

Advanced Material

This Advanced Material contains a pre-seen case study provided to students prior to the exam date. Students should familiarise themselves with the Advanced Material before they sit the exam. The Advanced Material provides key information and forms the basis of the requirements set out in the exam day materials. Students should carry out research into the sector and apply learning from the workbooks.

Exam: Strategic Case Study

Exam Sitting: December 2025

Introduction

The republic of Blakeland is on the continent of Ropoetia. The country has a mild climate most of the year: in the winter it is rarely below freezing, and the spring and autumn are usually dry and sunny, though in July and August it can be very hot with temperatures often over 90 degrees Fahrenheit (32 degrees Celsius). It is a relatively small country with a population of 15 million.

The currency of Blakeland is the Blakeland pound (£). The country has been experiencing economic decline for several decades, despite having a strong industrial heritage in steel and coal production at the beginning of the twentieth century, which constituted the bulk of its exports. Its heavy industry failed to keep pace with modern production methods and aggressive pricing of competitors based in other countries, and has now dwindled to an insubstantial level. Blakeland currently has high levels of unemployment, with many households experiencing poverty. Overall inflation is at around 4%, but the prices of utilities (gas, electricity and water) and many other household bills have risen well in excess of this. For example, electricity prices rose by an average of 20% in 2024/25.

Blakeland is divided into four regions, governed by four regional authorities that are responsible for a range of spending and tax collection decisions, including the spend of regeneration funds allocated by the national government. Within each region are numerous towns and cities, each with their own local government headed by locally elected councillors. These local government bodies are responsible for providing services to the populations they serve, such as rubbish collection, highway maintenance, education and social services.

Hardyforth is the only one of the four regions in Blakeland with a shoreline, as the other three regions are landlocked. Milton is a coastal city in the region of Hardyforth, and the country's main port (Coleridge Port) is located ten miles to the north of the city. It is the gateway for many

of Blakeland's imports and exports. As is the case throughout Blakeland, Milton suffers from high levels of unemployment and social deprivation.

A cruise liner facility for Hardyforth and Blakeland

The local government of Milton, Milton City Council (MCC) has been in discussions with the regional authority about the potential development of a cruise port in the city. A cruise port is a dock for cruise liners, which could be a stopping place on a voyage or a point at which passengers could join or leave their cruise. There is a limited amount of tourism in the country, but Hardyforth does have attractions that include an archaeological park, a world heritage protected medieval city, numerous picturesque villages and fifteen miles of unspoilt natural coastline, which is home to numerous rare and protected species of birds, animals, plants and sea life. The regional authority hopes to kickstart a tourism industry which will bring jobs and revenue to the region. Recent research carried out by the regional authority indicates that most tourists from other countries are not aware of the range of attractions in Blakeland, and this is a factor in the lack of demand for holidays to the country. The regional authority hopes that offering a port of call for cruise ships will stimulate interest in the area. Running marketing campaigns in other countries may in turn create demand from passengers for cruises and tours that include Milton and Blakeland, influencing the cruise providers when they put together their itineraries. If the port at Milton is a success, the regional authority will explore the potential for two other cruise ports further north along the coast.

In the neighbouring country of Selliot, to the south of Blakeland, there are several very successful cruise liner ports. The nearest to Blakeland, Dickenson Port, is only sixteen miles away from Milton, just over the border in Selliot. Dickenson Port has up to three cruise ships docked there on any day during the peak season. It has a harbour with the capacity to berth two large ships, and a third boat can be anchored offshore with a tender service, which is a small boat used to

bring passengers ashore. The port has a reputation for excellent services, with friendly and helpful staff welcoming passengers on shore and assisting with the boarding process, and the onshore facilities are also very well reviewed on traveller review sites. Selliot offers a range of attractions and is a popular destination for tourists from around the world. A large number of passengers from ships docked in Selliot take excursions into Blakeland, since the two countries have an open border agreement which means that travel between them is unrestricted.

