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**BRIEFING NOTE**

**SEFTON LOCAL PLAN**

**POLICY MN5 LAND SOUTH OF FORMBY INDUSTRIAL ESTATE**

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**December | 2015**

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**LIVERPOOL**

Alabama House  
6 Rumford Place  
Liverpool L3 9BY

**MANCHESTER**

Hill Quays  
14 Commercial Street  
Manchester M15 4PZ

**GLASGOW**

272 Bath Street  
Glasgow  
G2 4JR

**LONDON**

26 York Street  
London  
W1U 6PZ

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### 1.0 INTRODUCTION

- 1.1 Following the publication of the Local Plan and Community Infrastructure Levy Economic Viability Study (LPEVS) in December 2014 the Local Plan Policy MN5 (Land South of Formby Industrial Estate) has been subject to further discussions and modification. The further modifications as at November 2015 result in differences in the proposed form of development to that previously tested in the LPEVS. As a result we have therefore undertaken further viability testing of this allocation based on the new and amended policy requirements.
- 1.2 As part of the exercise WYG have prepared revised construction cost assessment for the site which is contained at Appendix 1.

### 2.0 POLICY MN5 - REQUIREMENTS

- 2.1 We have provided below details of the policy as now drafted.

Development of this site must:

- a) Provide a new ground and related facilities capable of accommodating a re-formed Formby Football Club, which should be developed to an appropriate standard in the context of the Football Association's Category F Grading Standards.
- b) Provide a minimum of 5 hectares of sports and recreation facilities, inclusive of the facility for a re-formed Formby Football Club. This must include replacement sports pitches, including two full size 3G pitches, and outdoor recreational facilities available for community use
- c) Provide a minimum of 7 hectares net (10 hectares gross) of employment land, for the uses specified in Policy MN2.
- d) The development of other uses on residual land may be acceptable where they are necessary to enable/cross subsidise the delivery of the other uses set out above
- e) Provide new accesses onto the Formby Bypass and Altcar Road
- f) Provide improved connections to the wider highway network, including provision for walking, cycling and public transport
- g) Ensure that the development does not increase flood risk elsewhere, and that flood risk is managed effectively and appropriately within the site including use of sustainable drainage systems
- h) Provide a landscaping framework, appropriate tree planting, and a buffer alongside Downholland Brook, and
- i) Provide biodiversity enhancements including maintaining habitat connectivity along existing water courses.
- j) Any floodlighting needs to be sensitively designed, be timed to switch off, be well-cowled and not in use every night

- 2.2 These requirements are to be achieved through the use of planning conditions, Section 106 and other legal agreements as appropriate.
- 2.3 The phasing of the development supported under the allocation must be agreed in writing with the Council through a phasing plan/strategy. Any uses necessary to cross subsidise the delivery of a serviced business park for B1, B2 and B8 uses must be phased so that proposed business park and sport and recreation uses are delivered in tandem with uses that are cross-subsidising them.
- 2.4 In order to model the financial viability of this policy we have assumed the form of development and associated site areas contained in table 2.1.

Use	Net Internal Floor Area (sq.m)	External Floor Area (sq.m)	Internal Roads/ Parking (sq.m)	Internal Landscaping (sq.m)	Total Net Site Area (sq.m)
<b>Employment</b>	40,000	42,000	20,000	7,000	69,000
<b>Retail</b>	11,802	12,392	6,000	1,500	19,892
<b>Public House</b>	735	772	1,820	764	3,356
<b>Football Club</b>					38,177
<b>Other Sports Recreational Facilities</b>					11,823
<b>Spine Road, Access, general circulation</b>					20,000
<b>Main Landscaping Areas</b>					10,000
<b>Total</b>					<b>172,248</b>

Table 2.1 - Summary of Assumed Development

- 2.5 In summary the form of development tested assumed provides approximately 6.9 hectares net of employment land, 5 hectares net of sports and recreation facilities including the new football club and 2 full size 3G pitches. On the balance of the site, namely 2.3 hectares net, it has been assumed that some form of retail/pub development will take place to support the employment and sports facilities. The remaining 3 hectares of the site is given over to the main estate roads and landscaping.
- 2.6 Further details regarding the composition of the football club and the associated costs are contained in the WYG cost assessment at Appendix 1.

2.7 Our viability testing has been undertaken based on the WYG construction cost assessment at Appendix 1. The other appraisal assumptions accord to those contained at Appendix 6 of the LPEVS subject to the adjustments at table 2.2. For each element we have assumed a 15% profit on cost.

Appraisal Assumption	Adjustment Made
<b>Purchasers Costs, Marketing and Letting Fees</b>	These have not been included in relation to the sale of the completed football club as it is assumed that there is a known end user.
<b>Junction to Formby By-Pass Programme</b>	Included at £150,000 in accordance with the IDP.
	Employment – construction takes place over 10 years with sales commencing 12 months after start on site. Retail/pub – construction takes place over 18 months with sales commencing after 9 months. Sports – construction takes place over 18 months with the sale taking pace on completion.

