

Sefton Borough Council

Bootle Masterplans Delivery Strategy

September 2025

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For and on behalf of Avison Young (UK) Limited

1. Introduction

- 1.1 Avison Young with SLR was appointed by Sefton Borough Council ('the Council') in March 2025 to develop a masterplan framework for two regeneration sites identified within the Bootle Area Action Plan (AAP).
- 1.2 The sites identified and subsequently master planned are:
 - St Johns House site (part of Bootle Office Quarter)
 - Hawthorne Road/Canal Corridor Site
- 1.3 There is a clearly stated ambition to attract more investment into Bootle and 'put it on the map' within Liverpool City Region. The progress of the Strand Transformation regeneration project and establishment of Salt and Tar as an early phase deliverable is having a major positive impact on the image of Bootle as a destination. It is important that this is capitalised on – to unlock and leverage wider positive investment across the town.
- 1.4 The timing of the masterplan frameworks is important – building on regeneration within Bootle, and more widely investment across North Liverpool including at Liverpool Waters.
- 1.5 The Council also have a significant housing target they need to achieve over the next plan period and as such have been identifying sites for potential housing development across the borough. The masterplan framework process has tested the potential for housing-led development across the two sites.
- 1.6 This Delivery Strategy document sits alongside the masterplan framework for the sites, 'the Bootle Sites Masterplan (2025)'. It summarises the option testing process to determine the preferred option for each site, alongside associated delivery recommendations.
- 1.7 The document is intended for internal use by the Council.
- 1.8 The report is supported by a series of Appendices including:
 - Appendix I: Options testing, containing rationale for the preferred development options for each site;
 - Appendix II: Approach to Viability; and
 - Appendix III: Development Appraisals for each Site Option.

2. Stakeholder Engagement

- 2.1 To support the masterplan option development and testing, Avison Young and SLR engaged with a series of stakeholders to both understand existing proposals and opportunity for the site and also to test the design options.
- 2.2 The engagement took place with four defined key groups: landowners, Council Members, key stakeholders and the general public.

Landowner/Developer Engagement

- 2.3 At the outset of the project, we engaged with some of the key landowners to understand their plans and aspirations for their sites.
- 2.4 At the St Johns House site, we engaged with the owners of the car park, David Asbridge and Paul Walsh, who operate a daily car park and weekly car boot sale on the land. They have recently had planning permission to retain existing uses on the site approved on appeal for the next 3 years. We also spoke to Tony Criss who is a representative of the owners of the St Johns House site.
- 2.5 At the time of the initial conversations, neither landowner had progressed any development proposals on their sites or had completed any site investigations. Tony Criss had approached the car park owners about the acquisition of the site but due to differing opinions on the value of the land, conversations had not gone anywhere. David and Paul also indicated they had been engaging with other land buyers / developers to acquire their land but did not provide any further information.
- 2.6 Both landowners understood the Council's housing need and therefore the Council's desire for housing development on the land. However, both did suggest they had considered forms of big box retail on their land e.g. a B&M store although neither had tested this with the Council planning department.
- 2.7 At the Hawthorne Road site, we spoke to Bill Lacey, Development Director at The Sovini Group. The Sovini Group were in negotiations with the owners of the Litherland House to acquire the land to deliver housing. Sovini see Litherland House as a priority site for acquisition, and Sefton as a whole is a strategic priority for them. Challenges with grant availability and a shift towards social rent was holding up ongoing discussions but Sovini had produced high level plans for a mix of houses and apartments on the site at 100% social rent.
- 2.8 We subsequently spoke to David and Paul before the public consultation and ran them through the proposals for the St Johns site. They were pleased to see the proposed development and would use the plans to inform their next steps with potential land developers.
- 2.9 Through the public consultation, we also received representations from the owners of the former Litherland House site Spirit 150 Limited. They suggest that they will be submitting a planning application for the redevelopment of the site which is fully aligned with the draft Masterplan's vision and principles. However, they do note that a full planning application for the Litherland House site will have been submitted and potentially determined in advance of its adoption and they want to ensure that the determination is not delayed by the process to adopt the Bootle AAP.
- 2.10 We reached out to National Grid who operate the former gas works site but received no response.
- 2.11 We reached out to all freeholders and leaseholders at the Acorn Way Industrial Estate offering an opportunity to run through the masterplan prior to the public engagement as well as an invitation to the public consultation drop in event. We received one phone call from a freeholder regarding the long term plans for Acorn Way.

Council Member Engagement

- 2.12 We delivered a dedicated workshop with Council Members who represent the wards where both masterplan sites are located. The feedback from the Members was generally very supportive and they were happy with the proposals developed. They also noted:
- Potential challenges with contamination across the People's Site and wider Hawthorne Road site.
 - Challenged whether there were appropriate parking levels across the sites and whether a lack of parking would result in parking spilling out into the wider neighbourhood.
 - A need to encourage modal shift to public transport and active travel which would reduce car dependency.
 - Concern about creating a north-south 'rat run' through the St Johns House site.
 - They were generally happy to support cala side development and improved use of the canal in general, but they queried whether the Canal and Rivers Trust would have an appetite for change and integration into the canal.

Wider Key Stakeholder Engagement

- 2.13 We engaged with several wider key stakeholders who would need to be engaged further when the sites are delivered. These include the Canal and Rivers Trust and United Utilities who were statutory consultees on the Bootle AAP and would need to be further consulted on any planning application that would come forward on the site.
- 2.14 The Canal and Rivers Trust were supportive of the design and layout of the development options especially in the way that they positively address the waterways, provide high quality public amenity space and seek to integrate the canal and towpath into the surrounding active travel connection network.
- 2.15 However, they noted that any works in proximity to the canal need to not impact the structural integrity of the canal, new development needed to safeguard water quality and protect against potential contamination of the waterways, the presence of a culvert running under the canal in the masterplan area and there needs to be a consideration of drainage discharge and where it would occur. They also provided examples of how a pedestrian bridge could be implemented across the Canal.
- 2.16 United Utilities provided information on a sewer pipe that was located in the northeast corner of the Hawthorne Road site. Further interrogation would be needed on this pipe to understand a diversion would be possible, although United Utilities would be against, or if any easements would be required around the infrastructure. In addition, they raised the need for a drainage strategy including the potential to drain into the Leeds and Liverpool Canal, when more formal planning applications would come forward in the future.
- 2.17 Both stakeholders asked to be kept up to date when further developments at the sites occur.

Public Engagement

- 2.18 We completed public engagement through a drop-in session that took place at Bootle Strand on Tuesday 12th August between 12 and 4pm. The consultation boards available for review were also hosted on the Sefton Council's website alongside a questionnaire. We received 8 response via the website to the consultation.

- 2.19 The local public were invited to attend the drop-in session via a flyer that was dropped at all residential addresses within proximity to the sites. Key businesses were also invited via a letter.
- 2.20 On the day, we had c. 50 people attending the drop-in session. Approximately half of the people had attended in response to the flyer or invitation they had seen, with the remainder coming in after already being in the Bootle Strand.

Key Themes

- 2.21 Some of the key themes that were present in the feedback from the public engagement includes:
- Careful Density - there was an understanding of a potential for density especially at the St Johns site due to the height of the surrounding buildings however there was a suggestion that we shouldn't just have mid-rise blocks but instead properties that meet the needs of residents across the area.
 - Housing Mix – there was some push back on the provision of small properties across the site i.e. 1- and 2-bedroom flats rather than some larger family housing which some of the public said was needed. Responses also suggested alternative uses such as provision for the elderly or disabled. We have reflected the housing need of the area according to policy but could look to refine it in further work.
 - Support for Commercial Uses and Link to Town Centre – there was a general support and encouragement for the proposed commercial uses particularly at St Johns and how these uses could complement the redevelopment that is taking place at The Strand shopping centre. There was also support for improving linkages into the town centre from the wider area through improved walking and cycling routes.
 - Sufficient Social Infrastructure – there was concern that the proposed volume of new homes across the two sites would result in a strain on existing social infrastructure such as GP and dental provision. There was also some suggestion of the need for additional community uses such as free / low-cost provision for young people close to the town centre.
 - Traffic Congestion – there were some issues raised about the potential impact of an increased amount of traffic on roads surrounding the sites as a result of new development. In particular, Litherland Road was noted as becoming a 'rat run' when traffic is bad in the area despite traffic calming provision being put in place.
 - Merton Pub – some of the consultees asked if there are any plans to develop the Merton Pub due to the current condition of the building and the related antisocial behaviour. At present, the pub is to be retained to deliver the granted planning permission for a pub and hotel but in the case that this is not delivered, alternative uses could be considered.
 - Access to Litherland Road – one consultee raised the challenge with the location of a proposed access point from the former Litherland House onto Litherland Road. We have resolved this issue within the preferred option.

