



Report to Leader (Transport portfolio)

Decision Date:	9 August 2022
Reference No:	TR24.22
Title:	Abbey Barn Lane Improvement Scheme (ABLIS)
Relevant Cabinet Member(s):	Cllr Steve Broadbent
Author and/or contact officer:	Kevin Allen, John Callaghan
Ward(s) affected:	Ryemead & Micklefield and Tylers Green & Loudwater

There is a confidential part to this report, which is exempt by virtue of paragraph 3 of Schedule 12A of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

Recommendations:

The Leader is requested to:

- 1. Agree to stop the Abbey Barn Lane Improvement Scheme (ABLIS)**

The Leader is asked to note:

- 1. Ongoing dialogue with Homes England**
- 2. Stopping the project will have incurred c£2m expenditure, fully funded from external sources**
- 3. If the project is stopped, the Council would look at alternative ways in which the £2.5m of Abbey Barn South S.106 funding could be used to mitigate traffic impacts in the local area**

Reason for decision:

The available budget is insufficient to deliver the project and does not demonstrate value for money.

1. Executive summary

- 1.1 The original realignment scheme was not affordable and the scheme was revised in 2020 to reduce the forecast cost of the project. An alternative more affordable option was developed. However, the most recent cost estimate shows that this too exceeds the budget. The significant risk of further cost inflation compounds the shortfall.
- 1.2 Other options have been considered, but these would deliver less infrastructure and not assure housing delivery of Abbey Barn North (ABN). They are not considered value for money when taking account scheme impacts and effectiveness. Other options would also require Homes England (HE) agreement and are not considered deliverable without unacceptable financial risk to the Council.

2. Content of report

- 2.1 Background work identified the highway constraints along Abbey Barn Lane including the old railway bridge and the challenges these pose to successful housing delivery. In 2019 the Council secured £7.5m of Housing Infrastructure Funding (HIF) towards the Abbey Barn Lane re-alignment scheme. A further £3.47m was secured from s.106 and Local Transport Board grant, to give a total project budget of £10.97m.
- 2.2 The original scheme has changed over time and the full realignment of Abbey Barn Lane has not been possible to progress due to significant topographical and budgetary challenges including c£3m gas diversion works.
- 2.3 A revised Abbey Barn Lane Improvement Scheme (ABLIS) was developed in 2020 that could deliver some of the benefits to the original proposal, known as 'Option 7'. See layout plan in Appendix 2. This scheme includes replacing the existing single way working road bridge along Abbey Barn Lane with a wider (two way) carriageway and new bridge. It also includes a new roundabout at the junction with Kingsmead Road and Abbey Barn Road to provide access to the ABN housing site that is expected to provide over 140 homes. However, it has become clear that this scheme is not affordable within the £10.97m secured budget.
- 2.4 Based on Option 7, a number of 'delivery models' were considered. These include delivering the scheme in full (assuming the cost shortfall could be made up) or de-scoping the project elements to be delivered by the Council (including stopping the project), thereby reducing costs, leaving a future developer to deliver access and junction improvements for the ABN housing site. Details of these four delivery models are set out in Appendix 1.
- 2.5 At briefings in April, May and June 2022, Members expressed concerns about affordability given rising costs and cost uncertainty. Other concerns were a sub optimal road layout with two junctions very close by and the future Council liability for the bridge following removal of the pinch point (currently this is National Highways responsibility). In addition

to this, concerns were highlighted regarding removal of vegetation as well as land / easement risks associated with the gas main diversion and disruption during construction associated with closure of Abbey Barn Lane for at least 16 months.

- 2.6 Overall Members expressed concern that the project was not affordable and did not offer value for money. It was also felt it would be preferable if the remaining unclaimed HIF funds could be re-allocated to another Buckinghamshire HIF scheme that supports the delivery of more housing. However, it was recognised that Homes England (HE) have stated that this was unlikely; it would be a departure from usual practice, and no decision would be forthcoming quickly.
- 2.7 To minimise abortive costs, substantive work on ABLIS has stopped.
- 2.8 The pros and cons of stopping the project are set out below:

Pros	Cons
<ul style="list-style-type: none"> 1. Ends council risk with scheme. HE unlikely to try and reclaim funds. 2. Opportunity for ABS S106 to be used on other transport schemes, e.g., Marlow Hill / Daws Hill Lane. 3. Ends public spending on the scheme. 4. Avoids the need for closure of Abbey Barn Lane during construction for 16+ months 	<ul style="list-style-type: none"> 1. Doesn't support delivery of 140 homes on Abbey Barn North. Would mean that development doesn't happen or happens with a potentially worse alternative access and even lower affordable housing. 2. Council would not receive the budgeted capital receipt from land. 3. Small Impact on 5-year land supply. This is currently 6.4 years and ABN contributes c2 months to that. 4. Potential reputational issues including around abortive costs. 5. No improvement to the highway network, congestion on Abbey Barn Lane / Kingsmead Road / Abbey Barn Road likely to increase in this 'do nothing' scenario. E.g. missed opportunity to remove the pinch point at the bridge on Abbey Barn Lane. 6. There is a risk that National Highways may seek to implement their 'policy' of transferring historic assets to local authorities where an increase in traffic has occurred. If successful, the council would be inheriting an old bridge with 18t weight limit and likely higher maintenance liability than the proposed new bridge.

3. Other options considered

- 3.1 The Council cannot deliver the full scheme within budget (Forecast cost £14.6m, versus secured budget of £10.97m). Neither HE nor the landowner is able/willing to fund the shortfall. Due to lack of available funding, the Council would need to reduce funding for other projects in the capital programme, or borrow funding (which would have ongoing revenue implications) in order to fund the shortfall; given the ongoing risks and VfM concerns, this is not the preferred option for the Council.

- 3.2 With a view to managing the budget shortfall the project team has explored four ‘delivery models’, 1 Full Scheme, 2 Staged Approach doing full scope, 3 Staged Approach reduced scope and 4 stop the project. See Appendix 1 for pros and cons of Delivery Models 1-4.

4. Legal and financial implications

- 4.1 The HIF money has been awarded on the basis of a Grant Funding Agreement (GFA) whereby the council has agreed to deliver the full scheme. Stopping the project will not be compliant with the GFA, however this reflects the cost and funding pressures on the Council. Discussions are underway with HE to reach agreement on the way forward.
- 4.2 Due to the time taken for feasibility work to find a viable project, the current HE funding deadlines, of March 2023 and March 2024, cannot be met. Extensions to these would need to be formally requested and confirmed if the project was to continue. Such a request would also need to include approval for the reduced scope of the scheme.

Capital Budget Implications

- 4.3 £10.97m of secured funding budget for ABLIS is set out below:

Amount Secured	Description/Source
£7.500m	HIF Grant Funding - total amount awarded by HE. Claimed to date is £1.22m. A further £71K claim has been submitted and HE have informally agreed to pay this.
£2.500m	s.106 Funding from Abbey Barn South - <i>total amount secured within the s.106 agreement is £2.5m, payable upon occupation of the 200th unit or within 6 months of service of a notice(s) by the council. Officers have written to Berkeley Homes to agree the timescale within which the notice will be served to secure the £2.5m. Anticipated by Spring/Summer 2023.</i>
£0.525m	LTB (Local Transport Board) grant funding. Spent.
£0.325m	HIF Capacity Funding. Received March 22. Revenue. Spent.
£0.120m	Bucks Council Corporate Funding - This will be returned to a corporate budget.
£10.970m	

- 4.4 The latest (May 2022) forecast for option 7 is £14.61m, exceeding the secured budget of £10.97m by £3.64m. This was predicated on the main works happening in 2024. Since then it is apparent that the lead in time for the gas main diversion means that main works would be delayed by 12 months. As a result the additional allowance for inflation is estimated to be a minimum of £65K for construction. All the options aside from stopping the project would exceed the budget.

- 4.5 A cost estimate robustness assessment is provided in [confidential] Appendix 5 for the lowest cost option, with description and RAG status for each element of the project cost estimate. Overall, the cost estimate includes a number of items with an amber rating. In the current inflationary environment there is a high risk that the budget is insufficient.
- 4.6 A number of options have been explored to close the funding gap, via increased funding or reducing costs, as set out in Appendix 4 but have yielded no funds in addition to the total above.

