

Crosby New Library Business Case (Redacted Append)

16th January 2023

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Executive Summary



Introduction

Crosby village is at the heart of a vibrant and active community, however like all town centres it has struggled to remain relevant to the needs of residents and respond to changing shopping and socialising patterns. At the same time, pressure on SMBC and other public service providers to deliver improved services at reduced costs, means that library and healthcare facilities need to improve the quality and accessibility to the community. SMBC has been active in considering solutions to reinvigorate the centre and deliver services, to ensure it supports social and economic benefits. Two Levelling Up Funding bids have been prepared that would fund the redevelopment of the Green Car Park site into a new modern library, health centre and business hub in the town. This report has been prepared to consider the potential delivery options and business case for investment in the scheme if LUF is not secured.

Strategic Case

Sefton has a fairly static population, with limited growth compared to the wider region. At the same time this population is ageing, and the ageing demographic will place increased pressure and demand on our public services. Current healthcare facilities are at capacity or in poor condition and there is recognised need for consolidated service delivery in modern, well accessed sites.

Sefton also has a need for services that support knowledge, learning and community integration. Library visits are low and have been decreasing as the facilities have failed to keep up with latest demand from residents in terms of digital learning, and community capacity building. There are high rates of educational attainment, but also challenges which new library provision could resolve.

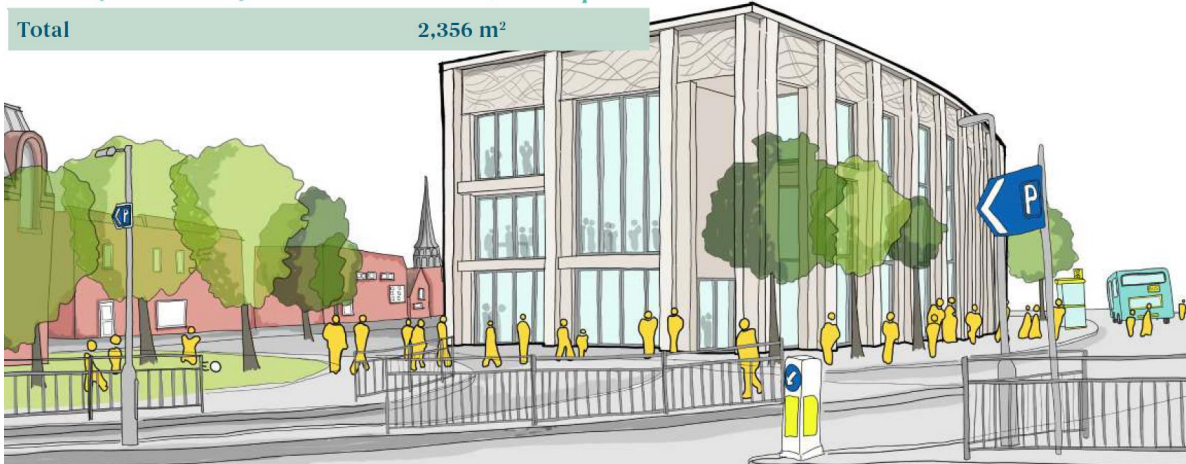
Community wellbeing and productivity has been declining, and there are low rates of business start up, which new knowledge and business space could improve.

Overall there is a demonstrated need for a new library, healthcare facility and business space that Green Car Park could deliver on. This could deliver significant economic and social value benefits.

However the deliverability of such a scheme is challenging. The costs are high and values low. As such a wide range of delivery options have been reviewed. The review suggests that there is potential to cross subsidise the delivery of the Green Car Park redevelopment with the sale and development of the existing Library site at Waterloo. This could be done via a Council led, or developer led approach.

The following sections present a summary of the financial and economic benefits of this, and delivery strategy options.

Building Gross Internal Area (GIA)		
Level 0 (Ground)	Library	800 m ² / 8611 sq ft 2
Level 1 (First Floor)	Healthcare	841 m ² / 9052 sq ft 2
Level 2 (Second Floor)	New Offices	715 m ² / 7696 sq ft 2
Total		2,356 m ²



Executive Summary



Financial Case

[Redacted content]

Economic Case

There could be significant benefits to undertaking both linked projects. A Green Book Compliant analysis has quantified and monetised the following benefits:

- £2.8m** of Direct Land Value Uplift
- £40.8m** of Wider Land Value Uplift, including house price growth in the area
- £234k** worth of employment benefits
- £133k** worth of crime reduction benefits
- £145k** worth of amenity benefits

£44m Total Economic and Social Benefit

Executive Summary

Delivery Strategy

A review of various delivery approaches suggests that a Council Led approach to Green Car Park, with the final sale and leaseback of the scheme could deliver the highest values, lowest risk, lowest resourcing demand, while still delivering good impacts to the area. The sale of the Waterloo site to a developer would also be the simplest and best value way for council to unlock the site for development while also delivering the Green Car Park scheme.

There are significant risks and uncertainties in the current development market, and council decisions should be made based on the appetite for risk against the need for control and retaining freehold ownership.

Recommendations and Next Steps

Further analysis could help inform decisions including:

- Reviewing car park financial models
- Undertaking financial appraisals and red book valuation of sites
- Revisiting the masterplans for both sites to engineer the highest value schemes
- Obtaining guidance from SMBC planning on the maximum development scheme deliverable
- Soft market testing of the opportunity with agents and developers

Next Steps

We hope to hear back on the results of the Levelling Up Funding soon. In the meantime, SMBC should consider:

- Key factors for decision making including risk, resource, values, and costs, short term income vs long term sustainability
- Consider SMBC ambitions for both sites and the role they play in the economic growth and delivery of community services

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Introduction

Introduction

Background

Savills has been commissioned by Sefton Metropolitan Borough Council (SMBC) to review options and prepare a Business Case to inform investment decisions relating to the proposed development of a new Library and Healthcare facility in Crosby Village. The aim of the research is to consider the potential delivery options for the scheme, and identify a potential preferred strategy for delivery, while also demonstrating the financial and economic benefits of the scheme.

In 2021 Savills was commissioned by SMBC to prepare a Levelling Up Funding (LUF) Round 1 bid for £19.2m for the proposed development of new Library, Health Hub and residential scheme on the Green Car Park site in Crosby Village. The bid was unsuccessful, with feedback from Department for Levelling Up Housing and Communities (DLUHC) stating that deliverability of the scheme was uncertain. In 2022 Savills supported SMBC to submit a second LUF Round 2 Funding bid for £10.3m to deliver a revised scheme including a knowledge hub, library, and healthcare facility, and commercial office space. We are still waiting on the outcome of the Round 2 LUF bid.

A successful Round 2 LUF bid would enable the delivery of the scheme. However LUF is extremely competitive. There were 300 bids in Round 1 and only 100 successful schemes (30% success rate). For Round 2 it is estimated that there have been over 500 bids. Sefton is currently identified as a Tier 3 location for Levelling Up, which suggests a low priority for funding.

Due to the current pressure on health care, library facilities and Crosby town centres vibrancy post Covid, demand for the project has increased and it is prudent to investigate delivery options for the scheme that do not depend on LUF.

This project, and the analysis presented in this report, aims to consider delivery

options that would enable the delivery of the proposed scheme, consider the financial implications for SMBC, and assess the wider economic benefits that such a scheme would deliver.

We provide recommendations and next steps to take forward the project.

Site Details

The proposed development site is known as 'Green Car Park' located off The Green Crosby Village, and covers 0.25 hectares.

Site Location



Introduction

Scheme Details

The proposed development aimed to amalgamate both knowledge and healthcare facilities into a single, efficient, modern and accessible facility in Crosby Village. This would replace existing, underutilised and sub-optimal facilities across the area, and bring them together into the town to improve access and outcomes. A range of options for the development have been considered, but two core schemes have been developed as outlined below.

LUF Round 1 Scheme

A detailed, fully costed and RIBA Stage 2 designed scheme was prepared by K2 Architects in 2020. This was reviewed by RIBA Places Matter Independent Design Panel which commended the scheme.

The scheme included a 1,010 sqm library and study space; 1,300 sqm health and wellbeing hub for 3 GP's, and 30 residential units on upper floors.

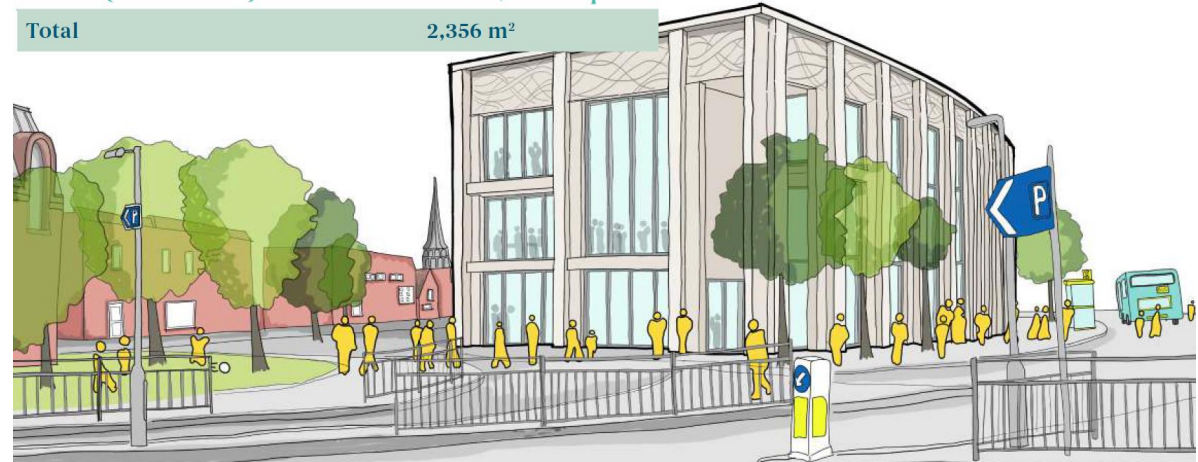


LUF Round 2 Scheme

Following the unsuccessful LUF Round 1 funding bid, the proposed scheme was reviewed again. The residential element of the proposal was removed due to the lack of residential amenity and open space. Commercial office floorspace was included.