Table 2.2 - Adjustments to Financial Appraisal Assumptions

2.8 In relation to the football club element of the scheme, the value of the completed development will be influenced by the nature of the eventual operator. Assuming the facility is operated more akin to a public sector run community facility, then it is anticipated that the annual rent is likely to be limited perhaps in the order of £25,000 per annum. Conversely if the facility is let to a commercial operator similar to the 'Goals Facility' at Park Lane in Netherton, then it is likely that the annual rent may be in the order of £100,000 per annum.

2.9 In order to understand the implications of this on viability we have prepared two financial appraisals the first assuming a more limited rent at £25,000 per annum. The second assumes a commercially orientated operator paying a rent of £100,000 per annum. Based on these options the resultant development surpluses are:-

Community Operator £3,614,843 (6.9% of cost)

Commercial Operator £4,397,098 (8.3% of cost)

2.10 In each case we have assumed that no grant funding is available for the new sports facilities. Each of these results suggests that the development is viable on this basis.

2.11 The appraisals are sensitive to changes to the capitalisation yields that have been applied to the rents for the retail and employment uses. To understand the implications of changes to the yield we have prepared some sensitivity testing assuming increases in yield of 0.25%. On this basis an increase in yield of around 0.75% would make the development unviable assuming a commercial operator for the football club. Assuming a more community based operator then just over a 0.5% increase in yield makes the development unviable.

### 3.0 CONCLUSIONS

3.1 Based on modified plan policy we have prepared an updated and revised viability appraisal reflecting the requirements of the new policy. We have assumed two scenarios in relation to the sports facilities either a voluntary sector run operation or a fully commercial venture. Under both scenarios the development is viable albeit viability is enhanced in relation to the commercial sports facility assumption. Both scenarios show a profit return to the developer together with a surplus.

- 3.2 The development relies on the enabling retail/pub development to generate the scheme surplus and make the development viable. The sensitivity testing undertaken shows that the development is sensitive to changes in capitalisation yields and a relatively small change in yield for the employment and enabling development will impact on the development surplus. If the development surplus is eroded then additional enabling development would be required for the development to come forward.
- 3.3 Assumptions have been made having regard to the policy requirements however more detailed scheme design will enable further specific testing to allow the extent of enabling development to be refined.

Keppie Massie

**KEPPIE MASSIE**

**8 DECEMBER 2015**

**APPENDIX 1**

**FORMBY SOUTH (MN5) – WYG CONSTRUCTION COST ASSESSMENT**



SEFTON COUNCIL

LOCAL PLAN

Employment allocation site - Formby Industrial Estate South

08/12/2015

**LAND USAGE**

**17.25 Ha**

Use	No	Floor area		Total floor area		Ext floor area	Total site area	Allocated Parking Circulation area	Allocated landscape area	Total site area
		m2	ft2	m2	ft2					
Retail/commercial (1 floor)	9 No	1,311 m2	14,121 ft2	11,802 m2	127,086 ft2	12,392 m2	12,392 m2	6,000 m2	1,500 m2	19,892 m2
Public House (1 floor)	1 No	735 m2	7,914 ft2	735 m2	7,914 ft2	772 m2	772 m2	1,820 m2	764 m2	3,356 m2
Employment uses	1 No	40,000 m2	430,720 ft2	40,000 m2	430,720 ft2	42,000 m2	42,000 m2	20,000 m2	7,000 m2	69,000 m2
Air dome sports area		Excluded								
Total Allocated Parking Circulation Area (inc in above)							27,820 m2			
Total Allocated Landscaped area (inc in above)							9,264 m2			
Football pitch area (inc Formby football club)							38,177 m2			38,177 m2
Other sports/recreation facilities							11,823 m2			11,823 m2
General circulation							20,000 m2			20,000 m2
General Landscape areas							10,000 m2			10,000 m2
<b>TOTAL LAND AREA</b>							<b>172,248 m2</b>			<b>172,248 m2</b>

**COSTS**

Use	No	Area	Cost/m2	Cost	Total cost
Retail/commercial (1 floor)	9 No	1,311 m2	£ 1,122 /m2	£1,470,336	£13,233,025
Public House	1 No	735 m2	£ 1,323 /m2	£972,405	£972,405
Employment uses	1 No	40,000 m2	£ 634 /m2	£25,360,000	£25,360,000
Air dome sports area		Excluded			
Total Allocated Parking Circulation Area (inc in above)		27,820 m2	Included in above costs		£0*
Total Allocated Landscaped area (inc in above)		9,264 m2	Included in above costs		£0*
Football pitch area (inc Formby football club)		38,177 m2	(see separate calculation)		£3,723,846*
Other sports/recreation facilities		11,823 m2	£ 30 /m2	£354,690	£354,690*
General circulation		20,000 m2	£ 75 /m2	£1,500,000	£1,500,000*
General Landscape areas		10,000 m2	£ 16 /m2	£160,000	£160,000*
Fees (on costs marked *)					7.00% £401,697
Contingencies (on costs marked *)					3.00% £184,207
Total					£45,889,870
Reduction in construction costs due to overlapping preliminaries and greater scale					-6.0% -£2,753,392
<b>OVERALL TOTAL CONSTRUCTION COST (Exc VAT)</b>					<b>£43,136,478</b>





