

**CABINET – 25 JUNE 2019****NORTH AND EAST MELTON MOWBRAY DISTRIBUTOR ROAD –  
OUTCOME OF PLANNING APPLICATION****REPORT OF THE DIRECTOR OF ENVIRONMENT AND TRANSPORT****PART A****Purpose of the Report**

1. The purpose of this report is to advise the Cabinet of the outcome of the North and East Melton Mowbray Distributor Road (MMDR) planning application and to seek consent to proceed with preparations for the delivery of the scheme, accepting that a risk-sharing financial agreement with Melton Borough Council (Melton BC) regarding developer contributions to the scheme is still being finalised.

**Recommendations**

2. It is recommended that the Cabinet:-
  - (i) Notes the award of planning consent for the North and East Melton Mowbray Distributor Road scheme; and,
  - (ii) Authorises delivery of the scheme, noting that a financial risk-sharing agreement for the scheme is being negotiated with Melton Borough Council.

**Reason for Recommendations**

3. To note approval of the planning application for the North and East MMDR which is being delivered to a challenging programme meaning that the County Council is forward funding its delivery and working in an innovative manner to achieve this.
4. Funding of £49.5m has already been obtained from the Department for Transport (DfT), subject to the DfT's approval of the Final Business Case. The remainder of the scheme costs, estimated to be £14m, are being forward funded by the County Council. A risk sharing financial agreement with Melton BC regarding developer contributions to the scheme is still being finalised but any delay in delivery of the scheme could result in slippage and jeopardise DfT funding.

### **Timetable for Decisions (including Scrutiny)**

5. Compulsory Purchase Orders (CPOs) and Side Road Orders setting out changes to existing roads due to the MMDR are currently being prepared and are programmed to be issued in July 2019.
6. The North and East MMDR scheme is programmed for construction to commence on site from February 2021, aiming for completion early in 2023. A programme of advanced works is scheduled to take place from May 2020 and mobilisation of the main contract works will begin in December 2020.
7. The Environment and Transport Overview and Scrutiny Committee received a report on the matter at its meeting on 6 June 2019. Its comments will be reported to the Cabinet.
8. A further Cabinet report will be submitted prior to submission of the Final Business Case in late 2019 and prior to any agreement being signed for award of DfT funding.

### **Policy Framework and Previous Decisions**

9. The Cabinet has received a number of reports in recent years on the transport strategy for Melton Mowbray and development of a distributor road. In May 2016, it was agreed to undertake the necessary consultation and negotiations to enable a preferred route to be identified.
10. At its meeting on 12 December 2017, the Cabinet noted the outcome of consultation on the proposed northern and eastern route of the MMDR and further work that had been undertaken to develop the Outline Business Case (OBC). The Cabinet reaffirmed its earlier decision to prioritise the northern and eastern sections of the MMDR, approved the 'recommended route' for further development and consultation, and agreed to commit funding to submit the planning application and to carry out all further necessary work to prepare the scheme for construction, subject to the necessary processes being completed. The Cabinet also authorised officers to carry out various activities including continued dialogue with landowners and other stakeholders, acquiring land by agreement, and preparatory work for use of CPOs.
11. In view of the extremely tight timescale, the Cabinet authorised the Chief Executive to approve and submit the OBC to the DfT by 22 December 2017. The Director of Environment and Transport was authorised to undertake further engagement and consultation as a result of any changes/ improvements to the recommended route arising from detailed design work and feedback and to agree the 'Preferred Route' for planning and acquisition purposes.
12. Pursuant to the above Cabinet decision, the 'Preferred Route' for the North and East section of the MMDR was agreed by the Director on 8 May 2018, following consultation with the Cabinet Lead Member. Following development of a route plan and announcement of the success of the Large Local Majors Funding bid, landowners directly affected by the route were informed on 8 June 2018.

