Statement of Common Ground (SoCG) between Salford City Council (SCC), on behalf of the nine Places for Everyone districts, and:

- **Peel L&P Investments (North) Ltd**

Site allocation information

Site name	Port Salford Extension (PSE)
Allocation reference number	JPA29
Allocation area	109 hectares
Type of development	Employment
Quantity of development	Around 320,000sqm, all delivered by 2037 Expected start of development: 2030/31 Expected completion of development: before 2035/36

Names of representors

- Turley, who act on behalf of Peel L&P Investments (North) Ltd, part of the Peel Group. Peel L&P Investments (North) Ltd (‘Peel’) owns over 99% of the land within the site allocation boundary

1. Introduction

1.1. Both GMCA and Peel consider that PSE is deliverable.

1.2. The deliverability of Port Salford Extension (PSE) (Site Allocation JPA 29) has been assessed within the evidence base of PfE and separately by Peel as the site promoter.

1.3. Since the submission of PfE, the parties have worked collaboratively to identify common ground in respect of the highways works needed to deliver PSE and the respective costs and funding.

2. Improved values and development costs

2.1. The assessment undertaken by Three Dragons on behalf of the nine districts and GMCA was strategic and high-level, which is appropriate for a plan of this nature. This assessment is unable to take account of details associated with specific sites and schemes - including for strategic infrastructure – ahead of more detailed design which would comprise part of master planning and planning application work.

2.2. In consultation with SCC, Peel has undertaken a more detailed appraisal of the scheme viability using cost consultants and property agents with significant experience in this sector.

2.3 Based on values achieved on comparable logistics sites and the overall state of this market, this appraisal concludes that, adopting the lower end of an expected net value range, an increase of £54.8m in development value is realistic (a per hectare value of £2.5m rather than £1.7m on the net developable area). Peel also considers that this remains a conservative estimation of values with transactional evidence indicating that the adoption of a higher figure of £3.46m/ha would be equally justifiable for the purpose of this exercise.

2.4 In addition, Peel's more detailed assessment of the site / scheme estimates that the costs of site preparation and servicing infrastructure would total £30.5m rather than £41m.

2.5 Finally, Peel's review concludes that their assessment of site preparation and servicing will cover professional fees included in the Three Dragons' work, resulting in a further saving of approximately £4m.

2.6 Taking account of these steps alone, based on the conservative value of £2.5m per ha, results in an overall net viability improvement of £59.2m compared to the conclusions in the Three Dragons work. These updates have been prepared by CBRE and Turner and Townsend on behalf of Peel and are accepted as a reasonable assessment by Three Dragons on behalf of Salford City Council and GMCA.

2.7 This would still result in a viability gap if other costs are retained at the same level. The viability position would improve further if values of £3.46m were applied which could also be justified based on comparable transactional evidence which CBRE have drawn on in reappraising the site.

3. Highway costs adjustments

3.1. The residual viability gap identified above is a product of the strategic transport costs which the Three Dragons work allocated to PSE.

3.2. The GMCA's response (in GMCA3.1) to Preliminary Questions and Matters, Issues, and Questions (specifically PQ42) confirms its view that there is a significantly beyond reasonable level of confidence that the viability gap as originally reported (£132m) can be addressed through sources of funding including public investment. This position reflects the wider strategic importance of enhanced Strategic Road Network capacity in this area and the specific strategic advantage of Port Salford, most notably the opportunity to facilitate the implementation of a more sustainable freight strategy.

3.3. The viability assessment includes total highways infrastructure costs of £147m, which includes for a motorway junction and associated link road.

3.4. There are a number of transport interventions proposed to deliver Port Salford Extension, of which the motorway junction is the most costly. However, these would all be delivered as part of a wider package of transport works directly linked to developments nearby, including Port Salford Phase One (150,000 sqm of logistics) and Trafford Waters (3,000 homes, hotel, retail and office), both of which have planning permission.

3.5. This wider package is known as the Western Gateway Infrastructure Scheme (WGIS). Peel is the lead developer for these developments too. WGIS is proposed in two phases with the first part being delivered in 2017 and now operational. Phase 2 has not commenced but benefits from planning permission. Conditions imposed on the aforementioned planning permissions stipulate that these developments cannot be fully delivered until WGIS is completed and operational.

3.6. WGIS was designed, and Trafford Waters and Port Salford Phase 1 approved, prior to any consideration of PSE. Its introduction requires a reconsideration of the strategic transport works to deliver these three schemes, including a reconsideration of the scope of WGIS. WGIS itself comprises a number of component parts and the Salford City Council Locality Assessment Addendum acknowledges that it is unlikely that "full-WGIS" as consented and the link road/junction would be the appropriate scope of works to deliver the plan[1].

3.7. Reflecting this, Peel and TfGM/HFAS are undertaking transport modelling in this area to assess possible highway arrangements, including reviewing the details of WGIS in the context of a new motorway junction and link road being provided (via Port Salford Extension).

3.8. Further work is needed to enable SCC to fully assess and verify this work. This remains an ongoing process working with Peel. Further work is also needed to confirm a scheme that has acceptable impacts on the local and Strategic Road Network as part of a future planning application. There will also be a need for engagement with National Highways to gain approval for any scheme that affects the Strategic Road Network.