The scheme proposed a 800 sqm library, 841 sqm healthcare facility, and 715 sqm of commercial office floorspace.

Building Gross Internal Area (GIA)		
Level 0 (Ground)	Library	800 m ² / 8611 sq ft 2
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Level 2 (Second Floor)	New Offices	715 m ² / 7696 sq ft 2
Total		2,356 m ²



Introduction

Linked Sites

The proposed development of the Green Car Park site would have knock on implications for a number of other sites across Crosby, including the following:

Existing Crosby Library

The existing Crosby Library is located on Crosby Road North in Waterloo (L22 0LQ) on a site opposite the Plaza Community Cinema. The site covers approximately 0.9ha.

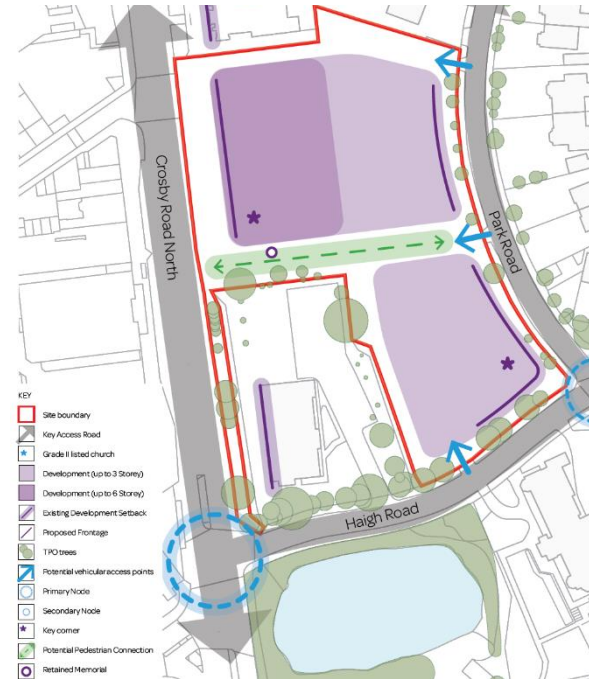
The existing Library is no longer fit for purpose for a number of reasons, it is: disconnected from the town; has in part been mothballed; is a significant maintenance and management liability; has prohibitive upgrade costs and very poor energy performance without obvious solution.

SMBC owns the site, and the relocation of the Library to Green Car Park could free up this significant site for potential redevelopment. Early capacity and development potential analysis, including high level initial plans prepared by Turley in 2022, suggest that the site could yield up to 85 new homes, including potential for extension of the high street or commercial use.

Car Parks in Crosby Village

The redevelopment of the Green Car Park would reduce overall car parking provision in Crosby by around 100 spaces. This would be offset by the reorganisation and rationalisation of space at the Cooks Land and Alexandra Road Car Parks which could deliver 28 additional spaces.

Existing Crosby Library Site, Waterloo, Development Opportunities



Health Care Facilities

Existing GPs are dispersed across multiple sub-optimal locations, in converted homes, with limited capacity to meet the growing health care needs of the community. These premises are recognised as no longer fit for purpose by the Primary Care Network and South Sefton Clinical Commissioning Group. We have not been provided with detailed locations of the GP facilities which could be amalgamated into the new facility at this stage.

This Report

The following sections of this report present an outline business case for the development of the new Library and Healthcare Centre on Green Car Park in Crosby. Analysis includes:

- **Strategic Case** – Considering the need for intervention and action, the options that have been considered, the strategic alignment, and the preferred option for intervention
- **Financial Case** – Considering the costs and revenue implications for SMBC
- **Economic Case** – The social and economic benefits that could arise from the proposed scheme and how this compares to the investment costs
- **Delivery Strategy** – An initial review of the potential options to deliver the scheme for further review and discussion
- **Recommendations and Next Steps** – Suggestions from Savills on the way forward.

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Strategic Case

Introduction

The Strategic Case of a Business Case sets out the need for action and investment, considering the challenges or opportunities facing an area and the evidence of 'Market Failure'. It also considers a range of options that could resolve the situation, and considers the strategic alignment of these options against wider local, regional and national policy drivers.

Need for Action

The need for the scheme is clear and pressing:

- The current library is: disconnected from the town; has in part been mothballed; is a significant maintenance and management liability; has prohibitive upgrade costs and very poor energy performance without obvious solution.
- Disadvantaged groups in Crosby currently suffer from poor educational outcomes linked in part to poor access to learning facilities. Learning and skills development will be enhanced within the new library and help address inequalities in access to learning facilities outside of the classroom and help to close the gap in educational outcomes.
- Existing GPs are dispersed across multiple sub-optimal locations, in converted homes, with limited capacity to meet the growing health care needs of the community. These premises are recognised as no longer fit for purpose by the Primary Care Network and South Sefton Clinical Commissioning Group
- Demand for health services is anticipated to increase in the foreseeable future due to an ageing population. Health inequalities in the Crosby area exacerbate bad health outcomes leading to poor Healthy Life Expectancy.

- There are various traffic pinch points and congestion and related access issues
- High quality office space is lacking in Crosby, which results in the town struggling to attract high 'value added' companies requiring modern premises. This in turn leads to out-commuting being common in Crosby due to a lack of good employment opportunities.

The proposed development will help address all of these matters in a comprehensive manner, a sustainable repurposing, making sure that Crosby is future proofed, green, offers exciting investment opportunities and provides what its local communities need .

The following sections of the report provide an overview of some of the data and evidence supporting the need for action and investment in new library and healthcare facilities in Crosby.

Ageing

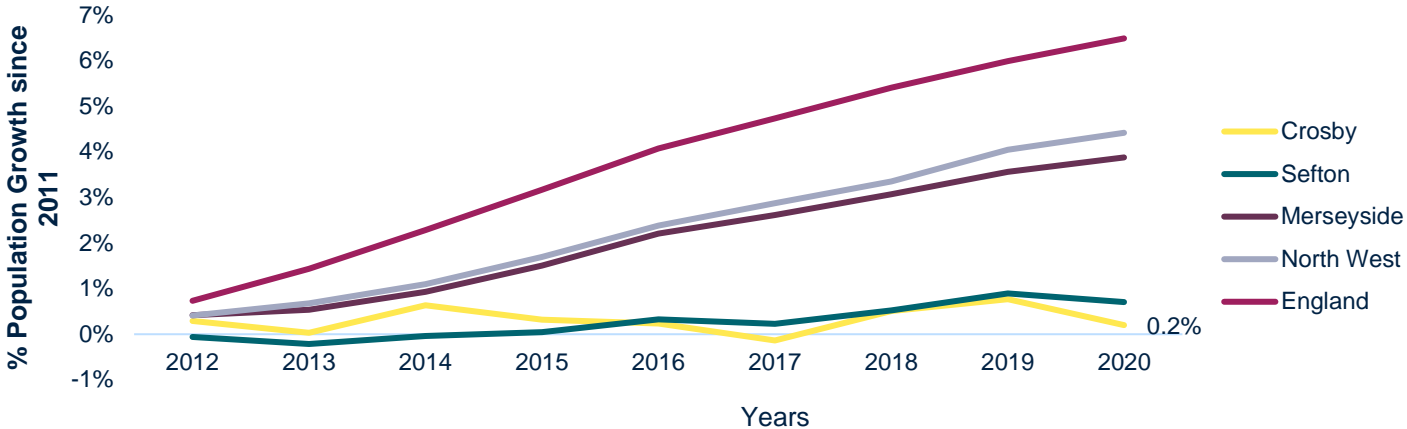
The population of Crosby and Sefton as a whole has remained fairly static over recent years, while the rest of the region and country have experienced growth.

However while the overall population has not grown the proportion of residents over 65 years has increased from 19% in 2011 to 23% in 2020. This equates to over 1,200 more over 65s in Crosby alone.

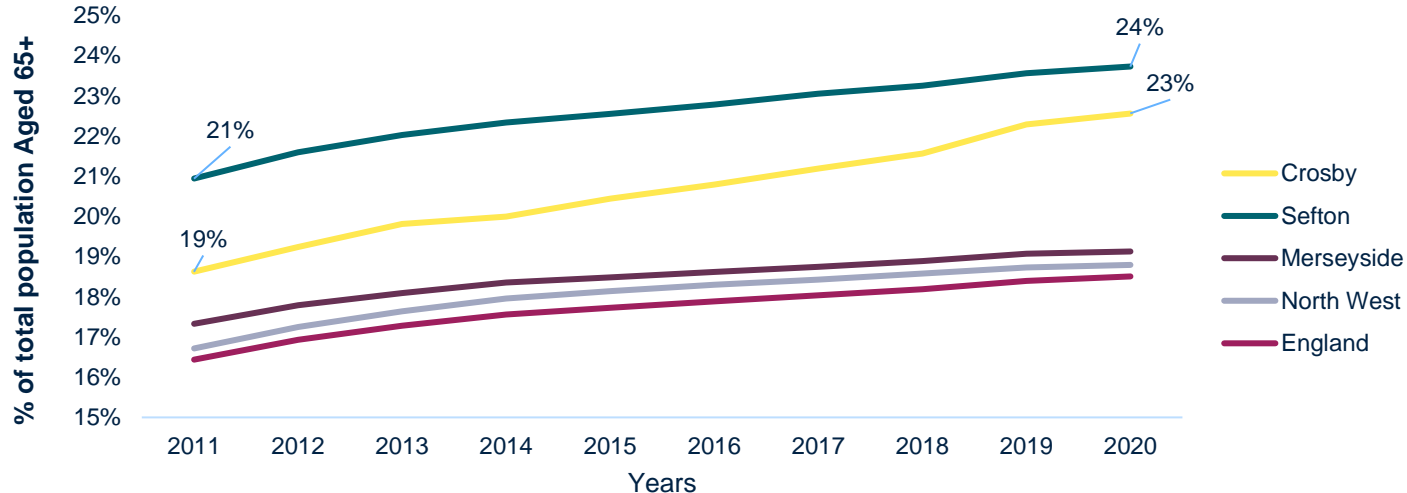
This age group is also likely to see greatest projected growth across Sefton by around 22,200 or 37.6% by 2031. Also in Sefton the over 85 age group is projected to increase by around 6,900 or 87.0%, by 2031, while the number of adults of working age is due to fall by 17,207, or 11.4%.