## SEFTON COUNCIL

### Employment allocation site - Formby Industrial Estate South

#### Site area allocation

08 December 2015

Total area		172500 m2
Total Built Site area (retail/pub/employment)	55,164 m2	
Allocated circulation/car parking	27,820 m2	
Allocated Internal landscaping	9,264 m2	92248 m2
External circulation		20000 m2
General landscaping		10000 m2
Sports area		
Main pitch (FFC)	6,400 m2	
Spectator space	3,280 m2	
Clubhouse footprint ( 2 floors )	225 m2	
Car parking (250 cars)	4,320 m2	
Sundry circulation etc	1,000 m2	
Separate pitches	12,800 m2	
Spectator space	6,560 m2	
Car parking (150 cars)	2,592 m2	
Sundry circulation etc	1,000 m2	38177 m2
Additional recreational facilities		11823 m2
<b>Total</b>		<b>172,248 m2</b>



## SEFTON COUNCIL

### Employment allocation site - Formby Industrial Estate South

#### Costing of sports pitches - Formby Football Club +2 No pitches (64 x 100)

08 December 2015

Main pitches - all weather	19,200 m2	£ 47.58 /m2	£913,546
Spectator space	9,840 m2	£ 40 /m2	£393,600
Ground barrier 1800 high security railings)	816 m	£ 150 /m	£122,400
Gates (emergency access)	2 No	£2,500	£5,000
Clubhouse (exc preliminaries) to include, director's, refreshment changing and WC facilities	350 m2	£ 1,550 /m2	£542,500
Floodlighting ( to each pitch) inc update	2 No	£62,500	£125,000
Cabling/controls etc	2 No	£15,000	£30,000
Car Parking (Inc lighting and drainage, kerbs etc.)	6,912 m2	£ 65 /m2	£449,280
Pitch barrier; 1.10 high; steel railings	656 m	£ 115 /m	£75,440
Gates (emergency access)	2 No	£1,000	£2,000
Trainers' boxes	4 No	£10,000	£40,000
Secure walkway from clubhouse to pitch	150 m2	£ 40 /m2	£6,000
PA system	2 No	£6,000	£12,000
Entrances	2 No	£4,000	£8,000
Exits	2 No	£2,000	£4,000
Covered seating for 100 people	2 No	£25,000	£50,000
Covered standing for 100 people	2 No	£15,000	£30,000
Hard standing 900 wide	656 m2	£ 40 /m2	£26,240
Car parking	6,912 m2	£ 70 /m2	£483,840
Sundry areas	2,000 m2	£ 40 /m2	£80,000
Total			£3,398,846
Preliminaries			£325,000
<b>Total (fees and contingencies on summary)</b>			<b>£3,723,846</b>

## **SEFTON COUNCIL**

### **Employment allocation site - Formby Industrial Estate South**

#### **NOTES TO ESTIMATED COSTS**

- 1 Areas have been adjusted with the benefit of the requirements of policy MN5 to allow for the full use of the whole development area.
- 2 The site area of 17.25 ha is as provided.
- 3 The general circulation/parking area is an allowance for the parking, roads and footpaths within the site. The allocated parking/circulation area is that to service each individual element.
- 4 General Landscape area is the area allocated within the overall development to grass and/or planting or trees. The cost assumes that on site topsoil can be reused. This is the residual area calculated from the total site area of 17.25 ha less all other uses. The allocated landscape area is that allocated to each individual element.
- 5 Fees and contingencies have been added to those costs marked \*. The construction costs for the employment/retail/pub are already inclusive of fees and contingencies
- 6 The reduction shown reflects the fact that the individual costs are for each element in isolation and preliminaries will 'overlap' and also that there will be economies of scale arising from all elements being in a single construction operation for a single development.
- 7 Ground conditions are assumed to be good.
- 8 Costs exclude ground abnormals.
- 9 Air dome: cost has been excluded.
- 10 VAT has been excluded.
- 11 Costs for the football pitches and Formby Football Club are assessed based on the details for Category F pitches. A single clubhouse of 350m<sup>2</sup> is included.
- 12 Other sports/recreation facilities is the residual area from the 5Ha allocated in policy MN5. Its detailed function is not known at this stage and a general allowance of £30/m<sup>2</sup> has been made.