Appendix 20.2

SOCIAL VALUE ANALYSIS UPDATE

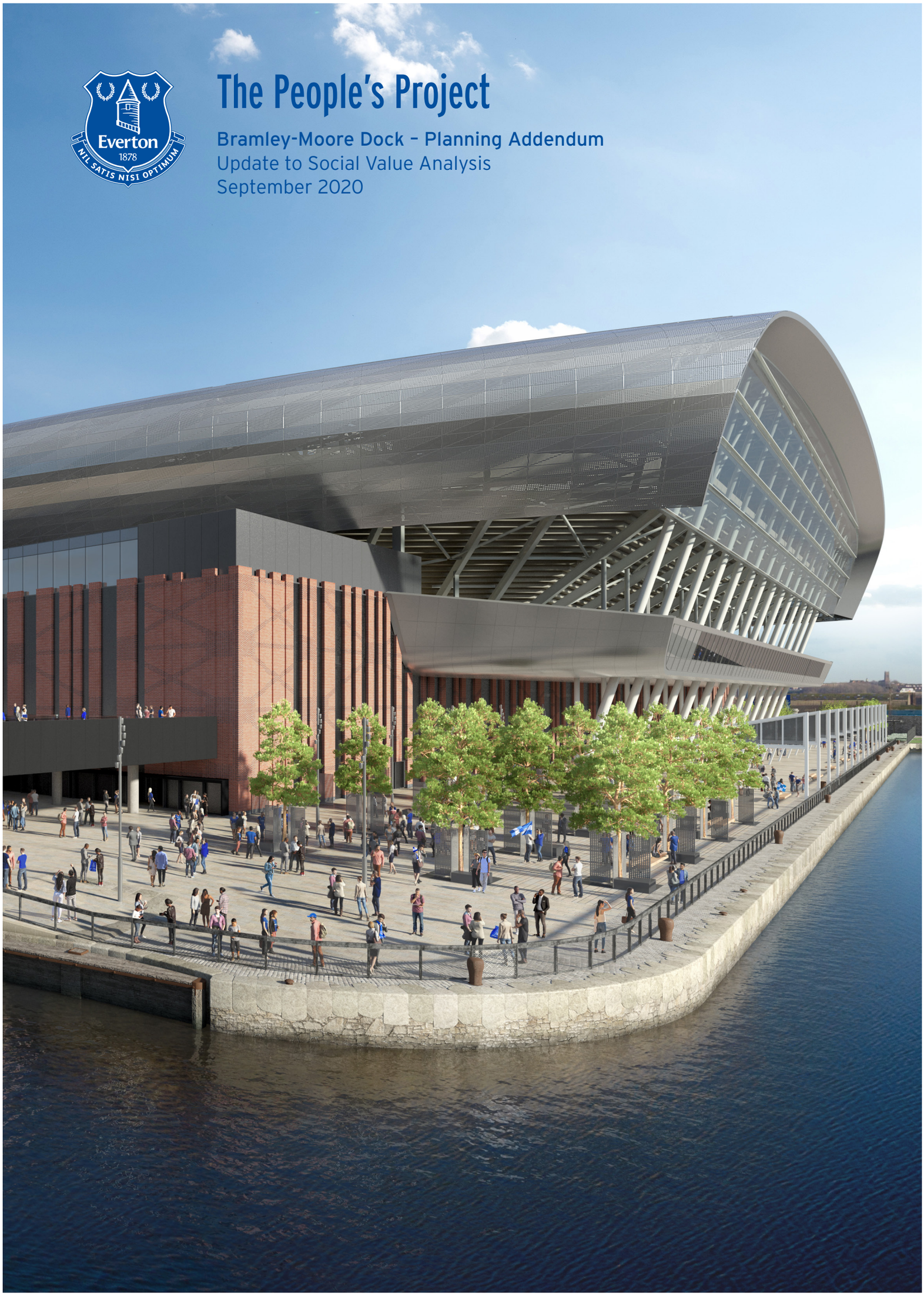
CBRE

The People's Project

Bramley-Moore Dock – Planning Addendum

Update to Social Value Analysis

September 2020



The Societal Value of the Relocation of Everton Football Club.
Update of Social Value Analysis
September 2020

2020

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Background

- RealWorth conducted Social Return on Investment (SROI) analysis to estimate the societal value of the relocation of Everton Football Club, which was submitted as part of the People's Project planning application in December 2019.

