



Knowsley Council

Access to Halsnead Garden Village

Single Investment Fund

Outline Business Case

May 2017

SIF reference Number: SIF-0066

Access to Halsnead Garden Village

This application pack for Knowsley' Councils' Single Investment Fund submission contains the following documents:

- Liverpool City Region Combined Authority SIF OBC Application Form
- Section 151 Officer Declaration
- Letters of Support
- Supplementary OBC Business Case Report
- Value for Money Report
- Land Use and Wider Economic Benefits Report
- Environmental Constraints Report
- Cost Plan
- Quantified Risk Assessment



Version 2.3 (16/02/17)

Outline Business Case – for all projects requesting LCR Combined Authority Single Investment Fund (SIF) funding

Project name: Access to Halsnead Garden Village

SIF reference Number: SIF-0066

Headline project description:

Please provide a summary to explain your project (approx. 100 words)

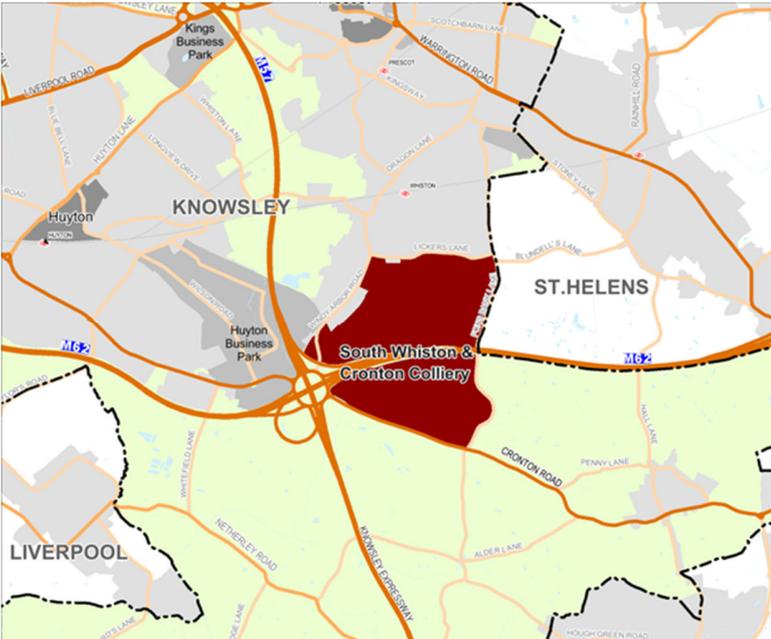
Halsnead Garden Village is the largest combined housing and employment site in the city region. It has national significance as one of only 14 sites in England awarded Garden Village Status by the Government. Halsnead will deliver approximately 1,600 homes and at least 22.5ha of employment land (securing in the region of 900 net jobs and £40.5m of net Gross Value Added (GVA) per annum), together with a new Country Park.

Halsnead Garden Village will contribute to the Liverpool City Region's objectives of providing a mixed supply of housing types and developing Knowsley's employment land offer. Delivering a site of such scale will provide the City region with a significant new offer to the employment market, attracting large scale investment in the logistic and advanced manufacturing sectors for highly skilled workers, thereby helping to address the socio-economic challenges caused by the dominant low skilled and low wage economy in the borough.

SIF funding will support the provision of transport infrastructure, as outlined in this application, to unlock these significant economic benefits by ensuring the site is viable and attractive for development, thereby accelerating delivery. The scheme focuses on improving access to the site, and ensuring adequate capacity and resilience of the existing surrounding highway network; the key deliverables are the development of 9 new access junctions and capacity improvements at an additional 7 existing junctions including M62 Junction 6 'Tarbock Island'.

Applicant details

Applicant organisation:	Knowsley Metropolitan Borough Council
Contact:	Lisa Harris
Job title/Position:	Assistant Executive Director (Regeneration and housing)
Phone number:	Landline: 0151 443 2241 Mobile: 07825145063
Email address:	Lisa.Harris@Knowsley.gov.uk
Postal address:	Yorkon Building, Archway Road, Huyton, L36 9FB

Company/Charity Registration Number (where applicable)	N/A
Registered Office (where applicable)	N/A
If a company, please confirm size	N/A
Location of project: (LA, postcode) (please provide a location plan)	<p>This project will facilitate the development of the Halsnead Garden Village located at the heart of the Liverpool City Region (LCR) near Whiston, Knowsley, L35 3SL.</p> <p>At circa 175 hectares in size it represents the most significant opportunity for a new settlement based around Garden Village principles. The site has been identified as a key contributor to the central investment and growth corridor, which runs along the M62 from Manchester to Liverpool City Centre. Located on the M57 'Tarbock Island' intersection, the development has the potential to provide exceptional transport links and create an impressive gateway entrance to the LCR from the east.</p> 
Other organisations involved in project: (please briefly explain roles)	<p>Delivery partners:</p> <p><u>Mott MacDonald</u> and <u>Turley</u>: consultants appointed by Knowsley Council to produce a Supplementary Planning Document and comprehensive Masterplan that will inform the scope of the transport elements that support this development.</p> <p><u>Amey</u>: consultants appointed by Knowsley Council to provide detailed design and works order package for improvements to M62 Junction 6 'Tarbock Island'</p>

	<p><u>Landowners and housing developers</u>: consultation on emerging SPD and Masterplan.</p> <p><u>Highways England</u>: responsible for the Strategic Road Network, which includes M62 Junction 6 ‘Tarbock Island’ and requires capacity mitigation improvements to facilitate the proposed development and future growth across the LCR.</p> <p><u>The Land Trust</u>: owner of the former Cronton Colliery site and promoter of the Country Park element of the developing scheme.</p> <p><u>Homes and Communities Agency (HCA) ATLAS Team</u>: collaborative working and promotion of good practice pursuant to the timely delivery of a high quality sustainable development.</p>
<p>Project theme: (Please select the main theme relevant to your project)</p>	<ul style="list-style-type: none"> Housing
<p>Please confirm whether the project has support from the relevant local authority – include a named officer</p>	<p>This Outline Business Case is submitted by Knowsley Council who are the relevant local authority.</p> <p>The named officer at Knowsley Council is Lisa Harris, whose contact details can be found above.</p>
<p>Total project cost</p>	<p>£19,865,038 (including 15% Optimism Bias)</p>
<p>Grant/loan requested – capital or revenue</p>	<p>A Capital Grant for the full cost of the scheme (£19,865,038 inclusive of 15% Optimism Bias) is requested through this application</p>
<p>Has the project previously been considered by the LCR CA for SIF funding or other funding bodies</p>	<p>The project has only been considered for SIF funding in this round and has progressed to OBC stage as a result of a successful SOBC application in December 2016.</p> <p>Knowsley Council has been successful in a bid to Government for inclusion of the proposed Halsnead Garden Village development site in its ‘Locally-led Garden Villages, Towns and Cities’ prospectus. However, this application for funding focuses on creating access and improving capacity to support development so there is no duplication in this submission.</p>
<p>Please indicate whether any information in this form is considered is considered exempt from release under the Freedom of Information Act 2000. If so, please outline why</p>	<p>The information in this form is not exempt.</p>

This Business Case application has been structured to be consistent with the guidance issued by HM Treasury regarding the preparation of business cases.

For transport projects of over £5 million, please submit a separate short report setting out the adjusted Benefit Cost Ratio (BCR) that the project will achieve. Please refer to the following DfT guidance note to local decision makers:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/267296/vfm-advice-local-decision-makers.pdf

In addition, please refer to webTAG guidance to demonstrate the present value of cost, assumed optimism bias and present value of benefits. Where relevant, please summarise the results of the webTAG appraisal (approx.. 200 words)

For clarity, and consistent with the related SOC, this submission is not a transport project. Accordingly, the DCLG appraisal below is of more significance and relevance.

However, for completeness an appraisal has also been undertaken in line with DfT TAG Unit A2.3 – Transport Appraisal in the Context of Dependent Development.

The scheme is wholly designed and intended to facilitate and mitigate development trips associated with the comprehensive development of Halsnead Garden Village, in accordance with the specific requirements of the prevailing Knowsley Local Plan Core Strategy. The site has been found to be wholly dependent on the transport scheme, which means that the benefits when the transport scheme is assessed in isolation are low, as expected given the nature of the scheme. However, when combined with the dependent development benefits there is a **Strong Value for Money** case.

A sensitivity test of including the development trips in the transport benefit calculation produced a **BCR of 3.5**. This demonstrates that if the scheme was assessed as a whole it would provide **High Value for Money**.

When the scheme is assessed in isolation (i.e. without development trips), then the monetised economic benefits (based on transport modelling outcomes) show that the scheme produces an **initial BCR of 0.54** from a **Present Value of Benefits of £7.6m** (2010 prices, discounted to 2010) and a **cost to public accounts of £14.1m** (2010 prices, discounted to 2010). The modified **BCR (including reliability benefits) is 0.61**, which represents **Poor Value for Money**.

The **benefit of the dependent development is £101.1m** which represents **Large Beneficial Value for Money**.

Scheme costs have been calculated in line with TAG guidance. A quantitative risk assessment has been undertaken and the weighted mean value added to scheme costs. Optimism bias has been applied at 15% as per TAG A1.2.

Further information and clarity on the above information and wider economic benefits of this investment in transport infrastructure to enable housing and employment development is provided in this application.

For development and housing projects please include a separate note providing an assessment of the project based on the DCLG Appraisal Guide (https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/576427/161129_Appraisal_Guidance.pdf) or complete the separate template.

Where relevant, please summarise the results of the DCLG appraisal (approx. 200 words) or summary data from the template.

The Land Use and Economic Development Report included as part of this application package estimates the potential land value uplift from the development to be in the region of £105.5m once fully developed (using DCLG Appraisal Guidance). This is based on the data on land values within WebTAG that is provided from the Valuation Office Agency (VOA) on sub-regional per hectare residential land values (set as £1.5m per hectare for Liverpool).

Furthermore, the supporting report calculates that over a 21 year period (2017-2038) the net present value of the benefits would be in the range of £442.3m¹ and the overall net present value of the costs and benefits is £423.8m. This compares to £75.3m of benefits under the counterfactual (which assumes some commercial development comes forward despite the transport interventions not proceeding).

For skills capital projects please also complete the separate application form.

Purpose of the Outline Business Case

The purpose of the Outline Business Case (OBC) stage is to revisit and, where necessary, rework the Strategic Outline Case (SOC) assumptions and analysis in order to identify a preferred option which demonstrably optimises value for money. It also sets out the proposed commercial strategy, including procurement arrangements, demonstrates the project's affordability and outlines the management arrangements for the successful delivery of the project.

The OBC will determine whether a project should be invited to submit a Full Business Case (FBC) for Single Investment Fund (SIF) support. Following competition (pre-contract) the FBC will be required to select the service solution and to finalise post procurement arrangements.

¹ A 21-year time horizon has been used in line with the viability trajectory work with an average duration of GVA benefits of 9 years. Although commercial buildings may last longer than 21 years the new businesses locating within them are likely to move on sooner than this and therefore this time horizon is a reasonable assumption. The average persistence of GVA benefits in general is perceived as 10-15 years (for references refer to Impact of RDA Spending, Department for Business Enterprise & Regulatory Reform, March 2009) and therefore this analysis is conservative. An average discount rate of 3.5% has been used in line with HM Treasury guidelines.

Part 1 – Strategic Case

Please revisit and extend the Strategic Case set out within the SOC, answering the following questions:

Project description and update

1. Please restate the brief description of the project, including its objectives, key deliverables, for what aspect funding is being sought and the details of the wider programme or package of investments that the project sits within (if applicable). (approx. 750 words)

Project description

Halsnead Garden Village is a strategic housing and employment development project which will deliver approximately 1,600 homes and at least 22.5ha of employment land between 2017 and 2038, together with a new Country Park. The housing development components of the project will provide the opportunity to diversify and enhance the housing mix in both the borough and LCR by providing a broader range of housing types, with emphasis on the higher parts of the housing market. The new employment development components of the project will be at a strategic location to meet market demand for distribution, logistics and advanced manufacturing space thereby supporting the growth of key LCR sectors. It will include a new Country Park, linked by high-quality green corridors and forming part of an extensive network of connected green infrastructure accessible to the communities of Knowsley and the wider City Region. The location of these facilities is shown in the image on the next page.

Existing environmental, landscape and historical characteristics will be enhanced to provide an outstanding setting and a truly unique location. The inclusion of Halsnead in the 14 Government-backed new Garden Villages nationally reflects Knowsley Council's clear and consistent commitment to plan for and develop the site in a way which can create a distinct, identifiable and high quality place.



Source: Halsnead Masterplan Plans Brochure (Part 2)

Objectives

The following strategic objectives reflect Knowsley Council and the Liverpool City Region's vision for Halsnead Garden Village:

- **A Shared Place-making Vision**
 - Ensuring that Halsnead is a well-designed place of high environmental quality that:
 - Embeds Garden Village principles of design, and functionality adapted to the 21st Century and specific to Halsnead;
 - Rediscovered the historic Halsnead Park Estate by retaining and enhancing the existing landscape and built heritage and reconnecting north and south of the motorway; and
 - Integrates with Whiston physically, visually and functionally
- **Diversifying the housing stock**
 - Diversify and improve the range and quality of housing stock within the borough and at a local level; including the provision of a range and mix of homes in walkable neighbourhoods with diverse and distinct character
- **Enhancing Connectivity**
 - Creating a clear and legible movement framework that links the existing and new community and improves connections across the M62. This should

capitalise on existing infrastructure and public transport to improve access for all and connections by non-car modes including pedestrian, cycle and equestrian.

- **Creating a Strong Greenspace Framework**
 - Creating a well-connected green and blue space infrastructure network of multi-functional spaces. With ecological, drainage, recreational, health, connectivity and sustainability benefits that offers a high quality and distinctive setting for the development. Support the delivery of a new Country Park focussed on the former Cronton Colliery.
- **Ensuring Comprehensive Development**
 - Adopting a collaborative approach to ensure that the development is designed and implemented to support the comprehensive delivery of Halsnead as a whole; including the timely provision of physical and community infrastructure.
- **Attracting Employment**
 - Creating the right conditions to attract significant new employment development at this strategic location to meet the demand for distribution, logistics, advanced manufacturing and other appropriate uses identified in the Liverpool City Region economic sectors.

Rationale for funding requirement

To ensure this development is viable and to successfully realise the substantial benefits of increased housing and employment opportunities at the earliest opportunity, it is essential that the allocated land is fully accessible to all potential users including construction workers and future residents, workers and visitors. The location of the proposed residential and commercial developments is shown in the image below. Due to the current poor connectivity between different areas of the site and the wider area, transport infrastructure improvements are required in order to meet the objectives of the Halsnead Masterplan and achieve the associated benefits for Knowsley and the Liverpool City Region. Therefore, although funding is being specifically sought for transport infrastructure to enable development, the reason driving that investment is to unlock access to improve viability and facilitate early and effective delivery of the Halsnead Garden Village scheme, particularly its housing and employment components that would derive multiple and substantive benefits for the LCR.



Source: Halsnead Masterplan Plans Brochure (Part 2)

Key deliverables

To address development viability issues together with the poor connectivity between the wider area and different areas of the site, and to ensure that the site is fully accessible and placemaking attributes are provided, the following key deliverables have been identified in the Access to Halsnead Garden Village scheme:

- The creation of nine high quality, all purpose, gateway access points to the development sites; and
- The introduction of highway capacity improvements to seven existing junctions to mitigate the impacts of development traffic on the surrounding highway network.

The construction of new access points is proposed in the following locations in order to maximize efficient access to the site:

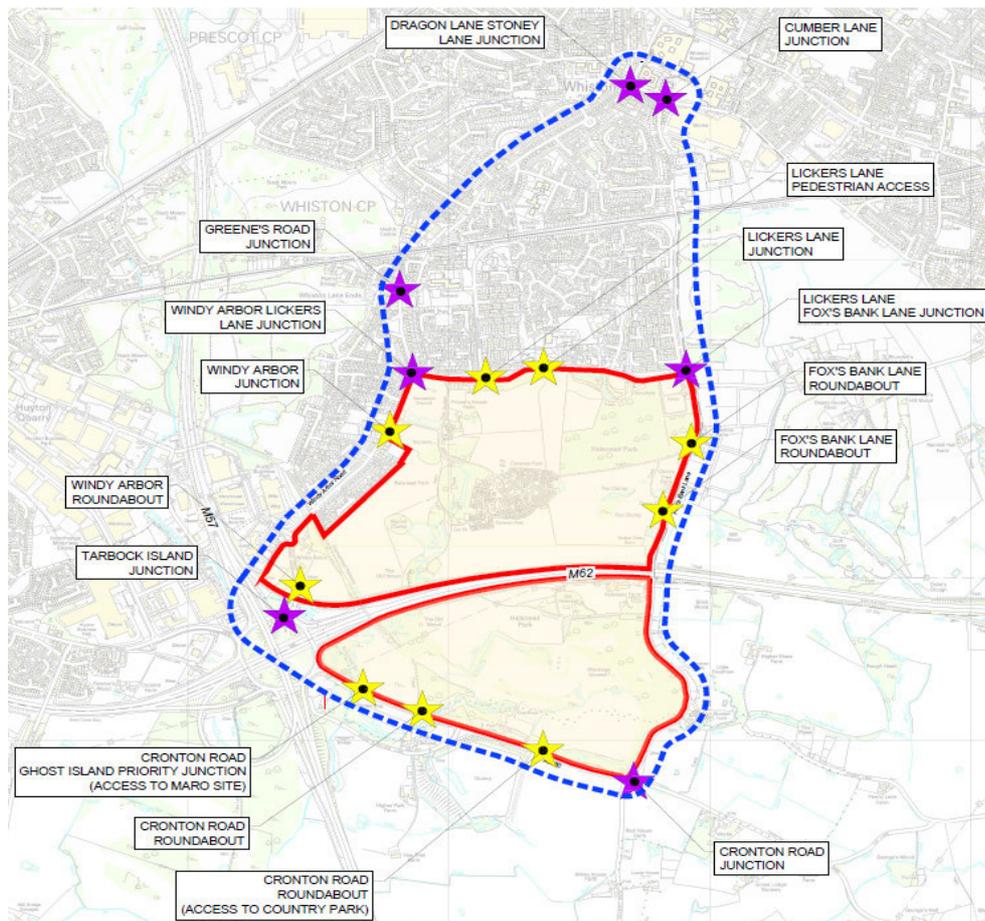
- 2 junctions on Windy Arbor Road, one to the North and one to the South;
- 2 junctions on Lickers Lane, one to the East and one to the West;

- 2 junctions on Foxes Bank Lane, one to the North and one to the South; and
- 3 junctions on Cronton Road, at the East, West and Mid points.

