

REPORT TO: THE MORAY COUNCIL ON 27 MARCH 2013

SUBJECT: ELGIN WESTERN LINK ROAD

BY: CORPORATE DIRECTOR (ENVIRONMENTAL SERVICES)

1. REASON FOR URGENCY/REPORT

- 1.1 This report is submitted to Committee in terms of the Local Government (Access to Information) Act 1985, on the Chair certifying that, in his/her opinion it requires to be considered on the grounds of urgency in order to give early consideration to the implications of suspending the Elgin Western Link Road Scheme as requested by the Economic Development and Infrastructure Services Committee at its meeting on the 5 March 2013. Good governance requires that the Council considers all material aspects of the proposed link road including the financing of it.

2 RECOMMENDATION

2.1 It is recommended that the Council note:

- (i) the implications contained within this report for suspending the Western Link Road; and**
- (ii) in terms of Standing Orders 83 and 84, if it is minded to alter the previous resolution of the Economic Development and Infrastructure Services Committee to proceed with the Scheme, it will need to identify a relevant and material change in circumstance and vote on the suspension of Standing Orders.**

3. BACKGROUND

- 3.1 The Western Link Road (WLR) (previously the Western Distributor Road) has been the subject of a number of reports to The Council or its Committees over the past ten years.
- 3.2 It has featured as a proposal in the Council's Development Plan since 2000, as part of a road improvement infrastructure in support of the release of 1,400 houses in South Elgin.
- 3.3 A key element of the WLR is that it would create a new crossing over the railway and provide an alternative route that would reduce traffic at congested junctions elsewhere.
- 3.4 Much of the new housing development in Elgin has already been constructed with the intention that the new road infrastructure would support this development.

- 3.5 Developer contributions towards road improvements in Elgin's network are available to contribute to the cost of the WLR. There is a risk however if the WLR does not proceed then some of these contributions may be required to be returned to the developer. This will require further detailed assessment of how these contributions could be applied before this can be fully determined.
- 3.6 If the Council suspend the WLR this will have implications on a number of policy and strategy areas. These are set out below.

4. ROADS INFRASTRUCTURE AND STRATEGY

- 4.1 It is recognised that aspects of Elgin's traffic circulation are not ideal. The WLR equates to a piece of the roads network identified for improvement some ten years ago. Studies identified problems at various locations. It should be noted that the WLR is not a bypass. Any future bypass will not address difficulties of internal traffic movements.
- 4.2 The distributor road network around Elgin comprises three quadrants. The Western Link Road represents the final quadrant in Elgin's distributor road network (shown in **Appendix I**). It would replace, and be a significant improvement, on an existing route. This is because: -
- The A96 / Wittet Drive junction is inadequate
 - The Wards has a level crossing and poor terminal junctions
- 4.3 Alternatives for addressing the network deficiency are limited and were considered in an option appraisal. Alternative outer routes were attractive in a number of respects, including potentially facilitating part of a southern bypass. However these alternatives were regarded as uneconomic. The recent announcement relating to a strategic, dual carriageway A96 meant that an outer route would no longer feature as part of a bypass.
- 4.4 The preferred option has been modified and outline design was approved by the Economic Development and Infrastructure Committee on 18 December 2012 (paragraph 7 of the Minute refers). The design modifications which emanated from consultations included:
- Signalised A96 junction
 - Narrowing the road width to 6.5m
 - Signalising Wittet Drive/Pluscarden Road Junction
 - Amended pedestrian layout north of the railway
 - Signalised junction at Edgar Road/High School

These changes reduce capital cost and fit "Designing Streets" policy better than the original proposal while maintaining more effective traffic distribution and flows.

5. ELGIN HIGH SCHOOL AND AFFORDABLE HOUSING

- 5.1 The road improvements and junction at Edgar road required for the development of the new Elgin High School are well advanced and it is not anticipated at this stage that progressing these works will hold up the development of the new high school.

