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**REPORT TO: MORAY COUNCIL ON 28 JUNE 2023**

**SUBJECT: CLODDACH BRIDGE**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)**

**1. REASON FOR REPORT**

- 1.1 To inform Council of the conditions associated with the grant funding of £1,500,000 from UK Government to repair Cloddach Bridge.
- 1.2 This report is submitted to Council in terms of Section III (F) (15) of the Council's Scheme of Administration relating to management and implementation of the requirements of the Roads (Scotland) Act 1984.

**2. RECOMMENDATION**

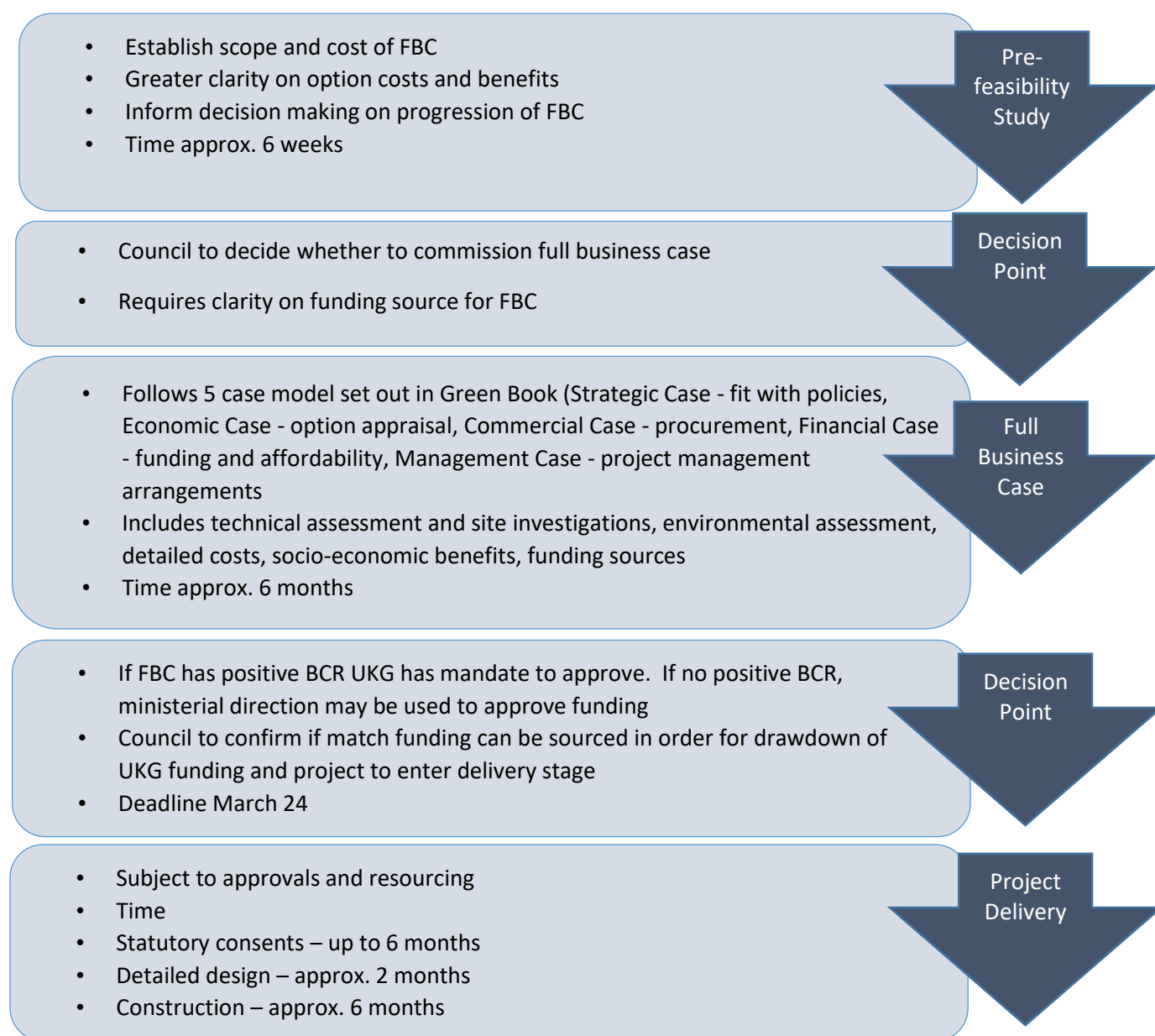
**2.1 It is recommended that Council:**

- i) **Determine whether to suspend standing orders to allow substantive consideration of the matters set out in the following recommendations on the view that there has been a material change in circumstances since considering funding for Cloddach Bridge at the meeting of Economic Development and Infrastructure Services Committee on 7 February 2023 (para 11 of the minute refers;**
- ii) **Subject to such a suspension:**
  - a) **agree on whether to (a) commission and (b) fund a pre-feasibility study, at an estimated cost of approximately £30,000, to ascertain if investment in a full business case as required to secure UK government grant funding to repair the bridge would be of value; and**
  - b) **agree a mandate for Officers to engage with the community to explore capacity for sourcing funding to inform next steps alongside findings of pre-feasibility study.**

