

The background of the slide features a large, light blue watermark of the Seal of the Commonwealth of Massachusetts. The seal consists of a shield divided into four quadrants. The top-left quadrant shows a bent arm holding a broadsword. The top-right quadrant shows a Native American figure holding a bow and arrow. The bottom-left quadrant shows a sailing ship on the water. The bottom-right quadrant shows a Native American figure holding a bow and arrow. Above the shield is a crest featuring a bent arm holding a sword. Below the shield is a ribbon with the motto "ENSE PETIT PLACIDAM SVB LIBERTATE QVIETEM".

## **Agenda Item 6**

**Tax Incremental Finance / A9/A904  
Westfield Update**

**Falkirk Council**

**Title:** Tax Incremental Finance / A9/A904 Westfield Update  
**Meeting:** Executive  
**Date:** 9 May 2023  
**Submitted By:** Director of Place Services

**1. Purpose of Report**

- 1.1. The purpose of this report is to update Members on the progress made to date in delivery of the Tax Incremental Finance (TIF) programme including an update on income and expenditure.
- 1.2. The report also outlines the status of the current TIF programme including its future affordability and actions proposed to revise the scope of infrastructure works to be progressed at Westfield / A9/A904, and in particular the replacement of the previously proposed overbridge with alternative active travel arrangements.
- 1.3. The recommendations in this report contribute to the strategic priorities within the 2022/27 Council Plan to support a thriving economy and green transition as the investment will assist economic development and improve active travel options.

**2. Recommendations**

**2.1. It is recommended that the Executive:-**

- (1) Note the progress in delivery of the Tax Incremental Finance (TIF) programme to date. This includes the private sector investment, employment supported and created which are directly attributed to the TIF programme;**
- (2) Approve the proposed amendments to the TIF Legal Agreement;**
- (3) Note that due to estimated construction costs, the Westfield overbridge originally proposed to be fully funded under Levelling Up Phase 1 (LUF1), is no longer considered affordable;**
- (4) Note officers have reached agreement in principle with the UK Government on the proposed revised Westfield/A9/A904 scheme that continues to deliver the original active travel benefits and will benefit from £14m from LUF1;**
- (5) Approve progressing with the revised Westfield/A9/A904 project as well as the prioritised programme infrastructure investment outlined in the report;**

- (6) Note that approval of this report will allow officers to conclude legal agreements for the Falkirk Gateway Development which is dependent on the revised Westfield/A9/A904 proposals;**
- (7) Agree that capital receipts from the Falkirk Gateway Development continue to be prioritised for Town Centre Regeneration projects should they not be required as programme contingency to protect the Council from financial risk associated with the TIF programme; and**
- (8) Agree that contributions for Avon Gorge and Grangemouth Flood Protection Scheme will continue to form part of investment proposals under the TIF programme but will not be committed until there is certainty on affordability and funding from partners is secured.**

### **3. Climate Change Impacts**

- 3.1. The scope and scale of the proposed commercial development and infrastructure projects envisaged through the TIF initiative and other funded projects outlined in the report are likely to have substantial embodied carbon through the construction materials used during their construction phase. Although carbon emissions resulting from new infrastructure assets will be considered, the emissions generated by operation and use of new buildings by private companies on development sites falls outside the scope of the TIF programme.
- 3.2. Commercial development can be expected to increase motorised and non-motorised trips. The new roads infrastructure projects primarily relate to interventions which help to improve road safety, ensure efficient movement of goods and people, and promote use of active travel. Therefore tail-pipe emissions associated with increased volumes of traffic generated by economic growth, are mitigated through journey time efficiency and management of traffic queues as well as encouraging modal shift through the provision of high-quality alternatives for walking, cycling and wheeling.
- 3.3. All TIF infrastructure projects have a focus on efficient vehicle movements through junctions and longer corridor routes as well as making significant improvements to active travel provisions. Each project includes measures to significantly ease pedestrian and cycle movements to encourage greater choice of travel modes. In particular at the Westfield A9/A904 project, the active travel improvements will form part of the green corridor between Falkirk and Grangemouth providing an off-road facility for cyclists accessing the educational, commercial and tourist attractions in the vicinity.
- 3.4. Detailed consideration of climate impacts forms an integral part of design evolution in development projects and will continue through the construction phase. Consideration of the environment also sees the incorporation of significant bio-diversity enhancements as a key component of projects such as those outlined in the report.

- 3.5. As a result, it is anticipated that the TIF programme and associated LUF Infrastructure projects will have negative embodied carbon impacts during their construction and neutral or positive effects during their operational period. Carbon management evaluation and mitigation measures are incorporated into individual projects wherever possible as part of the requirements of the funding parameters and to meet the Councils net-zero ambitions.
- 3.6 The Scottish Government recently published guidance around carbon management for Scottish City Region and Growth Deal projects. It is proposed to utilise the terminology and methodology of this advice across the remaining TIF projects.
- 3.7 The guidance introduces a categorisation system based on the concepts of control and influence. For the Westfield/A9/A904 project, the categorisation has been defined as follows;
- a) Carbon Control – Category 3: Capital carbon increase then operationally net zero – the project will release carbon at the construction stage but will then stop emitting carbon in accordance with relevant net zero targets; and
  - b) Carbon Influence – Category B: Negligible effect on wider carbon emissions – the project has no measurable effect on wider carbon emissions.
- 3.8 This categorisation is considered appropriate for the type of road improvement projects included in the TIF programme.
- 3.9 Throughout the evolution of road and bridge designs for all projects engineering design staff are continually challenged to identify and incorporate carbon savings into schemes. An example of this which has been included in the final detailed design is road surfacing incorporating the reuse of existing tar-bound materials. This technique reduces the volume of hazardous waste transported to landfill, reduces the volume of new asphalt material to be manufactured, and also through the careful specification of recycled materials has reduced energy consumption in the production process.
- 3.10 The design of infrastructure improvement projects can incorporate elements which contribute to the enhancement of biodiversity, including restoring or improving degraded habitats. For the A9/A904 project the design has included mitigations and positive improvements to biodiversity. This is measured using industry standard biodiversity metrics and will result in a net gain in biodiversity of at least 5%.
- 3.11 The report seeks to reduce the scale of the programme of projects through removal of the previously proposed Westfield Overbridge (LUF funded) and therefore the level of embodied carbon will be less than that previously envisaged. Should the alternative programme and projects be agreed, revised embodied carbon and emissions figures will be reported upon as each project is undertaken and finalised as part of their post project evaluations.

#### **4. Background**

- 4.1. In 2013, Scottish Government approved Falkirk Council as one of a small number of local authorities able to use Tax Increment Finance model as a method of delivering infrastructure to support economic growth.
- 4.2. The Falkirk TIF initiative is a 25-year programme designed to increase development activity, attract investment and create jobs in the Falkirk area through the creation of enabling infrastructure. Regular reports have been given to the Executive on the delivery of the initiative.
- 4.3. The delivery of site enabling works and major road improvements are seen as an essential catalyst to stimulate wider private sector investment. Infrastructure investment through the TIF scheme is a significant element of the Council's response to supporting the economic recovery, renewal and resilience of the area.
- 4.4. Site-specific infrastructure interventions are used to unlock sites of strategic importance where development would otherwise have stalled, and enhanced road connectivity supports an increase in overall capacity of infrastructure to serve national level demands which arise from major local companies (including logistics and fuel supply requirements).
- 4.5. The TIF funding model is completely separate from other Council capital and revenue budgets. It is a dedicated, ring-fenced financial model which cannot be used to meet other capital project cost pressures, or support Council general services revenue expenditure. TIF funding can only be allocated to the specific projects as defined in the original legal agreement with the Scottish Government.
- 4.6. The TIF funding model is based on the Council borrowing enabling funds to deliver infrastructure projects that un-lock or support commercial development which in turn generate non-domestic rates (NDR) which is then used to cover the borrowing costs. Any remaining surplus from NDR after borrowing costs are paid is then split 50/50 with Scottish Government. Falkirk Council are however liable for any deficits during delivery of the programme, ie where borrowing costs exceed the additional NDR generated.
- 4.7. The TIF programme has enabled the Council to secure other funding including Levelling Up Funding (LUF) to support delivery of the Westfield/A9/A904 project and Low Carbon Travel and Transport (LCTT) Funding of £0.571m towards the Electric Vehicle Hub at Falkirk Stadium. The TIF Infrastructure projects are complimentary to other investment programmes including Growth Deal and the Forth Green Freeport.