3. St Johns (Bootle Office Quarter) Preferred Option

- 3.1 This section sets out the preferred development option for the St Johns Office Site. This includes the preferred design approach, suggested phasing plan and offer potential routes to market and funding opportunities.
- 3.2 The recommended next steps for St Johns are summarised in Chapter 5.

Site Context

- 3.3 The St Johns House site is located in Bootle's Office Quarter, immediately to the south of Merton Road and to the east of Stanley Road. It is located directly to the north of Sefton Borough Council's offices.
- 3.4 The site is 2.86ha in total size and divided into 3 freehold ownerships (Figure 1). These include Sapphire Avenues Ltd, Parcuz Ltd and JSM Company Group Ltd and Barton Properties Limited who own and operate each component part of the site.

Figure 1: St Johns House freehold ownership



Reference	Ownership
1	Sapphire Avenues Ltd
2	Parcuz Ltd
3	JSM Company Group Ltd and Barton Properties Limited

- 3.5 The existing site has three main uses:
- 1. Merton Public House – a public house which is currently unused but has planning permission for a leisure use on the ground floor and a hotel use on the first floor.
 - 2. A surface level car park (the site of office block demolished in early 2000s) which is used for town centre parking and a weekly car boot sale
 - 3. A cleared vacant site which until recently was St Johns House, an 8000 sqm office building built approximately 20 years ago which was most recently occupied by HMRC. The office building was demolished in 2024.

Development Outputs

- 3.6 Through the option development and testing process the preferred option for St Johns was determined to be Option 3, a high density, residential led mixed use development. Figure 2 displays the preferred option.

Figure 2: St Johns Preferred Option Masterplan

- 3.7 Appendix I sets out the full option testing process.
- 3.8 The preferred option for St Johns delivers a total of 224 dwellings comprised of 189 flats and 35 houses, and c. 690 sqm GIA ground floor commercial space and c. 5,700 sqm GIA hotel floorspace. It also delivers c. 1800 sqm of public open space. The full development outputs are listed below.

Table 1: St Johns Preferred Option Development Outputs

	Units	Mix
1B Apartment	47	21%
2B Apartment	100	45%
3B Apartment	42	19%
Total flats	189	84%
3B Townhouse	26	12%
4B Townhouse	9	4%
Total houses	35	16%
GIA (m2)		
Commercial GF	687	
Hotel	5776	

- 3.9 The housing development mix reflects the noted housing need within the Borough¹ alongside an assessment of the Bootle housing market, noted within Avison Young's baseline report, and anecdotal evidence from the Council about the need for small properties.
- 3.10 Option 3 was determined to be the preferred option because it provides a reasonable number of properties across the site with a feasible mix of apartments and houses.
- 3.11 However, by introducing a mix of residential and different commercial uses across the site, this provides a marketable development with an opportunity to drive demand and revenue through the commercial spaces. It also provides greater placemaking opportunity through the high provision of

¹ Sefton Borough Council (2017), Strategic Housing Market Assessment.

public open space. In response to challenges raised by the client team, we have also reconfigured the site to ensure that all the public open space is overlooked reducing potential issues with antisocial behaviour or challenge with maintenance of the spaces.

- 3.12 The viability outcome suggests that this is within a reasonable bracket that could receive public subsidy or grant funding.
- 3.13 In the case of a hotel not coming forward, alternative uses could be considered such as community assets e.g. health or youth club, or older person living, which responds to responses raised through the public consultation

Development Viability

- 3.14 To support the option testing, we assessed the viability of the St Johns site based on a high-level vertical residual land value appraisal. The outputs of this assessment remain indicative at this stage and should be refined at later stages alongside progression of scheme designs.
- 3.15 The viability has been produced on a desktop basis and no site inspection has been undertaken. These residual valuations are intended for advisory purposes only. These do not constitute a RICS Compliant Red Book Valuation and should not be relied on as such. The opinion of value captured within the appraisals do not comply with the RICS Valuation-Global Standards. This study cannot, and should not, be relied upon for any secured lending or investment purposes. We offer no Professional Indemnity Insurance liability in relation to this opinion.
- 3.16 Based on the assumptions outlined in Appendix II the preferred option generates a negative land value of -£3.8m. This is derived from £47.3m revenue and £51.1m of costs.

Table 2: St Johns viability analysis

	Surplus / (Deficit)
RLV (£000s)	(3,816)
RLV % development costs	-7.5%
RLV £ per resi unit	(15,018)

- 3.17 By means of comparison to the development's total size, this land value deficit equates to 7.5% of total development costs. We therefore consider the scheme is marginally unviable, with a viability gap that is not insurmountable considering the assumptions and exclusions we have applied to our analysis.
- 3.18 With the residential component of the scheme isolated, the land value deficit equates to £15,018 per dwelling. We recommend that future viability analysis test the scheme's land value output when an appropriate level of grant funding is assumed.
- 3.19 St Johns' viability is affected by its relatively high proportion of flats, which comprise 84% of total residential dwellings. Our analysis in Appendix II shows that houses at St Johns generate a positive land value whereas flats generate a negative land value, due to differentials in costs and values.
- 3.20 However, we understand that delivery of density and therefore flatted development is an important strategic objective of the Council's in meeting its housing delivery targets. Further analysis of the drivers and drains of viability can be found within Appendix II.

Development Phasing

- 3.21 St Johns is of a size which may not require distinct delivery phases with separated financing and funding. We have however noted some pertinent points which may be considered within a phasing strategy, whether the site is delivered as one or multiple distinct phases.
- 3.22 As illustrated previously in Figure 1, the land ownership of the site splits clearly into two parts, with titles 1 and 2 to the west and title 3 to the east. SLR's analysis shows that designing the scheme on the basis of this ownership split would diminish the site's development capacity and its positive contribution to placemaking and streetscape. This is principally because in the optimal and preferred development option, blocks of flats are located on the west of the site fronting Stanley Road. These blocks contribute to a greater sense of density on the eastern side of Stanley Road, complementing the existing height on the western side.
- 3.23 Titles 1 and 2 are considered too narrow to accommodate these blocks of flats on its own and so their development must encroach into title 3. Therefore, it would be advantageous for the site to come forward as a holistic whole; the eastern and western portions of the site in isolation would under-deliver against the site's overall potential.
- 3.24 In design and placemaking terms, it would also be advantageous to deliver the western part of the site first, establishing urban form and, importantly, new commercial uses on Stanley Road with the remaining development working eastwards. The site has good access to the north, west and south which allows for flexibility in its construction programme.
- 3.25 However, consideration must be given to the scheme's viability. The eastern portion of the site is comprised mainly of flats which we have demonstrated are less viable than the housing-led development to the west of the site. We therefore express caution about accelerating the delivery of this portion of the site without certainty around its ability to contribute to the scheme's viability and that it will not impose early cashflow deficits on any delivery party.
- 3.26 It should be noted that our viability analysis has applied a universal assumption of policy-compliant (15%) affordable housing across the site. Our analysis therefore shows that private sale flatted development is unviable but, as noted in workshops with the Council, we have not given consideration to the role that affordable tenures could play in supporting the delivery of flatted development, for instance:
- Through attracting higher rates of Homes England grant through delivering affordable housing above policy compliance;
 - Potential upfront bullet payments from Registered Providers acquiring affordable units from a site developer;
 - The application of retained Right to Buy receipts should the Council have an appetite to self-deliver affordable housing within the site.
- 3.27 Whilst the Council has a desire to encourage private flatted development on the site, these financial benefits may help support other upfront spend such as public realm costs and thereby help create a market for private sales tenures in later (sub)phases. Our viability analysis has not considered cashflow impact of the proposals.
- 3.28 This viability dynamic should be considered alongside our findings from landowner engagement. The owner of title 2 may not wish to sell immediately which will impact the delivery of the site. The owner operates a car boot sale from the land, and existing car park, and is not currently a willing seller.

- 3.29 In summary, the eastern part of the site is challenging both due to its land ownership profile and viability performance. We recommend that the Council give consideration to a strategy that combines these challenges into a funding ask – i.e. that external funding can a) contribute towards the purchase (compulsory or otherwise) of title 2, and b) support the viability of flatted, affordable-led development of this portion of the site.
- 3.30 Finally, another reason for phasing the site from east to west is the relative risk of future values for houses versus flats. Whilst flatted private sales development is challenging under Bootle's current market conditions, the market for private sales houses is far more established and well-tested. Whilst we have not included development-period placemaking uplifts to private sales values into the scheme in this stage of viability analysis, it would be prudent to attribute any assumptions applied in future to private housing rather than flatted development given the relatively untested nature of the latter.