MCC has already been given assurances by the regional authority of Hardyforth that if it makes a bid for funding from the regional regeneration fund to build the cruise port, it will be successful due to the regional authority's objective of supporting growth in tourism. Additional financing can be raised via loans, up to a borrowing limit imposed by the national government.

Financing would be required to build the new facility, set up the trading company to operate the cruise port and build up any additional infrastructure requirement such as direct bus services from the dock to the airport or railway station. As there has not been a cruise terminal in Blakeland until now, the council will also have to consider potential investment to build up the relevant skills required. There are two very highly rated universities in Hardyforth, but at the moment they do not offer relevant courses such as tourism marketing or harbour management skills. There are, however, other sea transit services which may provide some related skill sets. For example, Coleridge Port is a commercial dock that employs a pilot service. Pilot services operate small boats that meet the larger ships as they approach the port, and a pilot, who has expert knowledge of the harbour and the waters around it, transfers to the larger ship and docks the vessel.

Currently MCC operates a ferry service offering short journeys. A ferry runs twice each day to the picturesque town of Dryden three miles south of Milton along the coast. From Dryden, the

national park which contains a wide variety of wildlife can be easily explored. This ferry service appeals to tourists but is also used by locals as a convenient form of transport for those wishing to take a break from the city. In the summer season, the ferry incorporates additional stops to allow access to various secluded and beautiful beaches along the coast. Other non-stopping mini-cruises around Dryden Bay are also popular with those who wish to view Hardyforth's spectacular coastline from the sea, and view the sea life such as dolphins and seabirds. Most of the tourists are day-trippers from Hardyforth, or those staying for a weekend break in Milton, usually from elsewhere in Blakeland. The ferry trip along the coast to the south of Milton regularly receives positive reviews on an independent website which tourists use to share their experiences. The ferry trip and coastline are currently one of the top ten best reviewed tourist experiences on the continent of Ropoetia.

Another ferry service makes three return journeys each day from Milton and along the coast to the north, calling in at three towns (Bysshe, Byron and Cowper) before arriving at the large town of Plath. This service is particularly popular with commuters, especially because the roads around Milton are poor and often congested.

Proposed site and logistics for the new facility

Milton is located at the mouth of the Milt, the river that runs through Milton and out into the sea. The ferries run from Milton Pier, which is a wood and steel structure reaching out into the river. This location would, however, be unsuitable for larger boats, especially the extremely large modern cruise ships. A specially commissioned survey has identified that the best place for a cruise liner dock would be on the southern shore of the river at the point where it opens up into the sea. A pontoon, a large floating structure about 375 yards (343 metres) long, could be constructed at this point which would offer easy embarkation or disembarkation at any time, regardless of the tide. Walkways, ramps and accessible options would then need to be provided

so that passengers could access the terminal facilities. This would be a single berth facility, meaning that only one ship could be docked there at any one time, though should the scheme be successful it may be possible to extend the floating structure or build another one in the future.

A separate building would have to be constructed to offer waiting facilities and a passport control point. The land is currently occupied by an old warehouse of no historic or aesthetic value, which would be demolished to make way for the new facilities. The owner of the building and land would be glad to sell them to the council, and discussions about price have already begun. The location is only three miles from the city centre, and buses could be provided to transport passengers in and out of the city along the existing road network.

