

Crosby New Library Addendum and Update to Outline Business Case

18th October 2023

Addendum – Introduction and Economic Case

Introduction

This Addendum provides an update to the previously submitted Outline Business Case (OBC) outlining how the new library in Crosby Village (i.e. the town centre) can be delivered. The first four pages of this document provide the Addendum itself; the pages from slide 6 onwards contain the updated OBC, i.e. the original OBC but with any references to the existing library (Waterloo Library) removed. The original OBC suggested that sale of the Waterloo Library and its subsequent redevelopment for residential use could cross-finance the delivery of the new library in Crosby Village.

Sefton Council has now announced it is pursuing the futures of Crosby Village and Waterloo Library as two separate schemes. A Council spokesperson said: “Sefton Council is committed to its exciting and innovative project to help secure a successful and robust future for Crosby Village. The Council’s Cabinet has given consideration as to how refurbishment of the existing Library in Waterloo could be included in this project. Given our high aspirations for Waterloo and Crosby we have decided to pursue both as separate schemes. We will therefore be continuing to deliver the Crosby Village scheme and at the same time we will retain the existing Library in Waterloo.”

In the light of this policy change, this Addendum reflects the Council’s decision to treat the two sites as separate schemes and to not inter-link their funding requirements and delivery mechanisms. This Addendum also assumes that the Council would borrow the funding to deliver the new library and to cover the site’s viability gap.

Economic Case

The economic benefits generated from the redevelopment of the Green Car Park site to a new Crosby Village Library differ from the benefits estimated in the OBC as they exclude redevelopment of the Waterloo site. The table below sets out the Economic Case for the Green Car Park Site.

Table A.1 Economic Case for Green Car Park Site

	Benefits Green Car Park 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

Addendum – Financial Case

The main findings in this Addendum are twofold. Firstly, the Council's annual net position is now estimated to be approx. [REDACTED]. Secondly, the upfront costs and the amount the Council would have to borrow to deliver the Crosby Village Library is [REDACTED]. Table A.2 below sets this out in more detail. Alternatively, the Council could seek public funding support to close the viability gap and reduce its financial liabilities. Table A.2 shows the new library's financial case summary.

Table A.2 Financial Case

	<u>Addendum</u> Council led delivery of Green Car Park Site only
Total Upfront Capital Implications	[REDACTED]
Total Revenue Implications	[REDACTED]

The two delivery options presented in the OBC considered the same scheme, but with different delivery strategies. The Council Led delivery approach requires higher upfront costs and capital raised but will unlock a long-term income stream and positive cash flow from the development of the Green Car Park site. Under the fully developer led approach, the council would receive initial capital receipt from the sale of the Waterloo site and pay a rent for the new library scheme. This reduces council control but delivers an immediate surplus. The core difference between the two approaches is the balance of risk, the desire to retain ownership and influence, and the long term or short-term priorities for SMBC. The delivery option assessed for this Addendum, i.e. the council led delivery of the Green Car Park only has the highest upfront cost to the council and delivers a slight financial surplus during operation. Council would stay in full control of the site, however, carries the long-term revenue risk.

Addendum – Financial Case



Current Operational Finances (BAU Reference Case)

- The car park's revenues have not been quantified. As it is underused and hourly parking rates are very low, we assume operating costs to be of a similar magnitude as the overall revenue generated;
- For this analysis we assume that any changes made to the car park would result in negligible impacts on costs and revenues. This is because capacity on the Cooksland and Allengate parking facilities will offset the costs and revenues to deliver a net neutral position in terms of car parking.

New Library and Health Hub

- The total development costs of the Green Car Park, into a new library, health hub and office space is [REDACTED]. This is a high-level estimate based on benchmarked costings. It does not account for the significant inflationary pressures in the market, and it does not take account of key costs including developer profit (20% of GDV) or finance costs (4.5% p.a. over 25-40 years).
- The redevelopment of the car park would include 800 sqm of space occupied by the Council for the new library service. At present we estimate this to be leased at [REDACTED]. This would be the cost to the Library Service, as this is part of Councils operational budget, we have factored this amount into the overall cost implications for the Council.
- The rest of the redevelopment (1,559 sqm) would be leased to health care providers (or commercial occupiers) at a rate of [REDACTED] per sqm, delivering a total revenue of approx. [REDACTED].
- At a yield of [REDACTED] for the health service and [REDACTED] for the library this would give a GDV of [REDACTED], resulting in a [REDACTED]. This negative RLV is without finance costs or developer profit and assumed to be funded by the Council.
- Costs to deliver additional parking at the Cooksland and Allengate are anticipated to be offset against future revenue generated from the car parks themselves.

- The costs of operating the new library are approx. [REDACTED] per annum. This comprises staffing costs of [REDACTED], rental costs of [REDACTED], Business Rates of [REDACTED], contribution to service charge of [REDACTED], and utility costs of [REDACTED].
- The total rental income is approx. [REDACTED] comprising of [REDACTED] from the library services and [REDACTED] from the health services. Additionally, an income of approx. [REDACTED] will be generated from the service charge margin.

This results in an **overall net position** of approx. [REDACTED] meaning it would take [REDACTED] years for the library to pay for itself.

Development Costs

[REDACTED] (excl Finance, developer profit, land value)

Development Value (GDV)

[REDACTED]

Residual Land Value (RLV)

[REDACTED]

Operating Costs

[REDACTED]

Rental Income

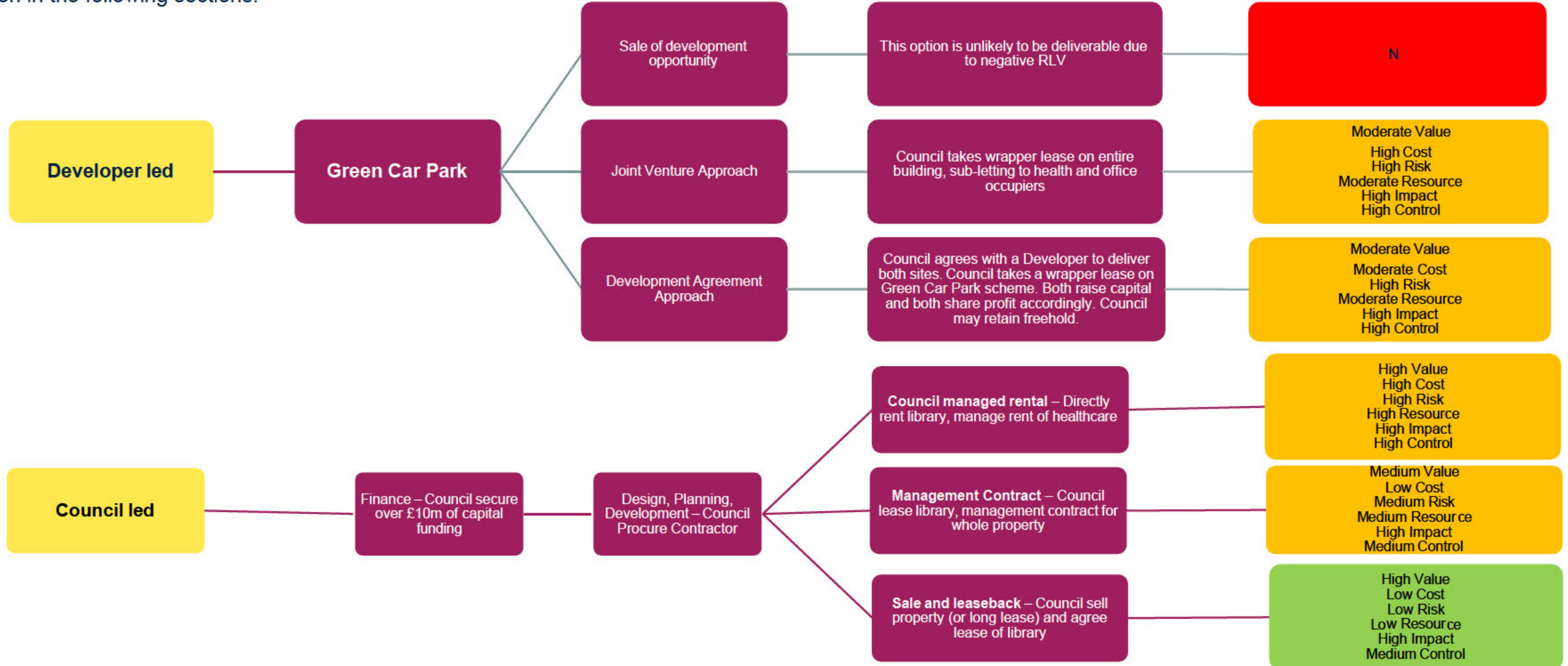
[REDACTED]

