



Meeting: **Cabinet**

Date/Time: **Tuesday, 12 December 2017 at 2.00 pm**

Location: **Sparkenhoe Committee Room, County Hall, Glenfield**

Contact: **Ms. J. Bailey (Tel. 0116 305 6225)**

Email: **jenny.bailey@leics.gov.uk**

Membership

Mr. N. J. Rushton CC (Chairman)

Mr. R. Blunt CC Mr. J. B. Rhodes CC
Mr. I. D. Ould CC Mr. R. J. Shepherd CC
Mr. B. L. Pain CC Mr. E. F. White CC
Mrs. P. Posnett CC

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AGENDA

| <u>Item</u> | <u>Report by</u> | |
|---|---------------------------------------|-----------------|
| 1. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda. | | |
| 2. Minutes of the meeting held on 24 November 2017. | | (Pages 3 - 14) |
| 3. Declarations of interest in respect of items on the agenda. | | |
| 4. Medium Term Financial Strategy 2018/19 to 2021/22 - Proposals for Consultation. | Director of Corporate Resources | (Pages 15 - 16) |
| 5. Melton Mowbray Distributor Road Proposals. | Director of Environment and Transport | (Pages 17 - 98) |



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| 6. | <p>Market Harborough Transport Strategy.</p> <p><i>(The appendices for this report have been circulated separately and can be viewed on the County Council's website at - http://ow.ly/AX5y30gWzf2 A copy can be obtained by contacting the committee officer).</i></p> | <p>Director of Environment and Transport</p> | <p>(Pages 99 - 108)</p> |
| 7. | <p>Progress with Implementation of the Working Age Adult Accommodation Strategy 2017-2022 'A Place to Live - My Home'.</p> | <p>Director of Adults and Communities and Director of Corporate Resources</p> | <p>(Pages 109 - 116)</p> |
| 8. | <p>Working Together to Build Great Communities - Leicestershire Communities Strategy 2017-21.</p> | <p>Chief Executive</p> | <p>(Pages 117 - 164)</p> |
| 9. | <p>Regulation Of Investigatory Powers Act 2000 (RIPA) - Review Of Policy Statement.</p> | <p>Director of Law and Governance</p> | <p>(Pages 165 - 174)</p> |
| 10. | <p>Recommended Change to Treasury Management Policy.</p> | <p>Director of Corporate Resources</p> | <p>(Pages 175 - 180)</p> |
| 11. | <p>Items referred from Overview and Scrutiny.</p> | | |
| 12. | <p>Any other items which the Chairman has decided to take as urgent.</p> | | |

Minutes of a meeting of the Cabinet held at County Hall, Glenfield on Tuesday, 12 December 2017.

PRESENT

Mr. N. J. Rushton CC (in the Chair)

Mr. R. Blunt CC
Mr. I. D. Ould CC
Mr. B. L. Pain CC

Mrs. P. Posnett CC
Mr. J. B. Rhodes CC
Mr. R. J. Shepherd CC

Apologies

Mr. E. F. White CC

In attendance

Dr. R. K. A. Feltham CC, Mr. T. J. Pendleton CC and Mrs. C. M. Radford CC, Mr. D. Jennings CC, Mrs R. Page CC, Mr. S. J. Galton CC

71. Urgent items.

There were no urgent items for consideration.

72. Minutes of the previous meeting.

Subject to amendment to include Mrs Radford CC in the record of those in attendance, the minutes of the meeting held on 24 November 2017 were taken as read, confirmed, and signed.

73. Declarations of interest.

The Chairman invited members who wished to do so to declare any interests in respect of items on the agenda for the meeting.

Mrs P. Posnett CC and Mr. J. B. Rhodes CC each declared a personal interest in agenda item no. 5, concerning the Melton Mowbray Distributor Road Proposals, as members of Melton Borough Council.

Mr. B. L. Pain CC declared a personal interest in agenda item no. 6, regarding the Market Harborough Transport Strategy, as a member of Harborough District Council.