- Simetrica-Jacobs has been commissioned to provide an update to the RealWorth analysis, to ensure it is more aligned with the cost benefit analysis method recommended by HM Treasury Green Book.

- Simetrica-Jacobs has updated the valuation methods, incorporating adjustments where necessary to ensure the robustness of the social value calculation for the People's Project over and above the economic and environmental value.

- Compared to the upper bound SROI produced by the RealWorth report **these valuation estimates should be considered lower estimates**.

Overview of the analysis

- The RealWorth SROI analysis was split into two sections:
  - The Goodison Legacy Project (GLP)
  - The Societal Value of Everton in the Community (EitC)
- For each section, RealWorth established a list of social value outcomes and estimated changes in these outcomes caused by the project.
- **The Simetrica-Jacobs 2020 update:**
  - Assessed the suitability of these outcomes for business case analysis
  - Estimated impact sizes following best-practice standards for economic impact appraisal
  - Adjusted the analysis accordingly where inaccuracies were identified
- This included altering the mix of outcomes assessed where this was deemed necessary and re-estimating impact sizes. Throughout the analysis we highlight where the valuation estimates have changed due to the updated method applied and how this contributes to the added robustness of the social value assessment.

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Overview of the analysis

- In addition to updating RealWorth's impact estimates and adjusting their valuation approaches where necessary, we:
  - **Change the appraisal period from 10 to 25 years.** A longer appraisal period is recommended in the Green Book for measuring the future impacts of large infrastructure projects. The appraisal period varies slightly by section as we took it to begin from the completion of the project to ensure we captured all of the ongoing benefits of each section of the project:
    - The Bramley-Moore Dock Stadium (BMD), 2023 – 2048 – Included with adjustments to avoid double counting.
    - The Goodison Legacy Project (GLP), 2026 – 2051
    - The Societal Value of Everton in the Community (EitC), 2023 – 2048

  - Split the analysis of GLP into **construction and operational**.
    - We estimated the **social value of the construction of the GLP**. This is the value attributable to the work Everton is doing and can be used, in combination with economic and environmental impacts, to compare with costs to establish whether the project constitutes value for money.
    - We also estimated the **ongoing social value generated in the GLP area**. This is the value generated by organisations and individuals who use the GLP development once it is built.

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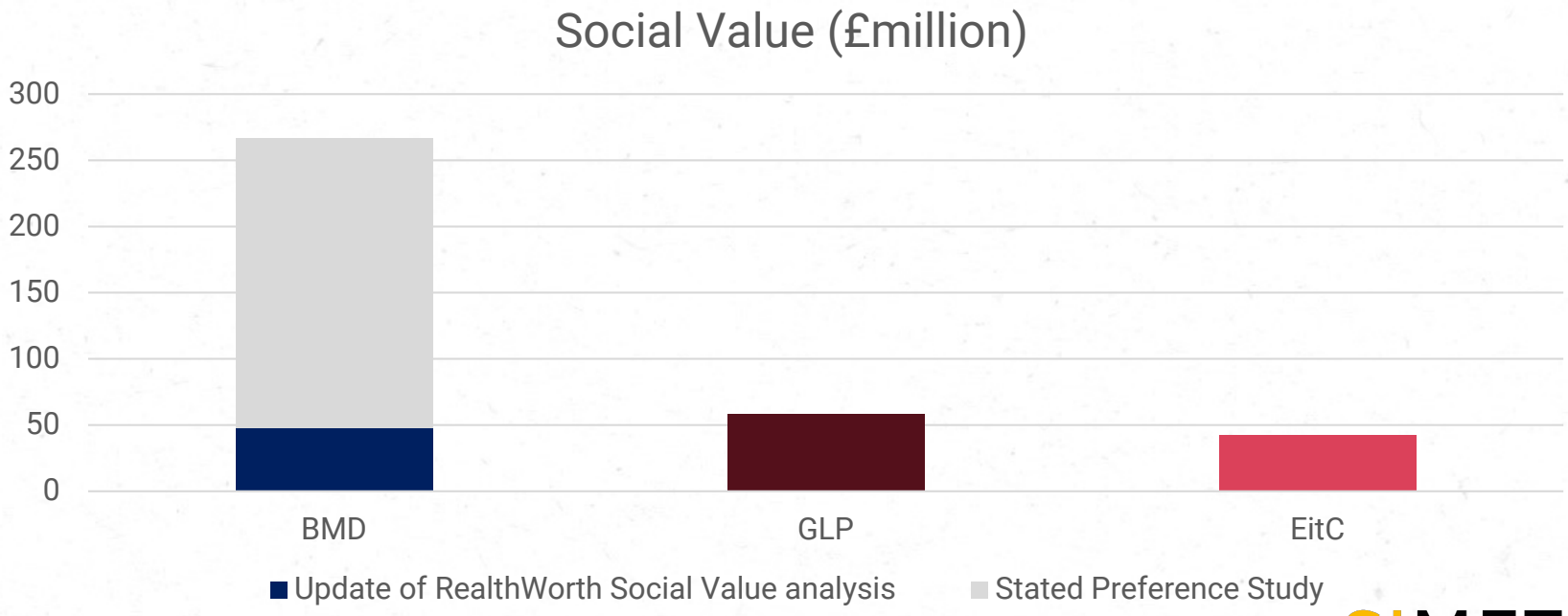
Overview of key results: 25 year appraisal period