To service this ageing population requires high quality, well accessible, healthcare facilities.

Population Growth since 2011



The change of Aged 65+ population over last 10 years



Strategic Case



Health Conditions

The data shows that Sefton faces a number of healthcare challenges with the local population experiencing higher incidents of:

- Low life expectancy
- Cardiovascular disease
- AE admissions
- Alcohol related conditions
- Being overweight

These conditions and the burden they place on the health service, and impact they have on wellbeing outcomes, will increase with an ageing population unless improvements are made to the access and quality of healthcare services.

Health Profile of residents in Sefton (coloured dots) Compared to the England Average (shaded bars)



Source: Local Authority Health Profile, 2020, Public Health England (Accessed 2021)

Health Deprivation

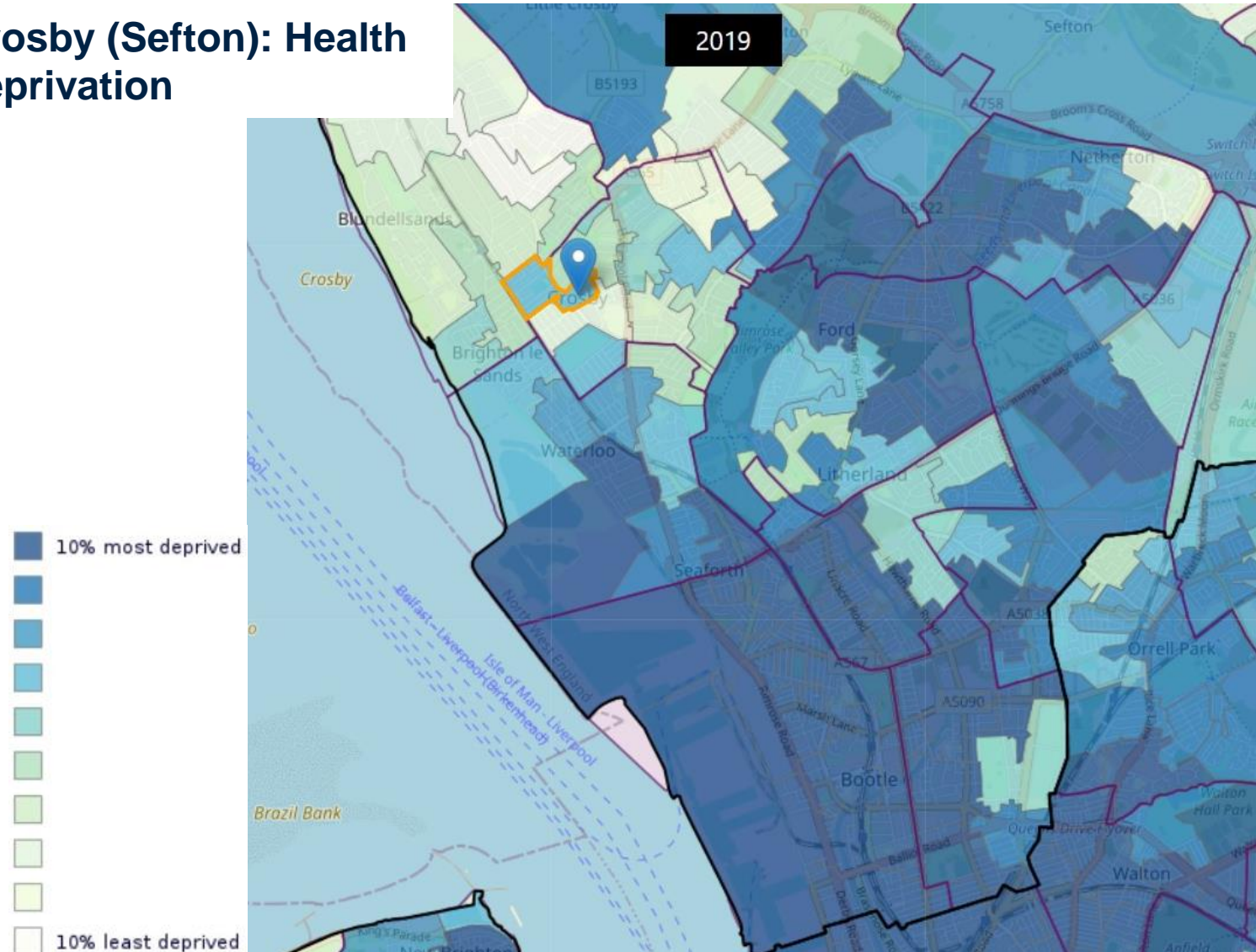
This graph shows 'Health Deprivation' ranking data from the Index of Multiple Deprivation for Crosby.

This shows that in 2019, this LSOA (Crosby) is ranked **13,091** out of 32,844 LSOA's in England; where 1 is the most deprived LSOA. This is amongst the 40% most deprived neighbourhoods in the country.

In 2015, this Crosby was ranked 13,659 out of 32,844, amongst the 50% most deprived neighbourhoods.

This suggests that health deprivation in the are is getting worse and needs addressing.

Crosby (Sefton): Health deprivation



Healthcare Services

Health care services, including 3 GP surgeries [REDACTED]

The current healthcare services are delivered at a number of residential properties converted for healthcare use that are dispersed throughout the area [REDACTED]

Due to the demographic makeup of Crosby, the overall level of deprivation is high when assessing the health and wellbeing of existing residents. It is anticipated that the demand for healthcare services will increase in the foreseeable future due to an aging population. Demand on services relating to older people including adult social care and health services.

