

PERTH AND KINROSS COUNCIL

COUNCIL MEETING

7 MAY 2014

PERTH TRANSPORT FUTURES PROJECT –
PHASE 1 A9/A85 TO BERTHA PARK

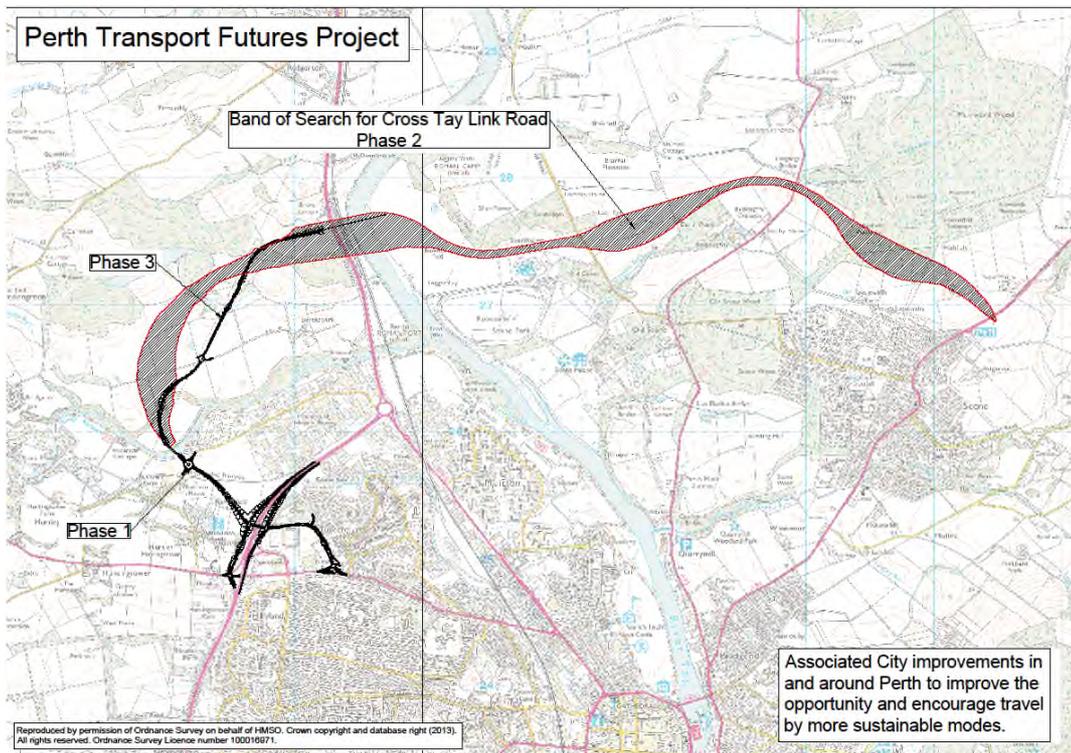
Report by the Executive Director (Environment)

This report outlines previous decisions by Council to address the issues of congestion and air quality in, and around, Perth while supporting the Council's priority for sustainable economic growth. The report focuses on Phase 1 of the Perth Transport Futures Project i.e. the A9/A85 junction and the link road to Bertha Park. It also provides detail in relation to the resource implications and seeks approval for the Council to borrow up to £15.7M subject to confirmation of the final cost of the scheme.

1. BACKGROUND / MAIN ISSUES**History of Project**

- 1.1 Over the past twenty years, as a result of traffic growth nationally, there has been increasing concern over traffic congestion and related air quality issues in, and around, Perth. As a result of these traffic and air quality issues, it was clear that there were both current, and future, problems which needed to be addressed in order to ensure that serious gridlock conditions could be avoided around the city and that the projected economic and population growth could be accommodated. The need for a solution which relieves this burden has, therefore, been identified as an issue over many years for successive Councils and latterly became known as the Perth Transport Futures (PTF) Project. The project can be divided into four phases:
1. Enhanced A9/A85 Junction and link to Bertha Park
 2. Cross Tay Link Road (CTRL)
 3. Bertha Park north link to A9
 4. Associated City improvements
- 1.2 The project is essential to the future growth of the city as it is the means to service the Local Development Plan area, supporting sustainable economic growth, and unlocking essential housing and business land throughout the Perth area by relieving pressure on the City Centre. The A9/A85 is the first stage of the project which acts as a catalyst to opening up the land to the west of Perth.
- 1.3 This will provide access to the sites at Almond Valley and Bertha Park as well as enhancing access to the Inveralmond industrial estate, thereby reducing the traffic flows across Inveralmond roundabout. The link to service the new school at Bertha Park is also the first section of the road linking through the Bertha Park site and on to the planned Cross Tay Link Road (CTRL).

1.4 Phases 1, 2 and 3 are shown on the diagram below.



1.5 The key decision dates are highlighted below:

Perth Area Local Plan 1995: Identifies the need for a new bridge north of Perth town centre and recommends amending the A9/A85 junction.

Perth & Kinross Structure Plan 2003: Included recommendations for the A9/A85 and a need for a new road bridge across the River Tay.

August 2009 – Enterprise & Infrastructure Committee: Strategic Transport Network Issues (Report 09/405): this report outlined the key findings of the STAG appraisal including the preferred corridor for the CTRL. The report also highlighted other aspects of the STAG appraisal including an improved A9/A85 Junction.

August 2009 – Enterprise & Infrastructure Committee: North West Perth Expansion Area Study (Report 09/406): This report outlined the key findings of the Development Impact Appraisal and remitted to the Executive Director (Environment) to take forward further development work into the detailed infrastructure design for North West Perth i.e. the A9/A85 Junction improvements. It also remitted to the Head of Finance and Corporate Resources Group to investigate delivery funding options and report back to a future Committee.

January 2012 – Special Council Meeting Perth & Kinross Proposed Local Development Plan (Report 12/5): The Plan focuses on the growth of Perth City and refers to the transport infrastructure needs for Perth including the A9/A85 junction and the CTRL.

May 2012 – A9/A85 junction Planning Application Approval (Report 11/01579/FLL): the application which was approved included the formation of slip roads, roundabouts, bridge, SUDS ponds, landscaping and the Lade diversion.

June 2012 - TAYplan Strategic Development Plan: The approved Plan promotes improvements to existing transport infrastructure, including the A9/A85 junction and the CTRLR.

December 2012 – Council agrees to fund £15 million net capital cost for A9/A85 junction, **excluding** the Inveralmond/Bertha Park link.

May 2013 – Perth City Plan: The City Plan reflects the requirements to improve roads and transport infrastructure to enhance connectivity between the city centre and the planned western expansion, the wider region, and the rest of Scotland.

June 2013 Council agrees to commit to funding to Phase 1 of the project, taking into account the position outlined in Section 4 of that report.

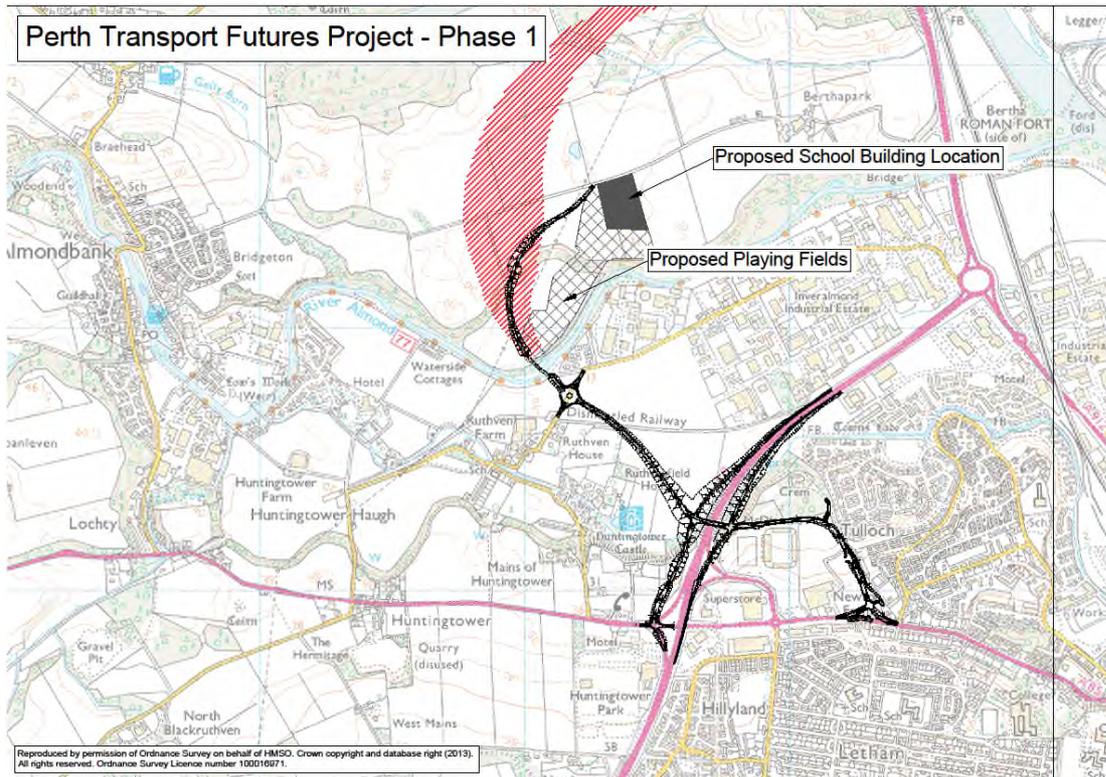
November 2013 – Workshop and site visit with Elected Members.

April 2014 – Transport Infrastructure Developer Contributions

Supplementary Guidance: The report recommends modifications to the Supplementary Guidance in response to the consultations and the adoption of the finalised Supplementary Guidance on Transport Infrastructure Developer Contributions for all applications submitted after 2 April 2014. This will contribute to the funding for the A9/A85 junction.

1.6 To summarise the decision making process over the past eighteen years, the Council has:

- Identified the need for the A9/A85 junction improvements and the CTRLR.
- Incorporated the need for the A9/A85 junction improvements and the CTRLR into the Regional Transport Strategy, along with the Strategic and Local Development Plans.
- Carried out the appropriate options appraisals and selected a preferred route for the A9/A85 Junction Improvements and the CTRLR.
- Developed a design to an appropriate level of detail for Phase 1 - the A9/A85 Junction Improvements and Bertha Park link.
- Agreed to fund the A9/A85 Junction Improvements at an estimated net capital cost of £23.5million, £2.18million of which is a contribution from Sainsburys, through a s75 agreement.



Phase 1 A9/85 Junction and Link to Berth Park - Costs

- 1.7 At June 2013, when the Council confirmed its commitment to progress Phase 1 of the Perth Transport Future Project, the estimated Capital cost was £23.5million. This was based on the Stage 2 design (Route Option Assessment) and included an optimism bias in line with roads construction industry standards (15% for roads elements and 23% for structures). The cost estimate did not include professional fees and land acquisition/compensation costs.
- 1.8 As the project progressed to the delivery stage, the Council's consultants were asked to provide an updated cost estimate based on a projected Stage 3 design for the preferred scheme. This showed a significant cost increase which is attributed to a number of factors, including changing design standards, along with emerging constraints particularly in relation to the river and road crossings.
- 1.9 The revised estimate, which now includes all scheme costs, is estimated at £39.2M. There is, however, still uncertainty over some elements of the scheme and there is the potential for this figure to reduce by as much as £7.6M. These savings mean an indicative scheme cost of £31.6M.
- 1.10 It is highlighted that this current cost estimate is based on a projection of the Stage 3 design. This will require to be revised upon the completion of the preliminary design (anticipated August 2014) and finalised at the pre-construction stage (anticipated May 2015). Optimism bias of 15% and 23% will continue to be included at these stages. It is, however, important to recognise that the final contract price will not be known until the tenders are returned.

- 1.11 A contribution of £2.18 million from Sainsburys has been secured through a s75 agreement. Whilst it is acknowledged that a competing retailer has mounted a legal challenge to the agreement, this is not over the consent for the store but related to the timing of the store opening. It can therefore be assumed with a degree of confidence that this contribution will be forthcoming.
- 1.12 The Transport Infrastructure Developer Contributions Supplementary Guidance was approved by the Enterprise & Infrastructure Committee on 2 April 2014 and will be applied to all new planning applications within the defined boundary. Applying the Supplementary Guidance to future development at Bertha Park and Almond Valley, which are critical to the LDP (and therefore the A9/A85 project) would, in the longer term, net an approximate total of £15million+. It should be noted that, in addition to transport infrastructure contributions, the developers of both sites will require to cover the cost of the primary school provision serving their respective landholdings.
- 1.13 Each of these sites is of significant scale and, as a result, will take many years to be completed and the full contribution level realised. Bertha Park is likely to take 20+ years and Almond Valley 10–15 years. However, this timescale is dependent on the housing market. As a conservative estimate, if each of these sites delivered 100 units per annum by 2018-19, the resultant transport infrastructure contribution the Council could expect to receive would be a combined figure of approximately £650,000 per annum for the next 15+ years.
- 1.14 In addition to transport contributions from Bertha Park and Almond Valley, developers of other sites in the Perth Area will require to make similar contributions under the Council's approved supplementary guidance. By 2018, when the PTF phase 1 is fully operational, a conservative estimate of a likely build rate of 472 houses per annum (25% Affordable housing) in the Perth Area, would mean the Council could, in the longer term, expect to receive approximately £1,465,000 per annum in total.
- 1.15 This figure includes the Bertha Park / Almond Valley contribution of £650,000 referred to above. It is anticipated, however, that for the housing built elsewhere in the Perth Area the income received will take several years to build up. This is due to many of the houses constructed the next few years being from historic consents not liable for a contribution, however, by 2024 the majority of new houses will make a contribution.
- 1.16 To facilitate the early delivery of the LDP Strategy, both Bertha Park and Almond Valley require significant public sector up-front investment to deliver both roads and educational infrastructure. It is therefore appropriate that the Council seek an upfront contribution which would be offset against future contributions. Talks are underway with the promoters of each of these sites to secure a commitment to upfront funding and identify an appropriate level. An exchange of correspondence has indicated support for the principle of significant upfront contributions either in kind or finance. While initial indications suggest the value of such contributions could amount to several million pounds, it is not possible to confirm this as it is likely that negotiations with the developer will take several months to finalise.

Funding

- 1.17 There is an approved budget of £23.5M. The estimated scheme cost is between £31.6M and £39.2M, leaving an estimated budget shortfall between £8.1M and £15.7M based on the revised costs and potential savings identified in this report. This equates to an annual increase in Loan Charges of between £489K and £942K per annum.
- 1.18 Once the final cost of the scheme is established, it is proposed to increase the annual Loan Charges budget from Headroom within the Revenue Budget. As the full increase in Loan Charges will not impact for 2-3 years, there is scope in the meantime to apply some of the increase in Loan Charges within the Revenue Budget to meeting some of the costs of the scheme. Increasing the Capital Budget and approved borrowing will also impact on the Council's Prudential Indicators. As a result, these will be revised and submitted for approval to the next meeting of the Council. The annual increased loan charges would reduce as developer contributions are received. The effects of this cannot be estimated until the terms of the s75 agreements with developers are known.

2. PROPOSALS

- 2.1 It is proposed to progress the detailed design of the project whilst continuing to minimise costs, as well as working with landowners and developer to achieve the necessary savings.

3. CONCLUSIONS AND RECOMMENDATIONS

- 3.1 The above report outlines the history of the decision making process with regard to the PTF project and in particular Phase 1, the A9/A85 Junction to Bertha Park.
- 3.2 The report details the current cost estimate of £39.2million for the project which has been constructed to cover all foreseeable risks. However, a range of savings have been identified which could reduce the project cost to £31.6 million. At present there is funding of £23.5million for the project, with £2.18million of this from Sainsbury's. This leaves a potential funding gap of between £8.1M and £15.7M.
- 3.3 It is recommended that the Council note the contents of this report and agrees to fund up to £15.7M, subject to confirmation of the final cost of the scheme.