3.9. However, there are indications from this work that the delivery of the junction and link road working alongside select parts of the consented full-WGIS scheme (with some parts not being taken forward) could deliver the above commitments, plus PSE and other planned growth. This is because the link road could contribute to providing the additional network capacity which full WGIS would provide to enable Port Salford Phase 1 and Trafford Waters to be delivered.

[1] Examination Document 09.01.25 paragraphs 1.1.3 and 7.4.13

3.10. This new package of works would represent an alternative to the delivery of full-WGIS whilst also enabling the delivery of PSE and other commitments.

3.11. Based on the items of Full-WGIS which may not need to be delivered under this scenario, this has the potential to reduce the total cost of WGIS by c70% from £150m to c£45m. The initial £150m is a provisional cost estimate provided by GMCA's highways advisors, and the 70% reduction is considered appropriate by Peel based on the components of WGIS which are unlikely to be taken forward in this scenario. It should also be noted that the figure of £150m for WGIS is the top of the range identified by GMCA's highway advisors.

3.12. Taking into account this revised WGIS cost, plus the £140m cost for the motorway junction (based on an upper limit of a range provided by GMCA's highways advisors), the total cost for this alternative strategic highway intervention is expected to be in the region of £185m (£140m + £45m), based on using the upper costs of the ranges presented by GMCA's highway advisors.

3.13. This work is subject to further testing and refinement but the modelling carried out to date gives a reasonable indication that an alternative, and less costly, package of strategic infrastructure improvements has the potential to enable the delivery of Port Salford Phase 1, Trafford Waters and PSE.

3.14. In integrating the link road/junction and retained parts of WGIS and considering this as a single package of works to deliver a number of schemes, it is appropriate to assume that this package would be funded through the three main developments which it facilitates, with contributions from other developments potentially also being justified via Policy JP-C7 of PfE.

3.15. As a worst case, PSE's proportionate share of this cost may be 40% (£74m based on the upper figures) with Port Salford Phase One and Trafford Waters contributing 55-60% between them (prior to allowing for any contributions secured through JP-C7). The consequent approximate "ask" of the public purse would be significantly reduced, reflecting a small proportion of scheme costs even if Port Salford Phase 1 and Trafford Waters were unable to fully meet the residual.

3.16. The Three Dragons Viability Appraisal identifies a cost of £140m on PSE for strategic infrastructure, plus £7m for more localised improvements (including the link road itself and access into PSE off this) as costs to PSE. These works would still be required based on the revised modelling but funded through a combination of the three main schemes rather than exclusively through PSE as explained.

3.17. The revised transport and cost scenario therefore demonstrates a potentially feasible strategic highways cost of £81m for PSE, comprising £74m for WGIS and junction contributions, plus £7m of localised improvements, including the link road carriageway itself. This is a reduction to the £147m shown in the Three Dragons work. This is before any account is taken of other schemes which may contribute to this infrastructure through Policy JP-C7 of PfE.

3.18. Whilst further work on the appropriate scheme is needed, there is a reasonable prospect that the final scheme could achieve a cost saving on the scheme that informed the viability assessment, which would improve the project's viability position substantially to the point that any deficit would be at a significantly lower level.

3.19. In the specific circumstances of this case, the deficit would not prevent delivery because the infrastructure for Port Salford Phase One and Trafford Waters rely on contributions from the same developer as PSE, and cost savings from the earlier infrastructure investment can release funds to support the subsequent investment associated with Port Salford Extension, further improving the viability situation for the proposed allocation. This potential value transfer is considered feasible due to the benefit the infrastructure linked to Port Salford Extension affords to Port Salford Phase One and Trafford Waters.

3.20. In combination, it is considered that these reasonable and fully justified adjustments will enable the project to achieve a surplus and to therefore be viable.

4. Other Sources of Financial Contributions

4.1. The Places for Everyone viability assessment assumes that Port Salford Extension will fully fund the required transport mitigation (beyond Full WGIS). In practice, there would be a number of other sources of funding.

4.2. In particular, there is scope for further contributions from other development that has an impact on the highway network in this location, secured through proposed policy JP-C7 in Places for Everyone. This would further reduce or eliminate any deficit in the current viability conclusions.

5. Conclusion

5.1. Peel's detailed assessment of the scheme viability has concluded that there will be a significantly reduced viability gap due to a combination of increase in net development value and reduced costs.

5.2. Subject to the detailed design and costing of the highway intervention scheme required and the level of contribution from other developments, it is possible that some public funding may be necessary, but there is confidence that the level of this required support is likely to be substantially lower than indicated in the submitted plan. If required, there is potential for a strong case for public funding in the circumstances of this project and the benefits which flow from the planned strategic infrastructure improvements as set out in GMCA's response to PQ42[2].

SCC on behalf of the 9 PfE districts

Name: John Searle
Position: Strategic Director, Place
Date: 15 February 2023
Signature:

Turley on behalf of Peel L&P Investments (North) Ltd

Name: Dave Trimingham
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[2] See GMCA 3.1