- 5.2 It has been assessed that there is no advantage in advancing these works before they are required given that this is currently considered as part of the WLR development and disjoining this from the scheme could result in increased mobilisation costs.
- 5.3 The Council is currently committed to the development of affordable housing at the Bilbohall site. The risks associated with not progressing with the WLR in relation to this development can be summarised as follows:
- Departure from the Development Plan
 - Require further traffic assessment(s)
 - Could at best limit the number of houses developed and worst case scenario preclude development on this site
 - Departure from the Council's legal obligations relating to the land sale to Grampian Housing Association will have a significant financial cost for the Housing Revenue Account.
- 5.4 The conditions of sale to Grampian Housing Association require the Council to provide road access and drainage to the site. They also allow Grampian Housing Association to ask the Council to re-purchase the land if the road access cannot be delivered.

6 ABORTIVE COSTS

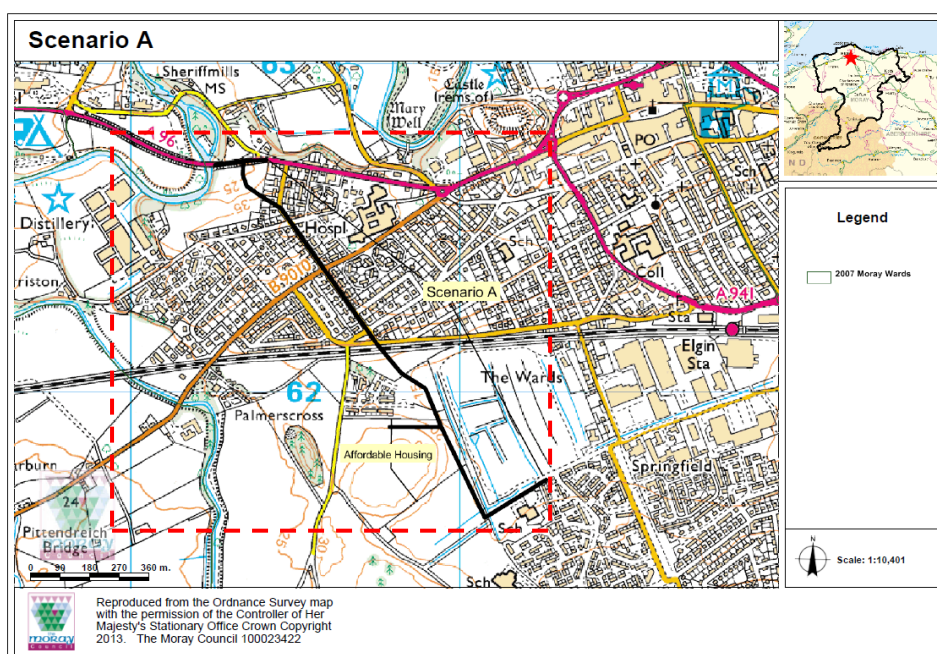
- 6.1 If the Council were not to proceed with the WLR as proposed there would be abortive costs. Abortive costs come under several headings. Some are relatively straightforward and definitive while others can only be expressed as cost ranges because they are highly uncertain.
- 6.2 Due to matters of confidentiality it has not been possible to provide details on abortive compensation costs within this report. Officers can provide further details at the Meeting. This would need to be in closed session.
- 6.3 Development of the scheme has cost £1.56 million to the end of March 2013.

7 SCENARIOS

- 7.1 Four scenarios are appraised and the costs of each assessed. The scenarios are: -
- (A) WLR as currently designed.
 - (B) Edgar Road extension and an access road to the north of the affordable housing site enabling future completion of the WLR.
 - (C) Edgar Road extension and short access road to south end of affordable housing site.
 - (D) Edgar Road extension only.
- 7.2 Currently the WLR design is progressing towards detailed design and a planning application. A pre-application consultation exercise is planned to take place in the summer of 2013 in advance of the application submission towards the end of the year.

- 7.3** As part of a planning application an Environmental Statement is being prepared and is partially complete. Certain elements of this work time-expires and should the scheme be deferred would have to be re-done.
- 7.4** Costs and benefits have been assessed using the current available level of detail. This would be refined as the project develops.