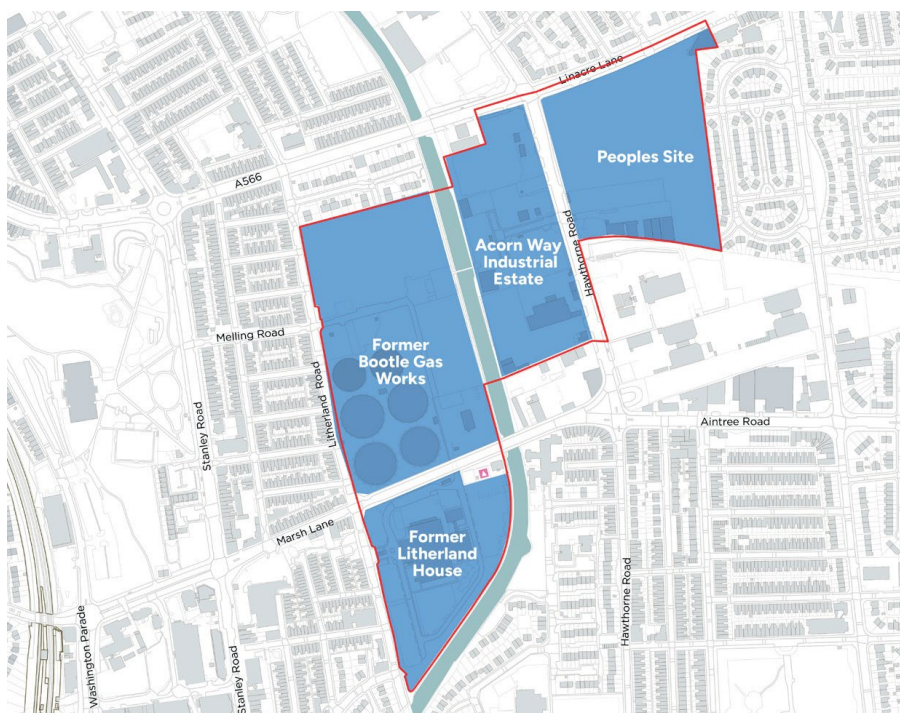
4. Hawthorne Road (Canal Corridor) Preferred Option

- 4.1 This section sets out the preferred development option for the Hawthorne Road site. This includes the preferred design approach, suggested phasing plan and offer potential routes to market and funding opportunities.
- 4.2 The recommended next steps for Hawthorne Road are summarised in Chapter 5.

Site Context

- 4.3 The Hawthorne Road/Canal Corridor site is a large area that runs north to south through Bootle. It has a history of heavy industry and manufacturing linked to its proximity to the Leeds and Liverpool canal. The land to the south of Linacre Lane retains an industrial character mixed with parcels of vacant land.
- 4.4 The existing site has multiple existing uses (Figure 3):
- Former Bootle Gas Works – a former gas works with gas holders in situ. Approval has been granted to dismantle the gas holders and fill in the voids. In addition to the gas holders, there is working Cadent gas infrastructure. The north of the site is vacant scrubland.
 - Former Litherland House – a former public sector office building which is currently being demolished to a cleared site.
 - People's Site – a cleared site owned by The Council which is allocated for housing. The Council are currently looking to dispose of the site to a house builder.
 - Acorn Way Industrial Estate – an active estate containing operational businesses, which is defined as a Regeneration Opportunity Area within the Bootle AAP.

Figure 3: Existing Uses across Hawthorne Road Site



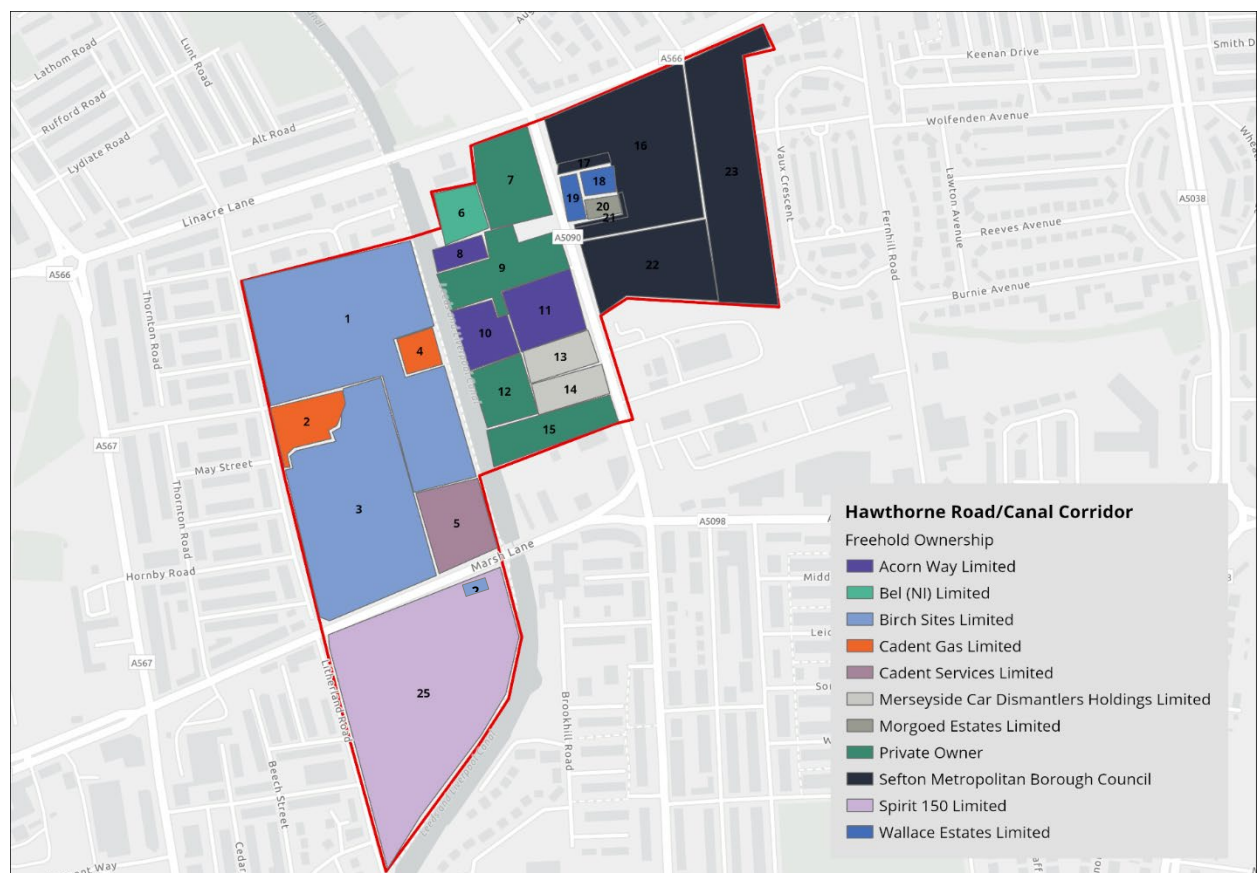
- 4.5 The landownership at Hawthorne Road is complex, totalling 25 freehold ownerships and five leaseholders. The western, southern and eastern extremities of the site – including Litherland House,

the former gasworks and the People's Site – represent the most straightforward parts of the site in terms of land ownership, with significant parts of these areas being in single ownership. The middle part of the site, the Acorn Way Estate, is more complex, with several individual private owners (Figure 4).

4.6 In addition to the complex landownership, there are a series of key constraints across the site that impact development. These include:

- The gas holders which are currently on site. We are aware of approval to dismantle the holders, but significant remediation will be required to bring the site forward for residential use. The working gas infrastructure on the site will also have to be retained in the short-medium term.
- Telecoms Tower – the telecoms tower located to the south of Marsh Lane is in operational use. Relocation would be required if the tower was removed.
- Leeds and Liverpool Canal that runs north-south through the development area.
- Marsh Lane and Linacre bridge which rises approx. 4m above which runs east-west through the site.
- Parts of the site located within flood zones 2 and 3 with surface water flooding challenges.
- Engagement with United Utilities indicated the presence of a large sewer in the north east corner of the site which requires further investigation and potential easements.

Figure 4: Hawthorne Road Freehold Ownership



Development Outputs

- 4.7 Through the option development and testing process the preferred option for Hawthorne Road was determined to be Option 3b, a 'compromise' option between Options 2 and 3. It develops, retaining some constraints on the Peoples site, Litherland House site and former Bootle Gas Works but retains Acorn Way for longer term development. Figure 5 displays the preferred option.
- 4.8 Appendix I sets out the full option testing process.