#### **TIF Infrastructure Delivery – Progress to Date**

- 4.8. The package of infrastructure works to be taken forward by the TIF initiative was identified in a legal agreement established with Scottish Government in August 2013. These included:

- Phase 1 (M9 corridor projects) – road improvement works at M9 Junction 5, M9 Junction 6, Westfield/A9/A904, Icehouse Brae and site-specific enabling works at a range of employment locations; and
- Phase 2 – financial contributions towards A801 Avon Gorge project and the Grangemouth Flood Protection Scheme.

4.9. In the nine years since the TIF initiative commenced the Council has delivered over £18m of infrastructure works including the M9 Junction 6 Earlsgate roundabout improvements, the formation of an electric vehicle charging hub at Falkirk Stadium and various site enabling works. The most recent infrastructure project, involving improvements to M9 Junction 5 Cadgers Brae roundabout, was completed in October 2022.

### **TIF Infrastructure Projects (Phase 1 – M9 Corridor) to Deliver**

- 4.10 Westfield/A9/A904 – the A9/A904 project including Westfield roundabout infrastructure works is the largest and most significant infrastructure investment scheme to be delivered through the TIF initiative. The project was approved as part of the wider TIF programme. To ensure affordability and delivery within previously established timescales and to link with LUF funded active travel projects, initial enabling works to clear trees and foliage from road verges has commenced. The timing of these works has avoided impacts on birds nesting over the spring / summer months which would have delayed the project by a year and incurred a significant increase in construction costs. A detailed update on this scheme which has been subject to a value engineering exercise is provided later in this report.
- 4.11 The project consists of provision of a new roundabout at Westmains, road widening works, dualling and priority lanes at Westfield roundabout, upgrades to the cycle and footpath network in the area. The project also includes enabling infrastructure (access and an integrated sustainable urban drainage system) to allow delivery of the Falkirk Gateway development site which, once developed, will generate jobs and private sector investment as well as significant Non-Domestic Rates income to support the TIF funding model. In addition to increasing road network capacity, it should be emphasised that the project will provide substantial enhancement of the area's green networks for sustainable active travel.
- 4.12 M9 Junction 5 – Phase 1 of this project incorporating traffic signal control to the M9 motorway interchange at Cadgers Brae is now complete. A second phase of works is proposed which will introduce traffic signal control at the A9/Grandsable Road junction and carriageway improvements.
- 4.13 Icehouse Brae – The delivery of this project compliments the M9J5 and A9/A904 Westfield projects and will provide an improved direct link for HGV logistics distribution operations between West Mains/Tillyflats Industrial sites and the strategic road network. Improvements to the Icehouse Brae link will shorten journeys and ease traffic volumes on A9/A904 corridor and through Westfield roundabout.

- 4.14 Site Enabling Works – The Council has invested in a number of site-enabling projects to support and accelerate commercial development. This includes site remediation and access improvements which have enhanced the attractiveness of sites for new investment. An example of this is Abbotsford Business Park which continues to see significant private investment as a result of the site-enabling works carried out through the TIF programme. Small business units have already been occupied, one of the larger plots is currently under construction and a planning application is being determined for a further commercial unit.

### **TIF Infrastructure Projects (Phase 2)**

- 4.15 A801 Avon Gorge – This project will see the development of a bridge across the River Avon gorge and will be jointly funded with Transport Scotland and West Lothian Council. The financial challenges faced on major infrastructure projects due to construction inflation pressures mean it is now unlikely that TIF will be sufficient to fully fund the Falkirk Council contribution. The project will remain a commitment within the TIF programme subject to affordability of the wider programme. Falkirk and West Lothian Council intend to submit a bid to UK Gov Levelling-Up fund (Round 3) in 2023 and continue dialogue with Transport Scotland to fund the remaining share. It should be noted that the levels of funding available through LUF phase 3 are likely to be substantially less than previous rounds and if this is the case it will be challenging to secure approx. £50m for this strategic transport project. Progress on this scheme, the business case updating and development activities that are ongoing and the application for LUF funding will be reported separately at the appropriate time. The funding of these activities is being enabled through the TIF programme.
- 4.16 Grangemouth Flood Protection Scheme – This project involves a substantial capital investment to deliver 27km of flood defences and associated works (including new port lock gates) with an initial estimated cost exceeding £450m. Current funding arrangements are not sufficient to deliver the project and officers continue to engage with Scottish Government to identify appropriate funding approaches. Proposed funding contributions to the project were identified in the original Falkirk TIF business case and this remains a commitment subject to affordability of the wider TIF programme. Dialogue between Falkirk Council and Scottish Government is ongoing and project updates will be reported upon separately. It is likely that given the scale of the scheme that an alternative funding model will require to be developed.

### **TIF Development sites (“Ring Fenced” NDR Income locations)**

- 4.17 Twenty-eight development sites were identified in the original TIF Business Case (see Appendix 3). All new commercial development within these “red-line” sites during the TIF programme period (2013-2038) generate NDR to be utilised by Falkirk Council within the TIF programme for the remaining duration of the TIF.
- 4.18 Initially at the commencement of the TIF programme significant development occurred around Earls Road, Grangemouth Docks and the INEOS sites. While

further development on INEOS sites and Grangemouth Docks continues, private sector confidence and investment is also evidenced by the ongoing development activity at Abbotsford Business Park and Rosebank Distillery. All of these developments provide sustained NDR income to the TIF programme.

- 4.19 The developments to date have assisted in the creation of 124,000sqm of new commercial floorspace and secured or sustained approximately 2,000 jobs. The TIF programme has a target to support the creation of 400,000sqm of business space, and 6,000 jobs over the term of the agreement. It is therefore critical that the TIF projects are progressed as quickly as possible to enable sufficient time for private sector investment, development and job creation to occur.
- 4.20 The Falkirk Gateway development approved by Council in February 2019 and an updated upon at Executive in October 2021 proposes to bring forward approx. 25 acres of un-developed land for a mixed-use commercial development. This is being delivered under a development partnership agreement between the Council and Hargreaves Property Ventures Ltd to deliver economic growth and generate substantial NDR that will contribute to the delivery of infrastructure works being delivered under the TIF.

## **5 Considerations**

### **5.1 TIF Legal Agreement**

- 5.1.1 The TIF Agreement between the Council and Scottish Government sets out a number of infrastructure projects for delivery and the NDR that is eligible to accrue from development sites. As a consequence of increases in estimated project costs and changes to Scottish Government Non-Domestic Rates policies, Council Executive 17 Sep 2020 instructed officers to:
  - a) Request an extension to the payback period for the Falkirk TIF from 25-years to 26-years to reflect the change in Scottish Government Non-Domestic Rates policy;
  - b) Progress discussions Scottish Government/Scottish Futures Trust on the requirement for an increased upper cap on the capital expenditure budget cap increase from £67m to £95.7m; and
  - c) Levelling Up Funding is to be considered addition to the TIF budget cap.
- 5.1.2 These requests have now been accepted by Scottish Government and the necessary amendments to the TIF legal agreement are being progressed.
- 5.1.3 The Scottish Government has confirmed that whilst the existing TIF legal agreement will be amended to accommodate all of the changes it will be necessary to introduce new Regulations to enable these changes to be made. Scottish Government officials will progress these, which will be subject to Parliamentary process. Officers are though, on the basis of the ministerial correspondence, able to recommend progressing the revised TIF programme based on the new parameters.
- 5.1.4 Whilst expenditure up to the budget cap enables projects outlined in the TIF agreement to be considered for support, the Council is still required to borrow

to fund the investments and accept the risk of NDR accrued from completed commercial developments being sufficient to settle all loans charges. It is essential that overall affordability and interim cashflow positions are regularly reviewed and considered. Prudent financial management requires that project expenditure is only committed where income projections from NDR provide sufficient confidence on overall affordability. The risk liability of the Council and the need for effective financial monitoring and management is embedded in the TIF agreement and reported on regularly to Scottish Government.

