

HIGHWAYS AND TRANSPORT OVERVIEW AND SCRUTINY
COMMITTEE
3 NOVEMBER 2022

NORTH AND EAST MELTON MOWBRAY DISTRIBUTOR ROAD

DRAFT MINUTE EXTRACT

(Mr. B. Lovegrove CC, having declared a disclosable pecuniary interest, left the meeting during consideration of this item.)

The Committee considered a report of the Director of Environment and Transport regarding the progress of the North and East Melton Mowbray Distributor Road (NE MMDR) scheme, including cost implications, which provided an opportunity for comment, prior to the Cabinet making a decision on 16 December 2022 on whether to progress to delivery of the scheme. A copy of the report, marked 'Agenda Item 8', is filed with these minutes.

In presenting the report the Director of Environment and Transport set out three options for the next steps of the scheme and explained the benefits and risks/disbenefits of each. Those options were:

- Option 1 – Proceed to Delivery of the Scheme;
- Option 2 – Do not proceed to delivery;
- Option 3 – Pause the scheme.

The Director of Corporate Resources explained that neither of the options were affordable and costs had increased significantly. As the additional costs were not currently allocated in the Medium Term Financial Strategy (MTFS), committing this funding would add to the existing borrowing requirement. Additional savings could also have to be made elsewhere within the Council to cover the additional money spent on the NEMMDR. However, pausing the scheme could result in more expenditure for the Council than if the scheme was proceeded with straight away.

Arising from discussions the following points were made:

- (i) Members urged the Director of Environment and Transport to maintain dialogue with the Department for Transport regarding any additional funding that might be available for the scheme.
- (ii) In response to a question from a member it was explained that the expected inflationary rates had been included in the figures presented in the report and the Council had allocated some money to cover those additional costs. The

contract with the main contractor, Galliford Try, stipulated that both parties would be rewarded or penalised if costs changed.

- (iii) HM Treasury had suggested allowing for a +/- 10% change in costs, meaning that the scheme could outturn at £127.7m. Members sought reassurance that costs plus 10% would be enough and there would not be an even bigger increase in cost in a year's time.
- (iv) If a decision was made to proceed with the scheme the Council would need to borrow to cover the additional costs of the scheme. Consideration would have to be given to the timing of when any external borrowing was taken out and although interest rates were likely to carry on rising it was expected that they would peak in 2023. The Council would use the grant money first for the scheme and then take out any loan further down the line. The numbers presented assumed that the loan would be over 40 years, but the actual duration would be decided at the time. It was assumed to be a maturity type loan which would mean the whole amount would be payable by a certain date at the end.
- (v) Homes that were to be built in connection with the NEMMDR would result in additional Council Tax being received by the Council, however, there was usually a shortfall in Council Tax and as the population of the area rose demand for services would go up in the Melton area. Government funding such as the Public Health Grant did not take into account current population levels.
- (vi) Members agreed that neither option for the scheme was ideal. However, members emphasised the positive aspects of proceeding with delivery of the scheme. For example, the road would ease traffic congestion in Melton Mowbray town centre. The scheme was also a critical part of Melton Borough's Local Plan and would directly support 4500 new homes. Members thought that to not proceed with the scheme now would be a waste of the time and resources that had already been put into the scheme.

RESOLVED:

- (a) That the progress of the North and East Melton Mowbray Distributor Road scheme including cost implications and the options for the next steps of the scheme including the risks of each option be noted;
- (b) That Option 1 – Proceed to delivery of the scheme, be supported;
- (c) That the comments now made be forwarded for consideration by the Cabinet at its meeting on 16 December 2022.

(Note: Mr. B. Lovegrove CC then returned to the meeting.)