- The additional social value of the relocation of Everton Football Club is estimated at **£148.0million** split between BMD (£47.5m), GLP (£58.2m) and EitC (£42.3m) over **25 years**. These estimates apply more robust data and methods.
- Note that these values are additional to the economic value generated by the project through, for example, revenue from increased ticket sales and new high-quality housing, and the non-market value estimated in the Stated Preference research.
- The values can be added to the £219million NPV estimated for the stadium redevelopment in the SP survey (grey bar).



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Overview of key results: 25 year appraisal period

- A key finding is that **a large amount of social value from relocation of Everton Football Club comes from increased EitC activity (£42.3million).**

- Additionally, **EitC programmes generally benefit vulnerable groups of people** (e.g. children, people with disabilities).

- Benefits to these groups are likely to carry higher social value relative to other groups, which is not captured in this analysis, making this a potential under-estimate of the total social value created.

- **This suggests that increased EitC funding is vitally important to ensure this project generates value for society and has the potential to significantly improve the lives of the most vulnerable in Liverpool.**

Our Approach

1. Establish key outcomes that capture the social value of the project above and beyond the economic and environmental value, based on a review of RealWorth's original analysis
2. For each outcome, establish an appropriate metric to measure changes in the outcome and assign an appropriate Green-Book consistent value
3. Estimate changes in the outcome ('impacts') using economic analysis in line with UK Government guidance on additionality
4. Provide a monetary figure (£) for these changes using the values from step 2 and calculate and aggregate the net present value of all outcomes to estimate the total social value of the relocation of Everton Football Club

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The Bramley-Moore Dock Stadium

2020

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Background

- The value of the stadium redevelopment on Bramley Moore Dock is estimated in a Stated Preference survey collected over 2019 and 2020, which showed that the net value of the redevelopment of **Bramley-Moore Dock for a new stadium** and supporting uses by combining the positive willingness to pay (WTP) of those who would prefer to have a stadium development at the site with the negative willingness to accept (WTA) compensation for those who prefer to keep BMD in its current condition (**£219million (NPV) for Merseyside residents over 30 years)**

Simetrica-Jacobs **identified additional elements of social value from the stadium redevelopment** that are not explicitly covered in the SP survey, and can therefore be **added to the social value assessment with low risk of double counting**:

✓ **Increase in concert attendance**: Concerts not directly referred to in SP survey: *Can be added in full without risk of double counting*

✓ **Improvement in air quality**: Air quality not referred to in SP survey: *Can be added in full without risk of double counting*

✓ **Increase in match attendance:** Although the increased capacity of BMD is one of the elements described in the SP survey, this is a minor element compared to the new urban realm and economic benefits to the city and does not explicitly focus on the improve experience provided by the new Stadium. We estimate the value of this improved experience through increase consumer surplus and do not value the other elements of the stadium to ensure we did not double count with the SP Survey.

