

**TEIGNBRIDGE DISTRICT COUNCIL**

**FULL COUNCIL**

**TUESDAY 17<sup>TH</sup> MARCH 2020**

**PART I**

<b>Report Title</b>	<b>Houghton Barton Link Road, Newton Abbot</b>
<b>Purpose of Report</b>	To approve forward funding for the Houghton Barton Link road in Newton Abbot.
<b>Recommendation(s)</b>	<p><b>The Council RESOLVES to:</b></p> <p>1) Provide capital forward funding of up to £1.25 million towards the Houghton Barton Link Road subject to the intention that funding be recoverable so far as is possible from future development infrastructure contributions.</p> <p>2) Grant delegated authority to the Head of Place and Commercial Services (subject to prior consultation with the Portfolio Holder for Planning) to:</p> <p style="padding-left: 40px;">a. complete agreements to facilitate the forward funding and delivery of the Link Road project by Devon County Council including but not limited to:</p> <p style="padding-left: 80px;">i. the forward funding by the Council to Devon County Council;</p> <p style="padding-left: 80px;">ii. the acquisition of mineral rights by the Council on land adjacent to Howton Road, known as Houghton Field; and</p> <p style="padding-left: 80px;">iii. the construction by Devon County Council of a freely and publicly accessible road on land at Houghton Field as referred to in the Report;</p> <p style="padding-left: 40px;">AND</p> <p style="padding-left: 40px;">b. take such other action as he considers appropriate.</p>
<b>Financial Implications</b>	Email: <a href="mailto:martin.flitcroft@teignbridge.gov.uk">martin.flitcroft@teignbridge.gov.uk</a> The main financial implications are summarised in Section 2.

<b>Legal Implications</b>	<p>The proposal to provide forward funding is lawful. Nevertheless, given relevant financial contributions will not be received in advance of payment to Devon County Council, it will not possible to secure the recovery of all forward funding in the absence of an indemnity to repay from the funding recipient. This risk to the Council should be recognised within the context of the reported strategic benefits of the project.</p> <p>Email: <a href="mailto:karen.trickey@teignbridge.gov.uk">karen.trickey@teignbridge.gov.uk</a>  <a href="#">Solicitor to the Council.</a></p>
<b>Risk Assessment</b>	<p>Email: <a href="mailto:fergus.pate@teignbridge.gov.uk">fergus.pate@teignbridge.gov.uk</a></p> <p>The main implications are identified at Section 4.</p>
<b>Environmental/ Climate Change Implications</b>	<p>Email: <a href="mailto:david.eaton@teignbridge.gov.uk">david.eaton@teignbridge.gov.uk</a></p> <p>The climate and environmental impacts are described at Section 5.</p>
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<b>Portfolio Holder</b>	<p>Cllr Gary Taylor, Planning Portfolio</p>
<b>Appendices / Background Papers</b>	<p>Appendix A – Houghton Barton Link Road location plan</p> <p>Appendix B – Houghton Barton Link Road general arrangement plan</p> <p>Appendix C - Houghton Field location plan</p>

## 1. Background

### Location and strategic context

- 1.1. Teignbridge's adopted Local Plan allocates land for 6,000 homes across Newton Abbot and the Heart of Teignbridge over the plan period 2013-2033. Houghton Barton covers an area of 160 hectares of land to the west of Newton Abbot. The site is enclosed by the A382 and A383. The area has been allocated for a mix of residential and employment development, including a new neighbourhood centre, shops and school. Including already permitted homes at Hele Park, the site is expected to deliver 1,800 new homes.
- 1.2. Houghton Barton will be accessed from the A383 (Ashburton Road) to the south and the A382 (Bovey Tracey Road) to the north. The creation of a vehicular route connecting the A382 and A383 is a requirement of Local Plan policy NA1, Houghton Barton. The road already benefits from planning permission.

