

Edinburgh and South East Scotland City Region Deal Joint Committee

10am, Friday 1 March 2024

A701 Relief Road and A702 Spur Road – Phasing

Item number 6.6

Executive Summary

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A701 Relief Road and A702 Spur Road – Phasing

1. Recommendations

- 1.1 Note the revised estimate of the total capital costs of the project of £68.000 million and that this exceeds the current approved £21.774m capital expenditure budget in the Midlothian Council's General Services Capital Plan by £46.226m.
- 1.2 Note that a revised assessment of the external funding currently available to finance the capital expenditure equates to £14.072m. Including the currently approved utilisation of £7.694m of the Council's Capital Fund, this brings the total committed funding to the project to £21.766m.
- 1.3 Note that the funding gap associated with the A701 Improvement Programme therefore stands at £46.234m (excluding potential future developer contributions).
- 1.4 Note the proposed prioritisation of the Bush Loan Junction (Phase 1) and Sustainable Transport Corridor (Phase 2), as outlined in this report.
- 1.5 Note that the prioritisation outlined above aligns with priorities set out in Edinburgh and South East Scotland City Region Deal business plan and needs of partners including University of Edinburgh.
- 1.6 Note Midlothian Council's continued commitment to deliver the remaining phases (phases 3-8) should funding and delivery mechanisms become available and its commitment to obtaining planning permission for the project by 2026.
- 1.7 Note continued efforts to obtain funding for the wider enabling infrastructure project through UKG and other available funding streams.
- 1.8 Agree the economic dimension of the scheme represents value for money and the programme has identified the resources to deliver the next stage of the project.

2. Background

- 2.1 As set out within the adopted Midlothian Local Development Plan (MLDP), investment in enabling transport infrastructure is required to support a range of housing and employment uses along the A701 Corridor. This investment in enabling infrastructure is also required to support the continuing expansion of the Midlothian Science Zone. Land is allocated in the MLDP (2017) and policy support given to development in line with the *Bush Framework Masterplan*, which is a central component of unlocking new investment opportunities in bioscience and enhancing economic performance across the City Region.

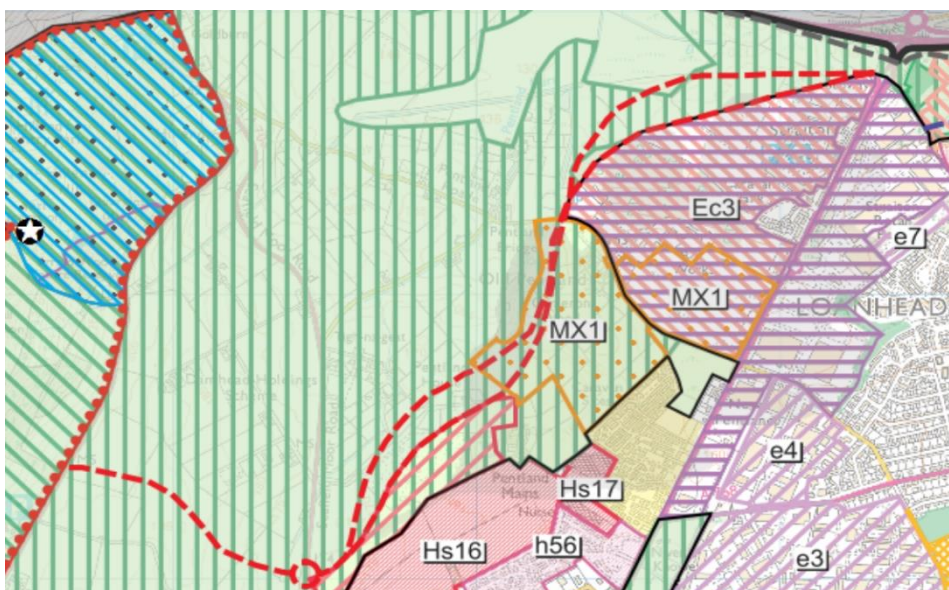
- 2.2 The need for the A701 Relief Road and A702 Spur Road is identified in MLDP in order to relieve congestion and unlock development potential along the A701 Corridor.
- 2.3 The A701 Improvement programme will improve traffic flow in the A701 corridor, promote active travel and enhance public transport infrastructure, supporting a shift away from private car usage in this area. This will have a variety of beneficial effects, including improved air quality. Without the proposed improvement works long the A701, economic opportunity in the existing A701 corridor will be curtailed
- 2.4 The Bush Loan/A702 Junction forms part of this A701 Improvement Programme as this junction is currently at capacity. Transport Scotland is unable to support any further development at Easter Bush based on safety concerns around the safe operation of the trunk road (A702). The inability to expand their Easter Bush campus due to this issue is a significant constraint for the University of Edinburgh's ambitions for the site.
- 2.5 To progress this improvement programme, ground investigation works were undertaken in 2018 following which a consultant team was appointed to design the road.
- 2.6 A Scottish Transport Assessment Guidance (STAG) process has been undertaken to establish the preferred alignment and a public consultation exercise has been completed. A preferred route has been identified and a draft specimen design has been produced. An estimate has been produced for this route with a reported cost of £68m.