### **3. BACKGROUND**

- 3.1 Cloddach Bridge was built in 1905 with an estimated design-life of between 100 and 120 years, after which it would require significant refurbishment or replacement. This bridge is located on the C2E road and a traffic survey undertaken in 2020 showed the average number of vehicles crossing the bridge each day was less than 800.
- 3.2 Based on the findings of a Special Inspection undertaken in February 2022, Cloddach Bridge was closed to vehicular traffic in the interest of public safety. The condition of the bridge was confirmed in the findings of a Principal Inspection and Structural Assessment undertaken by an independent structural engineer in March 2022.
- 3.3 At a meeting of Economic Development and Infrastructure Services Committee on 7 February 2023 (paragraph 11 of the minute refers), Members agreed:
- (i) to keep Cloddach Bridge closed to vehicular traffic but open to pedestrians and cyclists with regular inspections to monitor the condition of the bridge;
  - (ii) when bridge condition deteriorates further and it is not safe for any user, this route is closed permanently and the bridge is removed; and
  - (iii) to note the Chair's commitment, in conjunction with his Group, to pursue alternative funding sources with a view to keeping Cloddach Bridge open.
- 3.4 On 21 March 2023, the UK Government announced £1,500,000 grant funding for the repair of Cloddach Bridge, which is available subject to a business case.
- 3.5 Officers have been in consultation with officials from the Department for Transport, regarding the terms and conditions of the grant funding. These conditions are listed below.
- 1. The grant funding available has a strong expectation to provide vehicular access.
  - 2. This funding is up to a maximum of £1,500,000 and is subject to 50% match funding being provided.
  - 3. A full business case (FBC) must be submitted to secure the grant funding.
  - 4. No funding is available from the UK treasury to develop the business case.
  - 5. The grant will be limited to the amount stated in the business case, i.e. the UK Government will not underwrite any risk that costs associated with the bridge works exceed £3m.
  - 6. The grant funding is available for this financial year, however, if information detailing how the match funding will be sourced and when the works can be implemented is provided, a mechanism may be possible to allow transfer of funding to the Council with ongoing monitoring of delivery.

3.6 The table below sets out the steps and decisions to be taken, with indicative timescales.



3.7 Preparing a FBC is likely to cost in the region of £150,000. This would include site investigation work, which would be necessary to reduce potential financial risk to the Council. Site investigation works required will be identified with estimated costs through the pre-feasibility study.

3.8 Work undertaken to date by the Council previously indicated the economic benefits of re-opening Cloddach Bridge to all traffic would be £74,000 per year and the estimated cost of the work required to re-open the bridge would be in the region of £3,000,000.

3.9 Cloddach Bridge has been assessed for Network Criticality, using the method set out in the Council's Bridge Maintenance Prioritisation Policy agreed at Economic Development and Infrastructure Services Committee on 2 May 2023 (paragraph 12 of the minute refers). Using this method, Cloddach Bridge is categorised as Standard-low.

- 3.10 Based on the information provided in paragraphs 3.7 to 3.9 above, in the view of Council Officers it is unlikely that a positive business case (BCR) could be made to undertake works to re-open Cloddach Bridge to vehicular traffic. This is because the strategic significance of the bridge relative to others in Moray is considered to be low and the economic benefits are likely to be considerably below the cost of works. The UK Government's Managing Public Money guidance sets out the standards expected for projects and proposals, which includes the need to deliver value for money. The guidance allows for ministers to direct officials to proceed even if the scheme does not meet these standards. In practice, it is unlikely a minister would consider issuing a direction without a FBC.
- 3.11 In light of this, before committing approximately £150,000 to develop a FBC and to minimise potentially abortive spend, it would be advisable to commission a high level pre-feasibility study (PFS), to obtain an opinion on options and costs for a FBC. This study would involve undertaking a high level assessment of the benefits and costs, including quantified risks, associated with options available to re-open Cloddach Bridge. This PFS would differ from the assessment previously undertaken by officers and independent Principal Inspection and Structural Assessment by providing more detail, including risk, on options to re-open the bridge to vehicular traffic. It will also inform the costs for developing the FBC. A pre-feasibility study is estimated to cost approximately £30,000.
- 3.12 Council is therefore asked to decide whether the approach set out is supported, and if so, to agree whether to (a) commission the PFS and (b) determine who should fund this. Time for the community to raise funding for this is very limited without placing the opportunity of the UK Government funding at risk. However, in assessing funding, it should be borne in mind that in officers' view it is highly unlikely the PFS will establish a positive BCR, and options by which the community might reasonably be expected to raise funding to cover the costs of preparing the FBC and also deliver match funding currently appear to be limited which may mean that even the more limited expenditure on a PFS is ultimately abortive.
- 3.13 In light of the timescales, and a wider remit to keep communities engaged and informed, it is asked that Council gives officers a mandate to discuss the project with the local community, and particularly to explore what capacity there may be to identify third party funding sources for both/either the FBC and the match funding, in order to enable informed debate at future council meetings.

