

South West Exeter Housing Infrastructure Fund: Update on project including approval for funding, to progress relevant schemes and award tenders

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.

Recommendation: that the Cabinet be asked

- (a) to note the update on the project and completion of the funding contract;
- (b) to approve the enhancement of the Planning, Transportation and Environment 2020/21 capital programme by £55.14 million profiled across financial years 2020/21 to 2023/24 as reflected in the table in section 6 of this report. Funded by the Housing Infrastructure Fund grant;
- (c) to delegate authority to the Head of Planning, Transportation and Environment in consultation with the Cabinet Member for infrastructure, Development and Waste to approve flexibility in allocation of funding to develop the projects, and progress the planning and land agreements for infrastructure identified within the Housing Infrastructure Fund project within the total award amount;
- (d) to conditionally approve the proposals in relation to the allocation of funding recovered from developers including up to
 - (i) £5.3 million towards the South West Exeter district heating network
 - (ii) £6.55 million towards the A382 improvement schemeOn the condition that funding is only allocated once it has been recovered from developers;
- (e) to approve the allocation of £2.6 million of Housing Infrastructure Fund grant towards the delivery of the electricity substation and the proposal to enter into a contract with Western Power Distribution for its delivery, submit a planning application, and following planning permission, acquire land relating to a new electricity substation using compulsory purchase powers if necessary;
- (f) to delegate authority to the Head of Planning, Transportation and Environment in consultation with the Cabinet Member for Infrastructure, Development and Waste to progress the proposals for the pedestrian / cycle bridge and Chudleigh Road realignment including tender and to award contracts for the schemes within a budget threshold of £10.5million.

1. Summary

This report follows a successful bid that was submitted to the Ministry of Housing, Communities and Local Government (MHCLG) in September 2018 for funding from the Housing Infrastructure Fund (HIF). The bid was for funding totalling £55.14 million towards infrastructure to support development at South West Exeter. Devon County Council (DCC) was advised in February 2019 that it had been successful with the submission and entered into a funding contract with Homes England in August 2020. This report seeks to provide an update on the project as well as requesting approval for some elements to allow for the continual progression of the

project. Further approvals will be required for the rest of the overall project as it progresses.

2. Introduction

South West Exeter is a strategic allocation of 2,500 dwellings and 5 hectares of employment on the edge of Exeter, which spans two administrative areas – Teignbridge District Council and Exeter City Council. The Teignbridge Local Plan allocates land for 2,000 dwellings and the Exeter Core Strategy allocates land for 500 dwellings. South West Exeter is a complex site. The development straddles a key arterial road (the A379), is close to the Exe Estuary Special Protection Area, requiring additional mitigation, has difficult topography and has multiple land ownerships. It requires a significant amount of infrastructure to enable the development to come forward, much of which is needed early, and involves coordination to minimise disruption.

The HIF is a government capital grant scheme of £5.5 billion which has been identified to support the delivery of infrastructure related to the building of new homes. DCC was successful with its bid of £55.14 million under the forward funding tranche of the programme.

The HIF funding will enable the early delivery of the infrastructure to support the delivery of housing. The infrastructure to be delivered includes:

- Delivery of four signal junctions on the A379
- Realignment of Chudleigh Road
- Southern Spine Road
- Employment access roundabout at Peamore
- Devon Hotel Roundabout upgrade
- Alphington Village enhancements
- School access road
- Pedestrian / cycle bridge
- Suitable Alternative Natural Green Space
- Utility upgrades including new primary electricity sub-station and foul drainage
- Community building which is intended to include a GP surgery.

A plan identifying the development location and infrastructure to be delivered is included in Appendix I.

In order to avoid further delay to the housing coming forward, the aim is to deliver infrastructure in line with developers' timescales. Work has been progressing on the design and delivery of infrastructure in advance of the funding contract being signed, recognising that the risk of not entering into contract was low. Only those pieces of infrastructure that are on the critical path were progressed, in order to limit the risk to DCC. This included the Eastern Junction, which is now onsite. Following the signing of the contract, DCC is able to move forward with additional design and delivery of the infrastructure.

