



REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE SERVICES COMMITTEE ON 20 OCTOBER 2015

SUBJECT: ELGIN WESTERN LINK ROAD – DESIGN CHANGES AND COST REVIEW

BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT, PLANNING AND INFRASTRUCTURE)

1. REASON FOR REPORT

- 1.1 To inform the Committee of changes to the Elgin Western Link Road design intended to address reasons for the planning application being refused; to note cost changes since November 2014 and recommend that The Moray Council adjusts the Capital Plan accordingly.
- 1.2 This report is submitted to Committee in terms of Section III (F) (17) of the Council's Administrative Scheme relating to the functions of the Council as Roads Authority.

2. RECOMMENDATION

2.1 It is recommended that Committee:-

- (i) note the changes to the design that emerged from consultation with WSP Consultants and stakeholders and the feedback from them; and**
- (ii) note the changes in cost due principally to delays, property, preparing a new planning application and utilities; and**
- (iii) refer this matter to The Moray Council for consideration with a recommendation that the Capital Plan be adjusted to reflect the revised figures paragraph 3.17.**

3. BACKGROUND

3.1 The Moray Council on 17 December 2014 (paragraph 7 of the Minute refers) agreed: -

- (i) the recommendation of the Economic Development and Infrastructure Services Committee on 25 November 2014 to reaffirm the Council's commitment to the Western Link Road (WLR) as a strategic project for the reasons set out in the report, instructing officers to undertake work with Jacobs to address/mitigate the grounds for refusal to work towards submission of an amended application as soon as possible with all other**

work related to the WLR continuing to be progressed in accordance with previous instructions; and

- (ii) that future reports relating to the WLR be submitted to the relevant Service Committee.

Design Review

- 3.2 WSP Consultants, who were central to the development of the Scottish Government's Designing Streets Policy, were appointed to review the design and comment on how it may be adapted to fit better with Designing Streets.
- 3.3 A workshop was held on 25 June 2015 with those who spoke at the planning hearing invited, to engage with them and seek their opinion on how the design could be amended. Several of those attending made clear their opposition to the scheme in principle but that they remained willing to consider the design issues on this basis and did so in a helpful and constructive manner.
- 3.4 The workshop resulted in Jacobs taking aspects of the design away for more detailed analysis and consideration leading to a number of amendments to the proposals.
- 3.5 Designing Streets experts, WSP reviewed the original and new proposals and considered that in the context of the Western Link Road's function as a road intended to distribute traffic more evenly within Elgin and as a street with residential properties, the design meets the requirements of Designing Streets. Designing Streets is a policy providing guidance rather than a set of rigid standards.
- 3.6 On 6 October 2015 the design changes were described to a meeting of the same group that were invited to the workshop on 25 June 2015. WSP attended to provide expert advice on Designing Streets. A distillation, or summary of the workshop outcome was used for ease of reference, and a list of suggested actions presented alongside the findings of the design team in consultation with WSP. A summary of the changes is in **Appendix 1**.
- 3.7 The meeting was constructive and people attending participated helpfully. The changes were welcomed to an extent by some of the group, and praised by others. Some reiterated their opposition to the proposal in principle raising noise and pollution issues, things which could not be covered by the Designing Streets review.

Cost Changes and Business Case

- 3.8 Project costs were reported to Moray Council on 27 March 2013 (paragraph 14 of the minute refers) as £8.5 million future costs and actual spend to date of £1,560,000 – a total of £10 million. The capital plan was amended to reflect that cost estimate. Since then there have been a number of factors affecting cost:-

- inflation;

- property costs;
- utilities;
- preparing a new planning application; and
- design change construction cost implications.

- 3.9 The estimate reported to The Moray Council on 17 December 2014 in order to consider options was £8.6 million future costs and £3.080 million actual costs already incurred – a total of £11.68 million.
- 3.10 At the same meeting, it was agreed to separate the costs and budgets of the Access Road to Elgin High School site from the main WLR project so that the Access Road project could commence without delay. At that time the Access Road was estimated to cost £1,000,000 and that sum was separated from the budget for the WLR. It was agreed at that meeting that no further amendment be made to the cost of WLR until updated cost estimates were available, following redesign. The total cost estimate for WLR therefore stood at £10.68 million, higher than the provision in the capital plan.
- 3.11 As reported to Policy and Resources Committee on 9 June 2015 the disaggregation resulted in a loss of economies of scale and additional design fees. These, along with construction inflation, resulted in additional costs estimated at £244,000. That Committee approved virement of £244,000 from the WLR main project budget (paragraph 8 of the minute refers) and noted that further amendment to the capital plan would be required when updated estimates for the main WLR project were available.
- 3.12 Since the report to Council on 17 December 2014, the costs actually incurred to date have increased by £460,000, of which £260,000 relates to land acquisition and £200,000 in preparing the new planning application, including introducing design changes to address the reasons for planning permission being refused. It is estimated that a further £40,000 will be spend on planning costs by the end of this financial year.
- 3.13 The table below shows the analysis of the costs incurred to date (excluding the access road to Elgin High School):

