

REPORT TO:-

**SCRUTINY COMMITTEE – RESOURCES 27 January 2016
EXECUTIVE 9 February 2016
COUNCIL – 23 February 2016**

Report of: ASSISTANT DIRECTOR CITY DEVELOPMENT

Title: COMMUNITY INFRASTRUCTURE LEVY FUNDING FOR SANDY PARK A379 JUNCTION

Is this a Key Decision?

Yes

Is this an Executive or Council Function?

Council

1. What is the report about?

1.1 This report seeks Members' approval to enter into a legal agreement with Devon County Council to provide £1.025 million in Community Infrastructure Levy funding to match fund the delivery of a newly configured junction on the A379 at Sandy Park to facilitate right turns for vehicles entering Sandy Park from the west and exiting Sandy Park to the east. The total cost estimate for the new junction is £2.425 million, although cost estimates are currently being finalised, and this figure may increase or decrease subsequent to this report being finalised (Members will be provided with an oral update as necessary). £1.0 million has been secured through Heart of the South West Local Enterprise Partnership Growth Deal funding, with the remaining £0.4 million being contributed by Devon County Council through Local Transport Plan finances. The report also provides background information on the Newcourt Link Road. Distinct from the Sandy Park A379 Junction, the Newcourt Link Road is intended to link Old Rydon Lane to the existing roundabout on the existing spur road off the A379 that provides access to Sandy Park. (Plans are included in section 8 of this report).

2. Recommendations:

2.1 It is recommended that Scrutiny Committee – Resources notes and requests Executive to recommend that Council makes £1.025 million in Community Infrastructure Levy funding available for investment in a newly configured junction on the A379 at Sandy Park on the following basis:-

- No funds to be made available until adequate CIL has been collected or the end / long-stop repayment date in the legal agreement with Devon County Council has been reached, and funding for city centre major infrastructure investments has been secured in line with the resolution of Executive on 10th February 2015;
- Interest that becomes payable in the event that the City Council does not pay the £1.025 million before the end / long-stop repayment date in the legal agreement with Devon County Council has been reached to be payable from the City Council's General Fund;
- City Council CIL funding for the newly configured junction to be conditional upon 'claw-back' provisions whereby the City Council would be an equal-proportion recipient of any project cost savings;

- City Council CIL funding for the newly configured junction to also be conditional upon the outcome of an as yet undetermined bid for funds from Highways England's new 'Housing and Growth Fund', with 'claw-back' provisions whereby the City Council would be an equal-proportion recipient of any potential reduction in the overall project costs in the event that the bid is successful; and,
- Authority to be delegated to the Assistant Director City Development to finalise a legal agreement with Devon County Council that accords with these recommendations, (based upon the model provided by the agreement developed in relation to funding Marsh Barton Railway Station subsequent to approval by Executive on 11th August 2015).

3. Reasons for the recommendation

- 3.1 A newly configured junction is an important part of the transport infrastructure package needed to accommodate development growth in and around Exeter. In facilitating right in / right out vehicle movements the newly configured junction will encourage the development of commercial land to the west of Sandy Park, it will facilitate improved access to residential development to the south of Sandy Park via the Newcourt Link Road, and it will take pressure off junction 30 of the M5 by removing the need for vehicles travelling eastbound on the A379 to circumnavigate that junction in order to access Sandy Park (further detail is provided in the 'Background' section to this report). However, funding for the junction needs to be cost effective and balanced against other identified funding priorities.

4. What are the resource implications including non financial resources

- 4.1 Of the anticipated £25 million CIL receipts to 2026, the Council has earmarked £18 million to be spent on 'major infrastructure'. £8 million of this £18 million is dedicated to city centre leisure, transport and public realm projects pursuant to the resolution of Executive on 10th February 2015. A further £1.3 million of the £18 million has been committed to the Marsh Barton Railway Station pursuant to approval by Executive on 11th August 2015. Over 50% of the total CIL receipts identified for major infrastructure to 2025/26 have therefore already been committed. The recommendations of this report would commit a further 5.69% of that £18 million of CIL major infrastructure funding.

5. Section 151 Officer Comments:

- 5.1 The allocation of CIL funding is noted and if approved will be passed to the County Council in line with the timing to be agreed in the legal agreement. The legal agreement will include detail on when interest will become payable to the County Council (it is expected that interest payment clauses will be similar to those in the Marsh Barton Railway Station agreement, but that the end / longstop repayment date will be further into the future) and will be reported back to members as part of a future budget monitoring report.