Although not included within the HIF project, a new all-through school is proposed at South West Exeter. This is a Free School being delivered by central government. Work on the delivery of the school is progressing and a planning application for the school was submitted to Teignbridge District Council in September 2020.

3. Proposal

Entering into the funding contract allows DCC to make additional progress with the design and delivery of the infrastructure as included in the HIF bid. The proposal for the next stage of the project is set out below. In addition to supporting the delivery of infrastructure, the expectation is that funding will be recovered from developers as the residential development is delivered. This funding can be retained by DCC and recycled into other infrastructure projects. The approach for this is also identified below.

Pedestrian / Cycle Bridge

A pedestrian / cycle bridge across the A379 is a key piece of infrastructure to support development at South West Exeter. It will provide a safe crossing of the A379 road and connects to the school and other community facilities. Planning policy requires a 'gateway' structure to support a sense of place and identity of the development. An options study was undertaken in 2015 considering different designs for the bridge to fulfil the requirements, whilst also considering cost and deliverability. This identified a preferred option of a skew parabolic arch. This design was novel, fulfilling the gateway function and was understood to be deliverable within timescale and cost constraints.

Additional work has since been undertaken which has identified challenges regarding the deliverability of the skew parabolic arch design. As the design is novel, there are a number of uncertainties regarding the design, impacting the timescales for delivery and an unknown impact on the cost of delivery. The timescale is important as the aim is for the bridge to be in place for the school opening.

To address these concerns, a design workshop was held to consider alternative designs which would also meet the gateway requirement, but critically, would provide greater certainty regarding deliverability and cost. Following the design workshop and additional investigation regarding the impact of different bridge designs, an alternative bridge design was identified, which is a tied arch bridge. This is most similar in design to the original design, helping to achieve the gateway requirement, whilst being a more tested design. In order to achieve the gateway requirement consideration has been given to elevating a simpler design into a gateway feature. Attention has been given to increasing the height of the arch, the design of the parapets and the lighting with the potential for the bridge to be illuminated with rainbow lighting being investigated. These changes are considered to be achievable within the timescale and budget constraints.

The updated initial design is included in Appendix II. This is subject to further design before the bridge is submitted for planning permission. Following planning approval, delivery of the bridge is proposed to be through a design and build contract in order to meet the necessary timescales to enable the bridge to be in place in line with the delivery of the new school. It is expected that the scheme will be onsite early in 2022.

Chudleigh Road realignment

The realignment of Chudleigh Road is required as the existing junction between Chudleigh Road and the A379 cannot be upgraded in its current location to accommodate the expected increase in traffic flows from the proposed development.

A plan is included in Appendix III. Design for the scheme has been progressing in advance of entering into the funding contract recognising the timescales for the delivery of the scheme, which requires earthworks in advance of the delivery of the road.

An application for the scheme was submitted in September and following planning permission it is proposed to go to tender. Assuming a successful tender and award of contract, it is expected that the scheme will be onsite, initially undertaking the necessary earthworks, towards the end of 2021.

Electricity substation

One of the infrastructure items within the HIF bid is a new electricity substation. This is a significant new substation, which will connect into the existing overhead 132kV cable. Two potential sites for the substation have been identified informed by the need to locate the substation close to both the existing overhead cables and in close proximity to the development. Locating it further from the development has the potential to cause disruption and add cost when future connections are required. Work is currently progressing on survey and modelling work to finalise the site selection. Once the preferred site has been selected, it is proposed to submit a planning application for the site and following this progress with the acquisition of the site. Whilst it is intended that the acquisition of the site will be through negotiation, there is a potential that compulsory purchase powers will be required, and this will be progressed if necessary.

An application to reserve electricity capacity has been made to Western Power Distribution (WPD) and a consequential offer has been made to DCC. Given that site investigation work is still continuing, an assumption has been made regarding the most suitable site. A review undertaken suggests that this is sufficient to support development at South West Exeter as well as future development. It is also understood that the delivery of the substation will add resilience to the network in the area. It is proposed to enter into this contract to secure the capacity. The contract enables the design to progress and requires a financial commitment towards the delivery of the substation. This is subject to ensuring an appropriate mechanism to recover funding from developers, or other electricity users, that utilise the additional capacity delivered.