74. Medium Term Financial Strategy 2018/19 to 2021/22 - Proposals for Consultation.

The Cabinet considered a report of the Director of Corporate Resources concerning the proposed Medium Term Financial Strategy for 2018/19 to 2021/22 (MTFS). A copy of the report, marked '4', and a supplementary report with the detailed proposals (circulated separately) are filed with these minutes.

Mr. Rhodes CC highlighted the pressures on the Adults and Communities and Children and Family Services Departments, which accounted for 81% of the Council's total spend, and reminded members that an £18m shortfall in 2020/21 still needed to be addressed.

RESOLVED:

- (a) That the proposed Medium Term Financial Strategy, including the 2018/19 revenue budget and capital programme, be approved for consultation and referred to the Overview and Scrutiny Committees and the Scrutiny Commission for consideration;
- (b) That the Director of Finance, following consultation with the Cabinet Lead Member for Resources, be authorised to -
 - (i) Agree a response to the draft Local Government Finance Settlement;
 - (ii) Decide on the appropriate course of action for the potential Leicester and Leicestershire 100% Business Rates Retention Pilot in 2018/19 and, subject to the acceptance of the submission made to the Government and the subsequent agreement by all member authorities, to implement this;
 - (iii) Decide on the appropriate course of action for the Leicester and Leicestershire Business Rates Pool in 2018/19 and, subject to agreement by all member authorities, to implement this;
- (c) That a further report be submitted to the Cabinet on 9th February 2018.

(KEY DECISION)

REASON FOR DECISION:

To enable the County Council to meet statutory requirements with respect to setting a budget and Council Tax precept for 2018/19 and to provide a basis for the planning of services over the next four years.

To ensure that the County Council's views on the Local Government Finance Settlement are made known to the Government.

A submission was made to the Department for Communities and Local Government (DCLG) for a 100% Business Rates Pilot in 2018/19 for the County Council, Leicester City Council, the Combined Fire Authority and all seven District Councils. The decision of DCLG is expected alongside the Local Government Finance Settlement.

Modelling of a Business Rates Pool with the pooling partners is being undertaken and, if the application for the pilot is unsuccessful, a decision on whether to proceed with the Pool will need to be taken 28 days after the release of the draft Local Government Finance Settlement.

75. Melton Mowbray Distributor Road Proposals.

The Cabinet considered a report of the Director of Environment and Transport regarding progress with the development of an outer distributor road for Melton Mowbray including the outcome of public consultation on the proposed northern and eastern route. A copy

of the report, marked '5, is filed with these minutes as is a supplementary report (circulated separately) concerning a financing agreement with Melton Borough Council and the comments of the Environment and Transport Scrutiny Committee.

Mr. Pain CC said that few local authorities were in a position to undertake significant road building. Much work had been done to develop the scheme and prepare the Outline Business case to bid for Government funding which he hoped would enable construction of the road. Mr. Rhodes CC noted that Melton Borough Council was fully behind the scheme.

RESOLVED:

- (a) That the responses to the consultation and evidence from the further work undertaken to develop the Outline Business Case for the northern and eastern sections of the Melton Mowbray Distributor Road (MMDR) be noted;
- (b) That the Cabinet reaffirms its decision to prioritise and progress the development of the northern and eastern sections of the MMDR;
- (c) That the route for the northern and eastern sections of the MMDR, as illustrated on the plan at paragraph 75 to the report, be agreed for the purposes of further development and consultation subject to (e) and (f) below;
- (d) That the decision of Melton Borough Council's Policy Finance and Administration Committee agreeing to proceed with the funding arrangements for the MMDR as set out in the Heads of Terms be noted;
- (e) That the basis for the agreement regarding the future funding of the northern and eastern MMDR as set out in the Heads of Terms be supported and that the Director of Finance in consultation with the Director of Law and Governance, following consultation with the Cabinet lead member for Resources, be authorised to record the agreement by an exchange of letters with Melton Borough Council;
- (f) That subject to an exchange of letters with Melton Borough Council before 22 December 2017 further funding be committed by the County Council in order to -
 - (i) Submit a planning application for the scheme in summer 2018 (including detailed design, environmental work, consultation, and preparation of statutory orders),
 - (ii) Complete all further work necessary to prepare the scheme for construction by spring 2020 (noting this is subject to Department for Transport (DfT) funding and full completion of all necessary processes),
 - (iii) Provide, in negotiation with the DfT, an appropriate local contribution, including underwriting forward-funding contributions to be provided by developers and/or third parties as necessary,

