

**CABINET
30 NOVEMBER 2021**

CULLOMPTON TOWN CENTRE RELIEF ROAD (CTCRR) PROJECT

Cabinet Member(s): Cllr Richard Chesterton, Cabinet Member for Planning and Economic Regeneration
Responsible Officer: Richard Marsh, Director of Place.

Reason for Report and Recommendations: To note the update provided in relation to the LUF (Levelling-up Fund) application and approve the recommendations as set out below in order to allow officers to continue to examine potential opportunities to secure the additional funding required to support the delivery of the Cullompton town centre relief road.

RECOMMENDATIONS FOR CABINET:

1. To note that the Council has been advised that, at this time, it has not been successful in securing funding through the Levelling-Up Fund in order to enable the delivery of the Cullompton town centre relief road. And;
2. That, in light of the above and reflecting the Cabinet decision of the 3rd August 2021, approval is given for officers to;
 - a) work to explore other funding opportunities which could deliver the additional funding required to enable the delivery of the Cullompton town centre relief road, and;
 - b) bring a further report before Cabinet as soon as possible in order to update members on the progress of discussions and the options available to the Council in relation to the delivery of the relief road project.

Financial Implications:

There are negligible direct financial consequences of continuing to explore alternative funding arrangement for the Cullompton town centre relief road in the short term. However, members should be aware that the Council has already utilised part of the existing HIF (Housing Infrastructure Fund) funding and that there is a risk that, unless the scheme is implemented and delivered within the pre-agreed timetable, the HIF funding could be withdrawn and that the Council would have to repay the amount of funding already utilised, or committed (totalling approx. £635k).

As continuing to work on the scheme beyond the end of the calendar year will continue to incur expenditure, members should therefore note that unless an alternative source of funding can be identified (in the short term) which can enable delivery of the CTCRR scheme (through to completion), serious consideration will need to be given to the risks of continuing on the timescales originally envisaged. Options in this regard will be brought back to cabinet once officers have a better understanding of what opportunities exist in relation to securing the required additional funding to unlock delivery.

Budget and Policy Framework:

The CTCRR Scheme has detailed planning consent, is a scheme which has broad public support and is a key scheme in realising wider objectives and ambitions for Cullompton and the district as a whole.

Provision is made within the existing Budget framework for the scheme and arrangements are under continual review.

Legal Implications:

As set out above, legal obligations apply in relation to the original/existing grant of HIF (Housing Infrastructure Fund) funding and the delivery of the CTCRR scheme. If additional funding is not secured, then the Authority will need to consider its options with the legal implications of the existing Grant Agreement in mind.

Risk Assessment:

The risk associated with not securing the additional funding required to support the delivery of the Cullompton town centre relief road is significant as it would jeopardise the delivery of not only the road infrastructure, but also the delivery of new homes and other initiatives such as the improvements to the Heritage Action Zone area.

As set out above, risk also exists should the Council continue to spend the existing HIF allocations without having secured the funding required to deliver the full road scheme as this jeopardises scheme delivery and opens the Council up to the risk of the clawback of grant by Homes England.

The best way of mitigating these risks is to secure the additional funding required to deliver the relief road and it is in this regard that officers' attention is now focused.

When officers are in a position to be able to offer more clarity with regard to the opportunities and options available to the council, these will be set out to members in more detail in a subsequent report – along with the implications, next steps and risks (and mitigations).

Equality Impact Assessment:

There are no issues arising directly from this report.

Relationship to Corporate Plan:

The CTCRR project is considered vital to enable development identified in the Local Plan to come forward and make a valuable contribution to delivering the priorities of the Corporate Plan 2020 to 2024; Economy, Homes, Community and Environment.

Impact on Climate Change:

The relief road project is a consented scheme which will deliver significant environmental improvements within the town centre, unlock significant development within Cullompton and reduce issues currently associated with congestion and pollution. The scheme is therefore considered, on balance, to be one which should be pursued and delivered in order to deliver the benefits associated with the scheme. However, the road will of course create new highways infrastructure which will continue to support the use of private and public vehicles, despite the associated environmental impacts of emissions from such vehicles.