3. Main report

Alignment

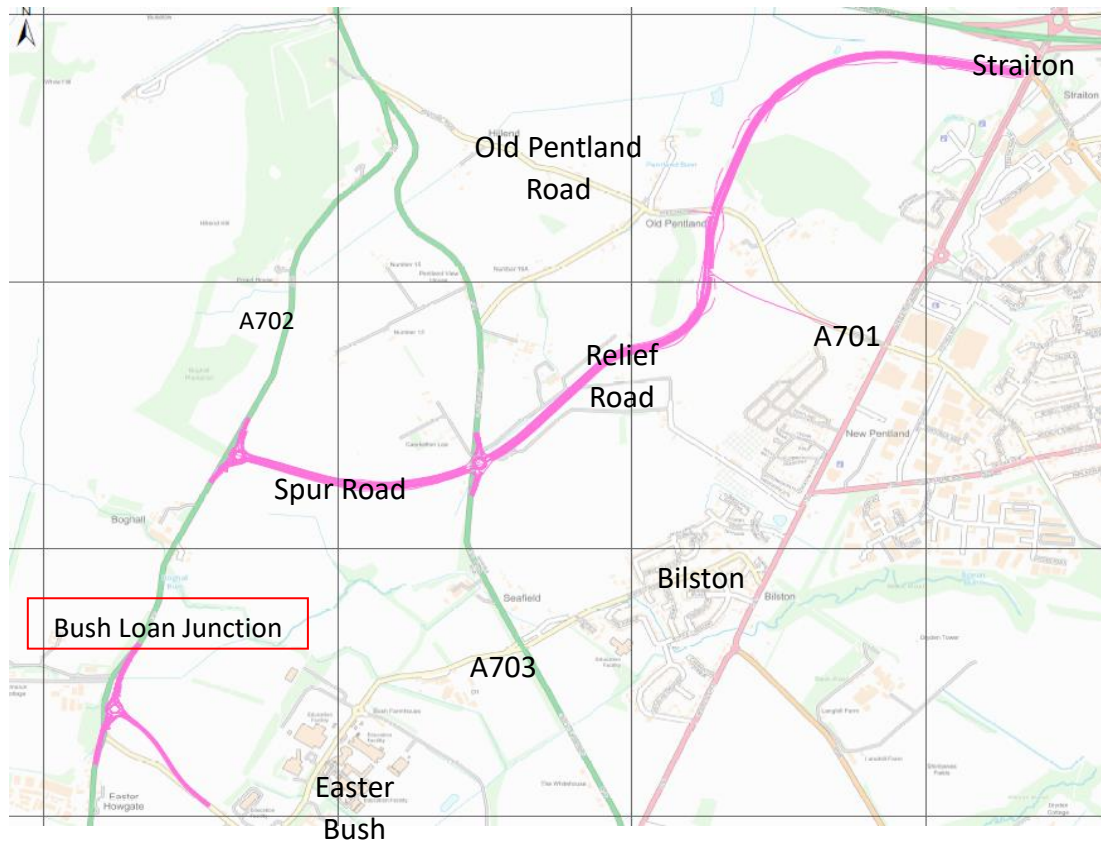
- 3.1 The A701 Relief Road and A702 Spur Road was identified (dashed red) in the adopted 2017 Midlothian Local Development Plan.