Suitable Alternative Natural Green Space (SANGS)

One of the pieces of infrastructure to be delivered as part of the HIF bid is SANGS. This is a new, large public park which is being delivered to mitigate the impact that the development may otherwise have on the Exe Estuary. The SANGS needs to be delivered in line with the delivery of the development to ensure that there is appropriate mitigation in place. This is currently being progressed and work has commenced on site. It is being funded in advance of HIF by Teignbridge District Council. Following the signing of the contract, it is expected that the district council will continue to progress the delivery of the SANGS and that this will be funded through the HIF with DCC claiming funding in arrears similar to the other infrastructure and passing this on to the district council once a funding agreement has been signed between DCC and TDC.

Recovery and reallocation of funding

The HIF is grant funding to DCC, with the expectation that DCC recovers funding from developers to repay the cost of delivering the infrastructure as housing is delivered. The upfront delivery of the infrastructure provides greater certainty, addressing concerns that there is often a lag between the delivery of the housing and the supporting infrastructure, and supports the delivery of housing by reducing the upfront burden on developers, whilst maintaining the developers ultimately pay for the infrastructure that is required to deliver the housing.

The HIF bid identified the potential to recover up to 90% of the funding, approximately £49 million. This is dependent on the cost of the infrastructure and entering into contracts with developers to recover funding. In order to ensure that funding is recovered, it is proposed that the tender process for the relevant infrastructure will not commence until there is sufficient certainty regarding the recovery of funding. The majority of the funding is expected to be recovered through normal section 106 processes or through bespoke legal agreements with developers. In some instances, it may be appropriate to offset expected recovery against works undertaken by developers that contribute towards the delivery of the scheme. This will be considered on a case by case basis.

The repayment of the funding is dependent on the delivery timescales for the housing. Whilst assumptions can be made regarding expected delivery timescales, these are subject to market forces and in addition, there may be impacts on the housing market from Covid-19. Entering into the HIF contract provides a reasonable degree of certainty regarding the principle of future recovery of funding, although exact amounts and timescales remain unknown. Consideration has been given to projects that would benefit from recovered HIF funding. The requirement of the recovered HIF funding is that it should be used to enable development in addition to that enabled by the HIF funding. Two schemes have been identified to which is proposed to conditionally allocate recovered HIF funding towards. These are the South West Exeter district heating network and the A382 corridor improvement. Given the timescales involved, any commitments of funding are conditional on recovering funds from developers. This will only be allocated once DCC has received the monies with no requirement from DCC to forward fund.

District Heating

The South West Exeter district heating network is a complex and ambitious scheme that would provide district heating to the South West Exeter development as well as the potential to connect to up to 9,000 future homes in the area. It also has the potential to connect to the Marsh Barton Energy from Waste facility, utilising waste heat. The project is identified in planning policy and whilst there remains additional work to be able to deliver district heating, officers from Devon, Exeter and Teignbridge councils as well as BEIS and Homes England have been working with the district heating operator to develop a funded and deliverable scheme

To help fill the funding gap and increase the probability of the success of the scheme, it is proposed to allocate £5.3m recovered HIF funding to support the network. This would be grant funding towards the scheme. The district heating provider is aware that the funding will only be available once it has been received by DCC. Whilst there remain some issues to address to enable the project to progress, every effort is being made to secure this ambitious project.

Whilst it is for DCC to determine the suitability of projects that will benefit from recovered HIF funding, Homes England are aware of the intention to use recovered HIF funding on the South West Exeter district heating network and recognise that it will support future development in addition to that at South West Exeter.

A382 corridor improvements

The A382 corridor scheme includes improvements from Drumbridges on the A38 to West Golds Way near Newton Abbot hospital. The scheme includes realignment, widening and a new road to accommodate an increase in traffic expected from proposed development allocated in the Local Plan. Planning permission has been secured for the scheme and an Outline Business Case has been submitted to the Department for Transport. The Outline Business Case assumes that there will be a local contribution towards the scheme of £6.55m. The exact amount of recovered HIF funding required may be less than this as the expectation is that section 106 payments from developers will also contribute towards the local contribution. However, in principle, it is proposed that up to £6.55m will be allocated to the A382 corridor scheme. This will only be available, once DCC have received the recovered HIF monies.