Figure 5: St Johns Preferred Option Masterplan



- 4.9 The preferred option for Hawthorne Road delivers a total 425 new dwellings, including 156 flats and 369 houses. Additionally, the option delivers c. 1,300 sqm of commercial ground floor space and c. 330 sqm of food and beverage floorspace. It also delivers c. 17,700 sqm of public open space. The full development outputs are listed below.
- 4.10 This option is preferred because it delivers 425 units in the short term with the opportunity for an additional 143 units in the longer term development if Acorn Way was to come forward. Whilst in the short term this compromises the east-west movement through the site, in the longer term there is opportunity to introduce a pedestrian bridge across the Canal.
- 4.11 This option involves the remediation of the gas cylinders but the retention of the existing gas infrastructure and the telecoms tower which reduces potential relocation costs. However, there is an opportunity cost to this option as this results in the need for additional public realm to buffer development, a smaller net developable area and a deflation in potential sales values.

- 4.12 In addition, the introduction of green spaces across the site provides significant amount of public open space which supports placemaking and address challenges with surface water flooding. The interaction with the Canal is still retained in most part, providing opportunities for higher value properties and also increasing the accessibility and safety of the canal tow path.
- 4.13 The short/medium term retention of Acorn Way reduces short term costs and allows for a longer period of time to develop a strategy for land assembly including engaging with all freeholders and leaseholders to support the area coming forward for the wholesale development in the longer term.

Table 3: Hawthorne Road development outputs

	Units	Mix
1B Apartment	35	8%
2B Apartment	113	27%
3B Apartment	8	2%
Total flats	156	37%
3B Detached House	14	3%
4B Detached House	20	5%
3B Semi-Detached/Terraced House	173	41%
4B Townhouse	62	15%
Total houses	269	63%
GIA (m2)		
Commercial GF	1288	
F&B	329	

Development Viability

- 4.14 To support the option testing, we assessed the viability of the Hawthorne Road site based on a high-level vertical residual land value appraisal. The outputs of this assessment remain indicative at this stage and should be refined at later stages alongside progression of scheme designs.
- 4.15 The viability has been produced on a desktop basis and no site inspection has been undertaken. These residual valuations are intended for advisory purposes only. These do not constitute a RICS Compliant Red Book Valuation and should not be relied on as such. The opinion of value captured within the appraisals do not comply with the RICS Valuation-Global Standards. This study cannot, and should not, be relied upon for any secured lending or investment purposes. We offer no Professional Indemnity Insurance liability in relation to this opinion.
- 4.16 Based on the assumptions outlined in Appendix II the preferred option generates a negative land value of -£20.4m, derived from revenues of £115.8m and costs of £136.8m.
- 4.17 By means of comparison to the development's total size, this land value deficit equates to 15% of total development costs. We consider this to be a significant viability gap and further work is required to understand the total costs and potential grant income that should be factored into this appraisal but has not been possible at this stage.
- 4.18 With the residential component of the scheme isolated, the land value deficit equates to £44,957 per dwelling.

Table 4: Hawthorne Road viability analysis

	Surplus / (deficit)
RLV (£000s)	(20,358)
RLV as % of development costs	-14.9%
RLV per resi unit	(44,957)

- 4.19 Hawthorne Road's viability is more challenged than St Johns. This is mainly due to the higher allowance made for abnormal costs, reflecting the more challenging nature of remediating the site and relocating infrastructure. Hawthorne Road also has a significant amount of public realm, partly due to required flood retention areas.
- 4.20 Our viability analysis shows that housing performs well compared to flats, which is a key driver of Hawthorne Road's viability. Our scenario analysis shows that Hawthorne Road performs better than St Johns when this abnormal cost allowance is equalised. The Council should undertake further work to better understand the levels of abnormal costs required at Hawthorne Road.

Phasing Considerations

- 4.21 We have set out an outline phasing plan for Hawthorne Road with consideration of each development parcel's deliverability and constraints (Figure 6). In summary, we recommend beginning working through the sites from least to most complex, which would involve earlier phasing of the People's Site (Red and Purple) and Litherland House (Yellow), followed by the northern end of the Gas Works (Blue), then the gas holders (Green) and finally Acorn Way as a long term development option.

Figure 6: Hawthorne Road Proposed Development Phasing



- 4.22 The People's Site and Litherland House, in the eastern and southern extremities of the site respectively, are the most progressed and likely to come forward for delivery in the short term. The Council is already

progressing disposal of the People's site and we assume this will continue with a developer delivering this site in isolation.

- 4.23 Litherland House is therefore the Council's likely first target where it can encourage delivery. The site is self-contained, accessed by roads to the north and west, and fronts the canal to the south-east. The former office block situated on the site is currently being demolished and it is assumed further ground investigations and remediation will be required to make the site ready for development. The site is owned by a single freeholder save for areas we have excluded as non-developable areas, which are covered by a freehold and leasehold associated with the telecommunications mast on the site.
- 4.24 Litherland House's canal frontage offers an opportunity to drive developer interest (either in the site in isolation, or the wider Hawthorne Road area) and provide a unique housing product in the area. This can also serve as a precedent for further development of the canal northwards where land ownership and other constraints are more complex.
- 4.25 Following Litherland House, the Gas Works could come forward last within option 3b. The site is bound by roads to the west and south, with canal frontage to the east. Due to the site's industrial past, we expect remediation to be complex and costly.
- 4.26 Acorn Way should be monitored and processed as a long-term opportunity, with the Council continuing dialogue with landowners and considering its options for assembling the site, including potential partnership with e.g. Liverpool City Regional Combined Authority and Homes England. This site has a highly complex landownership structure, with several freeholders and leaseholders but is an important development area to deliver the full vision and scale of potential across the area in general.

5. Delivery Recommendations

- 5.1 This chapter sets out the delivery recommendations for both of the sites captured within the masterplan framework.
- 5.2 As both sites are in majority private ownership, the Council expects that the relevant landowners and developers will bring the sites forward. However, there are a series of steps that Sefton Council should take to ensure control of any development so that it remains in line with the masterplan framework. These include:
- Progression of the Masterplan visioning document through the Council Cabinet for approval so it becomes material consideration for any planning applications that come forward on the sites.
 - On the back of engagement led by Avison Young, continue to engage with the freehold owners to understand aspirations and any progression they are making with developers / land agents.
 - Ensure engagement between Sefton's Planning team and landowners or developers to ensure that development is aligning with the masterplan vision e.g. through pre-application meetings and informal conversations.
 - Engage with partners including the combined authority and Homes England to explore potential strategy for addressing viability gaps identified across both sites, needed to unlock early and quality development.
 - Engage with partners including the combined authority and Homes England to explore potential strategy for land assembly – including progression of CPO strategy if required to unlock comprehensive development in the area.
- 5.3 By undertaking these steps, Sefton Council should exert as much control over the sites to encourage delivery.

St Johns Site

- 5.4 The St Johns site has a relatively simple landownership structure (2 major landowners) and therefore the ability to deliver the site should be simpler than Hawthorne Road. David Asbridge and Paul Walsh, owners of the car park site, have a 3-year planning permission to operate the land as a car park and car boot sale. Whilst intrusive site investigations have not taken place across the site, there are no known major constraints.
- 5.5 We are aware that the individual landowners have been speaking to land buyers regarding the disposal of their sites. Both landowners are willing to sell their land but also equally willing to sit on their ownership until a suitable offer comes forward. The St Johns site is actively being marketed with advertising on the site.
- 5.6 We are also aware of an approach from Tony Criss, owner of the former St Johns Office site to David and Paul about the acquisition of their site to create one large development opportunity. David and Paul confirmed conversations between went cold because of different expectations on land values.
- 5.7 The masterplan work provides the landowners with more clarity about aspirations for the site when working towards a potential disposal or other forms of delivery across the site.

- 5.8 However, our viability analysis suggests that this site has negative development land value and therefore this may become a barrier for some developers to acquire the land and to deliver in line with the masterplan vision. Grant funding of c. £15,000 per unit is our approximate value.
- 5.9 This may result in Registered Providers being interested in acquiring the site to deliver affordable housing, through their grant funding arrangements, however this would undermine the Council's aspirations to move away from 100% affordable sites. They may also be reticent to deliver the full site.
- 5.10 As a result, it may be down to the public sector to step in to acquire the land to ensure delivery in the way the Council would like to see the site come forward. We are aware that the Council do not want to acquire the site themselves but instead we should look to facilitate conversations with other bodies such as Liverpool City Region Combined Authority or Homes England who may wish to acquire the site or engage within a Joint Venture with a commercial developer.
- 5.11 We would therefore recommend that the Council engage with Homes England and facilitate conversations between all parties to come to an agreement on moving the sites towards delivery. Early engagement with Homes England would be critical to establish the scale of funding required, any conditions of grant, how the agency's involvement could be combined with other funding and delivery mechanisms.
- 5.12 If acquisition from a body such as Homes England could be encouraged, we would anticipate that this site would come forward for development within the next 5 years.