Data

- The following data sources were used to conduct the analysis:
  - ***The impact map created by Realworth:*** A spreadsheet containing information on RealWorth's original analysis. It includes their outcomes, assumptions, impact estimates and NPV calculations.
  - ***Survey data from Understanding Society (various waves):*** This nationally representative survey administered by the Institute for Social and Economic Research was used to estimate the proportion of individuals that were likely to be affected by various outcomes
  - ***Mesuring economic value in cultural institutions (Bakhshi et al., 2015):*** Used to analyse the extent to which people value assets such as museums in line with HM Treasury guidance
  - ***The welfare effects of ticket resale (Leslie & Sorensen, 2008):*** Used to obtain a figure for the consumer surplus of attending a concert using market data
  - ***DCMS White Paper:*** Contains valuations of sport and cultural outcomes that were calculated using wellbeing valuation, a best-practice methodology endorsed by HM Treasury
  - ***Defra Modelled background pollution data:*** Provided area-specific data on the quantity of various pollutants in and around the areas of Bramley-Moore Dock and its comparator site.

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Method

- We focused on the top ten most valuable outcomes estimated by RealWorth (representing 90% of value in RealWorth's calculations).

- **Consumer surplus:** We also analysed the increased consumer surplus of match attendance as a key outcome omitted in the original analysis.

- **Acknowledging data limitations:** Some outcomes in the Realworth SROI have been removed to deliver a more robust analysis:

  - Walking along the River Walk
  - Feelings of belonging to a social group (watching away games)
  - Using permanent or "pop-up" sports facilities
  - Visiting and socialising in the café area
  - Being in a good neighbourhood
  - Prioritisation of vendors on match days.
  - Museum visits

Method

- For the remaining outcomes we have updated the impact estimates based on the most up to date information from CBRE.

- For increased matchday attendance and concert attendance-we adopted the following process:
  1. **Estimated the total number of people that could theoretically benefit from these outcomes** (e.g. by looking at the increase in capacity the new stadium offered and number of concerts) using up to date information from RealWorth, CBRE and Everton.
  2. Of these individuals, **estimated the number that would actually benefit** (e.g. if the outcome was concert attendance, we estimated the number that would attend a concert at BMD *that would not have otherwise*)

- **Benchmarking environmental quality:** For air pollution effects we first establish current levels of air pollution around Goodison Park. We then established the current levels of air pollution in Liverpool more widely. We assumed that the project would reduce air pollution so that the Goodison Park area's air pollution would be equal to wider Liverpool's.

- We then assumed that the increase in air pollution around the new stadium would be 80% of the reduction in air pollution around Goodison Park. This is because traffic restrictions in streets surrounding the new stadium on match days and better public transport links are forecast to reduce the volume of vehicles that would have otherwise occupied the area around the new stadium by 20%. We then establish the number of people affected by these increases and decreases in air quality.

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Method

- For air pollution impacts and concerts we improved on the SROI valuation methods for greater consistency with Green Book, as shown in the table below.

Outcome	Value adjustment
Reduced pollution from traffic as a result of stadium relocation*	Original value (£3611 per asthma sufferer) captures improvements to asthma sufferers. We use a more direct wellbeing value of improved air quality (£163 per household per 1µg/m3 of PM10)
Attending concerts	Original value (£442) was inappropriate as reflects value of more than 1 visit. We used average consumer surplus from a concert ticket (39%) "Leslie, P., & Sorensen, A. (2009). The welfare effects of ticket resale (No. w15476). National Bureau of Economic Research" and applied it to the average ticket price to give a social value of £18.38 per attendance.

- It is assumed that the consumer surplus (CS) for match day attendance is incorporated into the SP values but that respondents would have relied on the current CS they get when attending Goodison Park which we estimated as £8.80 (from the difference between the average price of an Everton ticket in the secondary ticket market on StubHub compared to its original price). We assume that with the better facilities at BMD the CS would increase by 20%.

