



Agenda Item

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**Housing Infrastructure Fund - M80
Junction 7 Sliproads**

Falkirk Council

Title: Housing Infrastructure Fund - M80 junction 7 sliproads
Meeting: Executive
Date: 12 June 2018
Submitted By: Director of Development Services

1. Purpose of Report

- 1.1 The purpose of the report is to progress a project to upgrade the junctions of the A803 with the M80 junction 7 sliproads in Banknock and Haggs and seek agreement on arrangements for its delivery.

2. Recommendation

It is recommended that the Executive:

- 1) notes the award of up to £1.543m grant funding from the Scottish Government's Housing Infrastructure Fund for the delivery of a project to upgrade the junctions of the A803 with the M80 junction 7 sliproads;**
- 2) agrees to participate in a Banknock and Dennyloanhead Regeneration Partnership with I&H Brown Ltd and Mactaggart and Mickel in the delivery of the project;**
- 3) agrees to commission WSP for delivery of the project at a cost of £1.61m; and**
- 4) notes the requirement for the project to be included in the Council's 2019/20 capital programme.**

3. Background

- 3.1 The upgrading of the junctions of the M80 with the A803 in Banknock and Haggs forms infrastructure proposal INF06 of the Falkirk Local Development Plan which was adopted in July 2015.
- 3.2 Upgrading is necessary to facilitate settlement growth along the A803 corridor between Coneypark and Dennyloanhead. This corridor contains two of the Local Development Plan's eleven Strategic Growth Areas and has the potential to deliver a combined total of 1254 new houses. It represents a significant proportion of the Council's housing growth target (6750 units 2014-2024). Without junction upgrading, these two Strategic Growth Areas would have their combined capacity restricted to 160 new houses.
- 3.3 It was originally envisaged (in the Banknock and Haggs Special Initiative for Residential led Regeneration Development Framework – Supplementary Planning Guidance) that the cost of sliproad junction improvement would be

paid for through proportionate developer contributions from all housing development sites along the A803 corridor between Coneypark and Dennyloanhead.

- 3.4 Approximately £75,000 has already been collected in developer contributions from housing developments towards the cost of junction improvements. However the substantial residual cost of junction improvements requires to be borne by the developers of sites at Banknock North, Banknock South & Dennyloanhead (LDP References M03, H07 & H08). This is having a negative effect on the viability of those sites and has delayed the progress of development.
- 3.5 An opportunity presented itself through the Scottish Government's Housing Infrastructure Fund to obtain a 100% grant to cover the residual cost of making the junction improvements.
- 3.6 An expression of interest in applying to the Housing Infrastructure Fund was submitted to the Scottish Government in November 2017 alongside the Council's Strategic Housing Investment Plan. The Scottish Government responded in February 2018 formally inviting an application for grant funding and a formal application was made. An offer of up to (subject to confirmation of tendered costs) £1,543m grant funding was received from the Scottish Government during May 2018.
- 3.7 If the offer of grant is accepted, the funds would be paid to the Council to deliver the project in partnership with I&H Brown and Mactaggart and Mickel. Heads of terms of the partnership agreement have been agreed in principle with the developers and, subject to Executive approval, will be formalised in a partnership agreement. This involves I &H Brown and Mactaggart and Mickel confirming that they will:
- transfer the land necessary to deliver the junction improvements to Falkirk Council at zero cost to the Council;
 - cover the cost of the project manager, to be provided by the Council's term consultant WSP, for the lifetime of the project; and
 - cover any additional project costs beyond that grant funded by the Scottish Government up to an agreed total project value of £2m.

4. Considerations

- 4.1 The grant funding obtained by the Council has been offered on the condition that the junction improvement works are completed in time to enable the delivery of affordable housing in Banknock and Dennyloanhead by March 2021.
- 4.2 A design has been prepared and a review report produced by WSP which confirms that they can complete the sliproad junction upgrading project within 18 months of the date of commission. Subject to Executive approval, should the works be commissioned in June 2018, they can be expected to be complete by the end of December 2019. Once the junction improvements are delivered, restrictions on the scale of new housing along the A803 corridor will

be lifted and it is anticipated that 172 new affordable houses will be delivered by the end of March 2021. This includes 100 new build Council houses and 72 affordable homes by I&H Brown and Mactaggart and Mickel in partnership with registered social landlords.

- 4.3 To assist the delivery of the sliproad junctions it is proposed that Falkirk Council, I&H Brown Ltd and Mactaggart and Mickel jointly commission a dedicated project manager to oversee the delivery of the sliproad junction improvement project. To achieve this, a project manager will be provided by WSP, for the duration of the project, reporting directly to the Director of Development Services.
- 4.4 Subject to Executive approval it is proposed that the Council enter a formal agreement with I&H Brown and Mactaggart and Mickel to form the Banknock and Dennyloanhead Partnership for delivery of the project.
- 4.5 Initial fee expenditure during 2018/19 will be met from existing receipts. To enable delivery of the capital works for the sliproad junction improvement project, it will be necessary for the project to be added to the Council's capital programme and, if agreed, this will take place in the normal way when the Council's budget for 2019/2020 is approved in February 2019.

5. Implications

Financial

- 5.1 There is a risk that the cost of delivering sliproad junction improvements will rise beyond the maximum cost estimated in the feasibility study and beyond the amount grant funded by the Scottish Government. In that event, any additional costs beyond that grant funded by the Scottish Government up to an agreed total project value of £2m would become the responsibility of I&H Brown and Mactaggart and Mickel. Any cost overruns beyond this would require further negotiation between the partners and Scottish Government.

Resources

- 6.2 A dedicated project manager will be provided by WSP and funded from receipts/grant income. This will mean that resource implications will be limited to line managing the project manager and staff attendance on the project steering group.

Legal

- 6.3 An agreement in appropriate terms will be established between the Council and the developers involved in the partnership to control delivery of the project.

Risk

- 6.4 A risk matrix will be established for the project.

Equalities

- 6.5 None.

Sustainability/Environmental Impact

- 6.6 The environmental effect of delivering the sliproad junction improvements is set out within the Revised Environmental Report of the Falkirk Local Development Plan. Predicted environmental effects are: a short term reduction in traffic congestion and consequential improvement in air quality along the A803 corridor; improved surface water run off quality; reduced flood risk; long-term increase in traffic growth and greenhouse gas emissions and the minor loss of habitat.

7. Conclusions

- 7.1 An opportunity has arisen to obtain up to £1.543m of grant funding from the Scottish Government's Housing Infrastructure Fund to assist in the delivery of the c.£1.61M sliproad junction improvement project at the junction of the M80 and the A803 in Banknock and Haggs. Delivery of these sliproad junction improvements will unlock the wider regeneration of the A803 corridor between Coneypark and Dennyloanhead delivering a total of 1254 new houses which represents a significant proportion of the Council's housing growth target set out within the Local Development Plan. It is important therefore to proceed with arrangements for delivery of the project through the partnership proposals contained in this report.

Director of Development Services

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Date: 28 May 2018

APPENDICES

List of Background Papers:

Banknock and Haggs Special Initiative for Residential led Regeneration Development Framework 1st Alteration – Supplementary Planning Guidance - January 2015
Falkirk Council Local Development Plan – July 2015
M80 Junction 7 Improvements – Design Review Report. – September 2017