A series of highway improvements are proposed at existing junctions in the following locations:

- Foxes Bank Lane/Cronton Road;
- Lickers Lane/Foxes Bank Lane;
- Stoney Lane/Cumber Lane;
- Lickers Lane/Windy Arbor Road;
- Dragon Lane/Windy Arbor Road;
- Dragon Lane/Stoney Lane; and
- M62 (J6) /M57/A5300 interchange at Tarbock Island.

The location of these works is shown in the plan below. Yellow stars represent the new access junctions, purple stars note the location of the existing off-site junctions. Full details on these scheme components and design aspects are set out in the supporting OBC Supplementary Report.



Source: Mott MacDonald

2. Please provide an update on how the project has progressed since the SOC was prepared, including any key changes that have occurred. Where relevant, please indicate what RIBA Design Stage has been reached. What changes, if any, have there been since the SOC (approx. 200 words)

Since the SOC was submitted in December 2016, there has been design changes for two of the proposed site access junctions and the addition of a new site access junction, to align with the finalised Halsnead Masterplan Supplementary Planning Document.

The site access junction on Lickers Lane at the Pennywood Drive junction (referenced No. 3) was identified in the SOC as a double roundabout and this has been updated to pedestrian/cycle access only, with a controlled TOUCAN crossing facility now proposed.

The other site access junction on Lickers Lane (referenced No. 4) has been relocated from its position shown in the SOC, moving slightly to the west opposite the George Howard Community Centre, and becoming a 3-arm roundabout.

The proposed additional junction on Cronton Road (reference No. 9) responds to feedback on the draft Masterplan SPD, and provides additional connectivity to the employment area.

The project is now at RIBA design stage 3 – the preparation of a developed design which include updated proposals and cost information in accordance with the design programme.

Strategic alignment

3. Which of the LCR Growth Strategy objectives and ambitions does this project address? (approx. 100 words)

The scheme addresses all three of the LCR growth Strategy's Pillars:

'Productivity' Pillar

The proposed project will stimulate economic growth by addressing employment and housing need in a highly-deprived area; delivering 1,600 homes and at least 22.5ha of employment land, creating in the region of 900 net jobs and £40.5m of net Gross Value Added (GVA) per annum. This demonstrates very strong alignment with the 'Productivity' Pillar which is focused on economic growth, the creation of new jobs and GVA uplift.

'Place' Pillar

Halsnead Garden Village is the largest combined housing and employment site in the city region. It has national significance as one of only 14 sites in England awarded Garden Village Status by the Government. The delivery of a range of high quality aspirational homes upgrades and rebalances the Knowsley's housing offer, and an improved outdoor environment with a well-designed Green Infrastructure network including a new country park demonstrate that the scheme addresses the 'Place' Pillar.

'People Pillar'

The development of employment land, which this scheme will unlock, directly supports the 'People' Pillar by addressing unemployment through job creation in a highly-deprived area. Halsnead Garden Village will support the 'People' pillar by increasing the number of people coming to live in the LCR and it also provides connectivity for businesses and residents of the Halsnead Garden Village to the Strategic Road Network and wider LCR to access greater opportunities elsewhere.

More details of how this scheme aligns with this policy can be found in the supporting OBC Report.

4. How will this project contribute to achieving the key investment priorities of the SIF Prospectus? (approx. 150 words)

The scheme will contribute significantly to the investment priorities of the SIF prospectus by delivering jobs and improving productivity, improving Knowsley and the Liverpool City Region's housing offer and supporting the LCR's key growth sectors, including advanced manufacturing and logistics.

In summary against the key priorities:

- **Housing** - the scheme will play an important role in unlocking the development of 1600 high quality aspirational new homes in a key strategic LCR location. By providing core highway infrastructure it will facilitate realisation across a number of housing sites, thereby accelerating delivery of a broad range of homes at the upper end of the housing market where there are deficiencies and through the provision of high quality affordable housing to address the housing needs.
- **'Regeneration, Development and Culture'** - by providing highway and accessibility infrastructure necessary to prepare one of the next generation of strategic employment sites in the LCR to provide a perfectly located site for logistics, distribution and advanced manufacturing. Provide access to 22.5 hectares of employment land that will deliver in the region of 900 net jobs and £40.5m of GVA per annum.
- **Transport** - by improving capacity at existing junctions to mitigate any impact to journey times as a result of development traffic, and future proof the transport network to accommodate wider growth across the LCR. However, the housing and employment land development is dependent on this transport infrastructure, as evidenced in the viability appraisal undertaken in support of the Halsnead Garden Village Masterplan SPD. This investment is therefore key to integrating all three of the aims.

5. Which other local and national strategies will the project contribute to and how? (approx. 300 words)

Locally-led Garden Villages, Towns and Cities Prospectus

Halsnead has national significance as one of only 14 sites in England awarded Garden Village Status by the Government. The proposed SIF project will directly assist the delivery of this national prospectus to the benefit of the LCR's reputation.

Halsnead Masterplan SPD

The Halsnead Masterplan SPD underpins the development of the Halsnead Garden Village concept and the associated transport infrastructure enhancements outlined in this scheme. All components of this scheme have been designed to directly align with the Halsnead Masterplan SPD (as stated in the response to Q1) by ensuring that all areas of the development are viable and fully accessible, and are therefore able to reach their full potential and generate the substantive multiple benefits at the earliest possible opportunity (as noted in response to Q4 of this application).

Strategy for Knowsley

This scheme contributes to Knowsley Council's 'Growth and Jobs' priority by creating employment opportunities through investment in commercial developments at Halsnead, which will enable Knowsley residents to access good quality and well paid employment. The proposed transport infrastructure not only enables these developments through the resolution of related viability issues, but also ensures efficient access once the sites are complete and operational.

The scheme also supports 'Knowsley the Place' priority by increasing and expanding Knowsley's housing offer with a range of high quality aspirational homes set in the context of the Garden Village concept with green infrastructure links and green spaces, including the proposed new Country Park.

Knowsley Local Plan Core Strategy

The Knowsley Local Plan Core Strategy sets out the strategic framework for growth and development over the period to 2028, and has allocated Halsnead Garden Village as its largest strategic development site.

NAI Global LCR Superport 2014, Market Analysis Land and Property

The projected demand for logistics facilities in the City Region identifies the need for a minimum land supply of 418 hectares for logistics. The proposal would contribute 22.5 hectares in this regard and the site proposed for logistics development is specifically identified in the report.

Liverpool City Region Growth Deal

Unlocking the land assigned for the Halsnead development site contributes to the following Strategic Priority areas noted in the Liverpool City Region Growth Deal:

- Skills and business support to enable growth – upgrading the transport network to enable access to new employment land.
- Freight and Logistics Hub - by improving our transport network, connecting a site to the freight network, and creating jobs including access to the Port of Liverpool.

Liverpool City Region Growth Prospectus

This scheme supports the ambition to deliver a housing offer to meet City Region needs, as it supports bringing forward the site for housing growth and raises the quality of Knowsley's housing offer to underpin economic growth.

It supports the ambition to 'Be a competitive place' by investing in transport infrastructure to enable development of a major employment site which will stimulate growth and create a high-quality destination to attract investment.

A Transport Plan for Growth

The scheme contributes to the 'Growth' transport priority - supporting economic growth in the city region through increasing employment, levels of productivity and investment. The scheme also supports the access to opportunity priority by providing access to employment.

Further details of how this scheme aligns with these policies can be found in the attached OBC Report.

Case for intervention

6. Please provide evidence of need or demand for the project. (approx. 300 words)

Halsnead Garden Village is a strategic housing and employment development for the Liverpool City Region (LCR) and is one of only 14 sites in England awarded Garden Village Status by the Government. These developments will be distinct new places with their own community facilities and Halsnead will deliver approximately 1,600 homes and at least 22.5ha of employment land (delivering in the region of 900 net jobs and £40.5m of GVA per annum), together with a new Country Park.

Knowsley currently suffers from an unbalanced housing offer with the majority of housing being of low value and many residents living in homes provided by the social rented sector. This causes many skilled workers employed in Knowsley to reside in other areas of the city region and beyond. Recognising that increasing the supply and quality of housing is a key priority for both Knowsley Council, LCR and National Government, it is clear there is an established need for a mixed supply of housing types.

There is also a need to develop Knowsley's employment land offer to help address the issues caused by the dominant low skilled and low wage economy, by attracting highly skilled workers, providing employment opportunities and meeting housing need, Halsnead Garden Village will be key in addressing these issues.

In order for the Halsnead Garden Village development to address these needs, transport infrastructure enhancements are required to open up the land required for development and address viability issues. Enhancements to and the construction of new junctions are required due to the current poor levels of connectivity to the site.

A Transport Assessment (TA) was produced, and SATURN modelling undertaken, by Mott MacDonald in 2015/16 and this initially demonstrated a requirement for 8 new site access junctions to provide appropriate access and distribute development traffic; this has since progressed to 9 new site access junctions in response to consultation on the Halsnead Masterplan SPD. Modelling of the traffic impacts of the development also showed that the existing junctions surrounding the development site require capacity improvements to accommodate development generated traffic. There is a need to install and upgrade all of the infrastructure outlined in this scheme to ensure that all areas of the development are able to reach their full beneficial potential.

Further evidence demonstrating the need for this project is set out in the attached OBC Report document. Particular reference is made to The Land Use and Economic Development Report included as part of this application.

7. Please explain what barriers/problems the project will address and/or the opportunities it will unlock. (approx. 300 words)

The key barriers and problems the delivery of the Access to Halsnead Garden Village application will address are as follows:

- It will provide adequate access to strategic housing and employment development sites to accelerate delivery and ensure the Halsnead Garden Village site is developed in a comprehensive manner as prescribed in Knowsley's Local Plan;
- It will mitigate the impact of traffic from the development and ensure the local network is future proofed to accommodate further growth across the LCR; and
- It will overcome financial viability issues to ensure the earliest realisation of the substantive multiple benefits arising from the Halsnead Garden Village, which include increased jobs, GVA uplift, an increase in land values and addressing Knowsley's unbalanced housing offer.

The overarching opportunity the scheme will unlock is that it will enable the earliest possible realisation of Halsnead Garden Village, and provide future residents and employers with high quality connections to the wider LCR and beyond. The Council wishes

to use the site's profile and connections to ensure that it is developed in a way which provides a visible demonstration of the quality and opportunities that the LCR can offer.

Specifically, the Garden Village development will unlock the following specific opportunities:

- Deliver a significant volume of high-quality aspirational family housing for the LCR at a strategic gateway location on the M62, rebalancing housing stock through the provision of a range of homes to serve the higher end of the market;
- Provide high quality employment floorspace to meet market demand in logistics/B8 employment and exploit its location at the M62/M57 gateway interchange;
- Create a significant number of construction and permanent employment opportunities;
- Take advantage of the site's visibility to promote the LCR's profile and enhance external perceptions;
- Secure the transformation of the former Cronton Colliery into a new Country Park, and enhance the environmental infrastructure of the LCR by connecting this resource into the wider hinterland; and
- Facilitate the concurrent presence of active developers on the site, increasing the rate of delivery of new homes and employment premises.

8. State why the project public sector funding is required. What market failures will the project address? (approx. 300 words)

Market demand studies for Halsnead Garden Village show that the site is well positioned with strategic connectivity offered by the M62 towards Liverpool and Manchester and the M57 towards Wigan, as well as Whiston and Prescott rail stations offering connectivity to Liverpool, Manchester and Warrington and Wigan by sustainable modes.

However, funding for transport infrastructure is needed to unlock the potential development, as current residual land values (influenced by the associated significant development infrastructure burden, including a substantial transport infrastructure element) are prohibitive to landowners/developers. Without appropriate incentives to support the private development sector, including the provision of key access points and highway mitigation measures, the site will not achieve comprehensive development and the Halsnead Garden Village concept will not be realised in a timely manner for the Liverpool City Region.

A viability study, undertaken by Turley in support of the Halsnead Garden Village SPD has identified a scheme investment deficit of £11.404m for the residential land and an investment deficit of £7.635m for the employment land. This totals a £19m investment deficit overall which has given rise to this application for funding.

In specific relation to the housing element, which will be located on the land north of the M62, the policy compliant viability appraisal produces a Residual Land Value (RLV) of

£6.2m, which equates to £35,172 per gross acre, or approximately £58,000 per net developable acre. The results taken directly from the Halsnead Masterplan SPD Delivery & Implementation Advice Document prepared by Turley in May 2017 are shown below.

Parcel	Net Dev. Acres (NDV)	Units (Total)	AH%	S106/S278 (£/Unit)	Infr. (£/Unit)	RLV (Total)	RLV per NDA	RLV per Gross Acre	Infrastructure Cost (£ Total)	Infr. Cost (£NDA)
1 (a)	24	338	25%	£ 15,405	£ 21,416	-£ 30,062	-£ 1,272	-£ 798	£ 7,239,059	£ 306,382
1 (b)	12	184	25%	£ 15,278	£ 18,025	£ 364,396	£ 30,837	£ 16,790	£ 3,319,737	£ 280,930
1 (c)	11	167	25%	£ 14,737	£ 9,249	£ 1,703,128	£ 154,354	£ 118,710	£ 1,548,798	£ 140,367
2 (a)	23	295	25%	£ 15,974	£ 21,410	£ 1,585,361	£ 70,453	£ 38,197	£ 6,308,677	£ 280,355
2 (b)	15	208	25%	£ 14,741	£ 12,567	£ 2,609,019	£ 177,988	£ 136,674	£ 2,609,200	£ 178,000
2 (c)	15	274	25%	£ 14,700	£ 11,848	-£ 84,753	-£ 5,633	-£ 4,476	£ 3,246,134	£ 215,757
3	9	123	25%	£ 17,941	£ 23,600	£ 40,026	£ 4,622	£ 1,768	£ 2,894,828	£ 334,270
TOTALS	107	1589	25%	£15,413	£ 17,101	£ 6,187,115	£ 57,638	£ 35,172	£ 27,166,434	£ 253,077

Scheme Financial Metrics	Totals
Total Development Value (GDV)	£277m
Residual Land Value (RLV)	£6.2m
RLV per NET developable acre	£57,638
RLV Gross Acre	£35,172
Minimum Benchmark Landvalue (per gross acre)	£100,000
Scheme Surplus/Deficit (per gross acre)	-£64,828
Scheme Surplus/Deficit (total £)	-£11,404,045

Source: Masterplan SPD Delivery & Implementation Advice Document; Halsnead Garden Village

Overall, this falls below the minimum site value anticipated to be acceptable to incentivise the site to developers for delivery of the Halsnead Garden Village scheme.

Similarly, the viability appraisal shows that the land located south of the M62 which is designated for commercial development has a negative RLV of £1,907,577.

A positive RLV would have represented the potential capital receipt to the present landowners, whilst allowing for a competitive return to the developer(s). The negative RLV identifies a significant requirement for financial subsidy in order to bring forward the site for development in accordance with the design assumptions set out within the Masterplan SPD. In addition to filling the 'gap' of £1.9m, there would also be a need to allow for a competitive return to the landowners (and additional £100,000 per gross acre = £5.735m) in order to incentivise the release of the land for development.

It is for these evidence based reasons that public funding is required to 'pump-prime' the initial infrastructure required to enable suitable access and bring forward development so that the benefits detailed in the accompanying Land Use and Economic Development Report and summarised in question 4 of this application can be realised.

Stakeholder involvement

9. Who are the main beneficiaries of the project? (approx. 150 words)

The main beneficiaries of the project are Knowsley and Liverpool City Region residents, businesses and employers. Providing access to a choice of housing types will not only provide the current residents of Knowsley and the LCR with a high-quality housing offer but will also be beneficial in attracting new residents and their skills to the area. This would boost the local economy and stimulate economic growth providing additional benefits for local businesses in the area. Residents would also be provided with a variety of new employment opportunities once the employment land is accessible which has the potential to provide approximately 900 net FTE jobs. Further employment opportunities would arise through the construction of the development.

Pedestrians and cyclists around the Halsnead area would also benefit directly from this scheme and a number of improvements to the highway network would improve safety for all road users. The facilitation of a new Country Park would also provide an improved leisure for residents of and visitors to the LCR.