- noting that there could be additional scheme costs following submission of the outline business case and the Heads of Terms with Melton Borough Council will address how this will be financed;

- (g) That pursuant to the above, that the officers identified below be authorised, in consultation with the Director of Law and Governance and following consultation with the relevant Cabinet Lead Members, to
- (i) Continue discussions with landowners and stakeholders, with a view to reaching voluntary agreement over the purchase and/or reservation of land for the northern and eastern sections of the MMDR where possible - Director of Environment and Transport;
 - (ii) Undertake to acquire by agreement necessary land (and) rights to facilitate delivery of the northern and eastern sections of the MMDR and make preparations in parallel for use of Compulsory Purchase Orders pursuant to the Highways Act 1980 and the Acquisition of Land Act 1981, taking all steps to include the preparation of Draft Order and Statement of Reasons - Director of Environment and Transport and Director of Corporate Resources;
 - (iii) Undertake further engagement and consultation arising from any changes or improvements to the recommended route that may arise from detailed design work and feedback - Director of Environment and Transport;
 - (iv) Agree the preferred route for planning and acquisition purposes - Director of Environment and Transport;
- (h) That subject to agreement with Melton Borough Council regarding future financing as set out above, the Chief Executive be authorised to approve and submit the Outline Business Case for the northern and eastern sections of the MMDR to the DfT as part of the bid for Large Local Majors Funding;
- (i) That it be noted that, assuming DfT funding for the MMDR is forthcoming, a further report will be submitted to the Cabinet regarding the detailed funding agreement between the County Council and Melton Borough Council;
- (j) That a further report be submitted to the Cabinet prior to submission of a planning application to include, amongst other things -
- (i) Any alterations made to the recommended route as a result of detailed design work or further consultation;
 - (ii) The detailed design and updated cost estimates for the scheme which will form the basis for the planning application;
 - (iii) Requests for approval to make and implement any required Compulsory Purchase Orders and associated statutory orders.

(KEY DECISION)

REASON FOR DECISION:

The proposed route to the north and east of the town has been supported by the consultation responses and evidential work undertaken to date and it is considered to be the route that has the greatest chance of being awarded funding from the DfT Local Majors Fund.

The Council is working to an extremely tight timescale set by the DfT in order to be able to apply for Large Local Majors Funding, and further detailed work and consultation needs to take place before the OBC is submitted (on or prior to 22 December 2017) and planning permission sought (spring/summer 2018). This may include, for instance, alterations to the route and additional expenditure. It will not be feasible for reports to be submitted to the Cabinet to seek approval for this and the preparation of statutory orders, further engagement/consultation, and so on and it is therefore proposed that the relevant Chief Officers are authorised to progress such matters. The Cabinet, Environment and Transport Overview and Scrutiny Committee, and local members will be kept informed of progress and any significant issues would be the subject of a formal report.

The MMDR is included in the Melton Mowbray Transport Strategy, which is being developed jointly by the County and Melton Borough Councils and supports the planned growth in Melton Borough Council's Local Plan. Development of the northern and eastern MMDR will require financing from the County Council's capital programme in advance of DfT funding being received and a funding agreement with MBC will mitigate the risk to the County Council.

The Heads of Terms set out the basis for a financial agreement between the County Council and Melton Borough Council, and will need to be refined further to enable the OBC to be submitted to the DfT by 22 December 2017. It is considered appropriate that the final detailed funding agreement should be submitted to the Cabinet for approval.

The County Council must submit the OBC to the DfT by 22 December 2017 as part of its bid for Large Local Majors Funding, which is key to early provision of the MMDR.

76. Market Harborough Transport Strategy.

The Cabinet considered a report of the Director of Environment and Transport concerning the outcome of engagement and consultation on the Market Harborough Transport Study, and seeking approval of the Market Harborough Transport Strategy. A copy of the report, marked '6', is filed with these minutes.

