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**REPORT TO: SPECIAL MEETING OF MORAY COUNCIL ON 4 OCTOBER 2023**

**SUBJECT: CLODDACH BRIDGE**

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

**1. REASON FOR REPORT**

- 1.1 To inform Council of the findings of the Pre-feasibility Study undertaken on the potential repair of 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. REASON FOR URGENCY**

- 2.1 This report is submitted to Committee in terms of the Local Government (Access to Information) Act 1985, on the Chair certifying that, in his/her opinion it requires to be considered on the grounds of urgency in order to give early consideration to progressing a Full Business Case, by 1 February 2024, required to secure grant funding to repair Cloddach Bridge.

**3. RECOMMENDATION**

**3.1 It is recommended that Council**

- (i) notes the findings of the pre-feasibility study; and**
- (ii) agrees that a full business case for the repair of Cloddach Bridge should not be funded, as this work is contrary to the decision of Economic Development and Infrastructure Services Committee on 7 February 2023 (para 11 of the minute refers) and does not comply with the Council policy on Bridge Maintenance Prioritisation.**

**4. BACKGROUND**

- 4.1 On 2 May 2023, the Economic Development and Infrastructure Services Committee approved the Council's Policy on Bridge Maintenance Prioritisation, (paragraph 12 of the minute refers). The policy sets out the procedure for prioritising bridge maintenance works, which is based on the

condition of each bridge and its network criticality. Network criticality is split into three categories, Vital, Important and Standard. As a significant percentage of the Council's bridge stock is classed as Standard, this category has been sub-categorised into Standard – high, medium and low. Cloddach Bridge is categorised as Standard – low. The full prioritisation list was distributed to members on 5 September 2023 and is provided in **Appendix A**.

- 4.2 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.
- 4.3 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.
- 4.4 On 7 February the Economic Development and Infrastructure Services Committee (paragraph 11 of the minute refers) agreed to;
  - (i) 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 the 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.
- 4.5 On 15 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 and match funding of 50%.
- 4.6 Officers have been in consultation with officials from the Department for Transport, which has been appointed as the lead agency from UK Government, regarding the terms and conditions of the grant funding. These conditions are listed below.
  1. The grant funding available is to provide vehicular access. No weight threshold is specified.
  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.

The grant funding is available for drawdown this financial year (2023/24).

- 4.7 At a meeting of Moray Council on 28 June 2023 the Council agreed to commission and fund a Pre-feasibility Study to ascertain if investment in a FBC, as required to secure the UK government grant funding to repair the bridge, would be of value (paragraph 8 of the minute refers).

**The Pre-Feasibility Options**

- 4.8 The Pre-feasibility Study considered 4 options to reopen the bridge to vehicular traffic. Details of these options are provided below, full details are provided in **Appendix B (additional meeting document on CMIS)**. The consultant has estimated the capital cost of each option using average construction costs for the UK and adding Optimism Bias. The costs provided considered the lower range, most likely and upper range costs. These costs have been tested using one of the Council’s framework contractors and the upper range cost is considered to be closest to current market prices. However, these costs will need to be further defined as part of the FBC, including quantified risks and should be treated with caution.

- 4.9 **Option 1 Do Minimum** – this option would maintain the current status of the bridge, which is closed to vehicular traffic but open to pedestrians and cyclists and provides a baseline case for comparison with other options. The bridge would be monitored to assess its condition and suitability for continued use by pedestrians and cyclists. It is likely that after 5 to 10 years the bridge would need to be fully closed and thereafter demolished. The cost of demolition, ongoing monitoring and minor maintenance works is included in the whole life cost for this option. The whole life costs for options that do not involve demolition of the bridge allow for ongoing monitoring and maintenance required throughout the servicable life of the structure. A long term road closure would be required for this option, with ancillary works such as signage and turning facilities for motor vehicles.

Capital Cost	Whole Life Cost	Total Cost
£83,000	£747,078	£830,078

- 4.10 **Option 2 Repairs to existing bridge** – this option would fully refurbish the existing bridge, including breakout and replacement of existing elements. There is significant amount of risk associated with this option. The condition of the existing structural elements is not fully known, so the extent to which they can be retained or strengthened is also unknown.

Capital Cost	Whole Life Cost	Total Cost
£3,957,378	£309,208	£4,266,586

- 4.11 **Option 3 Overbridge** – this option retains the existing structure with a pre-fabricated structure installed over the existing deck. The overbridge can either span the top of the existing abutments to rest on new supports or be installed onto the existing foundations in combination with repair works or modifications to the existing abutments. Overall the maintenance requirements for this type of bridge are higher than would be required for a

new integral structure. The level of ongoing maintenance will depend on which of these options is constructed and this has been allowed for in the estimated costs.