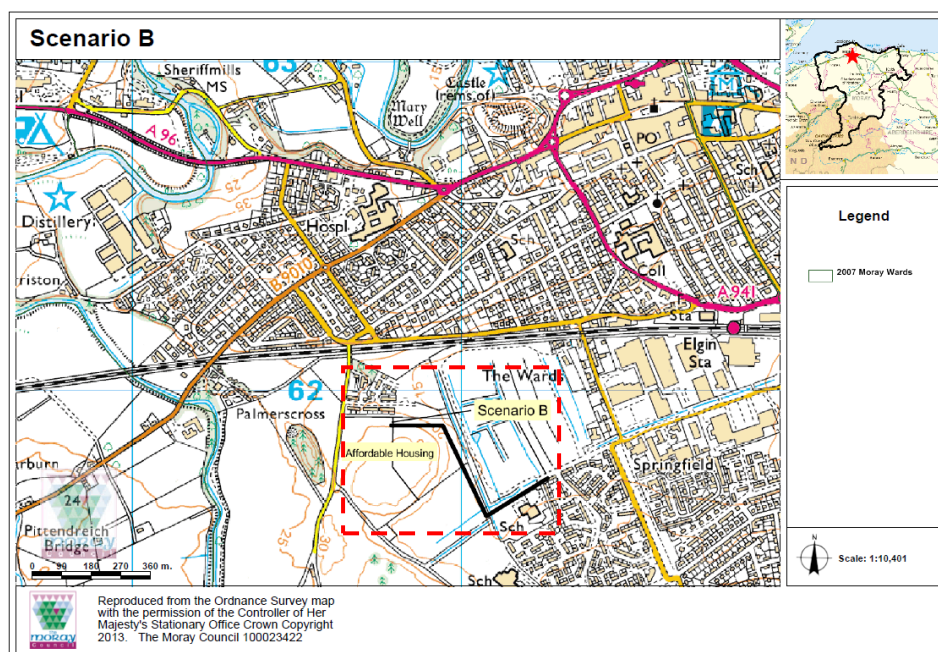
Scenario (A) – Western Link Road



Scenario A

- 7.5** This scenario reflects Council priorities in the Economic Strategy, Single Outcome Agreement, Best Value for Moray and the Service Plan based on the approved outline design
- 7.6** This scenario can utilise existing developer contributions and provides opportunities for further contributions as future development rolls out.

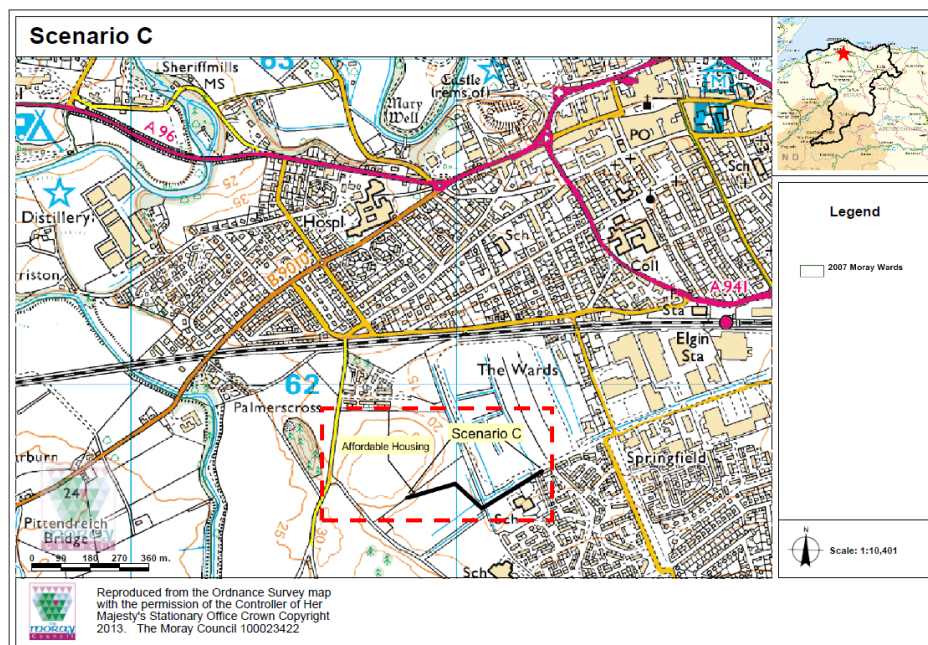
Scenario (B) – High School and Affordable Housing Access via Western Link Road Geometry



