

Matter 3: additional statement in relation to CDs 09, 09a, 09b, 29, 29a, 29b and 30

Provided on behalf of the South West Urban Extension consortium:

- **Peel L&P (Holdings) Ltd (Representor ID 0426)**
- **Story Homes (Representor ID 1418)**
- **Ashall Property Ltd (Representor ID 0417)**

This representation is provided on behalf of the above participants in the Warrington Local Plan Examination, collectively referred to hereafter as “the consortium”. It is provided in relation to the above additional information submitted to the Warrington Local Plan Examination by Warrington Council.

The comments herein are provided in the context of Matter 3 statements submitted by the consortium members.

The consortium is promoting the South West Urban Extension (SWUE) which was proposed for allocation for approximately 1,600 residential dwellings within the 2019 pre-submission Local Plan (Policy MD3 relates). The consortium controls the land within the proposed SWUE area and has been working collaboratively over a number of years to masterplan the site and develop a comprehensive evidence base to demonstrate its deliverability. This evidence base is before the Examination through the consortium’s Matter statements and Regulation 19 representations.

The SWUE has been included as a ‘reasonable alternative’ within the Council’s assessment of potential Green Belt sites for allocation for residential development as outlined in Examination Document O1.

The full case for the allocation of the SWUE is set out across Matter statements made by the consortium members (particularly Matter 3) and their Regulation 19 representations. This is not repeated here.

Western Link

Submissions made to the Examination by the consortium (both verbally and in writing) have drawn attention to the strategic importance of the Western Link to the delivery of the Local Plan, and particularly the ability to accommodate residential growth within the town centre and the Waterfront allocation (Policy MD1) on which the Local Plan is reliant to meet its housing requirement. These two locations are proposed to deliver 4,318 dwellings, representing 25% of the total proposed figure of 17,041 over the plan period (see CD13a).

In this context, there must be a reasonable level of certainty that this infrastructure will be delivered in the timeframe envisaged. The Local Plan cannot otherwise be found to be Effective.

Funding and delivery

The consortium has concerns that the evidence base to the Local Plan indicates a high level of uncertainty that the Western Link will be delivered on the timetable suggested by the Council, **based on the current delivery strategy relied upon by the Council.**

The consortium would highlight that:

- The total cost of the Western Link is anticipated to be £269m (CD09), representing an increase of £57m on the figure presented in the Infrastructure Delivery Plan (CD IN1)

- Government funding of £142.5m has been secured, which will cover 52% of the cost (CD09). The balance of funding (some £126.5m) will need to be secured through a combination of additional Government funding (if available) and Warrington Council's own funds
- As at 2019, the Council had proposed to address the funding gap (then reported to be only c£70m) through a capital loan of £70.21m, repaid over 30+ years (CD09a and CD29). As noted above, this funding gap has increased significantly. As of today, the Council's strategy remains to secure a capital loan of £70.21m notwithstanding the increased funding gap (CD29)
- In order to repay this loan, the Council has earmarked funds comprising £77.53m from the retention of Business Rates from development at Omega, supplemented by funds totalling £30.7m from New Homes Bonus and CIL revenue and anticipated land sales (CD29). These funds (totalling £108.23m in combination) would be used to pay back the capital loan with a total repayable figure of £113.39m, allowing for interest of c£43m (CD29)

With a loan of £70.21m there remains a funding shortfall of some £56.29m based on the revised estimated cost of the Western Link. In the context of current and expected future Governmental spending restrictions, the consortium considers it highly unlikely that additional funding to address the shortfall will be available from the national purse.

As a result, the capital borrowing needed to deliver the Western Link, in the context of its increase in costs, would be £126.5m (£269m - £142.5m) rather than £70.21m as reported in CD09a and CD29. Interest would need to be added to this increased figure, with an allowance also made for interest rate rises, noting that the Bank of England base rate has risen from 0.5% to 2.25% since 2017; that being when the funding proposal for the Western Link, including the anticipated interest on borrowing, was first presented to Council Members for approval (see paragraph 7.4, page 21 of CD09a). As an estimate, the increased borrowing and higher interest rate could increase the interest payment on the capital loan from £43m to c£80m. In combination with the higher capital borrowing, the total amount to be paid back is likely to increase from £113.39m to in excess of £205m.

Clearly the total receipts from Omega, plus New Homes Bonus income, CIL income and receipts from land sales (some £108.23m) would be insufficient (by some margin) to repay such a loan, with the Council needing to identify additional funds of £98m to enable the loan to be repaid. At present, and based on the strategy set out, the two Executive Board / Cabinet approvals secured for the Council's contributions (CD09a) are out of date. The funding of the Western Link remains unconfirmed and its deliverability unproven.

Addressing the funding gap

The Officer reports at CD09a also notes that previously proposed allocations which have a relationship with the Western Link and which stand to benefit from it would be expected to provide Section 106 contributions towards its delivery in the context of funding gaps identified (see page 6). As noted, this would include the SWUE and the Port Warrington and its associated business hub as proposed for allocation in the 2019 pre-submission Local Plan.

The need for these allocations remains and has increased in light of the additional Western Link funding gaps identified above.

It is accepted that the Council does not need to identify every source of funding for the Western Link for the purposes of demonstrating that there is a 'reasonable prospect' of its delivery. However, the scale of the gap is a concern in this context.

Reflecting this, it is the consortium's view that SWUE should be reinstated as an allocation. This would provide additional funding of approximately £16.8m (c£15,000 per residential plot, excluding 30% affordable units) towards the delivery of the Western Link, going some way to closing the significant funding gap and bringing it down to a level which is acceptable in the context of the need to prove a reasonable prospect that it will come forward applying the 'developable' test within NPPF and the need to satisfy the Effective test of soundness.

This change to the Local Plan is necessary to correct its soundness – specifically the Effective test – in light of the evidence presented by the Council in CDs 09, 09a, 09b, 29, 29a, 29b and 30.