10. Who are the main stakeholders and what stakeholder consultation has taken place to date / will be undertaken? Please provide evidence (e.g. letters of support) that the key stakeholders are supportive of the project. (approx. 200 words)

Key stakeholders in the development of the Halsnead Garden Village are parties that own land within the site as the majority of land is in private ownership, either by developers or residential land owners. This includes the Land Trust, owners of the former Cronton Colliery, and statutory utility undertakers all of whom have been consulted as part of the preparation of the Halsnead Masterplan SPD.

During production of the Halsnead Masterplan SPD landowners were invited to several workshops in September 2016 where the broad options for development were discussed, and in November 2016 where the preferred Masterplan was presented. Separately to these consultations, one-to-one meetings were also held with developer land owners to provide a preview of the Masterplan before publication of the consultation draft SPD. Meetings were secured with *all* major landowners in November 2016. Whilst landowners were largely supportive of proposals for development in the Masterplan SPD, they held varying aspirations for phasing, developable areas, density, access arrangements and green infrastructure. All confirmed that they were keen to maintain a line of dialogue with Knowsley Council.

In addition to consulting with landowners The Land Trust, Places Matter!, the CABI Design Review Panel and Whiston Town Council were also involved in Masterplan development.

Stakeholder responses to the Masterplan during early 2017 provide evidence that they are in support of the proposed scheme. Landowners responses in support of the scheme stated

that the Halsnead Masterplan SPD reflects their priorities, such as the retention of Lickers Lane playing fields which also reflects issues raised by Whiston Town Council.

The Land Trust and Places Matter! are also in support of the scheme as issues they raised such as prioritizing connections with existing communities were addressed within the Masterplan.

Highways England are responsible for the Strategic Road Network, which includes the M62 and M57 and Tarbock Island. Knowsley Council has worked closely with Highways England in allocating the Halsnead development site through its Local Plan, and subsequently as part the Halsnead Masterplan SPD, to identify suitable mitigation measures for development traffic. This dialogue continues positively with particular regard to the detailed design and delivery of improvement proposals for Tarbock Island.

Letters of support are included as part of this application package.

Strategic risks, constraints and dependencies

11. Describe any constraints that could affect the successful delivery of the project in line with its identified objectives (e.g. Government policy or regulation). (approx. 200 words)

A key risk is that despite transport infrastructure investment (sought through this application) the Halsnead Garden Village development is not brought forward and/or delivery is not sufficiently accelerated by landowners and developers. To mitigate this risk, the current close dialogue with all developers and landowners will continue to secure implementation in accordance with the Masterplan SPD. Furthermore if this bid is successful then Knowsley Council would look to establish formal 'Collaboration Agreements' with landowners and developers to secure associated delivery of units alongside the transport infrastructure. Compulsory Purchase Orders can also be used if necessary to help secure the built-form development.

Planning risks may also affect the delivery of the scheme i.e. if appropriate planning approvals cannot be obtained, the progression and overall delivery of the scheme will be delayed. To reduce the risk of this occurring the planning and statutory process requirements have been identified through the Masterplan SPD development process, as directed by related policies in the Local Plan Core Strategy. Furthermore, the Council has recently established a Major Development Team, which will provide dedicated resource to the Halsnead Garden Village development, thereby ensuring that all statutory processes are facilitated and any issues overcome in a timely manner.

12. Set out any actions or developments required of others that the success of the project is dependent on (i.e. external influences on the project). What are the key success factors (approx. 200 words)

The success of Halsnead Garden Village will ultimately be determined by the extent to which development is delivered comprehensively across the site (and multiple benefits realised), in a way that meets the vision and objectives set within the Masterplan SPD and Knowsley's Local Plan. Close collaboration and discussion between the Council, its Major Development Team, Masterplan team and delivery partners such as Amey and Highways England, in relation to wider works at Tarbock Island, will need to take place to ensure procurement and delivery mechanisms for the interlinked developments at Tarbock Island are aligned. These delivery considerations need to be informed by (and be consistent with) wider delivery/viability considerations. Developers will also be required to make appropriate and proportionate contributions, which include the early provision of a Primary School, strategic and localised Public Open Space across the site, together with highways and transport infrastructure within the site.

Part 2 – Economic Case

Please revisit and extend the Economic Case set out within the SOC, answering the following questions:

Options considered

13. Please describe the options that have been considered in identifying the preferred way forward. The should include a minimum of four options:

A table summarising the key aspects of each scheme option is provided at the end of this question response.

- a. A baseline option representing the do nothing, do minimum or status quo, providing the counterfactual against which all intervention options can be compared;

Option 1 (Do Minimum)

Option 1, the 'Do Minimum' would see the provision of 2 access points; 1 to the northern housing part of the site and 1 to the southern employment section of the proposed development, and improvements to existing off site junctions within the vicinity of the development to accommodate the anticipated increase in traffic.

On site access works proposed in this option are to include a new roundabout junction on Windy Arbor Road (just north of M62 J6, Tarbock Island) to provide access to the northern section of the development. This junction includes a new uncontrolled crossing for pedestrians and a 3m wide footway/cycleway to allow shared use by pedestrians and cyclists. A second priority junction, serving the southern section of the development provides access to the Maro employment parcel on Cronton Road. This would include local

carriageway widening achieved by re-alignment of the existing kerbline to create a right turn pocket into the development site, an uncontrolled crossing for pedestrians and a 3m wide footway/cycleway to allow shared use by pedestrians and cyclists.

Off-site junction improvements are to include works to seven existing junctions on the local road network within the vicinity of the development at the following locations:

- Foxes Bank Lane/Cronton Road
- Lickers Lane/Foxes Bank Lane
- Stoney Lane/Cumber Lane
- Lickers Lane/Windy Arbor Road
- Dragon Lane/Windy Arbor Road
- Dragon Lane/Stoney Lane; and M62 (J6) /M57/A5300 interchange at Tarbock Island.

Improvements to the existing off-site junctions listed above include the addition of traffic signals and additional lanes to improve traffic flow and capacity. Improvement works to the Tarbock Island interchange include widening on the existing circulatory carriageway, further signalisation of the Cronton Road/Tarbock Island junction and carriageway widening to the M57 off slip, Windy Arbor Road and Cronton Road to improve traffic flow and capacity.

A general arrangement drawing showing the 2 new access points suggested within this option is shown on the next page.



- b. An option that sets out a less ambition intervention to achieve the core project objectives;

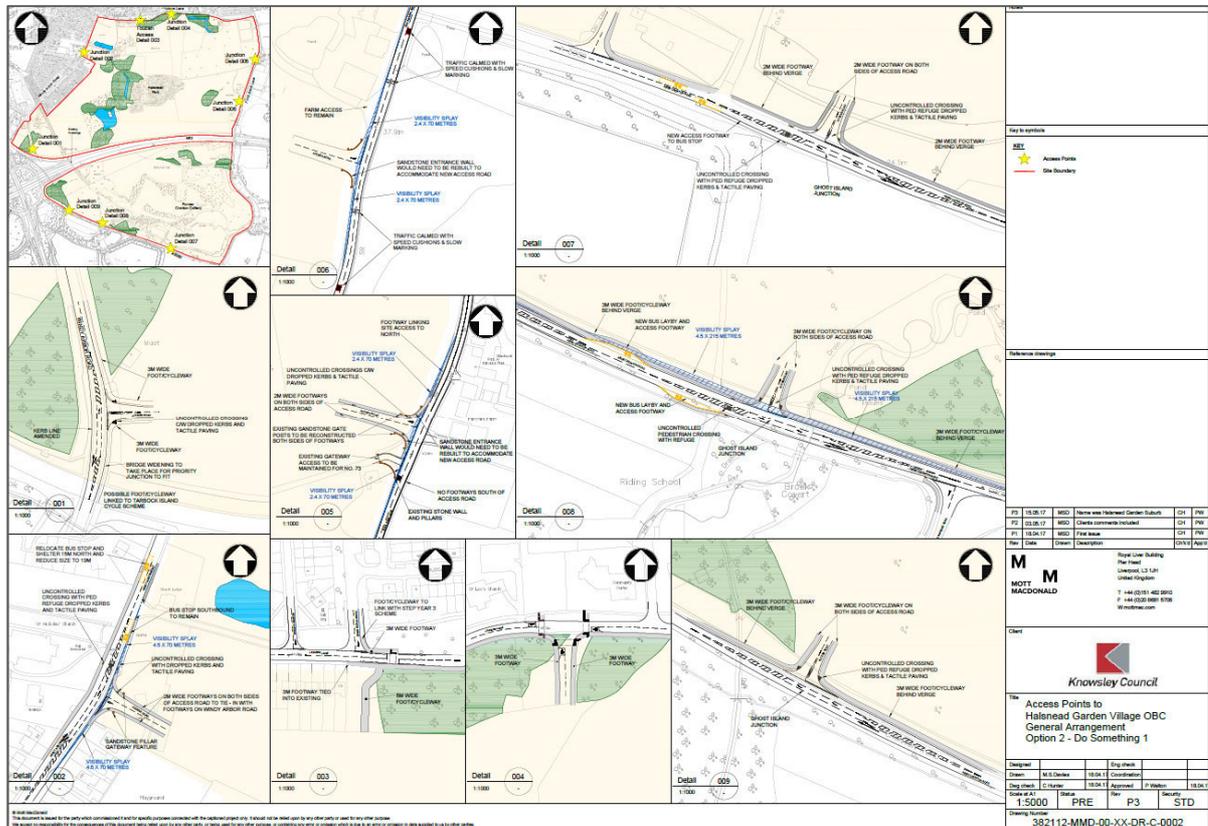
Option 2 (Do something 1)

This option two consists of the provision of 6 new access junctions to the northern housing section of the development site from Windy Arbor Road, Lickers Lane and Foxes Bank Lane. 3 access junctions to the southern employment section of the development site are also proposed on Cronton Road.

In addition, similar improvements as highlighted in the ‘Do-Minimum’ scenario to 7 existing off site junctions within the vicinity of the development to accommodate the anticipated increase in traffic are proposed.

On-site access works are to include new priority junctions to provide access to both the northern and southern sections of the development site. These junctions include 2 metre wide footways, new uncontrolled crossings for pedestrians and right turn pockets to allow turning traffic to wait in the carriageway without affecting through traffic flow. A new signalised pedestrian crossing at Pennywood Drive/Lickers Lane is also proposed along with a new signalised junction on Lickers Lane near to St Leo’s Church and the Community Centre. Off-site junction improvements are as described in the ‘Do Minimum’ scenario (Option 1).

A general arrangement drawing of the site access components of this option is shown below.



c. The proposed option, as described in Part 1 (project description); and

Option 3 (Preferred option)

Option 3 (Preferred option) sees the development of 9 new high quality gateway access junctions and improvements to 7 existing junctions. This consists of the provision of 6 access junctions to the northern housing section of the development site from Windy Arbor Road, Lickers Lane and Foxes Bank Lane. 3 access junctions to the southern employment section of the development site are also proposed on Cronton Road

In addition, similar improvements as highlighted in the Do-Minimum scenario to 7 existing off-site junctions within the vicinity of the development to accommodate the anticipated increase in traffic are proposed.

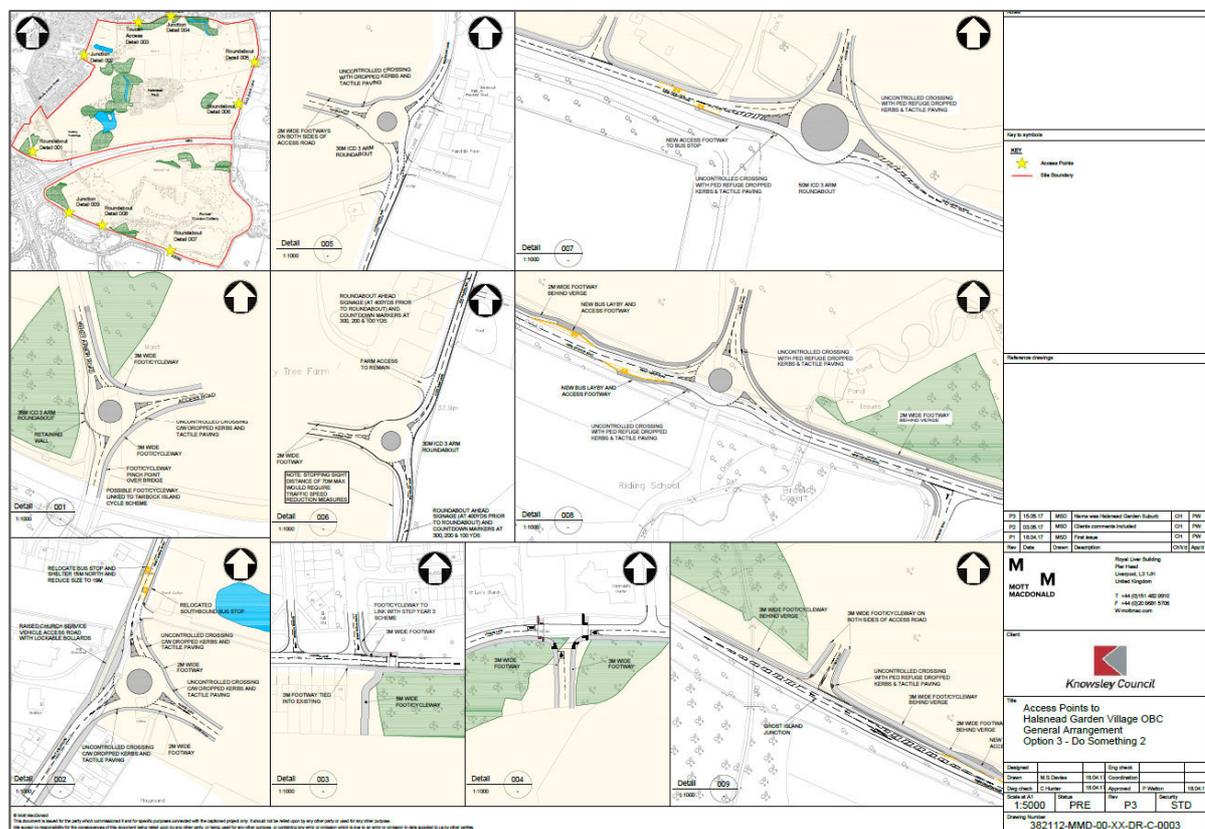
On-site access works are to include a combination of high quality gateway roundabout and priority junction accesses to both the northern and southern sections of the development site as listed below:

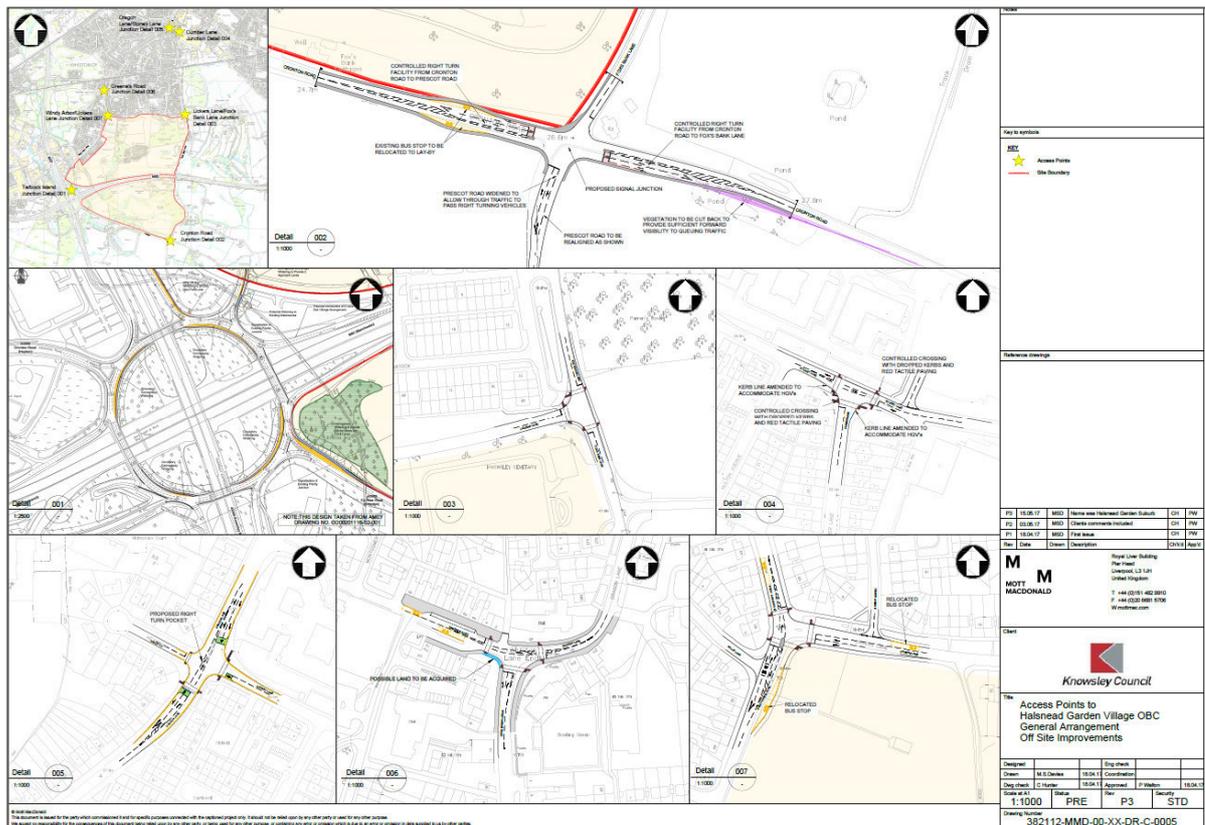
- Access 1 - Windy Arbor Road South (Near to Tarbock Island) – Roundabout
- Access 2 - Windy Arbor Road North –Roundabout

- Access 3 – Lickers Lane (west) – Pedestrian/ cycle access with new Toucan Crossing
- Access 4 – Lickers Lane (east) – 3-arm traffic signal controlled junction
- Access 5 - Foxes Bank Lane North – Roundabout
- Access 6 - Foxes Bank Lane South – Roundabout
- Access 7 - Cronton Road East (Access to country Park) – Roundabout
- Access 8 - Cronton Road Mid (Main access to southern site) – Roundabout
- Access 9 - Cronton Road West (Access to Maro Site) – Priority junction

The access works listed above include footways and cycleways, and associated crossing infrastructure. Off-site junction improvements are as described in options 1 and 2.