Overall Annual Net Position for SMBC

[REDACTED]

Addendum – Comparison Delivery Options

The delivery options considered in this Addendum are reduced when compared to the OBC produced in early 2023. This is mainly due the discounting of all options related to sale and subsequent redevelopment of the Waterloo site for residential use. Moreover, this updated OBC only considers a Council led delivery option for the Green Car Park whereas the initial OBC considered both a developer led and council led approach for both sites. Below compares the two options. The Council led option is elaborated more on in the following sections.



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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



The work presented here is based on analysis carried out by Savills in later 2022 and as such is not aligned with the latest DLUHC appraisal guide (2023). We will review alignment and the updated the analysis if necessary once the scheme progresses to Full Business Case stage.

Financial Case

We estimate that the new development at Green Car Park would cost [REDACTED], and be unviable for a developer to deliver. As such, delivery by the Council, who would cover the funding gap is the most suitable approach to delivery. Alternatively, the funding gap could be covered by other public funding authorities, subject to eligibility for any funding pots. Savills analysis carried out based on a financial appraisal developed by SMBC and AY finds that the new library budget requirement is [REDACTED] per annum, which includes the library's rental charge of [REDACTED] but does not take into account previously estimated archiving costs associated with the closure of the existing library at Waterloo. The rental income (incl. service charge margin of [REDACTED]) generated by the Council is estimated to be [REDACTED], which comprises incomes of [REDACTED] from the library and [REDACTED] from the health hub. Thus, the new library at Green Car Park generates a slight annual surplus of approx. [REDACTED]. This means that the new library would hypothetically pay for itself within [REDACTED] years.

Overall, if council developed Green Car Park, they would generate a revenue of [REDACTED], but incur a capital spend of [REDACTED] taking [REDACTED] years to pay back.

Total Upfront Capital Implications	[REDACTED]
Total Revenue Implications	[REDACTED]
Years to break even	[REDACTED]

Economic Case

There could be significant welfare benefits from delivering the new library at Green Car Park. Our Green Book Compliant analysis has quantified and monetised the following benefits:

[REDACTED] **Total Economic and Social Benefit**

[REDACTED] of Land Value Uplift driven by the increases to the value of homes in the area with the Direct Land Value Uplift being negative at -

- [REDACTED] worth of employment benefits
- [REDACTED] worth of crime reduction benefits
- [REDACTED] worth of amenity benefits

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.

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 the site
- Revisiting the masterplan to engineer the highest value scheme
- Obtaining guidance from SMBC planning on the maximum development scheme deliverable
- Soft market testing of the opportunity with agents and developers

Next Steps

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 the site and the role it plays in the economic growth and delivery of community services

1

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. This bid was also unsuccessful.

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.

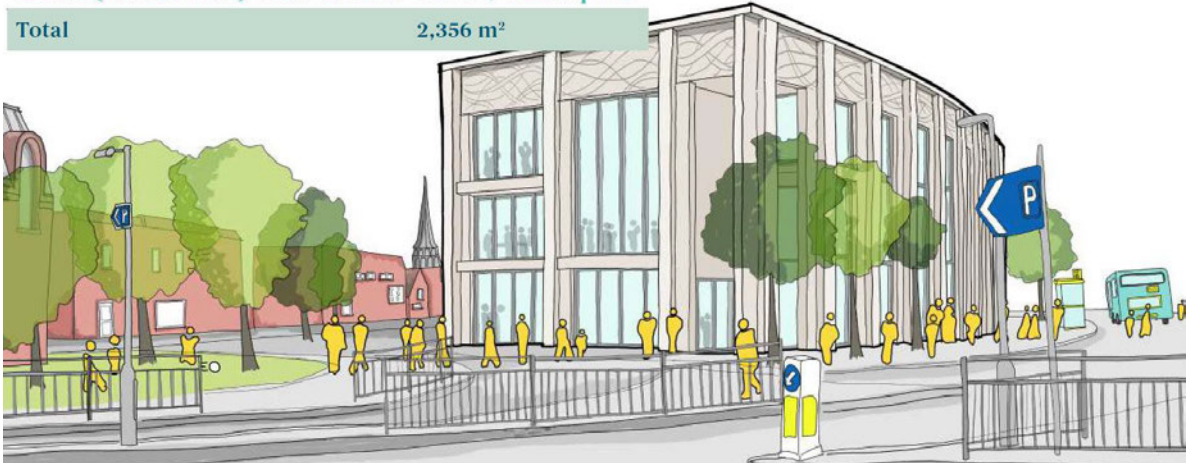


LUF Round 2 Scheme

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. This bid was also unsuccessful.

Building Gross Internal Area (GIA)		
Level 0 (Ground)	Library	800 m ² / 8611 sq ft 2
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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.

