

Urgent Decision

Funding for the A382 Phase 3 improvement scheme

June 2024

Part i

Purpose of Decision

To approve allocation of an additional £4,850,000 from the Community Infrastructure Levy towards delivery of the A382 pedestrian, cyclist and vehicular link road improvements between Newton Abbot and Drumbridges roundabout.

It is proposed to make this contribution in exchange for £4,850,000 funding from Devon County Council that will be provided from recovered Housing Infrastructure Fund receipts at South West Exeter.

An urgent decision on this matter is required in order that Devon County Council and the Department of Transport have sufficient time and certainty with which to approve the total funding package for the A382 improvements. It is understood that the relevant DfT committee are due to meet during July 2024. Before then, Devon County Council require certainty with which to confirm and put forward the proposed arrangements. A Teignbridge District Council decision is therefore required in June 2024.

Officer

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Executive Member

Gary Taylor, Executive Member for Planning

Appendices

Appendix 1 – Scheme diagram

Appendix 2 – Devon County Council funding request

Background Papers

[Teignbridge Council Strategy](#)

[Teignbridge Capital Programme 2023/24](#)

[Devon County Council Cabinet: A382 Drumbridges to Newton Abbot \(October 2021\)](#)

[Teignbridge Full Council: Funding for Jetty Marsh Link Road Newton Abbot \(April 2022\)](#)

[Heart of Teignbridge Local Cycling and Walking Infrastructure Plan](#)

[Teignbridge Full Council A382 Funding \(September 2023\)](#)

Progress

1 Who Consulted – Devon County Council, 9 May 2024

- 2 Discussion with Executive Member – 10 May 2024 and 3 June 2024
- 3 Consulted with and date – Teignbridge Finance, 22 May 2024. S151 Officer and Head of Legal, 7 June 2024.
- 4 Signed off by Chair and Deputy Chair of Council - 24 June 2024
- 5 Placed on Council/Executive Agenda for information – Date will be 30 July 2024

1. Proposed Decision

- (1) Approve a contribution of £4,850,000 towards the A382 road improvements between Newton Abbot and Drumbridges roundabout;
- (2) Receive £4,850,000 (plus index) from Devon County Council to be spent on infrastructure priorities needed to support development in Teignbridge; and
- (3) Delegate authority to the Head of Place and Commercial Services to complete a funding agreement with Devon County Council associated with the contributions and take such other actions as may be necessary to make and receive the payments.

2. Background

- 2.1 Ongoing upgrades to the A382 corridor are a priority for Teignbridge Council, as reflected in the Council Strategy and 2013–2033 Local Plan.
- 2.2 In April 2022, Full Council approved a contribution towards the Jetty Marsh Link Road and a payment of £500,000 was subsequently made. At that time the prospect of a further contribution towards the A382 programme was noted. An additional Community Infrastructure Levy (CIL) contribution of £1,000,000 was approved in September 2023.

Progress with the A382 improvements

- 2.3 Phase 1 of the A382 improvement programme, between Forches Cross and Whitehill Cross, was completed in 2021. Teignbridge made a £5.1 million CIL contribution towards those works and the project had a total value of £13.2 million.
- 2.4 Phase 1 of the Houghton Barton Link Road has also been completed with both Devon County and Teignbridge District Councils proactively forward funding £2.5 million of the £7.4 million cost in advance of developer contributions.
- 2.5 In 2021 Devon County Council secured £38.12 million from government to upgrade the remainder of the A382 Drumbridges to Newton Abbot route. The total extent of improvements in the area is illustrated on the map at Appendix 1 and remains unchanged from when Teignbridge approved its additional £1 million funding contribution to the project in September 2023.
- 2.6 The scaling back of HS2 means that a further £6.73 million is expected to be available for the project from the Department for Transport (DfT). This will help to address inflationary pressures that have increased the total scheme costs from an estimated £44.85 million to £60.65 million.