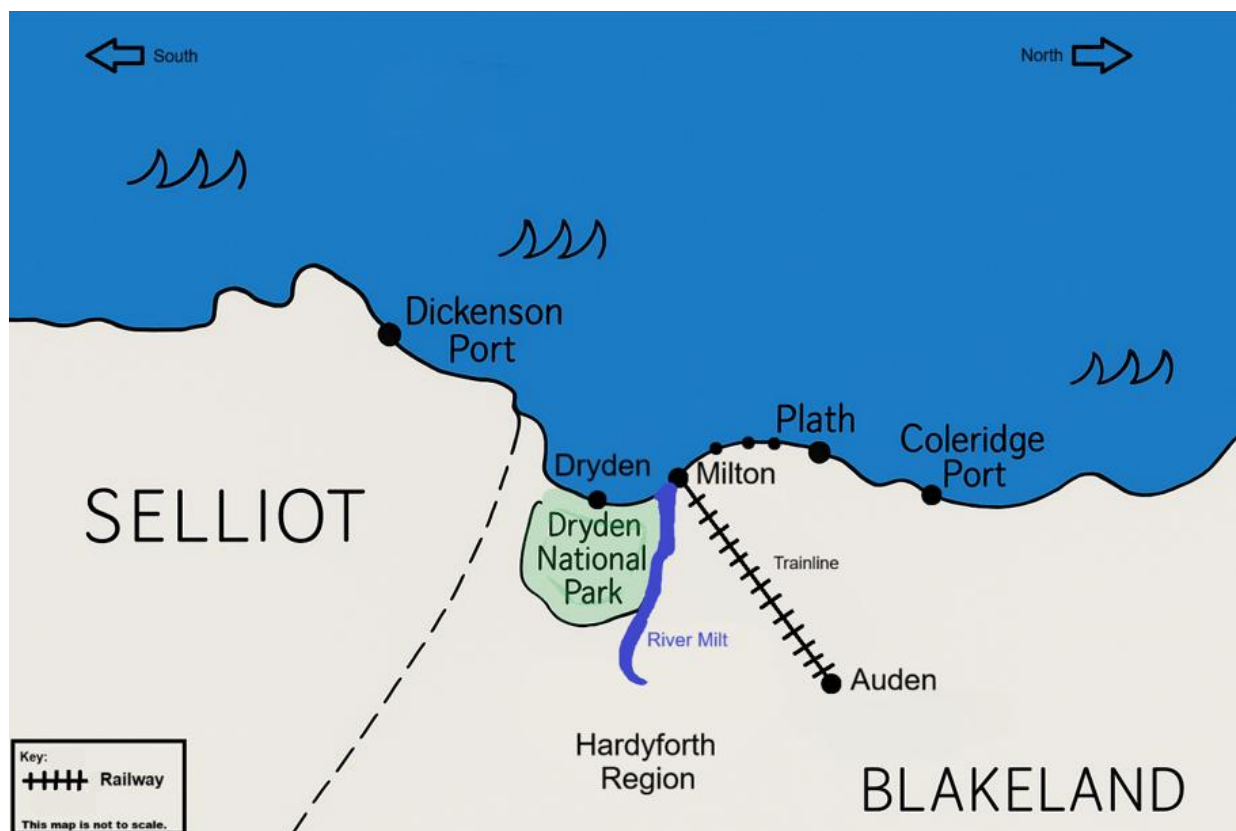
There would have to be consideration for transit visitors, staying in Milton for only a day, as well as those joining or leaving a cruise in Milton. The new facilities would have to include cafés, toilets, baggage handling, embarkation desks for document checking, passport control and taxi pick up and drop off areas. There would be space for both short-term and long-term parking and areas where bus pick up points could be established for tours and services to and from the city centre. While many cruises cater for smaller numbers, an average cruise ship can accommodate 3000 passengers and larger ones up to 6000, which would affect the size and capacity of the facilities needed if passengers are to be provided with a speedy and comfortable service.

Passengers joining the cruise in Milton could be from Blakeland or arrive in the country via other transport links. The nearest airport is in the city of Auden, which is also in Hardyforth but 25 miles inland from Milton. While there is a train service linking the two cities, there are recurrent problems with the line and trains are routinely cancelled or delayed.

Passengers from within Blakeland or from surrounding countries could arrive by train, bus or

car. Blakeland has not, however, invested significantly in its road and rail networks over the last decade. In particular, cities such as Milton have very poor public transport systems and poorly maintained roads. Many of those living and working in the city have no option but to use taxis since the bus service is so bad. Traffic in Milton is very heavy at rush hour and even during the night, and traffic jams and lengthy hold ups are a routine part of city life. These conditions are one reason why the ferry services from Milton along the coast have continued to thrive. The ferry service is relatively slow but offers reliability and comfort to its customers with well-maintained boats, knowledgeable and courteous staff and a well scheduled timetable of services.