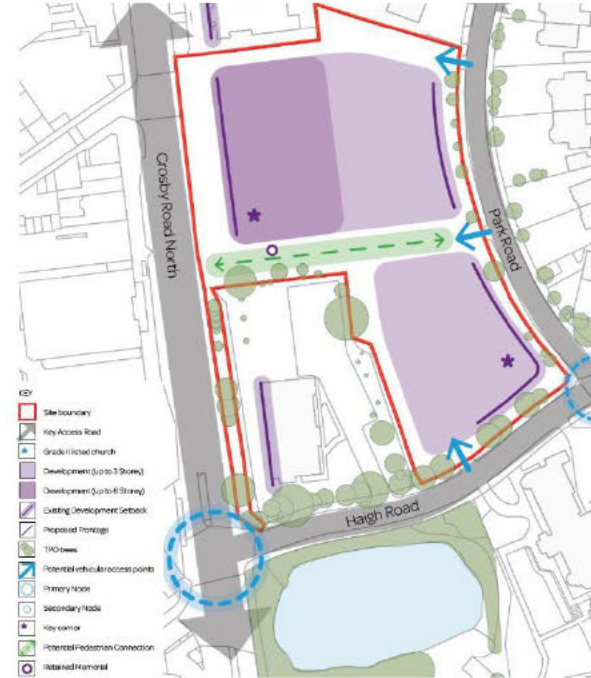
The existing Library is no longer fit for purpose for a number of reasons, it is: disconnected from the town; has in part been mothballed; is a significant maintenance and management liability; has prohibitive upgrade costs and very poor energy performance without obvious solution.

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.

2

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

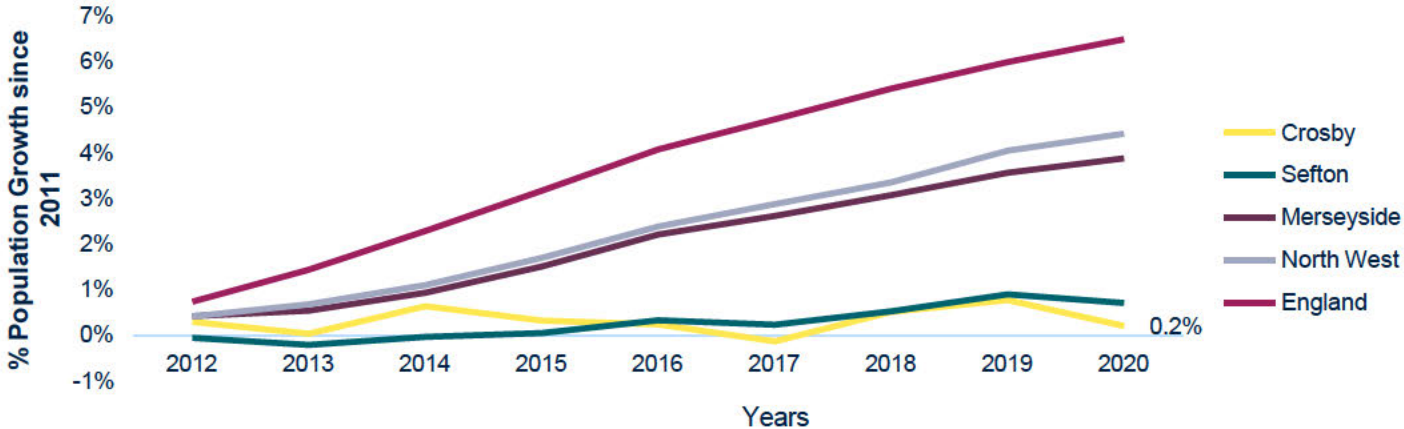
The population of Crosby and Sefton as a whole has remained fairly static over recent years, while the rest of the region and country have experienced growth.

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.

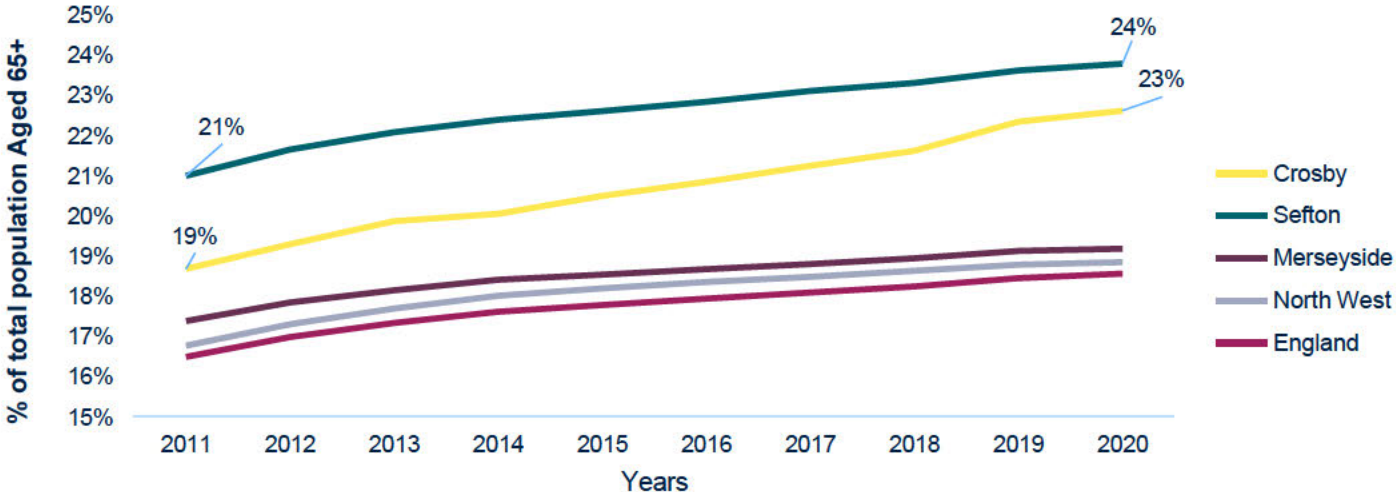
This age group is also likely to see greatest projected growth across Sefton by around 22,200 or 37.6% by 2031. Also in Sefton the over 85 age group is projected to increase by around 6,900 or 87.0%, by 2031, while the number of adults of working age is due to fall by 17,207, or 11.4%.