Scenario B

- 7.7 An access road that follows the line of the Link Road as it heads towards the railway bridge and allows access to the affordable housing and enables a private development constrained by its current access to expand. Designing Streets policy recommends two accesses for developments. The second would be provided by a developer.
- 7.8 This scenario considers that the works are part of the developments with no further economic benefits, i.e., it is simply a cost to the development. The Council has no obligation to provide this improved level of access.
- 7.9 It does not provide a new rail crossing and consequently is unlikely to allow for the potential to access existing developer contributions.
- 7.10 It does provide an element of future-proofing to allow the remainder of the WLR to proceed at some point in the future. However retention of the route without a definitive intention to proceed will seriously affect certain landowners resulting in potential detriment.

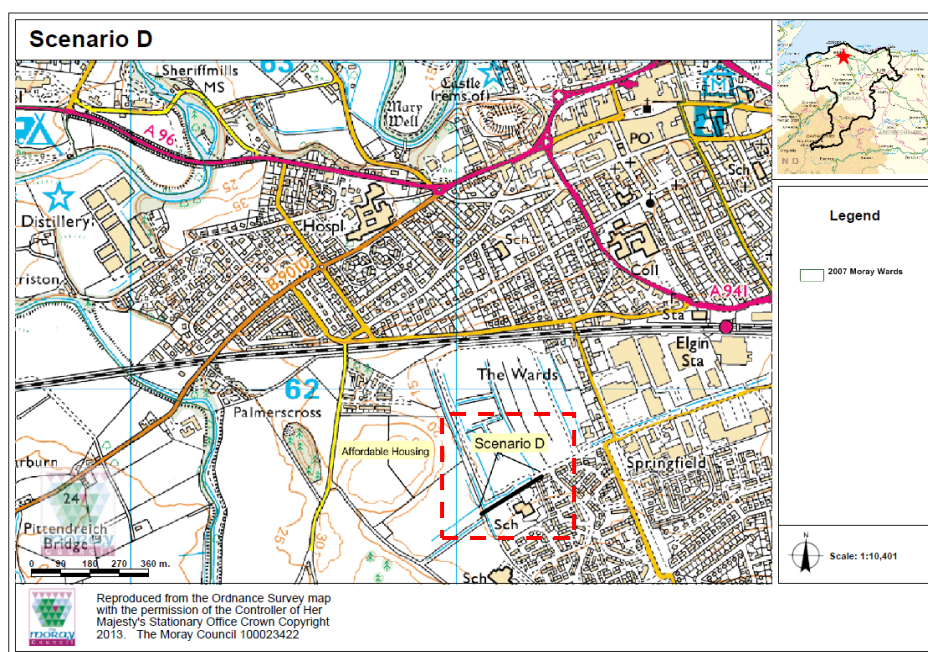
Scenario (C) – High School and Low Cost Access to Affordable Housing



Scenario C

- 7.11 This is the cheapest option commensurate with access to affordable housing for potentially a reduced number of houses and the High School. The access road length is as short as practicable.
- 7.12 This scenario does not easily allow further development of the R1 Bilbohall North site. It does however allow the Council to comply with its obligations regarding the access road and sewer to the affordable housing site.
- 7.13 This scenario considers that the works are an essential part of the developments but have no further economic benefits, i.e., it is simply a cost to the development.

Scenario (D) – High School Access Only



Scenario D

7.14 This scenario would require the Council to buy back the affordable housing site at a cost of £2.7M plus interest and other costs for failing to meet its obligations on the affordable housing site.