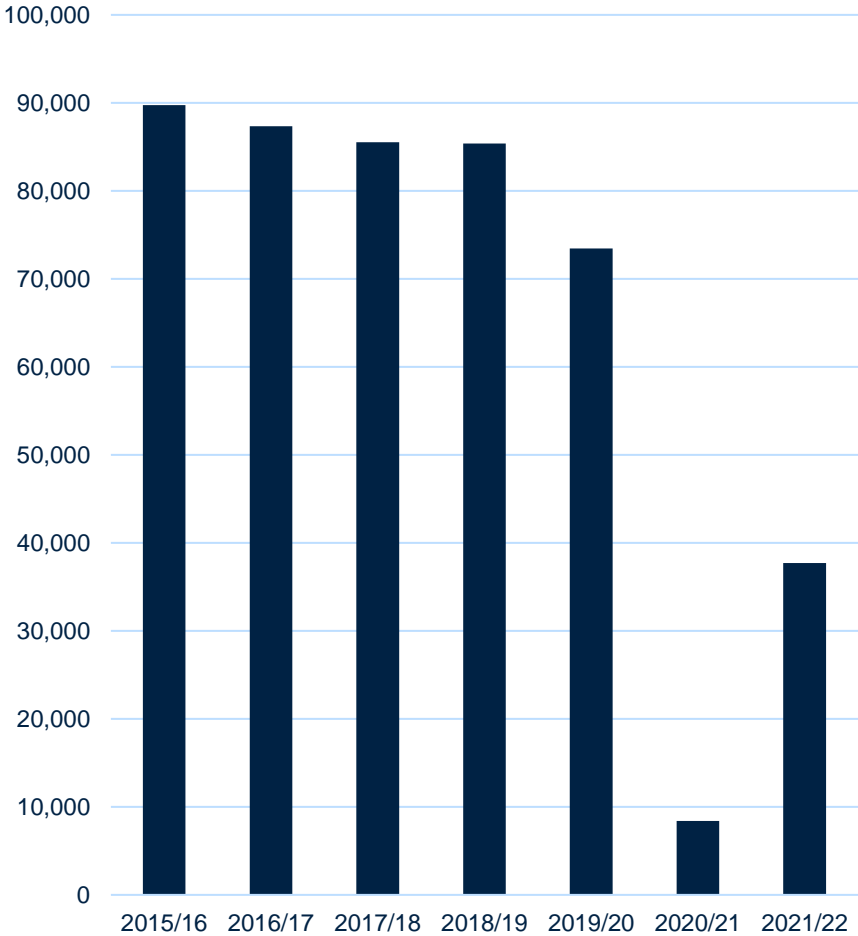


Skills and Learning

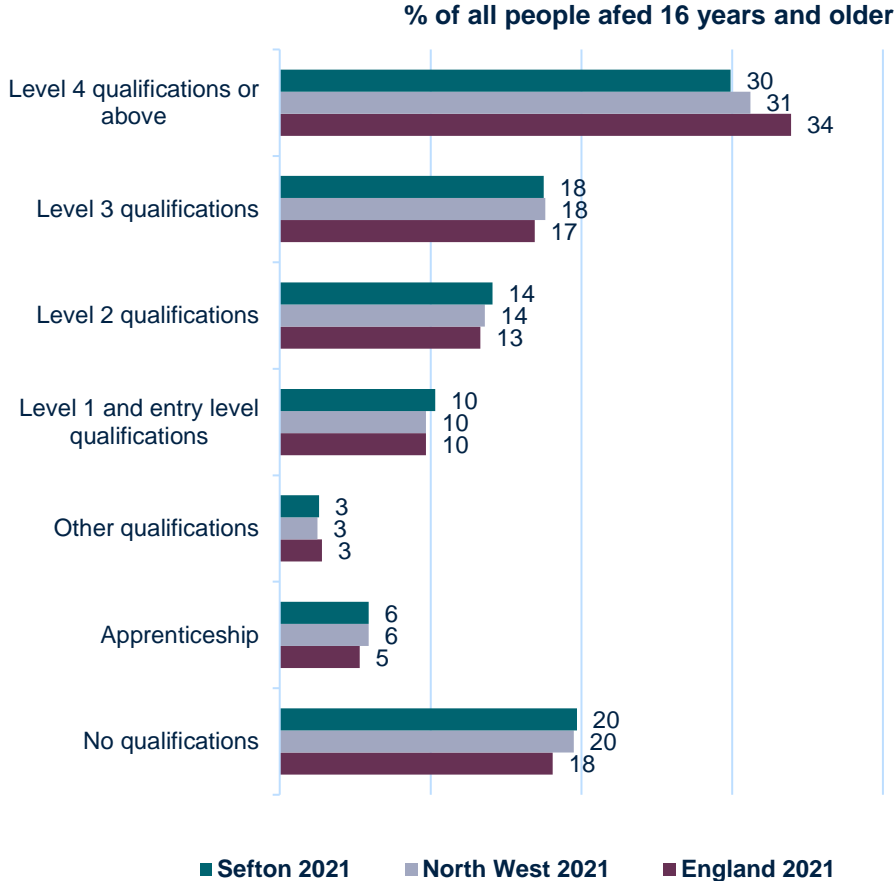
Modern, well designed libraries are important elements of community infrastructure that can support with learning, training and education outcomes, as well as health and wellbeing, community cohesion, and cultural outcomes. The current library is located 1.6km from the town centre and is disconnected from the community. Visits have been decreasing over recent years and are currently recovering from the pandemic's impact. The opportunity to bring this important asset into the town centre will deliver benefits to the centre itself, acting as a driver for footfall and activity, but also the wider benefits to the community from access of this valuable shared public resource.

While Crosby has good rates of skills and qualification attainment compared to the national average, Sefton as a whole does not. Sefton has a higher proportion of residents with no qualifications (20%) and those in apprenticeships (10%) and obtaining other qualifications (3%). These residents in particular would benefit from access to modern knowledge hubs provided by libraries to improve learning, education and skills outcomes.

Number of Library Visits



Level of qualifications 2021



Strategic Case

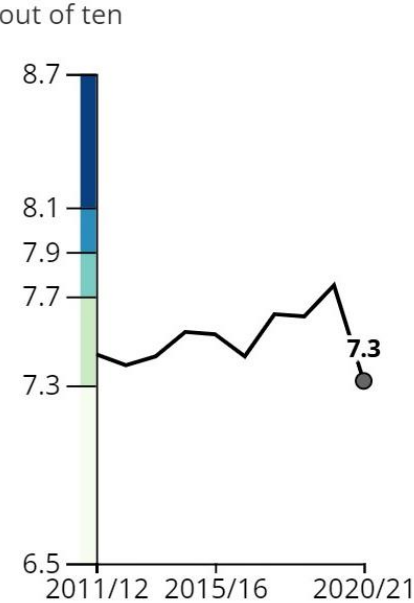


Wellbeing

Across a range of indicators, including life satisfaction, happiness and anxiety, Sefton residents rank lower than national average, with a significant downward trend in wellbeing and life satisfaction scores over recent years.

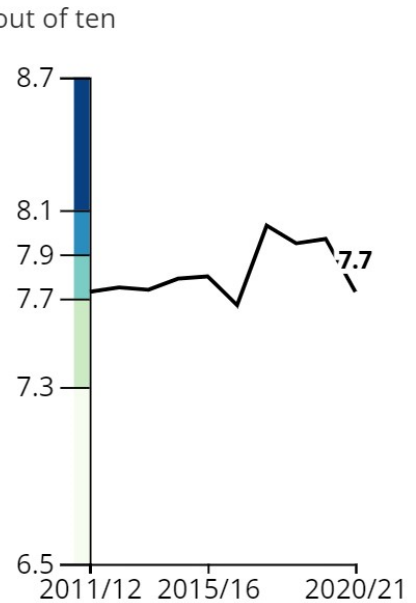
Improvements, and investment to our town centres, including essential public services can improve sense of place and wellbeing outcomes for communities.

Life satisfaction



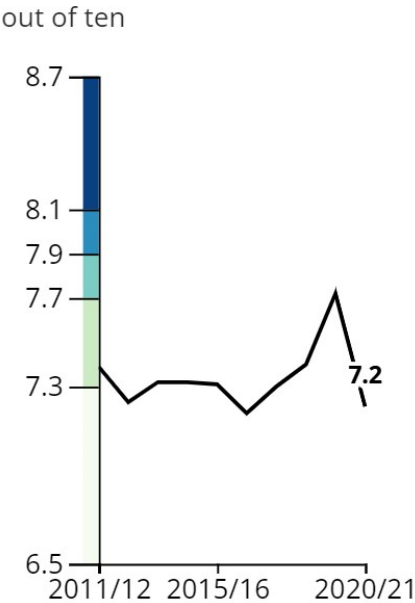
UK Average 7.39

Worthwhile



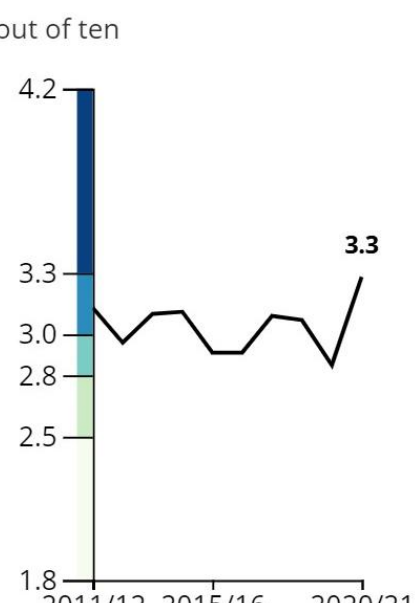
UK Average 7.71

Happiness



UK Average 7.31

Anxiety



UK Average 3.31

Strategic Case

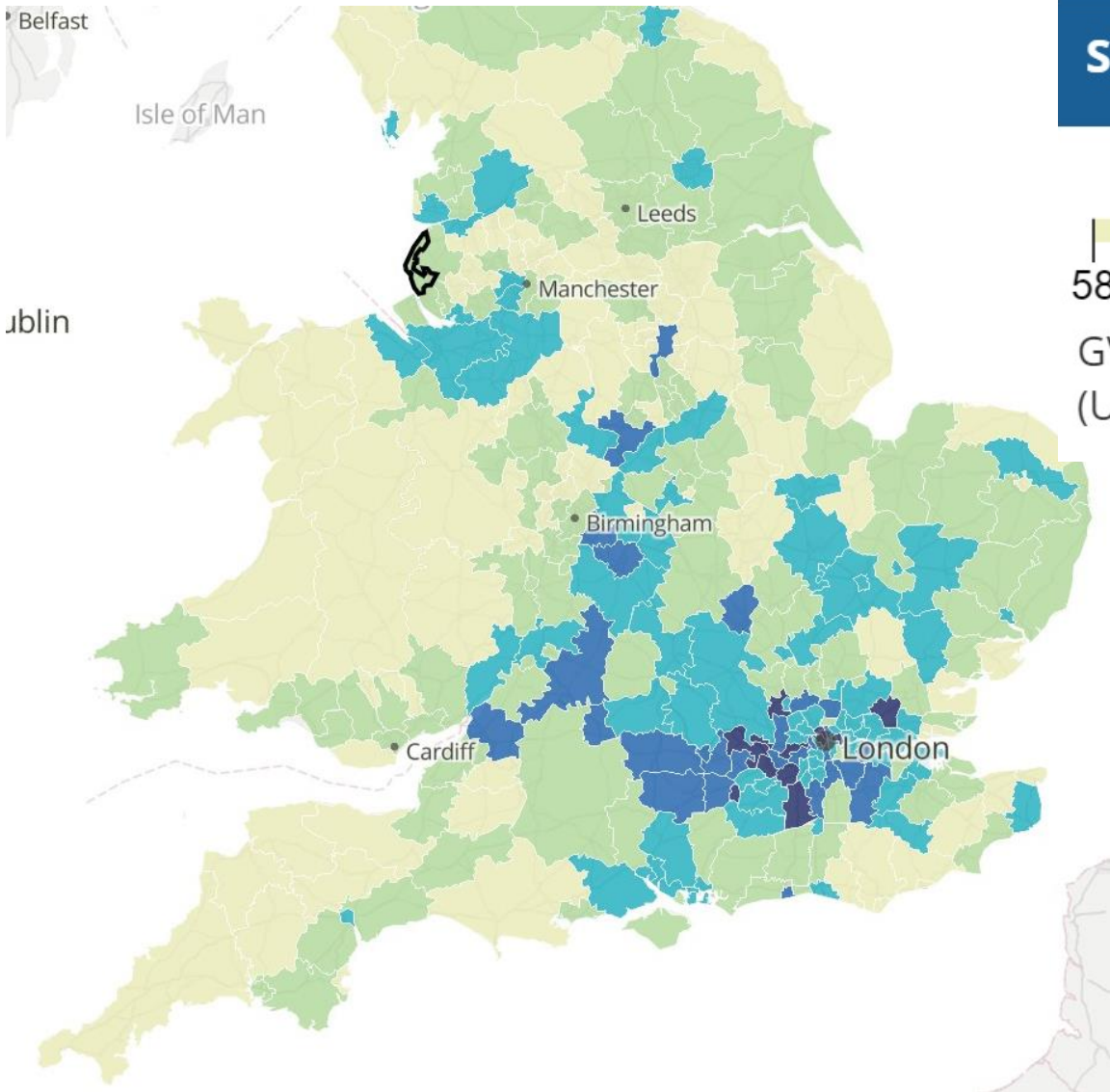
Productivity

Sefton generally has lower productivity compared to most other locations across the country.

