

Report to:	Cabinet	Date of Meeting:	26 May 2022
Subject:	Bootle Canalside - Business Case		
Report of:	Executive Director (Place)	Wards Affected:	Derby; Linacre;
Portfolio:	Cabinet Member - Regeneration and Skills		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

The purpose of this report is to update Cabinet on the progress of the Bootle Canalside Project and seek approval to the details of the project Business Case (attached) and the subsequent investment of both capital and revenue resources required to complete the project as identified in the Business Case.

Recommendation(s):

- (1) the Canalside Business Case to be agreed and approved;
- (2) the Executive Director (Place) be authorised to implement the delivery plan outlined within the Canalside Business Case in consultation with the Cabinet Member – Regeneration and Skills;
- (3) Cabinet note that Cabinet Member for Regeneration and Skills in consultation with Cabinet Member for Regulatory, Compliance and Corporate Service will be requested to approve a virement of £557k from the Economic Recovery Earmarked Reserve to the Capital Programme for the Economic Growth and Housing Service;
- (4) Cabinet recommend to Council to approve a supplementary capital estimate of £557k for the Bootle Canalside development;
- (5) Cabinet note that Cabinet Member Cabinet Member Regeneration and Skills in consultation with Cabinet Member for Regulatory, Compliance and Corporate Service will be requested to approve a virement of £330k from the Growth Budget to the Economic Growth and Housing Service revenue budget;
- (6) Any other key decisions required in the delivery of the project are delegated to the Executive Director Place and Executive Director Corporate Resources and Customer Services in consultation with the Cabinet Member for Regeneration and Skills.

Reasons for the Recommendation(s):

To deliver the Canalside Project which will deliver economic and social benefits to the residents and businesses of Bootle.

Alternative Options Considered and Rejected: (including any Risk Implications)

Options for the delivery of the Canalside Project are dealt with in the Business Case report which are:

- Do Nothing and leave the site vacant pending future investment
- Deliver the Meanwhile Use project through a private sector operator
- Deliver the Meanwhile Use project managed through a Partnership.

In consideration of the above, the preferred option is to manage and operate the site through the Council to retain control pending the wider Strand transformation project delivery.

What will it cost and how will it be financed?

(A) Revenue Costs

The revenue implications of operating and managing the project will be funded via existing Council resources for the Growth and Strategic Investment Programme. This is anticipated to cost £ 333k in Year 1, £312k in Year 2, £290k in year 3, £297k in year 4, and £304k in Year 5.

The key financial risk associated with the proposed operation relates to rental income which is anticipated to range from £58k in year 1 to £125k in year 5. Should rental targets included within the business case not be achieved, - expenditure will be reviewed and reduced to mitigate against this risk.

(B) Capital Costs

The capital cost of the project will be funded via virement of £556,862 from the Economic Recovery Earmarked Reserve to the Economic Growth and Housing Capital Programme.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):

The current people resources involved in developing and implementing the project are being managed through existing council budgets and are prioritised to ensure that the project meets existing financial and programme targets. External resources have been used where external expertise has been required and where a shortfall in resources would prevent progress.

Upon the completion of the capital works, there will be an ongoing requirement for extra resources to manage the project which will necessitate an increase in revenue spending for the duration of the meanwhile use project. Details are contained within the Financial Section of the Business Case.

Legal Implications:	
Legal implications have been, and will be, dealt with through contracts with suppliers and reported appropriately through established procedures	
Equality Implications:	
Any equality implications will be identified and mitigated. For example, a Changing Places unit is included as a key part of this scheme. The site will be accessible for use by all sections of the community.	
Climate Emergency Implications:	
The recommendations within this report will	
Have a positive impact	Yes
Have a neutral impact	No
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes
The Canalside Project includes as a key element of the scheme a 'Waterside Garden' of planters and planting which will improve the site environment for users of the site. This, combined with opening up the canal side and new towpath will open up the site for a range of leisure/wellbeing uses including cycling, walking, and a range of water-based activities.	

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Given the economic pressures on Sefton's and the local Bootle economy (including Covid 19), the delivery of this project will create new employment opportunities for all sections of the community.
Facilitate confident and resilient communities: Whilst this project is located in Bootle Town Centre, the drivers for change have been community focused, and events to date, and future plans, involve extensive community consultation and involvement. The project will enhance community opportunity and the Borough as a place to live and work.
Commission, broker and provide core services: The project will support town centre place making strategy for Bootle Town Centre.
Place – leadership and influencer: The project will enable the Council to directly contribute to an improved place to live, work, visit, and invest. This will create further confidence in Bootle which will lead to further public and private sector investment.
Drivers of change and reform: The project will assist in providing long term sustainable investment. The project is a new type of project for Bootle which will create a diversity of uses and meet the expectations of the residents, businesses, and visitors to the site.