*In our analysis we take the net of the positive and negative air pollution affects, rather than presenting them separately

Results

- Overall **the social value of the new stadium at Bramley Moore Dock is estimated to be £47.5m over the 25-year evaluation period** (2023-2048)
- 81% of this value is due to increased attendance of Everton matches.
- Match attendance carries a high amount of social value as tickets are sold well below the actual value of the experience of attending a match.
- There is a slight improvement in air quality as match day traffic shifts from Goodison to the dock due to better public transport links.
- This value can be added to the £219 million NPV for the stadium redevelopment.

Outcome	Total NPV (£m, 2020 prices)
Increase consumer surplus for match attendance	38.3
Increase in concert attendance	4.0
Net improvement in air quality	5.3
Total Value	**47.5**

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The Goodison Legacy Project

2020

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The People's Project

Goodison Park Legacy Project
Design & Access Statement
March 2020

Data

- The following data sources were used to conduct the analysis:
  - ***Realworth impact map:*** A spreadsheet containing information on RealWorth's original analysis. It includes their outcomes, assumptions, impact estimates and NPV calculations. This was used as a source of outcomes that were to be valued
  - ***CBRE Economic Impact Assessment Report:*** This was used to obtain project-specific data such as the cost of the Goodison Park project.
  - ***Hanover Research (2012):*** This provided benefit-cost ratio for an investment in an education programme that provides mentoring and monitoring to high school students
  - ***National Institute for Health and Care Excellence (2013):*** This examined the estimated benefits a health intervention such as the Health Centre generates from a given cost.

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Method

- We focused on the top ten most valuable outcomes estimated by RealWorth (representing 73% of value in RealWorth's calculations).

- We also analysed the **wellbeing impacts of increased feelings of safety** due to the redevelopment.

- To be conservative, we dropped the following outcomes from the analysis due to insufficient evidence:

  - Block D2: People feel increased Wellbeing due to feeling in control of their lives
  - Block D2: People experience improved wellbeing from experiencing financial comfort
  - Block B1: Businesses' growth rates increase

- The greenspace park was valued through the following channels in the Realworth SROI:
  - Adults experience improved wellbeing from relief from depression / anxiety (Local Residents)
  - Adults experience improved wellbeing from relief from depression / anxiety (Visitors)
  - People feel increased wellbeing from socialising in community spaces
  - People have increased wellbeing due to a feeling of belonging to a neighbourhood

- However due to insufficient evidence and potential that these outcomes double-count some of the benefits, we have used a more direct and evidenced approach by valuing the number of people who move from not being in close proximity to greenspace to being in close proximity.

Method

- **Benchmarking using geographical data:** We used spatial data to estimate the number of households that would be within close proximity to green space once Goodison Park was transformed. In order to not overestimate this outcome, existing green spaces were taken into account, meaning only households that are projected to move from not being near green space to being near green space are used in the valuation.

- **Block F: Education Building and Block H: Medical Building** were both valued by analysing the net benefits produced by health care workers and educational staff in the buildings.

- For the **Medical Building** we used RealWorth's forecast of number of appointments deliver per year and valued this by estimating the gross value added of an appointment using average costs and average GVA to cost ratios from the ONS 2016 Input Output tables.

- The **Education Building** is expected to house 80 pupils. We valued this by using a conversative estimate of the net benefit of teaching secondary school pupils per year using the Institute of Fiscal studies estimates of cost per pupil and average cost benefit ratio for educational programmes.

- **Benchmarking crime data:** We used spatial data to establish likely changes in crime, comparing Goodison Park currently to Liverpool more widely, to establish likely impacts on local feelings of safety.

Results

- Overall the **social value of the Goodison Legacy Project is estimated to be £58.2 million over the 25-year evaluation period** (2026-2051)

- These benefits will be experienced by existing residents in the area, as their area experiences improvements in green space, local health and educational facilities and potential reductions in crime.

- It is important to note that this project will generate a large amount of value for new residents to the area, who will live in the site itself.

- However, the value to these residents is captured in the price of the new homes they will buy and rent so falls outside of the scope of the "societal" analysis.