Figure 1: A701 in MLDP



- 3.2 The preferred alignment following re-routing to avoid the Pentland Mains Landfill from updated design on work undertaken by AMEY is shown below. The A701 Sustainable Transport Corridor follows the existing route of the A701.

Figure 2: AMEY Preferred Alignment and Bush Loan/A702 Junction Nov 2023



City Region Deal Priorities

- 3.3 The A701 Improvement Programme will provide a physical infrastructure solution which is essential to unlock significant housing and employment land in the A701/A702 corridor; to accelerate growth in the life sciences sector and to promote greater collaboration and innovation with the University of Edinburgh. This will be a focus for the replacement Beeslack Community High School, which is to be a STEAM Centre of Excellence within the Easter Bush campus. The improvement programme will deliver public transport and active travel infrastructure that will lead to more sustainable travel options & choices and (when aligned with additional A720 improvements) improved travel times, connectivity and accessibility with Edinburgh and around the City region.

Programme

- 3.4 The current master programme has the delivery of the A701 Relief Road and the A701 Spur Road scheduled for 2028 (funding permitting).
- 3.5 The Bush Loan junction can be accelerated and delivered in advance of the Relief Road. This accelerated programme has the delivery of the Bush Loan junction in

Q1 2026. The design for the Sustainable Transport Corridor is now also progressing and this can also be a priority for delivery.

Current Cost Estimate

- 3.6 The most recent cost estimates provided to Midlothian Council by the design team are set out below.

Table 1 Current Cost Estimate

July 2023	
A701 Relief Road and A702 Spur Road	£52.907
Bush Loan Junction Upgrade	£5.588
A701 Active Travel	£4.000
Land & compensation	£1.062
Fees	£2.298
Contingencies	£2.177
Estimated total costs	£68.032

Estimated Cost Escalation

- 3.7 These latest costs arising from the specimen design stage of the project are considerably higher than those costs estimated before detailed design commenced.

Table 2 Cost Escalation

Cost Escalation	Aug 2018	March 2021	November 2023
Funding			
City Deal Funding (secured subject to Easter Bush Business Case)	£10.900m	£10.900m	£10.900m
Midlothian Council – Capital Fund	£ 7.694m	£ 7.694m	£ 7.694m
Developer Contributions (Secured)	£ 1.216m	£ 1.216m	£ 1.216m
Developer Contributions (signed but still to be triggered)	£ 1.096m	£ 1.096m	£ 1.096
Future estimated Developer Contributions	£ 0.870m	£ 4.102m	£ 0.542m
Total Cost	£21.774m	£30m	£68m
Balance of other funding still to be secured	£0.000m	£4.992m	£46.5m

Bush Loan / A702 Junction - Stand Alone Estimated Cost

- 3.8 The cost estimate of delivering the Bush Loan / A702 Junction is £6.450m, were the project to be delivered as an early phase of works.

Table 3 Bush Loan / A702 Junction Costs

July 2023	
Bush Loan Junction Upgrade	£5.100m
Land & compensation	£0.030m
Fees	£0.720m
Contingencies	£0.600m
Estimated total costs	£6.450m

- 3.9 The University of Edinburgh has advised that they will donate their land for the Bush Loan Junction upgrade and will not seek compensation. There is a small amount of

land that is also required and held by Scottish Ministers which will have to be acquired at market value.

4. Financial impact

4.1 The current approved capital expenditure budget in the General Services Capital Plan is £21.774m. There is currently a £46.234 million projected shortfall in funding required to deliver all of phases 1-8.

4.2 In order to mitigate this, it is proposed that Midlothian Council seeks to phase the project and bring forward priority elements of the project that can be delivered within the funding that is currently available. This would equate to Phases 1 and 2 (estimated cost £10.450m) being brought forward now, and fully funded by £10.450m of Scottish Government City Deal funding, as outlined in Table 4 below.