This will ultimately make Sefton an increasingly attractive place to invest which will be to the benefit of residents.
Facilitate sustainable economic prosperity: The nature of the project will facilitate and support new business start-up and investment. The project is a key element of the wider Strand Transformation project which will assist existing and new businesses to create additional employment and sustainable business growth.
Greater income for social investment: The income from commercial enterprise may support the delivery and enhancement of positive social impacts.
Cleaner Greener: The project follows current guidance, criteria, and standards which are contributing to Sefton's objectives in relating to environmental sustainability. The project will also enhance a key town centre canal side site..

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6792/22) and the Chief Legal and Democratic Officer (LD.4992/22) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Informal discussions have been undertaken with key stakeholders during the development of the project to date including partners in the health, educational (Hugh Baird), governmental (BEIS/NCASS), community (Regenerus), Charity (Canals and Rivers Trust) and other public (CA) and private sectors (including EFC and Strand Management and Wider Businesses). Consultation feedback has also been sought from residents and communities via test events on the site during 2021, and feedback incorporated into the business case.

Implementation Date for the Decision

Following the expiry of the "call-in" period for the Minutes of the Cabinet Meeting

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Appendices:

The following appendices are attached to this report:

Background Papers:

There are no background papers for this report.

1. Introduction/Background

The Bootle Canalside site is between the southern edge of the Strand Shopping Centre and the Leeds Liverpool Canal and was formerly occupied by the Post Office counter and sorting office building, and Easirent van hire business. Being in various ownerships, in 2020 Sefton Council acquired all outstanding interests in the site and in 2021 demolished and cleared the site through a support package of circa £2.1 million from the Liverpool City Region Combined Authority Single Investment Fund, LCR Town Centre Commission, and council staff resources.

This Business Case presented seeks approval to investment of Council capital and revenue resources into the site to both complete the fully approved scheme as per the planning approval and to manage and operate the site over the next 5 years. The details of this investment are detailed in the Business Case Section 4 – Financial Case.

The use proposed is to be of a 'Meanwhile Use' development, and it is envisaged that the principle of open space next to the canal will form a key component of any repurposing proposals for the Strand, help diversify the town retail offer, generate additional footfall, and help optimise the canal corridor location. This project therefore forms a key catalyst project and first phase of the larger Bootle Strand transformation and wider Bootle town centre regeneration programme. It will help stimulate new uses, encourage and provide a platform for community uses and provide an established venue for events and activities throughout the year.

2. The Project

The project received Planning Approval in August 2021 for a:

“Change of use of land for a temporary period of up to 5 years as a street-food, market and outdoor events destination, comprising the siting of temporary hot food takeaway stalls, the siting of up to 12 no shipping containers for food and drink purposes, 8 no containers for storage, welfare and site management facilities, bicycle storage and toilet facilities, 2 no containers for community use (up to 22 converted containers in total), hard and soft landscaping, car parking and new pedestrian accesses from Washington Parade and Stanley Road”.

The project will meet the key objectives of the Council Vision 2030 and Core Purpose and the project Vision will guide long term planning - helping to stimulate growth and, prosperity, set new expectation levels, and focussing on what is important for Sefton. The Core Purpose provides an outline on how the Council will contribute to achieving those ambitions as set out in the Vision 2030. The Council's major change programme

the Framework for Change, supports the Council Vision. The Bootle Canalside Project objectives align closely with the Council Vision 2030 and Core Purpose are seeking to achieve and will assist in delivering those outcomes. The project will also assist in meeting the objectives of our partners.

The project is a new type of regeneration project for the Council to deliver including opportunities for community engagement in regeneration proposals. It brings in opportunities presented by the Canal – specifically education, leisure, and wellbeing, whilst linking into other potential partner initiatives – as such we are working with organisations such as Everton FC, the Nationwide Catering Association (NCASS) street food pilot project, BEIS, Hugh Baird College, Canals and Rivers Trust, and Business and Community Groups. Benefits will accrue specifically relating to improving derelict land, providing additional direct and indirect jobs and investment, and community related initiatives and partnerships.

3. Project Delivery

The site is now in Council ownership and the project will be managed and delivered through a project management team comprising officers from across the Council (details included in Section 6 – Management Case). The project is to be delivered in two distinct but interrelated elements as follows:

Delivery of the capital project will be led by the regeneration team with support from the Canalside Project Team comprising officers from relevant disciplines, and a dedicated design team, separately appointed. The Team will provide advice and support for funding, procurement, and management of design and implementation services to project handover.

Delivery of the subsequent operational services will be led by the Tourism and Events Team (and supported by Sefton Hospitality Operations Ltd) who will undertake the management of the project branding and roll out, and organising and managing an ongoing programme of events to include – food and drink festivals, artisan markets, regular weekly activities, comedy/music festivals, other specialist events i.e. light installations, ice rink, Christmas markets, pop up cinema, and community events.