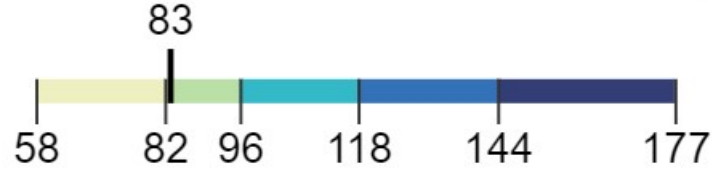
It is ranked in the lowest 30% of places in terms of productivity.

This suggests that the LA lacks high quality, high value, productive jobs and a diverse economy.

The potential to deliver flexible office employment space in the vibrant town centre could help unlock economic growth, business start ups, and retention of skilled and highly productive residents in the LA, rather than migrating out for work.



Sefton ✕



GVA per hour worked
(UK average = 100)

Rank 254 out of 363*

*Table A3: Nominal (smoothed) GVA (B) per hour worked (£); Local Authority District, 2019

Strategic Case



Businesses

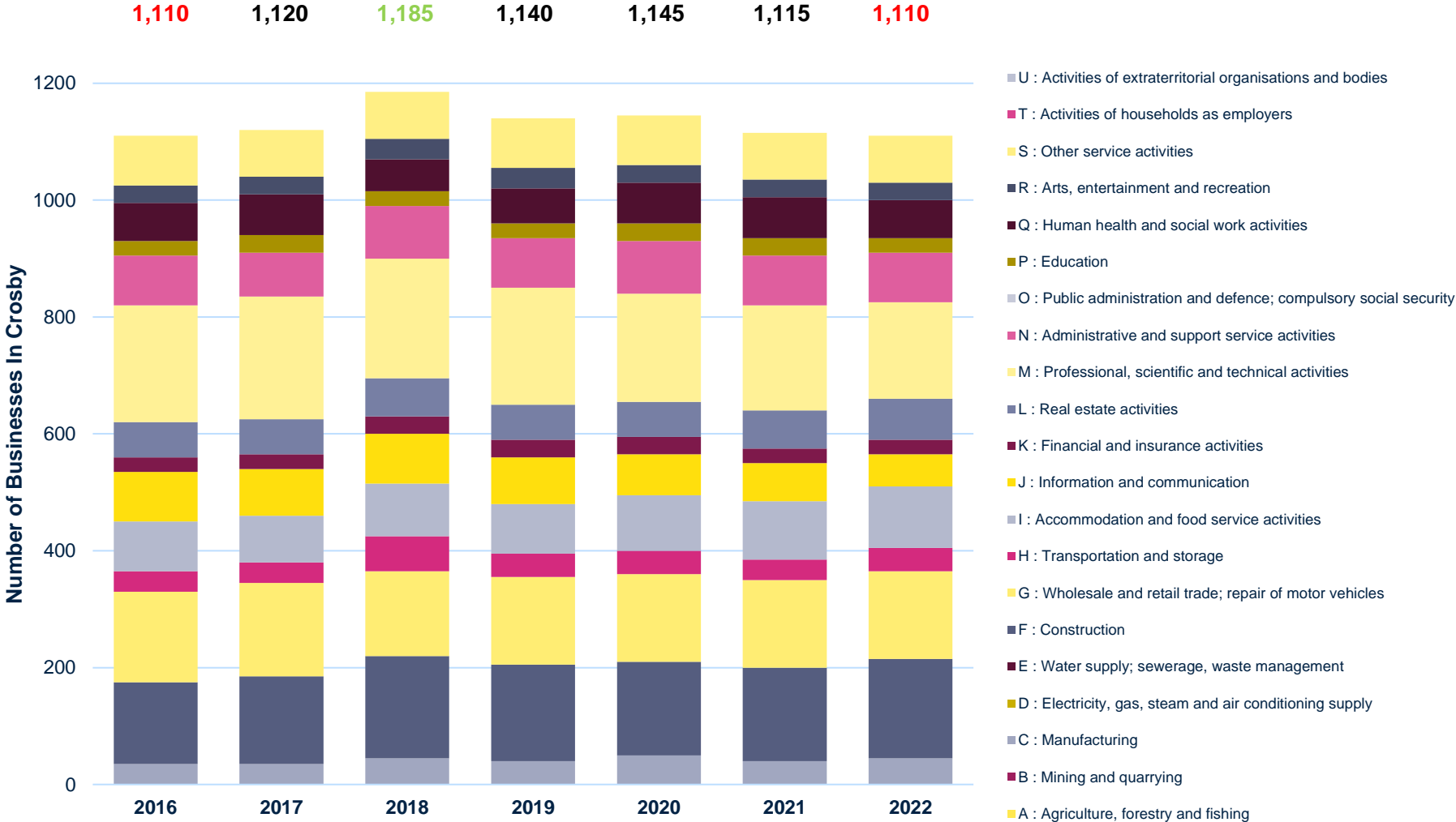
The total number of business in Crosby has been declining since its peak in 2018.

There are now 1,110 business in the town, the same level as in 2016.

This represents just 14% of the total Sefton business base, which has decreased from 15% in 2018.

The delivery of office space, as well as increasing footfall and vibrancy delivered to the town centre, will help to support business growth and productivity.

Total Businesses in Crosby, by Industry



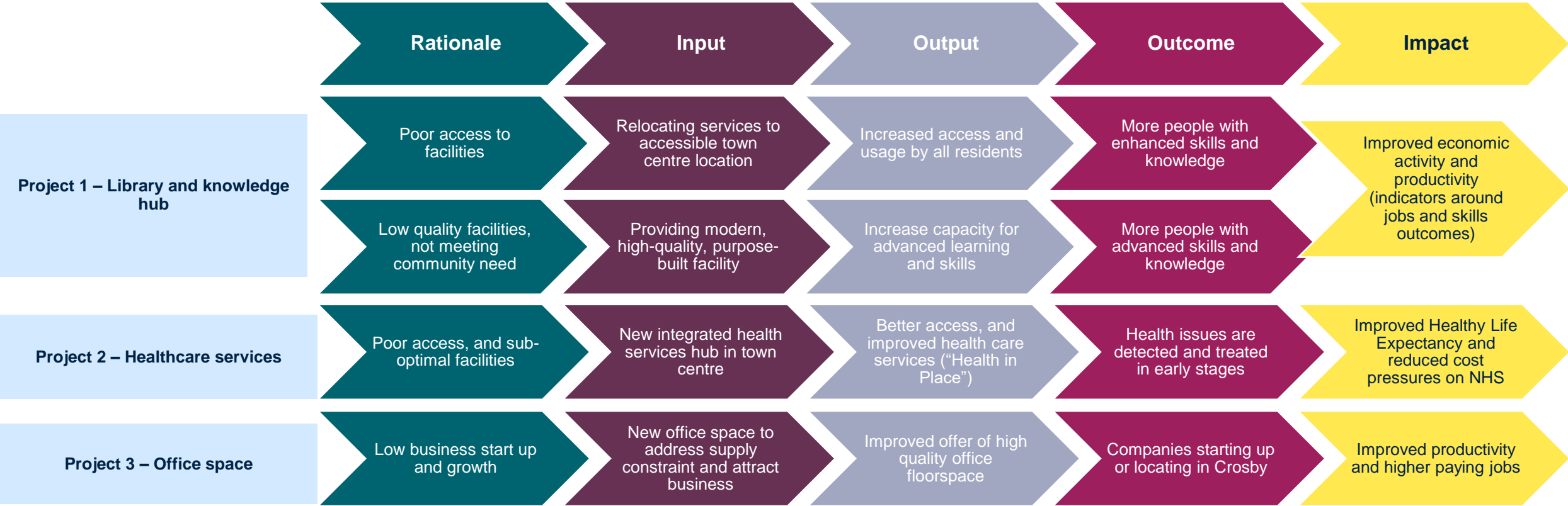
Strategic Case



Program Logic / Theory of Change

The Program Logic, or Theory of Change, creates a rationale and link between a challenge or opportunity facing our communities, a proposed or suggested action to intervene, and the expected outputs, outcomes and impacts that intervention will have. This Logic chain is an essential part of Government decision making at all levels. For the Crosby Library and Healthcare scheme the program logic is outlined below.

Program Logic / Theory of Change for Crosby New Library and Healthcare Centre



Strategic Alignment

The proposal for Crosby New Library and Healthcare Centre aligns well with Local, Regional and National Policy.

Local and Regional Alignment

'Crosby Investment Strategy' & 'Crosby Village SPD'

The 2015 Investment Strategy and 2017 SPD articulates the vision that by 2030 Crosby will be a vibrant centre recognised for its distinctive character, high design quality and diverse mix of uses, and accessible to all sections of the community:

- To re-establish Crosby village centre as the heart of the community, whilst complementing other pockets of activity in neighbourhoods through Crosby.
- To have an attractive, clear and shared plan of action for Crosby village that the Council, community and investors can work together to achieve.
- To improve the fabric and appearance of the village centre through development.
- To enable the redevelopment of key sites to introduce new uses and occupiers, to increase footfall and activity within the centre that will support local independents.
- To deliver a series of short, medium and long term community and development projects.

From the vision and these objectives follows that developments attracting residents to the town centre are needed. Given the trend in e-commerce and online shopping, a retail-led redevelopment of Moor Lane as suggested in the SPD is no longer appropriate. Instead, community and leisure focussed redevelopments would be more likely to achieve the objectives.

Local Plan

This site is one of three core sites which are integral to the town centres continued prosperity. Local Plan Policy ED2 states that town centre uses will be directed towards existing centres, of which Crosby is the second highest priority group.

This development also addresses policies relating to non-retail town centre developments set out in the Local Plan. Firstly, the retail function of the Centre will not be compromised as this development would help to drive footfall through the centre. Secondly, the proposed use would make a positive contribution to the overall vitality and viability, by introducing a new cultural offer through the new library and the health centre. Finally, the site will be accessible by being located next to the bus interchange, drawing people in the town centre and servicing their needs in one central location; creating a cluster of essential services.

The proposed use on the site will positively contribute to the community's health and wellbeing, aligning with Policy EQ1, to increase accessibility of homes, education, jobs, public transport services, health and other services, recreational opportunities and community, cultural and leisure facilities.

