

**A Gateway to Northern Devon - A361/A39 North Devon Link Road South Molton to Bideford approval to go to planning, tender and acquire land through negotiation/CPO Supplementary Paper**

Report of the Head of Planning, Transportation and Environment

***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.***

**Recommendations: That Cabinet**

- (a) approves the preliminary scheme layout shown on the scheme plans (attached to the report in Appendix I) and delegates to the Head of Planning, Transportation and Environment, in consultation with the Cabinet Member for Infrastructure, Development and Waste and relevant local member(s), to make minor amendments to the scheme details and to progress towards a Full Business Case;**
- (b) approves that the Scheme is progressed through the required Statutory Consents and Approval Processes, including a Planning Application and environmental permit;**
- (c) approves the commencement of the acquisition of land through negotiation and/or a Compulsory Purchase Order (CPO); and**
- (d) approves that the Scheme may proceed to tender and prepare a Full Business case submission to the Department for Transport.**

**1. Summary**

Subsequent to the submission of the Cabinet report (PTE/18/23), a meeting took place with the Department for Transport on 2 July 2018. The DfT agreed to the fast track programme for the scheme from inception to completion in 7 years. The issue of funding profiles was discussed and as a result there is a need to update Section 5 of the Cabinet report. The replacement Section 5 is set out below.

**5. Financial Considerations**

The NDLR scheme has been the subject of a successful bid and has been allocated £83.1m from the DfT Local Majors Fund. This funding is subject to a final decision by the DfT in 2020 once a Full Business Case has been presented by DCC. The grant award is entirely capital in nature, and therefore any revenue costs will need to be met from existing resources.

As agreed by Cabinet in October 2017, the scheme costs are being funded from the sources shown in Table 1 below:

<b>Funding</b>	<b>Amount</b>
DfT Local Majors Fund	£83.115m
Devon County Council	£5m
Developer Funding Contributions*	£5m
<b>TOTAL</b>	<b>£93.115m</b>

**Table 1: Funding sources**

*\*Every effort will be made to increase Developer Funding Contributions to exceed the £5m, thereby reducing the overall capital contribution required of DCC. Should the £5m Developer Funding Contributions target not be reached, then this gap will be met by DCC.*

Following a meeting with the DfT on 2<sup>nd</sup> July 2018, a new estimated profile of spending, in line with changes in the scheme since the submission of the OBC (including costs to be incurred prior to Full Approval in 2020), are shown in Table 3 below. This takes into account an agreement from the DfT to contribute to the advance development funding and aligns the profile of spend between DfT and DCC as the scheme progresses beyond Full Approval:

	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25+	Total
DfT	0.000	2.000	2.000	8.568	31.647	29.505	2.138	1.750	5.507	<b>83.115</b>
DCC	0.423	2.403	2.174	0.000	0.000	0.000	0.000	0.000	0.000	<b>5.000</b>
Developer	0.000	0.000	0.939	0.440	1.624	1.514	0.110	0.090	0.283	<b>5.000</b>
<b>Total</b>	<b>0.423</b>	<b>4.403</b>	<b>5.113</b>	<b>9.008</b>	<b>33.271</b>	<b>31.019</b>	<b>2.248</b>	<b>1.840</b>	<b>5.790</b>	<b>93.115</b>

**Table 2: Addendum - Spending profile**

Should Full Approval of the Scheme be granted in 2020, funding will be paid as capital grant under Section 31 of the Local Government Act 2003.

In advance of Full Approval, land purchase, early design and advance works are required to ensure that the scheme remains on programme. Discussions have taken place with the DfT who have agreed to fund £4.0m towards the scheme development cost but not land purchase or advance works.

The total cost up to 2020 (date for Full Business Case approval) is £9.94m. DCC have currently allocated £1.4m to progress the scheme through the design, planning, and procurement process, this will be supplemented by the £4.0m from the DfT. In order to progress the scheme in accordance with the desired programme there is a necessity to purchase land and undertaken advance works. The cost of this is £4.54m; £3.6m will be funded by DCC and £939,000 will be forward funded by DCC in anticipation of developer contributions.

The financial position has been assessed with the County Treasurer and her team and it is considered that this level of further advance funding from DCC is worth the benefits that will accrue from a £83m contribution from the DfT to a major improvement to the North Devon Link Road. The DCC funding profile assumes £5m contribution attributable to housing development. North Devon Council have a Housing Infrastructure Fund allocation of £2.1m and there is a high level of certainty from other developments that the full £5m (and possibly more) can be recovered.

It should be recognised that the DCC contribution will constrain any other large requests for funding over the medium term.

Dave Black  
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