Table 4: Proposed Phasing of Expenditure and available funding

Phase	Description	Forecast Capital Expenditure Costs £m	Funding					Funding Gap £m
			City Deal £m	DC Secured £m	DC Signed £m	Future DC £m	MC Capital Fund £m	
1	Bush Loan * Junction	6.450	6.450	0	0	0	0	0.000
2	A701 Active Travel *	4.000	4.000	0	0	0	0	0.000
3	Straiton Junction Upgrade	3.000	0.450	1.206	1.096	0.870	7.694	46.234
4	Relief Road Straiton to Old Pentland Road **	13.500						
5	Relief Road Old Pentland Road to Seafield Mill	12.000						
6	Spur Road Seafield Mill to A702	11.050						
7	A702 new junction	9.000						
8	New roundabout Seafield Mill	9.000						

Total		68.000	10.900	1.206	1.096	0.870	7.694	46.234
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- 4.3 This would therefore establish capital expenditure budgets of £6.450m for Phase 1 (Bush Loan Junction) and £4.000m for Phase 2 (A701 Active Travel Corridor) in the General Services Capital Plan. These would both be fully funded by a total of £10.450m of City Deal Government Funding. Given these phases would be fully funded by external grant funding, there would be no borrowing requirement for the Council in delivering these phases and as a result no loan charges implications to the Council's revenue budget.
- 4.4 The capital expenditure and funding budgets would be phased across Financial Years 2023/24 to 2027/28, as outlined in the table below:-

Table 5: Proposed Phasing of Expenditure

Financial Year	To 31 Mar 23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's	2026/27 £000's	2027/28+ £000's	Later Years £000's	Total £000's
Phase 1: Bush Loan Junction	119	52	100	2,750	3,349	80	0	6,450
Phase 2: A701 Active Travel Corridor	74	32	75	177	1,531	2,111	0	4,000
Subtotal	193	84	175	2,927	4,880	2,191	0	10,450
Phases 3-8	1,060	769	1,562	50	0	0	54,109	57,550
Total	1,253	853	1,737	2,977	4,880	2,191	54,109	68,000

* Deferred to later years (2027/28+) of General Services Capital Plan pending overall funding solution for **£54.109m** costs (inclusive of £3.172m developer contributions) being developed.

- 4.5 Taking forward the design of Phases 3-8 of the Relief Road to planning permission stage would incur a further £2.381m of capital expenditure over the period 2023/24 to 2025/26, as outlined in the table above. In addition to the £1.060m incurred to 31 March 2023 on Phases 3-8, this would give a total of £3.441m of costs incurred for Phases 3-8 to attain planning permission. These costs would initially be funded from the already approved use of the Council's Capital Fund for the project.
- 4.6 While Midlothian Council has not been successful in attracting Levelling Up funding to bridge the £46.234m funding gap for the project, it has recently put forward the A701 Relief Road as an 'unfunded project' to the UK Government in a bid to highlight the benefits of funding this project.
- 4.7 Other mechanisms for bridging the £46.234m funding gap for the project are being explored including Tax Increment Financing (TIF) and the Growth Accelerator approach, which link funding for infrastructure to outcomes such as generation of Non Domestic Rates and job creation.
- 4.8 External funding from developer contributions, totalling £3.172m, can only be applied to phases 3-8 should all phases be delivered . There may be further

developer contributions receivable, totalling a further £4.848m, but this is conditional on future section 75 agreements being negotiated.

5. Alignment with Sustainable, Inclusive Growth Ambitions

- 5.1 The A701 Relief Road is a project that has obtained funding through ESES City Region Deal due to its alignment with sustainable, inclusive growth ambitions. The prioritisation of the Bush Loan Junction and Active Travel Corridor, with continued commitment to seek funding for the remainder of the project, is strongly aligned with the Easter Bush Business Case.
- 5.2 The wider project and the prioritisation of the Bush Loan Junction and Active Travel Corridor aligns also with national policies contained within the National Planning Framework 4 spatial strategy which is to deliver **sustainable places**, where we reduce emissions, restore and better connect biodiversity; **liveable places**, where we can all live better, healthier lives; and **productive places**, where we have a greener, fairer and more inclusive wellbeing economy. It also meets Policy 13 on sustainable transport that seeks to encourage, promote and facilitate development that prioritises walking, wheeling, cycling and public transport for everyday travel and reduce the need to travel unsustainably.

6. Background reading/external references

- 6.1 Website: [A701 Relief Road & A702 Link Road – Midlothian Council](#)
- 6.2 [Easter Bush Business Case](#): report to City Region Deal Joint Committee (5 March 2021)
- 6.3 [Project Update: A701 Relief Road and A702 Spur Road](#): report to City Region Deal Joint Committee (2 September 2022)

7. Appendices

- 7.1 None.