Hawthorne Road/Canal Corridor Site

- 5.13 The delivery of this site will be highly complex with a series of different land ownerships, several major constraints on site and the legacy of former uses which will require significant remediation.
- 5.14 An ideal situation with this site would be for a single entity to assemble the site for delivery and work with the relevant bodies to remediate the site and remove the constraints. In this case, we would advocate for the development of Litherland House first, then up the former Bootle Gas Works, across the Canal to Acorn Way and the Peoples Site.
- 5.15 However, due to the levels of complexity across the site and the fact that different parts of the site have progressed to different stages of delivery, it is unlikely that at this stage a master approach is possible. Instead, it is necessary to apply a phased approach across the site to deliver the component parts in alignment with the masterplan vision with a well-considered delivery strategy. We have set out a phasing plan in the previous section.
- 5.16 The Council have progressed to heads of terms with a housing developer for the housing allocation of the Peoples Site. The Council should consider a Development Agreement with the house builder when finalising this agreement. We therefore anticipate this would be the first phase of development at Hawthorne Road.
- 5.17 A Development Agreement would involve the Council entering a contract with a developer to deliver the scheme. This form of delivery introduces greater controls for the Council as the contract can stipulate that the developer must bring forward the site in a certain way over specified timescales.
- 5.18 The contract may include a programme with longstop dates by which delivery milestones must be achieved, and it may include requirements for certain standards or targets to be met (e.g. related to affordability or design). The ultimate penalty for not meeting these requirements may be breach of the agreement and loss of the opportunity.

- 5.19 We are aware that the landowners of the former Litherland House intend to submit a planning application for the redevelopment of the site but at the time of writing this has not been submitted. We are also aware they have had conversations with The Sovini Group about acquiring and delivering the site, but the deal was being delayed due to uncertainty around social rent funding.
- 5.20 Similar to the opportunity at the St Johns site, this site is most likely to be delivered by a private developer therefore the Council should ensure they have as much control of the plans for the site through formal and informal engagement with the developers to ensure the delivery aligns with the masterplan vision particularly for the delivery of green space and interaction with the Leeds and Liverpool Canal.
- 5.21 There may also be opportunity for a linked Section 106 agreement across the constituent parts of the site so that infrastructure such as affordable housing could be delivered on different parts of the site but count towards a figure for the sitewide provision.
- 5.22 We would therefore anticipate this to be phase 2 of the development.
- 5.23 The former Bootle Gas Works site has significant constraints on the site, most prominently the former gas cylinders to the south of the site. The north of the site is currently unused scrubland, so subject to investigations into ground conditions and the requirements for remediation this part of the site could be developed whilst the gas cylinders are being removed and remediated. We are aware that this site is being marketed for sale but are not aware of any sale at the time of writing.
- 5.24 Due to the scale of constraints on this site, there may be limited landowner who have the desire or ability to acquire and develop the site. Therefore, the Council may have to support the funding of the remediation of the sites before it can be disposed of. This could be in the form of a business case to central government to receive grant funding which can then be passed down to the landowner. Examples of this include Homes England's Brownfield Infrastructure Fund (BILF).
- 5.25 Alternatively, if there is no progression towards delivery on the site, the Council could choose to step in and acquire the site, either through negotiation or Compulsory Purchase Order (CPO) although we acknowledge this would be a last resort endeavour.
- 5.26 This would be phase 3 of the development although depending on engagement with the landowners we anticipate this to be medium- or long-term delivery.
- 5.27 For the long-term delivery of Acorn Way we would recommend that the Council have continued engagement with the freeholders and leaseholder at Acorn Way to support any longer term development in this area. If sites in this area become available on the market, it may be advantageous for the Council to acquire the land to start building up an area of critical mass, so that the Council retain an element of control within development.
- 5.28 Beyond grant funding, Homes England can also act as a facilitator for strategic partnerships. It often works with local authorities to bring in registered providers, developers, and investors, sometimes structuring deals to de-risk difficult sites. In some cases, Homes England itself may acquire or assemble land directly and then enter into development agreements or Joint Ventures to ensure delivery.
- 5.29 Therefore, the Council should consider engaging with Homes England around a land assembly strategy for Acorn Way so that in the long term this can also be redeveloped for housing.
- 5.30 We do, however, anticipate this to be in the long term, once the rest of the site has been developed for residential.

Appendix I

Development Option Testing

Bootle Masterplans Option Testing

Approach to Options

- 1.1 AY and SLR developed a series of options at the St Johns and Hawthorne Road which could be tested through an option appraisal process.

St Johns Site (Bootle Office Quarter)

- 1.2 The following commentary summaries the alternative options for the St Johns site. A full description of the principles of development for the site are found in the Design Development Workbook.

Figure 1: Option 1 Drawing



Figure 2: St Johns Option 2 and 3 Drawing



- 1.3 Option 1 is a medium density 100% residential development. It delivers 245 units of which 81% are flats as well as 915 sqm of public open space. The full breakdown is listed below.

Table 1: Option 1 Outputs

Type	Unit no.
1B Apartment	50
2B Apartment	118
3B Apartment	30
3B Detached House	3
4B Detached House	3
3B Semi-Detached/Terraced House	18
3B Townhouse	19
4B Townhouse	4
Total Flats	198
Total Houses	47
Overall Total	245

- 1.4 Option 2 is a high density residential development with some commercial ground floors. It delivers 292 units of which 88% are flats. This is supported by 1,813 sqm of public open space and 1,420 sqm of commercial ground floor space. The full breakdown is listed below.

Table 2: Option 2 Outputs

Type	Unit no.
1B Apartment	61
2B Apartment	135
3B Apartment	61
3B Detached House	0
4B Detached House	0
3B Semi-Detached/Terraced House	0
3B Townhouse	26
4B Townhouse	9
Total Flats	257
Total Houses	35
Overall Total	292
	sqm
Commercial GF	1420

- 1.5 Option 3 is a high density residential led mixed use development. It delivers 224 units of which 84% are flats. This is supported by 1,813 sqm of public open space and 687 sqm of commercial ground floor space and up to 5776 sqm GIA for a hotel use. The full breakdown is listed below.

Table 3: Option 3 Outputs

Type	Unit no.
1B Apartment	47
2B Apartment	100
3B Apartment	42
3B Detached House	0
4B Detached House	0
3B Semi-Detached/Terraced House	0
3B Townhouse	26
4B Townhouse	9
Total Flats	189
Total Houses	35
Overall Total	224
	sqm
Commercial GF	687
Hotel GIA	5776

Hawthorne Road/Canal Corridor Site

- 1.6 The following commentary summaries the alternative options for the Hawthorne Road site. A full description of the principles of development for the site are found in the Design Development Workbook.

Figure 3: Hawthorne Road Option 1



Figure 4: Hawthorne Road Option 2



Figure 5: Hawthorne Road Option 3



- 1.7 Option 1 is maximum development of the Hawthorne Road site including Acorn Way and the removal of all known constraints across the site. This delivers 703 new properties of which 47% are flats. The development also includes c. 2400 sqm of space for supporting commercial uses and c. 21,000 sqm of public open space. This development also has full interaction with the Leeds and Liverpool Canal and the potential for a pedestrian bridge. The full breakdown is listed below.

Table 4: Option 1 Outputs

Type	Unit no.
1B Apartment	59
2B Apartment	193
3B Apartment	80
3B Detached House	22
4B Detached House	24
3B Semi-Detached/Terraced House	252
4B Townhouse	73
Total Flats	332
Total Houses	371
Overall Total	703
	sqm
Commercial GF	2,114
F&B	329

- 1.8 Option 2 is the minimum development of the Hawthorne Road site which retains all the major constraints. This delivers 250 new properties of which 33% are flats. The development also includes c.

980 sqm of space for supporting commercial uses and c. 16,000 sqm of public open space. The full breakdown is listed below.

Table 5: Option 2 Outputs

Type	Unit no.
1B Apartment	22
2B Apartment	55
3B Apartment	6
3B Detached House	9
4B Detached House	14
3B Semi-Detached/Terraced House	115
4B Townhouse	29
Total Flats	83
Total Houses	167
Overall Total	250
	sqm
Commercial GF	654
F&B	329

- 1.9 Option 3 is a development which utilises most of the Hawthorne Road site including Acorn Way but retains several key constraints including the gas infrastructure and the telecoms tower. This delivers 568 new properties of which 40% are flats. The development also includes c. 2400 sqm of space for supporting commercial uses and c. 24,300 sqm of public open space. There is some interaction with the Leeds and Liverpool Canal. The full breakdown is listed below.

Table 6: Option 3 Outputs

Type	Unit no.
1B Apartment	48
2B Apartment	163
3B Apartment	15
3B Detached House	19
4B Detached House	24
3B Semi-Detached/Terraced House	237
4B Townhouse	62
Total Flats	226
Total Houses	342
Overall Total	568
	sqm
Commercial GF	2,114
F&B	329

Option Appraisal Approach

- 1.10 To determine the emerging preferred option, it was necessary to test each of the options against a series of criteria agreed with the client.

