

Report to: Cabinet



Date of Meeting 5 January 2022

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Long Lane Enhancement Scheme

Report summary:

This report seeks an increase in the budget for the Long Lane enhancement scheme from £3.7m to £4.51m to enable the scheme to be completed.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

- Recommends increasing the budget for the Long Lane enhancement scheme from £3.7m to £4.51m and delegating authority to the Chief Executive to make any necessary changes to funding agreements
- Recommends to Council the borrowing of up to £4.51m against ring fenced business rate income to complete the scheme

Reason for recommendation:

To ensure that the Long Lane enhancement scheme can be completed.

Officer: Andrew Wood, Service Lead – Growth, Development & Prosperity, email adwood@eastdevon.gov.uk, tel 01395 571743

Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Democracy, Transparency and Communications
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities
- Tourism, Sports, Leisure and Culture

Equalities impact Low Impact

Climate change High Impact.

Risk: Medium Risk; Two thirds of the scheme is now complete. Cost inflation is a significant issue across all construction projects currently. Devon County Council are project managing the

implementation of the scheme and have significant experience in delivering a wide range of highways schemes. The increased budget now includes a specific 15% risk allowance.

Links to background information [Agenda for Cabinet on Wednesday, 30th September, 2020, 6.00 pm - East Devon](#) item 211

Link to [Council Plan](#)

Priorities (check which apply)

- Better homes and communities for all
 - A greener East Devon
 - A resilient economy
-

Long Lane enhancement

1. Background and context

1.1 Cabinet has received a series of papers on the scheme to enhance Long Lane. Due to the inadequate width of the current highway, no development can take place at the Power Park (formerly known as Airpark) Enterprise Zone site until this is widened. In addition to unlocking development of this site, the enhancement of Long Lane will also bring the following benefits;

- Improving the approach to Exeter Airport as a major gateway to the region
- Improving pedestrian and cycling connectivity
- Improved public transport connectivity through a new circular bus route
- Supporting wider investment, in particular the planned France-Alderney-Britain inter connector project

1.2 The Cabinet meeting of the 30th September 2020 agreed a budget of £3.7m for the Long Lane enhancement works to be funded through the Enterprise Zone programme. This was subsequently endorsed at Full Council. The first part of the scheme (the Silverdown Lane Link) started on site in January 2021 and was completed in August. In turn this enabled South West Water and their contractor Kier to proceed with planned drainage works to Long Lane. These are also now substantially complete.

1.3 The final section of the scheme is the widening of Long Lane itself. The County Council has been working to finalise the costs for this and to appoint a contractor. As part of this exercise it has become apparent that there has been significant, and unexpected, escalation of costs. This places the overall budget in excess of the £3.7m ceiling agreed in September 2020.

2. Revised Costs

2.1 Following discussions with the County Council specific cost increases have been identified in the following areas:

- Silverdown Link Road Construction (+£193,722),
- South West Water overspend (+£66,000)
- Additional Design Costs to accommodate third party work (+£49,693)
- Utilities – mainly BT (+£363,554)

2.2 The major cost increase comes as a result of the statutory works to utilities along Long Lane. Statutory undertakers include WPD, Virgin and BT. WPD and Virgin costs have come back as originally estimated, however, large cost increases have been associated with the BT works on Long Lane. BT works have been priced at £443,000 (2021 Quote) as opposed to the previous estimate of £104,000 (2019) from which the budget was originally set. The increased cost is predominantly due to the increased length of cable lowering which BT have to undertake (340m), along with other costs which have been attributed to the diversion of fibre optic cables. Since the

estimate provided by BT in February 2019, the designs have only changed marginally. The request for a final quote was issued to BT in April 2021 and until they responded on 24/11/2021 there was no advanced warning of any revision to the BT works or cost estimate.

2.3 To minimise the cost, DCC have reached agreement with the highway contractor (MacPlant) to lay the new ducting to avoid BT needing to undertake the works themselves. When taking into account the additional civil works for MacPlant to complete these works, there is an estimated saving of approximately £70,000.

2.4 There have been general increases in material costs and works throughout the construction industry from Brexit and COVID related disruptions. The final highway works have been priced by the preferred contractor and these have come in at around the expected cost. But due to the wider uncertainties it is recommended to include 15% risk contingency within the budget.

2.5 As a result of the above it is a specific recommendation of this paper that the budget for the Long Lane enhancement scheme is increased by up to £0.81m to provide a total scheme cost of £4.51m. This includes the 15% risk allowance for the remaining scheme spend.

3. Assessment

3.1 For a relatively small project, the Long Lane enhancement scheme has proven to be remarkably complex. From an initial failed scheme in 2014 it took three years of working with stakeholders to agree an alternative and deliverable scheme. This is the third time that the budget for this has needed to be increased to cover a number of different factors including the impact of the pandemic.

3.2 Nonetheless two thirds of the overall scheme is now complete. It is essential that this final section now moves forward to delivery because without it the Power Park site cannot be developed and there would be no resulting business rate income. Whilst the reasons for the increased costs at this stage are frustrating it is vital that the momentum is maintained and the scheme is completed as soon as possible. As such it is recommended that the budget is increased to £4.51m.

4. Conclusion

4.1 The enhancement of Long Lane is an important project which, in addition to unlocking the Power Park Enterprise Zone site, will also bring a series of wider benefits including improved public transport provision. Completing the works will enable these benefits to be realised. Subject to budget approval, the Highway improvement works will run from February to July 2022 under a six-month construction period.

Financial implications:

The financial details are contained in the report. The additional budget request and associated borrowing costs can be met from the EZ business rate income. To remind Members the EZ projects and costs involved are ring-fenced to be met from EZ business rate income which is separate to the funding of the Council main capital programme.

Legal implications:

The report does not alter the overall legal position which was commented on in the reports to Cabinet of March & July 2019 and March & September 2020. Should Cabinet consider the increase is acceptable then because this goes beyond the agreed budget then Council's approval is required. Otherwise there are no specific legal implications requiring comment and the legal advice in relation to the project remains as per the March & July 2019 and March & September 2020 Cabinet reports.