- 1.3. A location plan and phasing plan is provided at Appendix A.
- 1.4. The A382 and A383 provide the principal connections between Newton Abbot and the A38. Existing roads connecting the A382 and A383 together are single track country lanes that provide access to a small number of properties and the Seale Hayne campus. Due to the low capacity of these roads, access to the A382 from new development at Houghton Barton will be very difficult causing safety and congestion problems.
- 1.5. Mile End Road and Ringslade Road provide a further link between the A382 and A383 through the residential area of Highweek, which is a particularly sensitive area with capacity constraints caused by narrow sections. Despite these constraints the route is attractive as a 'rat run' to avoid delay at junctions on the circulatory route on the A382 and A383 via 'Dyrons roundabout' and 'Churchill's roundabout'. The development at Houghton Barton will exacerbate these problems unless the Link Road is provided.
- 1.6. The Houghton Barton Link Road will support the Houghton Barton development and allow it to be constructed and occupied whilst mitigating the worst of the impacts on the transport network. The Link Road will provide an attractive alternative route between the A382 and A383 which will relieve pressure on the local highway network, including the A383 and through the area of Highweek. It will also provide a pedestrian and cycle route and facilitate new bus services for the development area.
- 1.7. The Link Road will join the A382 at a new roundabout (Forches Cross) which is part of the A382 Corridor Improvement scheme. This scheme will deliver highway widening and realignment from Drumbridges on the A38 into Newton Abbot. These two schemes complement each other by supporting development to the west of Newton Abbot and relieving pressure on the existing road network. The Teignbridge Infrastructure Delivery Plan identifies both projects as being of 'critical' importance.
- 1.8. Following technical masterplanning work and a public consultation, the Link Road was also identified as an infrastructure priority that should be delivered early by the Houghton Barton Supplementary Planning Document (SPD). The SPD also confirmed that unfunded costs of the Link Road must be met by the allocation's developers.

#### *The Link Road Scheme*

- 1.9. The scheme will be delivered in phases (see Appendix A). Phases 1 and 2 will soon be ready to commence the tender process, which is something that Devon County Council will lead. Phase 3 will be delivered by the developer as part of the Houghton Barton development. Phase 4 will involve the upgrade of the priority junction of the Houghton Barton Link Road with the A382 to a roundabout. This is being delivered through the A382 Corridor Improvements scheme by Devon County Council.

1.10. Phases 1 and 2 of the Houghton Barton Link Road comprise the following:

- A 7.3 metre carriageway, 2 metre footway and 3 metre shared use path between the A382 north of Forches Cross and Perry Cross.
- A new priority junction on the A382; and
- A 6 metre carriageway and 3 metre shared use path between Perry Cross and Howton Field.

Growth Deal funding support

1.11. Devon County Council submitted a Business Case to the Heart of the South West Local Enterprise Partnership (LEP) to part fund the Houghton Barton Link Road. This was successful and £2.89 million has been identified. The bid was submitted on the basis that by the time the scheme was ready for construction, a planning application for the housing development would have been submitted and determined. In this event Section 106 planning obligation commitments would have been provided by the developer, which would have offered certainty over funding and land availability and enabled a funding agreement to be signed with the LEP.

1.12. This has not been the case and the planning application is only now about to be submitted. Forward funding for the future developer contribution is therefore required if the £2.89 million grant is to be utilised.

## **2. Financial Considerations**

2.1. The estimated scheme cost of Phases 1 and 2 of the Houghton Barton Link Road is £7.4 million. This includes detailed design, development and delivery of the planning application and discharging associated conditions, land acquisition, Statutory Undertakers works, advance works, scheme construction, supervision and contingency.

2.2. The funding breakdown is shown in the following table. This confirms that Teignbridge would need to provide forward funding of up to £810,000 in 2020/21 and a further £440,000 in 2021/22. If a reduced overall project cost resulted from the competitive tender process, Devon and Teignbridge's forward funding contributions would be reduced equally.

<b>Source</b>	<b>Prior years costs £M</b>	<b>Projecte d costs 2019/20 £M</b>	<b>Projected costs 2020/21 £M</b>	<b>Projected costs 2021/22 £M</b>	<b>Total £M</b>
Heart of the South West Local Enterprise Partnership (Growth Deal 3 grant)	0.17	0.25	2.45	0	2.87
Government 'Capacity Funding' (TDC)	0.20	0	0	0	0.20
DCC Local Transport Plan grant (LTP)	0.02	0	0.45	0	0.47
National Productivity Investment Fund (NPIF)	0.22	0	0	0	0.22
Section 106 Hele Park	0	0	1.14	0	1.14
DCC forward funding (Anticipated to be recouped through a unilateral undertaking)	0	0	0.81	0.44	1.25
TDC forward funding (Anticipated to be recouped through a unilateral undertaking)	0	0	0.81	0.44	1.25
<b>Total</b>	<b>0.61</b>	<b>0.25</b>	<b>5.66</b>	<b>0.88</b>	<b>7.40</b>