Option	Capital Cost	Whole Life Cost	Total Cost
4 a) demolish substructure	£3,677,494	£279,208	£3,956,702
4 b) re-use substructure	£3,337,022	£309,208	£3,646,230

- 4.12 **Option 4 New Integral Structure** – this option would involve full demolition of the existing structure and construction of a new bridge. This option would require significantly less ongoing maintenance than the other options considered to open the bridge to vehicular traffic. The consultant has considered two factors when costing this option, a minimised width of bridge and an improved width of bridge. The minimised bridge would allow passage of one standard sized vehicle up to 40 tonnes at a time, agricultural vehicle in excess of 3.5m wide would not be able to use this bridge safely. The improved width of bridge would allow two way traffic for standard size vehicles.

Option	Capital Cost	Whole Life Cost	Total Cost
4 a) wider bridge	£3,514,804	£84,850	£3,599.654
45 b) minimum width bridge	£2,868,375	£84,850	£2,953,225

#### **Socio-Economic Benefits and BCR(Benefit Cost Ratio)**

- 4.13 The socio-economic benefits associated with reopening the bridge to vehicular traffic cannot be defined at this time as there is insufficient data to inform this assessment. Should members decide to progress a FBC, the traffic surveys and traffic modelling proposed as part of the FBC development will be sufficient to clearly define these benefits. Specific socio-economic benefits or a BCR are not used within the bridge prioritisation policy, they are however used by government to determine the value of investing in particular schemes.
- 4.14 While specific socio-economic benefits cannot be calculated at this time, it is clear that, assuming a capital cost in the region of £3million, the value of socio-economic benefits would need to be greater than £50,000 per year to result in a BCR of greater than 1. The indicative number of vehicles and potential for benefit in journey time is highly likely to result in benefits of greater than this number. Therefore, while there would be a positive business case at this level of capital spend (noting the caveats on this above), there are too many unknowns to provide a definitive BCR with confidence at this stage. The decision of Economic Development and Infrastructure Services Committee on 7 February 2023 was for Cloddach Bridge to remain closed to vehicular traffic and if the recommendation in Section 3.1 (ii) of this report is accepted this decision will be adhered to. Should members choose to support the preparation of a FBC, the option then likely to be preferred would be Option 4b, new integral bridge with minimum width.

### **Costs and Timeline to Develop FBC**

- 4.15 The pre-feasibility study provides an estimate of the costs involved in developing a FBC to repair the bridge and how long this is likely to take. The estimated cost of developing the FBC is £187,000 and it is estimated it will take 26 weeks to complete. Based on this estimate, if the contract is awarded at the start of October 2023, the FBC will be ready for submission to Department for Transport (DfT) on 5 April 2024. To achieve this submission date the contract will need to be awarded directly through one of the Council's frameworks. Although this appears a lengthy process it is necessary to carry out traffic modelling to accurately assess the benefits of reopening the bridge to vehicular traffic. It is also necessary to undertake intrusive surveys and outline design to reduce risk and assess costs as accurately as possible at this early stage of the project, outline design and intrusive surveys in order to conclude design and accurate costing.
- 4.16 The DfT will need to review and approve the FBC prior to any draw down of funding. If the FBC does not establish a case to the satisfaction of the DfT in terms of value for money then the case may be referred to a member of the ministerial team to consider whether a Ministerial Directive would be issued on other strategic grounds. The DfT has indicated that to achieve timely approval the FBC would need to be submitted to them by 1 February 2024. This is to enable the DfT to review the FBC, prepare their own papers, submit the case for review by the DfT's investment board, ministers and Treasury officials. The current estimated date for completion of the FBC is 5 April 2024 and while it may be possible to reduce this, it is unlikely that it could be reduced by the 5 weeks required to meet the DfT deadline. Council may wish to be mindful of this risk, noting that schemes of this scale ordinarily take 12 months or more to develop to the stage of an approved business case, whereas this project would have had less than 11 months from the Chancellor's budget announcement on 15 March 2023.
- 4.17 At this point the advice received from the DfT is that Treasury remains firm that any release of funding must be this financial year.
- 4.18 The business case would follow the five case model set out in the Green Book, which includes the Financial Case. The Financial Case must set out how the bridge repair will be funded. As such, the source of the 50% match funding currently estimated at £1.45m required to construct the bridge will need to be identified before submission of the FBC. It should be noted that council officers are already looking to reduce the council's capital commitments going forward as they are unaffordable.