Members noted comments of the Environment and Transport Overview and Scrutiny Committee and from Dr. S. Hill CC, copies of which are filed with these minutes.

Mr. Pain CC was pleased that the Strategy had received widespread support and commended it to the Cabinet.

RESOLVED:

- (a) That the feedback from the engagement and consultation exercise on the Market Harborough Transport Study be noted;
- (b) That the revised recommendations of the Transport Study outlined in paragraphs 31 to 40 of the report be approved;
- (c) That the Market Harborough Transport Strategy (Appendix D to the report) be approved;
- (d) That it be noted that as resources become available, the improvement schemes identified in the Market Harborough Transport Strategy will be developed further to ensure that advantage can be taken of any future funding opportunities.

(KEY DECISION)

REASON FOR DECISION:

The Market Harborough Transport Strategy will help to support the planned future growth of the town, and place the County Council in a strong position to secure public and private funding for the transport improvements necessary to support growth.

77. Progress with Implementation of the Working Age Adult Accommodation Strategy 2017-2022 'A Place to Live - My Home'.

The Cabinet considered a report of the Director of Adults and Communities concerning progress with the implementation of the Leicestershire Accommodation Strategy for Working Age Adults 2017-2022, and seeking approval to change the use of two sites to supported accommodation. A copy of the report, marked '7', is filed with these minutes.

Mr. Blunt CC said that providing the right accommodation and support was vital to help more people with long-term disabilities live independently. The project was part of the wider agenda to improve health and care services, hence the capital funding from the NHS England Transforming Care Programme

RESOLVED:

- (a) That progress with the implementation of the Leicestershire Accommodation Strategy for Working Age Adults 2017-2022 be noted;
- (b) That the change of use to the supported accommodation sites at Deveron Way, Hinckley and Loughborough Road, Mountsorrel be approved, to enable their conversion/reconfiguration, as detailed in paragraph 20 of the report, following the receipt of capital funding from NHS England.

REASON FOR DECISION:

The Leicestershire Accommodation Strategy for Working Age Adults and the associated delivery plan provides the Council with agreed priorities in relation to supported accommodation for adults aged 18-64 over the next five years. Although the County Council is not a housing authority, the Strategy has been developed to fulfil statutory duties relating to the Care Act, meet efficiency targets, and provide a basis for planning, partnership working and commissioning, in accordance with the overarching Adult Social Care Strategy to prevent, reduce, delay, and meet people's need for services.

In line with the aims of the Strategy, the change of use of the sites on Deveron Way, Hinckley and Loughborough Road, Mountsorrel will enable these properties to be converted/reconfigured so as to increase the accommodation options for individuals supported under a Transforming Care Plan. Funding from NHS England has been secured for these works.

78. Working Together to Build Great Communities - Leicestershire Communities Strategy 2017-21.

The Cabinet considered a report of the Chief Executive concerning the outcome of engagement on the Leicestershire Communities Strategy 2017-2021 'Working Together to Build Great Communities in Leicestershire' and seeking approval of the Strategy. A copy of the report, marked '8', is filed with these minutes.

Mrs Posnett CC said that it had been necessary to refresh the Strategy in the context of reduced funding available but the Council would continue to work with local residents and partners such as parish and town councils to make things happen.

RESOLVED:

- (a) That the outcome of the engagement on the Communities Strategy 2017-21 be noted;
- (b) That the Leicestershire Communities Strategy 2017-21 be approved.

REASON FOR DECISION:

To enable implementation of the Communities Strategy, which supports the Council's Strategic Plan.

79. Regulation of Investigatory Powers Act 2000 (RIPA) - Review of Policy Statement.

The Cabinet considered a report of the Director of Law and Governance regarding the Council's use of the Regulation of Investigatory Powers Act 2000 from 1 October 2016 to 30 September 2017, and advising that the Council's existing Policy Statement remained fit for purpose. A copy of the report, marked '9', is filed with these minutes.