The two general arrangement drawings below illustrate the option components.



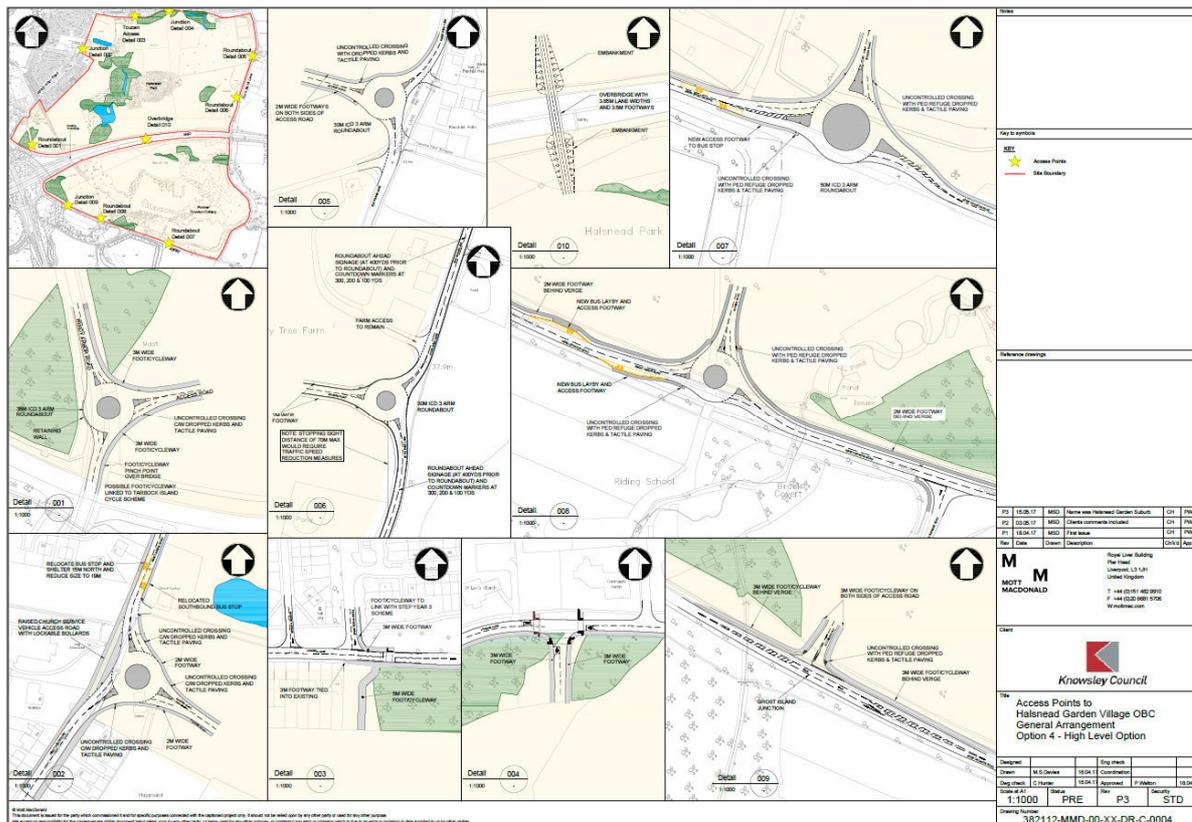


- d. An alternative option(s) that has a different combination of benefit, risk and cost due to variations in the project's scale and/or scope.

Option 4 (Do Something 3)

Proposals for Option 4 match those presented for preferred Option (Option 3) but with the addition of a new bridge over the M62 linking the northern and southern sections of the development. This bridge would be a steel structure with two 3.65m traffic lanes and 3.5m footways to enable shared use by pedestrians and cyclists. The bridge would provide increase permeability (internally) between the housing and employment sites, and create an additional north south link between Lickers Lane and Cronton Road. Off-site junction improvements are as described in the previous three options.

The general arrangement drawing on the next page illustrates the option components.



Along with a description of the main options, identify the relative advantages and disadvantages of each option.

	Description	Advantages	Disadvantages
<p>Option 1 (Do Minimum)</p>	<p>Minimal access points to the north and south of the site and improvements to existing off site junctions.</p> <p>On-site works include new roundabout junction on Windy Arbor Road and a 3m wide footway/cycleway.</p> <p>A second priority junction will provide access from Cranton Road.</p> <p>Off-site junction improvements to 7</p>	<p>Improvements to 7 existing local off site junctions which would improve traffic flow, capacity and improve resilience and journey times within the local highway network.</p>	<p>Does not facilitate comprehensive development of the site as required by the Local Plan and Masterplan SPD. Consequently, the benefits derived would be severely limited.</p> <p>Both the northern and southern sites are served by only one access.</p> <p>Vehicular traffic will be concentrated at these points making it progressively difficult to access the site as it is developed out.</p>

	<p>existing junctions including addition of traffic signals and lanes and improvement works to the Tarbock Island interchange.</p>		<p>Construction traffic and residents would have to use the same access points.</p> <p>Permeability for pedestrians and cyclists would be poor due to the minimal number of site access points.</p> <p>This could slow down the number of housing outlets on the site and therefore slow delivery rates.</p> <p>No additional internal access facilitated between northern and southern sites, although connectivity exists via Tarbock Island and Foxes Bank Lane and traffic modelling does not identify requirement for additional access across the M62.</p>
<p>Option 2 (Do Something 1)</p>	<p>6 new access junctions to the north of the development site and 3 to the south.</p> <p>Similar improvements as highlighted in the Do-Minimum scenario to 7 existing off site junctions.</p> <p>On site access works include new priority junctions, a new signalised pedestrian crossing and a new signalised junction on Lickers Lane.</p> <p>Off-site junction improvements are as described in Do Minimum (Option 1).</p>	<p>Comprehensive development and timely delivery would be facilitated through the facilitation of access at all parcels.</p> <p>9 new priority junctions would distribute traffic around the sites.</p> <p>Permeability for cyclists and pedestrians would be improved.</p> <p>General site traffic and construction traffic could use separate access points whilst the sites are being developed.</p> <p>Improvements to 7 existing local off site junctions which would improve traffic flow and capacity and improve resilience and journey times within the local highway network.</p>	<p>The Halsnead Garden Village Masterplan SPD sets out a clear need for distinctive development, embedding the garden village principles, to increase market demand. The use of non-descript standard form priority junctions would therefore not accord with this requirement.</p> <p>The priority junctions would not facilitate additional future growth across Knowsley and the wider LCR.</p> <p>No additional internal access facilitated between northern and southern sites, although connectivity exists via Tarbock Island and Foxes Bank Lane and traffic modelling does not identify requirement for additional access across the M62.</p>

<p>Option 3 (Do Something 2)</p>	<p>6 new high quality gateway access junctions to the north of the development and three high quality gateway access junctions to the south.</p> <p>Similar improvements as highlighted in the Do-Minimum scenario to 7 existing off site junctions.</p> <p>On-site access works include a combination of roundabout and priority junction accesses to both the northern and southern sections.</p> <p>The access works include footways and cycleways, together with associated crossing facilities.</p> <p>Off-site junction improvements are as described in Options 1 and 2.</p>	<p>Comprehensive development and timely delivery would be facilitated through the facilitation of access at all parcels.</p> <p>9 new high quality gateway access junctions would provide a distinct sense of arrival and place making for Halsnead Garden Village in accordance with the Masterplan SPD.</p> <p>The new access junctions would distribute traffic effectively around the sites.</p> <p>Permeability for cyclists and pedestrians would be improved.</p> <p>General site traffic and construction traffic could use separate access points whilst the sites are being developed.</p> <p>Improvements to 7 existing local off site junctions which would improve traffic flow and capacity and improve resilience and journey times within the local highway network.</p>	<p>No additional internal access facilitated between northern and southern sites, although connectivity exists via Tarbock Island and Foxs Bank Lane and traffic modelling does not identify requirement for additional access across the M62.</p>
<p>Option 4</p>	<p>Proposals match those presented for Do Something 2 (Option 3) but with the addition of a new bridge over the M62. A steel structure with two 3.65m traffic lanes and 3.5m footways.</p> <p>Off-site junction improvements are as</p>	<p>Comprehensive development and timely delivery would be facilitated through the facilitation of access at all parcels.</p> <p>9 new high quality gateway access junctions would provide a distinct sense of arrival and place making for Halsnead Garden Village in</p>	<p>Increased costs.</p> <p>New link over the M62 does not form part of the access and movement strategies described in the Masterplan SPD.</p> <p>New link between northern and southern sites over the M62 may encourage rat-running within the site.</p>

	<p>described in the previous 3 options.</p>	<p>accordance with the Masterplan SPD.</p> <p>The new access junctions would distribute traffic effectively around the sites.</p> <p>Permeability for cyclists and pedestrians would be further improved by additional link over M62, addressing severance issue.</p> <p>The new internal link over the M62 would reduce development traffic flows through Tarbock Island and along Windy Arbor Road and Fox's Bank Lane, thereby reducing impact and potentially reducing scope of development traffic mitigation proposal thereon.</p> <p>General site traffic and construction traffic could use separate access points whilst the sites are being developed.</p> <p>Improvements to 7 existing local off site junctions, which would improve traffic flow and capacity and improve resilience and journey times within the local highway network.</p>	<p>Delivery risk linked to provision of new structure of M62 mainline.</p> <p>Increased dependencies with Highways England.</p> <p>Additional future maintenance liabilities associated with new structure over the M62.</p>
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14. Set out the overall public sector cost and amount of SIF support requested (in constant prices (i.e. excluding inflation) and discounted in line with HM Treasury guidance) under each option (this should include both the gross and net cost allowing for public sector loan repayments and/or other public sector revenues).

Prices shown below are inclusive of amounts identified as part of the quantified risk assessment and inclusion of 15% optimism bias. Knowsley Council are seeking a full capital grant so there are no public sector loan repayments or other revenues to account for.

(Constant prices, discounted, £000s)	Public sector cost - gross	Public sector cost - net	SIF support - gross	SIF support - net
Option 1	£12,521,805	£12,521,805	£12,521,805	£12,521,805
Option 2	£15,009,524	£15,009,524	£15,009,524	£15,009,524
Option 3	£19,865,038	£19,865,038	£19,865,038	£19,865,038
Option 4	£27,723,776	£27,723,776	£27,723,776	£27,723,776

Estimating benefits

15. For each option, please populate the following table with expected tangible outputs - periods are in Financial Year (FY). Please state whether the outputs are direct or indirect. If indirect, explain how the project is enabling the delivery of these outputs. (approx. 250 words).

Rows should be added to the table to incorporate all principal outputs of the project and additional options, where relevant. Include outputs only in the year when they will be first generated.

Expected tangible outputs / outcomes	Direct or indirect	Total	2016 / 17	2017 / 18	2018 / 19	2019 / 20	2020 / 21	2021 / 22	Future years
		Employment (full-time equivalent) – direct							
		NOTE: Job figures are cumulative							
Option 1	NOTE:	1,022 gross jobs 922 net additional jobs			50 net jobs	177 net jobs	282 net jobs	524 net jobs	Rest of net jobs fully built up by 2026/27
Option 2	Direct	1,022 gross jobs 922 net additional jobs			50 net jobs	177 net jobs	282 net jobs	524 net jobs	Rest of net jobs fully built up by 2026/27
Option 3	Direct	1,022 gross jobs 922 net additional jobs			50 net jobs	177 net jobs	282 net jobs	524 net jobs	Rest of net jobs fully built



Expected tangible outputs / outcomes	Direct or indirect	Total	2016 / 17	2017 / 18	2018 / 19	2019/ 20	2020 / 21	2021 / 22	Future years
									up by 2026/27
Option 4	Direct	1,022 gross jobs 922 net additional jobs			50 net jobs	177 net jobs	282 net jobs	524 net jobs	Rest of net jobs fully built up by 2026/27
Employment (full-time equivalent) – indirect NOTE: Job figures are cumulative									
Option 1		282 multiplier jobs			15	54	87	160	Rest of multiplier jobs build up by 2026/27
Option 2		282 multiplier jobs			15	54	87	160	Rest of multiplier jobs build up by 2026/27
Option 3		282 multiplier jobs			15	54	87	160	Rest of multiplier jobs build up by 2026/27
Option 4		282 multiplier jobs			15	54	87	160	Rest of multiplier jobs build up by 2026/27
Employment (full-time equivalent) – construction									
Option 1		160 net jobs							*No clear construction trajectory known.
Option 2		204 net jobs							*No clear construction trajectory known.
Option 3		204 net jobs							*No clear construction trajectory known.
Option 4		204 net jobs							*No clear construction trajectory known.
Other output: Commercial floorspace constructed									



Expected tangible outputs / outcomes		Direct or indirect	Total	2016 / 17	2017 / 18	2018 / 19	2019/ 20	2020 / 21	2021 / 22	Future years
Option 1			22.5ha (87,400m ² Gross External Area (GEA))		24,597 m ²	37133 m ²	12536 m ²	6580 m ²	6580 m ²	22.5ha (87,400m ² GEA)
Option 2			22.5ha (87,400m ² GEA)		24,597 m ²	37133 m ²	12536 m ²	6580 m ²	6580 m ²	22.5ha (87,400m ² GEA)
Option 3			22.5ha (174,900m ² GEA)		24,597 m ²	37133 m ²	12536 m ²	6580 m ²	6580 m ²	22.5ha (87,400m ² GEA)
Option 4			22.5ha (174,900m ² GEA)		24,597 m ²	37133 m ²	12536 m ²	6580 m ²	6580 m ²	22.5ha (87,400m ² GEA)
Other output: Houses built (per annum)										
Option 1			1120 houses			33	67	50	50	Rest of houses built by 2040
Option 2			1600 houses			26	54	80	94	Rest of houses built by 2040
Option 3			1600 houses			33	67	100	117	Rest of houses built by 2035
Option 4			1600 houses			33	67	100	117	Rest of houses built by 2035
Other output: Number of existing junction improvements										
Option 1		Direct	2	0	0	2	0	0	0	
Option 2		Direct	7	0	0	4	3	0	0	
Option 3		Direct	7	0	0	4	3	0	0	
Option 4		Direct	7	0	0	4	3	0	0	
Other output: Number of new junctions created										
Option 1		Direct	7	0	0	2	0	0	0	
Option 2		Direct	9	0	0	5	4	0	0	
Option 3		Direct	9	0	0	5	4	0	0	
Option 4		Direct	9	0	0	5	4	0	0	
Other output: Length of new footpath/cycleways constructed (m)										
Option 1		Direct	385	0	0	385	0	0	0	
Option 2		Direct	1,335	0	0	362	973	0	0	
Option 3		Direct	1,132	0	0	385	747	0	0	

Expected tangible outputs / outcomes	Direct or indirect	Total	2016 / 17	2017 / 18	2018 / 19	2019/ 20	2020 / 21	2021 / 22	Future years
Option 4	Direct	1,132	0	0	385	747	0	0	
Other output: Number of new pedestrian/cycle routes created									
Option 1	Direct	2	0	0	2	0	0	0	
Option 2	Direct	6	0	0	2	4	0	0	
Option 3	Direct	5	0	0	2	3	0	0	
Option 4	Direct	5	0	0	2	3	0	0	
Other output: Number of new pedestrian crossings created									
Option 1	Direct	5	0	0	2	3	0	0	
Option 2	Direct	7	0	0	2	5	0	0	
Option 3	Direct	7	0	0	2	5	0	0	
Option 4	Direct	7	0	0	2	5	0	0	

Explain below how the project is delivering the outputs/outcomes and the methodology, assumptions and evidence used to calculate them (approx. 250 words).

The wider economic benefits have been calculated using Mott MacDonald’s Transparent Economic Assessment Model (TEAM), which assesses the economic benefits arising from land-use changes, calculated in-line with HM Treasury Green Book principles of additionality. The gross economic benefits associated with the land use changes are calculated and local data analysed to convert these to net economic benefits (once accounting for deadweight). The transport outputs have been derived for the alternate option designs and the phased delivery programmes associated with their construction.

With the exception of the do-minimum option, all of the do-something options assessed are likely to generate similar wider economic impacts for Knowsley and the LCR as the preferred option (which is fully assessed in the supporting Land Use and Economic Development report). Again, with the exception of the do-minimum option, they will all fundamentally provide comprehensive access to Halsnead and thereby support development which will provide the housing and economic benefits noted above.