Outcome	Total NPV (£m, 2020 prices)
Increased feeling of safety	4.2
Health centre	31.9
Education centre	8.9
Increased number within proximity of green space	13.2
Total Value	**58.2**

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Everton in the Community

2020

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Everton
1878
NIL SATIS NISI OPTIMUM
EitC
Everton
in the Community

Edge Hill
University

EitC
Everton
In the
Community

£10M INVESTED
145,816 PEOPLE
FOR EVERY £1
INVESTED IN EVERTON
IN THE COMMUNITY...
£14.74 IS
GENERATED
OF SOCIETAL VALUE
146 VENUES
EVERTON
VETERANS
HUB
Everton
VETERAN

Data

- The following data sources were used to conduct the analysis:
  - ***EitC Project Delivery Leader Interviews:*** Used to derive main outcomes achieved and the number of affected individuals
  - ***Impact maps prepared by Realworth:*** A spreadsheet containing information on RealWorth's original analysis. It includes their outcomes, assumptions, impact estimates and NPV calculations. Used to validate the number of affected individuals and the main outcomes
  - ***Survey data from Understanding Society (various waves):*** This nationally representative survey administered by the Institute for Social and Economic Research was used to estimate the proportion of individuals that were likely to be affected by various outcomes
  - ***HACT Social Value Bank:*** Used to derive social value of outcomes
  - **NHS data on condition prevalence**: Used to estimate disease prevalence in different subgroups (e.g. children, youth, veterans, disabled people) to establish baseline conditions for program participants

Method

- For each project we determined key outcomes from RealWorth's original impact map alongside evidence developed from previous social value assessments. This required the removal of some outcomes to avoid double-counting. We also added new outcomes that are relevant to the social value assessment but not considered by RealWorth.

- To estimate the number of individuals who achieved a social outcome we:
  1. Use **data on the number of participants** (collected by RealWorth's SROI analysis)
  2. Establish, of the participants, **how many could achieve the outcome** (e.g. if the outcome was gaining confidence – an individual had to begin with low confidence to achieve the outcome). This is known as the number of **eligible participants**.
  3. Of the eligible participants, **estimate the number that achieved the outcome**.
     I. For participation-related outcomes such as volunteering we assumed outcome changes for 100% of affected individuals.
     II. For outcomes with no quantitative evidence on the number who achieved the outcome we assumed a conservative ratio.
  4. Adjust this for the counterfactual using additionality calculations.

- We then valued the number of outcomes achieved using the appropriate value.

Results: ten major projects

Project	Total Value (Simetrica-Jacobs, £m)
PL Kicks	6.2
Disability	3.1
Knowsley Veterans Club	0.5
Imagine Your Goals	4.1
PL Primary Stars	1.5
Pass on the Memories	3.1
Tackling the Blues	1.4
Breathing Space and Safe Hands	1.4
Neighbourhood Team	1.6
Everton Free School	3.8
Working Futures	0.4
Total value	**27.1**

- The table presents the value generated for EitC's most valuable projects
- Results were 82% lower than RealWorth's, caused by a significant increase in robustness, but representing a significant reduction in estimated value

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Results: average benefit cost ratio and total value of EitC

- The projects evaluated in the Simetrica-Jacobs social value analysis of EitC made up 90% of the total value of EitC projects in RealWorth's original calculation.
- We assume that these projects would make up the same proportion of value in our calculations and use this to estimate the total value of EitC projects from 2016 -2018
- **The total value of EitC projects from 2016-2018 is estimated at £10m, per year.** Total costs were £3.7m.
- **This gives a BCR of 2.8. This is considered a more realistic** *BCR than previously assessed.*
- Annual EitC funding is expected to increase by £3.7m by 2023. Based on evidence from EitC staff, 20% of this increase is attributable to the relocation of the stadium
- Assuming a constant BCR, we would **expect this to generate an additional £2.0m of social value to EitC beneficiaries every year from 2023.**
- Overall, this gives a **total value of £42.3m over the 25-year evaluation period** 2023-2048.