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Approved

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Council Text Phone Number 01738 442573

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	Yes
Asset Management (land, property, IST)	Yes
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	Yes
Legal and Governance	Yes
Risk	Yes
Consultation	
Internal	Yes
External	Yes
Communication	
Communications Plan	Yes

1. Strategic Implications

Community Plan / Single Outcome Agreement

- 1.1 The project supports the Community Plan Vision to “***create and sustain vibrant, safe, healthy and inclusive communities in which people are respected, nurtured and supported and where learning and enterprise are promoted.***” Specifically this projects encourages sustainable economic growth, an improves and safer environment and healthier choices for sustainable transport.
- 1.2 The project supports the following Outcomes:
- Our area will have a thriving and expanding economy
 - Our area will have improved infrastructure and transport links
 - Our young people will attain, achieve and reach their potential
 - Our communities will be safer
 - Our area will have a sustainable natural and built environment

Corporate Plan

- 1.3 The Council’s Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- i) Giving every child the best start in life
- ii) Developing educated, responsible and informed citizens
- iii) Promoting a prosperous, inclusive and sustainable economy
- iv) Supporting people to lead independent, healthy and active lives
- v) Creating a safe and sustainable place for future generations.

1.4 The project's benefits in respect of the wider objectives of the Corporate Plan (2013 – 2018) are outlined below:

- Giving every child the best start in life – provides access to the proposed new school campus.
- Promoting a prosperous, inclusive and sustainable economy – assist in the delivery of sustainable economic growth of the Perth Area, in particular opening up of economic development land to the north and north west of Perth.
- Supporting people to lead independent, healthy and active lives – The project will reduce congestion and therefore reduce traffic emissions, thereby contributing positively to air quality in the corridor and surrounding area. This will have a positive benefit for the health of residents in this area. The project also includes enhanced provision for pedestrian and cycle crossing over the A9 together with the upgrading of existing footpaths. This will provide a more positive environment for pedestrians and cyclists and could encourage more people within the area to walk and cycle.
- Creating a safe and sustainable place for future generation – The project will facilitate the delivery of the Local Development Plan strategy to support the sustainable economic growth of the area. In addition, by facilitating the Cross Tay Link Road and delivering the “Shaping Perth’s Transport Future” transport strategy, this project can contribute to reducing the carbon footprint of the area and promoting sustainable travel modes. The project will lead to lower journey times and reduce congestion, while providing more travel connections and alleviating the conflict between local and through traffic movements. This will provide for a better environment for this area.

2. Resource Implications

Financial

2.1 The body of the report contains the required analysis of the financial implications of the report.

Workforce

2.2 As above.

Asset Management (land, property, IT)

2.3 Future maintenance will be prioritised within the budget available.

3. Assessments

Equality Impact Assessment

- 3.1 The proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) using the Integrated Appraisal Toolkit and have been assessed as **not relevant** for the purposes of EqIA.

Strategic Environmental Assessment

- 3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. No action is required as the Act does not apply to the matters presented in this report. However, an assessment was undertaken for the plan "Shaping Perth's Transport Future" in February and in an Addendum in November 2011. The proposal was also considered through the environmental assessment of the Local Development Plan.

Sustainability

- 3.3 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions. The assessment of the proposal was undertaken as part of the Strategic Environmental Assessment where it was demonstrated that it would have both positive and negative environmental effects, for example by improving air quality, would have positive economic effects by reducing congestion and improving journey time and community benefits in terms of removing traffic from the City.

Legal and Governance

- 3.4 The Perth Transport Futures project has been under development for a number of years. This report outlines the approvals undertaken by the Council, and its committees over that time period.
- 3.5 Future reports will be submitted to Council as the project progresses.

Risk

- 3.6 A Project Board has been established to oversee the delivery of Phase 1. Membership includes the Heads of Legal Services and Finance. The Board examines all issues in relation to risk through the developing risk matrix.

4. Consultation

Internal

- 4.1 The Executive Officer Team, the Head of Finance, the Head of Legal Services and the Head of Democratic Services have been consulted in the preparation of this report.

External

4.2 None.

5. Communication

5.1 This is a significant infrastructure project which will require a detailed communications plan. This will include workshops with elected members which have been set up for April/May 2014. Discussions with landowners are currently taking place.