Costs of stopping and closing down ABLIS

- 4.7 The costs to date are £2m made up of:
- £1.5m consultancy / contractor costs
 - Traffic Modelling £53K
 - Ground investigation £377K
 - Feasibility, optioneering, preliminary design, planning application £900K
 - Early Contractor Involvement £150K
 - £0.3m staff / legal costs
 - £120K Utilities
 - Commitments:
 - Final accounts to be settled
- 4.8 Income to date totals £2.07m and is made up of:
- £1.544m claimed and received from HE (majority spent on costs to date) (made up of £1.22m HIF funds, plus £325K capacity funding)
 - £525K LTB/LGF (spent)
- 4.9 A further claim for £71K has been submitted and HE have informally agreed to pay this.
- 4.10 If a project stops and closes down, any costs to date which have not resulted in a viable asset for the Council will need to be converted back to Revenue but can still be funded and is only a technical accounting adjustment.
- 4.11 HE have indicated that funding claimed in good faith and otherwise in accordance with the Grant Funding Agreement will not need to be repaid if the project stops. This position is to be formally confirmed. Hence it is assumed costs to date are covered from HIF funding, with no requirement to pay back and no revenue pressure.
- Capital Receipt Projection**
- 4.12 The original ABLIS project plan was projected to realise a Capital Receipt of up to £1.5m for the Council, through the sale of land to Developers. The original plan is no longer

going ahead due to the known affordability issues. This receipt was built into the Medium Term Financial Plan (MTFP) as a source of funding for the Council's Capital Programme.

- 4.13 This receipt projection will be removed from this year's MTFP as part of the review of Capital Programme Funding; at present, projections from other asset sales would make up for the shortfall.
- 4.14 If the project is stopped, in the worst case, HE could potentially refuse any outstanding or further claims from HIF monies. This would require any remaining costs to be paid for from other sources, potentially the ABS s.106 funds.

Value for Money (VfM) Self-Assessment

- 4.15 While the Option 7 layout would remove the pinch point at the bridge it would not resolve the horizontal and vertical geometry issue that the original realignment was designed to achieve. While the improvement scheme would likely bring about improvements in traffic conditions, particularly on Abbey Barn Lane, the close positioning of the new junction to Abbey Barn Lane and the limitations of the local highway network limit what could be achieved. It would also not assure the delivery of a policy compliant housing scheme on ABN. As noted the cost of the project is £3.6m over budget.

Asset implications - Bridge

- 4.16 The existing former railway bridge under Abbey Barn Lane is currently owned by the Department for Transport and managed by National Highways. The ABLIS project would have entailed replacing this with a new structure to modern standards and in so doing the council would take on ownership.
- 4.17 The project team have worked with Transport for Buckinghamshire's Structures team during the preliminary design process to ensure that design and construction would have minimised ongoing maintenance costs as far as possible.
- 4.18 Further dialogue will be carried on with National Highways to make them aware of the Council's decision on the project.

5. Corporate implications

Development of the area

- 5.1 ABLIS would have helped address the traffic impacts arising from Abbey Barn South and facilitate the delivery of housing on HW4 Abbey Barn North reserve housing site, which is partly owned by Buckinghamshire Council.
- 5.2 Stopping the project will not address the traffic impacts and will not support the housing development on Abbey Barn North.

Land

5.3 If ABLIS does not progress, the scope for a capital receipt from the Council's land asset is reduced. The Council will need to review its objectives and consider working with other landowners. The Council has been in discussions with land-owners regarding delivery of the scheme. The land-owners have been made aware of the Council position and will be contacted to inform them of the decision made. See Appendix 3 for further information on land ownership.

Climate Change and Sustainability

- 5.4 Stopping the project will avoid the carbon costs associated with tree-felling and local loss of habitat and delivery of the scheme. Offsetting these gains, stopping the scheme will not support housing delivery in a sustainable location for development, as identified in the Wycombe Local Plan of 2019.
- 5.5 It will not improve congestion and traffic delays which may result in increased vehicle emissions.

Equality

- 5.6 This decision does not require an equality impact assessment as it does not give rise to the potential for any significant impacts on groups with protected characteristics.

6. Next steps and review

- 6.1 Agree to stop and close down the project with HE and internally with colleagues such as Finance. Publicise the Council's decision on the scheme.
- 6.2 Establish how the £2.5m of Abbey Barn South S.106 funding will be used to mitigate traffic impacts in the local area, in line with the terms of the s.106 agreement (this could include improvements at Marlow Hill /Daws Hill Lane).

7. Background papers

7.1 Appendices

1. Pros and cons for 4 Delivery Models
2. Option 7 layout plan
3. Land plan
4. Funding Options explored to close the Funding Gap

Confidential

5. Cost estimate robustness assessment

7.2 Background papers

None.

8. Your questions and views (for key decisions)

If you have any questions about the matters contained in this report, please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider, please inform the democratic services team. This can be done by telephone 01296 382724 or email kevin.allen@bucksshire.gov.uk