## **5.2 TIF Programme Review (Risks and Affordability)**

- 5.2.1 Following the establishment of the Invest Falkirk Division and recognising the considerable economic uncertainty following the pandemic, officers worked with external consultants to undertake a comprehensive review of the TIF programme. This identified risks, reviewed project costs (to reflect construction inflation), established project delivery timescales and where possible identified potential mitigation measures. The predominant risks associated with the TIF programme were construction inflation impacting projects (expenditure) and the potential for wider economic uncertainty to reduce future NDR revenues (income).
- 5.2.2 Another matter considered was the Council's own financial challenges which must not be added to by the TIF programme. The terms of the TIF legal agreement are that any shortfalls (ie where borrowing costs in a year exceed NDR income received) would require to be met by the Council. It should be noted that the Council will also benefit from any surplus revenues, but only once all borrowing costs have been repaid. It is therefore essential that all projects within the programme continue to be rigorously evaluated for affordability and only progress where there is a high degree of confidence that sufficient projected NDR incomes are expected to be generated to cover investment costs.
- 5.2.3 Based upon the latest income and expenditure estimates it is considered that all the remaining Phase 1 (M9 corridor) projects can be funded to completion with the application of rigorous value engineering and reductions in project scope to robustly control project costs. Details of changes to project scopes are outlined in the following sections of this report. It should be noted that, as a consequence of continuing construction inflation, the projects proposed to progress need to do so at pace to ensure they are deliverable within the resources available and that the accrual of NDR incomes to the end of the TIF programme period are maximised.
- 5.2.4 The Phase 2 projects (GFPS and Avon Gorge), which were originally to be part-funded from TIF, will continue to be committed for support however, it is recognised that the levels of TIF contributions available will be reliant on the wider affordability of the TIF programme.
- 5.2.5 GFPS is subject to further engagement with Scottish Government on the wider funding model for the project, while on the Avon Gorge project there continues to be active dialogue with both Transport Scotland and West Lothian Council

with a view to submitting a future bid for external funding (Levelling Up Round 3). Should the alternative funding models under consideration deliver sufficient resources, then these projects would no longer require to be considered as part of the TIF programme for support.

- 5.2.6 The Scottish Government approved TIF budget cap for infrastructure projects is now proposed to be £95.7m. With the addition of LUF funding (£14.1m) and other contributions, the total potential budget for the prioritised strategic infrastructure investment programme is currently £110m (subject to affordability). Planned expenditure allocation has been identified as follows:

Project	Funding Approved (Sept 2020)	Review Revised Project Cost (Apr 2023)
<b>Phase 1 – M9 Corridor</b>		
M9 J6 improvements	£2.463m - delivered	£2.463m - delivered
Enabling Works	£2.902m	£3.395m - delivered
M9 J5 (Phase 1)	£2m	£2.7m - delivered
M9 J5 (Phase 2)	£1m	£1.3m
Icehouse Brae upgrading	£4.786m	£6.6m
A9/A904 Westfield	£54.264m	£54.1m
Avon Gorge (Prelim work)	£0.04m	£0.350m
<b>Phase 1 total:</b>	<b>£67.455m</b>	<b>£70.908m</b>
<b>Phase 2 Projects</b>		
Avon Gorge	£12.948m (FC contribution to scheme)	TBC (FC contribution to scheme)
Grangemouth Flood Protection Scheme	£12.742m (FC contribution to scheme)	TBC (FC contribution to scheme)
<b>Phase 2 total:</b>	<b>£25.690m</b>	<b>£TBCm</b>
<b>TIF Infrastructure Total:</b>	<b>£95.243m</b>	<b>£70.908m</b>

Figure 1 – Allocation of budget to TIF Infrastructure projects (subject to affordability)

Total proposed spend noted above (and Appendix 2) is £70.908m. Of this, £15.46m will be met from external funding, meaning that £55.448m will require to be met from borrowing. Borrowing will be supported through NDR income. The risks around this are covered in detail in sections 5.3 and 7.13 to 7.18.

### 5.3 TIF Financial position update

5.3.4 As noted above, the amount of investment available for TIF infrastructure is dependent upon NDR income – expenditure up to the budget cap of £95.7m is predicated on sufficient additional NDR rates income being generated to cover the capital cost of the investments and any borrowing costs. Assumptions around affordability and likelihood of future income receipt are key risks and have been monitored throughout the TIF programme.

5.3.5 Although the TIF financial position is regularly updated, it was considered prudent in light of current economic uncertainty and the significant new financial commitments under consideration, to undertake a more extensive review. This process has been comprehensive and has now been completed (Feb 2023). This exercise has been supported by external advisors and has included a full re-assessment of anticipated development activity on TIF sites to enable a re-evaluation of projected NDR income to be considered.

5.3.6 It should be noted that a risk based mitigation approach has been adopted with a high level of pessimism bias applied to cashflows to provide a “worst case” scenario reflecting economic uncertainty and degree of business investment apprehension.

5.3.7 The following table summarises the current NDR income position and the projected NDR which is expected to be generated over the remainder of the TIF period.

	<b>Best Case Scenario £m</b>	<b>Worst Case Scenario £m</b>
NDR Already Collected to 31 March 2023	13.18	13.18
NDR From Existing Developments to end of Project	32.54	32.54
<b>Total NDR on Existing Developments</b>	<b>45.72</b>	<b>45.72</b>
Projected NDR from New Developments	71.10	36.76
<b>Total NDR (Existing &amp; Projected)</b>	<b>116.82</b>	<b>82.48</b>

Figure 2 – Summary of predicted NDR income

5.3.8 The table above shows that:

#### **Current NDR**

- In the first 10 years of TIF (2013-2023) £13.180m has been generated through NDR (currently generating £2.034m NDR per annum)
- These known developments are expected to result in a further £32.54m over remaining TIF period (16 years 2023-2038)
- Therefore, without *any* further new TIF development activity there is a high degree of confidence that NDR income of £45.72m will be generated during the 26-year TIF income period.

### Future NDR

- Successful delivery of the remaining development sites (potentially up to 400,000sqm) is expected to generate between £36.76m and £71.1m of additional NDR income (depending upon uses and delivery timescales) over the remaining TIF period.
- Based on a worst-case scenario, by the final years of TIF NDR income in excess of £5m per annum is anticipated. This is sufficient to service all borrowing costs and generate some surpluses.
- Future NDR is difficult to predict, however based on market intelligence and a pragmatic approach to potential developments, officers are reasonably confident that the lower NDR income generation figure (£36m) will be achieved.
- Based on worst-case and best-case scenarios, the total anticipated NDR incomes (including current and future NDR) over the 26-year TIF period vary between £82m and £117m. These figures do not account for any increases or changes due to future rating revaluations or intensification of development with the TIF sites.

### Borrowing

The NDR shown in the table above is used to support borrowing, however it should be noted that £1m of NDR income does not support £1m of borrowing due to the interest element. The table below shows the borrowing that could be supported through NDR.

The current level of NDR receipts (£2.034m) can support c£19m of borrowing. Based on projected spend, projected external funding and current receipts, further borrowing of c£21m will have to be funded through the NDR receipts from new developments.

	£m
Remaining Investment based on recommendations	52.4
Future External Funding (excludes funding received for 2022/23 and prior years)	(12.4)
<b>Amount to be met from Borrowing</b>	<b>40.0</b>
Borrowing supported by current NDR	(19.0)
<b>Borrowing reliant on future developments</b>	<b>21.0</b>

- 5.3.9 In a scenario where NDR income was not sufficient to cover borrowing costs, under the terms of the TIF legal agreement Falkirk Council would be liable to find alternative means to pay any unfunded borrowing costs. This expenditure would add an additional cost pressure to the General Services Revenue Budget which is already acknowledged to be under considerable pressures. The table above demonstrates that future developments will be required to support £21m of borrowing. Borrowing of £21m would result in an estimated annual loan charge of c£1.7m per annum to the end of the TIF period. If, no additional rates were received, the Council would have to fund this, and these costs would be

added to the revenue budget. However, this scenario is considered highly unlikely.