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

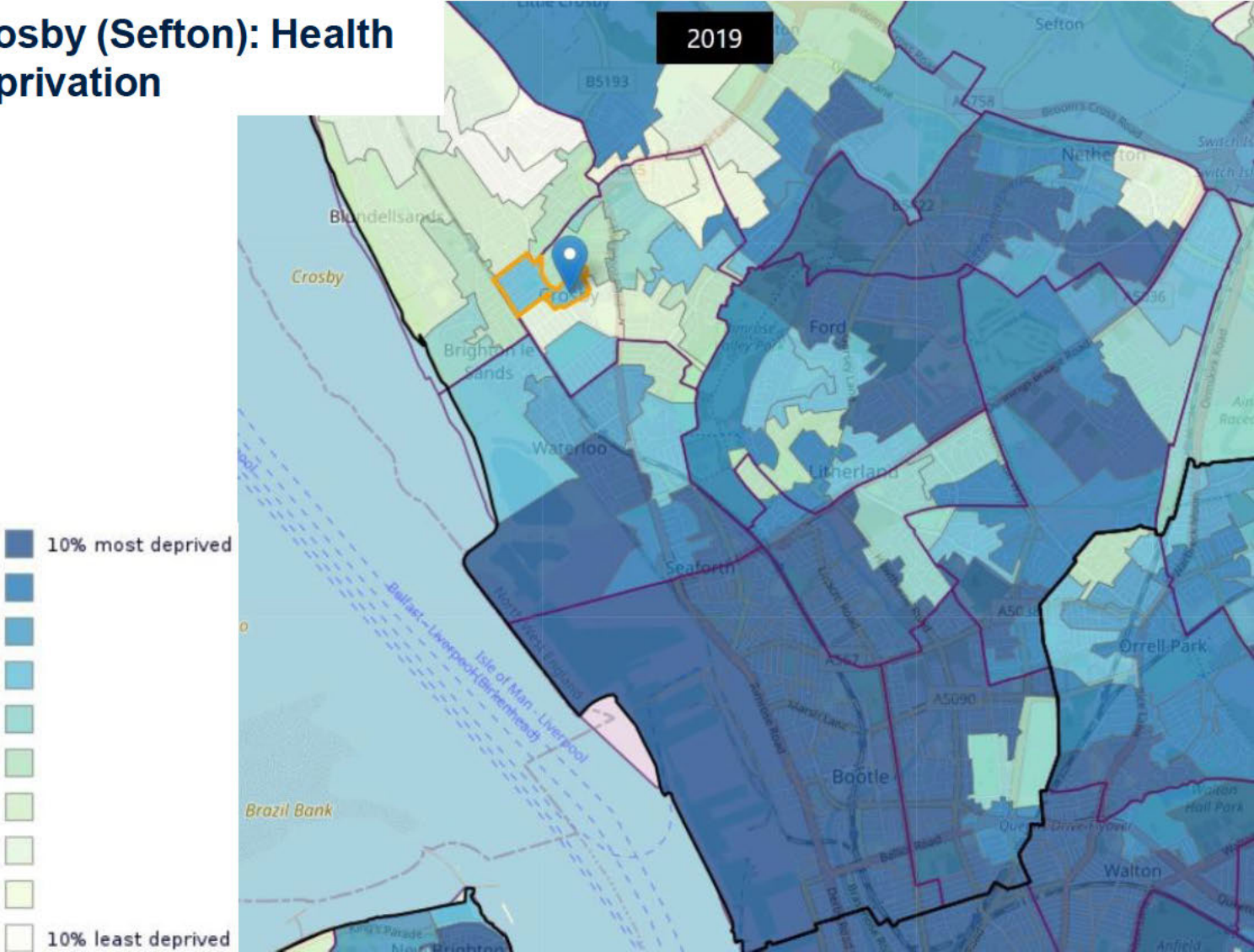
This graph shows 'Health Deprivation' ranking data from the Index of Multiple Deprivation for Crosby.

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 (Liverpool Road Medical Practice, Crossway Practice, and Crosby Village Surgery), in Crosby are at, or have exceeded capacity and are in need of upgrade.

The current healthcare services are delivered at a number of residential properties converted for healthcare use that are dispersed throughout the area. In total the 3 surgeries have all been rated by the CCG as amber or red in terms of their capacity, as shown below.

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.

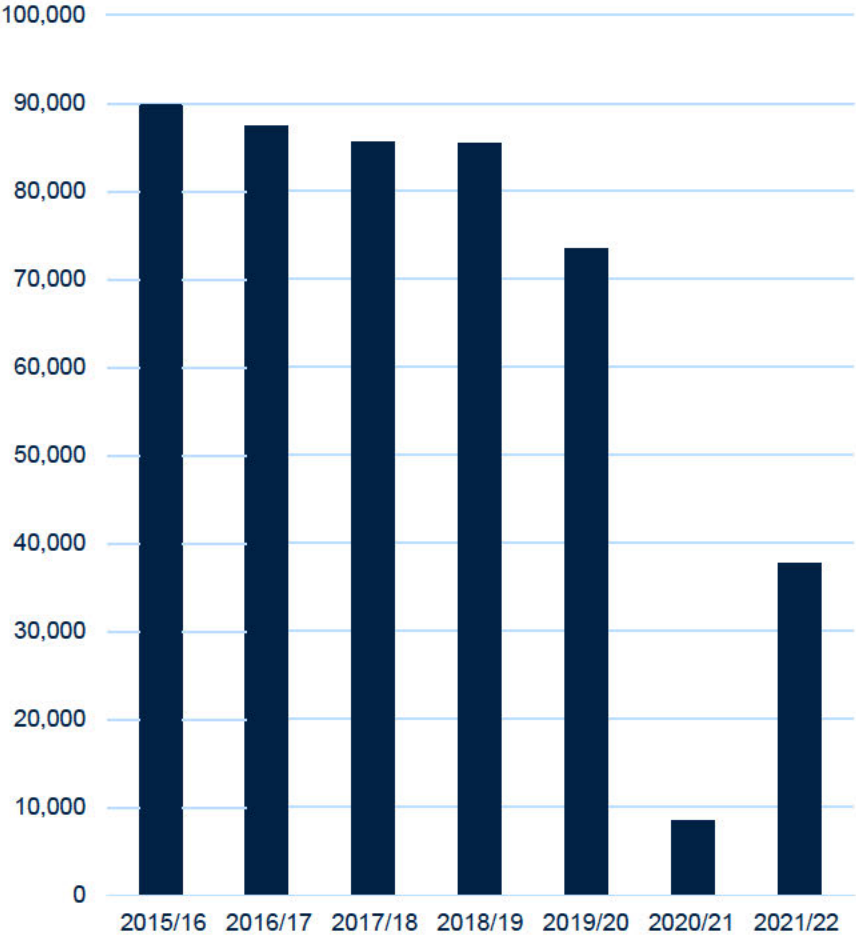
Type	Name	Head Tenant	No of GP Practices	Community Provision	Capacity	Condition	Functionality
Community	Prince Street Clinic	NHSPS	0	Yes	0	Amber	Amber
GP	Crossways Practice	NHSPS	1	No	2671	Amber	Amber
GP	Liverpool Road Medical Practice	Non NHS	1	No	5611	Green	Unknown
GP	Crosby Village Surgery	NHSPS	1	No	3126	Green	Amber