6. What are the legal aspects?

- 6.1 There are two main issues as follows:
- Firstly, the City Council is currently prohibited from borrowing against future CIL receipts to forward fund infrastructure delivery. Hence, in this case, as with Marsh Barton Railway Station, the Council has come to an arrangement with the County Council whereby the County Council will forward fund delivery of the project with the City Council repaying the agreed (£1.025 million) element of the

project costs at a point at which sufficient CIL receipts have been accumulated or the end / long-stop repayment date in the legal agreement with Devon County Council has been reached.

- Secondly, does the City Council have the authority to spend CIL funding for the purpose of providing a newly configured junction at Sandy Park? The junction is on the Council's Regulation 123 List of projects on which CIL can be spent, so the necessary authority exists.

7. Monitoring Officer Comments:

- 7.1 The Monitoring Officer has raised no issues beyond those set out in paragraph 6.1 above. The Monitoring Officer will be consulted on the legal agreement to be signed with Devon County Council.

8. Report Details / Background

General Commentary on CIL

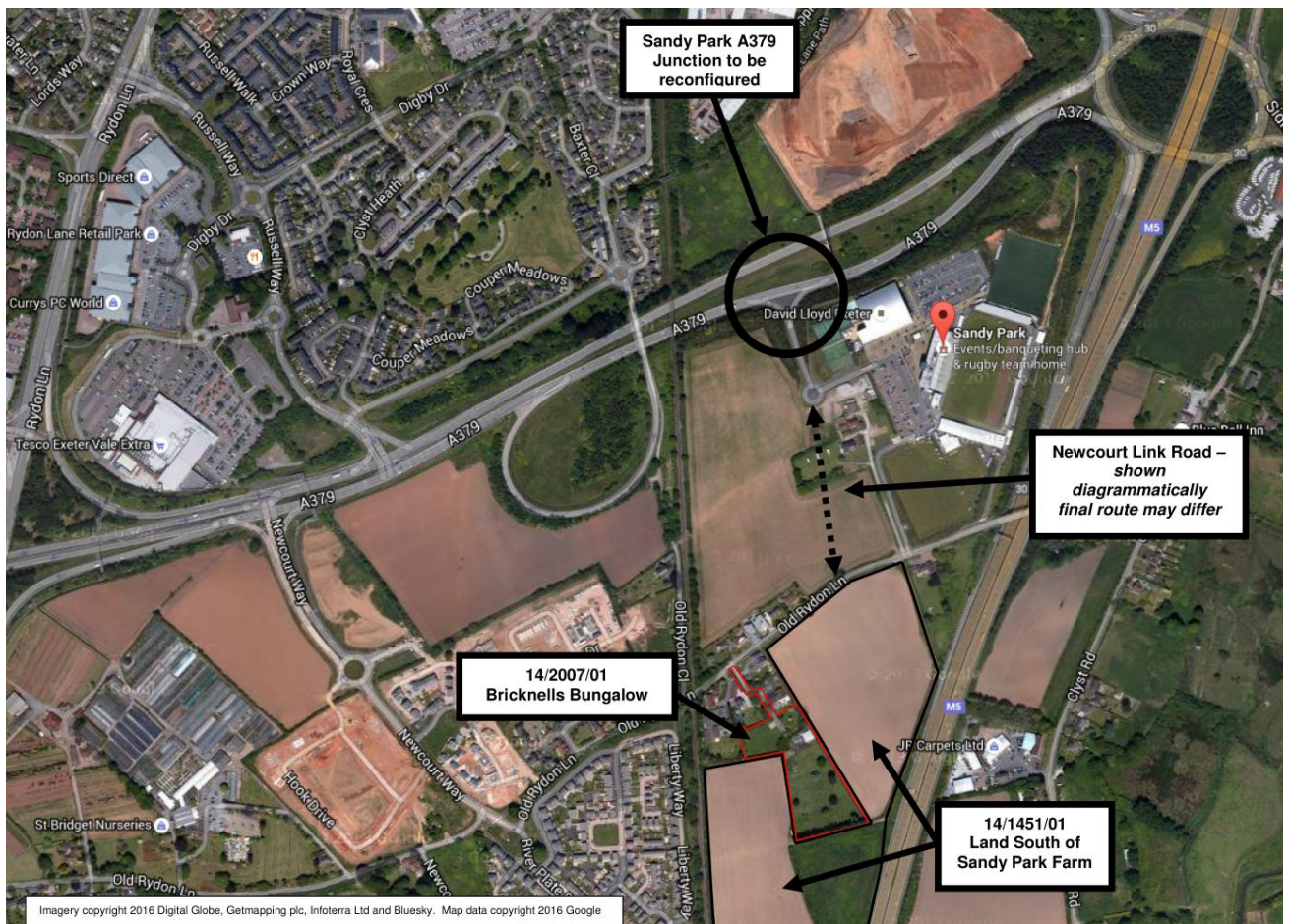
- 8.1 The Council's Community Infrastructure Levy Charging Schedule came into effect on 1st December 2013. The Levy is expected to raise around £25 million during the period to 2026 and can be used to fund a wide range of projects as long as they support development growth. To date CIL Liability Notices for more than £800,000 have been issued (CIL Demand Notices are subsequently issued when development commences), and over £300,000 has been received. (Appendix 1 to this report details approximate collected / anticipated CIL to 2025/26).
- 8.2 In February 2015, the Council set out a framework for the prioritisation of CIL in the absence of joint infrastructure governance arrangements for the Greater Exeter area. This earmarked £18 million of forecast receipts for major infrastructure, of which the first £8 million is for city centre priorities. The estimated £10 million balance is for strategic investments that support development growth elsewhere across Exeter.
- 8.3 It is forecast that the £8 million city centre funding will have been received by 2019/2020. However, this is dependent on the profile of future development commencements, in particular, the timing of starts on large scale retail schemes like IKEA.