However, and most importantly, the do-minimum option was tested using an appropriate transport model which found that the single housing site access junction in the north of the development would be significantly over capacity (defined as greater than 85%) in the AM peak hour, with a volume/capacity of around 110%, and a delay of 4.5 minutes, if the full housing allocation of 1600 units was delivered. The transport model does not include any representation of the internal roads within the site, so no delay inside the site has been considered in this analysis.

Tests have been undertaken to determine what level of housing could be supported by this single junction, and they have found that if the number of trips decreased by 30%

this access point would be at capacity. This implies that only an estimated 1120 houses, rather than the anticipated and desired 1600, could be developed with the do-minimum transport scheme, reducing the net social value of housing benefit from £103.6m to an estimated £75m. This scenario would therefore not support comprehensive development as defined in Knowsley’s Local Plan and the Masterplan SPD and as such reduce associated wider benefits such as GVA uplift and land value uplift. The inability to bring all housing forward for development would also have a significant detrimental effect on temporary construction jobs.

It is also of note that the do-minimum would severely limit the number of housebuilders that could deliver the development due to the availability of a single access point, and consequently the housing delivery rate would be significantly less than for other options. The housing delivery rate in Option 2 would be less than that of Options 3 and 4 because its proposed site access solutions would not provide the desired gateway arrival points conducive with the Halsnead Garden Village principles and therefore demand for development would be reduced.

The impacts on GVA uplift and jobs are explained further in response to question 16.

The Land Use and Economic Development Report details the full methodology and assumptions in detail. In summary those assumptions used for the additionality analysis (to convert gross to net jobs) are as follows:

Assumption	Level	Justification
Additionality assumptions		
Deadweight	10-30%	The strategic infrastructure is clearly required to unlock the development of Halsnead. However, it is unwise to assume no development would come forward over the planning period but it is still deemed unlikely. Therefore, deadweight is set at 10% for all of the employment land except one parcel of land, which is set at 30%, given this plot of land is being actively marketed already. There is a chance that this land could be developed without the infrastructure but it is unlikely and the investment would almost certainly accelerate delivery.
Displacement	15%	Reflecting high levels of occupier demand in the area and growth initiatives to build freight and logistics sector displacement is considered to be lower than that suggested in the guidance (25% for low displacement, Additionality Guide, p.30).
Leakage	14%	Based on travel to work flows approximately 14% of LCR jobs are filled by non LCR residents. Therefore, leakage is expected to be relatively low. This is also in line with the best practice ready reckoner (Additionality Guide, p.27).
Composite multiplier	1.44	Average linkages across the economy assumed, following guidance (based on evidence collected) on B2/B8 developments and the average ready reckoner values within the best practice guidance. (Additionality Guide, p.35-36).
Data assumptions		
GVA per worker	£44,000	Regional Accounts, ONS, 2015 and Workforce Jobs, North West, 2014 and workforce jobs, North West, ONS, 2014. In reality, the average could be higher for B8 use but the regional economy average is used to ensure conservative approach given level of unknowns relating to type of development.

The accompanying report also sets out other key benefits relating to tax related impacts and the land value analysis and furthermore calculates that over a 21-year period (2017-2038) the net present value of the benefits would be in the range of £442.3m and the overall net present value of the costs and benefits is £423.8m.

16. What are the main outcomes/impacts that each option is expected to generate? Please explain how each option will generate or contribute to increased economic activity (as measured using Gross Value Added (GVA)) and employment. This could include indirect and longer term benefits – although if these are identified please indicate whether and how much additional public funding would be required to generate them (approx. 750 words)

As noted in Question 15 all do-something options assessed (with the exception of the do-minimum option) are likely to generate similar wider economic impacts for Knowsley and the LCR as the preferred option because they will all fundamentally provide access to the Halsnead Garden Village development and thereby support development which will provide the housing and economic benefits noted above. However, the do-minimum option significantly reduces the likely number of homes developed (through the impact of secondary access constraints to the site) leading to fewer construction jobs and a much smaller quantum of GVA generation as a result of building only circa 1120 homes compared to the 1,600 homes associated with all other options.

The development of employment land in the south of the site is, however, expected to be unaffected by capacity issues at this single junction serving this area. Based on this, the same quantum of employment land is anticipated to be delivered under the do-minimum as under all other options. The breakdown of the wider economic impact of each option is set out below.

Option	Permanent impacts		Temporary construction impacts	
	Total net jobs	Total net GVA, £m p.a	Total net jobs	Total net GVA, £m
1	922	£40.5	160	£7.0
2	922	£40.5	204	£9.0
3	922	£40.5	204	£9.0
4	922	£40.5	204	£9.0

The table above shows the cost to the whole development in terms of ‘lost’ construction jobs and associated GVA of the Do-minimum option relative to all other Do-something options. This equates to 44 jobs and £2m of net additional GVA during the course of the construction period. All of these construction figures include the jobs and GVA generated from the construction of the employment developments on the site. Focusing solely on the housing development in the north of the site, the difference between the

construction of the maximum of 1120 homes under do-minimum option and the 1,600 homes enabled by the do-something options is set out below.

Temporary construction impacts – housing only		
Option	Net additional jobs	Net additional GVA, £m
1	102	£4.5
2	146	£6.4
3	146	£6.4
4	146	£6.4

This shows the significant difference between the Do-Minimum, Option 1, and all other options in terms of construction impacts. In addition to this, the reduction in housing numbers associated with the Do-minimum compared to the other options is equal to a reduction of approximately £500,000 per annum in council tax rates from the homes not built under Option 1. The resident population of Halsnead Garden Village would also be significantly lower under Option 1 compared to Options 2, 3 and 4. This difference is approximately 1,000 residents who could not be accommodated at the Garden Village development.

However, the do-something options (2, 3 and 4) generate:

- 922 (permanent) net additional jobs and £40.5m of net additional GVA per annum;
 - 160 (temporary) net additional construction jobs and £7m of net additional GVA during the construction period (of which 146 jobs and £6.4m is directly due to the construction of housing; and
 - Additional benefits of approximately £1.7m per annum in council tax revenues and £1.2m per annum in business rates.
17. Please explain the other wider **quantifiable** benefits (including social and environmental effects) that each option will generate. (approx. 250 words)

As the scheme is currently at OBC stage, detailed designs are not available upon which to undertake modelling, surveys or assessments to be able to quantify the benefits identified below. This is the usual case at OBC Stage; however, this will change as the scheme progresses to a full business case. The likely environmental and social benefits set out below are applicable for Options 2 to 4 (and to a lesser extent Option 1) and include;

- Improvements to drainage associated with new road junctions will reduce the incidence of surface water run-off, including potentially contaminated surface water;
- New pedestrian and cycle routes within the proposed Garden Village that accommodate the facilities/amenities and the new housing developments.

- Increased physical activity and health benefits as a result of new cycle and pedestrian provision and creation of a new Country Park that promote and encourage active travel;
- Improved social, employment and economic benefits by improved accessibility to new facilities, amenities and jobs from the new residential development;
- Development of areas of brownfield land, reducing the availability of potential ground contaminants and presence of invasive plant species;
- The proposed creation of a new Country Park and green-infrastructure development will result in new habitat establishment/creation and wildlife enhancement, resulting in a gain for biodiversity if implemented correctly; and

At full business case stage the anticipated improvements to brownfield land, new habitat creation, increase in employment opportunities and improvements to site drainage would likely be quantified through detailed survey assessments and modelling as part of the design stage, and verified via survey's and statistical analysis in the future after the scheme has been implemented.

18. Where one or more of the intervention options is expected to result in other, less tangible wider benefits that are difficult to quantify, undertake a weighting and scoring assessment of the **qualitative** benefits associated with each option. Please explain each weight and score.

A weight (0 to 100) should be applied to each wider benefit, reflecting its relative importance, with a score (1 to 10) given to each option in terms of how well it delivers the benefit in question. The respective weights and scores should then be multiplied together to provide a total weighted score.

Rows should be added to the table to incorporate all key wider benefits of the project

Weighting and scoring of the qualitative benefits									
Wider benefit	Weight	Option 1		Option 2		Option 3		Option 4	
		Score	Weight x score						
Provision of green space	25	4	100	10	250	10	250	10	250
Construction sector – potential for training opportunities.	40	4	160	10	400	10	400	10	400
Environmental - Air quality improvements	5	1	5	2	10	2	10	6	30

Weighting and scoring of the qualitative benefits									
Wider benefit	Weight	Option 1		Option 2		Option 3		Option 4	
		Score	Weight x score						
Environmental - Carbon per mile per capita reduction	5	1	5	2	10	2	10	6	30
Environmental - Potential redevelopment/improvement of brownfield areas	20	3	60	5	100	7	140	7	140
Environmental - Drainage improvements associated with new cycleways/high ways	5	1	5	2	10	3	15	6	30
Total	100	25	335	32	780	34	825	34	880

- **Provision of green space scores 10** as Halsnead Garden Village will incorporate a new Country Park, linked by high-quality green corridors, and form part of an extensive network of Green Infrastructure. This will build and enhance on the Green Infrastructure and leisure and recreation facilities in the Borough and LCR, providing associated wellbeing benefits. This benefit has been allocated a high weighting as the provision of green space will be central to the development of Halsnead as a Garden Village. The importance of encouraging modes of active travel has also been recognised as important, in light of issues of health deprivation across Knowsley, and taken into consideration when assigning a weight to this particular benefit.
- **Construction sector – potential for training opportunities scores 10** because given the scale of the development site there are clear opportunities for Knowsley to ensure that construction companies use local labour wherever possible and provide training opportunities such as Apprenticeships. Wider benefits to the construction sector has been given the highest weighting due to the importance of economic jobs across many key local and regional policies, such as Knowsley’s Economic Growth Plan, which states that economic growth will be concentrated in advanced manufacturing and housing.
- **Environmental: Brownfield areas -** The improvements/redevelopment of brownfield areas has also been given a high weighting as the development makes use of the former Cronton Colliery transforming the land into an economically productive area able to

provide many benefits for the wider area of Knowsley. Scores are lower for Option 1 as this option provides lesser access to the land.

- Air quality, Carbon miles and drainage have been given the lowest weighting as they are not recognised as primary objectives of the scheme. However, these are still beneficial to the areas and so have been given some consideration. Scores are also relatively low as the ability of the options to deliver in relation to realisation of these benefits is likely only to be marginal. There is recognition that Option 4 would provide greater opportunity to derive benefits through the inclusion of a new link over the M62 and reduced impact on the existing network by development traffic.

19. How does the project respect the principle of sustainable development? In particular, how does the project maximise positive environmental impacts or mitigate potential negative impacts (with regard to the “polluter pays” principle where appropriate)?

The primary objective of the scheme is to unlock land through the provision of access to facilitate development, which will include the creation of a new Country Park, linked by high-quality green corridors, forming part of an extensive network of connected green infrastructure accessible to the wider communities of Knowsley.

As a sustainable development, achieving these primary objectives must ensure the current needs can be met without compromising future needs. The environmental impacts associated with the project and their sustainable mitigation measures are summarised below, but a detailed analysis can be found in the appended Environmental Constraints Report.

Environmental Impact	Sustainable Project Mitigation Measures
Surface water flooding	Improvements to site drainage associated with new road infrastructure that will stem from development as a result of unlocking the land through provision of road access will reduce the incidence of surface water run-off, including potentially contaminated surface water. Potential water management through SuDS, comprising a network of attenuation features including swales, attenuation basins.
Brownfield land	The project will result in areas of current brownfield land being improved, reducing the availability of potential ground contaminants and the presence of invasive plant species. This will be done by voluntary clean-up of impacted ground through the planning process.
Construction generated waste materials	Where appropriate, excess materials generated during excavation and construction would be retained and managed for re-use on site, thereby reducing requirement for landfill, associated vehicle movements and the need for imported virgin materials.

Habitat loss	Potential existing habitat loss through creation of new infrastructure and housing will be mitigated through the creation of a new Country Park and green-infrastructure development. This will result in new habitat establishment/creation and wildlife enhancement, resulting in a gain for biodiversity if implemented correctly.
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Establishing new road connections, which incorporate accessible alternative methods of transport including cycling and walking, is consistent with Knowsley Council’s Sustainable Transport (SO6) objective noted in Knowsley’s Local Plan, which states that to “To ensure new development in Knowsley encourages a reduction in the overall need to travel, and prioritises sustainable transport such as walking, cycling and public transport. This will help to ensure accessibility and linkage between housing areas and employment locations, shopping, leisure, culture, health care, education, community and sporting facilities, green spaces and other services.”

Furthermore, by providing access to encourage development, there is potential to deliver a truly integrated and mixed use development, incorporating sustainable modes of transport, recreational and wildlife areas with significant health and well-being and biodiversity benefits and significant new employment opportunities.

20. How will you ensure that equality between men and women as well as gender perspective are taken into account and promoted throughout the preparation and implementation of the project?

What steps will you take to ensure accessibility for persons with disabilities are taken into account throughout the preparation and implementation of the project?

In light of the Equality Act 2010 how does your proposed project further the following aims:-

- The need to eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act.
- The need to advance equality of opportunity between people who share a protected characteristic and people who don’t.
- The need to foster good relations between people who share a protected characteristic and people who don’t.

The project will provide enhanced measures to meet the accessibility needs of persons with disabilities. This includes improved footway surfacing and pedestrian crossing points to make journeys to and around the site on foot safer and easier. The Knowsley Council ‘Ensuring a Choice of Travel Supplementary Planning Document’ states that design of new developments provide a good level of accessibility to the whole community.

The Equalities Act places a duty on Local Authorities to promote and include disability equality in their work. The Equality Act 2010 states that it is unlawful for a public authority to discriminate in the exercise of its public functions, including highways functions. The infrastructure for the Halsnead Garden Village project has been designed to the latest standards which take account of the needs of mobility impaired and disabled persons, for example at proposed junctions, footpaths are at a minimum width of 2m to allow mobility scooter users to travel along the footpath with ease. Where footpaths meet road crossings tactile paving and dropped kerbs have been built in to ensure a step free transition between the footpath and the road surface. Footpaths have been designed with minimal street clutter and pedestrian crossings have been designed to include visual and audible feedback.

As part of the design process a Non-Motorised User audit and Road Safety Audit will be undertaken on proposed designs at different stages of the project. These audits are required as part of the design process for any new highway infrastructure or changes to existing infrastructure, examine the road safety and user implications of changes to the highway network and with a focus on vulnerable road users such as pedestrians, cyclists, mobility impaired and disabled persons.

With regard to the Equality Act 2010 which legally protects people from discrimination in the workplace and in wider society, under this act, local authorities have a public-sector Equality Duty which means that public bodies have to consider all individuals when carrying out their day-to-day work in shaping policy, delivering services and in relation to their own employees.

This scheme is not targeted at one specific group of people with a specific set of characteristics and does not discriminate against any group of people with a protected characteristic. Opening up the land to support the Halsnead development is equally beneficial to both men and women and benefits of the scheme will be felt by people of all ages as the site consists of arrange of amenities and facilities and will benefit both those living in Halsnead and those already living in the surrounding area.

21. Please explain the level of ‘additionality’² associated with the benefits under each intervention option at both the LCR level and the UK level. Reference should be made to the Homes and Communities Agency’s Additionality Guide³. (approx. 300 words)

As outlined above the gross and net economic impact of all options is assumed the same (with the exception of the do-minimum option), given all will unlock Halsnead Garden Village for residential and commercial development and therefore help realise the economic benefits (any differences in the scale of development are likely to be small).

The economic assessment demonstrates the following:

- **Gross economic impact of 1,022 jobs generating £44.9m of GVA per annum. It is unlikely from a macroeconomic perspective that any of these benefits would be additional at a UK level (given they are likely to take place where the market is stronger if not accommodated here).**
- **Net economic impact of 922 jobs generating £40.5m of GVA per annum, at the LCR level. The following key additionality assumptions are made to justify this level:**

Additionality assumptions

Deadweight	10-30%	The strategic infrastructure is clearly required to unlock the development of Halsnead but it is unwise to assume no development at all would come forward over the planning period. Deadweight is set at 10% for all of the employment land except one area, which is set at 30%, given this plot of land is being actively marketed already.
Displacement	15%	Reflecting high levels of occupier demand in the area and growth initiatives to build freight and logistics sector displacement is considered to be lower than that suggested in the guidance (25% for low displacement, Additionality Guide, p.30).
Leakage	14%	Based on travel to work flows approximately 14% of LCR jobs are filled by non LCR residents. Therefore, leakage is expected to be relatively low. This is also in line with the best practice ready reckoner (Additionality Guide, p.27).
Composite multiplier	1.44	Average linkages across the economy assumed, following guidance (based on evidence collected) on B2/B8 developments and the average ready reckoner values within the best practice guidance. (Additionality Guide, p.35-36).

- **Given these findings the overall additionality of the project is around 89.5%. This is a high figure but demonstrates that the LCR has a shortage of strategic employment space coming forward to support its growth aspirations for the logistics sector.**

² Additionality is the extent to which activity takes place at all, on a larger scale, earlier or within a specific designated area or target group as a result of the public sector intervention. In order to assess the net additional impact of the project the following factors will need to be considered: **Leakage** - the proportion of outputs that benefit those outside of the project’s target or reference area or group; **Displacement** - the proportion of project outputs accounted for by reduced outputs elsewhere in the target area; **Substitution** - this effect arises where a firm substitutes one activity for a similar one (such as recruiting a jobless person while another employee loses a job) to take advantage of public sector assistance; **Multiplier effects** - further economic activity associated with additional local income and local supplier purchases; and **Deadweight** - output which would have occurred without the project – this is assessed through the reference case i.e. the do nothing option.