Sefton Future Recovery Plan

The proposed scheme supports a number of themes in the Recovery Plan, in particular 'Live life well', 'No one left behind' and 'connecting it up' which looks to improve Health and Wellbeing for all, new and improved homes, town centre living, vibrant town centres and community focus.

LCR Spatial Development Strategy

The scheme also aligns with the LCR Spatial Development Strategy, which has a focus on Health and Wellbeing, along with a greater focus on place making and communities in which the modern health and leisure facilities will address.

National Policy Alignment

The Government's levelling up objectives are to improve connectivity and skills, to increase productivity, to enable business growth, and to maximise employment. LUF targets improvements in pay, work, and health, as well as the attractiveness of local areas for living and working. Projects should deliver highly visible investments in transport, regeneration and culture to improve pride of place.

Options Analysis

In order to ensure an informed decision is made a range of options have been considered at a high level to resolve the issues of poor access and poor quality library and healthcare facilities in Crosby. High level analysis has been undertaken on a range of options and these have been RAG Rated ('Red, Amber, Green') to identify preferred options to take through to the next stage of financial and economic analysis.

The following pages outline the options analysis and RAG rating.

This indicates that doing nothing, no investment, and continuing with Business As Usual (BAU), is not a suitable response due to the challenges and issues already outlined in this report, as well as the ongoing financial burden on the existing Library and need for urgent repair works.

Options which would see only partial development of the Green Car Park site (Option 1) are not taken forward as they are high in cost and do not maximise the productive use of that land to delivery wider community benefit.

Options which include residential development on the Green Car Park site (Option

4, 5 and 6) have also been rejected due to the potential planning policy issues associated with delivering residential development without sufficient outdoor space or amenity space.

Options which do not provide a solution to the existing library site have also been discounted. This would result in creating a derelict and unproductive area and would not deliver any significant cost savings to have an overall positive financial impact on councils bottom line.

The two options selected for further analysis, Option 3 and 8, both involve the full redevelopment of the Green Car Park site for community and health use, and also the residential led development of the existing Library site at Waterloo. The difference between these options is that one is developer led (Option 3), the other council led (Option 8).

The rationale for selecting these two options are that they both deliver maximum productive use of council land, while also being able to leverage value and funding to cross subsidise high upfront costs. They are also both likely to deliver long term cost savings to council, and wider economic and social value benefits to the community.

These options have been taken through into the full assessment.

Strategic Case

Option / Scenario	Description	Floor space	Strategic Alignment	Financials	Economic Case	Deliverability	Overall Rating
Business as Usual	No investment in new facilities. The Green Car Park site will remain as a car park. The existing Library in Waterloo will still require significant investment in the short term, and continue to provide high costs to council in management and maintenance.	NA	This option does not support any local, regional or national priorities in terms of improving access or life outcomes for our communities.	<ul style="list-style-type: none"> Upfront Costs: High, including emergency repairs Whole Life Costs: High 	<ul style="list-style-type: none"> Economic Benefits: lower than Option 2 Wider public welfare benefits: lower than Option 2 	<ul style="list-style-type: none"> Achievability : Good Financial delivery: Poor 	Discounted - Not a suitable option
Option 1 - New Library only	The Green Car Park will be developed to deliver a new Library only. The existing library will be closed, but not developed. Healthcare services will continue to be distributed, and no other development proposed.	800 sqm	Aligns with local strategy to improve Crosby village centre, but creates a high financial burden on Council for the development and continued maintenance of the existing library site.	<ul style="list-style-type: none"> Upfront Costs: High, for the development of new facility Whole Life Costs: High 	<ul style="list-style-type: none"> Economic Benefits: lower than Option 2 Wider public welfare benefits: lower than Option 2 	<ul style="list-style-type: none"> Achievability : Good Financial delivery: Poor 	Discounted - Not a suitable option
Option 2 - New Library, Healthcare centre and Office provision	The Green Car Park site will be developed into a new Library, healthcare, and office hub. The existing library will be closed, land will remain in Council's ownership (no new development proposed here).	2,360 sqm	Aligns with local strategy to improve Crosby village centre, and delivers a range of services from one site. But creates a high financial burden on Council for the development and continued maintenance of the existing library site.	<ul style="list-style-type: none"> Upfront Costs: Very High Whole Life Costs: High, but revenue potential by renting out the Healthcare and Office space 	<ul style="list-style-type: none"> Economic Benefits: High (~£5.1m p.a.) Wider public welfare benefits: High (£28.8m over a 5 year appraisal period) 	<ul style="list-style-type: none"> Achievability : Good Financial delivery: Poor 	Discounted - Not a suitable option

Strategic Case

Option / Scenario	Description	Floors pace	Strategic Alignment	Financials	Economic Case	Deliverability	Overall Rating
Option 3 – As per Option 2, but existing Library site sold to private developer	The Green Car Park site will be developed into a new Library, healthcare, and office hub. The existing library will be sold to a developer for residential led redevelopment.	2,360 sqm	Generally good alignment with local, regional and national policy. Potential issues with developer led approach to former library site, however this could be mitigated through negotiation and SMBC control of any development agreement.	<ul style="list-style-type: none"> Upfront Costs: unclear; likely to be upfront revenue due to the sale of the existing library site which could be used to cross subsidise the development of the new facilities. Whole Life Costs: Low, rental costs at new Library site only. 	<ul style="list-style-type: none"> Economic Benefits: High Wider public welfare benefits: High 	<ul style="list-style-type: none"> Achievability: Good Financial delivery: Potentially Good 	<ul style="list-style-type: none"> Taken forward
Option 4 - New Library, Healthcare centre and Residential above	The Green Car Park site will be developed into a new Library and healthcare hub, with residential development above (As per LUF Round 1 funding bid scheme). The existing library will be closed, but remain in council ownership.	4,470 sqm	Aligns with local strategy to improve Crosby village centre, and delivers a range of services from one site. But creates potential policy challenges due to amenity and open space for incoming residents in the town centre.	<ul style="list-style-type: none"> Upfront Costs: higher than option 2 Whole Life Costs: higher than option 2 	<ul style="list-style-type: none"> Economic Benefits: High Wider public welfare benefits: High 	<ul style="list-style-type: none"> Achievability: Poor, due to planning restrictions Financial delivery: Poor 	Discounted - Not a suitable option
Option 5 – As per Option 4, but existing Library site sold to private developer	As above, but the existing Library site in Waterloo will be sold off to a developer to deliver housing led development.	4,470 sqm	Generally good alignment with local, regional and national policy. Potential issues with developer led approach to former library site, however this could be mitigated through negotiation and SMBC control of any development agreement. Also creates potential policy challenges due to amenity and open space for incoming residents into town centre residential units.	<ul style="list-style-type: none"> Upfront Costs: Potential for revenue generation from sale of housing Whole Life Costs: Low, rental costs at new Library site only. 	<ul style="list-style-type: none"> Economic Benefits: High Wider public welfare benefits: High 	<ul style="list-style-type: none"> Achievability: Poor, due to planning restrictions Financial delivery: Good 	Discounted - Not a suitable option

Strategic Case

Option / Scenario	Description	Floor space	Strategic Alignment	Financials	Economic Case	Deliverability	Overall Rating
Option 6 – New Library and Residential development	Green Car Park will be developed into a new Library with residential development above. The existing library will be closed, land will remain in Council's ownership.	2,250 sqm	Generally good alignment. But creates potential policy challenges due to amenity and open space for incoming residents.	<ul style="list-style-type: none"> ▪ Upfront Costs: High ▪ Whole Life Costs: High 	<ul style="list-style-type: none"> ▪ Economic Benefits: High ▪ Wider public welfare benefits: High 	<ul style="list-style-type: none"> ▪ Achievability: Poor ▪ Financial delivery: Poor 	Discounted - Not a suitable option
Option 7 – Development partnership approach – New Library, Old Library plus further sites across the borough	Developer takes over both the existing library site and the Green Car Park. Green car park to be developed to library, health hub/office space. Existing library to be developed to provide homes. Further sites need to be added to make project viable for developer – potentially between 10-20 sites across the borough	Sig.	Generally good in terms of overall policy alignment. However potentially too many issues associated with local procurement, social value and potential planning and policy challenges.	<ul style="list-style-type: none"> ▪ Unclear, however likely a positive financial position could be negotiated for the Council 	<ul style="list-style-type: none"> ▪ Benefits likely to be high in fast tracking economic and regeneration projects 	<ul style="list-style-type: none"> ▪ Achievability: unclear ▪ Financial delivery: Good 	Discounted - Not a suitable option
Option 8 – Council led redevelopment of the Green car park and existing library site (Waterloo)	Similar to Option 3, but Council led. Green Car Park will be developed into a Library and health hub/office. The existing library site will be redeveloped for residential led mixed-use development.	2,250 sqm	Good alignment and covers a number of strategic policy drivers including affordable residential development and improved town centres.	<ul style="list-style-type: none"> ▪ Upfront Costs – High, but potentially offset by sale of residential development on Waterloo site, leading to funds to cross subsidise the Green Car Park ▪ Whole Life Costs – Low, rental costs at new Library site only. 	<ul style="list-style-type: none"> ▪ Economic Benefits - High ▪ Wider public welfare benefits – High 	<ul style="list-style-type: none"> ▪ Achievability – Good ▪ Financial delivery – Good 	Taken forward

Strategic Case

Preferred Option

The options that are seen as most likely to be deliverable (both financially and from a policy alignment perspective) and are in line with local stakeholders' ambitions are Option 3 and 8. Both options deliver the same development outcomes. The Green Car Park site is redeveloped for a new library, healthcare centre and offices, while the existing library site in Waterloo is redeveloped for residential development. The only difference between the options is the delivery strategy. In Option 3 the Waterloo site is sold to a private developer to deliver residential development. In Option 8, Council retain ownership and deliver the scheme. The remainder of this report assesses both delivery options.