13. At its meeting on 6 July 2018, the Cabinet received a report on progress with the scheme. The Cabinet authorised the submission of a planning application and agreed that; minor alterations be made to the scheme as required during detailed design work, discussions with landowners/stakeholders continue to secure land needed for the scheme, and that CPOs and Side Roads Orders be made, confirmed and implemented. The Director of Corporate Resources was authorised to sign a 'Memorandum of Understanding' setting out the principles for development of a financial risk-sharing agreement between the County Council and Melton BC.
14. As detailed in previous reports, the development of the MMDR is consistent with a number of the Council's plans and policies, including:-
  - The third Leicestershire Local Transport Plan (LTP3), which contains six strategic transport goals, of which Goal 1 is to have a transport system that supports a prosperous economy and provides successfully for population growth; and,
  - The Council's Enabling Growth Action Plan, which supports the development of market towns for employment land as a priority and refers specifically to working with Melton BC to plan for Melton Mowbray's growth.

### **Local Member Views**

15. Local County Councillors have been consulted as part of the earlier stages of delivery of this scheme and are supportive.
16. Members have been kept informed of progress with the scheme including the success of the Large Local Majors Fund bid, and the agreement of the Preferred Route.

### **Resource Implications**

17. The total cost of the North and East section of the MMDR scheme is currently estimated to be around £63.5m, including further development costs and project development and construction risk, of which £49.5m has been awarded by the DfT from the Large Local Majors Fund.
18. In broad terms, the financial exposure for the County Council is in the region of £14m. It is expected that this will be recouped in later years through developer (s106) contributions. However, given the demands on the Authority's finances, an initial agreement has been reached with Melton BC to develop a mechanism for risk sharing using the growth in business rates, council tax and new homes bonus received by the County Council and Melton BC as a result of investment in the new road. Heads of Terms have previously been agreed in this regard. The exact nature of the financial agreement, in terms of how the level of contribution from each party will be decided, is still being considered. More detail is given in Part B of this report.

19. The Director of Corporate Resources and the Director of Law and Governance have been consulted on this report.

**Circulation under the Local Issues Alert Procedure**

A copy of this report has been circulated to Members representing the electoral divisions in the Melton area – Mr. J. T. Orson CC, Mr A. E. Pearson CC, Mrs P. Posnett CC, and Mr J. B. Rhodes CC.

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## **PART B**

### **Background**

20. A number of reports have previously been taken to Cabinet at key stages detailing the background, justification and development of this scheme, summarised in Part A above.

### **Planning Application - Ref. 2018/Reg3Ma/0182/LCC**

21. Following the most recent Cabinet report (6 July 2018) work has been underway to progress the detailed design of the North and East MMDR scheme. This has included modelling, archaeological and ecological surveys, ground investigations, design work and extensive engagement with landowners.
22. The planning application was submitted in October 2018. The application was submitted to the County Council as the Planning Authority: in accordance with Regulation 3 of the Town & Country Planning General Regulations 1992. Under this Regulation, the County Council determines planning applications for development which it is carrying out (or which is being carried out on its behalf). The detailed submission can be viewed via the Council's [Planning Portal](#).
23. The County Planning Authority undertook a 30-day public consultation exercise on the planning application, from 14 October to 19 November 2018. A number of comments were received from interested parties, landowners and stakeholders.
24. As a result of feedback from the consultation exercise, a small number of minor modifications were required to the proposals and some additional information was required to be provided. This formed an Addendum to the planning application, which was supplied to the Planning Authority on 18 March 2019. An additional 30-day consultation period took place, which concluded on 24 April 2019.
25. Following a request from the Planning Authority, a trenching report and an Archaeological Impact Assessment were submitted as another Addendum to the application. This necessitated a further 30-day consultation which ended on the 21 May 2019.
26. The Leicestershire County Council Development Control and Regulatory Board (DCRB) approved the planning application on 23<sup>rd</sup> May 2019.
27. One representation was made at the DCRB meeting regarding the safety implications of the scheme in relation to Cross Lane, Burton Lazars and the proposal to gate the entrances to Sawgate Road/Lag Lane. The resident raised his concern that he believed there to be an existing safety issue at a bend near to his property that might be exacerbated by the closing off of Sawgate Road/Lag Lane. The resident requested that double yellow lines be provided along Cross Lane at the location in question. The MMDR Stage 1 Road Safety

Audit did not identify any issues particular to this location and at this stage double yellow lines will not form part of the scheme proposal. However, additional audits will take place throughout the life of the scheme to assess safety.