- 1.11 The criteria were divided into 2 themes: Outputs i.e. what is being delivered and Deliverability i.e. the ease of developing the site. Each theme had a series of indicators which aligned with the themes which would be scored. These are summarised in Table 7.

Table 7: Option Appraisal Criteria

Theme	Indicator	Scoring Considerations
Outputs	Housing Delivery	Sefton Council have a high housing need and there is a need to maximise the development potential of the sites to deliver housing that meets the needs of existing residents but also encourages new people to move to Bootle.
	Mix of Uses	The site should provide an appropriate mix of uses that meets the Council's aspirations for housing and economy as well as local need. We also need to consider the impact of retaining any existing uses on the site in developing a sustainable place.
	Connectivity and Green Space	The sites should provide an appropriate and manageable provision of sustainable green open space, ensure integration into the existing urban fabric (including the canal) and walking and cycling routes and ensure excellent inner site connectivity.
Deliverability	Landownership	How simple is land assembly across each option?
	Constraints	What is the extent and severity of constraints across each option?
	Viability	How challenging is the viability of development across each option? What is the viability of the site on a per unit basis and therefore what is the likelihood of funding. <i>The viability outcome for each site is located in Appendix II: Approach to Viability.</i>
	Marketability	Are there any challenges associated with early phase delivery across each option? Are there any unknowns that need to be factored into consideration?

- 1.12 To assess each option, we have used a traffic light system of Red, Amber and Green (RAG) to show the degree they fulfil the criteria. This criteria was then converted into a score: 1 for red, 2 for amber and 3 for green.
- 1.13 The criteria scoring was not relative, all could score the same dependent how we considered the performance of the site against an indicator.
- 1.14 In agreement with the Council, we double weighted the housing delivery indicator. This reflects the importance of housing delivery to the Council and as a key vision and principle of the masterplan work.

St Johns Option Appraisal

1.15 The below table summarises the options and key considerations within each appraisal theme.

Table 8: St Johns Option Summary

	Outputs	Deliverability
Option 1	246 no. properties 100% Residential c. 900 sqm public open space with sustainable features throughout the public realm Narrow E-W route due to the orientation of the buildings	Viability gap of £3.1 million (£11k per property) 2 major landowners No known major constraints (further works required) Fewer number of apartments
Option 2	292 no. properties Majority Residential c. 1800 sqm public open space with sustainable features throughout the public realm Clear E – W route through site	Viability gap of £5.6 million (£16.9k per property) 2 major landowners No known major constraints (further works required) Highest no of apartments (untested market)
Option 3	224 no. properties Residential mixed use – capacity for c. 5800 sqm hotel and 700 sqm commercial gf. c. 1800 sqm public open space with sustainable features throughout the public realm Clear E – W route through site	Viability gap of £3.8 million (£15k per property) 2 major landowners No known major constraints (further works required)

1.16 This summary of the sites converts into the below scoring.

Table 9: Appraisal for St Johns Options

	Outputs			Deliverability			
	Housing Delivery	Mix of Uses	Connectivity	Landownership	Constraints	Viability	Marketability
Option 1	2	2	2	2	2	3	2
Option 2	3	2	3	2	2	1	1
Option 3	2	3	3	2	2	2	2

1.17 This results in the following scores.

Table 10: St Johns Option Scoring

Option	Unweighted Score	Weighted Score
1	15	17
2	14	17
3	16	18

Preferred Option

- 1.18 Therefore, the analysis suggests that the preferred option for the St Johns site is **Option 3**.

Figure 6: St Johns Preferred Option



- 1.19 This option is preferred because it provides a reasonable number of properties across the site with a feasible mix of apartments and houses. However, by introducing a mix of residential and different commercial uses across the site, this provides a marketable development with an opportunity to drive demand and revenue through the commercial spaces.
- 1.20 It also provides greater placemaking opportunity through the high provision of public open space. In response to challenges raised by the client team, we have also reconfigured the site to ensure that all the public open space is overlooked reducing potential issues with antisocial behaviour or challenge with maintenance of the spaces.
- 1.21 In the case of a hotel not coming forward, alternative uses could be considered such as community assets e.g. health or youth club which responds to responses raised through the public consultation
- 1.22 Whilst the viability of the preferred option is more challenging than Option 1, it is still within a reasonable bracket that likely receive public subsidy or grant funding if required.

Hawthorne Road Option Appraisal

1.23 The below table summarises the options and key considerations within each appraisal theme.

Table 11: Hawthorne Road Option Summary

	Outputs	Deliverability
Option 1	703 no. properties Residential mixed use with no existing uses retained c. 21,000 sqm public open space, E-W routes including potential for new pedestrian bridge, wide access to canal tow path Development of a new place meeting the needs of Council and key stakeholders	Viability gap of £26.5m (£35k per property) Large no of landowners particularly in Acorn Way Significant no of constraints to remove and large amount of remediation required. Very long term development – requirement for early removal of some infrastructure.
Option 2	250 no. properties Residential mixed use with all existing uses retained c. 16,000 sqm public open space with sustainable features throughout the public realm and to buffer infrastructure. Major blockages of connective across the site	Viability gap of £13.8m (£52k per property) 3 major landowners Constraints retained but still challenges and developable area and sales values impacted. Could come forward in the short term
Option 3	568 no. properties Residential mixed use with some uses retained c. 24,000 sqm public open space with sustainable features throughout the public realm and to buffer infrastructure. E-W routes including potential for new pedestrian bridge, wide access to canal tow path	Viability gap of £28.3 million (£46k per property) Large no of landowners particularly in Acorn Way Significant no of constraints to remove and large amount of remediation required. Retained constraints impact sales values of properties.

1.24 This summary of the sites converts into the below scoring.

Table 12: Appraisal for Hawthorne Road Options

	Outputs			Deliverability			
	Housing Delivery	Mix of Uses	Connectivity	Landownership	Constraints	Viability	Marketability
Option 1	3	3	3	1	1	2	1
Option 2	1	2	1	3	2	1	3
Option 3	2	2	3	1	1	2	1

1.25 This results in the following scores.

Table 13: Hawthorne Road Option Scoring

Option	Unweighted Score	Weighted Score
1	14	17
2	13	14
3	12	14

Preferred Option

1.26 Therefore, the analysis suggests that the preferred option for the Hawthorne Road site is **Option 1**.

1.27 This is because it delivers the highest number of homes, which aligns with the key development principles of ensuring east-west connections through the site, improving the interaction with the Canal frontage and ensuring that a significant new place can be created in the heart of Bootle. In addition, based on the known variables it has the lowest viability gap per property.

1.28 However, there is significant challenges associated with the delivery of the site particularly due to the complex landownership, number of constraints that would need to be removed and the very long timescales that would be required to deliver this site in full.

1.29 As a result, a proposed 'compromise' option, known as **Option 3b** was put forward which involves the retention of some of the site constraints and the designation of Acorn Way as a long term development at this time. Making these amendments results in the below scoring:

Table 14: Hawthorne Road Option 3b Scoring

	Outputs			Deliverability			
	Housing Delivery	Mix of Uses	Connectivity	Landownership	Constraints	Viability	Marketability
Option 3b	2	2	2	3	2	2	2

1.30 This results in an unweighted score of **15** and a weighted score of **17**.

1.31 The plan of Option 3b is displayed in Figure 7.

Figure 7: Hawthorne Road Preferred Option



- 1.32 This option is preferred because it delivers 425 units in the short term with the opportunity for an additional 143 units in the longer term development if Acorn Way was to come forward. Whilst in the short term this compromises the east-west movement through the site, in the longer term there is opportunity to introduce a pedestrian bridge across the Canal.
- 1.33 This option involves the remediation of the gas cylinders but the retention of the existing gas infrastructure and the telecoms tower which reduces potential relocation costs. However, there is an opportunity cost to this option as this results in the need for additional public realm to buffer development, a smaller net developable area and a deflation in potential sales values.
- 1.34 In addition, the introduction of green spaces across the site provides significant amount of public open space which supports placemaking and address challenges with surface water flooding. The interaction with the Canal is still retained in most part, providing opportunities for higher value properties and also increasing the accessibility and safety of the canal tow path.
- 1.35 The short/medium term retention of Acorn Way reduces short term costs and allows for a longer period of time to develop a strategy for land assembly including engaging with all freeholders and leaseholders to support the area coming forward for the wholesale development in the longer term.