### **Match Funding**

- 4.19 A meeting was held with Heldon Community Council on 2 August 2023, to discuss progress and funding required to repair Cloddach Bridge. Heldon Community Council has advised it intends to submit an application for funding to the Fred. Olsen Renewables Rothes 1- fund. The closing date for applications is 3 October and the application will be considered on 17 October. The level of funding, if any, that would be made available from this source will not be known until after 17 October, although it should be noted that the Community Council has already indicated that any funding is likely to be partial rather than full match funding.. The Community Council also

intends to petition Scottish Government to explore potential funding streams from this source.

### **Summary**

4.20 In summary, should there be a decision to proceed further, the process would be as follows:

- a. preparation of FBC – including identification of match funding
- b. submission of FBC to DfT for approval by 1 February 2024, if possible. DfT has advised that HMT position is that the funding must be released in 2023/24.
- c. If FBC demonstrates a positive BCR, approval of FBC for funding drawdown is within the remit of the DfT
- d. If FBC does not demonstrate a positive BCR the case may be referred for a ministerial direction to approve funding
- e. drawdown of funding on agreed terms with DfT in line with delivery of project

4.21 Notwithstanding the information set out above in this report, and the concern of local residents, it remains the case that there is already a standing Council decision to close Cloddach Bridge to vehicular traffic. The council has also approved the prioritisation policy that determines the order in which these bridges are brought forward for funding and Cloddach bridge is classified as standard – low, meaning that notwithstanding other financial pressures on the council there are a significant number of other bridges in Moray that have a higher funding priority for the council. These bridges are brought forward in a managed way each year for inclusion in the capital budget to enable an affordable and deliverable programme of works to maintain network bridges across Moray.

## **5 SUMMARY OF IMPLICATIONS**

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

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### **(b) Policy and Legal**

In policy terms Cloddach Bridge is classed as Standard: Low in terms of its priority level. In terms of the Short to Medium term Financial Strategy also on the agenda for this meeting (item 8), reducing the Capital Plan is a key contributor to achieving a balanced budget by the end of 2025/26.

### **(c) Financial implications**

There is no committed budget to fund a FBC or undertake works on Cloddach Bridge. It is noted that Council on 28 June 2023 (para 10 of the minute refers) carried forward £1.5m capital from the 22/23 capital budget into 23/24 provisionally in relation to Cloddach Bridge, but agreeing that any firm commitment would be subject to further decision making. As set out in para 4.20 and 4.21 above and in the risk implications below, given the other calls on council funding and the requirement to make significant financial savings for 2024/25 and 2025/26 there are clear financial impacts in committing funding to this

project.

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 pre-feasibility study has indicated that there would be a positive BCR to fund the repair works required to re-open Cloddach Bridge to vehicular traffic. However, this cannot be confirmed until further traffic survey and modelling work has been undertaken to define the benefits reopening the bridge would provide. Officials from the Department of Transport have indicated that the grant funding could be made available through a Ministerial Directive if there is no positive benefit cost ratio (based on socio-economic benefits). However, this is not guaranteed and the funding required to deliver the business case could be abortive spend.

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 projected funding gap of £15m for 2024/25, this may ultimately be to the potential detriment of other bridges and communities across Moray, particularly in the context of a reducing Capital Plan.

As set out in para 3.16, should there be a decision to proceed with developing the FBC there are risks in achieving a timely submission of the FBC in order to achieve drawdown of funding, which could lead to abortive expenditure.

**(e) Staffing Implications**

There are no staff resources available within the Consultancy Section to undertake the work required to deliver the business case. As such this work will need to be outsourced at a cost of approximately £187,000. Some staff time would be required to manage the contract for the business case and this is likely to impact on the Consultancy Team's delivery of its revenue programme for 2023/24.

**(f) Property**

Cloddach Bridge currently vests 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.

**6. CONCLUSION**

**6.1 A decision not to progress works on Cloddach Bridge was made by Economic Development and Infrastructure Services Committee on 7 February 2023.**

**6.2 To receive grant funding from DfT to repair Cloddach Bridge the Council must submit a FBC, which should demonstrate value for money and must identify how the match funding of £1,434,187 will be sourced.**

**6.3 It is likely that a positive BCR can be achieved over the serviceable life of the new bridge but this cannot be confirmed until traffic survey and modelling work is undertaken during development of the FBC.**

**6.4 A commitment to progress with development of a FBC given the Council's stated policy positions, uncertain match funding and extremely challenging timescales is not recommended given the risks which this would present for the Council.**

Author of Report: Debbie Halliday Consultancy Manager

Background Papers:

Ref: SPMAN-524642768-970