Sandy Park A379 Junction

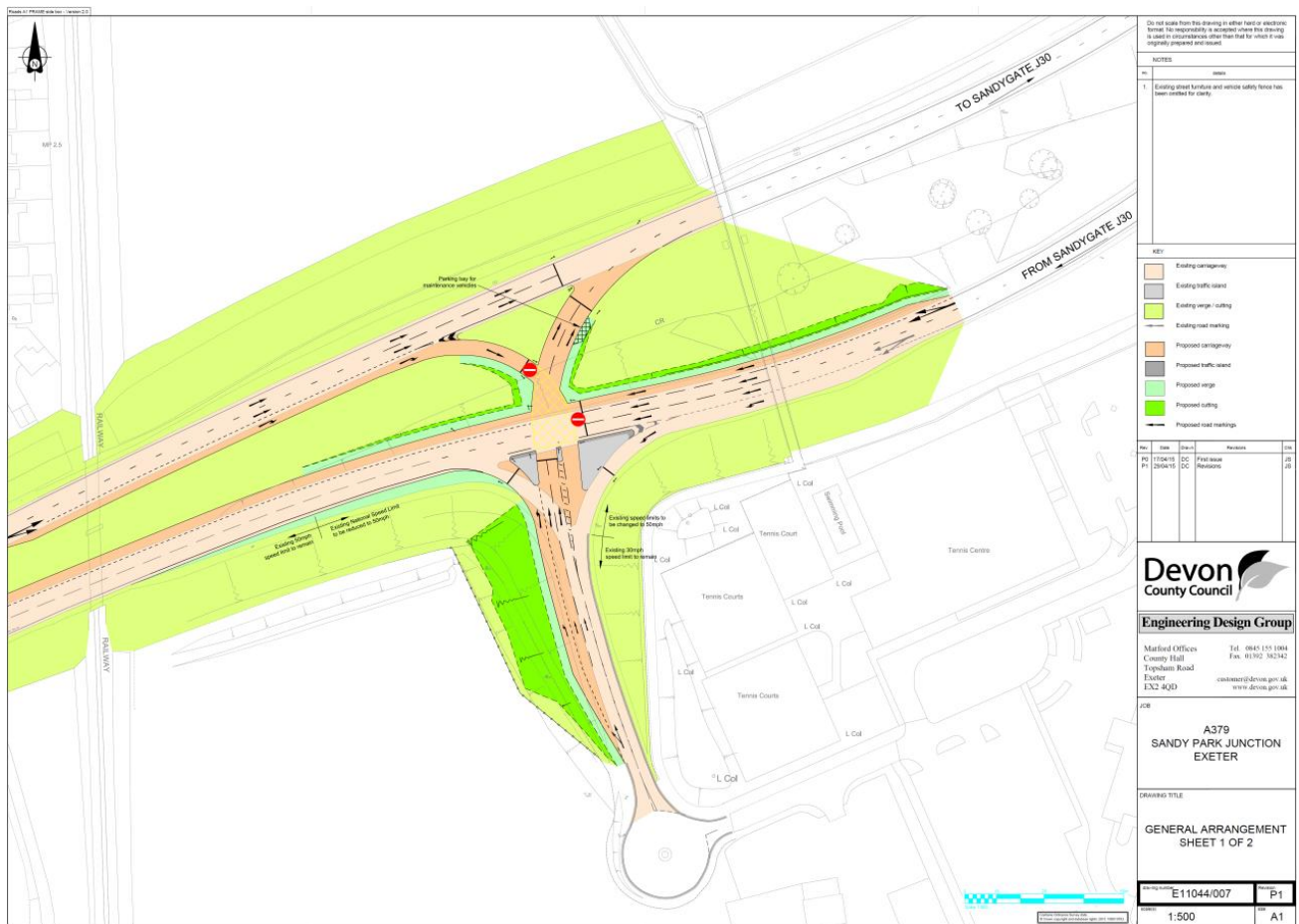
- 8.4 A newly configured junction is an important part of the transport infrastructure package needed to accommodate development growth in and around Exeter. In facilitating right in / right out vehicle movements the reconfigured junction will encourage the development of the adjoining land for commercial uses, it will facilitate improved access to residential developments to the south of Sandy Park via the Newcourt Link Road (see below), and it will take pressure off the already congested Junction 30 of the M5. Traffic approaching Sandy Park from the city on the A379 currently has to loop around Junction 30 and rejoin the westbound carriageway. The increased number of people making this movement because of housing and employment development will have a detrimental impact on Junction 30 during the peak hours, when it is already close to capacity. Providing a right turn into Sandy Park at the proposed signalised junction will allow these vehicles to turn directly into the site and avoid Junction 30 completely, improving junction operation, especially in the busy peak periods.