Description	Amount
Land and Properties	£1,020,000
Staffing Costs	£536,000
Consultants Costs	£1,823,000
Feasibility and minor works	£124,000
Other costs	£37,000
Total Cost to 30 September 2015	£3,540,000

- 3.14 Utilities have now provided more detailed estimates of costs that are £240,000 more than in December 2014. These costs are outwith the Council's control.
- 3.15 Construction costs are estimated to be higher than those estimated in March 2013. The impact of construction inflation over that period is estimated to be

in the order of £1 million. Construction increases of £56,000 are estimated for design changes since the Designing Streets review. A Value Engineering review will be carried out after planning application has been submitted. This aims to reduce cost.

- 3.16 Future property and land costs are now expected to be balanced by receipts from the sale of property resulting in a nil net cost.
- 3.17 As noted in paragraphs 3.10 and 3.11, the current capital plan (which reflects the costs estimated in March 2013) require to be updated to reflect construction inflation, revisions to design etc. The proposed revisions are detailed below. These changes require approval by The Moray Council.

	Current Capital Plan	Proposed Capital Plan
Previous Years' spend	£3,180,569	£3,540,000
2015/16 actual spend to date	£364,368	
2015/16		£100,000
2016/17 Budget	£4,319,632	£4,250,000
2017/18 Budget	£1,342,000	£3,920,000
Total	£9,207,000	£11,810,000

- 3.18 The cost benefit ratio for the total budgeted future costs of the project has been reassessed by Jacobs and is in the range 1.6 to 2.0. The higher figure has taken in to consideration the new development identified in the new local plan.

4 SUMMARY OF IMPLICATIONS

(a) Moray 2023: A Plan for the Future/Service Plan

The 2015/17 Corporate Plan acknowledges the need for improving the traffic management within Elgin and seeks to address the shortage of affordable housing in Moray.

This scheme will help improve the transportation network in Elgin and facilitate the construction of additional affordable housing in south-west Elgin.

(b) Policy and Legal

This project is included in the Local Plan 2015.

(c) Financial implications

The financial implications are described in this report and require The Moray Council to adjust the Capital Plan. The cost benefit ratio remains robust at 1.6 and supports the implementation of this project.

If agreed, the capital plan will need to be increased by £2,603,000 to reflect the revised costs.

(d) Risk Implications

Construction projects are inherently risky, and while every effort has been made in addressing the reasons for planning permission being refused, there is a risk of further refusal. Construction cost risk management and Value Engineering will feature. Further delay may incur price inflationary increases.

This is a large project and there is a risk that costs may change substantially until a tender price is accepted.

A risk register will be kept for this project, with risk subject to regular review.

(e) Staffing Implications

There are no staffing implications of this report.

(f) Property

A number of properties have been acquired by agreement. The Compulsory Purchase Order (CPO) is still with the Scottish Government for determination however the revised design may allow the remaining objector to withdraw their objection and they are being consulted accordingly.

(g) Equalities

There are no equalities issues with this report.

(h) Consultations

Aileen Scott, Legal Services Manager, Margaret Wilson, Head of Financial Services and Alex Burrell were consulted and any comments taken into account in the report.

5. CONCLUSION

5.1 Following direction from The Moray Council, the Elgin Western Link Road design was reviewed by Designing Streets experts WSP Consultants, and by a stakeholder group comprising those who spoke at the Planning Hearing who accepted an invitation.

5.2 WSP consider that the revisions mean that the design is in accordance with the principles of Designing Streets.

5.3 The design changes were presented to the same stakeholder group, comparing their requests with the designers' response. The design changes were well received by the group although it is recognised that some remained opposed to the project in principle.

5.4 It is two years and seven months since the cost estimate on which the capital plan is currently based. The capital cost of the project, using a 2013 base, is now estimated at £11,810,000. The most significant increase is attributable to programme delay, which includes

resubmission of the planning application, but utilities and property costs also feature.

- 5.5 The Capital Plan will require adjustment to accommodate the additional cost which would have to be remitted to The Moray Council for consideration.**

Author of Report: Consultancy Manager

Background Papers:

Ref: