
Report To:	Environment & Regeneration Committee	Date:	31 August 2023
Report By:	Head of Physical Assets	Report No:	ENV043/23/SJ/EM
Contact Officer:	Eddie Montgomery	Contact No:	01475 714800
Subject:	Inverkip Project Update		

1.0 PURPOSE AND SUMMARY

1.1 For Decision For Information/Noting

1.2 The purpose of this report is to seek approval for the submission of the Outline Business Case for the City Deal project at Inverkip and to advise on the current estimated project costs.

1.3 The proposed funding is detailed in section 5.2 and will require the financial implications to be remitted to the Policy & Resources Committee for approval.

2.0 RECOMMENDATIONS

2.1 It is recommended that the committee:

- approve the submission of the Outline Business Case for submission to the City Deal and agree that Officers should proceed with the detailed design of the junctions;
- note the increase in construction costs from those set out in the 2015 Strategic Business Case and the funding proposals;
- agree that it be remitted to the Policy & Resources Committee seeking approval of £0.3m funding from the 2023/26 Capital Programme contingency allocation as outlined in section 5.2.

Eddie Montgomery
Head of Physical Assets

3.0 BACKGROUND AND CONTEXT

- 3.1 The Inverkip City Deal project is a regional regeneration priority that recognises the need to address vacant and derelict land, address housing needs supporting population growth and secure economic and environmental benefit. It aligns with the fundamental principles of City Deal namely early intervention infrastructure projects to unlock follow on economic investment. The project addresses the restricted network and junction capacity on the A78 trunk road at locations in and around Inverkip, the strategic business case for the project was approved by the City Deal Cabinet. The project will release investment and enable the development of a 43hectare brownfield site at the former Inverkip Power Station, providing for up to 650 houses and 3,000 sqm commercial / community / office floorspace and 3,000 sqm of outdoor community formal activity space, including children's play facilities. In addition, the scheme protects and enhances 25ha of the local Green Network.
- 3.2 When the project was first developed in 2014, the intention was that the City Deal Funding would be used as a conditioned grant to Scottish Power Energy Networks and for them to carry out the works. Whilst the initial allocation of the project from City Deal Funds was identified at £3.77m which required a 14% contribution (£0.527k) from the Council, it was argued that the follow on investment from Scottish Power removed the requirement for the Council to contribute and the project value was established at £3.25m. In the intervening period the property market has changed along with Scottish Power's risk attitude. In order to progress the project it has been necessary to remove the clawback condition and indeed the delivery model has changed to the extent where the project will be delivered by the Council.
- 3.3 The vision for Inverkip is to support the delivery of the following outcomes:
- Tackle socio-economic deprivation and health and wellbeing challenges within communities and deliver inclusive growth;
 - Address depopulation;
 - Deliver sustainable economic investment;
 - Regenerate key economic sites and communities.
- 3.4 The site is identified within the Inverclyde Economic Regeneration Strategy 2021-2025, The Inverclyde Outcomes Improvement Plan, as a key strategic site, and as a 'Priority Place' within the Local Development Plan.
- 3.5 The original project scope included the following elements:
- A 3 leg roundabout at Main St Inverkip
 - Lengthen Slip way Northbound
 - Lengthen Slip way Southbound
 - 5 leg Roundabout at bottom of slip roads not on the A78
- 3.6 The project is being delivered in partnership with the landowner, Scottish Power Generation (Assets) Limited and all works require to be approved by Transport Scotland who own and maintain the truck road network. All of the works are being carried out on the public road network.

Planning Approval Requirements

- 3.7 Scottish Power Generation (Assets) Limited was granted Planning Permission in Principle in 2022. A number of conditions were placed on the application, and these are as follows:

Pre commencement of construction of any part of the development:

- Approval of detailed design of new access roundabout on A78;
- Construction of new access roundabout to the satisfaction of Planning Authority and Transport Scotland;
- Submission and approval of the Construction Traffic Management Plan to the Planning Authority in liaison with Transport Scotland; and
- Upgrade of Main Street (North) and Harbourside (Kip Marina) with the A78 to traffic signal control to the satisfaction of the Planning Authority in consultation with Transport Scotland.

Pre occupation of 200 residential units:

- Upgrade of new access roundabout to traffic signal control to satisfaction of the Planning Authority after consultation with Transport Scotland; and
- Blocking off of A78 northbound on-slip to satisfaction of the Planning Authority after consultation with Transport Scotland.

Strategic Business Case 2015

3.8 The Strategic Business Case was developed in 2015 and included the following elements:

- A 3 leg roundabout at Main St Inverkip
- Lengthen Slip way Northbound
- Lengthen Slip way Southbound
- 5 leg Roundabout at bottom of slip roads not on the A78 including access to the site

Element	Construction Cost Est £m	Preliminaries £m	Total £m
3 leg roundabout on A78 @ Main Street	0.900	0.126	1.026
Amendments to Northbound slip road	0.400	0.056	0.456
Amendments to Southbound slip road	0.400	0,056	0.456
5 leg roundabout	0.800	0.112	0.912
Fees & consents	0.400	n/a	0.400
Total	2.900	0.350	3.250

Outline Business Case 2023

3.9 The Outline Business Case has been undertaken and the development of this document along with an outline design has changed the project deliverables as agreed at this committee on 2nd May 2019. The changes are detailed below:

- Signalised junction Main Street (North) on A78
- Signalised junction Harbourside (Kip Marina) on A78
- Widen Road to 2 lanes between the signals on A78
- 3 leg Roundabout at Development on A78

This reflects input from Transport Scotland received through the planning process as the A78 is owned and maintained by the Trunk Road Authority.