Green Car Park Redevelopment



Green Car Park to be redeveloped into a Library and Health Hub including

- Health hub (1,559 sqm)
- Library/Community space (800 sqm)
- Public Realm enhancement (3,354 sqm; Library Square and Car Park only)

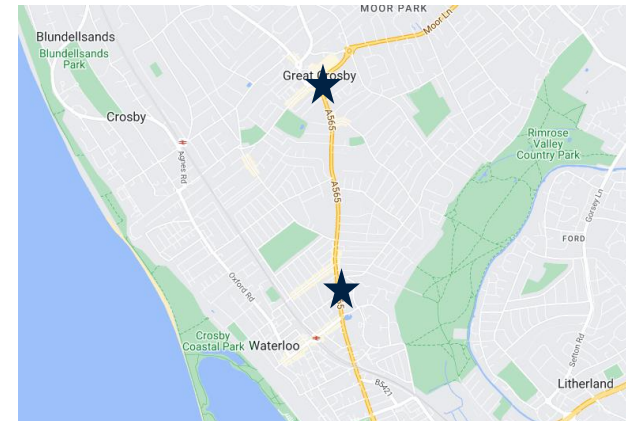
Waterloo Existing Library Redevelopment



Existing library at Waterloo to be redeveloped into 98 residential units with a focus on affordable housing and starter homes in line with local ambitions

- 48 units of 2 Bedroom flats (starter homes)
- 12 units of affordable 2 Bedroom houses
- 5 units of 2 Bedroom houses at market rates
- 13 units of affordable 3 Bedroom houses
- 20 units of 3 Bedroom houses at market rates

Contextual Map both Sites



The star in Great Crosby shows the location of the Green Car Park. The star further south near the Waterloo Station shows the current Waterloo library.

3

Financial Case

Introduction

This section considers the Financial Case for the preferred Options. This considers the real financial costs against the likely financial values of the scheme to demonstrate the long-term viability of the scheme (i.e. Waterloo site and Green Car Park site).

This considers the operational financial implications for council, as well as the costs and potential profit of capital development works which could be undertaken by council on both sites.

To assess the Financial Case at OBC stage we have based our analysis on the Development Viability Appraisal prepared by Savills. This was undertaken using the latest BCIS data for Sefton as well as analyzing the Government's Land Registry to consider residential values. It has also considered advice from Avison Young (advice provided to SMBC) on the potential commercial values from healthcare occupiers.

We have conducted a blend of Residual Land Value (RLV) Appraisal and long-term revenue/cost saving analysis in excel to provide an estimate.

Caveats and Limitations

- The financial appraisal is based on data provided by SMBC directly, regarding the operational model of the current facilities, or consultants working for SMBC (e.g. AY) regarding potential costs and values of the schemes. Savills has also used data from BCIS and local property market data.
- The financial analysis for development schemes has applied a RLV estimate based on the DCLG Appraisal Guide which is suitable high-level analysis to inform policy appraisal.
- The financial analysis is not a Red Book valuation, and should the scheme require valuation for sale then a Red Book appraisal would be required.
- The analysis is based on point in time data and as such subject to change. The market is changing rapidly at the moment, with high-cost inflation and forecasts

for decreased property values, as such caution should be used when reviewing the viability of the schemes and analysis regularly updated.

This section redacted

NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The Public Interest Test has been applied and favours the information being treated as exempt.

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4

Economic Case

Economic Case

Introduction

The Economic Case sets out the economic benefits of the investment to the wider public, thus, these do not represent financial gains to the Council. It presents evidence of the expected impact of the investment on the economy as well as its social and wider impacts. At this stage, no wider Health and Wellbeing factors having been considered.

Approach

The HMT Green Book and DCLG Appraisal Guide set out guidance on how the benefits of property and development interventions should be measured. Land Value Uplift (LVU), which is the impact an intervention will have on the productivity and value of land, is the core and preferred metric for assessing property related interventions. The LVU impacts are seen as a catch all for a range of different benefits and are a move away from traditional economic benefits such as Jobs and GVA. However the guidance also provides flexibility to allow other economic, social and environment benefits to be claimed as part of the economic case for schemes.

The following sections set out our working and estimate of the economic benefits that the investment in the Option 3/8 redevelopment project could deliver.

Direct Land Value Uplift

This considers the potential of the scheme to bring low quality and low productive land into more productive and valuable use. This considers the Existing Use Value (EUV) of the current site and the Future Use Value (FUV) of the site once development has been completed. The FUV is assessed using the Residual Land Value (RLV) appraisal approach which considers the Gross Development Value (GDV) of the development produced minus the development costs. In line with Green Book guidance, affordable homes are valued at market prices to demonstrate their value to society.

The analysis presented in the tables shows that the Green Car Park site as a negative LVU impact as it is already in a productive and valuable use as a car park.

The Waterloo site would have a positive LVU impact as this site is not currently used as productively as it could be and redevelopment could deliver additional benefits.

Direct LVU Green Car Park site		
	Reference Case	Green Car Park site
GDV	£ 380,000	£ 11,395,000
Costs	£ -	£ 11,183,635
RLV	£ 380,000	£ 211,365
LVU	-£	168,635
Additionality		
Leakage	25%	
Displacement	25%	
Net Additional Impact	-£	94,857
NPV Discounting		
NPSV LVU	-£	82,663

Direct LVU Waterloo Site		
	Reference Case	Homes on Current Library Site
GDV	-£ 1,000,000	£ 18,538,000
Costs	£ -	£ 14,040,303
RLV	-£ 1,000,000	£ 4,497,697
LVU	£	5,497,697
Additionality		
Leakage	25%	
Displacement	25%	
Net Additional Impact	£	3,092,455
NPV Discounting		
NPSV LVU	£	2,886,840

Economic Case

Wider Land Value Uplift

This considers the same LVU metric principles as the above, however it is focused on the impact of the intervention on the wider area. This considers the amount and type of development in the surrounding area which is impacted by the site in its current state, and will be impacted by the future redevelopment of the site. A displacement factor of 20% is applied to all WLVUs to account for the fact that some uplifts will come at the expense of others.

Waterloo site

The site would generate a WLVU of approx. £6.8m. This is mainly driven by an increase in prices of residential units in Postcode areas adjacent to the site. Office units also benefits from a substantial uplift. This uplift is relatively large due to office rents in the area currently being very depressed. Retail units also stand to benefit, however, to a smaller extent since these are already relatively high.

Green Car Park site

Because the site would host a larger scheme including Public Realm elements, a wider impact radius of 500 Meters was deemed appropriate for the assessment. The WLVU is mainly driven by residential values in the area, which are expected to increase. Retail values are also anticipated to increase substantially due to the increase in footfall driven by the hub and the revived town centre. Because office rents are already relatively high, little impact is expected here.

NPVB WLVU Waterloo	
Residential	£ 3,339,936
Office	£ 2,399,879
Retail	£ 1,027,614
Industrial	£ -
Total NPVB WLVU	£ 6,767,428



0.15 Miles radius around Waterloo site, source: CoStar

NPVB WLVU	
Residential	£ 30,166,600
Retail	£ 3,750,194
Commerical	£ 191,991
Industrial	£ -
Total NPVB WLVU	£ 34,108,785



0.3 Miles radius around Green Car Park, source: CoStar

Economic Case

Labour supply impacts

The scheme will create job opportunities for local people. This will include opportunities for long term unemployed or new entrants into employment. This will deliver wages uplift impacts. We anticipate only 10% of the jobs supported at the site will go to new entrants and that only 40% of the benefits will be welfare benefits, this will be benefited over 5 years. Because no productive premises are delivered at Waterloo, no labour supply impacts are assessed here.

Crime reduction impacts

The scheme will replace a redundant car park overlooking back of properties, which creates safety and crime issues, into a high quality new mixed use development including public space with both passive and active surveillance from residents. Crime reduction impacts were estimated for both sites. Reductions are estimated for a 1-mile radius for the Green Car Park and for a 0.25-mile radius for the Waterloo site. Displacement for both sites is assumed to be high reflecting that reduced crime is likely to occur elsewhere instead.

Amenity

The public realm improvements will have additional amenity benefits, and according to MHCLG of £109,000 per ha, which is calculated over 5 years.

Since only the Green Car Park site will deliver Public Realm improvements, amenity value can only be estimated for this part of the scheme.

Labour Supply Impact Green Car Park	
Number of jobs generated as a result of investment	31
Percentage of jobs taken up by new/re-entrants to labour market	10%
Number of labour market entrants/re-entrants	3.13
GVA per worker (current prices)	£44,517
Welfare impact of labour market entrants/re-entrants	40%
Total benefit per year, current prices	£ 55,697
Present Value of Benefit	£ 234,751

Crime Reduction Green Car Park	
Incidences of crime	600
Reduction	10%
Monetary cost of crime (at current prices)	£1,244
Reduction in number of incidents (Gross)	60
Displacement	75%
Net Reduction in Number of incidents	15
Benefit per annum	£ 18,666
Duration	5
Present Value of Benefit	£ 74,428

Crime Reduction Waterloo site	
Incidences of crime	476
Reduction	10%
Monetary cost of crime (at current prices)	£1,244
Reduction in number of incidents (Gross)	48
Displacement	75%
Net Reduction in Number of incidents	12
Benefit per annum	£ 14,809
Present Value of Benefit	£ 59,046

Amenity Benefits Green Car Park	
Area (sqm)	3,354
Benefit per annum	£ 36,605
Present Value of Benefit	£ 145,956

Economic Case

Economic Case Appraisal Summary

This demonstrates that the redevelopment of both sites would deliver substantial benefits to Crosby and its residents. When compared to the amount of money (approx. £15m) the council would have to borrow beyond 2025 (the assumed completion date for both sites), the BCR works out at around 2.75, which is 'Very High' Value for Money.