Future Projects

The timescale for the recovery of funding will impact those schemes that funding may be applied to, recognising that there may be other future funding streams for projects. It is expected that funding recovered will be used to support the delivery of future education and transport projects.

4. Options/Alternatives

The alternative to delivering the infrastructure as set out above is for DCC not to progress the delivery of the infrastructure. Instead, developers could deliver the infrastructure themselves. There are limited benefits to this as the risk to DCC of delivering the infrastructure is low, particularly now that the funding contract has been signed as DCC will be able to claim funding in arrears on a monthly basis. Furthermore, assuming the developers are able to deliver the infrastructure themselves, it involves developers accepting greater risk and is likely to slow down the delivery of housing, leading to a more piecemeal approach with developers only delivering infrastructure as it is required for each phase. This removes the benefits of coordination that DCC's role will have. As infrastructure is delivered, there will be some disruption on the highway network. This has a greater potential of being minimised if DCC delivers the infrastructure as it can work across the scheme as a whole.

Another alternative would be to take a more gradual approach to progressing the project. Whilst this could align the infrastructure delivery to the housing sites as they are coming forward, the risk of this is not delivering the infrastructure within the timescales of the funding stream and could result in being in breach of the funding contract, which requires funding to be spent by the end of March 2024. Again, this would remove the coordination benefit.

A key benefit of the funding is being able to recover the funding from development as housing is delivered and recycling this into future schemes. Removing or slowing

down DCC's role in the delivery of the infrastructure could impact the amount of funding recovered and the future benefits of this funding.

5. Consultation and Stakeholder Engagement

Consultation regarding the proposed development at South West Exeter and the infrastructure to support it has taken place at a number of stages.

Consultation was undertaken at the Local Plan Stage on the allocation of development in this location. This was undertaken by both Teignbridge District Council and Exeter City Council. In addition to public consultation, the Local Plans were subject to examination by an independent Planning Inspector. Following the adoption of the Local Plans, further work was undertaken by the city and district councils through the production and consultation of a Development Brief for the development within Exeter and a Development Framework for the development within Teignbridge. These documents provide further detail on the infrastructure that is proposed to be provided at South West Exeter.

Where the infrastructure to be delivered requires planning applications, these will be subject to appropriate consultation through the planning process.

Efforts are being made to ensure that stakeholders are kept up to date with the project. A dedicated project website has been set up (www.devon.gov.uk/swexeter) which is updated regularly to reflect progress on the project. A newsletter was also produced in Summer 2020 and circulated to stakeholders providing an update on the project. It is expected that further newsletters will be produced in the future as the project progresses.

6. Financial Considerations

The HIF funding is a capital grant to the Local Authority, with DCC able to draw down funding in arrears on a monthly basis. Cost estimates have been developed for the various items of infrastructure, with these subject to change as additional design work is undertaken. The funding will be managed as a single project. The funding agreement gives DCC the ability to allocate funding in relation to each piece of infrastructure as required and make amendments to this to balance any under or overspend, between projects so long as this remains within the total £55.14million funding and relates to the infrastructure projects included in the HIF bid as identified above. This primarily relates to the progression of projects to planning applications, where required, and to enable land agreements to be progressed. Cabinet approval will still be obtained in relation to the award of tenders and where reprofiling across years needs to take place.

The expected spend profile of the funding is set out in the table below and the capital programme enhancement as requested in recommendation (b). This is informed by the cost estimates to date and programme for the delivery of the infrastructure but will be closely monitored and amended as the project progresses.

Year	Pre-contract	2020/21	2021/22	2022/23	2023/24
Funding	£0.64m	£8.72m	£11.18m	£17.83m	£16.78m

7. Legal Considerations

There are no specific additional legal considerations to those which were set out in the previous cabinet reports for this scheme, as the proposal involves following the course of action set out in the original funding bid.

Legal agreements will be required for the delivery of the infrastructure and recovery of funding, which will be progressed on a case by case basis. This approach is considered to be achievable, with two agreements already entered into with developers, in addition to section 106 agreements as part of the normal planning process.