Skills and Learning

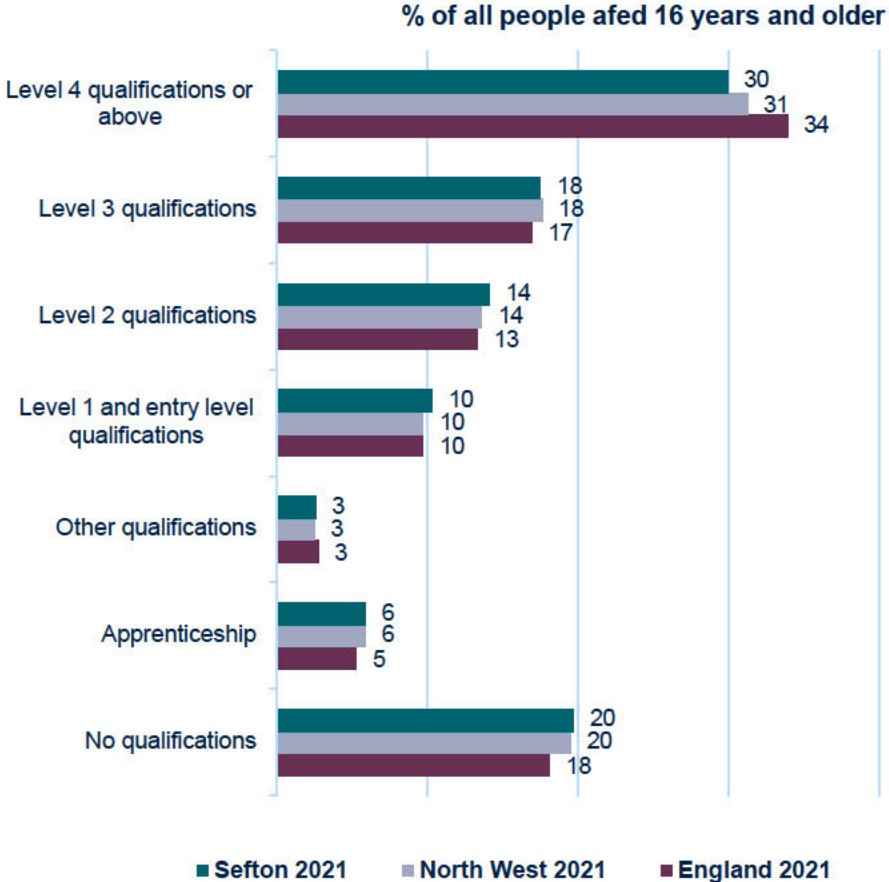
Modern, well designed libraries are important elements of community infrastructure that can support with learning, training and education outcomes, as well as health and wellbeing, community cohesion, and cultural outcomes. The current library is located 1.6km from the town centre and is disconnected 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 (205) 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

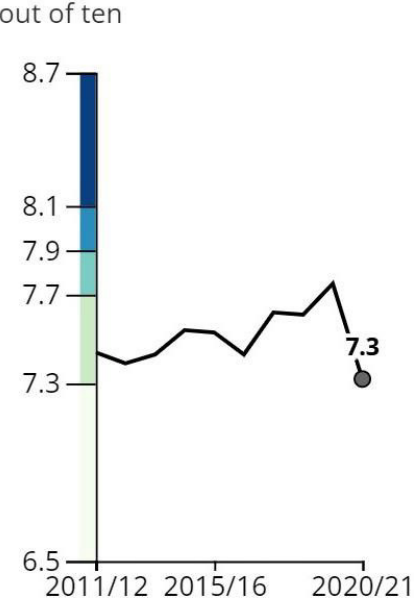


Wellbeing

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.

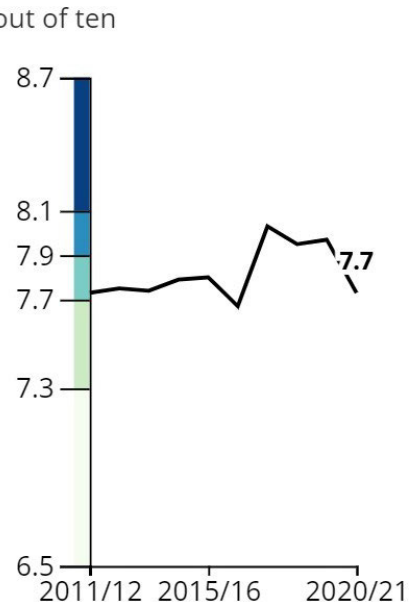
Improvements, and investment to our town centres, including essential public services can improve sense of place and wellbeing outcomes for communities.

