

Teignbridge District Council
Committee name: Full Council
Meeting date: 23 May 2023
Part I

Report Title

Additional funding for Dawlish Link and Bridge Project

Purpose of Report

To confirm £1.3million Community Infrastructure Levy Funding for the Dawlish Link and Bridge scheme.

Recommendation(s)

The Council approval for the following:

- (1) To approve up to £1.3 million Community Infrastructure Levy funding towards the development costs of part of Dawlish's Local Plan DA2 allocation link road and associated bridge.**

Financial Implications

The financial implications are detailed in sections 2.1 – 2.4 below with alternative options considered in section 3.

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Legal Implications

If this decision is not made, there is a risk to £4.9 million grant funding and that the bridge, and a significant proportion of the link road at Dawlish, will not be delivered. It is highly unlikely that private developers or anyone else would step in to deliver the project at a later point due to the significant financial constraints they would face.

See also sections 2.5 - 2.7.

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Risk Assessment

See sections 2.12 – 2.16 below

Environmental/ Climate Change Implications

See sections 2.8 – 2.11 below.

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Executive Member

Unconfirmed at the time of preparing the report.

Appendices/Background Papers

Appendix 1 – Link and Bridge Illustrative Plan

[Full Council Dawlish Link and Bridge Scheme Approval – June 2019](#)

1. Introduction

- 1.1 In 2019, Teignbridge was awarded £4.9 million from the Government's Housing Infrastructure Fund in order to bring forward part of the link road and bridge at Dawlish. The infrastructure scheme is allocated through the Local Plan 2013 – 2033 alongside 860 homes.
- 1.2 The extent of the route that benefits from funding support is illustrated at Appendix 1.
- 1.3 The project is known to be a community priority. [In June 2019, Full Council approved expenditure of the grant funding](#) in partnership with Devon County Council who will manage construction of this highway scheme.
- 1.4 The scheme will provide direct access to more than 400 new homes in Dawlish (Areas 3 and 4). It will also facilitate access to approximately 400 additional homes at Gatehouse Farm (Area 2), including construction access.
- 1.5 Since 2019, there has been considerable progress with the project:
 - Planning permission has been granted for homes either side of the Shutterton Brook (Areas 3 and 4), as well as associated sections of the link road;
 - Planning permission has also been granted for the bridge;
 - The first section of road has been constructed through Swan Park (Area 4) by Persimmon Homes (see Appendix 1);
 - Conditional legal agreements have been completed with Devon County Council and the landowners at Area 3, facilitating construction of the bridge and remaining section of road;
 - A similar legal agreement with the developer at Area 4 is still pending but expected to complete within weeks; and

- A scheme for construction of the remainder of the project is being procured, subject to confirmation of a budget increase, as recommended through this report.

- 1.6 The procurement exercise is being conducted by Devon County Council, as transport authority. The County Council estimates that inflationary pressures have caused the scheme cost to increase to £6.2 million.
- 1.7 This new project cost figure represents a £1.3 million increase. If budget for this increase can be confirmed, project works are expected to start during Summer 2023 and the scheme is due to complete by the middle of 2024.
- 1.8 An increase in scheme value has been anticipated for some time and a provision for £1.3 million top up funding was included in the 2023/24 Teignbridge Capital Programme.
- 1.9 Full Council is now being asked to fully approve the increase in scheme budget using available Community Infrastructure Levy funding. This will result in the Dawlish Link and Bridge project being funded as set out in Table 1 below:

Funding Source	Amount
Housing Infrastructure Fund	£4,900,000
Community Infrastructure Levy	£1,300,000
Total	£6,200,000

Table 1: Proposed scheme budget

2. Implications, Risk Management and Climate Change Impact

Financial

- 2.1 The project's cost increases are unfortunate but not unexpected. There has been a marked increase in construction costs over recent years.
- 2.2 Community Infrastructure Levy (CIL) rates are indexed against building cost inflation, meaning that there has also been an increase in the amount of funding collected from development to contribute towards infrastructure priorities.
- 2.3 There is sufficient CIL funding available to meet the project cost increases in Dawlish.
- 2.4 Full Council is being asked to approve a budget increase of up to £1.3 million to support a total Dawlish Link and Bridge project budget of up to £6.2 million. If the scheme outturn cost is anything less than £6.2 million, the savings made will be passed back to the CIL budget.