8. Environmental Impact Considerations (Including Climate Change)

The planning applications for both housing and employment at South West Exeter, which includes consideration of the infrastructure that is needed to support it, have considered the environmental impacts of the development. These planning applications span the administrative areas of Exeter City Council and Teignbridge District Council, both of which are recent signatories to the Devon Climate Declaration along with Devon County Council.

In addition, the HIF project includes the delivery of an electricity substation, which will provide additional electricity capacity in the area to support development in moving towards carbon neutrality in the future. If delivered, the district heating network which HIF funding is proposed to be invested in, is expected to reduce annual emissions of new homes by 70%.

The carbon footprint of end users of the transport infrastructure has been considered through the design of pedestrian/cycle provisions which include linking the new development with the existing strategic pedestrian/cycle network. Furthermore, the proposed pedestrian/cycle bridge will not only provide a gateway structure but also ensure low carbon transport modes are safe and desirable for pupils and residents alike. Improved walking and cycling infrastructure is a specific inclusion in the Devon Climate Declaration. An aspect of the HIF infrastructure is the delivery of a spine road through the development. A key purpose of this is to enable good access to public transport with every house being within walking distance of a bus stop.

The development has been designed to provide community infrastructure, which is also supported by the HIF development. A community building is to be delivered through the HIF funding and a new Free School is being delivered. Both of these will help to support the creation of a community and reduce the need to travel. The SANGS will provide a large, publicly accessible park, which is accessible on foot from the development.

The scheme is expected to have a positive economic impact by supporting jobs through infrastructure delivery and the delivery of new homes.

9. 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.

In progressing this particular project an Impact Assessment was prepared, which has previously been circulated to Cabinet Members and is also available on the Council's website at: <https://www.devon.gov.uk/impact/south-west-exeter-housing-infrastructure-fund-hif/>, which Councillors will need to consider for the purposes of this item.

The HIF project will support the development of a new urban extension to Exeter. The delivery of the community infrastructure and school will support the creation of a community. Within the delivery of the infrastructure, consideration has been, and will continue to be, given to safe and sustainable access for all. This includes the provision of pedestrian / cycle routes and crossings, including the provision of a new bridge where volumes of pedestrians and cyclists are expected to be greatest.

10. Risk Management Considerations

This proposal has been assessed and all necessary safeguards or action have been taken to safeguard the Council's position. A risk register is in place for the project which is reviewed and updated monthly in line with Project Board meetings.

The funding contract has inherent risks which will be minimised so far as is possible through appropriate project management to ensure that necessary milestones are met and that relevant information is provided to Homes England as required. As with the delivery of any scheme, there is a risk regarding delivery, with a maximum amount of funding available through the HIF. The bid included an appropriate level of contingency and a contingency sum will be applied to schemes as they progress to minimise the impact of risks. Given the scale of the electricity substation and need to acquire land, the risk for this infrastructure is elevated. There is an overarching need for the substation to support the delivery of housing and other development. It is expected that DCC will enter into contract with WPD for the delivery of the substation. WPD have experience of delivering substations and this approach removes the need for a separate approval / adoption process as the responsibility for this would rest with WPD.

There is a risk regarding recovery of funding and the need to enter into legally binding agreements with developers which have yet to be concluded. Discussions have taken place with developers regarding the need for recovery of funding and a contract which includes recovery has already been entered into. This suggests that

the contracts will be workable. Failure to enter into funding contracts for future pieces of infrastructure could impact the delivery timescales and/or the amount of funding recovered. The likelihood of this is considered to be small and DCC has good working relationships with the various developers.

11. Public Health Impact

The infrastructure is proposed to support sustainable development at South West Exeter. As part of this there will be the provision of sustainable transport which will encourage active travel and have the potential for a public health benefit.

Designs for the junctions include provision of suitable pedestrian / cycle crossing facilities. Prior to approval of the design, the junctions are subject to safety audit, with issues raised within the safety audit addressed as appropriate.

12. Summary

The proposals set out above allow progress with the project to continue. This is necessary to ensure that the funding is spent within the identified timeframe. The project will enable the earlier delivery of infrastructure as well as the coordination of this to minimise the impact of its delivery. Earlier delivery will help to support the creation of a community from the outset. It will also support housing delivery. Development at South West Exeter has been stalled for a number of years, but has started to progress following the announcement that funding was successful, demonstrating the need to continue supporting infrastructure delivery at South West Exeter.