- 8.5 The proximity of land at Sandy Park to the M5 makes it an attractive location for particular types of businesses which value connectivity to the Strategic Road Network. The land is also within 10 minutes walk of both Digby and Newcourt Rail Stations and Sowton Park and Ride. Commercial development would of course augment the economic prosperity of the city by providing employment opportunities but also a contribution towards civic finances in a changed business rates regime. The Government's Spending Review and Autumn Statement 2015 identified that DCLG will shortly consult on changes to the local government finance system 'to pave the way for the implementation of 100% business rate retention by the end of the Parliament'.
- 8.6 Planning permission is not required to reconfigure the junction within the current highway boundary.

Plan showing location of Sandy Park A379 Junction to be reconfigured and (diagrammatic) Newcourt Link Road route



Plan showing proposed reconfigured Sandy Park A379 Junction



Newcourt Link Road

- 8.7 In conjunction with the implementation of a reconfigured Sandy Park Junction, the planned Newcourt Link Road will facilitate improved access to Newcourt. The Newcourt Link Road is intended to link Old Rydon Lane to the existing roundabout on the spur road off the A379 that provides access to Sandy Park. It is not intended that the Newcourt Link Road will be funded by CIL, (the Link Road is not included on the Council's CIL Regulation 123 List indicating that it will be so funded). However, £249,500 of the estimated £500,000 costs of implementing the Road Link has been or is in the process of being secured through Section 106 agreements relating to planning applications 14/2007/01 and 14/1451/01, making for an estimated funding shortfall of £250,500.
- 8.8 A condition on the consent for the residential development provided by application 14/1451/01 is that a significant proportion of the development (242 of the 392 dwellings) cannot come forward until the Newcourt Link Road has been implemented. The Link Road will also facilitate further (as yet unconsented) residential development to the north of Old Rydon Lane. Planning permission will be required for the Newcourt Link Road, but it is anticipated that this will be sought as part of a planning application to comprehensively develop the land to the north of Old Rydon Lane.

- 8.9 Discussions are currently underway with the principal owner of the land to the north of Old Rydon Lane with a view to reaching agreement on how the Newcourt Link Road will be funded in the context of the current funding shortfall. Members will be provided with an oral update on progress.

Constraints on Local Enterprise Partnership (LEP) Growth Deal Funding

- 8.10 The £1.0 million allocated to the project through the Heart of the South West LEP Growth Deal will be lost unless it is spent in the 2016/17 financial year, and given construction lead times, the necessary match funding needs to be put in place now if the project is to proceed. If the project does not proceed now, it may be a very long time before a further funding opportunity arises. If the project does not proceed now, it is also possible that the LEP may be disinclined to support future similar funding bids.