7.15 This scenario does not support development of either affordable or other housing at Bilbohall.

8 Financial Summary

8.1 All scenarios have been considered in terms of abortive costs (including risk of further abortive costs) and costs to complete. This identifies a borrowing requirement for each scenario which in turn is converted to an annual loan charge equivalent using £65k per annum per £1 million borrowed. These are shown in Table 1 below

Scenario	Cost to Complete £,000	Abortive Cost £,000	Net Cost £,000	Annual Loan Charge £,000
Scenario (a)	8,500	0	8,500	553
Scenario (b)	2,400	1,300	3,700	156
Scenario (c)	1,800	1,300	3,100	117
Scenario (d)	1,200	4,000	5,200	220

Table 1 – Comparison of loan charges for scenarios

Notes:

There has been £1.56m spent to date on the WLR which for comparative purposes has not been included in Table 1.

Scenario (a) does not include for the potential to access developer contributions as the amount has yet to be fully determined.

Scenario (a) (b) and (c) does not include for £635K available in the Housing Revenue Account which is available for road access costs associated with this housing development.

Scenario (d) includes £2.7m (excluding interest, stamp duty and tax) in abortive costs given the requirement to pay back the Council's legal obligation if an access road and sewage services were not provided. As the Council will receive the land as an asset, this amount has been capitalised.

Abortive costs excluding the £2.7m would have to be taken from Council's revenue account.

9 Economic Benefits

- 9.1** The Benefit to Cost Ratio (BCR) has been reviewed for this report in line with the updated costs.
- 9.2** The WLR will have a BCR up to 1.74 (high growth) on this basis. In other words the local economy would benefit from the investment of up to 74% more than the cost.
- 9.3** The Scottish Government is encouraging Councils to increase and expedite capital expenditure on infrastructure to promote economic growth derived from the new assets and from an injection of construction money into the local economy. This scheme demonstrably supports the Scottish Government's initiative on both counts.
- 9.4** While scenario (b) enables both the High School and affordable housing to proceed, without the Western Link Road substantial further commercial and residential developments are put in jeopardy, together with the construction sector jobs they would generate.

10 Economic Development and Planning

- 10.1** Reference is made to the report to the Economic Development and Infrastructure Services Committee of 28 June 2011 (para. 4 of the Minute refers) which outlined the economic, planning and the development implications of the scheme at option appraisal stage. A number of the points are summarised below.

- The Moray Economic Strategy recognises the importance of good transport links accessibility within Elgin, as the main economic centre.
- The Elgin City for The Future requires: -

“an effective method of traffic distribution outside of the town centre that enables the urban road network to function efficiently.”

and

“recognises the need for a complete and functional distributor road network”

- Transport infrastructure improvements (TSP's) from the Local Plan 2000 have been provided alongside developments to cater for the generated traffic. The Plan included a proposed new crossing of the railway at the south end of Wittet Drive and an improved junction at A96/Wittet Drive. On this basis major retail developments on Edgar Road were given planning consent. Many of the developments, including the whole Elgin South housing development, progressed whilst only some of the road infrastructure improvements were built.
- The proposed road infrastructure improvements (TSP's) remain in the 2008 Local Plan. Delivery of them has not kept pace with the traffic generators. The TSPs to the south and east have been implemented. The Western Link, for which the Council has collected developer contributions, is overdue. This is now a real constraint for developing even those sites which are currently designated in the Local Plan.
- Other designated sites are waiting to come on stream, and a number of bids have been made for new sites to come forward in the new Local Plan, due to be adopted in 2013/14.
- Without the Western Link, there will have to be a fundamental re-think on longer term development in Elgin overall. This may include residential developments built in the north of the town, where there is currently a land allocation for 465 houses, will create new car trips to existing retail outlets south of the railway.
- Studies at A941, New Elgin Road / Edgar Road junction confirms that on Saturdays this junction and the adjacent roundabout at Laichmoray are now 'resulting in excessive vehicle queuing and 'rat-running' in nearby residential and commercial streets. This is not restricted to Saturdays.
- If all the “committed developments” from the Local Plan and those which already have planning permission were developed, and if Robertson's Edgar Road retail development was fully occupied, the road network would not cope with the anticipated 20% increase in traffic volumes. This increase is in the order of 30% above current levels if the traffic from the proposed Sainsburys and the old sawmill site (OPP 1) is included.
- The proposed WLR addresses these problems and provides access to housing development sites at Bilbohall. Options (B) and (C) will not address the traffic volumes and indeed will create further pressures.