- 2.7 A Full Business Case for the project was submitted by Devon County Council to the DfT at the beginning of 2024. This provides detail of the benefits, management arrangements, local funding contributions and delivery plan for bringing forward the project and is required in order to draw down the government funding.
- 2.8 At least 15% of the scheme costs must be funded through local contributions. Since submission of the business case there have been recent developments with regards the types of local contribution toward the project that DfT considers to be eligible. Until now, Devon County Council had earmarked £4.85 m of recovered Housing Infrastructure Fund (HIF) funding from the Matford development at South West Exeter for the A382 project but this funding is now understood to be out of scope.
- 2.9 HIF is forward funding from Homes England that is being used to deliver infrastructure at Matford in advance of developer contributions. Once those developer contributions are received, Devon County Council are at liberty to allocate the funds to infrastructure improvements that support development outside of the South West Exeter area.
- 2.10 It had previously been thought that this flexible funding source could be used to help support the A382 scheme and help make up the local contribution. It is now understood that recycled HIF funding cannot be counted as a local contribution because it originated from a government funding programme.

Funding requested by Devon County Council

- 2.11 Following discussions between officers, Devon County Council have written to request that Teignbridge provide £4.85 million of Community Infrastructure Levy (CIL) funding towards the project. DfT officials have confirmed that CIL, which is collected from development in Teignbridge, is eligible as a local contribution towards the A382 improvements.
- 2.12 In return, Devon County Council would allocate £4.85 million of the recovered Housing Infrastructure Fund to future Teignbridge Council infrastructure priorities. They would also pass on any uplift in the contributions received from the South West Exeter developers from the date of this report and decision. This means that if the developers are required to pay more because their contributions are linked to a measure of inflation then the HIF funding made available to Teignbridge will increase proportionately.
- 2.13 Devon County Council's funding request can be found at Appendix 2. Table 1 below summarises how funding for the A382 project would be composed and demonstrates that Teignbridge's intervention will help to unlock far greater investment in the area and its infrastructure at no net cost to the council.

Funding Source	Amount
Department for Transport	£44,850,000
Devon County Council	£9,450,000
Teignbridge Approved Contributions	£1,500,000
Teignbridge CIL / HIF Exchange	£4,850,000
Total	£60,260,000

Table 1: Updated A382 Phase 3 funding sources.

3. Main Implications

Financial

- 3.1 The proposed payment of £4,850,000 is additional to the £1,500,000 already committed by Teignbridge.
- 3.2 It is proposed to fund the additional contribution through the Community Infrastructure Levy (CIL). CIL is a charge on new development that is used to pay for improving and providing new infrastructure.
- 3.3 There is not an existing provision in Teignbridge Council's capital programme for this payment because the news that HIF funding cannot contribute towards the scheme came very recently and was unexpected. Nevertheless, there is currently funding available to support this payment.
- 3.4 The funds are unlikely to be spent until 2027/28 but a funding commitment is required now in order to draw down the £44.85 million DfT funding and proceed with main scheme works.
- 3.5 The A382 improvements will help to support new housing development planned for the area and associated increases in CIL, New Homes Bonus and council tax income.

Legal

- 3.6 A funding agreement will need to be completed between Teignbridge District Council and Devon County Council, committing the council and its CIL funds to the contribution. The funding agreement will also need to secure HIF funding from the County Council including the indexation described in Section 2 of this report.
- 3.7 The councils already have experience of preparing similar funding agreements, including in relation to Marsh Barton Station, school improvements, Dawlish Link Road, Phase 1 of the A382 scheme and the Jetty Marsh Link.
- 3.8 It is proposed to delegate authority to the Head of Place and Commercial Services to finalise and complete the funding agreement with Devon County Council.

Equality

- 3.9 The decision in hand is about funding a project that has already been approved through existing strategies, including the Council Strategy and Local Plan. The recommendation is consistent with an existing approved strategy, it is not considered that there have been material changes that would lead to different equality impact assessment conclusions. No further equality impact assessment is required.

Risks

- a) *The wider scheme does not move forward*
- 3.10 The A382 scheme already benefits from planning permission. An Outline Business Case has been approved by DfT and a government audit of the programme resulted in an overall endorsement of the scheme to date.

3.11 The proposed funding contribution will be paid in arrears of incurred expenditure, by which time the Full Business Case will have been approved and government funding secured.

b) Community Infrastructure Levy income reduced or delayed

3.12 The Community Infrastructure Levy (CIL) is a charge on new development (principally housing development) that helps to fund infrastructure improvements. CIL is collected when development commences and the rate of income therefore reflects the pace of development across the district.