Constraints on Devon County Council Funding for Transport Projects

- 8.11 There are increasing pressures on the limited Local Transport Plan funding available to the County Council for funding transportation projects, with the funding available across the whole County having reduced from approximately £8.2 million in 2010 to £3.4 million in 2015. This funding is being primarily used for match funding of Growth Deal projects and forward design of strategic improvements. The County Council views the Sandy Park A379 Junction improvement as a primarily development-related scheme with limited wider benefits for the strategic transportation system (those wider benefits being the scheme's positive implications for relieving pressure on M5 Junction 30). However, the County Council has committed £0.4million towards the scheme, which is welcome in the context of the financial pressures.

Highways England Housing and Growth Fund

- 8.12 With the support of the City Council, Devon County Council is currently exploring the submission of a bid for monies from Highways England's Housing and Growth Fund to support the delivery of the reconfigured junction. This is a new national fund of £100 million, the purpose of which is to enable and support 'shovel ready' projects which may currently be stalled and which can deliver homes and jobs over the next five years. There is no guarantee that any bid for funds to assist with the implementation of the scheme will be successful, given that there is a limited amount of funding available nationally and strong competition for the funds. If a bid was successful, the scheme would still require a substantial level of contribution from the City and County Councils. The legal agreement with Devon County Council will provide for both the City and County Councils' contributions to the overall project costs to be reduced / redistributed in equal proportion in the event that a bid is successful.

9. How does the decision contribute to the Council's Corporate Plan?

- 9.1 Successful deployment of CIL is integral to a number of Corporate Plan themes, particularly investing in the city and growing the economy.
- 9.2 Insofar as the delivery of the Corporate Plan is in large part dependent upon the availability of finance, the decision also contributes to the Corporate Plan because the development that will be facilitated will ultimately result in rates revenue for the Council. It should be noted that in the HM Treasury Spending Review and Autumn Statement 2015, it is stated that DCLG will shortly consult on changes to the local government finance system to pave the way for the implementation of 100% business rate retention by the end of the current Parliament.

10. What risks are there and how can they be reduced?

- 10.1 Construction delivery on site and escalating project implementation costs. Devon County Council are currently refining project costs with a view to these being finalised before Scrutiny Committee – Resources considers this report on 27th January – Members will be provided with an oral update as necessary. It is assumed that construction costs are unlikely to rise, given that the reconfigured junction needs to be implemented in the 2016/17 financial year.
- 10.2 Commercial development does not materialise following the implementation of the reconfigured road junction. Commercial development is by nature subject to the vagaries of the market and it may be some time before development gets underway on land adjacent to the reconfigured junction. If the commercial opportunities are to be realised, it will be important to work closely with landowners to raise the profile of the commercial land through Exeter City Council, Local Enterprise Partnership, Exeter and East Devon Growth Point and other channels such as the Exeter Chamber of Commerce and Industry.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

- 11.1 In encouraging the development of commercial land, the decision will provide for commercial development which has the potential to improve job opportunities and therefore economic and social equality. Any environmental impacts of the development of commercial land will be considered and addressed through future planning application procedures.

12. Are there any other options?

- 12.1 There is an option not to proceed with providing match funding for the project, but this would not be consistent with the objective of supporting growth through investing CIL receipts in strategic projects, and might also lead funding partners to question the City Council's commitment to similar growth supporting investment going forward.
- 12.2 Not proceeding with the project would specifically result in the loss of £1 million in Local Enterprise Partnership Growth Deal funding, which would not be transferable to another project. Not proceeding with the project would also result in the loss of £0.4 million in allocated Devon County Council LTP funds which would be transferred to other County transportation priorities.

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Local Government (Access to Information) Act 1972 (as amended)
Background papers used in compiling this report:-

None

Contact for enquires:
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Appendix 1: Approximate Collected / Anticipated CIL Income

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Annual	£160,000	£655,000	£1,370,000	£2,170,000	£2,345,000	£5,915,000
Cumulative	£160,000	£815,000	£2,185,000	£4,355,000	£6,700,000	£12,615,000
Strategic Infrastructure	£115,200	£586,800	£1,573,200	£3,135,600	£4,824,000	£9,082,800
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Annual	£2,915,000	£1,760,000	£1,070,000	£715,000	£1,665,000	£4,030,000
Cumulative	£15,530,000	£17,290,000	£18,360,000	£19,075,000	£20,740,000	£24,770,000
Strategic Infrastructure	£11,181,600	£12,448,800	£13,219,200	£13,734,000	£14,932,800	£17,834,400