³ <https://www.gov.uk/government/publications/additionality-guide>

Note: The accompanying Land Use and Economic Development report fully explains the assumptions and modelling that has been undertaken to convert economic impacts from gross to net, following the Additionality Guide and using local data to inform assumptions.

22. Explain how the intervention will ensure that inputs are at a minimum cost given the required quality. For example, will the final costs be identified following a competitive procurement process? (approx. 150 words)

The costs for the project have been determined through estimates based on the design work undertaken at outline design stage for the Outline Business Case. These costs will be further refined at Full Business Case stage where further detailed design work will be undertaken. Final costs will be determined through a competitive tendering process based on the detailed design work where all submissions will be assessed against cost/quality and delivery of similar projects. The tender process will be conducted in full accordance with the Council's established formal Finance and Contract Procedure Rules, which can be see via the following hyperlink [FPR's and CPR's](#).

Risk analysis

23. Please complete the Risk Register in the table below, identifying the main risks associated with each option and overall risk score. Please explain the basis for the risks scores under each option. (approx. 200 words)

Against each risk, a score should be given to the probability (P) of the risk arising – ranging from very high (a maximum score of 5) to very low (a score of 1). The impact (I) of each risk should also be assessed, using the same scoring range as has been used for probability (i.e. a range of 1-5). The overall risk score (S) is calculated by multiplying the probability score by the impact score (giving a maximum score for each risk of 25, representing an extreme risk).

Rows should be added to the table to incorporate all principal risks of the project.

Risk Register												
Key risk	Option 1			Option 2			Option 3			Option 4		
	P	I	S (Pxl)									
Strategic-Political Risk	4	4	16	1	1	1	1	1	1	2	2	4
Strategic-Legislative Risk	5	5	25	1	1	1	1	1	1	3	4	12
Strategic-Policy Risk	5	5	25	2	2	4	1	1	1	3	3	9

Risk Register												
Key risk	Option 1			Option 2			Option 3			Option 4		
	P	I	S (Pxl)									
Strategic-Staff Risk	2	1	2	2	1	2	2	1	2	3	3	9
Strategic-Internal Communication Risk	2	1	2	2	1	2	2	1	2	2	1	2
Strategic-External Communication Risk	3	3	9	3	3	9	2	2	4	3	3	9
Strategic-Construction Programme Risk	2	2	4	2	3	6	2	3	6	4	4	16
Strategic-Stakeholder Risk	5	5	25	2	4	8	2	3	6	4	4	16
Strategic-Regulation Risk	1	1	1	1	1	1	1	1	1	2	2	4
Strategic-Procurement Risk	1	3	3	1	4	4	1	4	4	2	4	8
Strategic-Planning Risk	5	5	25	2	3	6	2	3	6	3	3	9
Funding-Inflation Risk	1	3	3	1	4	4	1	4	4	3	5	15
Funding-Cost Risk	2	2	4	3	4	12	3	4	12	4	4	16
Funding-Funding Claim Risk	1	1	1	1	2	2	1	2	2	1	4	4
Funding-Cost Estimate Risk	2	2	4	2	3	6	2	3	6	4	4	16
Infrastructure-Provider Risk	1	3	3	2	4	8	2	4	8	4	4	16

Risk Register												
Key risk	Option 1			Option 2			Option 3			Option 4		
	P	I	S (Pxl)									
Infrastructure- Internal Interface Risk	3	2	6	3	2	6	2	3	6	3	3	9
Infrastructure - External Interface Risk	3	2	6	4	2	8	4	2	8	5	4	20
Infrastructure- Engineering Risk	1	1	1	2	2	4	2	2	4	4	4	16
Infrastructure- Structural Constraints	1	2	2	2	3	6	2	3	6	4	4	16
Environmental- Flood Risk	2	1	2	2	4	8	2	4	8	3	4	12
Environmental- Agricultural Land Risk	1	1	1	1	2	2	1	2	2	4	3	12
Environmental- Noise Important Area (NIA) risk	1	1	1	1	1	1	1	1	1	2	3	6
Environmental- Authorised Landfill/Historic Landfill	1	2	2	1	3	3	1	3	3	2	3	6
Environmental- Ancient Woodland	1	1	1	1	1	1	1	1	1	4	3	12
Environmental- Land Issues	1	3	3	1	3	3	2	2	4	4	3	12
Environmental- Environmental Constraints	2	2	4	2	2	4	2	3	6	4	3	12
Total score	-	-	181	-	-	122	-	-	117	-	-	298

The preferred option

24. Based on the preceding analysis, identify the preferred option with supporting justification for selection. (approx. 200 words)

Each option was assessed against the risks listed in the above risk table and the probability/impact score of 1 to 5. The appended QRA report details the risks, likely probability of occurrence and impact, as well as mitigation measures for the preferred option.

In terms of risks a variety have been identified which can be grouped into four broad categories: -

- Strategic;
- Funding;
- Infrastructure; and
- Environmental.

Option 1 scoring was reflective of its more basic nature and minimal access points. However, the scheme attracted higher individual scores in the political, policy, communications and stakeholder strategic risk elements due to the scheme's misalignment with the Halsnead Masterplan SPD and the Local Plan's vision for a comprehensive approach to development.

Option 2 scored slightly higher than Option 1 due to the addition of constructing new access points in this option causing slightly higher risks in aspects of infrastructure, funding and environmental issues. This option received low scoring for policy and stakeholder engagement as it is broadly in a position to meet the objectives of the Halsnead Masterplan SPD. However, it does not provide for the distinctive design of gateway infrastructure as set out as a requirement in the Halsnead Masterplan SPD, and therefore scores less than Option 3 for strategic policy and external communication risk.

Option 3 produced the lowest risk score out of the four options as it largely contributes to key policy and political and stakeholder thinking. This option scored similarly to Option 2 as same amount of access points are proposed, with the only difference being in the type of junction. However the type of junction and associated land take/disruption to the environment has caused the slight differential, with Option 3 having reduced environmental impact as one of the access sites is assigned for non-vehicular access.

Option 4 scored higher than all other options, particularly in terms of impact, due to the infrastructure and funding risks involved with the construction of a bridge over the M62. This option also scored highly on Stakeholder Risk as the construction of a bridge could prove controversial to local residents and land owners.

Part 3 – Commercial Case

Please revisit and extend the Commercial Case set out within the SOC, answering the following questions:

Delivery structure

25. What are the organisation and management arrangements for delivery of the preferred option? What are the delivery options that have been considered? Please outline the advantages and disadvantages of each delivery option and state which is the preferred delivery option. (approx. 300 words)

Delivery Option	Description	Advantages	Disadvantages
Delivery Option 1	Utilize Knowsley Council's existing Highways & Transportation Service to manage delivery of the project.	Track record for the delivery (to budget) of schemes that are similar in nature to some of the project components. Considerable knowledge of the locality and the proposed development.	Limited available human resources. Conflicting demands between the project and other scheme delivery commitments, together with the fulfilment of wide ranging day-to-day tasks (including statutory duties)
Delivery Option 2	The project essentially comprises two distinct components, i.e. the delivery of new access junctions to the site and capacity improvements to existing junctions. One of the existing junctions for which funding is sought is Tarbock Island which falls under the remit of Highways England. Therefore, this option would essentially have two separate organisation and management arrangements. Knowsley Council for the most part, and Highways England in respect of Tarbock Island.	The two organisations would be responsible for their respective areas of expertise. Programme management and accountability responsibilities would be clearly defined.	There are clear interdependencies between these two components; although Tarbock island is 1 of only 16 sites pinpointed for works it is integral to the realisation of the overall benefits. Potential for disjointed communications. Inability to manage delivery/cost issues across the overall project, which would lead to increased risks for the Council as applicant to the SIF.

<p>Delivery Option 3</p>	<p>The organisation and management arrangements for the preferred option are set out fully in response to Q46.</p>	<p>The Major Development Team provides an organisational structure that has the Council's most senior officers as an integral component demonstrating commitment to those projects that fall within its remit.</p> <p>The Major Development Team initiative provides dedicated and additional multi-disciplinary programme and technical resource, with considerable experience of successfully delivering similar multi-faceted projects.</p> <p>This approach ensures the separation of day-to-day activities and major strategic projects of this nature to maximise opportunities for successful comprehensive delivery.</p>	<p>The Major Development Team is a new investment by Knowsley Council and therefore not fully proven at this time. However, it has been derived from best practice and performance across other strategic projects of this nature. The approach was also adopted by the Council during previous eras of substantive economic growth and proved central to the successful delivery of key projects of this nature. Consultation with partner and developer organisations has endorsed the Council's approach in establishing a bespoke Major Development Team.</p>
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26. If the preferred delivery option will require the involvement of partner organisations, please set out the details in the table below. (approx. 200 words) Sean – do we have specific other developers we can name at his time? Should Amey and ourselves be included here? Anyone else?

Delivery Partner	Contact details	Role in project delivery (work to be procured, value, outputs)	Agreed contract arrangements / status of negotiations
Highways England	<p>Robert Heywood Asset Manager Highways England Piccadilly Gate Store Street Manchester M1 2WD Robert.Heywood@highwaysengland.co.uk Tel: +44 (0) 300 470 5223</p>	<p>Organisation responsible for management of Strategic Road Network, which includes M62 Junction 6 Tarbock Island.</p>	<p>Legal agreement required with Knowsley Council under the Highways Act 1980, to facilitate Knowsley Council undertaking improvement works at Tarbock Island. Detailed design discussions ongoing</p>



			pursuant to legal agreement in Q3 2017.
Mott MacDonald	Chris Hardwick Technical Director Mott MacDonald 9 Portland Street Manchester M1 3BE United Kingdom D +44 (0)151 482 9924 chris.hardwick@mottmac.com	Preparation of business cases.	Instructions in place to cover OBC and FBC stages.
Amey	Mark Riordan Principal Engineering Manager Unit 3 Matchworks 142 Speke Road Garston Liverpool L19 2PH mark.riordan@amey.co.uk	Consultants appointed to advance detailed design and tender package for M62 Junction 6 Tarbock Island improvements element.	Appointment made via Merseytravel Framework for Professional Services.
Professional Service Consultant	To be appointed	Assist Knowsley Council in the design, tender, project management and supervisory roles (excluding Tarbock Island)	To be appointed in Q3 2017/18 via Merseytravel's Professional Services Framework
Developers/Landowners	Multiple	Deeding of land for highway purposes (as and where necessary) in connection with delivery of proposed site access junctions.	Dialogue with all stakeholders via regular progress meetings as part of Masterplan SPD development. Formal collaboration agreement envisaged in Q2 of 17/18.

27. Please demonstrate that appropriate capacity, capability, systems and expertise will be available to deliver the intervention successfully (include experience, if applicable, of delivering similar projects for LCR CA or other public bodies – set out details of the projects, scope, costs, date, public funding, role played). (approx. 300 words)

Knowsley Council is the promoter of this scheme, and will also act as the relevant planning authority and highway authority during scheme delivery.

Knowsley Council has significant recent experience of delivering schemes to improve access and provide capacity enhancements on the highway network within the borough, in support of economic development:

- **Knowsley Business Park Access and Connectivity Improvement Scheme – This major transport scheme was funded by the Local Growth Fund at a total scheme cost of £6.7m, and was delivered concurrently with the A5300 scheme detailed below. It involved access and capacity improvements to five busy complex junctions at Knowsley Business Park, the largest business park in the Liverpool City Region, forming key gateway features in support of economic development. Two junctions on A580 East Lancashire Road were upgraded to allow right turns into and out of the park, a new roundabout was delivered on Moss End Way/North Perimeter Way, and the junctions of Gale Road and Admin Road with South Boundary Road were consolidated into one roundabout junction, with associated bus stops and walking and cycling infrastructure. The scheme was successfully completed in autumn 2016. Already helping to secure the Matalan Headquarters and Northern distribution facility safeguarding 1200 jobs and creating 400 new jobs. The investment also secured the letting of a 110,000 sq ft. speculatively speculative distribution warehouse facility to Amazon providing them with a North-West base and creating 100 jobs.**
- **A5300 Access to Opportunity and Employment – This major transport scheme was also funded by the Local Growth Fund at a total scheme cost of circa £5.4m, and was delivered concurrently with the Knowsley Business Park scheme above. The A5300/A562 junction is strategically important being located on the route between the Port of Liverpool and the new Mersey Gateway Bridge, and the A5300 represented the most heavily congested route in the LCR prior to the intervention. A £5.3million scheme was completed in September 2016 to provide a new slip road, reducing congestion at the gyratory and improving journey times between the A562 and the A5300 Northbound. This scheme helped to facilitate the Alstom’s investment who acquired 30 acres of land, for the construction of a new Technology Centre. This £20 million investment will deliver a UK centre for research and development, providing training in engineering, manufacturing, project management. In the immediate future, Alstom will use the centre to carry out essential maintenance work.**

- Greystone Road Footbridge Replacement, M62 Motorway – Knowsley Council successfully delivered a scheme to replace an existing dilapidated structure with a new iconic gateway at the entrance to the LCR. At a cost of circa £2.5m the scheme was funded by Knowsley Council. The project involved significant logistical issues in terms of demolition and installation over the M62 Motorway, and the Council secured delivery to programme and causing minimal disruption to road users through extensive pre-planning and project management.

Procurement

28. If you intend to commission or procure any activities in the development or delivery of this project, please demonstrate that your procurement method will comply with public procurement requirements (e.g. will your procurement trigger the OJEU process). Set out details for each procurement (approx. 100 words) **Procurement of all services necessary to deliver this project will be undertaken in line with Knowsley Council’s Financial Procedure Rules and Contract Procedure Rules (which can be see via the following hyperlink [FPR's and CPR's](#))**

Every contract entered by the Council shall be entered into pursuant to or in connection with the Council’s functions and shall comply with:

- All relevant statutory provisions;
- The relevant European procurement rules (i.e. the EC Treaty, the general principles of EU law and the EU public procurement directives implemented by the EU Regulations);
- The Council’s Constitution including these Contract Procedure Rules, the Council’s Financial Procedure Rules and the Council’s Scheme of Delegation; and
- The Council’s vision, priorities and values, Social Value Statement, Procurement Strategy, and policies.

Statutory and other consents

29. Please indicate how your project complies with and/or has secured (is securing) the necessary regulations and requirements with regard to: (approx. 200 words)
- a. Legal issues, e.g. lease agreements, evidence of land ownership and/or contractual agreements

The Council has established positive dialogue and relationships with all land owners, developers and key stakeholders with interest in the Halsnead Garden Village development sites. The Council owns a proportion of the site, and is keen to utilise its ownership to facilitate site delivery (e.g. recycling of land receipts, land swaps or provision of essential up-front infrastructure). It is confident that the site can be delivered in partnership through an agreed collaboration agreement and delivery mechanism, however if cooperation fails the Council will facilitate land assembly using its Compulsory Purchase powers if necessary.

b. Planning or other consents

The adopted Knowsley Local Plan Core Strategy (January 2016) removed the site from the Green Belt and allocated it for development. A Masterplan Supplementary Planning Document is scheduled for formal adoption in June 2017, which will guide future detailed planning applications for individual development parcels. No planning consents are required for the off-site highway capacity improvements set out in this project proposal because the Council as Local Highway Authority has statutory powers in this regard. The Masterplan SPD will establish the site access locations/arrangements in principle terms and the landowners will deed the necessary land to Knowsley Council as public highway, subsequent to which the Council will use its statutory powers to construct the site access junctions. In accordance with the letters of support accompanying this submission, planning applications for the first and multiple housing land parcels are expected in the summer of 2017.

c. Other – such as Section 106 (please specify)

Based on the nature of the scheme there are no other identified consenting requirements at this stage.

30. Please provide evidence of the State aid compliance of the funding request including details of any relevant exemptions relied upon and the conditions of compliance that you believe are satisfied. It is the responsibility of applicants to ensure they are satisfied that their project, and the receipt of SIF support and any public match taken together, is compliant with State aid rules. Further detail on State Aid is provided at Appendix A. (approx. 200 words).

The scheme proposal represents local infrastructures and, as advised by the Section 7 of The State Aid Manual, this is covered by Section 13, Article 56 of the GBER. This article allows for the state to invest in infrastructure at a local level which contributes to improving the business and consumer environment and modernising and developing the industrial base (with the exception of airport and port infrastructure). The proposed enhanced built infrastructure will be made available to road users on an open, transparent and non-discriminatory basis, with no charges for the public highway additions and improvements. On this basis, and having wider regard to the wider advice contained in The State Aid Manual, the proposals are State Aid compliant.

31. In the event that the European Commission determines SIF support for the project is not compliant with State aid rules, the repayment of any SIF funds received by the applicant will be required in full. Please confirm your acceptance to this condition.

Knowsley Council understand and accept this condition.

32. Please outline the timescales for securing planning permission and any other relevant statutory permissions. (approx. 100 words)

As explained in response to Q29, no specific planning consents are required for the transport infrastructure work set out in this proposal. However, In accordance with the letters of support accompanying this submission, planning applications for the first and multiple housing land parcels are expected in the summer of 2017. A legal agreement will be required with Highways England under the Highways Act 1980 to facilitate the improvement works at M62 Junction 6 Tarbock Island, and this is scheduled for Q3 17/18. Minor consents will be required with United Utilities in respect of drainage connections but only short lead-in timescales relate.