3.13 Teignbridge is already holding sufficient CIL to fund the £4.85m contribution without impacting on other committed capital programme projects.

c) HIF recovery delayed

3.14 Devon County Council is currently holding £1.5m of recovered HIF funding and expects to receive a further £5m during 2024/25. There is a risk that development at SW Exeter stops and the payment of these funds is therefore not *triggered* but the current pace of development is strong to the point that this seems unlikely.

3.15 Even if the SW Exeter development were to slow down, it is considered very likely that the HIF funding will be available by 2027/28 (the anticipated timescale for making the CIL contribution), meaning that Teignbridge should not expect to be out of pocket at all and that the CIL / HIF payments to and from Devon County Council should be capable of being made in close succession.

Environmental / Climate Change Impact

3.16 Along with improving vehicular capacity and safety, the project will also include a new active travel link from Newton Abbot to Heathfield. This will help to fulfil the Moving up a Gear strand of our Council Strategy, as well as a key priority from the Heart of Teignbridge Local Walking and Cycling Infrastructure Plan.

3.17 As part of the planning application process, environmental considerations for the whole scheme were assessed through an Environmental Impact Assessment. This took into account biodiversity, landscape, noise, air quality, water environment and social impacts.

3.18 Devon County Council are developing a Carbon Management Plan for the A382 improvements scheme in line with guidance from the Department for Transport and PAS 2080, the British Industry Standard for the management of infrastructure carbon. The Carbon Management Plan documents the strategy to reduce carbon emissions throughout the lifetime of the infrastructure. Through the detailed design process, they are identifying and investigating areas where carbon reductions may be possible, including in relation to materials, methods of construction or operational activities and further reductions during the construction and operation of the scheme will be sought. This work does not account for the emissions from vehicles using the road.

3.19 Carbon will be quantified using the County Council's Carbon Calculation Tool. The tool has been used to calculate a baseline carbon figure based on the preliminary designs and 2019 methods and practices for construction and operation. Devon are progressing the project as a carbon negative project as part of the [Department for Transport's Live Labs programme](#). This programme seeks to share carbon reduction

innovations on a national stage and has already seen work carried out to translocate approximately 2000 trees on the site for later replanting.

- 3.20 Formal monitoring of progress against the target will be undertaken at the end of the design stage, during construction, at the end of the construction stage and as part of the scheme monitoring one and five years after scheme opening. At these points in time, carbon reductions that have been identified and implemented will be incorporated into the Carbon Calculation Tool to provide an updated figure for carbon emissions generated and predicted for the construction and operation of the scheme.

4. Alternative Options

Do Nothing

- 4.1 The only meaningful alternative option would be to do nothing and simply continue with the Council's existing funding commitments.
- 4.2 Despite having identified the A382 improvements as a council priority it would be open for Teignbridge to decline Devon's request for a funding swap. The implications of a do-nothing approach could be significant for the A382 programme and could impact on the County Council's ability to demonstrate sufficient local funding and draw down the £44.85 DfT funding allocation.
- 4.3 The scheme could halt entirely or end up needing to be significantly descoped. This could put at risk important scheme elements like the pedestrian and cycle improvements on Exeter Rd.

5. Justification

- 3.21 The proposed £4,850,000 A382 payment can be funded through Teignbridge's CIL programme. The proposed CIL / HIF swap would bring almost £45 million grant funding to the Heart of Teignbridge. It therefore represents an important opportunity to help leverage significant investment in our local infrastructure.
- 3.22 An urgent decision on this matter is required in order that Devon County Council and the Department of Transport have sufficient time and certainty with which to approve the total funding package for the A382 improvements. It is understood that the relevant DfT committee are due to meet during July 2024. Before then, Devon County Council require certainty with which to confirm and put forward the proposed arrangements. A Teignbridge Council decision is therefore required in June 2024.
- 3.23 If either DfT or DCC do not approve the funding arrangements recommended in this report, the decision will not be taken forward.

Signed *signature redacted for publication purposes* Managing Director

Date 26 June 2024

Appendix 1 – Map illustrating progress with improvements to the A382 corridor