- 5.3.10 Expenditure on TIF Infrastructure projects is and will continue to be closely monitored to ensure affordability. TIF relies on Falkirk Council borrowing money from the Public Works Loan Board (PWLB) and repaying the debt from NDR income. Current and future borrowing costs and loan charges are monitored to provide certainty that NDR income projections continue to be sufficient to cover costs during the TIF period and that all loans are repaid in full from NDR receipts. If interest rates continue to increase, and therefore the cost of borrowing increases, the margin of affordability may decrease, similarly if interest rates decrease affordability may improve.
- 5.3.11 To mitigate against the risk of TIF adding pressure to the General Services Revenue Budget, it is proposed that capital receipts secured from Council land sales and development agreements relating to the TIF programme are used, where appropriate, to provide additional contingency funding if necessary. The Falkirk Gateway capital receipt will continue to be prioritised for town centre regeneration projects and will be released upon confirmation of the wider TIF programme affordability. There are currently no projects proposed to be directly funded from the Falkirk Gateway receipt and therefore there is no impact on any committed regeneration investment projects.
- 5.3.12 Prior to committing to delivery of any TIF infrastructure construction contracts the affordability and viability of any increased borrowing is evaluated. Recent increases in interest rates and economic uncertainty have been built into the revised financial model to confirm affordability.
- 5.3.13 Based on a worst-case scenario for NDR income and updated cost estimates of approved projects, the affordability of the TIF programme is considered sufficient to enable projects to progress and members are asked to recognise this. As a result, the proposed expenditure has been reprofiled and officers will continue to progress the rigorous evaluation of project costs to ensure affordability prior to committing to projects.

#### **5.4 Reprofiled TIF Expenditure (Prioritised Programme)**

- 5.4.4 The review undertaken confirmed that based upon current NDR income and future NDR income generation assumptions, a revised programme of infrastructure investment is affordable and will continue to deliver the key requirements of the TIF programme in terms of business space creation and supporting jobs.
- 5.4.5 A similar proposed prioritised approach was previously identified and agreed at Council Executive in September 2020 where funding would be directed to the Phase 1 - M9 Corridor projects. At the time it was envisaged that only limited TIF funding contributions would be generated to financially support one Phase 2 project (either A801 Avon Gorge or Grangemouth Flood Protection Scheme). As these projects are dependent upon additional funding by other means and are subject to ongoing discussions with relevant funding partners, decisions on

future progress and the affordability of TIF programme contributions will be brought to Executive in future committee papers a part of specific updates on these projects. These projects remain as commitments to be supported within the TIF programme as phase 2 investments (subject to affordability). Should there be a surplus of TIF income over and above the proposed prioritised Phase 1 projects expenditure then these could be directed to either or both Phase 2 projects.

- 5.4.6 Some of the M9 Corridor projects have already been delivered. M9 Junction 6 (Earlsgate interchange) and M9 Junction 5 (Cadgers Brae interchange) have been completed along with delivery of the Electric Vehicle Charging Hub at Falkirk Stadium and Site enabling works for Abbotsford Business Park. In the same period, 124,000sqm of new commercial and retail space has been created bringing approx. 2,000 new jobs to the area.
- 5.4.7 The remaining M9 Corridor projects have been ranked and prioritised taking due cognisance of the original TIF objectives. This includes consideration of their potential to support economic growth and NDR generation opportunities as well as wider benefits to local road network improvements, active travel and local communities. The Westfield/A9/A904 project remains the highest priority project as it enables development of the Falkirk Gateway site, supports traffic movements to multiple red-line TIF development sites, contributes to road safety and network capacity improvements, increases opportunities for active travel and is a key gateway between Falkirk and Grangemouth.
- 5.4.8 The estimated cost of delivering the full suite of M9 Corridor projects (TIF Phase 1) is £70.9m (see Appendix 2). After deduction of external grant funding and other contributions the actual cost to the TIF programme is £56.8m
- 5.4.9 This expenditure includes costs incurred to date of £18.5m (projects already completed and financial commitments related to design development stage of remaining projects) and estimated costs to complete construction of the remaining M9 corridor projects (including fees, supervision and contingency) of £52.4m. The total remaining expenditure still to be covered by NDR income (not including external grant funds) is £40m.
- 5.4.10 An updated TIF budget allocation (Dec 2022) with the proposed scheduling of works based on project prioritisation is attached as Appendix 1. This revised schedule of projects supersedes the previous schedule approved at the Council's Executive in September 2020.

## **5.5 Revised A9/A904 Westfield project (Review / Value Engineering Outcome)**

- 5.5.1 The Westfield/A9/A904 project has been under development for some time and delays in progressing have ultimately resulted in increased costs and impacted upon affordability. This is the largest and most significant infrastructure project being delivered under the TIF programme and will act as a catalyst for the delivery of substantial new development (i.e. Gateway Development, Council West Mains Site etc) and therefore additional NDR income. These major

infrastructure improvement works would not be possible without the TIF programme enabled investment.

- 5.5.2 The main objective of Westfield/A9/A904 project is to support economic growth and investment on “red-line” development sites which rely on this section of local road network. Existing and proposed businesses at sites such as Abbotsford Business Park, West Mains and Tillyflats are all accessed via the A9 and A904 corridors and will benefit from improved transport links. The project includes specific enabling infrastructure which will be essential for the delivery of commercial development opportunities at Falkirk Gateway.
- 5.5.3 The Westfield/A9/A904 represents one of the main arterial routes for access to Grangemouth and its industrial complex as well as to Falkirk Town Centre from the M9. The improvement works will ease congestion and improve accessibility. In addition, the improved road network, junction improvement works and pedestrian/cycle facilities will cater for increased motorised and non-motorised access anticipated as a result of TIF developments and will improve road safety.
- 5.5.4 Challenges associated with construction inflation, wider economic uncertainty and the reduced surpluses identified for the TIF financial model meant it was considered appropriate to review the scope of the Westfield/A9/A904 project. The scale of the project in the context of the programme and the potential implications associated with the risks identified further reinforced the prudence of the approach adopted. The review considered the following options:

1. Original Programme Scope

This option would involve the continued progression of the project based on the existing scope of projects including the Westfield over-bridge. As outlined in the cashflow summary this would expose the Council to an affordability risk and provides reduced flexibility on phased construction delivery of the infrastructure proposed. The original programme scope would though continue to ensure full receipt of LUF funding support although this would be insufficient to cover the costs associated with the Westfield overbridge. This is not considered a viable option due to the financial risks and additional capital required to deliver the overbridge.

2. Cancel Remaining TIF Infrastructure Programme

This option would involve the cancellation of the entire Westfield/A9/A904 project going forward and therefore not deliver the infrastructure projects proposed. By bringing the project to a close prior to construction all future infrastructure project cost risks and the associated borrowing costs are removed.

This option would not deliver the roads infrastructure which are essential elements necessary to enable development on TIF sites. Failure to deliver the enabling infrastructure would result in adverse impact on TIF programme objectives to support economic growth, recovery and renewal. The Falkirk

Gateway development would no longer be progressed and the site would be remarketed without the benefit of the infrastructure being delivered through the TIF programme. This would delay delivery of the development and thereby reduce the NDR receivable to the end of the TIF programme and could potentially impact on the affordability of some of the other M9 corridor projects.

The remaining M9 Corridor projects at Icehouse Brae, A9 Grandsable Road junction (M9J5 Phase 2) could be delivered as planned.

The option was not considered advisable given the potential adverse impacts on the wider TIF programme, the reputational damage to the Council on its ability to deliver significant infrastructure investment programmes and the delay or cancellation of the Falkirk Gateway development with the likely reduced capital receipt to support future town centre regeneration investments.

### 3. Revised Westfield/A9/A904 project scope (Recommended Option)

This option would involve the phased delivery of the existing TIF M9 Corridor works programme but would exclude the Westfield over-bridge and Middlefield Road roundabout elements from the project, providing a substantial cost saving and risk mitigation whilst continuing to deliver the key infrastructure to increase the road capacity, enable the Falkirk Gateway development and deliver significant active travel improvements.

Under this recommended option, all remaining M9 corridor projects (Icehouse Brae and M9J5 Phase2) would also be proposed to be completed following completion of the Westfield/A9/A905 project.