Risk apportionment

33. For each of the key risks identified in the risk register, set out how these risks will be shared between the public and private sectors. The governing principle is that risk should be allocated to the party best able to manage it. Sean- please can you assist us here – we can just use a tick to indicate principal owner if percentages are unsure at this stage

In the risk allocation table below, the percentage of risk being borne by the public and private sectors should be identified. However, if this is not feasible at this stage, use ticks to designate the principal risk owner.

Risk Category	Public	Private	Shared
Strategic-Political Risk	√		
Strategic-Legislative Risk	√		
Strategic-Policy Risk	√		
Strategic-Staff Risk	√		
Strategic- Internal Communication Risk	√		
Strategic-External Communication Risk			√
Strategic-Construction Programme Risk	√		
Strategic-Stakeholder Risk			√
Strategic-Regulation Risk	√		
Strategic- Procurement Risk	√		
Strategic-Planning Risk	√		
Funding-Inflation Risk	√		



Funding-Cost Risk	√		
Funding-Funding Claim Risk	√		
Funding-Cost Estimate Risk	√		
Infrastructure-Provider Risk	√		
Infrastructure-Internal Interface Risk	√		
Infrastructure - External Interface Risk	√		
Infrastructure- Engineering Risk	√		
Infrastructure-Structural Constraints	√		
Environmental- Flood Risk	√		
Environmental- Agricultural Land Risk	√		
Environmental-Noise Important Area (NIA) risk	√		
Environmental- Authorised Landfill/Historic Landfill	√		
Environmental-Ancient Woodland	√		
Environmental- Land Issues	√		
Environmental- Environmental Constraints	√		

Part 4 – Financial Case

Please revisit and extend the Financial Case set out within the SOC, answering the following questions:

Project funding summary

34. Provide a summary of the required project funding. The costs should be presented in current (nominal) prices i.e. including inflation (please outline any assumptions made about inflation).

Note that we have provided project funding summary for costs both with and without optimism bias. This first table shows the total scheme costs without optimism bias, i.e. covering only design, construction, and preliminaries costs, plus application of the mean Quantified Risk Assessment figure based on all identified risks, including strategic and funding risks, inclusive of inflation. Please refer to the appended QRA report for more detail.

Project funding summary		Capital	Revenue	Total	Status of funding (confirmed etc.)
Total SIF	Grant	£17,273,946	0	£17,273,946	Dependent on outcome of OBC appraisal
	Loan	0	0	0	N/A
Private and/or voluntary sectors		0	0	0	N/A
Public sector		0	0	0	N/A
Total project cost		£17,273,946		£17,273,946	N/A

Costs in this second table shows the scheme costs including 15% optimism bias in addition to the figures in the table above which reflects what was applied to costs for the purposes of economic appraisal.

Project funding summary		Capital	Revenue	Total	Status of funding (confirmed etc.)
Total SIF	Grant	£19,865,038	0	£19,865,038	Dependent on outcome of OBC appraisal
	Loan	0	0	0	N/A
Private and/or voluntary sectors		0	0	0	N/A
Public sector		0	0	0	N/A
Total project cost		£19,865,038		£19,865,038	

Capital and revenue costs

35. Please summarise the expected project capital and revenue costs and attach a cost plan. The costs should be presented in current (nominal) prices i.e including inflation.

As in question 34, this first table excludes optimism bias which reflects what was applied to costs for the purposes of economic appraisal. A breakdown of costs and full cost plan can be found in the attached Cost Plan Report.

Costs (£000s)	Total	2016/17	2017/18	2018/19	2019/20	2020/21	Future years
Capital expenditure (Capex)							
Total capital expenditure	£17,273,946			£7,588,297	£4,900,394	£4,785,255	
Operational (revenue) expenditure (Opex)							
(Opex item)							
(Opex item)							
Total revenue Expenditure							
Total expenditure	£17,273,946			£7,588,297	£4,900,394	£4,785,255	

This second table provides the financial profile of capital expenditure and funding sources, including 15% optimism bias.

Costs (£000s)	Total	2016/17	2017/18	2018/19	2019/20	2020/21	Future years
Capital expenditure (Capex)							
Total capital expenditure	£19,865,038			£8,883,843	£5,548,167	£5,433,028	
Operational (revenue) expenditure (Opex)							
(Opex item)							
(Opex item)							
Total revenue Expenditure							
Total expenditure	£19,865,038			£8,883,843	£5,548,167	£5,433,028	

36. Please explain the source and evidence for the costs set out above (attach cost plan and cash flow and provide separate detailed information including, where appropriate, supporting business plan and/or financial analyses). (approx.. 250 words)

Costs for the Tarbock Island element of the project have been provided separately by Amey. The costs for Tarbock Island and the remaining scheme elements were derived from a combination of sources using Industry Standard Price books such as SPONS and costs for new junction and junction improvement infrastructure at similar sites.

The following table provides an overview of the breakdown of the key elements of the above costs for the preferred option, showing both costs with and without optimism bias. Full details of this break down in terms of key construction components can be found in the Cost Plan that is appended to this application.

Scheme Component	Cost
New Access Junctions	£6,389,790
Off-Site Improvements (Junctions 2-7)	£2,887,849
Off-Site Improvements: Tarbock Island (Junction 1)	£4,832,524
Construction Total	£14,110,163
QRA (mean value)	£3,163,783
Sub Total	£17,273,946
15% Optimism Bias	£2,591,092
Total	£19,865,038

Notes/ Assumptions

- Utility diversions are an estimate based on extents of highway works involved (access junction costs taken from masterplan cost estimates).
- Costs for land acquisition are not included
- Design fees reduced to 8% for Tarbock Island to cover site supervision only as design costs already committed.
- Risk removed from all design and construction estimates and are included in the QRA.
- Inflation removed from all design and construction estimates and are included in the QRA.

37. Identify the areas where contingency has been applied and the reasoning behind the level of contingency. (approx. 100 words)

A quantitated risk assessment has been undertaken and its methodology and results are detailed in the appended QRA report. This assessment looked at the following risk categories: -

- Strategic risks;
- Funding risks;
- Infrastructure/construction risks; and
- Environmental risks

Key risks under each category were identified and the probability and impact of each occurring was assessed. A risk score was identified for each risk on this basis and associated costs were derived as a percentage of total scheme costs. A mean value of quantified risk was identified as £3,163,783. It is this value, covering all identified risks that has been applied as a contingency to base construction and design costs.

Funding requirement

38. Please outline the expected funding profile by individual sources, including the amount of SIF support requested. The funding should be presented in current (nominal) prices.

As in question 34 and 35, this first table excludes optimism bias which reflects what was applied to costs for the purposes of economic appraisal.

Funding (£000s)	Total	2016/17	2017/18	2018/19	2019/20	2020/21	Future years
Capital funding							
(SIF)	£17,273,946			£7,588,297	£4,900,394	£4,785,255	
(Project income)							
(Other public sector)							
(Other private sector)							
(Other forms of funding)							
Total capital funding	£17,273,946			£7,588,297	£4,900,394	£4,785,255	
Revenue funding							
(SIF)							

Funding (£000s)	Total	2016/17	2017/18	2018/19	2019/20	2020/21	Future years
(Project income)							
(Other public sector)							
(Other private sector)							
(Other forms of funding)							
Total capital funding							
Total funding	£17,273,946			£7,588,297	£4,900,394	£4,785,255	

This second table provides the financial profile of capital expenditure and funding sources, including 15% optimism bias as used as the basis for the economic appraisal and calculation of the transport BCR.

Funding (£000s)	Total	2016/17	2017/18	2018/19	2019/20	2020/21	Future years
Capital funding							
(SIF)	£19,865,038			£8,883,843	£5,548,167	£5,433,028	
(Project income)							
(Other public sector)							
(Other private sector)							
(Other forms of funding)							
Total capital funding	£19,865,038			£8,883,843	£5,548,167	£5,433,028	
Revenue funding							
(SIF)							
(Project income)							

Funding (£000s)	Total	2016/17	2017/18	2018/19	2019/20	2020/21	Future years
(Other public sector)							
(Other private sector)							
(Other forms of funding)							
Total capital funding							
Total funding	£19,865,038			£8,883,843	£5,548,167	£5,433,028	

39. Please explain why public funding and, in particular, SIF support is necessary, for example, due to a funding gap. Why is this the minimum level? What other funding sources have been explored (such as Chrysalis)? (approx. 250 words)

For development and housing projects, please provide a development appraisal, summary assumptions/evidence.

Funding for transport infrastructure is needed to unlock the potential of Halsnead Garden Village development at the earliest possible opportunity and in compliance the Local Plan requirements, as current land values (reflecting significant infrastructure burdens) are not viable for landowners.

A viability study, undertaken by Turley in support of the Halsnead Garden Village SPD has identified a scheme deficit of £11.404m for the residential land and a deficit of £7.635m on the employment land. This totals a £19m deficit overall which has given rise to this application for funding.

In specific relation to housing which will be located on the land north of the M62 the policy compliant viability appraisal produces a Residual Land Value (RLV) of £6.2m, which equates to £35,172 per gross acre, or approximately £58,000 per net developable acre. The results taken directly from the Halsnead Masterplan SPD Delivery & Implementation Advice Document prepared by Turley in May 2017 are shown below.

Parcel	Net Dev. Acres (NDV)	Units (Total)	AH%	S106/S278 (£/Unit)	Infr. (£/Unit)	RLV (Total)	RLV per NDA	RLV per Gross Acre	Infrastructure Cost (£ Total)	Infr. Cost (£NDA)
1 (a)	24	338	25%	£ 15,405	£ 21,416	-£ 30,062	-£ 1,272	-£ 798	£ 7,239,059	£ 306,382
1 (b)	12	184	25%	£ 15,278	£ 18,025	£ 364,396	£ 30,837	£ 16,790	£ 3,319,737	£ 280,930
1 (c)	11	167	25%	£ 14,737	£ 9,249	£ 1,703,128	£ 154,354	£ 118,710	£ 1,548,798	£ 140,367
2 (a)	23	295	25%	£ 15,974	£ 21,410	£ 1,585,361	£ 70,453	£ 38,197	£ 6,308,677	£ 280,355
2 (b)	15	208	25%	£ 14,741	£ 12,567	£ 2,609,019	£ 177,988	£ 136,674	£ 2,609,200	£ 178,000
2 (c)	15	274	25%	£ 14,700	£ 11,848	-£ 84,753	-£ 5,633	-£ 4,476	£ 3,246,134	£ 215,757
3	9	123	25%	£ 17,941	£ 23,600	£ 40,026	£ 4,622	£ 1,768	£ 2,894,828	£ 334,270
TOTALS	107	1589	25%	£15,413	£ 17,101	£ 6,187,115	£ 57,638	£ 35,172	£ 27,166,434	£ 253,077

Scheme Financial Metrics	Totals
Total Development Value (GDV)	£277m
Residual Land Value (RLV)	£6.2m
RLV per NET developable acre	£57,638
RLV Gross Acre	£35,172
Minimum Benchmark Landvalue (per gross acre)	£100,000
Scheme Surplus/Deficit (per gross acre)	-£64,828
Scheme Surplus/Deficit (total £)	-£11,404,045

Overall, this falls below the minimum site value anticipated to be acceptable in order to incentivise the release of the site by landowners to developers for delivery.

Similarly, the viability appraisal shows that the land located south of the M62 which is designated for commercial development has a negative RLV of £1.907m.

A positive RLV would have represented the potential capital receipt to the present landowners, whilst allowing for a competitive return to the developer(s). The negative RLV identifies a significant requirement for financial subsidy in order to bring forward the site for development in accordance with the design assumptions set out within the Masterplan SPD. In addition to filling the 'gap' of £1.9m, there would also be a need to allow for a competitive return to the landowners (and additional £100,000 per gross acre = £5.735m) in order to incentivise the release of the land for development.

It is for these evidence based reasons that public funding is required to pump prime initial infrastructure to enable access and bring forward development so that the significant benefits summarised in Q4 of this application can be realised at the earliest possible opportunity. Knowsley Council have no other source of funds available to be able to address this deficit.

40. How will you ensure there is a return or repayment to the SIF and over what timeframe? Will the project result in public sector savings or additional income? Will any of the SIF funding be in the form of a loan? If so, how much, when and why are commercial loans not available/appropriate (please provide separate details of the principal and interest repayment profile). If the project is not expected to provide a return or repayment to the SIF, please explain why. (approx. 300 words).

This application is for a capital grant to fund the delivery of key transport infrastructure that will provide access to and thus enable the comprehensive development of Halsnead Garden Village. This is key to unlocking the land to bring to fruition the comprehensive development as set out in the Halsnead Garden Village SPD and realise the land value uplift, job creation and GVA uplift as set out in this application package. It is not anticipated that the project will provide a direct financial return or repayment to the Single Investment Fund but the wider benefits generated as a result of the enabled development will directly add value to the economy of both Knowsley Council and the Liverpool City Region.

These benefits include: -

- **22.5 hectares of employment land that will deliver in the region of 900 net jobs and £40.5m of GVA per annum;**
 - **A range of 1600 new high quality homes, addressing Knowsley's current unbalances housing offer;**
 - **Strategic connectivity for existing and future residents and businesses to the LCR and further afield, supporting Knowsley's aspirations to further develop as key employment and logistics hub; in turn, attracting inward investment and a high skilled workforce to stimulate growth;**
 - **Additional council tax revenue of £1.7m per annum;**
 - **Additional business rates of £1.2m per annum; and**
 - **Future proofing of the transport network to facilitate further growth across the LCR.**
41. Using the table below, set out the net public sector funding requirement, after taking account of loan repayments and/or other public sector revenues and receipts from the project, in current (nominal) prices.

As in the questions above this first table excludes optimism bias which reflects what was applied to costs for the purposes of economic appraisal.



Net Funding Position (£000s)	Total	2016/17	2017/18	2018/19	2019/20	2020/21	Future years
Gross public sector funding requirement							
SIF	£17,273,946			£7,588,297	£4,900,394	£4,785,255	
Other public sector							
Public sector loan repayments and/or other public sector revenues / receipts							
SIF							
Other public sector							
Net public sector funding requirement							
SIF	£17,273,946			£7,588,297	£4,900,394	£4,785,255	
Other public sector							

This second table provides the financial profile of capital expenditure and funding sources, including 15% optimism bias as used as the basis for the economic appraisal and calculation of the transport BCR.

Net Funding Position (£000s)	Total	2016/17	2017/18	2018/19	2019/20	2020/21	Future years
Gross public sector funding requirement							
SIF	£19,865,038			£8,883,843	£5,548,167	£5,433,028	
Other public sector							
Public sector loan repayments and/or other public sector revenues / receipts							
SIF							
Other public sector							
Net public sector funding requirement							
SIF	£19,865,038			£8,883,843	£5,548,167	£5,433,028	
Other public sector							

42. How will the project, and provision of SIF support, ensure that private sector investment is maximised? (approx. 200 words)

The Access to Halsnead Garden Village scheme is an important project for the development of the site. The scheme is vital to the successful implementation of the Halsnead Masterplan SPD and ensuring it is fully accessible. This will make Halsnead an attractive location for private sector investment by:

- **Creating a high quality attractive environment where people will want to live and work;**
- **Opening up a significant amount of land for employment opportunities;**
- **Facilitating the longstanding ambition of a new Country Park within the former Cronton Colliery site; and**
- **Growing the offer of high quality housing attracting new residents and skilled workers to the area**

It is of important note that in addition to the transport infrastructure that forms the basis of this SIF application, there are significant other site wide strategic infrastructure requirements that will still need to be provided by the private sector as part of the Halsnead Garden Village development. This includes remediation, utility provisions and network upgrades, internal highways, footways, cycleways, drainage systems, public open space and green infrastructure, playing field enhancements, GP and medical facility improvements, a new primary school, etc. The proposed SIF application will essentially make the development site viable and in doing so, act to secure this accompanying necessary substantial private sector investment.

43. Please explain what arrangements have been made to secure the required level of matched funding (if applicable). In addition, please provide the name of the organisation providing the match, together with evidence such as a letter or resolution confirming availability of funding. (approx. 200 words)

Whilst this application is for a capital grant for the full cost of the scheme, Knowsley Council has already made significant 'in kind' contributions. It has undertaken extensive transport modelling works, commissioned the Masterplan SPD for the Halsnead Garden Village and detailed design work for the off-site highway mitigation proposals (including in depth analysis of M62 Junction 6 Tarbock Island), all of which lay the foundations for the proposed investment. To date, Knowsley Council have funded around £350,000 of this initial foundation work for this significant City Region development,

The private sector will fund the significant additional site infrastructure requirements internal to the development sites (briefly summarised in Q42), once these initial investments to enable access are made to initialise development and stimulate investor interest.

44. Please demonstrate that there is sufficient capability to meet the financial requirements and liabilities that flow from receipt of SIF support (e.g. to fund cash flow ahead of grant and to meet any cost overruns). (approx. 200 words)

Knowsley Council has a successful track record of delivering schemes that benefit the wider LCR. Recent examples of successfully delivered schemes that the Council funded ahead of claiming grant instalments include:

- **Knowsley Business Park Access and Connectivity Improvement Scheme;**
- **A5300 Access to Opportunity and Employment; and**
- **STEP Programme Year 1 & 2 Schemes.**

The impact of any unanticipated cost overruns that may occur during the delivery of the project would be reduced through appropriate value engineering of the infrastructure, together with proactive project management and governance structures. Evidence that Knowsley Council practices such controls is provided through the actual cost outturns in respect of the aforementioned three schemes, in that the LCR Growth Fund contributions were expended but not exceeded.

