

NOTE TO WARRINGTON LOCAL PLAN EIP INSPECTORS

Date: 30/9/22

This note is written in response to the request shown below following the discussions on Matter 6a held on Friday 16th September.

	6a	Council to produce a note providing updated details of the funding sources for Council's contribution to the Western Link project.		To be allocated by PO	
	6a	Council to produce a note setting out the timing and milestones relating to the site assessment and other preparatory work, including that relating to the Western Link, required to put into place the Development Framework for the MD1 allocation.		To be allocated by PO	

During the preparation of the Outline Business Case (OBC) process, for submission to the Department for Transport (DfT) in December 2017, various financial models were considered, which included the demonstration that the Business Rates (NNDR) contribution could be met in full without reliance on NNDR income from developments on Warrington Waterfront and in particular Port Warrington and the Commercial Hub. A financial model was produced which showed the NNDR funding being drawn from other planned developments at Omega. This alternative financial model demonstrated that some 70% of the predicted NNDR receipts from Omega would be needed to provide the NNDR contribution required – further details of this follow.

For reference, the proposed funding mix is a combination of funds awarded by central government and prudential borrowing by WBC. The proposed funding profile, at the time of OBC approval, was based on a funding bid from central government of 67% of the scheme costs, totalling £142.5m with WBC proposing to meet the remaining 33% of the scheme costs of £70.2m on the condition of successfully achieving DfT funding.

Following the DfT approval various elements were considered in relation to the funding of the scheme, and also considering risk factors for the Western Link. An element of the scheme that was considered appropriate was to review the financial model to take account of the exclusion of the Waterfront Developments in the Proposed Submission Version of the Local Plan where allocations for Port Warrington and the Commercial Hub were to be removed in order to demonstrate that the borrowing on the scheme could be repaid. The figures shown below demonstrate two of the funding scenarios considered for the council's contributions for the Western Link Scheme.

Scenario 1 – Borrowing and Repayment – Waterfront (Port Warrington and Commercial Hub) Development Included

The following data, produced for and included within the [OBC Financial Case submission](#), includes revenue calculations based on 'ring-fencing' all New Homes Bonus and NNDR from developments within the Waterfront area.

Total Project Cost to WBC:

<i>Cost Item</i>	<i>Estimated Cost</i>
<i>WBC Capital Borrowing</i>	£70.21m
<i>Total Interest on borrowing</i>	£43.18m
<i>Total Revenue Liability</i>	£113.39m

The total project costs (including interest on borrowing), income generated through the new scheme new homes bonus, land sales and National Non-Domestic Rates (NNDR) and WBC's net revenue impact shown in the table below. The revenue calculations are based on 'ring-fencing' all New Homes Bonus and NNDR from developments within the Waterfront area (incorporating the Warrington Waterfront area in the Local Plan, housing plots.)

WBC Repayment Profile:

<i>Cost Item</i>	<i>Cost/Payback</i>
<i>New Homes Bonus & CIL</i>	£9.5 m
<i>NNDR (Warrington Waterfront)</i>	£86.4 m
<i>Receipts from Land Sales</i>	£21.2 m
<i>Total</i>	£117.1 m

Scenario 2 – Borrowing and Repayment – ‘decoupling’ the Waterfront Development

Further to Scenario 1, the total scheme costs for Scenario 2 would not differ. However a financial model was produced to remove any reliance on income from the Waterfront Development and specifically NNDR from Port Warrington and the Commercial Hub.

This financial model demonstrated that the required NNDR funding could be derived from the receipts from the Omega development with the required funding needing around 70% of the anticipated NNDR income from this development. This would replace the NNDR income from the Warrington Waterfront development referred to in Scenario 1 above.

Further evidence of the ongoing ability to fund the NNDR contribution is that following the submission of the Outline Business Case in December 2017, the Member of Parliament for Warrington South at the time, Faisal Rashid MP wrote to the Council on 4th January 2018, with the Council replying on 12th January 2018 – correspondence attached for reference, where assurance was given that the additional NNDR receipts could be secured without reliance on the Port Warrington and Commercial Hub developments which at the time were proposed in the Warrington Waterfront area. This work, as show in Appendix A of this note, demonstrated that around 70% of the potential Omega NNDR receipts were required to meet this contribution.

Therefore at this time the funding sources referred to above are those which are to be used to fund these scheme and that further to this the Council remains fully committed to the delivery of the Warrington Western Link scheme and is exploring all possible sources of additional funding including from the Department for Transport and other sources mentioned such as CIL or Business Rate Retention and as part of this all other funding options will be explored.

With regard to the second request the latest programme for the Warrington Western Link has recently been updated and supplied to the Department for Transport as part of regular quarterly updates the council supplies to them (a detailed version is attached). This programme demonstrates that with the

funding for the scheme being resolved by early in 2023, that the scheme can be delivered and open to traffic by November 2028. This is well within the timescale set out in the Local Plan which assumes a 2028/29 completion of the Warrington Western Link, with the first housing completions on the Warrington Waterfront occurring in 2029/30. Key milestones in this would be the submission of the Full Business Case to the Department for Transport in mid-2025, with construction of the scheme estimated to start at the beginning of 2026 and take just under 3 years to complete with the road opening in November 2028.

This programme allows for any potential Public Inquiry(ies) and the current estimated time periods provided by PINS to allow for a decision to be made, which equates to some 9 months, with a Public Inquiry date of March 2024 assumed and decision to be made prior to the end of 2024.

The development of housing on the waterfront would be of a relatively large scale, delivered in multiple phases over a number of years following completion of the road. It is anticipated that the majority of the construction activity for the houses would be undertaken in parallel with the final phases of the Warrington Western Link road construction and the first phase of housing release would occur immediately following completion of the complete road scheme. It is therefore anticipated that construction would commence at the end of 2027 allowing 12 months for the completion of the construction of the first phase.

In order to achieve this start date it is anticipated that a large number of surveys will be required, commensurate with the nature of the site and the proposed design. It is anticipated that intrusive ground and site surveys will be required, together with ecological surveys to inform a likely Environmental Impact Assessment. Following this and for each phase and the scheme overall, Air Quality, Contamination, design and access surveys, together with traffic surveys will be required prior to development.

It is anticipated that the planning process will take 24 months and the surveys 18 months before that and so it is anticipated that survey works will be undertaken midway through 2023 to allow sufficient time for the survey works.

Appendix A: Western Link – Omega NNDR – Predicted NNDR Income Profile

<i>Income Year</i>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38
NNDR (Omega) (£m)	0.29	0.57	0.86	1.15	1.44	1.72	2.01	2.30	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58

<i>Income Year</i>	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44	2044/45	2045/46	2046/47	2047/48	2048/49	2049/50	2050/51	2051/52	2052/53	2053/54
NNDR (Omega) (£m)	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58

<i>Income Year</i>	33	34
	2054/55	2055/56
NNDR (Omega) (£m)	2.58	2.58
Total (£m)	77.53	

The NNDR income is attained from a mixture of industries to be constructed with the Omega site including office space, warehousing and light industry.