RESOLVED:

- (a) That the Council's use of the Regulation of Investigatory Powers Act 2000 for the period from 1 October 2016 to 30 September 2017 be noted;
- (b) That it be agreed that the Council's existing Policy Statement on the use of RIPA powers (appended to the report) continues to be fit for purpose;
- (c) That the Cabinet continues to receive annual reports from the Corporate Governance Committee on the use of RIPA powers and whether the Policy remains fit for purpose.

REASON FOR DECISION:

The Codes of Practice made under RIPA require elected members of a local authority to review the authority's use of RIPA and set the policy at least once a year.

80. Recommended Change to Treasury Management Policy.

The Cabinet considered a report of the Director of Corporate Resources recommending a change to the treasury management policy to enable investment in pooled private debt funds, increasing interest earned. A copy of the report, marked '10', is filed with these minutes.

RESOLVED:

That the addition of pooled private debt funds to the list of acceptable investment types within the Annual Investment Statement, with a maximum cash investment of £40m, be approved.

REASON FOR DECISION:

The change to the treasury management policy will enable the Council to invest in private debt funds and thereby increase the interest earned relative to what could be earned by utilising cash deposits. Whilst this type of investment has a higher risk profile than cash deposits, the additional risk is not overly significant. Relative to the increase in risk, the additional income is considered to be highly attractive in an environment of low interest rates and significant pressure on the Council's revenue budget.

81. Items referred from Overview and Scrutiny.

There were no items referred from Overview and Scrutiny.

2.00 - 2.40 pm
12 December 2017

CHAIRMAN



CABINET – 12 DECEMBER 2017

MELTON MOWBRAY DISTRIBUTOR ROAD PROPOSALS

REPORT OF THE DIRECTOR OF ENVIRONMENT AND TRANSPORT

PART A

Purpose of Report

1. The purpose of this report is to advise the Cabinet of progress with the development of an outer distributor road for Melton Mowbray, referred to as the Melton Mowbray Distributor Road (MMDR). The MMDR comprises three parts; the northern, eastern, and southern sections, and it is the northern and eastern sections of the road that are the subject of the recommendations in this report.
2. The Cabinet is asked to note the outcome of the work undertaken to date on the MMDR and the response to the public consultation on the proposed northern and eastern route, to agree this route (subject to changes arising from further detailed design work and consultation), and to authorise officers to take a number of actions to progress the scheme including, notably, the submission of the Outline Business Case (OBC) to the Department for Transport (DfT) as part of a bid for Large Local Majors Funding. A summary of the OBC is attached to this report as Appendix A.

Recommendations

3. It is recommended that:
 - (a) The responses to the consultation and evidence from the further work undertaken to develop the Outline Business Case for the northern and eastern sections of the Melton Mowbray Distributor Road (MMDR) be noted;
 - (b) The Cabinet reaffirms its decision to prioritise and progress the development of the northern and eastern sections of the MMDR;
 - (c) The route for the northern and eastern sections of the MMDR, as illustrated on the plan at paragraph 75 to this report, be agreed for the purposes of further development and consultation subject to (d) and (e) below;
 - (d) Subject to agreement with Melton Borough Council before 22 December 2017 (the date for submission of the Outline Business Case to the Department for Transport) in the form of a Memorandum of Understanding regarding the future financing of the development and delivery of the northern and eastern MMDR, further funding be committed by the County Council in order to -

- (i) Submit a planning application for the scheme in summer 2018 (including detailed design, environmental work, consultation, and preparation of statutory orders),
- (ii) Complete all further work necessary to prepare the scheme for construction by spring 2020 (noting this is subject to DfT funding and full completion of all necessary processes),
- (iii) Provide, in negotiation with the DfT, an appropriate local contribution, including underwriting forward-funding contributions to be provided by developers and/or third parties as necessary,

- noting that there could be additional scheme costs following submission of the outline business case and the Memorandum of Understanding with Melton Borough Council will address how this will be financed;