3.10 Officers engaged with Balfour Beatty through the scape framework and an outline budget cost to complete the works is detailed below:

Element	Construction Cost Est £m	Preliminaries £m	Total £m
Signalised junction @ Main Street*	1.147	0.506	1.653
Signalised junction @ Kip Marina*	0.911	0.402	1.313
3 leg roundabout on trunk road	0.934	0.412	1.346
Design & Project Management	0.500	n/a	0.500
Total	3.492	1.320	4.812

* includes carriageway works

3.11 As the construction costs were significantly higher than the budget, Officers have been working with the contractor and consultant to challenge the outline design and value engineer the project. At the same time new traffic volume surveys was undertaken.

3.12 The outcome of the value engineering and the new traffic counts is that there is now no requirement to widen the A78 between Harbourside and Main Street Inverkip junction as a single carriageway can cope with the revised traffic volumes that have changed after the covid pandemic.

3.13 The revised construction costs for the new project are detailed below:

Element	Construction Cost Est £m	Preliminaries £m	Total £m
Signalised junction @ Main Street*	0.961	0.366	1.327
Signalised junction @ Kip Marina*	0.799	0.315	1.114
3 leg roundabout on trunk road	0.620	0.239	0.859
Design & Project Management	0.500	n/a	0.500
Total	2.880	0.920	3.800

* includes carriageway works

3.14 The reduction in costs have come from the following savings:

- Reduction in area of road widening as a consequence of only single lane requirement through the traffic single (still to be approved by Transport Scotland).
- Remove full road re-construction on existing road and change to replacing wearing course only (still to be approved by Transport Scotland).
- Removal of traffic signal costs at roundabout. These will now be borne by the developer once 200 houses are constructed.

3.15 Following completion of construction the works will be adopted by Transport Scotland.

4.0 PROPOSALS

4.1 Officers will continue with the detailed design of the scheme whilst submitting the outline and final business cases.

4.2 Officers will continue to work with the consultant and the contractor to further value engineer the project and achieve Transport Scotland approval. Officers will also engage with funding partners to increase the funding.

4.3 The proposed funding is outlined in section 5.2 below. The £550,000 increase in costs requires to be met by the Council as part of the requirement for the Council to contribute 14% to the project.

5.0 IMPLICATIONS

5.1 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed:

SUBJECT	YES	NO
Financial	x	
Legal/Risk	x	
Human Resources		x
Strategic (Partnership Plan/Council Plan)	x	
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing	x	
Environmental & Sustainability		x
Data Protection		x

5.2 Finance

The Capital Programme contribution will require approval from the Policy & Resources Committee.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
Capital Programme	City Deal	2024/25	3,250		Original allocation
RAMP		2024/25	250		
Capital Programme	Contingency	2023/25	300		Funding from £4.0m Reserves allocation approved March 2023

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					All ongoing maintenance will be the responsibility of Transport Scotland

5.3 Legal/Risk

External Legal Advisors have been appointed to support the development of legal agreements between Scottish Power (Generation) Assets Limited and the Council.

The Council will act as agent for SPGAL for the procurement of the roundabout through the SCAPE framework. A Legal Agreement will be put in place to set out governance arrangements.

The final proposals will be subject to Transport Scotland approval.

5.4 Human Resources

None.

5.5 Strategic

Should the project not be delivered this will impact on the Strategic regeneration aims and outcomes for Inverclyde Council.

5.6 Equalities, Fairer Scotland Duty & Children/Young People

(a) Equalities

This report has been considered under the Corporate Equalities Impact Assessment (EqIA) process with the following outcome:

X	YES – Assessed as relevant and an EqIA is required and will be made available on the Council website: https://www.inverclyde.gov.uk/council-and-government/equality-impact-assessments
	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, assessed as not relevant and no EqIA is required.

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO – Assessed as not relevant under the Fairer Scotland Duty.

(c) Children and Young People

Has a Children's Rights and Wellbeing Impact Assessment been carried out?

X

YES – Assessed as relevant and a CRWIA is required.

NO – Assessed as not relevant as this report does not involve a new policy, function or strategy or recommends a substantive change to an existing policy, function or strategy which will have an impact on children’s rights.

6.0 CONSULTATION

6.1 The Head of Legal, Democratic, Digital and Customer Services and the Chief Financial Officer have been consulted on this report. The CMT support the proposals.

7.0 BACKGROUND PAPERS

7.1 Budget Cost – Balfour Beatty - S22028 SCAPE2 - A78 Improvements, Inverkip Rev01

7.2 Outline business case will be distributed to Members Lounge