Benefits Waterloo Site	
Direct Land Value Uplift (LVU)	£2,886,840
Wider LVU	£6,767,428
Labour supply impacts	£0
Crime reduction impacts	£59,046
Amenity benefits	£0
Total benefits	£9,713,314

Benefits GCP Site	
Direct Land Value Uplift (LVU)	-£82,663
Wider LVU	£34,108,785
Labour supply impacts	£234,751
Crime reduction impacts	£74,428
Amenity benefits	£145,956
Total benefits	£34,481,257

Benefits both Sites	
Direct Land Value Uplift (LVU)	£2,804,177
Wider LVU	£40,876,213
Labour supply impacts	£234,751
Crime reduction impacts	£133,475
Amenity benefits	£145,956
Total benefits	£44,194,571

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Delivery Strategy

Introduction

This section considers the potential delivery strategies which could be utilised by Council to deliver the schemes. Again a Red, Amber, Green (RAG) rating has been applied based on an initial assessment (rather than detailed financial analysis) of which option would have the greatest impact on Council. This considers value, in terms of the likely profit or value to SMBC; Costs, in terms of SMBC financial contribution; Risk and uncertainty shared by SMBC; Resource, including SMBC staff resource to manage delivery; Impact, including the potential to deliver an impactful scheme which will have wider economic and social benefits to the area; and Control, in terms of the level of influence SMBC will retain in the process (including retained freehold).

Delivery Strategy overview

The following diagrams present a logic flow between a Council Led and Developer Led process for the delivery of both the Waterloo Library site and Green Car Park sites.

This suggests that for the Green Car park, a Council led approach, which would see SMBC deliver the scheme, and then sell and lease back the site could be most effective. This would require SMBC to raise capital to fund the development, and then agree a sale of the final scheme to an operator. At the same time the council would agree a lease deal with the operator for the Library site. The operator would then take on the management responsibility for the entire site.

This would give SMBC an initial capital return (selling the long term lease of the scheme), low maintenance costs (as that would be for the operator), retain control (including freehold of the asset) and agree a set rent for the library site and secure its long term operation.

However, for the Waterloo Site, a initial sale of the site and development potential on the site would seem to be the most appropriate, highest value, and deliverable.

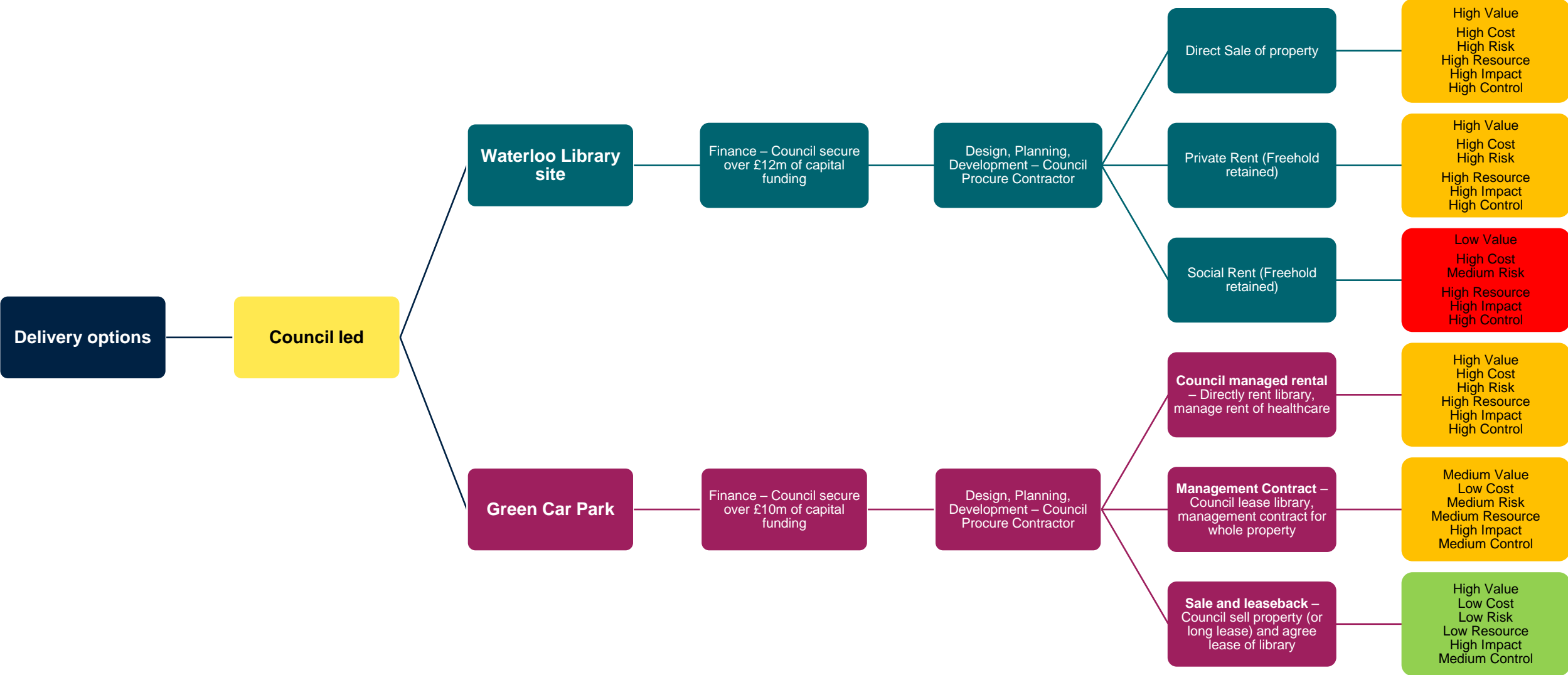
This would see SMBC sell the site and the development opportunity on the site to a

potential developer. This would deliver an initial capital return which SMBC could invest in the delivery of the Green Car Park.

This sale could allow a developer to come forward with revised and highest value scheme for the site. There may be potential for SMBC to retain ownership (freehold) in part of the site, depending on the deal done. This is a low risk, low resource, and high impact strategy.

All of these delivery options require further investigation as well as decision making by SMBC over appetite for risk and control in the scheme.

Delivery Strategy – Council led



Delivery Strategy – Developer led



Development Team view

Advice was sought from Savills Development Team who have experience of delivering similar projects elsewhere. Their initial review of the scheme, site and development potential, led to similar conclusions on the overall delivery strategy that would deliver best returns to SMBC. They suggest the following two delivery options:

- **Sale of both sites to Developer;** Health - focused Developer to deliver site and enter long term lease deal with GP surgeries' partners. Council to become tenant entering a long-term lease deal for town centre hub (i.e. Library + Health).
 - **Advantages:**
 - Developer taking on financial liability and associated risks;
 - Potential to hand Waterloo site over to Affordable Housing association who can apply for grant funding from Homes England to improve overall viability
 - **Disadvantages:**
 - Council giving up control over delivery
 - Council potentially having to agree to pay higher rent for library premises to make delivery viable for Developer
 - Council potentially having to review plans for homes at Waterloo and a) decrease the share of affordable housing, or b) increase density, or c) include mixed-use elements to make delivery viable
 - Homes England grant funding only available if no affordable housing commitment in Planning Permission
 - Only health focused or smaller scale developers will likely be interested, such as Cityheart who specialise in working with the public sector to deliver and manage regeneration projects
- **Council delivery of both sites.** This would require SMBC to either allocate existing staff or employ additional staff to manage the delivery. Alternatively, the

Council could outsource the management of the delivery to a developer for a fixed fee (likely around 3% of construction costs).

- **Advantages:**
 - Developer to manage contractors, thus, no additional staff required at SMBC
 - Council remaining in full control of delivery
- **Disadvantage:**
 - Council taking on financial liability and associated risks

Other Factors to Consider

The market is currently very tight due to reduced availability of funding. This is expected to ease next year. This may mean initial sales of the site are difficult to achieve. However developers would be interested in low risk sites and schemes such as this, with good support from the LA. This also increases the risk of a Council led delivery, as it increases the risk and pressure on Council to deliver and then offload the scheme.

While costs for build materials seem to have plateaued and have shown signs of starting to decrease indicating that construction inflation is likely to ease. However, there is still significant uncertainty in the market, and potential for future fluctuations.

6

Recommendations and Next Steps

Recommendations and Next Steps

Recommendations

In summary, the analysis finds that the approach should be a blend of a Council led approach – for the Green Car Park site – and a Developer led approach – for the Waterloo site.

For the Green Car Park site to be cross subsidized by the sale of the Waterloo site to a developer, the approach to the Waterloo redevelopment should be reconsidered. Further densification, commercial elements and more market homes could contribute to increasing the land receipt from selling the site.

A council owned Green Car Park site would generate an income to the Council that can be used to pay for the ongoing financing costs of the site.

We recommend the following:

- Further analysis on existing car parking revenues and costs at Green Car Park is undertaken to understand the true financial position
- Further financial analysis and more detailed development appraisals are undertaken on both schemes to consider the financial implications with the aim of defining a Red Book land valuation for both sites
- The initial draft Waterloo Library site scheme is reviewed and revised to consider the potential for increased density and mixed use options to maximise value, return to council and delivery of social and community outcomes
- Further advice from SMBC Planning division is sought on the potential development potential of both sites. This should consider the potential of the Green Car Park site to accommodate high density residential development without amenity provision. This could help create a more viable and self sufficient scheme
- Soft market testing or initial discussions with real estate agents, developers and occupiers is undertaken to inform the delivery strategy.

We feel that the above would support SMBC to further advance thinking and decision making regarding a preferred delivery strategy for the scheme.

Next Steps

We are still waiting on the outcome of the LUF bid. In the meantime, next steps may include:

- SMBC to review the evidence presented here and consider the key factors driving decision making. Is the key priority reducing risk, exposure, and resource, or is it about maintaining control and maximising values?
- What are SMBC's ambitions for both sites, and is high density mixed use development a priority to unlock the significant benefits of both sites? If so, values and financial variability could be improved with higher density schemes
- The recommendations presented here would form a useful next stage of work, which would provide SMBC with all of the information needed to inform a delivery strategy and commence negotiations and discussions.