- (e) Pursuant to the above, that the officers identified below be authorised, in consultation with the Director of Law and Governance and following consultation with the relevant Cabinet Lead Members, to
 - (i) Continue discussions with landowners and stakeholders, with a view to reaching voluntary agreement over the purchase and/or reservation of land for the northern and eastern sections of the MMDR where possible - *Director of Environment and Transport*;
 - (ii) Undertake to acquire by agreement necessary land (and) rights to facilitate delivery of the northern and eastern sections of the MMDR and make preparations in parallel for use of Compulsory Purchase Orders pursuant to the Highways Act 1980 and the Acquisition of Land Act 1981, taking all steps to include the preparation of Draft Order and Statement of Reasons - *Director of Environment and Transport and Director of Corporate Resources*;
 - (iii) Undertake further engagement and consultation arising from any changes or improvements to the recommended route that may arise from detailed design work and feedback - *Director of Environment and Transport*;
 - (iv) Agree the preferred route for planning and acquisition purposes - *Director of Environment and Transport*;
- (f) Subject to agreement with Melton Borough Council regarding future financing as set out above, the Chief Executive be authorised to approve and submit the Outline Business Case for the northern and eastern sections of the MMDR to the DfT as part of the bid for Large Local Majors Funding;
- (g) A further report be submitted to the Cabinet prior to submission of a planning application to include, amongst other things -
 - (i) Any alterations made to the recommended route as a result of detailed design work or further consultation;

- (ii) The detailed design and updated cost estimates for the scheme which will form the basis for the planning application;
- (iii) Requests for approval to make and implement any required Compulsory Purchase Orders and associated statutory orders.

Reason for Recommendations

4. The proposed route to the north and east of the town has been supported by the consultation responses and evidential work undertaken to date and it is considered to be the route that has the greatest chance of being awarded funding from the DfT Local Majors Fund.
5. The Council is working to an extremely tight timescale set by the DfT in order to be able to apply for Large Local Majors Funding, and further detailed work and consultation needs to take place before the OBC is submitted (on or prior to 22 December 2017) and planning permission sought (spring/summer 2018). This may include, for instance, alterations to the route and additional expenditure. It will not be feasible for reports to be submitted to the Cabinet to seek approval for this and the preparation of statutory orders, further engagement/consultation, and so on and it is therefore proposed that the relevant Chief Officers are authorised to progress such matters. Cabinet, Environment and Transport Overview and Scrutiny Committee, and local members will be kept informed of progress and any significant issues would be the subject of a formal report.
6. The MMDR is included in the Melton Mowbray Transport Strategy, which is being developed jointly by the County and Melton Borough Councils and supports the planned growth in Melton Borough Council's Local Plan. Development of the northern and eastern MMDR will require financing from the County Council's capital programme in advance of DfT funding being received and a funding agreement with MBC will mitigate the risk to the County Council.
7. The County Council must submit the OBC to the DfT by 22 December 2017 as part of its bid for Large Local Majors Funding, which is key to early provision of the MMDR.

Timetable for Decisions (including Scrutiny)

8. The Environment and Transport Overview and Scrutiny Committee will consider this report on 7 December and its comments will be reported to the Cabinet.
9. Officer representatives from Melton Borough Council and the County Council are meeting on 4 December to consider a financial agreement between the two Authorities with regard to the financing of the MMDR. The outcome of these discussions will be reported to the Cabinet.
10. Melton Borough Council's Policy Finance and Administration Committee will consider a report at its meeting on 7 December 2017, and this Cabinet report will also be circulated to members of that Committee prior to that meeting. The decision of MBC will be reported to the Cabinet.

11. The OBC needs to be submitted to the DfT by 22 December and it is expected that the DfT would advise the County Council on the outcome of the OBC process in late spring or early summer 2018.
12. It is intended that a further report would be submitted to the Cabinet in late spring or early summer 2018; in any case, prior to the submission of planning permission for the scheme.