## **5.6 Westfield Overbridge (LUF funded)**

- 5.6.1 A secondary element to the road improvements at Westfield/A9/A904 funded under TIF is the proposed iconic bridge structure which would link all four quadrants of the Falkirk Gateway, Helix and Stadium sites. This element of the project was successful in securing significant capital funding (£20m) via UK Government Levelling Up Fund (Round 1). These funds were secured on the basis of providing active travel and complimenting the wider TIF funded Westfield/A9/A904 works.
- 5.6.2 An iconic bridge structure could act as a gateway to Falkirk reflecting the heritage and tourism appeal of other local engineering landmarks such as the Kelpies and the Falkirk Wheel.
- 5.6.3 A simpler alternative solution which also safely allows pedestrian and cycle journeys across the Westfield junction is possible by means of at-grade traffic signal solution. Each of the solutions has benefits and disbenefits for certain users and these have been thoroughly re-examined as part of a full project review.
- 5.6.4 The funding from LUF was expected to fully fund the delivery of the overbridge and associated infrastructure to integrate it with the wider TIF funded works

however, following evaluation the costs estimate exceed the funding available. Initial estimates were a bridge cost of approximate £16m however, current projected costs to successfully deliver the current design are approximately £25m and this may increase further given current inflationary pressures and recognising the bespoke design of the structure.

5.6.5 If the Council were to progress with the overbridge then it would be responsible for all costs in excess of the LUF funding and given the current estimates this would mean one of the following options:

- Additional capital contribution from the General Services Capital Programme thereby increasing the Council's borrowing costs.
- Re-allocation of funding General Services Capital Programme meaning that a currently approved project (or projects) would be impacted or not progressed.
- Other TIF funded projects are reduced or cancelled. This option may have a wider impact on the TIF programme than a simple reallocation of capital expenditure as the overbridge does not directly support the generation of NDR whereas the prioritised projects do.

5.6.6 It is therefore considered that delivery of the bridge is unaffordable. Officers have therefore reviewed the original active travel proposals that formed part of the Westfield/A9/A904 TIF programme project and developed further improvements to mitigate the impact of removal of the bridge. The revised scheme and the costs associated have been discussed with the UK government to establish the level of support that may be available (if any) should the Council decide to remove the overbridge and progress an alternative scheme at Westfield/A9/A904.

5.6.7 The UK Government has advised that they are satisfied the revised scheme meets the original objectives of the overbridge and continues to deliver the improved active travel benefits envisaged. UK Government officials have recommended approval of a funding commitment of £14.1m to reflect the changes to project scope and projected expenditure. This recommendation is awaiting UK ministerial confirmation which is anticipated in the very near future.

5.6.8 Given the continued offer of considerable financial support from the UK Government and the affordability of the TIF programme it is recommended that the Council progress the revised Westfield/A9/A904 project. The advantage of this approach is the continued delivery of the planned programme of projects, the delivery of the enabling works supporting the Falkirk Gateway development (which would secure a capital receipt and NDR contributions) and reduced financial risk through reduced construction costs, continued receipt of additional NDR income and the opportunity to phase works. The revised programme will continue to attract significant LUF support of £14.1m as agreed through the UK Government and through the revised scheme scope project costs have been reduced to approximately £54.1m.

## **5.7 Falkirk Gateway Development**

- 5.7.1 Heads of Terms for the Falkirk Gateway site have been agreed with a preferred developer (Hargreaves Property Ventures Ltd) and were approved by Executive (Oct 2021). A Development Agreement has been agreed in principal and is anticipated to be concluded upon confirmation of the Westfield/A9/A904 enabling project being approved to progress and delivery timescales confirmed.
- 5.7.2 The developer is fully aware of the revised approach proposed to the programme and has confirmed their continued commitment to the development. It is expected the developer will submit planning applications to enable a programme of commercial development alongside the TIF works soon after the Council's confirmation in the future of the revised works tender acceptance and programme delivery timescales. These considerations provide a level of assurance that the Falkirk Gateway development will be delivered and make a significant contribution to the NDR income projected within the TIF programme funding model.
- 5.7.3 It is recommended that officers subject to approval of the revised Westfield/A9/A904 project, as proposed in the report, progress to conclusion of the legal agreements to enable the delivery of the developments to progress.
- 5.7.4 This substantial development extending over 30 acres of currently undeveloped land will deliver a mixed use 'urban quarter' consisting of large retail units; business space; leisure uses; and a hotel. The capital receipts from the site will be ring fenced to aid town centre regeneration.

## **5.8 Capital Receipts**

- 5.8.1 Upon conclusion of the Falkirk Gateway development agreement and progression of the development the Council will benefit from capital receipts previously reported. These receipts will continue to be prioritised for town centre regeneration and will be released upon confirmation of affordability of the wider TIF programme.
- 5.8.2 Associated with the delivery of the TIF programme are a number of development sites where enabling works will unlock development and, in some instances, potentially generate capital receipts for the Council's (i.e., former Mettech site, Westfield). It is proposed that these receipts are retained within the TIF programme to mitigate risks associated with the TIF cashflow.
- 5.8.3 If following all the prioritised infrastructure investments being completed and the associated development taking place, the TIF programme has surpluses, it is proposed that these are used to support infrastructure projects (such as Avon Gorge or GFPS) or other emerging strategic investments (subject to approval of the appropriate business cases). Projects would be considered by members in the future if applicable.

## **6 Consultation**

- 6.1 Consultation was previously undertaken in relation to the infrastructure projects proposed as part of the TIF programme and further phases of consultation will take place as individual projects progress.
- 6.2 Formal public consultation on the A9/A904 Westfield project was undertaken as part of the Planning process. Further engagement, particularly with key stakeholders and neighbouring businesses, has been maintained during the detailed design development. This will continue during the main construction programme.
- 6.3 The Westfield/A9/A904 project will continue to reflect sustainable procurement objectives with provision of significant Social Value benefits during construction, and positive enhancements to local Biodiversity. During the design development and procurement stages there has been specific consultation with relevant services, the local supply chain and statutory bodies.
- 6.4 A TIF programme communications plan has been prepared to assist with wider public engagement. This will be particularly relevant leading up to construction activity to provide information on possible disruption or temporary impacts to transport corridors. Officers will also liaise with the contractors' communications team before and during construction works to ensure consistent messaging on progress and notification of key activities.

## **7 Implications**

### **Financial**

- 7.1 Delivery of the TIF initiative is predicated on the principle that infrastructure projects are used to stimulate and attract new businesses or create additional business space. The additional NDR income generated from these is used to pay back any borrowing over the duration of the TIF programme. Ordinarily NDR income is returned to the Scottish Government under the pooling arrangement. The ability to use NDR income in this way is solely because of the TIF legal agreement with the Scottish Government.
- 7.2 The business case, implementation programme and financial model for the TIF programme have been the subject of regular review. Scottish Enterprise, Scottish Futures Trust and both Council Finance and Place Services staff have been involved in the assessments and verification of financial figures provided within this report.
- 7.3 The financial model shows primarily projected NDR income and project capital expenditure which have been modelled to assess affordability. The model has been updated with latest expenditure projections and refined to incorporate multiple NDR income scenarios. This approach allows for a range of development assumptions to be considered from an optimistic view where all sites are developed at an assumed rate, through to a more cautious, pessimistic scenario where the rate of development activity is lower than anticipated. A

detailed analysis of cashflow has enabled the assessment of potential risks and the identification of appropriate risk mitigation measures to implement should those risks materialise.

- 7.4 The review confirms that, on the basis of the revised estimated delivery timescales, projected NDR income and construction costs, the revised TIF programme incorporating the prioritised projects such as the Westfield/A9/A904 project (excluding the overbridge) and next phase of the other M9 corridor projects can be funded from anticipated NDR income projections. Funding towards both GFPS and Avon Gorge whilst remaining commitments cannot be confirmed in terms of their level at this stage and will be subject to the affordability of the wider programme and engagement with partners on their contributions and any alternative funding models.
- 7.5 NDR income will continue to be monitored closely and projections of any final TIF programme surplus will be evaluated regularly. Prior to committing to expenditure for delivery of further infrastructure projects such as the smaller M9 corridor projects, a financial assessment will be made to determine affordability. These tests will ensure financial risks are tracked and if necessary, decisions on corrective actions can be taken early.
- 7.6 Within the original TIF Legal Agreement there is provision for NDR income from Plant & Machinery to be utilised by the Council to cover any shortfall at the end of the TIF period. This has not been built into the financial projections at this stage but will provide some additional risk mitigation.
- 7.7. It is also recommended that whilst the capital receipt from the Falkirk Gateway Project continues to be prioritised for Town Centre regeneration it is retained as a contingency to ensure that the Council continues to have resources available should an unexpected deficit in the programme occur without impacting on already pressured General Services Capital and Revenue Budget resources. Upon confirmation of the affordability of the revised programme as it progresses beyond Westfield/A9/A904 the receipt will be released. At the end of the TIF programme any NDR surpluses will be redeployed in accordance with the programme legal agreement.