An accompanying declaration from Knowsley Council's Section 151 officer is appended to support this position.

45. Please confirm that there is provision for dealing with the financing of any cost overruns? (approx. 100 words)

Robust project and risk management procedures will be implemented to minimise the likelihood and scale of cost overruns. The risk register details the financial implications of each risk occurring and mitigating actions. A contingency fund of £3,163,783, as calculated for the quantified risk assessment has been applied to construction costs and optimism bias of 15% applied. However, Knowsley Council will ultimately take full responsibility for any project cost overruns.

As with question 44 an accompanying declaration from Knowsley Council's Section 151 officer is appended to support this position.

Part 5 – Management Case

Please revisit and extend the Management Case set out within the SOC, answering the following questions:

Management arrangements

46. Please summarise the project governance and management arrangements, including the organisation and management structure for the project and key roles and responsibilities. (approx. 300 words)

A Regeneration Governance Board supported by a Project Management Team will be established for the Halsnead Garden Village project as part of Knowsley's new Major Development Team initiative, with the scheme having a lead and deputy Senior Responsible Officer. The Lead SRO has ultimate responsibility to ensure the project is delivered on time and on budget.

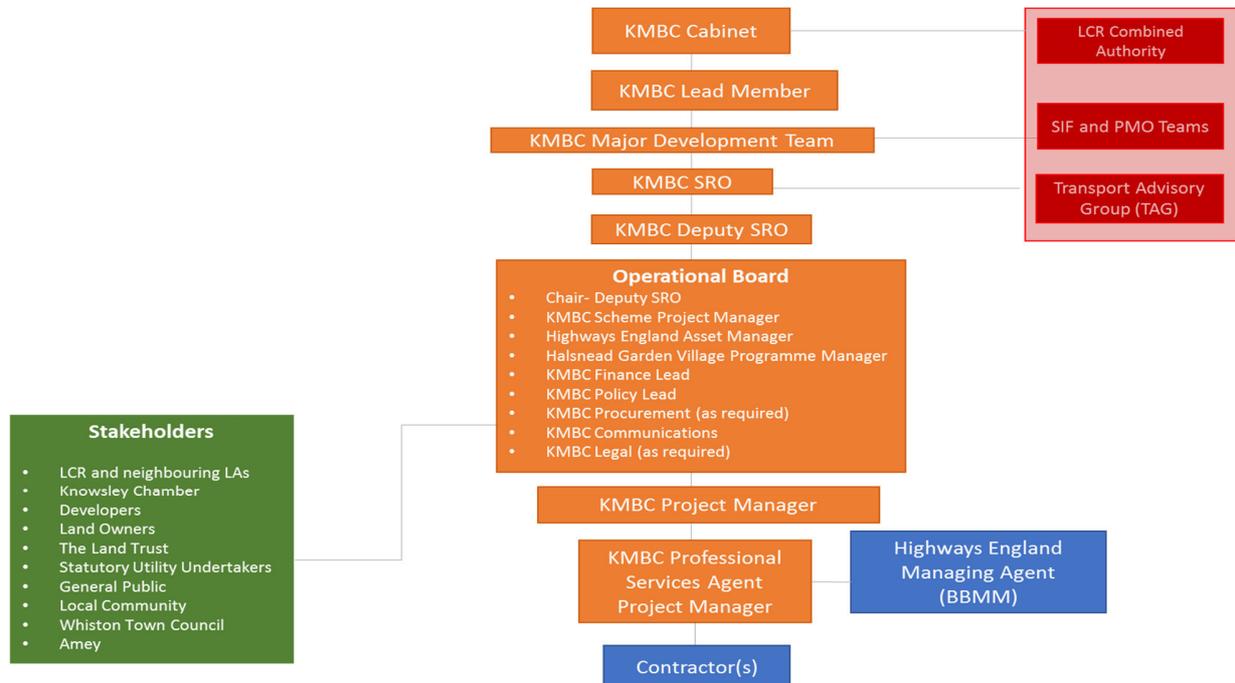
The day to day delivery of the scheme will be led by a KMBC project manager who will be responsible for coordinating components of delivery commissioned internally, through contractors and through Highways England. Highways England controls the intersection of the M57 and M62 motorways and is an important junction that caters for high volumes of daily commuter and other traffic. Highways England operates, maintains and improves many of England's motorways and trunk roads. They are responsible for the up keep, operation and performance of the Tarbock Island junction and are therefore a key stakeholder and consultee in the development and implementation of improvement proposals at the junction.

Progress Reports will be provided to the KMBC project manager on a weekly basis by the component delivery leads. Any incident occurring in between each Progress Report will be escalated to the project manager immediately if the incident breaches the tolerances set for the delivery managers to the Regeneration Board whose members are the most Senior Officers of the Council.

An operational board will also be established that includes the Project Manager, Deputy SRO, Representatives from the delivery team and internal support teams such as legal, procurement and accounting. These meetings will be held every 6 weeks over the course of delivery and will act as a conduit for example on: -

- Reporting progress to the SRO;
- Escalating issues that exceed levels of tolerance for senior decision making;
- Requesting change; and
- Agreement on stakeholder/external reporting.

An organigram illustrates this structure below: -



47. If use has been, or will be, made of external support in the development or delivery of the project, please provide details of the advisers and their role. (approx. 100 words)

Mott MacDonald (MM) have provided consultancy support in the design and development of scheme options and it is expected that if the application proceeds to full business case stage that design and development work will continue to a more detailed level using the same consultants. Amey and Highways England are also key partners concerned with the delivery of this scheme as they are responsible for the current and future works being carried out around Tarbock Island. Therefore, delivery of this proposed scheme will require consultation with both Amey and Highways England with regard to junction improvements at Tarbock Island.

Milestones

48. Please outline the indicative timescales for the key project milestones:

Milestone activity	Timescales
Funding Approvals	October 2017
Start date – date from which eligible expenditure will be incurred	October 2017
Appointment of preferred developer / contractor	April 2018
Planning and other statutory approvals	Jan 2018
Work commences	July 2018
Work complete	October 2020
Final financial claim date	October 2020
Proposed project completion date – date by which outputs/outcomes will be achieved	October 2020
Proposed activity end date – date by which all project activities described in the application will be completed	October 2020

49. Please provide a Gantt Chart setting out details of the project plan.

The Gantt Chart below is set out by quarter for delivery timescales and the activities noted align with both the milestones noted in question 48 and in the accompanying Cost Plan which details key delivery activities associated with each junction delivery.

Quarter / Delivery Activity	Dec/17- Feb/18	Mar/18- May/18	Jun/18- Aug/18	Sep/18- Nov/18	Dec/18- Feb/19	Mar/19- May/19	Jun/19- Aug/19	Sep/19- Nov/19	Dec/19- Feb/20	Mar/20- May/20	Jun/20- Aug/20	Sep/20- Nov/20	Dec/20- Feb/21
New Access Junction at Windy Arbor Road South													
New Access Junction at Cronton Road West													
Off-site junction improvements at Tarbock Island													
New Access Junction at Windy Arbor Road North													
Off-site junction improvements at Lickers Lane / Windy Arbor Road													
New Access Junction at Foxes Bank Lane North													
Off-site junction improvements at Lickers Lane / Fox's Bank Lane													
New Access Junction at Foxes Bank Lane South													
New Access Junction at Cronton Road East													
New Access Junction at Cronton Road Mid													
Off-site junction improvements at Stoney Lane / Cumber Lane													
Off-site junction improvements at Lickers Lane / Fox's Bank Lane													
Off-site junction improvements at Fox's Bank Lane/ Cronton/ Prescott													
Off-site junction improvements at Dragon Lane / Windy Arbor Road													
New Access Junction at Lickers Lane West													
New Access Junction at Lickers Lane East													

Risk management

50. For each of the key risks identified in the risk register, provide details of the risk mitigation and management measures. Attach a full risk register (approx. 300 words)

The table below outlines the key risks from the risk register that are predicted to have the greatest impact on the scheme. A full list of quantified risks and details on mitigation can be found in the appended Quantified Risk Assessment Report.

Risk Category	Risk Mitigation / Management	Action Owner
Strategic- Construction Programme Risk	Ongoing monitoring of progress against delivery milestones and stringent project management during delivery with clear procedures in place for reporting and addressing any slippage.	Knowsley Council
Strategic- Stakeholder Risk	There is an established and positive communications strategy with key stakeholders, which was developed as part of the SPD process, and the proposals reflect ambitions for mitigation of development impact.	Knowsley Council
Strategic- Procurement Risk	Engagement with experienced procurement and legal services teams together with due diligence during appointment process.	Knowsley Council
Strategic-Planning Risk	The planning and statutory process requirements have been identified through the SPD development process and key parties remain engaged to ensure there is adequate allowance in the programme.	Knowsley Council
Funding- Cost Risk	The Project Board will monitor cost and delivery throughout the project.	Knowsley Council
Funding- Cost Estimate Risk	Progress scheme in sufficient detail to enable robust cost to be produced. Apply suitable risk allowances and contingencies to option development stage cost estimate.	Knowsley Council
Infrastructure- Provider Risk	Due diligence during the procurement process.	Knowsley Council

Infrastructure- Internal Interface Risk	Site access junction works and off site junction improvements to be programmed separately.	Knowsley Council
Infrastructure - External Interface Risk	Project manage works, hold regular progress meetings to ensure work is progressing according to programme. Hold update meetings with stakeholders/partners.	Knowsley Council
Infrastructure- Structural Constraints	Request asset information from HE / LHA and recommend structural surveying / investigation works to be undertaken in support of the detailed design.	Knowsley Council
Environmental- Land Issues	Planning and statutory process requirements identified through the SPD process. Key parties have also been positively engaged and support the proposals. Ensure there is adequate allowance in the programme.	Knowsley Council
Environmental- Environmental Constraints	Baseline environmental scoping and surveys undertaken and shall be reviewed through detailed design process.	Knowsley Council
Environmental-Flood Risk	Early engagement has been undertaken with the Environment Agency. A Flood Risk Assessment will be undertaken to identify any issues and potential mitigation measures.	Knowsley Council

Supporting information

In addition to completing the above, please also provide the following, where relevant:

- Title
- Planning consent certificate
- State aid opinion
- Evidence of matched funding
- Land/building valuation
- Cost plan
- Design information (photo of existing building, plans of proposals, elevations images)
- Development appraisals
- Market demand report
- Business Plan (if appropriate)
- Gantt Chart
- Organisation chart
- Job descriptions
- Procurement policies
- Service level agreements
- Risk register
- Financial information about the applicant

Please also provide any additional information that you consider is relevant to your application.

Data Protection Act 1998 and Freedom of Information Act 2000

The Combined Authority is a public body and may have to disclose contents of this application on request.

The Combined Authority is the data controller for the purpose of the Data Protection Act 1998. By proceeding to complete and submit this form, you consent that we may process the personal data (including sensitive personal data) that we collect from you, and use the information you provide to us, in accordance with our Privacy Policy.

Declaration

To be completed by the Business Case Applicant:

I hereby confirm that the information provided in this form is complete and, to the best of my knowledge, accurate.

I acknowledge that the Liverpool City Region Combined Authority may seek to verify the information set out herein and agree to provide further information where it is available.

I acknowledge that any funding agreement reached with the Combined Authority is provisional until approved by the LCR Combined Authority and confirmed in writing.

Signed



Date: **May 26th 2017**

Name: **Lisa Harris.**

Position: **Assistant Executive Director (Regeneration and housing).**

Organisation/Company: **Knowsley Metropolitan Borough Council**

Certificate of Approval

To be completed by LCR CA staff:

I have read and understood the information provided by the applicant in this **Initial Proposal** and confirm that the application has been appraised in accordance with the Liverpool City Region Combined Authority Assurance Framework.

<p>Appraisal Team</p> <p>Decision: Approve/Reject</p> <p>Signed:.....</p> <p>Date:.....</p> <p>Name:.....</p> <p>Position:.....</p>	<p>Investment Panel</p> <p>Decision: Approve/Reject</p> <p>Signed:.....</p> <p>Date:.....</p> <p>Name:.....</p> <p>Position:.....</p>
<p>Investment Committee</p> <p>Decision: Approve/Reject</p> <p>Signed:.....</p> <p>Date:.....</p> <p>Name:.....</p> <p>Position:.....</p>	<p>CA / Mayor</p> <p>Decision: Approve/Reject</p> <p>Signed:.....</p> <p>Date:.....</p> <p>Name:.....</p> <p>Position:.....</p>

Appendix A: State Aid

1. For all applicants using General Block Exemption Regulation "GBER" 651//2014 OJ L 187/1 of 26 June 2014 exemptions (eg. regional investment, training, research and development) they must confirm that the project against which funding is sought has not yet started as at the time of application.
2. For all applicants not qualifying as an SME within the meaning of Annex I GBER, they should confirm "incentive effect" within the meaning of Article 6.3 GBER in showing evidence of either:
 - a. in the case of regional investment aid, that but for the aid the project would not be carried out in the area concerned or would not have been sufficiently profitable for the beneficiary in the area concerned; or
 - b. in all other cases that the aid would result in a material increase in the scope of the project/activity, the total amount spent by the beneficiary on the project/activity, or the speed of completion of the project;/ activity; or
 - c. confirm by nature of the exemption relied on that the incentive effect requirements of Article 6.3 GBER are not required.
3. For applicants seeking to rely on regional investment aid (Articles 13 and 14 GBER) in particular please confirm:
 - a. All applicants regardless of size:
 - i. project is in an assisted area under the UK Regional aid Map 2014-20 see <http://www.ukassistedareasmap.com/ieindex.html>;
 - ii. applicant has not closed down the same or a similar activity in the European Economic Area in the two years preceding this application or does not have concrete plans to close down such an activity within a period of up to two years after the initial investment for which aid is requested is completed in the area concerned (Article 13(d) GBER and Article 2(50) GBER for definition of "same or similar activity");
 - iii. project will not involve activities in the steel sector, the coal sector, the shipbuilding sector, the synthetic fibres sector, the transport sector as well as the related infrastructure, energy generation, distribution and infrastructure (Article 13(a) GBER and Articles 2(43), 2(44), 2(45) and 2(130) GBER for sector definitions);
 - iv. project will not involve activities in the fisheries and aquaculture sectors (Article 1.3(a) GBER);
 - v. Project will not involve activities in the primary agricultural production sector (Article 1.3(b) GBER and Article 2(9) and 2(11) GBER for definitions) and
 - vi. Where cost of lease of plant or machinery is claimed, the lease must take the form of financial leasing and must contain an obligation for the

beneficiary of the aid to purchase the asset upon expiry of the term of the lease (Article 14. 6(b) GBER).

- b. if applicant is a large enterprise⁴ or member of a large group then please confirm further to a above:
 - i. That the project involves an initial investment in favour of new economic activity (Article 14.3 GBER and Articles 2(50) and 2(51) GBER for definitions);
 - ii. The assets acquired are new (Article 14.6 GBER);
 - iii. for land and buildings, any eligible lease will continue for at least five years after the expected date of completion of the investment project (Article 14.6(a) GBER); and
 - iv. the investment will be maintained in the recipient area for at least five years after completion of the investment (Article 14.5 GBER)⁵
- c. If applicant is an SME or member of an SME group then (instead of b) please confirm further to a above:
 - i. for land and buildings, any eligible lease will continue for at least three years after the expected date of completion of the investment project (Article 14.6(a) GBER);
 - ii. the investment will be maintained in the recipient area for at least three years after completion of the investment (Article 14.5 GBER); and
 - iii. If the asset is acquired second hand there must be a suitable valuation for it from an independent professional valuer.

Note: Further guidance on State aid can be obtained from the text of GBER or the GBER PracticalGuidehttp://ec.europa.eu/competition/state_aid/legislation/practical_guide_gber_en.pdf

For avoidance of doubt, in the event that the European Commission or a national Court would determine that SIF support for the project is not compliant with State aid rules, the repayment of any SIF funds received by the applicant will be required in full together with interest in accordance with the European Commission's recovery rates from time to time⁶.

⁴ GBER Annex I Article 1-2 for stand alone companies and Article 3 for groups

⁵ This is to ensure durability of operations by maintaining investment in the area.

⁶ <https://rubix.dwf.co.uk/Interact/Pages/Section/Default.aspx?homepage=1§ion=-1#>



Knowsley Council

Please ask for: James Duncan
Telephone No: 0151 443 3407
Email: James.Duncan@knowsley.gov.uk
Reference: SIF 0028
Date: 19 May 2017

To whom it may concern,

RE: SIF 0066 Access to South Whiston & Land South of M62/Halsnead Village

As Section 151 Officer for Knowsley Metropolitan Borough Council I declare that the scheme cost estimates quoted in this bid are accurate to the best of my knowledge, and that Knowsley Metropolitan Borough Council:-

- has the intention and means to produce a Full Business Case should the Outline Base be supported and an invitation to progress to Full Business Case be received;
- accepts responsibility for meeting any potential cost overruns;
- accepts that no further increase in SIF allocation will be considered beyond the maximum funds requested; and
- has the intention and the means to deliver the related scheme should it receive support from the SIF programme.

Yours faithfully

James Duncan
Executive Director (Resources)