Legal

- 2.5 In accordance with the 2019 Full Council decision, a suite of legal agreements have been assembled with Devon County Council, and the relevant Dawlish landowners and developers. Completion of the agreement with the developer at Area 4 is imminent but still pending. These agreements will facilitate construction of the infrastructure project once the increase in scheme budget has been confirmed.

2.6 Additionally, there are already two funding agreements in place:

- (1) The Housing Infrastructure Fund Grant Funding Agreement between Homes England and Teignbridge Council will not need to be amended as a result of the injection of CIL funding.
- (2) The project funding agreement between Teignbridge Council and Devon County Council will need to be amended to reflect the increase in scheme budget.

2.7 Devon County Council are responsible for managing arrangements with the scheme works contractor and there are no new and direct legal implications for Teignbridge in this regard.

Climate and Environment

2.8 The Link and Bridge project already benefits from planning permission. It has been subject to environmental assessments and there is a construction environment management plan planning condition requirement.

2.9 Scheme design has addressed impacts on a range of species, including bats; dormice; nesting birds; otters; and water voles. It has benefitted from the advice of expert local ecologists and Natural England. The Environment Agency have also advised flood risk and hydrology matters and agreed associated design solutions.

2.10 Devon County Council's Engineering Design Team have worked to minimise the project's climate change impacts by focusing on various solutions, including:

- Reduced material usage
- Material reuse
- Cement replacements
- Locally sourced materials
- Low maintenance solutions
- Long lifespan solutions

2.11 One example of how this emphasis has influenced scheme design has been to design the project with compacted earth embankments in order to minimise concrete usage.

Risks

2.12 The requirement for additional project funding represents one of the Dawlish Link and Bridge scheme's key risks. Original project cost estimates were produced when construction inflation was running, and forecast to continue, at a much lower rate than we are experiencing now.

2.13 There is a monthly officer project board for the scheme, which oversees the project programme and comprehensive risk register. Many of the project's other key risks, including those associated with securing planning permission and landowner cooperation, have already been addressed.

2.14 There must be some risk that scheme costs could increase further due to unforeseen circumstances during the construction programme but the County Council has designed

the project with the benefit of various survey information. This means that the contractor should be able to construct the project with the benefit of a good level of certainty about the project and site conditions.

2.15 Nevertheless, an appropriate risk allowance has been incorporated into the overall project budget.

2.16 If we do not decide to fund an increase in the project budget, there is a risk that the remaining Homes England funding may be withdrawn. This is because we would not be able to satisfy the existing Grant Funding Agreement and deliver the entirety of the project that they have agreed to fund.

3. Alternative Options

No increase to scheme budget

- 3.1 We could elect not to increase the Dawlish Link and Bridge budget. However, this would prevent the scheme from being delivered. Our funding agreement with Homes England requires a link all the way from the A379 to Gatehouse Farm to be constructed.
- 3.2 This option is not recommended because it would prevent the approved infrastructure project from being delivered.

Reduced scheme that extends no further than the bridge

- 3.3 We could look at reducing the scope of the project. This would mean solely constructing the bridge and tying it in with the link back through development area 4 to the A379. This approach would reduce Teignbridge Council's costs and could be achieved using the existing £4.9 million budget.
- 3.4 However, for the following reasons, this option is not recommended either:
 - a) Fresh land agreements would be required. At best, this would significantly delay the project and cause the council to miss contracted deadlines.
 - b) We would not be able to satisfy our obligations to Homes England associated with delivering the whole scheme within time.
 - c) Community expectations would not be fulfilled. It would not be possible to direct construction traffic from the north to Gatehouse Farm (Area 2). Instead, traffic would need to continue routing along Elm Grove Road.

4. Conclusion

- 4.1 Inflationary pressures, and the £1.3 million increase in Dawlish Link and Bridge scheme costs, are acutely unhelpful. Nonetheless, if we are to retain the £4.9 million grant funding secured from Homes England and deliver the Dawlish link and bridge project promptly, an increase to the budget will be required.
- 4.2 In line with an existing Capital Programme provision, it is recommended to approve the £1.3 million budget increase using available Community Infrastructure Levy funding.

Appendix 1 – Illustrative Plan showing Dawlish Link and Bridge