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Local Government Act 1972: List of Background Papers

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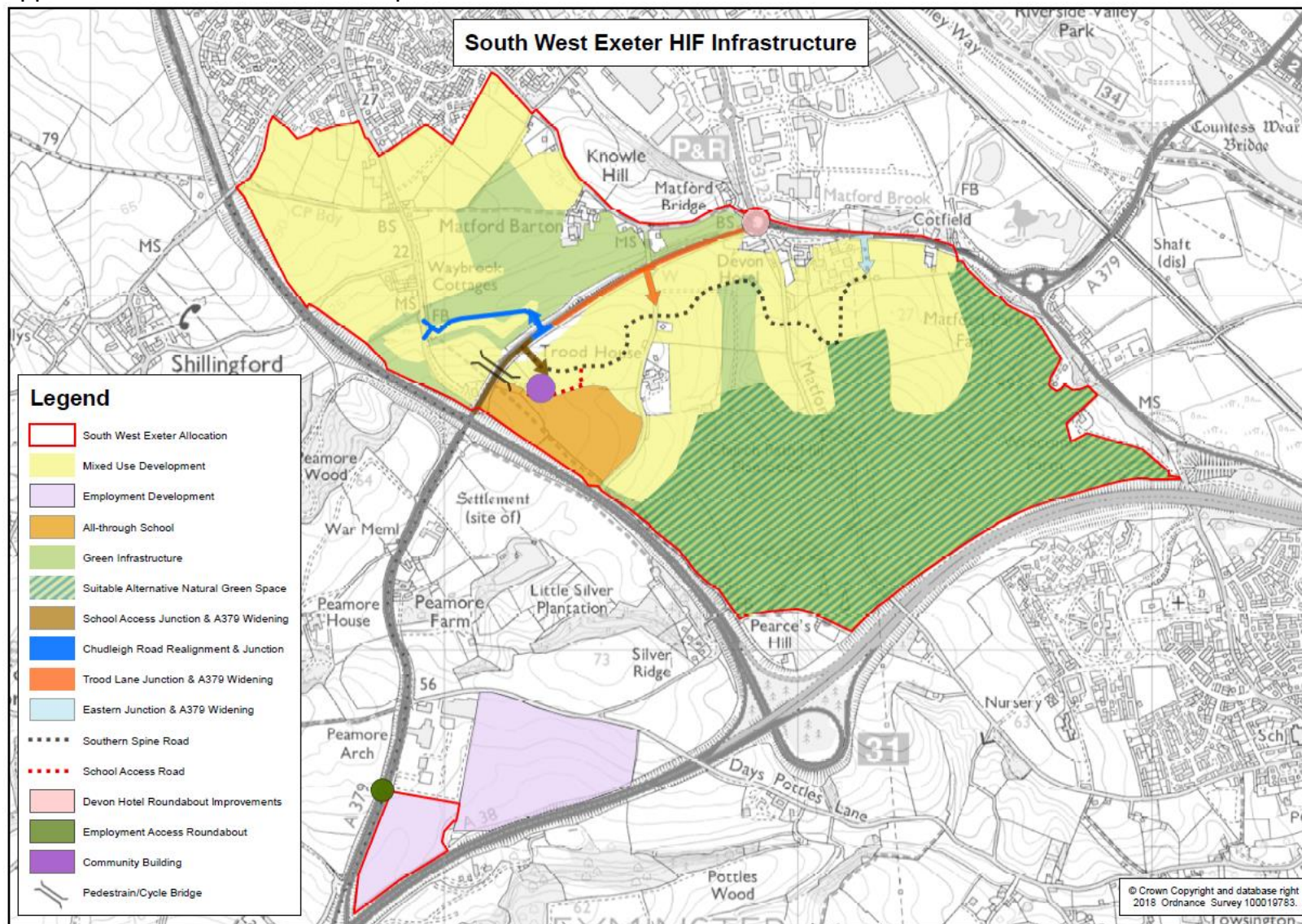
Tel No: 01392 383554 Room: 120, County Hall, Exeter, EX2 4QD