General reference map of the Milton area and surrounds



Financing the project

In order to generate the maximum financial benefits from the proposed endeavour, MCC has decided to set up a trading company to manage the cruise liner terminal once construction had been completed, and this company will be called Cruise Milton Limited (CM). The council will be the sole shareholder of this new company.

The Chief Executive of MCC, Matsuo Taylor, has put together a working group to conduct further research and consider various concerns raised about the project, so that he and the leader of the council can feel confident that the investment will bring in the planned benefits. The working group will investigate the logistics and cost estimates for the capital work required, but more importantly it will assess the concerns relating to the management of the facility by CM when the cruise port is operational.

Matsuo Taylor has appointed the Director of Regeneration, Dante Smith, as Chair of the working group, reporting back as required on progress. The Director of Finance, Anna Sharif, is also on the group, as are representatives from Procurement, Legal and HR, and consultants brought in from a firm called Vexus, a financial and management consultancy, which specialises in the establishment of local authority trading companies. Vexus is able to bring in specialists as required from several partner companies, for example to assist with understanding the statutory regulations relating to the operation of cruise ports.

As Chair of the working group, Dante Smith has also been requested to liaise with his counterpart in the Hardyforth Regional Authority, Tim Angelou, in order to keep track of any issues around the grant funding from the regional authority as the project starts to take shape. Tim Angelou is the Director of Regional Development at Hardyforth Regional Authority.

Initial work undertaken by the working group suggested a capital cost of £35m to demolish the existing buildings on site, construct the terminal building and install the pontoon. While £30m will come from the regional regeneration fund, there will be conditions that require the repayment of 80% of the funding to a pre-determined timetable and within 25 years of the port becoming operational. The conditions also include that the venture should make a return of at least 5% of the capital invested in it, that there should be a full external audit report provided to the regional authority each year, and that the financial statements and auditors' report should be available to the public via either MCC's or the trading company's website.

Before the cruise port can become operational, further investment estimated at £5m will be required to set up the services, hire staff, purchase pilot boats, and obtain relevant licences. MCC intends to borrow the £10m needed to complete the capital spend and finance the setup of operations. Due to government restrictions on borrowing, and the other financing commitments of the council, the maximum that MCC could borrow for this project would be £20m. Any overspend beyond that amount would have to be paid for from reserves. An initial timetable for construction includes a completion date of 30 March 2028, in time to take advantage of the summer season that year.

There could be many potential benefits from operating a cruise port. Cruise terminals are able to charge large berthing fees. These charges for ships occupying a berth, often referred to as port fees, are to cover utility costs for lighting the area around the ship and providing fresh water, as well as waste services, security, pilot services, maintenance of the berth and an environmental charge to support the port's work to improve environmental sustainability. Berthing fees are calculated based on the length of stay at the port, combined with either the size of the ship (tonnage) or the passenger capacity. More popular ports of call usually charge more; the stunning medieval gothic city of Morriston in the county of Rossetti charges the equivalent of £10,000 per hour for large cruise ships to berth there. MCC will expect CM to

establish a competitive price which will allow it to build up a client base and start to make strong returns quickly, so that loan repayments and grant conditions can be met. The profits from CM will be used by the council to supplement spending in other areas, as currently the local authority is struggling to maintain quality services. For example, at the moment the council is struggling to find adequate funding for social care provision, and there are regular issues with the poor local roads and transport systems.

Moreover, MCC and the Hardyforth Regional Authority expect that the returns will not be limited to the fees charged by the port. It is hoped that other income will be derived from selling tourist services, such as guided coach tours or excursions to beaches or outdoor activity centres. These services may be sold directly to passengers, or via partnership with the cruise lines. In addition, passengers are likely to use local services such as public transport and take advantage of Milton's many bars, restaurants and cafes, which should provide a boost to the hospitality industry. Furthermore, the cruises may expose tourists to Blakeland's culture and outstanding natural beauty, encouraging them to return for a lengthier stay in the country and perhaps explore further inland. The Hardyforth Regional Authority is also considering funding the construction of a holiday park near Dryden, with chalet and luxury camping accommodation for about 100 families. This would be in the national park and could be promoted through the cruise terminal.