Life satisfaction



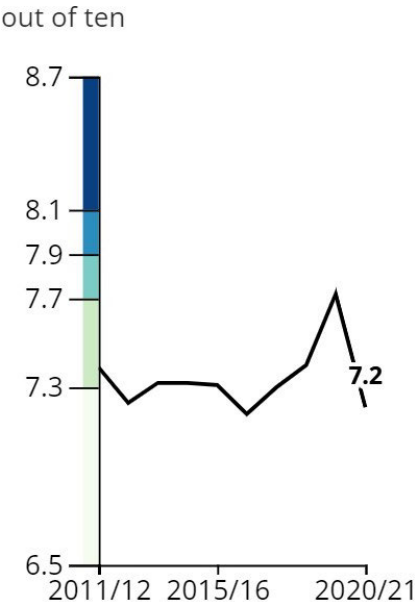
UK Average 7.39

Worthwhile



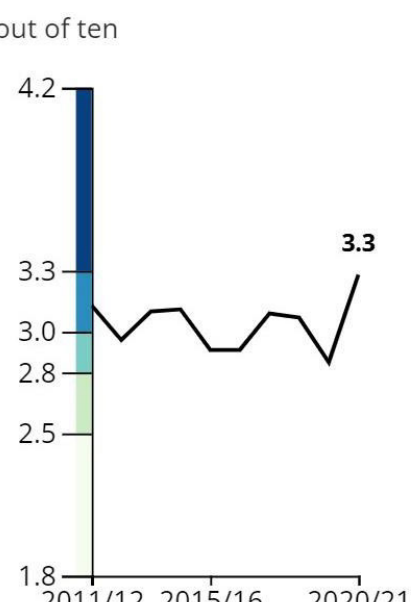
UK Average 7.71

Happiness



UK Average 7.31

Anxiety



UK Average 3.31

Strategic Case

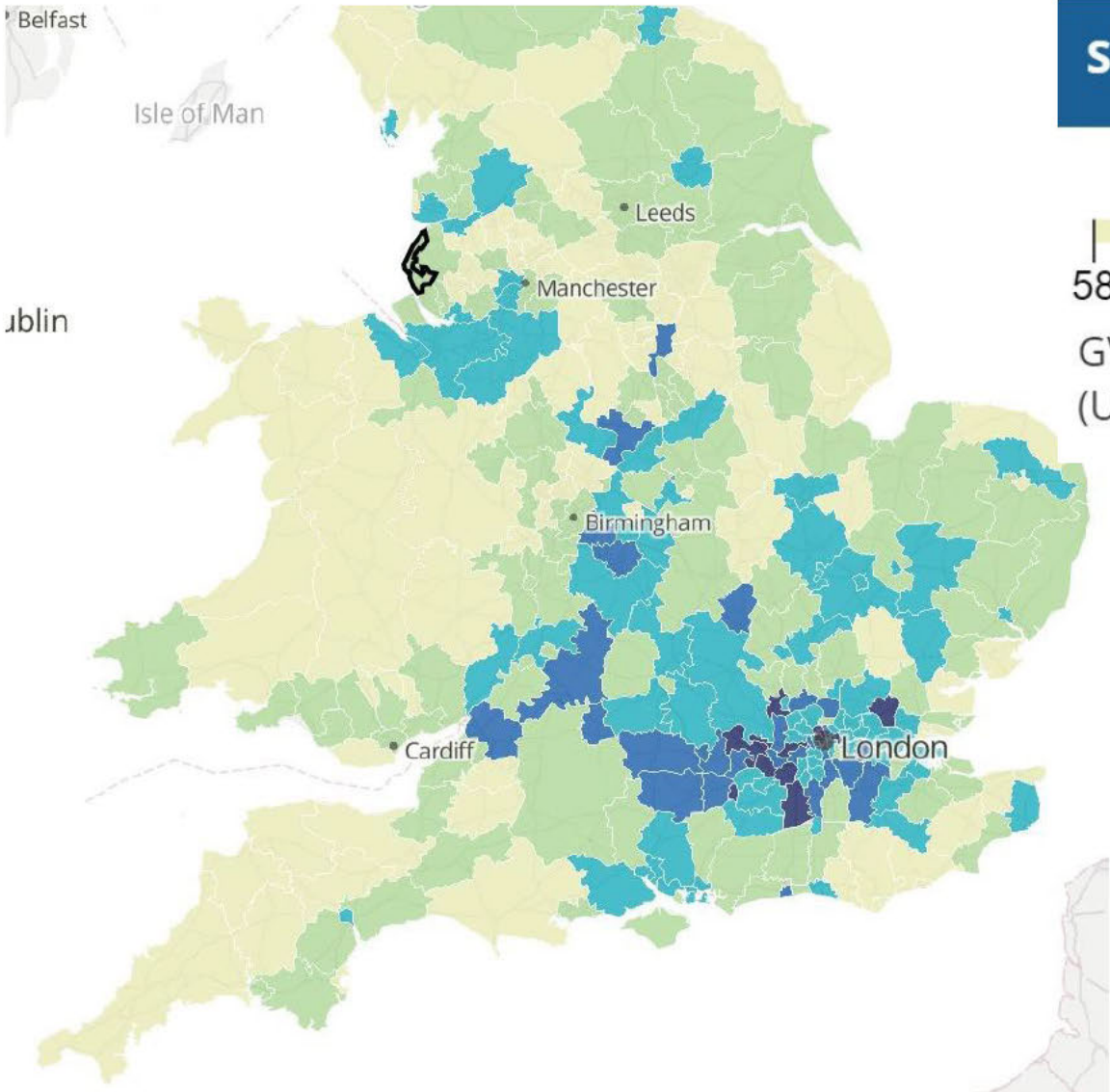
Productivity

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

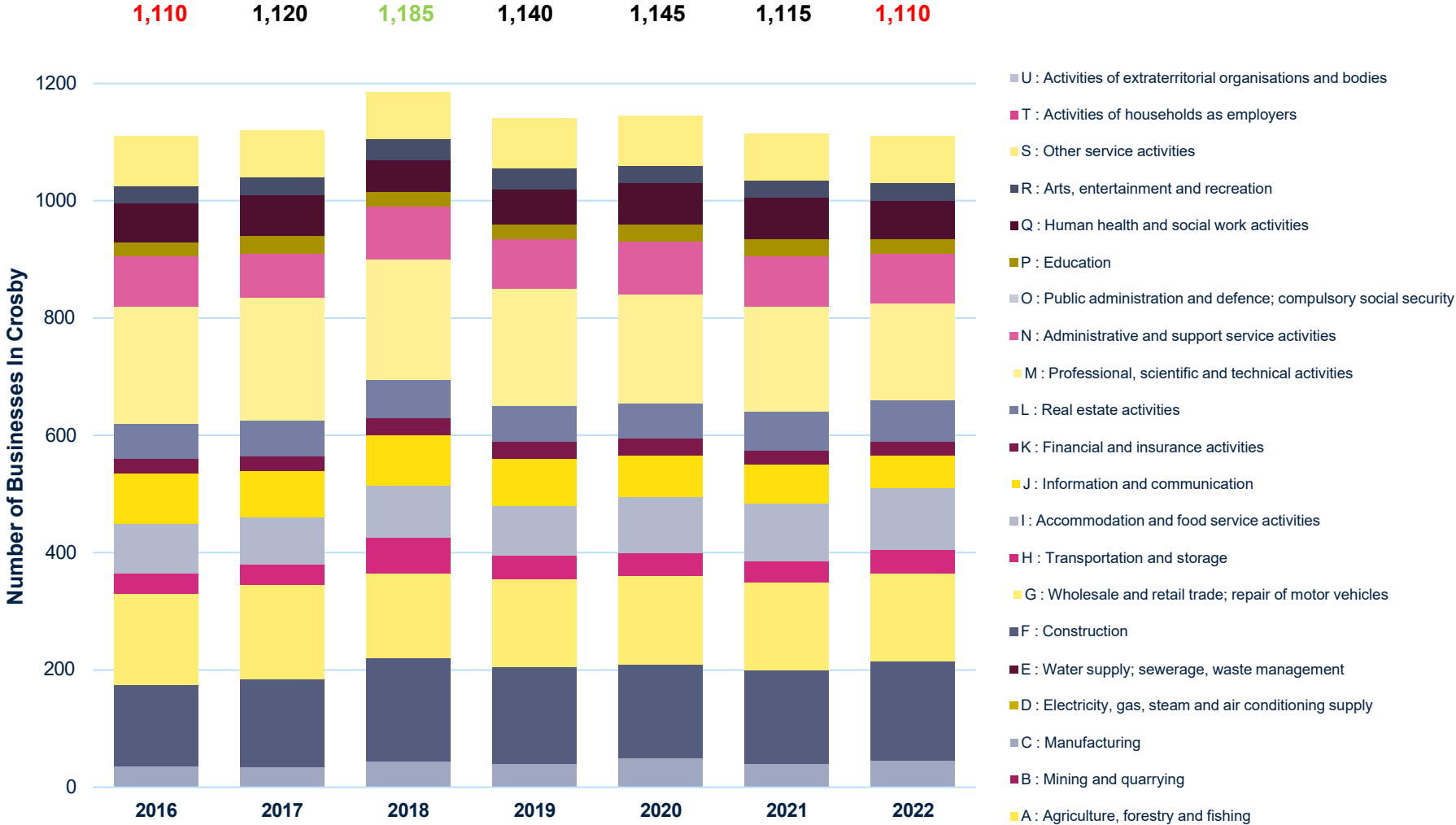
The total number of business in Crosby has been declining since its peak in 2018.