- 2.3. A planning application for most of the remainder of the Houghton Barton allocation that does not already benefit from planning permission is expected by the end of March 2020. The planning application should provide for delivery of Phase 3 of the Link Road by the developer, as well as a financial contribution towards the currently unfunded costs of Phases 1 and 2. On the basis that Houghton Barton is an allocated development site, and on the proviso that the developer funding commitment will be forthcoming, it is recommended to forward fund up to £1.25 million of the future developer contributions in order to ensure the LEP grant funding.
- 2.4. An associated unilateral undertaking is currently being drafted by the developers (Bloor Homes and Redrow Homes), in coordination with TDC and DCC officers. Upon submission of a planning application in March 2020, the unilateral undertaking will need to commit the developer to a financial contribution of up to £2.5 million (index linked) towards the scheme should planning permission be granted for the housing led development. The intention is that, subject to works having commenced on the Link Road Phases 1 and 2, upon the commencement of development, the developers will make their contribution. As with the forward funding, the final amount will be confirmed once construction is complete and the outturn cost of the road scheme is known.

- 2.5. The developers' payment will be dependent on planning permission being granted. Whether this occurs will not be known until after the road scheme has commenced construction but Devon County Council must sign the LEP grant funding agreement before the end of March 2020. Until development comes forward, it is proposed for Teignbridge to forward fund £1.25 million of the developer contribution and for Devon County Council to do the same.

*Teignbridge capital funding*

- 2.6. It is proposed to fund the Teignbridge £1.25 million by internal borrowing (making use of existing cash balances) until such time as the developer contribution is received. The consequence of this is that funds available for the Council to invest will be lower. At current rates this would result in lost investment income of approximately £849 per month, based on the full £1.25 million. This represents better value for money than short-term external borrowing, which at current rates would cost approximately £2,448 per month. The £1.25 million forward funding will not breach the Council's overall borrowing limits.
- 2.7. Paragraph 4.11 describes the intended exit strategy, which would allow the Council to recoup its contribution in the worst case scenario of the scheme being stalled.

### **3. Land Assembly**

- 3.1. Surface land for Phase 1 of the Link Road is within Devon County Council ownership. A section of surface land for Phase 2 is in the ownership of Teignbridge District Council. The remainder of the surface land is currently subject to an option agreement between the developers and the land owners.
- 3.2. Minerals rights underlay the whole road scheme and are currently in the ownership of Sibelco. There is an option agreement between the developers and Sibelco to enable the developers to draw down the mineral rights. This ability can be passed to others, including Devon County Council and Teignbridge.
- 3.3. The Howton Field development site is owned by Teignbridge and indicated at Appendix C. It is proposed for Teignbridge to acquire mineral rights associated with the site in order to overcome the risk of trespass when the road and homes are constructed. Funding for the minerals acquisition has been provided by Homes England and the budget for this was approved by Full Council in March 2017.
- 3.4. Teignbridge will then be able to permit Devon County Council to construct the Link Road phase 2 within the corridor that is indicated with pink shading at Appendix C. It is recommended to delegate authority for the Head of Place and Commercial Services to enter into an agreement with Devon County Council that enables construction of this part of the Link Road to take place.

## 4. Risk

- 4.1. Providing the forward funding and ensuring scheme delivery will support an infrastructure first approach and help to mitigate traffic impacts on the road network that surrounds Houghton Barton. This approach will also help to support sustainable transport choices from an early stage in the new neighbourhood's development.
- 4.2. Failure to bring forward the road scheme now would mean that £2.87 million of Local Enterprise Partnership grant funding would be foregone. This circumstance would not reduce the requirement for the Link Road, which is a Local Plan priority. Instead, it would increase pressure on the viability of development at Houghton Barton. By way of a broad illustrative comparison, the value of the grant could be equivalent to the cross subsidy needed to deliver around 25 affordable dwellings.
- 4.3. Devon County Council will be responsible for managing the Link Road budget. The scheme is subject to the normal engineering risks. A quantified risk assessment has been undertaken and these risk costs have been included in the scheme estimate. The scheme cost is capped at approximately £7.4m.
- 4.4. A high-pressure gas main is present in the north of the site. Extensive discussion has been held between Devon County Council and Wales and West Utilities and the mitigation required has now been agreed.
- 4.5. A number of legal agreements need to be in place in order to proceed with the scheme. Devon County Council is presiding over many of these. All parties are cooperating, and the agreements are currently being drafted. The status of these will be given as a verbal update to the Cabinet meeting.
- 4.6. Unless a planning application for the housing at Houghton Barton is submitted by the end of March 2020, it is likely that the LEP will withdraw the funding. The developers have provided assurances that the planning application is forthcoming.

