 3) re-construction as opening swing bridge). The costs presented above illustrate the highest, most expensive option that the full costs of re-constructing Harbour Bridge as an opening swing bridge are met by a combination of both WLR and the Local Authority Partners. However, given that Option 2 is focussed on the outcome of sustainable commercial port operations, it has been assumed that WLR would only contribute to re-construction costs up to the value of a fixed bridge (given that construction of swing bridge would simply build in future flexibility to use Town Quay as a marina). Local Authority Partners are therefore assumed to bear the higher cost of retaining this flexibility.
### 7.4. Option funding projections – summary by funding sources

The following provides a summary of the funding plan for each “investment” option and indicates the scale of the funding to be shared equally between West Lakes Renaissance and local partners, assuming that successful applications can be made to the DfT, EU and DEFRA for various works identified in for each of the three options. The table presents the likely maximum level of funding from these sources, assessed project by project within section 6 at £2.89m. If applications prove unsuccessful, then these costs would need to be borne by both West Lakes Renaissance and the local partners.

<table>
<thead>
<tr>
<th>Summary Option Funding Plan</th>
<th>Gross Cost</th>
<th>Funding Other (DfT/EU/DEFRA)</th>
<th>Harbour Board</th>
<th>Funding WLR/NWDA</th>
<th>Funding by local partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1: Do Nothing</td>
<td>£7.41m</td>
<td>£0.5m (max)</td>
<td>Nil</td>
<td>Nil</td>
<td>£6.91m</td>
</tr>
<tr>
<td>(outcome: Port closure)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Option 2: Commercial</td>
<td>£12.23m</td>
<td>£2.89m (max)</td>
<td>£800k</td>
<td>£4.11m</td>
<td>£4.43m</td>
</tr>
<tr>
<td>Port only</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Option 3: Commercial</td>
<td>£14.837m</td>
<td>£2.89m (max)</td>
<td>£800k</td>
<td>£5.573m</td>
<td>£5.573m</td>
</tr>
<tr>
<td>Port + Marina</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: the removal, rather than re-construction of Harbour Bridge would save £1.7m from the above figures.
Section 8 - The Next Steps

8.1. Introduction

This report has set in place a strategy for the future of the Port of Workington in the short to medium term that is based around a number of key changes relative to the governance and management of the port and a number of key investments as part of a wider master plan for the site. This is in direct response to the issues faced by the port today of infrastructure investment and the need to embrace new markets to replace a number of lost cargoes.

It is clear that the Port has seen a downturn in its fortunes in recent years. However, it is also apparent that this is abnormal in terms of the port’s performance and that given the potential role of the port in serving the local industrial sector there is cause for some optimism that this position can be rectified. Set out below is a summary of the key actions that need to be put in place in the short term to ensure that this strategy is put in place and that the future of the port of Workington can be a sustainable future.

8.2. Key Recommendations

This report sets out the following key recommendations for the Port of Workington:

a) Change in Governance/Management

Whilst it must remain a long-term aspiration for Workington to be operated as either a Trust Port or by the private sector. It clear that this is not practical in the short to medium term for a variety of reasons. As an interim solution it is proposed that a “quasi-trust” should be set up by the council. The aim would be to provide the same benefits and advantages as a trust, while remaining under council ownership. The intention of these interim arrangements would be to set the port on a sound footing for eventual conversion to a trust or sale to a private operator within a 10 year timeframe.

It is proposed that in bringing forward the Quasi Trust approach, Cumbria County Council should establish a new committee that will be known as the “Workington Harbour Board”. The Harbour Board will consist of representatives from Cumbria County Council, Allerdale Borough Council and West Lakes Renaissance, together with a number of co-opted independent members. All members of the Harbour Board will have full voting rights. The Harbour Board will have full responsibility for the governance and management of the port, and in particular, implementing future changes.

It is an essential pre-requisite for there to be a Legal and Health and Safety Audit prior to the new Harbour Board taking over responsibility for the Port. The primary need for an audit arises from the potential criminal liability of Harbour Board members arising from breach of regulatory duty.

An essential appointment as part of the changes in governance and management proposed will be

A new Business Development Manager for the Port of Workington. Whether or not the Port’s fortunes are in a temporary downturn, or whether this represents a longer term trend, the ability of the Port to turn its operating performance around depends almost entirely on the ability to bring in new cargoes. As such the appointment of a Business Development Manager to secure this trade is an essential short term action for the County Council and Harbour Board and this has been identified in the investment options as set out in section 6 of this report.
Next Steps

Subject to approval of the proposals, a summary of the steps required for implementation is as follows:

1. Documentation to be drafted and approved to enable the proposals to go through committee stages of the County Council and the Borough Council with a view to going to full Council;
2. Subject to the deliberations at Committee stage, the proposals fine tuned in relation to the composition of the Harbour Board and selection of the County Council representatives;
3. Discussions conducted between Cumbria County Council and Allerdale Borough Council as to the terms upon which Allerdale will be invited to participate in the Harbour Board. Similar discussions will be required vis-à-vis West Lakes Renaissance;
4. Proposals formally approved by Council;
5. Appointment of Council representatives on the Harbour Board;
6. Appointment of the independent co-opted members of the Harbour Board. This will involve the appointment of a selection committee, advertisement of the position(s), sending out job specifications and applications to candidates, interview process (possibly two rounds depending on numbers and calibre of applicants) and appointment process including formal letter of appointments, disclosure of financial and other interests and cross undertakings and indemnities by the County Council and the Harbour Board members;
7. Valuation of the Port estate and assets;
8. Arrangement of first meeting of the new Harbour Board;
9. Legal and Health and Safety audits of the port (see above);
10. Once the Harbour Board has been set up, the Board Chairman needs to be appointed. There is a case to be made that the Chairman be appointed prior to the other independent appointments so that they can help oversee the implementation of the formation of the Harbour Board;
11. Agreement of a Broad Policy Document for the Port and adoption by the Harbour Board;
12. Initiating such changes as necessary to ring fence the accounts of the Port. The precise arrangements cannot be formalised until the Municipal Ports Review is studied and there has been an audit/valuation of the port estate and assets; and,
13. Drafting of New Bye Laws and Terms and Conditions to reflect the changes made.

A full report on the recommendations and proposals for interim changes to governance and management at the Port of Workington is included in Appendix 1.

b) Adoption of a 20 Year Vision for the Port

The adoption of the Vision and key objectives for the Port of Workington should effectively form a modus operandi for the Harbour Board in seeking to place the Port back on a sustainable footing. The masterplan that has emerged seeks to facilitate an enhanced operational position, but importantly, also sets out to develop the Port’s assets into the medium to long term diversifying the offer.

The masterplan represents a framework within which the Port can be taken forward, engendering confidence in both the public and private sector, but also establishing a blueprint within which the investment priorities as set out below can be prioritised. The main recommendations arising from the masterplan and vision can be summarised as follows:

1. Protect and invest in the core port area as the lifeblood of the port and commercial heart of operating facilities.
2. Safeguard the significant port expansion areas as an important asset to respond flexibly to the needs of new port users.
3. Protect and enhance the facilities of existing port operators such as Simons Storage.
4. Develop the tourism/leisure potential of the port through the creation of a marina at Town Quay tying into wider West Allerdale regeneration agendas and beneficially exploiting an under-utilised resource.
5. Consider the development of cruise terminal and related facilities depending on the outcomes of current exploratory work.

6. Access is a key element in maintaining and developing the ports activity. Investment in the rail freight interchange would be commercially beneficial and strategic road based infrastructure investment could be considered in conjunction with wider regeneration agendas.
7. In the medium to long term depending on the outcomes of the investment strategy below port related employment expansion could be considered at Oldside or perhaps more likely on Port Gateway sites.

c) Investment/Intervention

The analysis undertaken illustrates that both options 2 and 3 do not perform highly in terms of comparison against accepted public sector cost per job benchmarks. However, notwithstanding this, when taken with their wider regenerative potential there is rationale for pursuing Option 3 as a way forward. This does suggest a strategy of moving forward cautiously with funding approvals. It is recommended that consideration is given at this time to a ‘scheme-level’ funding approval to a ten year investment/funding strategy, but one which will require call-off/application for funding for packages of projects on a phased/staged basis. It would also be sensible to incorporate an 18 month rolling review mechanism into the Harbour Board’s progress to monitor whether there are signs of improvement in the Port’s trading fortunes, and as part of the decision process to be considered in approval of successive project packages. Within the overall scheme approach, the following finding packages are proposed:

a) Health & Safety works
b) Flood protection
c) Essential operational infrastructure
d) Commercial enhancement
e) Sectoral diversification
f) Capital replacement

In addition, the options analysis has shown that there are two major projects that require action in order for the Port’s commercial activities to continue. These include:

- flood protection defences (30% of the total amounts needed and 55% of the amount needed within years 1 to 4); and,
- reconstruction of berths 1 and 2 (amounts to 30% of the total funding requirement) although, on the basis of engineering advice received this is projected towards the end of an initial 5 year timescale proposed for turning around the operational fortunes of the Port.

d) Phased/targeted funding approach

The following targeted approach to funding for the above work packages is recommended as the way forward for the Harbour Board, reflecting the cautious approach set out in section 7 of this report.
1. Focus activity on securing DEFRA grant support for flood protection works (total cost of £3.28 million), with grants potentially available for about 45% of investment in flood defences, and 35%-75% for coastal protection;

2. Adopt a “wait and see” policy (for the five year time window advised by the engineering inspections) for the highest cost infrastructure item – berths 1 and 2, requiring £3.06 million in 5 years time. At that time, the aim should be to seek up to 50% of the total from the DfT under its FFG mechanism (either on the basis of loss of freight traffic from sea back onto road, or if other new cargoes have come forward/been identified which will enable some cargoes to be moved from road to sea transport);

3. Apply for a FFG rail grant for new hardstanding for the container park and berths 5 and 6;

4. Agree between the project partners action to be taken with respect to the strategy for reinstating or removing Harbour Bridge, repair works necessary to Berth 7, and replacement of the redundant electrical operating systems to the two Nelcon cargo cranes critical for the bulk cargo handling capability of the Port.

The other grant programmes that are available would seem to offer little scope for assistance. The MARCO POLO grant is dependent upon specific cargoes being identified for diversion from road to sea and in turn removing road traffic from two EU states. TEN T would only provide minimal assistance and the peripherality of Workington from the nearest qualifying TEN T network (the M6 Motorway and the West Coast Main line) makes the Port of Workington unlikely to qualify for such assistance.