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

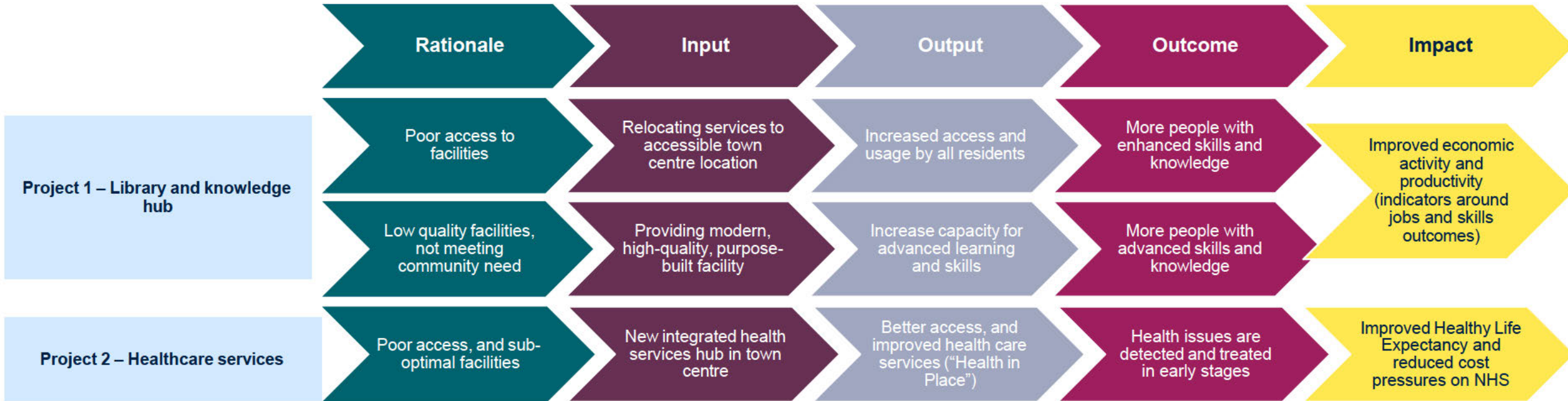


Strategic Case

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.

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 (Options 3 and 4) have also been rejected due to the potential planning policy issues

associated with delivering residential development without sufficient outdoor space or amenity space.

The option selected for further analysis, Option 2, involves the full redevelopment of the Green Car Park site for community and health use led by the council.

The rationale for selecting this option is 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.	NA	This option does not support any local, regional or national priorities in terms of improving access or life outcomes for our communities.	NA	NA	<ul style="list-style-type: none"> Achievability: Good 	Discounted - Not a suitable option
Option 1 - New Library only	The Green Car Park will be developed to deliver a new Library only. 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, as no additional rental income 	<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 and Healthcare centre provision	The Green Car Park site will be developed into a new Library, healthcare, and office hub.	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: Medium, revenue from rental income marginally higher than operating costs 	<ul style="list-style-type: none"> Economic Benefits: High (~£4.3m p.a.) Wider public welfare benefits: High (£33.2m over a 5 year appraisal period) 	<ul style="list-style-type: none"> Achievability: Good Financial delivery: Medium 	Taken forward
Option 3 - 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).	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: similar to option 2 	<ul style="list-style-type: none"> Economic Benefits: Higher than option 2 Wider public welfare benefits: Higher than option 2 	<ul style="list-style-type: none"> Achievability: Poor, due to planning restrictions Financial delivery: Poor 	Discounted - Not a suitable option
Option 4 – New Library and Residential development	Green Car Park will be developed into a new Library with residential development above.	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: Similar to option 2 Whole Life Costs: Similar to option 2 	<ul style="list-style-type: none"> Economic Benefits: Similar to option 2 Wider public welfare benefits: Similar to option 2 	<ul style="list-style-type: none"> Achievability: Poor, due to planning restrictions Financial delivery: Medium 	Discounted - Not a suitable option

Strategic Case

Preferred Option

The option that is seen as most likely to be deliverable (both financially and from a policy alignment perspective) and is in line with local stakeholders' ambitions is Option 2. The Green Car Park site is redeveloped for a new library and healthcare centre. Council retains ownership and deliver the scheme. The remainder of this report assesses the delivery of this option.

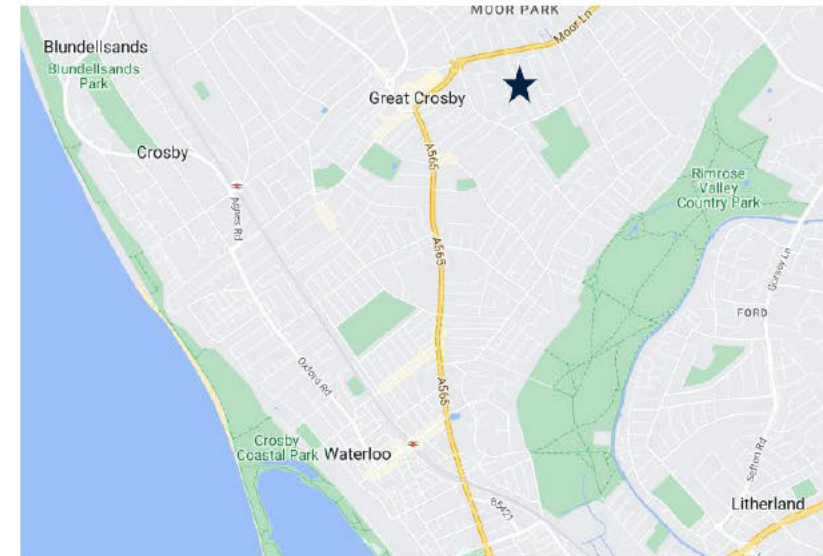
Green Car Park Redevelopment



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)

Contextual Map Green Car Park Site



The star in Great Crosby shows the location of the Green Car Park.

3

Financial Case

Introduction

This section considers the Financial Case for the preferred Option. 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.

To assess the Financial Case at OBC stage we have based our analysis on the Development Viability Appraisal prepared by Savills and advice from Avison Young (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 or consultants working for SMBC (e.g. AY) regarding potential costs and values of the schemes.
- 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 values, as such caution should be used when reviewing the viability of the scheme and analysis regularly updated.

Financial Case New Library



Current Operational Finances (BAU Reference Case)

- The car park's revenues have not been quantified. As it is underused and hourly parking rates are very low, we assume operating costs to be of a similar magnitude as the overall revenue generated;
- For this analysis we assume that any changes made to the car park would result in negligible impacts on costs and revenues. This is because capacity on the Cooks Land and Alexandra Road facilities will offset the costs and revenues to deliver a net neutral position in terms of car parking.

New Library and Health Hub

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

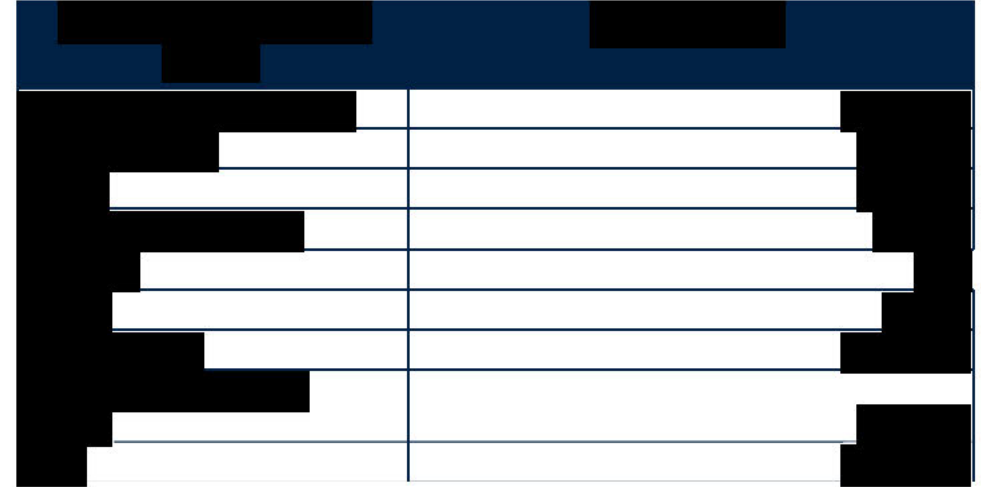
- [Redacted]
- [Redacted]
- [Redacted]