- Significant developer contributions, are currently held by the Council. A number of these are conditional on providing traffic relief to the A941 New Elgin Road bridge and nearby junctions. Constraints at these junctions meant the only feasible alternative was to provide another crossing of the railway to the west. Failure to deliver transport improvements may require the Council to return contributions plus interest if they cannot be incorporated into improvements elsewhere in the road network.
- The WLR connects the land-use proposals in the Local Plan to infrastructure requirements. In particular, if the proposed railway crossing is abandoned it will constrain development in key parts of the town.

11 Current Local Plan

- 11.1** The amount of new development that can be permitted in Elgin depends on various Transport Improvements (TSPs) and the WLR is the most critical of these.
- 11.2** Two designated, but as yet undeveloped, housing sites are conditional on having these improvements in place. (R5 – Bilbohall South, and R6 – South West of Elgin High School). Otherwise these would represent a Departure from the Plan.
- 11.3** Development of Opportunity Sites at Linkwood Road would be constrained due to traffic impacts on junctions at or exceeding capacity. Any brownfield or windfall sites would also be constrained.

12 Future Development Plans

- 12.1** Moray Economic Strategy and Elgin City for the Future both identified Elgin as the primary centre for growth and investment. In the recently published Main Issues Report, Elgin was to accommodate a further 1,150 houses, and provide 25 hectares of employment land to 2023.
- 12.2** The release of future land for development in Elgin will be heavily dependent upon the capacity of the road infrastructure.
- 12.3** The Main Issues Report considered sites for development on the basis of the WLR proceeding, and it was stated in the document that “the principle behind decisions taken on certain Council responsibilities (Elgin south west link road) are not re-presented for discussion”.
- 12.4** If the WLR does not proceed and the south side distributor network is not completed, then the suitability of these sites would have to be re-evaluated, for their impact on the known constraints at junctions across the town.
- 12.5** The preferred, new sites most likely to be affected are those on the south side of Elgin. To some extent they would all feed into the traffic using the roundabout at Edgar Road/New Elgin Road.

- R6 SW Elgin High School (existing site but proposed to increase capacity by 40) (Scotia)
- R11 Linkwood Steading, potential capacity for 85 (Springfield)
- R17/R18 Glassgreen (former bypass reservation) 20 units (Springfield)
- R19 Driving Range potential capacity of 120 (Springfield)
- R21 Knockmasting Wood potential capacity 85 units (Scotia)

12.6 Sites in the North of town may also be impacted upon, although possibly not to the same extent as those on the South.

- R15 Findrassie/Myreside (Pitgaveny Estate) was intended to be a significant land release for 800 houses, with longer term development to follow on in future years.
- The additional 25 hectares of employment land as prescribed for Elgin by the Moray Economic Strategy is proposed for North Elgin, although as yet this is not site specific and remains an “area of search”

Traffic from these sites will use, and add pressure to, the key road junctions around the town, but the precise extent of this would require to be re-calculated before the level of constraint could be confirmed.

12.7 The Main Issues Report has just completed a three month consultation period, and featured the above proposals. A decision not to proceed with the WLR would require a re-assessment of Elgin’s capacity to accommodate development, which could result in a complete re-appraisal of housing land. Any reductions in land allocations would have to be made up elsewhere in other towns. This could result in adjustments to the Spatial Strategy and to sites being proposed in other locations. It may be necessary to re-consult on a revised Main Issues Report, depending upon the scale of changes involved. This would have implications for the timetable of the new Local Development Plan.