1.0 INTRODUCTION/BACKGROUND

- 1.1 The previous report set before Cabinet (in August 2021) contains the majority of the background information relating to this proposal and this information is therefore not duplicated within this report. The key issues are however set out below:
- 1.2 The Cullompton town centre relief road (CTCRR) is a planned strategic highways intervention aimed at delivering significant benefits to the town and at unlocking significant new housing delivery to the east of the town – at Culm Garden Village. The CTCRR and Garden Village are both supported through existing planning consents and through adopted planning policy. The project is key to achieving key Council objectives.
- 1.3 The Cullompton town centre relief road scheme is the beneficiary of £10m of Housing Infrastructure Fund (HIF) funding. At the time of securing this funding, it was expected that the scheme would cost £15m to deliver and that MDDC forward funding (to be repaid through S106 contributions generated through new development) would contribute the balance of funding (£5m) towards the delivery of the scheme to allow the infrastructure to be delivered in advance of these s106 receipts being secured.
- 1.4 Since inception of this project, significant refinement and development of the scheme has taken place. This has generated a much better understanding of the design of the scheme, and the associated costs. Furthermore, significant cost inflation has taken place during this period, as has been well documented across the UK. This means that, despite value engineering having taken place, the overall cost of delivering the CTCRR scheme has increased from £15m to £24.85m.
- 1.5 The significant increase in costs necessitated that the Council seek additional funding in order to support the delivery of the scheme. It was for this reason that, in June 2021, a Levelling-Up Fund (LUF) bid was submitted for consideration by Government. The bid sought £13.599m of funding – effectively seeking to address the additional cost of delivering the CTCRR scheme and also removing the onus on the Council to utilise its £5m of borrowing to forward fund an element of the works.
- 1.6 On the 27th October 2021, Government announced the schemes which had been successful in securing Levelling-Up Fund monies. The Cullompton scheme was not listed as one of those projects which had been successful in this funding round.
- 1.7 No official feedback has yet been received from Government officials in relation to the submitted LUF bid and it is therefore not yet possible to appraise members of the reasons why the bid was unsuccessful. A meeting has been offered by the LUF team to MDDC to provide feedback on the bid and officers have taken up this offer and requested a meeting date. No proposals have yet been received in relation to

potential meeting dates and it is therefore expected that this officer meeting will take place sometime after the Cabinet meeting on the 30th November 2021.

- 1.8 It is worth stressing that the BCR (benefit-cost ratio) of the scheme was extremely good and that, subject to any official feedback stating otherwise, at a technical level the bid was therefore extremely competitive in terms of its value for money. Officers will therefore be seeking to understand what aspects meant that the bid was unsuccessful and will then reflect upon what changes can, or need, to be made to the bid should other funding opportunities become available or should re-submissions to the LUF be welcomed. This will hopefully ensure that the bid is as competitive as possible, should funding opportunities present themselves.
- 1.9 Finally, as set out above, time is of the essence in addressing the funding shortfall associated with the CTCRR scheme: without a swift resolution the scheme is likely to be delayed, and the Council will have to consider options with regard to how to take the scheme forwards. Potential impacts of this could be the delayed delivery of outputs in terms of new homes, and the associated knock-on effects to other schemes and to Cullompton town as a whole. It is for this reason that officers are now urgently considering what other opportunities exist in relation to funding the project. It is hoped that further clarity will be provided in the near-term and a further report will be brought before Cabinet as soon as the revised options are clearer.

2.0 RECOMMENDATIONS AND CONCLUSION

- 2.1 It is important to note that the Council has been advised that, at this time, it has not been successful in securing funding through the Levelling-Up Fund in order to enable the delivery of the Cullompton town centre relief road;
- 2.2 In the immediate term, the recommendations are for officers to seek to identify alternative funding which could be utilised to support the delivery of the CTCRR in order to ensure that the Council is able to deliver the outputs and benefits associated with delivery (and minimise the risk of non-delivery to the Council).
- 2.3 Clearly it will be imperative that a report be brought back before Cabinet as soon as possible to appraise members of any identified funding opportunities or solutions in order that options can be presented in relation to the future delivery of the CTCRR project.

Contact for more Information: Richard Marsh, Director of Place

Circulation of the Report: Cllr Richard Chesterton, Cabinet, Leadership Team

Background Papers – Housing Infrastructure Fund and Project Update Cabinet report – dated 3rd August 2021.