There is no guarantee that the cruise port, which is a completely new feature for Blakeland, will bring in the revenue hoped. The working party intends to review the financial outcomes in the accounts of other ports to understand how profitable those facilities have proven to be in reality.

The key objective for Cruise Milton will be to establish a successful venture, attracting cruise companies to make Milton part of their itineraries. In part this would need to be driven by increased passenger demand for access to Blakeland. Marketing therefore must be targeted at

both the cruise companies and their potential customers. The fact that there is a well-established port in Selliot near to its border with Blakeland, plus two other cruise ship terminals in Selliot, means that CM will be in competition with other facilities in the region, and must either gain new business or compete with existing port facilities to make this project worthwhile. The intention is to offer performance related pay to the directors of CM in order to motivate them to achieve all the objectives of the project. Two key objectives will be to generate a profit and to provide services which provide a high level of passenger satisfaction, and therefore encourage repeat visits by cruise providers and customers.

Since the regional authority is hopeful that this will have benefits for the entire region, it intends to contribute funds towards the initial marketing campaigns. The regional authority believes that Milton is the ideal place to site the cruise terminal because of its location, and because cruise companies organise trips from Selliot into Hardyforth. Passenger feedback recorded in forums online suggests that there is some desire by cruise passengers for the ships to be able to dock closer to the attractions in Blakeland, in order to reduce travelling time on trips and to see more of that country.

Opposition to the proposed cruise liner facility

There has been a mixed reaction to the plans from the residents of Milton and those who work there. Some have welcomed a scheme which will create jobs and bring revenue into the city. Others have argued that cruise ship passengers, since they only stay for the time that the ship is docked (typically one day), will not contribute greatly to the economy, and that many will go from the ship to tourist attractions elsewhere in the region or even into Selliot. Moreover, many of the jobs created by the increase in tourism will be seasonal and not well paid.

There is also concern that the location of the port will increase traffic and therefore pollution.

There have been arguments put forward to the council that, given the poor state of roads and the lack of a good public transport system, any such increase in traffic will make it impossible for residents and those working there to travel around the city. The spikes in traffic activity on certain days may even deter businesses from operating in the city. Some local businesses have called on the city council to include improvements to the public transport system as part of the overall project to make the cruise port work.

Environmental campaigners have provided the most vocal opposition to the proposal, arguing that it will encourage environmentally unfriendly tourism, generate pollution and cause harm to the coastline of Blakeland, which is a national park.

Current status of the project

The majority party on MCC is the People's Central Party. The leader of the council, that is its most senior locally elected politician, Mary Basho, has supported the idea of a cruise port for some time, and is keen to get the proposal agreed so that work can start on its construction. Mary Basho is fully aware that the council will be investing in a highly competitive market. When making statements to the press, she has repeatedly said that the cruise port will not only provide good financial returns but will be a show case for efficiency and excellent services. She is aware, however, that for CM to succeed there should be a strong performance plan in place, and has asked the working group to think about how CM could establish a performance management framework which would facilitate working towards excellence and provide a basis for continual review and improvement in performance.

The deputy leader, Alda Bloom, was initially very supportive of the scheme, but in light of the intense opposition has had second thoughts. She has questioned the economic viability of the

project, given the high level of risk involved, the fact that this will be an entirely new venture for the council and the country, and the potentially high costs, such as the cost of external audit. She has requested that a full meeting of the council should be allowed to discuss the project in depth and vote on the proposal, and this meeting is scheduled for 17 December 2025.

Candidate's Role

The candidate's role is Mattie McGonagall, a CIPFA accountant, who is a consultant working for Vexus. Mattie has been asked to be a member of the working party and provide advice and reports as requested by the Council Leader, Chief Executive and Head of Regeneration.

Abbreviations

CIPFA	Chartered Institute of Public Finance and Accountancy
CM	Cruise Milton Ltd
MCC	Milton City Council