## **Resources**

- 7.9 The Strategic Infrastructure Team recently established as part of the new Invest Falkirk Division will lead on the delivery of the TIF programme projects and will be supported by staff from other services as appropriate. The team will recruit appropriate staff with the relevant qualifications and experience to ensure infrastructure investments are delivered efficiently and effectively. Where necessary external professional and technical advisors will be engaged to deal with specific project delivery matters. Allowances have been made within the project budgets for professional and technical services fees.

## **Legal**

- 7.10 Scottish Government has confirmed that formal amendments are required to the TIF Agreement and that this work has commenced. Officers will continue to liaise with them to monitor progress with this task. Officers will continue to liaise with Scottish Government so that the necessary documentation can be in place for revised legislation to be laid before Scottish Parliament. The risk to TIF is deemed to be low given ministerial letters have confirmed the Councils ability to progress with the revised TIF programme with spend up to £95.7m. It should be noted that based on the revised prioritised programme that it is unlikely that the Council will exceed the previous budget cap of £67m before legislation is altered.
- 7.11 All TIF projects will be subject to conclusion of all necessary land and legal agreements and where necessary specialist legal advice will be sought. If necessary additional internal and / or external legal support will be engaged to assist the progression of proposals.
- 7.12 Land agreements – a number of land agreements have been taken forward to secure access onto private land necessary for temporary or permanent works. In addition, an agreement has been reached with the National Lottery for the standard security relating to part of the Helix Park development to be released in order that the roads development can proceed. All legal agreements will be concluded prior to project construction commencing.

## **Risk**

- 7.13 A risk matrix is maintained at a TIF programme-level and will be updated to reflect the decisions of members. Risk management of the overall TIF programme includes monitoring and mitigation of strategic and financial risks including assumptions affecting development of red-line sites and subsequent anticipated NDR income. Strategic Infrastructure projects delivered through the TIF programme are incorporated within the Councils risk assurance framework and have been recently subject to review.
- 7.14 More detailed risk registers are maintained at an individual project-level. These risk registers include design and construction risks associated with each individual project and make financial contingency allowances for potential delay or cost variations. Risk management of these areas have been thoroughly reviewed and revised in light of current challenges faced across the construction industry.
- 7.15 The project risk register for the Westfield/A9/A904 project was first developed at the beginning of the outline design process. This register has been regularly reviewed, updated and assessed at regular intervals taking input from all engineering disciplines involved in project design. As the risk profile of every project fluctuates during design the quantification of risk has been linked to project cost estimates and delivery timescales.

- 7.16 A final design risk register has been independently assessed and quantified. This has enabled the project team to identify an appropriate risk and contingency sum which is included in the overall project cost. This contingency approach is standard for large complex infrastructure projects and is adjusted as risks transfer to the contractor through the contract documents. Through the construction contracts being used risks associated with costs and delivery timescales are predominantly transferred to the contractor upon appointment.
- 7.17 If Executive agree with officer recommendations to progress with the revised infrastructure proposals for the Westfield/A9/A904 project (with removal of the overbridge), as opposed to the cancellation of the programme, a number of potentially negative consequences / risks can be mitigated. In summary the main ones are:
- a) the external funding (£14.1m) opportunity currently afforded by LUF is time-bound and site-specific. Draw-down of this support must be complete by March 2024 and cannot be redirected to any other projects. Therefore, the available funds would be lost if the revised project scope is not approved.
  - b) The revised project scope has been subject to considerable commercial market testing with the contractor and therefore failure to progress would introduce a delay and require works to be re-evaluated. Any proposed re-tendering may further delay the conclusion of the Falkirk Gateway legal agreement and jeopardise the potential capital receipt, Should the Council not progress any enabling works for Falkirk Gateway development then developer costs already incurred would have to be reimbursed.
  - c) Any delay to the construction works will have an effect on project costs through inflationary pressures and work phasing inefficiencies together with potential reprogramming of seasonal works.
  - d) Removal of the Westfield Bridge and Middlefield roundabout elements at this stage will whilst reduce the overall project costs to a more affordable level due to their defined nature they could still be able to be considered in the future should additional resources be forthcoming.
  - e) Costs associated with project development to date including site investigation, design fees, surveys and land acquisition will not be wasted.
- 7.18 Given the risks associated with not progressing immediately, it is recommended that Council Executive agree to proceed with the prioritised TIF programme incorporating the revised scope A9/A904 Westfield infrastructure works.

### **Equalities**

- 7.19 The Council is required to have regard to the Equality Act 2010 and the public sector equality duty (PSED). The PSED places a statutory duty on the Council in the exercise of its functions to have due regard to the need to: (1) eliminate

discrimination (2) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (3) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

- 7.20 A full EPIA has been completed for the A9/A904 project (Appendix 4). This identified that the project would have a positive benefit on the Age and Disability characteristics and would have Neutral effect to all other protected characteristics.
- 7.21 The positive benefits in the scheme arise from the provision of safe pedestrian routes and full access between all four quadrants of the Westfield roundabout, improving upon the currently limited accessibility across both existing and proposed facilities which does not provide full access to all users

## **8 Conclusions**

- 8.1 The TIF programme is a major initiative for the Council and is being pursued to assist in the economic growth and transformation of the area. It has delivered substantial economic benefits to date. The TIF programme to date has delivered 124,000sqm of business and commercial floorspace and 2,000 jobs. The programme remains on course to deliver the targeted 400,000sqm business space and 6,000 jobs by 2037.
- 8.2 The Scottish Government have confirmed an increase in the TIF expenditure cap from £67m to £95.7m to meet the increased project costs and has also confirmed a 1-year extension to NDR income. Funding from other LUF is considered additional. These changes have been reflected in the latest TIF financial monitoring forecasts.
- 8.3 With the current challenges of construction inflation, economic uncertainty and amendments to NDR from the recent revaluation a substantial review was undertaken of the TIF programme, resulting in revised financial models / cash flows based on low, medium and high-risk scenarios. Based on the lowest risk (most pessimistic forecast) the proposed revised scope and prioritised programme is considered affordable. Should NDR income not materialise as expected, mitigation measures have been identified to provide assurance that TIF projects could continue to be delivered without burden on Falkirk Council budgets. The mitigations include affordability tests prior to committing to projects and the prioritised phasing of future M9 corridor works.
- 8.4 The removal of the overbridge at Westfield has reduced both project and programme risks substantially however, through the development of the revised scheme substantial active travel improvements continue to be made and will benefit from substantial external support through Levelling Up Funds.
- 8.5 Legal agreements for the Gateway Development are all agreed in principle and awaiting signature (subject to consideration of this report) and should the recommendations be approved and will be concluded as quickly as possible enabling progress on this significant mixed use development to be delivered.

- 8.6 The TIF programme as outlined has delivered real tangible benefits for the Falkirk economy and can continue to do so. The opportunity exists for the Council to progress the TIF programme infrastructure on a prioritised basis that will continue to support the creation of new business space, new jobs and integrate active travel improvements whilst ensuring affordability. Projects need to commence as quickly as possible to ensure current construction inflation and funding timescale risks are mitigated and the wider financial and economic benefits are maximised.