Background Paper	Date	File Reference
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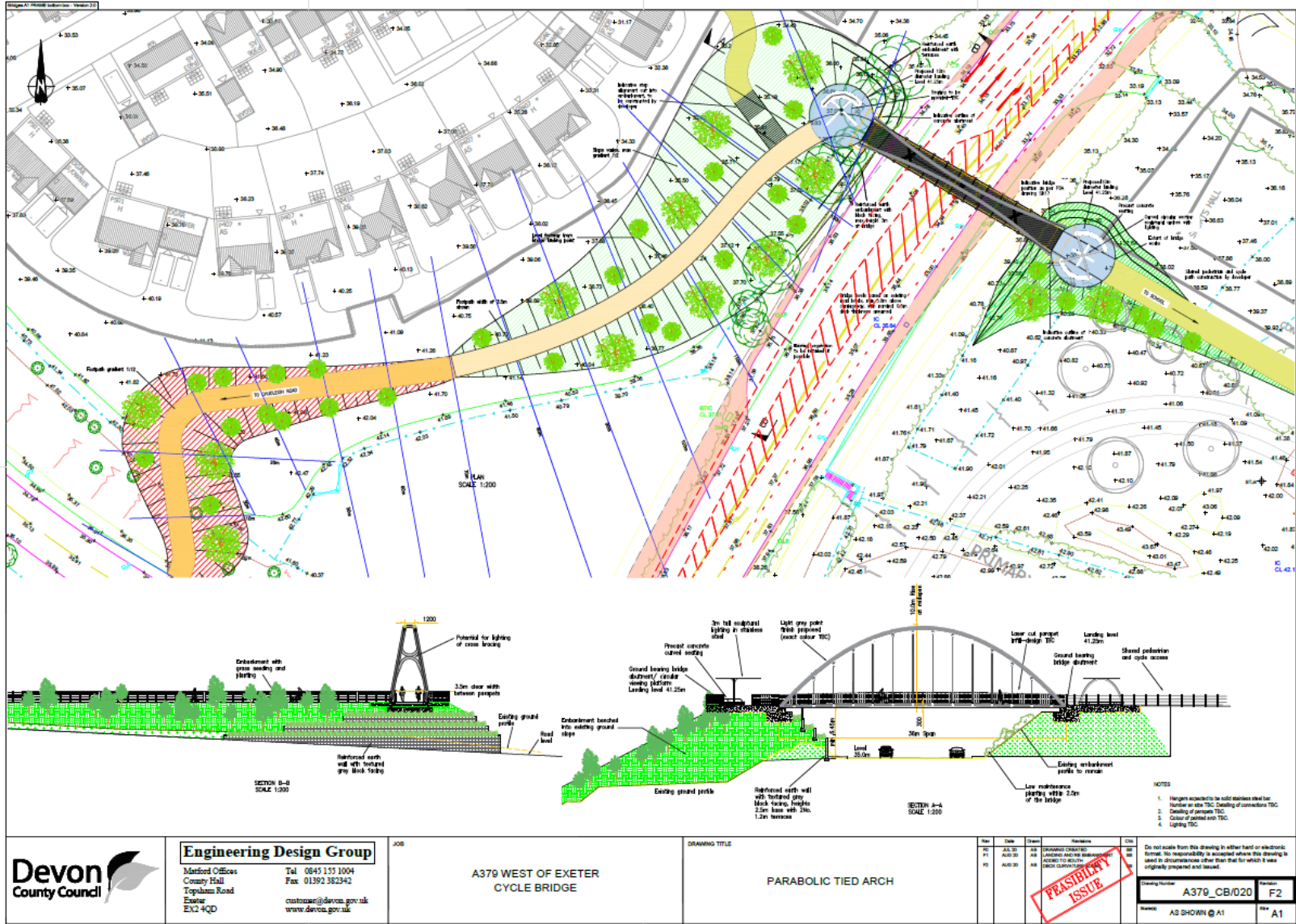
Nil

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Appendix I to PTE/20/25 – Development and Infrastructure Plan



Appendix II to PTE/20/25 – Pedestrian / Cycle Bridge



Appendix III to PTE/20/25 – Chudleigh Road Realignment