12.8 The Council’s Strategic Housing Investment Plan (SHIP) identifies the site at Bilbohall as priority site for affordable housing investment. It is anticipated that the site could provide up to 100 houses and would make a significant contribution to addressing the acute shortage of affordable housing in Moray

13 SUMMARY OF IMPLICATIONS

(a) Council / Community Planning Priorities

- Single Outcome Agreement:
 - The development of the Western Link Road is in line with the National Outcome 1 and the Local Outcome 3; (Moray will

benefit from an improved and safer transportation infrastructure).

- Addressing the shortage of affordable housing in Moray is a key priority within the Council's Single Outcome Agreement and the Local Housing Strategy. The WLR will unlock a key strategic site within a priority area for affordable housing investment. The development has the potential to deliver up to 100 affordable houses. The Council's Housing Needs and Demand Assessment identifies a requirement to provide 424 houses per annum to meet housing need in Moray.
- The Western Link Road is a key component of the Moray Economic Strategy and complies with Outcome 1 – “we live in a Scotland that is the most attractive place for doing business in Europe.” Economic Growth and diversification is a key strand of the Single Outcome Agreement 2012-15

(b) Policy and Legal

The legal issues are complex and mostly related to planning and property. Policy issues mostly relate to economic development and planning and are described throughout the report.

(c) Financial implications

The financial implications have been summarised in Section 8. There are many risks and uncertainties, particularly in relation to property.

To date the council has spent £1.56 million on this project.

Repayment of £2.7 million for the reacquisition of housing land incurs interest and stamp duty which depends on the date of exchange and the current estimate to the end of March 2013 is an additional £0.5 million.

(d) Risk Implications

The risks of implementing the Western Link Road or any other option are articulated at the relevant points throughout the report.

(e) Staffing Implications

There are no staffing implications related to the recommendations.

(f) Property

Property implications are discussed in this report in summary. Providing more detailed confidential information in this report would mean it could not be considered in public.

(g) Equalities

The Western Link Road or any constituent part of it has been designed in accordance with the Designing Streets Policy and in consultation with the Community to ensure that it caters for the needs of all ages

and those with disability. Affordable housing will be provided in accordance with the Housing Needs and Demand Assessment

(h) Consultations

The following have been consulted and their comments incorporated into the report.

Gordon Holland, Transportation Manager

Lorraine Paisey, Principal Accountant

Alex Burrell, Estates Surveyor

Alasdair McEachan, Legal Services Manager (Property and Contracts)

Jill Stewart, Head of Housing and Property

Don Toonen, Equal Opportunities Officer

Margaret Wilson, Head of Financial Services

Rhona Gunn, Head of Legal and Democratic Services

14 CONCLUSIONS

- 14.1 The WLR has long been a fundamental part of development of the Moray economy. It addresses a number of transportation needs and supports the Local Plan, Moray Economic Strategy and Elgin: City of the Future initiatives.**
- 14.2 A number of substantial developments have been given planning permission whilst the WLR has been part of the Local Development plan, and there remain further opportunity sites and housing sites which would directly benefit from the delivery of the WLR.**
- 14.3 Proceeding with the the planned WLR project using updated projected costs of £8.5 million, would incur loan charges of £553,000 per annum; implementing scenario (B) would incur £156,000 loan charges per annum; implementing scenario (C) would incur loan charges of £117,000 per annum and implementation of scenario (D) would incur loan changes of £220,000 per annum. While not proceeding with the WLR will incur abortive costs of £1.3 million from the revenue account and an additional £2.7 million plus interest and stamp duty for scenario (D).**
- 14.4 The Scottish Government supports capital expenditure on infrastructure that supports sustainable economic growth. This scheme clearly meets with this policy and facilitates further economic activity in the construction sector.**
- 14.5 It is concluded that the detail contained within this report supports previous Council decisions to progress with the Western Link Road.**

Author of Report: Frank Knight, Senior Engineer
David Gowans, Consultancy Manager
Mark Cross, Principal Planning Officer

Background Papers:

Ref:

Signature: _____ Date : _____

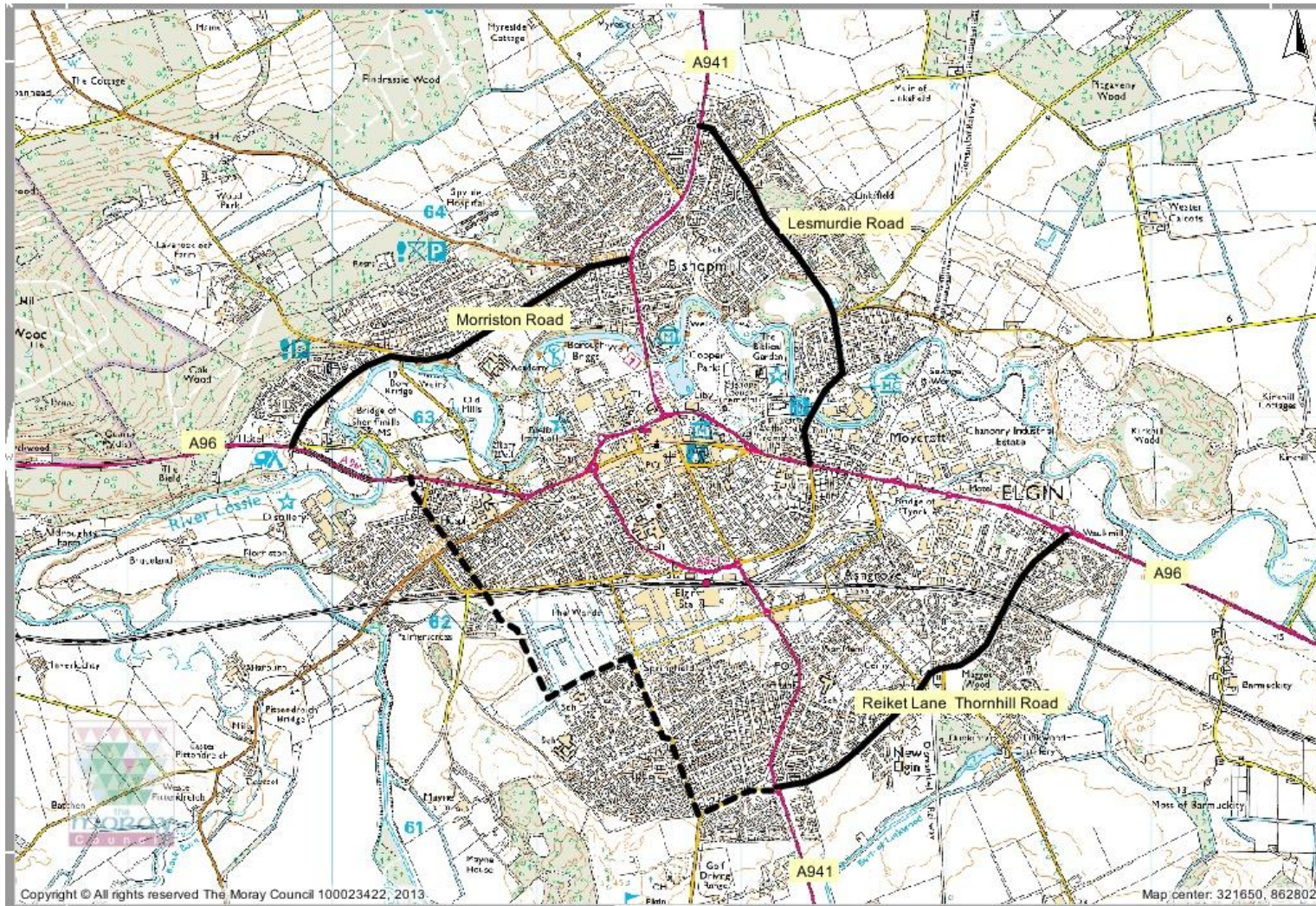
Designation: Head of Direct Services Name: Stephen P Cooper

Signature: _____ Date : _____

Designation: Head of Development Services Name: Jim Grant

Signature: _____ Date: _____

Designation: Corporate Director: Environmental Services Name: Richard Hartland

APPENDIX I

Elgin Roads Network