#### **4. SUMMARY OF IMPLICATIONS**

**(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

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**(b) Policy and Legal**

To consider the substance of the offer of funding by the UK Government, members must first decide whether suspend standing orders.

In policy terms Cloddach Bridge is classed as Standard: Low in terms of its priority level.

**(c) Financial implications**

There is no allowance in the bridges revenue budget or the capital plan to undertake a pre-feasibility study for Cloddach Bridge.

When the Council approved the budget for 2022/23 on 22 February 2022 (paragraph 3 of the Minute refers) it balanced only by using reserves and one-off financial flexibilities. The indicative 3 year budget showed a likely requirement to continue to make savings in the order of £20 million in the next two years. All financial decisions must be made in this context and only essential additional expenditure should be agreed in the course of the year. In making this determination the committee should consider whether the financial risk to the Council of incurring additional expenditure outweighs the risk to the Council of not incurring that expenditure, as set out in the risk section.

**(d) Risk Implications**

The grant funding available to undertake works to Cloddach Bridge apply only to the construction work on the bridge, which would include project team costs. The funding is capped at £1,500,000 and is subject to 50% match funding. Funding will be allocated once the business case has been submitted and reviewed. Staff costs associated with delivering the business case would not be covered by grant funding and would need to come from the Council's revenue budget if these cannot be funded via community fund raising. After the funding has been allocated no funding to cover additional costs that may arise during construction works on the bridge will be made available by UK Government which creates a risk for the Council.

There is a risk that should it make funding available to support this project notwithstanding the earlier decision in February this year, the Council is seen as departing from its established Bridge Maintenance Prioritisation Policy. While it could be suggested that the offer of government funding makes this project exceptional, any funding contributed by the Council would still be applied to a bridge which would not otherwise be accorded priority status, and given the current funding gap of £20m, this may ultimately be to the potential detriment of other bridges and communities across Moray.

There is a risk that a compliant route to funding drawdown from UKG this financial year in absence of construction may not be possible, although the scale of the project in terms of construction is acknowledged.

**(e) Staffing Implications**

There are no staff resources available within the Consultancy Section to undertake the pre-feasibility study. As such this work will need to be outsourced at a cost of approximately £30,000. Some staff time would be required to manage the contract for the pre-feasibility study and this may impact on the Consultancy Team's delivery of its revenue programme for 2023/24.

**(f) Property**

Cloddach Bridge currently rests with Moray Council in its role as Road Authority. If the bridge is closed and the road is Stopped Up, the land on which it has been constructed must be reinstated and returned to the landowner.

**(g) Equalities/Socio Economic Impact**

If the bridge remains closed to vehicular traffic, a maximum diversion of 6 miles may affect some car users.

**(h) Climate Change and Biodiversity Impacts**

Where possible we would seek to recycle and / or reuse the waste material generated through demolition of the existing bridge.

**(i) Consultations**

Depute Chief Executive (Economy Environment and Finance), Head of Environmental and Commercial Services, Chief Financial Officer, Legal Services Manager, Equal Opportunities Officer and the Democratic Services Manager have been consulted and their comments incorporated into the report.

**5. CONCLUSION**

**5.1 The UK Government has announced grant funding of £1,500,000 for the repair of Cloddach Bridge.**

**5.2 Grant funding is subject to a full business case and 50% match funding along with other material conditions.**

**5.3 A full business case is estimated to cost in the region of £150,000 to prepare and this would not be eligible for grant funding. Decisions of the Council are needed to enable officers to navigate discussions with the UK Government, local community and other stakeholders relative to the future of the bridge.**

Author of Report: Debbie Halliday Consultancy Manager  
Background Papers:  
Ref: SPMAN-524642768-923