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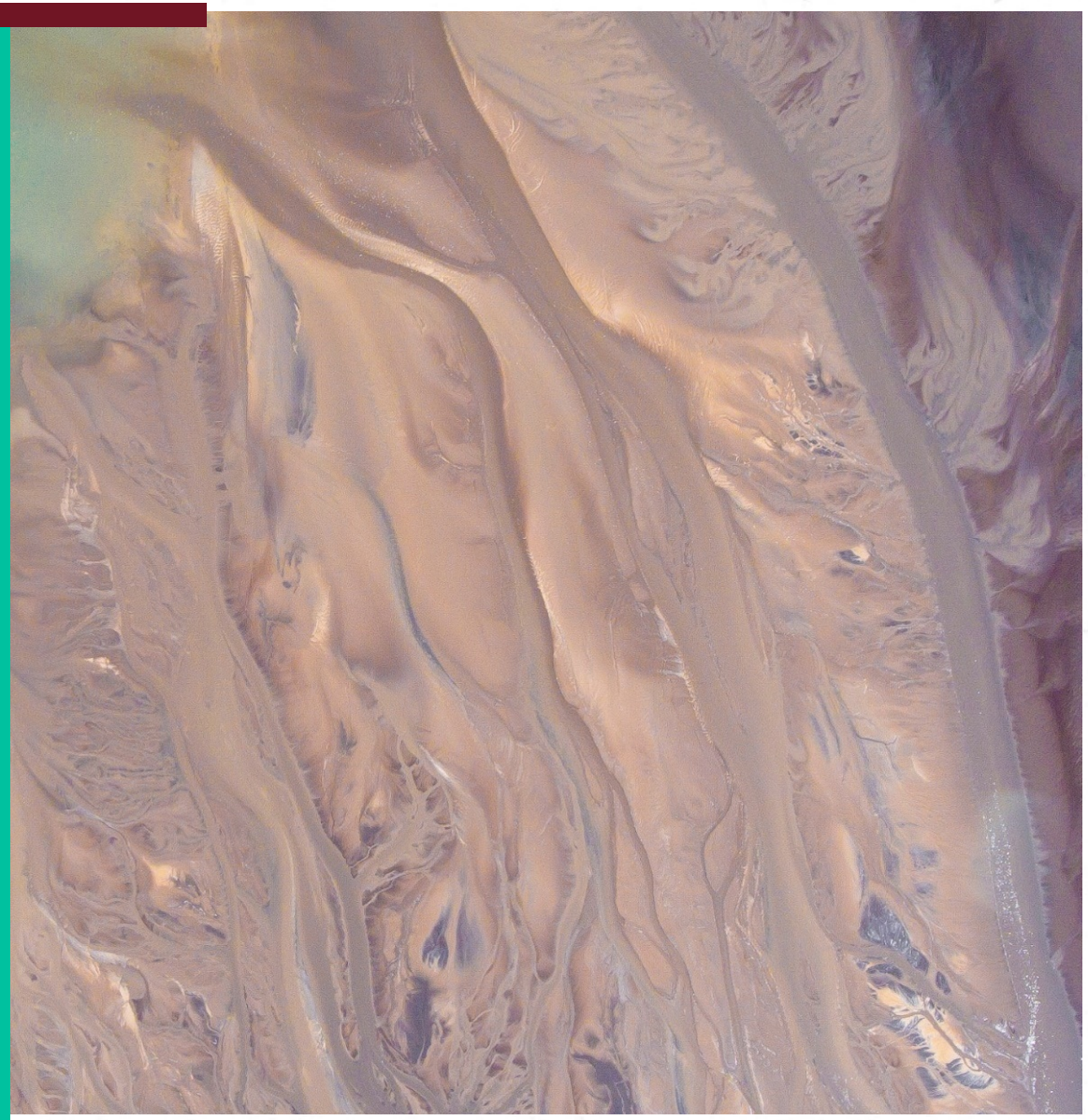
Caveats

- Given the tight timelines of the research project, we were unable to conduct full economic and statistical analysis to establish outcomes, determine their changes and develop bespoke values.

- Our approach has been to improve wherever possible the analysis that was previously conducted to make it more aligned with the principles of the HM Treasury Green Book, but there are still areas where the analysis can be improved if new in-depth primary analysis were possible.

- Our estimates have resulted in a reduction in social value for the projects covered in the Real Worth report. This has mainly be due to eliminating double-counting, using more rigorous statistical procedures and assumptions which reduce the likelihood of over-estimation, and using correct values.

2020



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