

CABINET
1 FEBRUARY 2022

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: The report presents a recommendation to utilise a further tranche of the Housing Infrastructure Fund (HIF) monies to facilitate the progression of technical work relating to the Cullompton Town Centre Relief Road (CTCRR) over the next 12 months. This will support ongoing work and discussions to identify and secure funding to enable the delivery of the relief road and minimise the overall impact on programme (slippage) to the project.

RECOMMENDATIONS FOR CABINET:

1. To approve the drawdown and expenditure of a further tranche of the Housing Infrastructure Fund (HIF) funding, totalling £560k, to enable the progression of further feasibility and technical work relating to the Cullompton Town Centre Relief Road (CTCRR).

Financial Implications:

The drawdown of further HIF funding (£560k) to support further feasibility and technical work in relation to the Cullompton Town Centre Relief Road (CTCRR) will have limited financial implication for the Authority owing to the fact that Homes England are prepared to offer the Authority an indemnity to protect the Authority from the clawing back of any of this expenditure should the scheme ultimately not proceed to completion.

For clarity: the Council could still be at risk of claw-back from that element of HIF funding already committed (approx. £635k), as set out within the November 2021 report.

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:

Legal obligations apply in relation to the original/existing grant of HIF (Housing Infrastructure Fund) funding and the delivery of the CTCRR scheme. The utilisation of a further tranche of the HIF funding, without the risk of clawback, will allow the scheme to progress – but it does not fundamentally address the issue of how to fund delivery of the road and deliver the outputs which the Council would wish to see, or which underpin the grant of the HIF monies.

It will be necessary to keep the other terms of the original HIF grant in mind, and be mindful of the legal implications for the Council to avoid the Council breaching any terms of the HIF Agreement.

Risk Assessment:

As set out above, the risk associated with the utilisation of a further tranche of HIF funding is limited, as the Council is to be indemnified against clawback of the funding from Homes England. This means that the Council's financial risk is not increased as a consequence of the expenditure of further HIF money to progress the technical design work associated with the scheme.

However, risks do remain for the Council. Notably;

1. Utilisation of the funding does not fundamentally address the issue that the Council does not yet have the full funds required to deliver the road as currently costed. The Council therefore continues to progress the scheme, without certainty of delivery.
2. Programme (time) risk remains - The HIF agreement places specific obligations on the Council. One of the obligations within the Agreement relates to the date of the completion of works which is set for 31st March 2023. The current programme will not facilitate completion of works by this date. Homes England are aware of this and the parties (MDDC and Homes England) have agreed to review the Agreement at a point in time when it is expected that there will be more certainty as to whether MDDC have been successful in securing the additional funding required to deliver the road and when both parties are expected to have more clarity regarding the future of the project. This review will allow the parties to review the terms of the Agreement in light of the status of the project and consider any variations required to the existing Agreement in order to support delivery. Clearly, should the additional funding to deliver the full road scheme not be secured and the current Agreement is not varied, the existing Agreement could terminate on the 31st March 2023 and the Council may be required to return the element of funding which has been spent and which is not covered by the indemnity (this element totalling approx. £635k). This position is unaffected and unchanged by the drawdown of the further funding proposed within this report.

An alternative option to drawing down further funding would be for the Council to choose not to proceed with the further technical work at this time. However, this would then stall the project indefinitely. This would not be practical as it would stall a key MDDC project and is therefore not a recommended option. Instead, it is recommended that the Council draw down the further tranche of HIF funding and progress technical work, despite the continued uncertainty around ultimate delivery. This is recommended because further progressing the technical work will increase the technical understanding of the scheme and therefore should, in theory, reduce the risk for any prospective funder in relation to non-delivery or cost or programme over-run – as the project will better understand the scheme challenges and how to address them. It should be hoped that this additional project understanding will then increase the likelihood of securing the required funding to enable delivery, as the scheme has been further de-risked and is 'shovel-ready'.

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 Reports previously set before Cabinet have set out the background to this matter and information is therefore not duplicated within this report.
- 1.2 The November 2021 report confirmed that the Council had been unsuccessful in securing LUF (Levelling-Up Fund) monies (at this time) to support the delivery of the Cullompton Town Centre Relief Road – those additional monies being necessary to facilitate delivery owing to the funding shortfall created as a result of increased construction costs.
- 1.3 The report also sought for approval 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.
- 1.4 Since November 2021, officers have been in close discussion with government agencies in relation to the CTCRR project and have been seeking to identify funding sources which would enable delivery of the scheme, and/or funding sources which would facilitate progression of the scheme in the short term whilst funding for delivery is sought.
- 1.5 Discussions with Homes England have confirmed that Homes England are willing to allow the Council to draw down a further element (£560k) of the previously secured Housing Infrastructure Fund (HIF) monies to allow technical work to continue to progress on the CTCRR scheme over the next 12 months – ensuring that scheme progress does not stall.

- 1.6 Under the terms of the HIF agreement, this funding would ordinarily be subject to claw-back by the Agency should the scheme ultimately not proceed to completion. However, MDDC officers have been able to agree with Homes England that an indemnity will be provided by Homes England to MDDC – protecting the Authority from the clawback of this additional element of funding drawdown (£560k.)
- 1.7 The additional monies will fund scheme progress for the next 12 months and allow MDDC and DCC to progress the CTCRR scheme to a stage whereby it is ready to be tendered.
- 1.8 Whilst this further technical work progresses, officers will continue to seek to identify and secure further funding to support the overall delivery of the road scheme. The progression of the technical work will be helpful in this regard; with the additional technical work further moving the scheme towards a ‘shovel-ready’ state.

2.0 RECOMMENDATIONS AND CONCLUSION

- 2.1 The recommendation is to draw down the further tranche of HIF funding (£560k) to facilitate the progression of further technical work over the next 12 months. An indemnity in favour of MDDC will be secured to protect the authority against the claw-back of this element of funding, should the scheme not ultimately progress to completion.
- 2.2 In addition, officers will continue to seek to secure funding which will enable the delivery of the Town Centre Relief Road scheme. Further reports will be brought before Cabinet as soon as possible in order to provide updates in relation to these discussions, and potential funding opportunities.

Contact for more Information: Richard Marsh, Director of Place

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

Background Papers – Cullompton Town Centre Relief Road update – 30th November 2021.