The role of site management will be undertaken by Sefton Council but will include:

- Management and maintenance of the site facilities
- Management of the site to accommodate the events programme
- Continual presence on site during opening hours in dedicated premises
- Regular maintenance of the hard and soft landscaping elements of the project in collaboration with local community organisations
- Co-ordination of necessary site security.

The Business Case

This case for investment report sets out the justification for investment based on the Treasury Green Book '5 cases' model covering the following areas:

- **Strategic Case** - to make the case for change and to demonstrate how it provides strategic fit with all relevant local, regional and national policies and targets.

- **Economic Case** - to identify the proposal that delivers best public value to the community, including meeting the wider social and environmental effects and particularly benefits.
- **Financial Case** - to demonstrate the required funding and affordability of the option for delivery and funding options, and how the project/deal impacts upon the balance sheet, income and expenditure and pricing arrangements of the Council.
- **Commercial Case** - to demonstrate that the preferred option will result in viable procurement and well-structured deals between the public sector and its service providers.
- **Management Case** - to demonstrate that robust arrangements are in place for the delivery, monitoring and evaluation of the scheme, including feedback into the Council's strategic planning cycle.

Financial Implications

Financially, the Canalside project comprises 2 interlinked elements relating to Capital Works (Infrastructure and canal edge works) and the ongoing Operational and Management costs to manage the completed development.

Capital Works

Significant investment has already been undertaken at the site with support through the Liverpool City Region Combined Authority for site acquisition, demolition and site clearance, and site infrastructure works. Other investment has taken current investment in the project to circa £2.1m. Considering the requirement to complete the project as agreed, and outlined in the approved Planning Permission, the project capital cost plan shows a requirement for **£556,862** of capital resources to complete the project. All infrastructure projects are designed to RIBA Stage 4. If approved, all of the capital expenditure will be spent and defrayed in the current financial year 2022/23.

Operation and Management

Officers have assessed the most viable option to operate and manage the site and the facilities once complete, and in order to assist in our decision, an industry expert, EPR Hospitality, was engaged to provide advice on both anticipated costs and expected income considering aspects relating to the site, location, and the challenges involved in delivering such an original project such as Canalside in Bootle.

In assessing the delivery options available officers looked at 3 options which were

Option 1 - Council Direct Delivery and Management

Option 2 - Private Sector Operator

Option 3 - Council Engage an Operator

Given the short term (5 year) nature of this site the most effective management option is Option 1 which would optimise site operations yet keep it within Council control to enable it to potentially transition into the longer-term Strand repurposing proposals. Option 1 would involve the Council employing staff directly to manage the site. This will require a minimal site presence and a dedicated Events Manager for site working within the Tourism Team, and the co-ordination of other site related services.

As detailed in the Business Case, this option will have a total budget requirement of £333,000 in year 1 through to £304,000 in year 5 (funded from the existing council resources), as detailed below

Option Year	In House Delivery					Total
	1	2	3	4	5	
	£000s	£000s	£000s	£000s	£000s	£000s
1 Rental Income	58	88	120	122	125	513
2 Events Income	1	1	1	1	1	7
Total Income	59	90	121	124	126	520
3 Management and Staffing	(76)	(80)	(84)	(88)	(93)	(422)
4 Marketing and Events	(130)	(133)	(135)	(138)	(141)	(677)
5 Other Site Costs	(186)	(189)	(191)	(194)	(197)	(957)
Total Expenditure	(392)	(401)	(411)	(421)	(431)	(2,056)
Total Budget Subsidy Required*	(333)	(312)	(290)	(297)	(304)	(1,536)

The detail of the Operation and Management requirement above has been informed by engaging a hospitality sector expert and considers the opportunity for Rental Income, Events Income, and balanced by the Costs of the Events programme, Management/Staffing Costs, and on-site costs which has informed the above financial requirement.

Conclusions

The Bootle Canalside project is a key catalyst project for Bootle and an important first phase of the larger Bootle Strand transformation and wider Bootle town centre regeneration programme. It will help stimulate new uses, encourage and provide a platform for community uses and provide an established venue for events and activities throughout the year. Over 5 years, the suggested investment in this project will provide significant benefits to the local economy through:

- Direct Job Creation
- Indirect Job Creation
- Increased spend in the local economy
- Increase in local income, and
- Over £6.4m of total economic impact.

In addition to direct economic outputs, there will be significant social and public value, which includes benefits that affect the welfare and wellbeing of the population. Key social benefits which the Canalside project will deliver include providing:

- Local Jobs
- Health Benefits
- Skills Training
- Public Realm Improvements
- Healthy and resilient environment

- Local Inclusive Growth
- Connected Communities

Details of the above benefits can be found in the Business Case document appended to this report.