Assumptions

The analysis presented is based on the following assumptions:

- Initial Investment - Capital costs for each option based on build costs informed by AY (2022) analysis; 15% contingency added due to current market uncertainty. The initial investment is assumed to be made by the Council.
- Library Running Costs - These are costs only take into account the operating costs associated with running the new library, estimated rent payments and contribution towards the service charge at the new library site;
- New Property Income - Relates to rental income from occupiers including library services (nets itself off against rent costs above) and Health as the Council owns the new building.
- Inflation - There have been significant levels of inflation since the provision of the above estimates. As per above, 15% contingency has been added to the cost estimates provided by AY to account for this. However, all capital and revenue costs would require further verification to ensure the estimates are robust, once soft market testing has been undertaken.
- Finance - No costs of financing the initial investment (capital cost) have been included within the above analysis. Any surplus identified would not cover the cost of borrowing and so this would either need to be met from additional grant funding or from the MTFP at an additional cost to the Council.



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

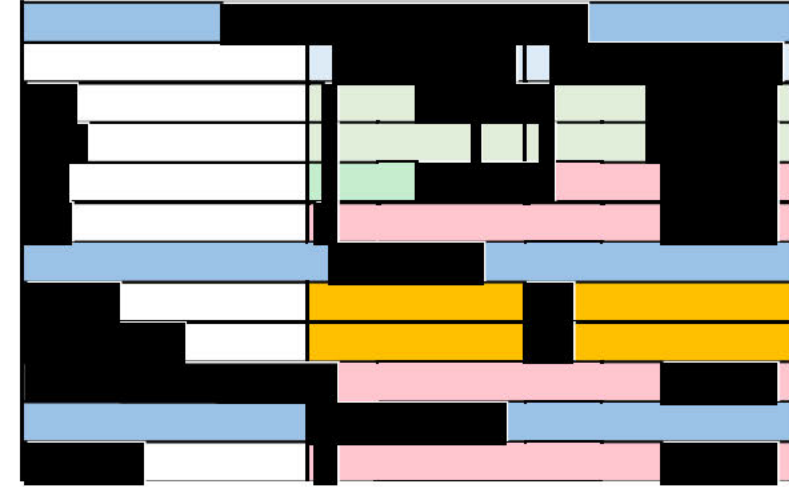
The HMT Green Book (2022) and DCLG Appraisal Guide (here based on 2016 version as set out above) set out guidance on how the benefits of property and development interventions should be measured. Land Value Uplift (LVU), which is the impact an intervention will have on the productivity and value of land, 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 2 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. 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.

Note that values and costs are different from commercial values, as these reflect economic values and costs, i.e. their 'worth' to society.



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.

Because the Green Car Park site would host a relatively large scheme including Public Realm elements, an 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	
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.

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

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.

Economic Case Appraisal Summary

This demonstrates that the redevelopment of the site would deliver substantial benefits to Crosby and its residents. When compared to the amount of money (approx. ██████████) the council would have to borrow, the BCR works out at around 2.01, which is 'High' Value for Money according to government guidance (DfT TAG Value for Money Framework, 2017).

Labour Supply Impact	
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	
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

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

Economic Benefits	
Direct Land Value Uplift (LVU)	-£1,365,169
Wider LVU	£34,108,785
Labour supply impacts	£234,751
Crime reduction impacts	£74,428
Amenity benefits	£145,956
Total benefits	£33,198,751

5

Delivery Strategy

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 [redacted] Green Car Park site.

This suggests that for the Green Car park, a Council led approach, [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

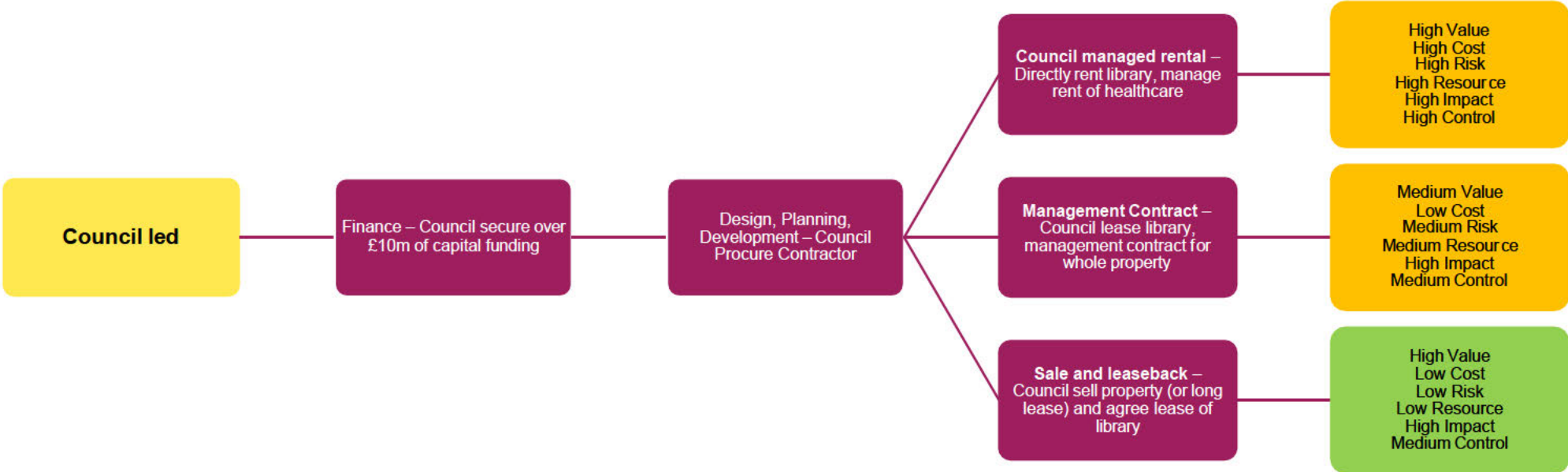
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Delivery Strategy for new library



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.

Council delivery of the site. 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:

- If management contract is sought, developer to manage contractors, thus, no additional staff required at SMBC
- Council remaining in full control of delivery

▪ Disadvantage:

- If no management contract is sought, additional resources likely to be required on Council's side
- 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 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 Council led approach with the Council borrowing the funding required to deliver the scheme. Alternatively, public funding support can be sought to unlock delivery.

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 financial analysis and more detailed development appraisals are undertaken to consider the financial implications with the aim of defining a Red Book land valuation for both sites;
- Further advice from SMBC Planning division is sought on the potential development potential. 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;
- Further analysis on existing car parking revenues and costs at Green Car Park is undertaken to understand the exact financial position;

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

- 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 the site, and is high-density mixed-use development a priority to unlock the significant benefits? If so, values and financial viability 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.