

COUNCIL

Leader: Cllr Gordon Hook

Portfolio Holder: Cllr Gary Taylor

DATE: 4 June 2019

REPORT OF: FERGUS PATE, PRINCIPAL DELIVERY OFFICER

SUBJECT: DAWLISH LINK AND BRIDGE
PART I

RECOMMENDATIONS

Council is recommended to:

- (1) Approve the receipt and expenditure of £4.9 million of grant funding from Homes England, towards the development costs of Dawlish's Local Plan DA2 allocation link road and associated bridge.
- (2) Delegate authority to the Business Manager Strategic Place (in consultation with the Section 151 Officer and the Solicitor to the Council) to complete:
 - (a) the Homes England funding agreement; and
 - (b) agreement(s) with Devon County Council and the site owners as necessary to secure the delivery of the project.

1. PURPOSE

- 1.1. To agree the deployment of £4.9 million of government grant funding to deliver key elements of the new link road at Dawlish's North West Secmaton Lane Local Plan DA2 allocation.

2. BACKGROUND

- 2.1. The Local Plan allocates a mixed use development at Dawlish that includes at least 860 homes. The allocation sits alongside other recent housing sites and Dawlish Countryside Park.
- 2.2. The allocation includes provision for a link road through the site that will address highway capacity concerns, enable a through bus route and help to mitigate traffic impacts on Elm Grove Road and the surrounding area..
- 2.3. When the Development Framework Plan was prepared for the DA2 allocation, public consultation reflected a clear view that early delivery of the link road was a key priority.
- 2.4. On that basis, when government body Homes England announced the Housing Infrastructure Fund prospectus a £4.9 million bid was prepared for funding to deliver the route, including a new bridge over the Shutterton Brook.
- 2.5. Appendix 1 indicates the extent of the route that was subject to the bid. There are three main development areas at DA2. Areas 3 and 4 were the subject to the bid.

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The developers of area 2 are due to complete their section of the link before occupation of the 50th of 407 dwellings that are due to be constructed on that site.

- 2.6. The bid was submitted in Autumn 2017 and a funding allocation announced in Spring 2018. Members have been kept updated on process and the time it has taken to progress towards drawing down the funds.
- 2.7. Having completed the necessary due diligence, Homes England are in position to finalise a funding agreement. Council approval is sought to complete the agreement, draw down the funds and deploy them with the County Council acting as delivery partner and commissioning the works so that the project can be completed during 2021.

3. LEGAL AGREEMENTS

Homes England Funding Agreement

- 3.1. The terms of the funding agreement are largely prescribed by Homes England. Key components of the agreement will include Council obligations associated with:
 - a) Milestones for detailed design, the letting of contracts and completion;
 - b) Any project underspend to be recovered by Teignbridge and deployed on other projects associated with supporting development;
 - c) Meeting any additional project costs beyond the £4.9 million grant.

Devon County Council Delivery Contract

- 3.2. Only lower tier authorities were able to bid for the HIF funding. Ordinarily, the County Council would lead on securing funding for transport projects like the DA2 link and bridge.
- 3.3. A project Board has been formed with Devon County Council officers to oversee completion of the project. Their Engineering Design Team will coordinate bridge and road design and procurement of works contracts.
- 3.4. It will therefore also be necessary to enter into an agreement with Devon to ensure that relevant Teignbridge obligations to Homes England are observed.

Licence to Construct the Road

- 3.5. Whilst the road and bridge scheme will be commissioned by the public authorities it will be delivered on developers' land.
- 3.6. The site promoters have supported the bid process from the outset but nevertheless it will be necessary for the public authorities to secure the rights to construct the road before passing control back to the developers whilst they construct the site's new homes.
- 3.7. Through this process and planning conditions public access along the entirety of the HIF funded section of road will be secured, including construction access for developments across the wider allocation.

4. FINANCIAL CONSIDERATIONS

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- 4.1. The amount of grant offered by Homes England reflects the entire amount that was bid for. The bid was informed by County Council Engineering Design Group estimates and endorsed by Teignbridge's Section 151 Officer. Since then, further ground investigation work and surveys have been undertaken, helping to create more certainty that the estimates (which include an allowance for risk) are accurate.
- 4.2. Sufficient funding has been identified to meet the cost estimates of the scheme but this position will be kept under close review by the project board and any changes reported to the Planning Portfolio Holder and council committees. More generally, progress with the scheme will be reported to Overview and Scrutiny Committee through the usual Council Strategy monitoring processes, as it has been to date.
- 4.3. In the event that the project costs turn out to be less than the amount of HIF grant, the Council will be able to recover the difference and subject to Homes England's approval or as otherwise addressed in the funding agreement make decisions on how to use those funds as part of additional infrastructure schemes that support Teignbridge's development growth. Similarly, planning agreements with the developers should ensure that any increases in the house builders' returns will be split equally with the Council and those funds invested in additional infrastructure that supports housing delivery in line with the Local Plan and other planning considerations.
- 4.4. The grant funding will be paid to the Council in tranches that reflect the scheme's cost profile. These sums will then need to be paid to the County Council to meet incurred expenditure.

5. KEY RISKS

- 5.1. Cost estimates invariably carry some risk. This has been diluted by more detailed survey and modelling work and through the inclusion of a substantial risk allowance within the project cost estimate. The project board will still need to carefully and regularly manage the budget and ensure that the project outturn costs are no more than the available funds.
- 5.2. Whilst there is general consensus between the public authorities and the site developers / promoters it will be important that the necessary licences to construct the road are robust and in place before funds for the project works are drawn down. The project board will ensure that funds are not drawn down until then.
- 5.3. Besides the legal agreements, detailed planning consents are still required. The road and bridge will need to be designed in a way that accords with existing Local Plan policy but the principle of the project has already been established through the DA2 allocation, the development framework plan, and an outline planning permission on development area 4 at Langdon Hospital.

6. ALTERNATIVE OPTIONS

- 6.1. The main alternative is for the Council to decide not to enter into the Homes England funding agreement. Failure to complete the agreement would clearly delay if not totally prejudice the project's delivery, creating more uncertainty for the future development of housing the area. Whilst there can be confidence that the developers would ultimately need to deliver the link road, the timescales cannot be certain. Road commencement would rely on housing development commencing first.

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- 6.2. Further, with no HIF funding, the bridge would also be challenging to deliver. This is because the associated financial contributions secured from developers reflect early and less detailed bridge cost estimates that were around half of the current and up to date cost assessment based upon more thoroughly prepared figures. The HIF grant will overcome this gap.
- 6.3. The HIF is also paying to deliver a road that would ordinarily be required of the developers. This is on the basis that development viability would otherwise be reduced. If the road and bridge are not funded through HIF there is a strong prospect that the amount of other infrastructure and/or affordable housing delivered on the development sites would need to be reviewed.

7. MAIN IMPLICATIONS AND JUSTIFICATION

- 7.1. Confirming the grant funding agreement with Homes England will unlock early delivery of the Dawlish DA2 link road and bridge. This will fulfil an important Local Plan and community priority.
- 7.2. Besides officer time in completing agreements and coordinating project funds and delivery the grant funding should result in no additional resource implications for Teignbridge.

Fergus Pate
Principal Delivery Officer

Wards affected	All in Teignbridge Planning Authority area.
Contact for more information	Spatial Planning & Delivery, 01626 215702
Key Decision	Y
In Forward Plan	N
In O&S Work Programme	N

Appendix 1: Dawlish Link and Bridge indicative map