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Director of Place Services

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Date: 9 May 2023

## **Appendices**

Appendix 1 – TIF Infrastructure Budget allocations  
Appendix 2 – TIF income/expenditure profile  
Appendix 3 – TIF Red Line Development sites  
Appendix 4 - EPIA

## **List of Background Papers:**

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973:

- Tax Incremental Finance Initiative – Emergency Executive 17 Sept 2020
- Balfour Beatty SCAPE Tender Report – February 2021
- Letter from Deputy First Minister – November 2022
- TIF files

## Appendix 1 - TIF Infrastructure Budget Allocation (subject to affordability)

TIF Infrastructure Project	Approved (Sep 2020)	Revised Programme	Prioritised
<b>Phase 1 – M9 Corridor</b>			
M9 J6	£2.463m - delivered	£2.463m - delivered	
Enabling Works	£2.902m	£3.401m - delivered	
M9 J5 (Phase 1)	£2.000m	£2.420m - delivered	
M9 J5 (Phase 2)	£1.000m	£1.580m	
Icehouse Brae	£4.786m	£6.600m	
A9/A904 Westfield	£54.264m	£40.000m **	
<b>Phase 1 Total</b>	<b>£67.415m</b>	<b>£56.464m</b>	
<b>Phase 2 Projects</b>			
Enabling Works	£2.098m	nil	
A801 Avon Gorge	£12.988m **	£12.958m (indicative) **	
Grangemouth Flood Protection Scheme	£12.742m **	£12.742m (indicative) **	
<b>Phase 2 Total</b>	<b>£27.788m</b>	<b>£25.70m</b>	
<b>TIF project allocation total (subject to affordability)</b>	<b>£95.243m</b>	<b>£82.164m</b>	
<b>TIF Legal Agreement Budget Cap</b>	<b>£67.000m</b>	<b>£95.70m</b>	

\*\* denotes the potential TIF contribution to project with balance of project funding secured from other sources – see report for further details

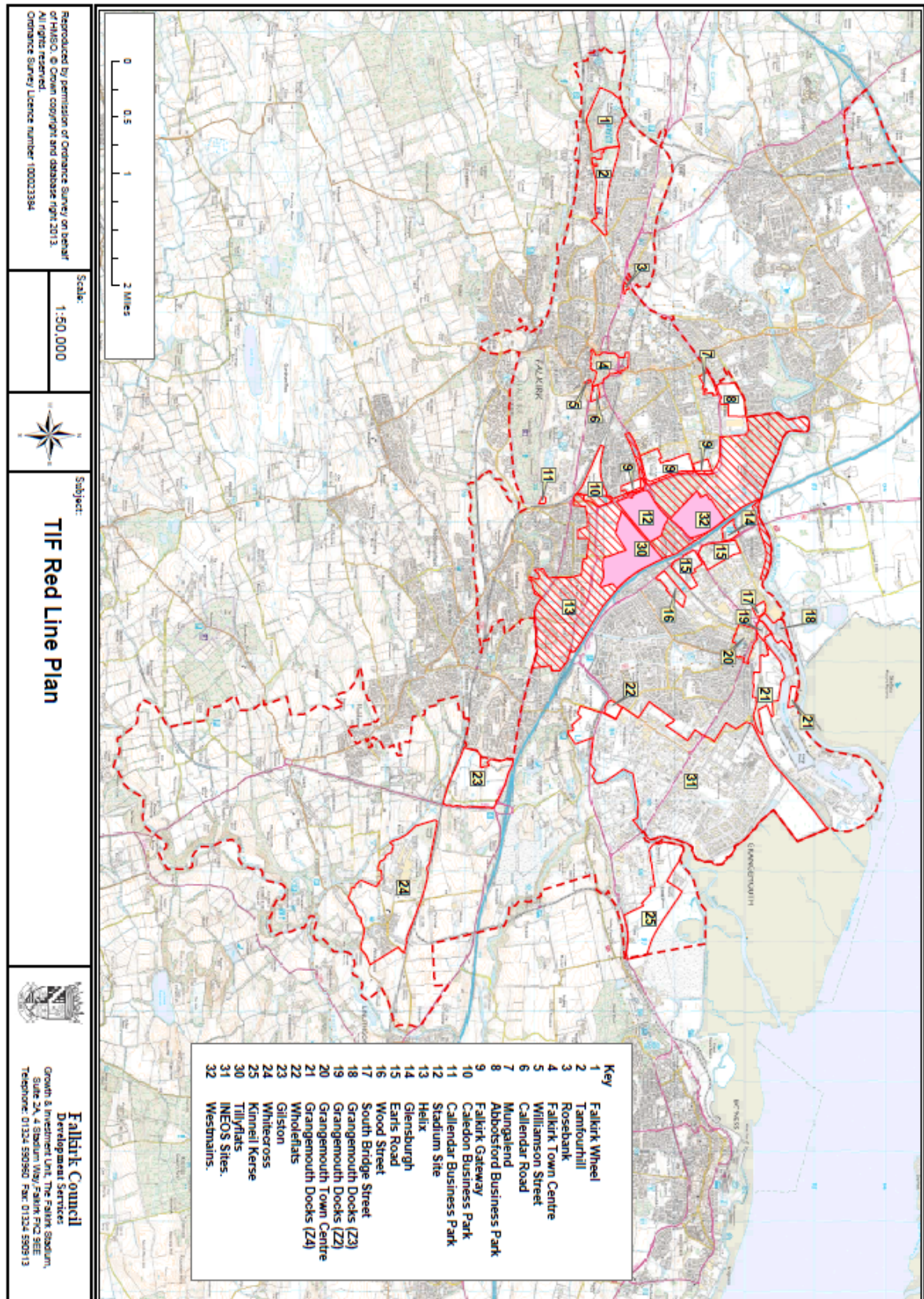
**NOTE – Table indicates proposed budget allocation only based on proposed Expenditure Cap agreed with Scottish Government. All planned expenditure is subject to financial checks on NDR income, cashflow and affordability.**

## Appendix 2 - Projected TIF Income / Expenditure

<b>Projected Income</b>	
NDR received to date (Yr1-Y10)	£13.2m
Future NDR from existing development (Yr11-Yr26)	£32.5m
Future NDR from proposed development (Yr11-Yr26)	£36.8m *
Levelling Up Fund (LUF)	£14.1m
Low Carbon Travel and Transport (LCTT1)	£0.56m
Other income contributions	£0.8m
<b>INCOME TOTAL:</b>	<b>£97.96m</b>
<b>Proposed Prioritised Expenditure</b>	
M9 J6 improvements	£2.463m - delivered
Enabling Works	£3.395m - delivered
M9 J5 (Phase 1)	£2.7m - delivered
M9 J5 (Phase 2)	£1.3m
Icehouse Brae upgrading	£6.6m
A9/A904 Westfield	£54.1m
Avon Gorge (Prelim work)	£0.350m
<b>PROPOSED EXPENDITURE TOTAL:</b>	<b>£70.908m</b>

\* Estimate of potential future NDR income

## Appendix 3 – TIF Site Locations



### SECTION ONE: ESSENTIAL INFORMATION

<b>Service &amp; Division:</b>	Development Services Design, Roads & Transport	<b>Lead Officer Name:</b>	David Foote
		<b>Team:</b>	Engineering Design
		<b>Tel:</b>	01324504844
		<b>Email:</b>	david.foote@falkirk.gov.uk
<b>Proposal:</b>	TIF Infrastructure - A9/A904 Improvements	<b>Reference No:</b>	

What is the Proposal?	Budget & Other Financial Decision	Policy (New or Change)	HR Policy & Practice	Change to Service Delivery / Service Design
	No	Yes	No	No

Who does the Proposal affect?	Service Users	Members of the Public	Employees	Job Applicants
	No	Yes	No	No

<b>Other, please specify:</b>	
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### Identify the main aims and projected outcome of this proposal (please add date of each update):

16/09/2021	Falkirk Council's TIF Infrastructure Programme will provide infrastructure improvements to the A9/A904 corridor, thereby encouraging business growth and employment in the Falkirk/Grangemouth area. This also includes sustainable improvements to, and additional facilities for, all modes of non-motorised users in the immediate vicinity of the A9/A904 linking to the wider community.

**SECTION TWO: FINANCIAL INFORMATION**

For budget changes ONLY please include information below:			Benchmark, e.g. Scottish Average
Current spend on this service (£'0000s)	Total:		
Reduction to this service budget (£'0000s)	Per Annum:		
Increase to this service budget (£'000s)	Per Annum:		
If this is a change to a charge or concession please complete.	Current Annual Income Total:		
	Expected Annual Income Total:		
If this is a budget decision, when will the saving be achieved?	Start Date:		
	End Date (if any):		

**SECTION THREE: EVIDENCE**

Please include any evidence or relevant information that has influenced the decisions contained in this EPIA. (This could include demographic profiles; audits; research; health needs assessments; national guidance or legislative requirements and how this relates to the protected characteristic groups.)

