

CET/24/49
Cabinet
10th July 2024

A382 Drumbridges to Newton Abbot Major Road Network Scheme (Phase 3) Change of Funding Sources

Report of the Director for Climate Change, Environment and Transport

Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.

1) Recommendation

That the Cabinet be asked to:

- (a) approve in principle the exchange of £4.85m of Devon County Council recovered Housing Infrastructure Fund receipts at South West Exeter for £4.85m from the Teignbridge District Council Community Infrastructure Levy towards the A382 Major Road Network scheme, and
- (b) delegate to the Director of Climate Change, Environment and Transport to enter into a Funding Agreement with Teignbridge District Council, subject to the A382 Major Road Network scheme Full Business Case approval.

2) Background / Introduction

This report seeks the approval by the Cabinet for exchange of funding between Devon County Council and Teignbridge District Council as part of a swap in the funding sources for the A382 Major Road Network project.

In October 2023, the Department for Transport (DfT) announced additional funding would be made available to eligible Major Road Network (MRN) schemes as part of the Network North announcements that followed the cancellation of HS2, including The Scheme by name on the Government website.

In February 2024, Devon County Council submitted the Full Business Case (FBC) for The Scheme following the approval of Cabinet report CET/23/82 dated 8 November 2023. The FBC included a proposed funding profile featuring an uplift in Government funding from Network North. This uplift was assumed to cover all costs outlined in the Outline Business Case (OBC). Further information around the likely conditions of the Network North funding has since been obtained from meeting with the DfT.

3) Main Body / Proposal

DCC proposes to swap £4.85 million of recovered money from the Housing Infrastructure Fund (HIF) with the equivalent amount from the Teignbridge District Council (TDC) Community Infrastructure Levy (CIL).

From discussions with the DfT since February 2024, the additional contribution from the Government through Network North is matched directly to the value of the local authority contributions proposed in the OBC (submitted in 2019), however, it is not applicable to funding originating from other Government departments or developers through Section 106. In the case of The Scheme, this additional funding would not cover the sum of £4.85 million originating from the recovered money from developers at the South West Exeter HIF site. The DfT has confirmed that CIL money is eligible for match from Network North.

With the increased inflationary costs experienced between the OBC and the FBC, the additional DfT contribution is necessary to ensure the delivery of the full A382 MRN scheme. Therefore, it is understood the change in funding source should enable DCC to secure the maximum amount of additional funding from the DfT and enable a decision on the Full Business Case to be made.

This report has no specific equality, sustainability or environmental implications that are not already covered by the details within this report.

4) Options / Alternatives

The alternative option of not swapping the funding source and receiving less money from Network North has been considered. This would result in The Scheme having to be descoped further and additional work to be undertaken to revise the FBC and designs. This would also result in a scheme that is less likely to meet all of the objectives and risk further inflationary impact on related costs.

5) Consultations / Representations / Technical Data

The proposals within this report have been developed by and in consultation with Officers at Devon County Council and Teignbridge District Council.

Officers at Teignbridge District Council have briefed their Executive Members on the proposals and on the 26th June 2024 the Managing Director of Teignbridge District Council applied emergency powers in consultation with the Council Chair and Deputy Chair to give approval for the exchange of funding. This also agreed to enter into a funding agreement with DCC associated with the contributions to take other actions as may be necessary to make and receive the payments.

The proposals have also been discussed with the Head of the Major Road Schemes Strategy and Policy team at the DfT to ensure they would be acceptable to the DfT.

6) Strategic Plan

The alignment of The Scheme with the Council's Strategic Plan was outlined in the Cabinet report CET/23/82 dated 8 November 2023.

This proposal supports this alignment by ensuring the funding is secured to deliver The Scheme as set out in the previous Cabinet report and Full Business Case.

7) Financial Considerations

Under the proposals, DCC will receive £4.85 million from TDC from their Community Infrastructure Levy which will be recognised as Capital Contributions income to the Authority that provides external funding towards The Scheme. In return, DCC will commit to making a capital contribution to TDC of £4.85 million from the monies recovered from developers as part of the South West Exeter HIF plus any benefit derived from indexation conditions on the funding at the point of transfer to be used by TDC towards capital funding of future development.

The £4.85 million from TDC will be required in the financial year 2026/27 at the earliest in line with the Scheme's funding profile in the FBC. The return amount will be paid in the same financial year.

8) Legal Considerations

The lawful implications of the recommendations have been considered and taken into account in the preparation of the recommendations and this report.

9) Environmental Impact Consideration (Including Climate Change, Sustainability and Socio-economic)

There are no environmental impact considerations for the recommendations of this report; however, the scheme-specific impacts of the scheme were considered in the 8th November 2023 Cabinet report (CET/23/82).

10) Equality Considerations

Where relevant to the decision, the Equality Act 2010 Public Sector Equality Duty requires decision makers to give due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

Taking account of age, disability, race/ethnicity (includes Gypsies and Travellers), gender and gender identity, religion and belief, sexual orientation, pregnant women/ new and breastfeeding mothers, marriage/civil partnership status in coming to a decision, a decision maker may also consider other relevant factors such as caring responsibilities, rural isolation or socio-economic disadvantage. This may be achieved, for example, through completing a full Equality Impact Needs Assessment/Impact Assessment or other form of options/project management appraisal that achieves the same objective.

No specific equality impacts were identified for these report recommendations; however, an Impact Assessment was prepared for the scheme and was considered in the 8th November Cabinet report 2023 (CET/23/82) [A382 MRN Improvement Scheme Impact Assessment August 2023](#))

11) Risk Management Considerations

This proposal has been assessed and all necessary safeguards or action have been taken / included to safeguard the Council's position.

12) Summary

This report has outlined the proposal for exchanging £4.85 million of capital funding between the recycled developer contributions, as a result of the South West Exeter HIF development for £4.85m TDC CIL in order to satisfy DfT requirements in respect of the funding sources for the A382 Major Road Network scheme. Doing so would position DCC to receive the maximum uplift in DfT funding which is required to deliver the entire A382 MRN scheme and gain full business case approval.

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