### **Financial Risk**

28. The total cost of the North and East section of the MMDR scheme is currently estimated to be around £63.5m. The majority of this will be covered by the award of £49.5m by the DfT from the Large Local Majors Fund, subject to approval of the Full Business Case later in 2020.
29. Thus, in broad terms, the financial exposure for the County Council is in the region of £14m. It is expected that this will be recouped in later years through developer contributions (payments towards the cost of local infrastructure requirements arising from development approved in the main by Melton BC as the Local Planning Authority). Although a number of development applications remain to be submitted and determined, to date contributions to the road through signed 106 agreements total over £7.4m. The earliest point at which the first instalment of contributions could be expected is the end of 2020.
30. The estimated cost to take the scheme through design to the point of being able to commence construction work is £4.1m. An additional estimated £500,000 of design risk cost has been identified through the Outline Business Case quantified risk assessment and risk workshops. These risks relate to staff resourcing, complexity of design issues (particularly within floodplain and relating to structures), requirements of statutory undertakers and delays due to the statutory order process. If this risk was realised this would result in a total forecast cost to construction of £4.6m.
31. As with all major schemes there is a likelihood of cost overruns. Although the work completed to date seeks to estimate as accurately as possible the scheme cost, the funding agreement with Melton BC will also need to address this.
32. Discussions are ongoing between the County Council and Melton BC to agree on a financial risk sharing agreement to enable an equitable means of repayment of the £14m the County Council is forward funding to ensure delivery of this infrastructure. It should be noted that no additional funding will be available from the DfT over and above the £49.5m.

### **Timetable for Implementation**

33. It is currently expected that the scheme programme will be as follows:-
  - Risk sharing agreement signed by the Council and Melton BC (Summer 2019);
  - Making of the Statutory Orders - CPO and Side Roads (Summer 2019);
  - Statutory Orders Objection period (with any required Public Inquiry being concluded and a favorable decision being made by autumn

2020). The process for Statutory Orders comprises the drafting making of orders setting out Compulsory Purchase requirements and impacts on Side Roads (existing highways and other rights of way) (July 2019) followed by an objection period, possible public inquiry and inspector's report and recommendations. This is included in the programme. The potential for a public inquiry is being mitigated through continued discussions with landowners around impact minimisation and potential compensation packages. If a public inquiry is not required, the programme could be brought forward and main construction started in autumn 2020.

And, subject to the above and all other necessary processes: -

- Approval of Full Business Case by the DfT and release of funding (Winter 2020), subject to Cabinet approval;
  - Land acquisition (December 2020);
  - Contract Award (December 2020);
  - Construction begins (February 2021);
  - Construction ends (March 2023); and,
  - Road opens (May 2023).
34. Should the Housing Infrastructure Fund (HIF) bid for the Southern section of the MMDR be successful, it is expected that the project scope for the existing North and East MMDR scheme would be widened to include this southern section. The southern link of the road is subject to award of HIF monies by Homes England and will be covered in a separate report to the Cabinet once the outcome of the bid is known. If the HIF bid is successful, the risk share agreement with Melton BC should cover the Southern as well as the North and East sections of the road.

### **Equality and Human Rights Implications**

35. An Equality and Human Rights Screening Report has previously been produced for this scheme and submitted as part of the Cabinet report in July 2018.
36. The full Equality and Human Rights Impact Assessment formed part of the planning application submission which can be viewed online. This includes full details of assessed impacts and proposed mitigation where applicable.

### **Environmental Implications**

37. A full assessment of the environmental impacts of the scheme was conducted as part of the Environmental Impact Assessment submitted with the planning application. Again, this can be viewed online through the County Council's planning portal.

**Background Papers**

10 March 2017 – Cabinet - ‘Melton Mowbray Transport Strategy and Distributor Road – Development of a Business Case and Identification of a Preferred Route’: [bit.ly/2J8AKGe](http://bit.ly/2J8AKGe)

10 March 2017 – Cabinet - ‘Environment and Transport Interim Commissioning Strategy 2017/18 Refresh’: [bit.ly/2J8AKGe](http://bit.ly/2J8AKGe)

12 December 2017 – Cabinet – ‘Melton Mowbray Distributor Road Proposals’: [bit.ly/2GMnOTB](http://bit.ly/2GMnOTB)

6 July 2018 – Cabinet – ‘North and East Sections of the Melton Mowbray Distributor Road Proposal’: [bit.ly/2Lia7RF](http://bit.ly/2Lia7RF)