### *Section 106 planning obligation*

- 4.7. A signed Section 106 unilateral undertaking will need to accompany the housing planning application by the end of March 2020.
- 4.8. The unilateral undertaking must provide legal clarity that the main developers at Houghton Barton (Bloor and Redrow Homes) are willing to pay for the Houghton Barton Link Road funding gap upon the implementation of planning permission. Confirmation has been provided by the developer that the planning application will be submitted by the end of March 2020.
- 4.9. As the site is allocated in the Local Plan, it is reasonable to expect that a suitable scheme for development at Houghton Barton can be brought forward. However, there must be some risk that this will not be the case, that development will not be permitted, and the developer contribution will not be forthcoming.
- 4.10. If the scheme is approved, there still remains some risk that market conditions may change and development will not come forward or will be significantly delayed, in which case the financial contribution would not be forthcoming.

- 4.11. To help mitigate these prospects, officers will work to secure an undertaking from the developer that gives the Council control over land that is of an equivalent value to Teignbridge's contribution. This contingency would be triggered in the event that development at Houghton Barton stalls and the forward funding is not repaid.

## **5. Climate and Environmental Implications**

- 5.1. Houghton Barton is one of the Teignbridge Local Plan's most sustainably located allocations, with good connections to existing homes, facilities and sustainable transport networks.
- 5.2. The Link Road already benefits from planning permission. When the planning application was determined by Teignbridge's Planning Committee environmental considerations relating to the whole scheme were assessed through an Environmental Impact Assessment.
- 5.3. Early delivery of the first two phases of the Houghton Barton Link Road will help to address traffic congestion, as well as an enhanced bus link and providing for local pedestrian and cycle journeys.

## **6. Alternative Options**

- 6.1. The following options are not recommended but have been considered in reaching the recommendation.

*Do not deliver the road*

- 6.2. As the transport authority, Devon County Council considered potential suitable alternative such as demand management, walking and cycling, bus, rail and park and change facilities. They concluded that, in the absence of the Link Road, it was unlikely that any of these measures would achieve the change in travel behaviour needed to support the allocation.

*Do not provide the forward funding*

- 6.3. If funding for the project cannot be assembled by the end of March 2020, Devon County Council will not be in a position to enter into a funding agreement with the Local Enterprise Partnership and will not be able to draw down the £2.89 million grant. As a result, they will not be able to issue invitations to tender for the project and the phase 1 and phase 2 Link Road works will be unlikely to come forward in the short term.

*Developers deliver the link road at a later date*

- 6.4. In the absence of forward funding being provided, the Local Plan and Houghton Barton Supplementary Planning Document expect the developers at Houghton Barton to deliver all of the Link Road.
- 6.5. The Risks section of this report highlights a number of challenges that could prevent the Local Enterprise Partnership funding from being accessed by the end of March 2020. If this happens responsibility for phase 1 and 2 road construction will fall to the developers (Bloor and Redrow).

- 6.6. However, even if it is assumed that all other elements of the project's funding stack are retained, this will increase the financial cost burden to the developers by an estimated £2.89 million. The result of this could be a negative impact on whether other Local Plan targets for the development allocation are fulfilled.

## **7. Conclusion**

- 7.1. Full Council is asked to approve £1.25 million forward funding for the Houghton Barton Link road. This will bring forward an infrastructure first approach to the delivery of an allocated new neighbourhood, support sustainable travel options and help to manage congestion across the wider road network. There are risks to this approach but the greater risk is of losing £2.89 million grant funding and having to manage associated development scheme viability implications.