**A - Quantitative Evidence**

This is evidence which is numerical and should include the number people who use the service and the number of people from the protected characteristic groups who might be affected by changes to the service.

Evidence in support of the design of this infrastructure project includes

- traffic count surveys of existing users and estimated number of motorised and non-motorised users expected to use the improved routes,
- feedback received from public consultation,
- Walking, Cycling and Horse Riding Assessment (WCHAR), and
- Road Safety Audit process in line with DMRB principles.

Scheme has been designed to provide benefits to all road users, including those with protected characteristics

Planning Application - [P/20/0545/FUL | A9/A904 Road Improvements and Associated Earthworks, Landscaping and Surface Water Drainage Works | Westfield Roundabout, Falkirk & Earls Gate Roundabout, Grangemouth](#)

**B - Qualitative Evidence**

This is data which describes the effect or impact of a change on a group of people, e.g. some information provided as part of performance reporting.

**Social - case studies; personal / group feedback / other**

**Best Judgement:**

<b>Has best judgement been used in place of data/research/evidence?</b>	Yes
<b>Who provided the best judgement and what was this based on?</b>	Experienced and professional design and project management team for TIF - A9/A904 Improvements.
<b>What gaps in data / information were identified?</b>	None
<b>Is further research necessary?</b>	No
<b>If NO, please state why.</b>	Road safety audit, traffic studies/assessments and WCHAR study previously carried out.

**SECTION FOUR: ENGAGEMENT****Engagement with individuals or organisations affected by the policy or proposal must take place**

Has the proposal / policy / project been subject to engagement or consultation with service users taking into account their protected characteristics and socio-economic status?	Yes	
If YES, please state who was engagement with.	Open public event October 2019 for all and any to attend to raise awareness and allow the community to discuss the proposals directly with the project team .	
If NO engagement has been conducted, please state why.		
How was the engagement carried out?		What were the results from the engagement? Please list...
Focus Group	No	
Survey	No	
Display / Exhibitions	No	
User Panels	No	
Public Event	Yes	Summary of Q&A included as part of Section 3: Evidence.
Other: please specify		
Has the proposal / policy/ project been reviewed / changed as a result of the engagement?	No	
Have the results of the engagement been fed back to the consultees?	Yes	
Is further engagement recommended?	No	

## SECTION FIVE: ASSESSING THE IMPACT

**Equality Protected Characteristics:** What will the impact of implementing this proposal be on people who share characteristics protected by the Equality Act 2010 or are likely to be affected by the proposal / policy / project? This section allows you to consider other impacts, e.g. poverty, health inequalities, community justice, carers etc.

Protected Characteristic	Neutral Impact	Positive Impact	Negative Impact	Please provide evidence of the impact on this protected characteristic.
Age		✓		Carriageway improvements have no impact on age characteristic for motorised transport users (driver or passenger) Footway/cycleway improvements encourage safe access for all ages throughout the scheme extents.
Disability		✓		The improved pedestrian, wheelchair and cycle facilities throughout the scheme are designed to be safe for use, minimising the interaction/conflict with motorised vehicles. Where at-grade road crossings have been retained, these are designed to be fully accessible for disabled users. Overall the project is deemed to have a positive impact for those with a disability.
Sex	✓			No impact
Ethnicity	✓			No impact
Religion / Belief / non-Belief	✓			No impact
Sexual Orientation	✓			No impact
Transgender	✓			No impact
Pregnancy / Maternity	✓			No impact
Marriage / Civil Partnership	✓			No impact
Poverty	✓			No impact - Provision of high quality walking & cycling routes and maintaining Public Transport links to retail and recreational spaces, ensures accessibility for all. All TIF Infrastructure improvement schemes are linked to identified development sites with the aim of stimulating economic growth and generating additional employment opportunities.
Other, health, community justice, carers etc.	✓			No impact
Risk (Identify other risks associated with this change)				

**Public Sector Equality Duty: Scottish Public Authorities must have 'due regard' to the need to eliminate unlawful discrimination, advance quality of opportunity and foster good relations. Scottish specific duties include:**

	<b>Evidence of Due Regard</b>
<b>Eliminate Unlawful Discrimination (harassment, victimisation and other prohibited conduct):</b>	
<b>Advance Equality of Opportunity:</b>	The controlled crossings are DDA compliant meaning that people with a mobility issues are able to use the crossings safely.
<b>Foster Good Relations (promoting understanding and reducing prejudice):</b>	

**SECTION SIX: PARTNERS / OTHER STAKEHOLDERS**

Which sectors are likely to have an interest in or be affected by the proposal / policy / project?		Describe the interest / affect.
<b>Business</b>	Yes	Local businesses will have an interest on how the proposals will benefit their business operation
<b>Councils</b>	Yes	Community Councils will have an interest on how the proposals will benefit the wider community.
<b>Education Sector</b>	Yes	Local schools/colleges will have an interest in terms of learning opportunities (STEM opportunities).
<b>Fire</b>	Yes	SFRS will have an interest in terms of any impact regarding response times.
<b>NHS</b>	Yes	Ambulance Services will have an interest in terms of any impact regarding response times.
<b>Integration Joint Board</b>	Yes	IJB will have an interest in terms of the benefits the project will deliver for vulnerable members in the community.
<b>Police</b>	Yes	Police will have an interest in terms of any impact regarding response times.
<b>Third Sector</b>	Yes	Third sector will be interested in terms of community benefits during the constriction phase.
<b>Other(s): please list and describe the nature of the relationship / impact.</b>		

## SECTION SEVEN: ACTION PLANNING

**Mitigating Actions:** If you have identified impacts on protected characteristic groups in Section 5 please summarise these in the table below detailing the actions you are taking to mitigate or support this impact. If you are not taking any action to support or mitigate the impact you should complete the No Mitigating Actions section below instead.

Identified Impact	To Who	Action(s)	Lead Officer	Evaluation and Review Date	Strategic Reference to Corporate Plan / Service Plan / Quality Outcomes

### No Mitigating Actions

**Please explain why you do not need to take any action to mitigate or support the impact of your proposals.**

No actions necessary

**Are actions being reported to Members?**

Yes / No

**If yes when and how ?**

**SECTION EIGHT: ASSESSMENT OUTCOME**

Only one of following statements best matches your assessment of this proposal / policy / project. Please select one and provide your reasons.

No major change required	Yes	Overall, the TIF project will enable growth and employment to the area, provide new sustainable, high quality, safe facilities for non-motorised users, and provide an enhanced road network with road safety and junction efficiency improvements and sufficient resilience to cater for future traffic demands.
The proposal has to be adjusted to reduce impact on protected characteristic groups	No	
Continue with the proposal but it is not possible to remove all the risk to protected characteristic groups	No	
Stop the proposal as it is potentially in breach of equality legislation	No	

**SECTION NINE: LEAD OFFICER SIGN OFF**

Lead Officer:

Signature:	<i>David Foote</i>	Date:	16/09/2021
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**SECTION TEN: EPIA TASK GROUP ONLY**

<b>OVERALL ASSESSMENT OF EPIA:</b>	<b>Has the EPIA demonstrated the use of data, appropriate engagement, identified mitigating actions as well as ownership and appropriate review of actions to confidently demonstrate compliance with the general and public sector equality duties?</b>	Yes
<b>ASSESSMENT FINDINGS</b>  If YES, use this box to highlight evidence in support of the assessment of the EPIA  If NO, use this box to highlight actions needed to improve the EPIA	The crossings are DDA compliant and this is evidenced in the planning application.	
<b>Where adverse impact on diverse communities has been identified and it is intended to continue with the proposal / policy / project, has justification for continuing <u>without making changes been made</u>?</b>	Yes / No	If YES, please describe:

LEVEL OF IMPACT: The EPIA Task Group has agreed the following level of impact on the protected characteristic groups highlighted within the EPIA		
LEVEL		COMMENTS
HIGH	Yes / No	
MEDIUM	Yes / No	
LOW	Yes	The crossings and other proposed upgrades for non-motorised road users are DDA compliant and are accessible to everyone. No negative impacts identified.

**SECTION ELEVEN: CHIEF OFFICER SIGN OFF**

<b>Director / Head of Service:</b>			
<b>Signature:</b>	<i>Douglas Duff</i>	<b>Date:</b>	07/10/2021