Appendix II

Approach to Viability

Approach to Viability

Approach to Viability

- 1.1 Avison Young have undertaken a viability assessment of the three development options to test the viability of elements of the masterplans and to ultimately support the Council's decision in selecting a preferred option. The assessment represents an indicative assessment of viability given the extent of unknowns at this stage.
- 1.2 Our viability analysis adopts the 'residual method' where the residual land value of the sites is calculated as:
 - Gross Development Value
 - Less Development Costs including cost of finance
 - Less an appropriate developer profit commensurate with the level of risk to deliver the scheme.
- 1.3 The residual land value therefore reflects the price a developer would pay the sites on the open market. Where values are negative, this in theory means a developer would be paid to receive ownership from the land owner. In practice this would not happen, and therefore where negative residual land values are presented below they reflect the fact the site is unviable and undeliverable based on current market conditions and assumptions.
- 1.4 Our viability assessment is agnostic of land ownership. Any outputs presented below reflect the total residual value across all landowners. Please note, the land-take varies across development options, and therefore we have included in our analysis a 'residual land value as % of development costs' to distinguish the relative performance of options of different scale.
- 1.5 The Council in March 2024 produced the 'Bootle Area Action Plan – Viability Testing' report, which found sites BH1 BH3 and BH4 (together comprising the subject Hawthorne Road site less Acorn Way) were all 'unviable', with BH5 the only exception where Plus Dane Housing are delivering 104 affordable homes. The report also notes that grant funding has supported viability in this case. Viability was assessed as the residual land value less the benchmark land value. All sites generated a marginally positive residual land value.
- 1.6 Avison Young's viability assessment is not connected to the March 2024 work. We have made our own assumptions which are detailed in section **Error! Reference source not found..** We have not analysed the sites' present benchmark land value given the purpose of this viability exercise is to

inform consideration of the masterplan options. The March 2024 report suggests that benchmark land values are relatively insignificant compared to the scale of proposed development, ranging from £200,000 - £550,000 per gross hectare. A full review of the March 2024 work relative to our assumptions is beyond the scope of this commission.

- 1.7 The residual appraisals are intended for advisory purposes only. They do not constitute a RICS Compliant Red Book Valuation and should not be relied on as such. The opinion of value captured within the appraisals do not comply with the RICS Valuation-Global Standards. This study cannot, and should not, be relied upon for any secured lending or investment purposes. Avison Young offer no Professional Indemnity Insurance liability in relation to this opinion.

Assumptions

- 1.8 We have summarised the assumptions adopted in our viability assessment, as well as several exclusions which are not considered within the assessment where insufficient information is available. It is important to note again the purpose of this exercise to inform the selection of preferred development options for the sites with an understanding of their relative viability. Further work would need to be undertaken in future to gain a better understanding of each site's absolute viability.
- 1.9 We highlight some of the most important assumptions which drive the viability outcomes the most:
- **Residential market values:** We have adopted £300 psf for apartments and £310 psf for housing. These assumptions are informed by Avison Young's Baseline Report and include a reasonable allowance for the regeneration potential of the area and a high specification of product.
 - **Value discounts:** For Hawthorne Road Options 2 and 3a and 3b, where existing constraints and infrastructure are built around rather than removed, we have discounted residential values to account for the likely inhibiting effect on desirability.
 - **Abnormal costs:** In the absence of detailed surveys, we have made high-level allowances for abnormal costs related to ground contamination:
 - St John's: given its former use as an office and car park, we have made a 10% allowance for a minimal amount of expected contamination issues
 - Hawthorne Road: given its former industrial uses, we have made a greater 30% allowance for a significant amount of expected contamination issues.
 - **Affordable housing:** We have assumed 15% Affordable Housing provision as per Sefton Council policy for Bootle, but have tested a sensitivity with 0% Affordable Housing as per the Council's instructions.
 - **Financing and cost of debt:** We have adopted a prevailing market cost of debt of 7.00% and that 100% of development works are funded with private sector debt rather than equity or public funding.
- 1.10 A full breakdown of the assumptions is listed in Tables 1 to 4 below.

Table 1: Residential assumptions

Item	Assumption	Rationale / source
Apartment private sales values £psf	£300	Top end assumption of AY market research summarised in Baseline report.
Housing private sales values £psf	£310	Top end assumption of AY market research summarised in Baseline report.
Affordable housing proportion of total residential units	15%	As per Sefton's affordable housing policy. NB: We have tested sensitivities whereby Affordable Housing provision is reduced.
Affordable housing average % of private GDV	65%	Blended average of affordable homes based on Sefton's Affordable Housing policy mix of 33% affordable or social rent, 25% First Homes, 42% other affordable home ownership homes.
Residential value discounts - Hawthorne Road options 2 and 3	-5%	We have applied 5% discounts to values at Hawthorne Road options 2 and 3 to reflect lower expecting pricing where design works around existing constraints rather than wholesale redevelopment of the site as in option 1.
Apartments ground rent £pa per unit	£100	Standard assumption
Apartment base build costs £psf	£161	BCIS median pricing
Housing base build costs £psf	£139	BCIS median pricing

Table 2: Commercial assumptions

Item	Assumption	Rationale / source
Ground floor commercial rent £psf	£25.00	As per AY market research summarised in Baseline report
Ground floor commercial yield	10.00%	As per AY market knowledge
Commercial base build costs £psf	£161	BCIS median pricing

Table 3: Site-wide costs assumptions

Item	Assumption	Rationale / source
External Works (Housing)	15.00%	Standard assumption
External Works (Apartments)	10.00%	Standard assumption
Plot Connections (Housing)	£3,000	Standard assumption
Plot Connections (Apartments)	£1,500	Standard assumption
Contamination abnormals allowance, St Johns	10%	High-level assumption in the absence of detailed survey work, allowing for a minimal amount of required abnormal works
Contamination abnormals allowance, Hawthorne Road	30%	High-level assumption in the absence of detailed survey work, allowing for a significant amount of required abnormal works
S106 £per unit	£3,122	As advised by the Council
Public realm £ psf	£28	Standard assumption

Table 4: Other assumptions

Item	Assumption	Rationale / source
Finance	7.00%	Prevailing market rate
Developer's Profit on Market Housing	18.00%	Prevailing market rate
Developer's Profit on Affordable Housing	8.00%	Prevailing market rate
Developer's Profit on Commercial	15.00%	Prevailing market rate
Contingency	5.00%	Standard assumption
Professional fees	8.00%	Standard assumption
Residential Sales Agent Fees	2.50%	Standard assumption
Total Legal Fees	0.50%	Standard assumption
Commercial Letting Fees	15.00%	Standard assumption
Commercial Sales Agent Fees	1.50%	Standard assumption
CIL	£0	Sefton Council does not have a CIL policy

Exclusions

- 1.11 The viability analysis excludes any costs associated with demolition, acquisition or relocation of any existing relocation of existing buildings or infrastructure. This principally applies to Hawthorne Road, where the major items we anticipate need to be accounted for in future stages of work include:
- Demolition of Litherland House;
 - Demolition and remediation of gas works;
 - Acquisition of freehold and leasehold interests in the Acorn Way estate.
- 1.12 Viability outputs for Hawthorne Road should therefore be read as gross of these additional costs. We recommend that in a future stage of work the Council instruct cost estimates for these items and any others deemed necessary.
- 1.13 In the absence of detailed surveys, we have made high-level allowances for abnormal costs related to ground contamination:
- **St John's:** given its former use as an office and car park, we have made a 10% allowance for a minimal amount of expected contamination issues
 - **Hawthorne Road:** given its former industrial uses, we have made a greater 30% allowance for a significant amount of expected contamination issues.
- 1.14 The viability assessment includes no assumption for grant or other public funding. It is clear from our research that many local developments have been supported through some provision of public funding. The viability gaps presented below demonstrate that some extent of funding will likely be required to deliver the subject sites. Avison Young can assist in supporting a future funding strategy including selection of appropriate sources and detailed analysis of funding requirements.

Viability Outputs

- 1.15 Here we summarise our viability analysis which informs the selection of a preferred option. This includes headline figures, comparisons between options and sites, analysis of drivers and drains of value, and scenario and sensitivity testing. This analysis should be read alongside **Error! Reference source not found.** where we set out our approach to viability, assumptions and exclusions.
- 1.16 In summary, **Option 1** for each site is optimal from a viability viewpoint. For Hawthorne Road, however, we would highlight that Option 1 involves the development of the Acorn Way Estate which has the most complex freehold and leasehold ownership across the site and would likely require a land assembly process which would result in outsized acquisition costs compared to the rest of the site.

Base case

- 1.17 In summary, the development options generate residual land values ranging from:
- **St John's:** Negative land values of -£3.11 to -£5.58m, equating to 6-8% of total development costs
 - **Hawthorne Road:** Negative land values of -£13.77m to -£28.27m, equating 12-16% of total development costs
- 1.18 Therefore, across all development options, St John's is less unviable than Hawthorne Road, principally due to Hawthorne Road's greater abnormal cost assumptions. The difference between the two sites is a minimum of 6 percentage points of development cost.
- 1.19 Considering the development options for each site, **Option 1** is least unviable for both sites, generating the lowest negative land value, as shown in Table 5 and 6 below.

Table 5: St John's base case viability

St John's	RLV (£000s)	RLV % development costs	RLV per resi unit
Option 1	(3,112)	-5.9%	(11,028)
Option 2	(5,583)	-8.4%	(16,929)
Option 3	(3,816)	-7.5%	(15,018)

Table 6: Hawthorne Road base case viability

Hawthorne Road	RLV (£000s)	RLV as % of development costs	RLV per resi unit
Option 1	(26,496)	-12.2%	(35,039)
Option 2	(13,768)	-16.7%	(51,751)
Option 3a	(28,267)	-15.8%	(46,374)
Option 3b	(20,358)	-14.9%	(44,957)

DRIVERS AND DRAINS OF VALUE

- 1.20 We have run analysis to identify what are the drivers and drains of value across both sites. This involves apportioning pro-rata all site-wide and other costs not specific to uses classes pro-rated to the sqm of each class. Table summarises this analysis, showing the land values generated by each use class as a proportion of overall costs.
- 1.21 In the base case shown, on average across the two sites, no typology is a 'driver' of value, although houses generally are the least unviable, followed by flats and ground floor commercial units. Whilst flats and commercial ground floor units are the greatest drains on value, it should be noted that these use classes are critical for supporting placemaking.
- 1.22 However, this 'average' column is skewed by the effects of Hawthorne Road's higher abnormal cost allowance of 30%. Referring only to St John's performance, we see the same trend but with houses generating a positive land value.
- 1.23 For the purposes of this viability assessment we have made universal value and cost assumptions for houses without distinguishing between terraced, semi-detached, detached and other typologies. Further analysis could consider the impacts of different housing typologies with this same analysis.

Table 7: Drivers and drains of value, RLV as % of total development costs

	St Johns	Hawthorne	Average
Flats	-11%	-22%	-17%
Houses	6%	-9%	-8%
GF commercial	-19%	-27%	-25%

- 1.24 Option 1 for both sites generate optimal viability. We consider the key drivers and drains of value to be:
- a) **Flats** are a key drain on value across the sites. In Bootle, they achieve similar values to houses but are more expensive to build, meaning that they produce less land value than houses. Therefore, the higher density St John's options 2 and 3 are impeded by this. Of course, flatted development can be a key contributor to placemaking effects.
 - b) **Public realm costs** are a significant cost for all options, but mostly so on Hawthorne Road where costs range from 2.9% in Option 1 to 4.8% in Option 3.
 - c) The **retention of constraints and infrastructure** in Hawthorne Road Options 2 and 3 is reflected in residential value discounts, which further drains value on these options.
 - d) **Commercial space**, on a % of development costs basis, is more of a drain on value than flats. Whilst a smaller part of the development mix, it still detracts from value on St John's Option 2 and Hawthorne Road Options 1 and 3. Of course, commercial uses can be a key contributor to placemaking effects.
- 1.25 Taking account of point d above, isolating the residential components of the options, the residual land values generated on a per dwelling basis range from:
- **St John's:** Negative land values of -£11,028 to -£16,929 per dwelling
 - **Hawthorne Road:** Negative land values ranging from -£35,039 to -£51,751 per dwelling

Scenarios & sensitivities

- 1.26 Given the unviability of the base case, we have run selected scenarios to test the potential upsides.

HAWTHORNE ROAD LOWER ABNORMAL ALLOWANCE

- 1.27 Firstly, as a point of comparison, we have lowered Hawthorne Road's abnormal assumption to 10% on par with St John's, creating a theoretical benchmark for the site's performance.
- 1.28 Isolating the residential component of the scheme, option 1 generates a negative land value of -£2,637 per unit. This demonstrates the potential of the site given the predominance of houses in its dwelling mix. Houses in isolation generate a positive land value of £5,431 per unit (equal to 5% of total development costs).

Table 8: Hawthorne Road viability with a lower (10%) abnormal allowance

Hawthorne Road	RLV (£000s)	RLV as % of development costs	RLV per resi unit
Option 1	(2,911)	-1.5%	(2,637)
Option 2	(5,113)	-6.9%	(18,384)
Option 3a	(8,920)	-5.6%	(13,706)
Option 3b	(5,680)	-4.7%	(11,643)

- 1.29 These results summarised in Table 8 demonstrate the impact of the abnormal allowance in the viability appraisal and the potential deliverability of the site without those constraints. This underlines the need to undertake further survey work to better understand the potential range of costs associated with abnormal costs and other costs.

NO AFFORDABLE HOUSING

- 1.30 We have tested a scenario where Affordable Housing provision is removed from both sites compared to the policy-compliant assumption of 15%. We have summarised the outputs of this scenario are summarised in Tables 9 and 10 below.
- 1.31 It should be noted that proceeding with an assumption of policy uncompliant Affordable Housing provision could hamper efforts to secure public funding.

Table 9: St John's with no Affordable Housing

St John's	RLV (£000s)	RLV % development costs	RLV per resi unit
Option 1	(1,564)	-2.9%	(6,385)
Option 2	(3,779)	-5.5%	(12,373)
Option 3	(2,392)	-4.6%	(10,341)

Table 10: Hawthorne Road with no Affordable Housing

Hawthorne Road	RLV (£000s)	RLV as % of development costs	RLV per resi unit
Option 1	(20,871)	-9.5%	(27,033)
Option 2	(11,746)	-14.0%	(43,659)
Option 3a	(23,834)	-13.0%	(38,564)
Option 3b	(16,946)	-12.2%	(36,924)

STRESS TESTING

- 1.32 Considering the negative base case viability position of the sites in the base case, we have tested only an upside stress test to understand the potential effect of changes in market conditions. We have tested a reasonable bookend scenario of a +10% increase in development values and a -10% reduction in costs. These results are summarised below.
- 1.33 All St Johns become viable in the upside stress test whereas just Option 1 of Hawthorne becomes viable in this scenario.

Table 11: St John's upside stress test

St John's	RLV (£000s)	RLV % development costs	RLV per resi unit
Option 1	4,685	9.4%	22,217
Option 2	3,706	5.9%	15,658
Option 3	3,443	7.1%	18,415

Table 12: St John's downsize stress test

St John's	RLV (£000s)	RLV % development costs	RLV per resi unit
Option 1	(11,216)	-20.0%	(44,273)
Option 2	(15,115)	-21.4%	(49,516)
Option 3	(11,298)	-20.9%	(48,452)

Table 13: Hawthorne Road upside stress test

Hawthorne Road	RLV (£000s)	RLV as % of development costs	RLV per resi unit
Option 1	4,175	2.0%	8,727
Option 2	(2,491)	-3.2%	(6,916)
Option 3a	(3,419)	-2.0%	(2,930)
Option 3b	(1,286)	-1.0%	(348)

Table 14: Hawthorne Road downside stress test

Hawthorne Road	RLV (£000s)	RLV as % of development costs	RLV per resi unit
Option 1	(57,440)	-25.1%	(78,805)
Option 2	(25,046)	-28.7%	(96,587)
Option 3a	(53,116)	-28.0%	(89,818)
Option 3b	(39,430)	-27.4%	(89,565)

Appendix III

Site Development Schedules

Development appraisals – St John's & Hawthorne Road

£000s	St John's Option 1	St John's Option 2	St John's Option 3	Hawthorne Road Option 1	Hawthorne Road Option 2	Hawthorne Road Option 3a	Hawthorne Road Option 3b
Revenue							
Residential	49,792	57,856	45,742	184,229	66,519	145,496	112,119
GF commercial / amenity	0	3,248	1,571	5,588	2,248	5,588	3,699
Total revenues	49,792	61,104	47,314	189,817	68,767	151,084	115,817
Costs							
Base construction costs - residential	29,076	34,737	27,020	96,650	35,320	78,526	59,981
Base construction costs - commercial	0	2,457	1,189	4,226	1,701	4,226	2,797
Site-wide costs	7,669	9,441	7,457	51,699	21,810	44,819	33,884
Professional fees	3,087	3,917	2,996	12,816	4,942	10,716	8,120
Contingency	1,837	2,332	1,783	7,629	2,942	6,379	4,833
Other fees, SDLT	1,357	1,690	1,302	5,233	1,899	4,175	3,197
Finance	1,487	1,886	1,442	6,063	2,325	5,055	3,833
Profit	8,390	10,228	7,941	31,996	11,598	25,456	19,530
Total costs	52,903	66,688	51,129	216,313	82,536	179,352	136,175
Residual land value	-3,112	-5,583	-3,816	-26,496	-13,768	-28,267	-20,358

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