Policy Framework and Previous Decisions

13. In March 2011 the County Council approved the third Leicestershire Local Transport Plan (LTP3). This 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. The LTP3 sets out the Council's approach to achieving this, namely to improve the management of the road network and continuing to address congestion issues.
14. In March 2014 the Cabinet approved the principles set out in the Leicester and Leicestershire Enterprise Partnership's (LLEP) Strategic Economic Plan, which prioritises support for the economy of Market Towns and rural Leicestershire.
15. The County Council's Enabling Growth Action Plan (approved in March 2015) supports the development of Market Towns for employment land as a priority and includes a specific action to work with Melton Borough Council to plan for the future growth of Melton Mowbray.
16. In September 2015 the Cabinet considered a report on the development of a Melton Mowbray Transport Strategy and agreed the principle of supporting the strategic growth of Melton Mowbray through transport investment.
17. In May 2016 the Cabinet agreed, inter alia, with the continued development of the Melton Mowbray Transport Strategy (MMTS) and authorised the Director of Environment and Transport to undertake the necessary consultations and negotiations to enable the definition of a preferred route for an outer relief road.
18. The Environment and Transport Interim Commissioning Strategy 2017/18 Refresh (approved in March 2017) included in its Action Plan the intention to:
 - develop a Melton Mowbray Transport Strategy (with Melton Borough Council) to an agreed stage by winter 2018/19; and
 - develop and deliver a Local Majors Business Case for a Melton Mowbray Distributor Road, as part of the Melton Mowbray Transport Strategy, by March 2019.
19. In March 2017 the Cabinet also agreed an indicative timetable for the MMDR business case. It authorised the Director to undertake further work to develop this and to identify a preferred route, including consultation to take place in summer/autumn 2017.

Resource Implications

20. The total cost of the northern and eastern MMDR scheme is around £74m including further development costs, of which £55m is expected to be met from DfT funding should the Large Local Majors Bid be successful.
21. In broad terms, the financial commitment from the County Council is in the region of £19m. Given the demands on the Authority's finances it is proposed that this is derived from a combination of developer funding and tax increment financing from the growth in business rates and new homes bonus received by the County Council and Melton Borough Council (MBC) as a direct result of investment in the new road.
22. As the road will need to be financed in advance of receipt of this funding it is proposed that it is temporarily financed via the County Council's capital programme. This does involve a risk that if the developer/tax increment funding does not fully materialise the County Council would need to cover the shortfall and this would affect other capital schemes and the revenue budget.
23. The proposals require up to £4m (included in the cost estimate for the scheme) to be spent before the outcome of the DfT bid is known. This will need to be fully funded by the County Council and will not be recouped if the bid is unsuccessful. It is intended that this will be funded from the Highways capital programme.
24. As with all major schemes there is a risk of cost overruns. Although the work completed to date seeks to estimate as accurately as possible the scheme cost, the funding agreement with MBC will also need to address this risk.
25. Further detail regarding the procurement processes and land acquisition is included in Part B of this report below (paragraphs 107 to 111).
26. The Director of Corporate Resources has been consulted on the content of this report.

Legal Implications

27. Wherever possible the acquisition of land and rights will be conducted by negotiation and agreement with landowners but it is likely that the Compulsory Purchase process pursuant to the Highways Act 1980 and the Acquisition of Land Act 1981 will be critical for procurement of the land and rights along the route.
28. The Director of Law and Governance has been consulted on the content of this report.

Circulation under Local Issues Alert Procedures

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.

Officers to Contact

Ann Carruthers
Director, Environment and Transport
Tel: (0116) 305 7000
Email: Ann.Caruthers@leics.gov.uk

Ian Vears
Interim Assistant Director, Highways and Transportation
Tel: (0116) 305 7215
Email: Ian.Vears@leics.gov.uk

PART B

Background

Melton Local Plan

29. MBC's submission draft Local Plan includes provision for over 6,000 new dwellings and 51 hectares of employment land across the district up to 2036. The majority of this growth (around 4,000 dwellings and most of the employment land) will be concentrated in and around Melton Mowbray, as the main service centre. Most of the planned growth within the town will be located at new 'Sustainable Neighbourhoods' (SNs, commonly referred to elsewhere in the county as Sustainable Urban Extensions or SUEs) to the north and south of the town (1,500-1,700 and 1,700-2,000 dwellings respectively). Plans are available on the Melton Local Plan website, available via the following address:
<https://www.meltonplan.co.uk/>
30. Prior to the development of the Local Plan there were no proposals to develop major transport investment in Melton Mowbray but since 2014 the County Council, in its capacity as the Local Highway Authority (LHA) has engaged with MBC to:
- identify the transport implications of the emerging Local Plan; and
 - develop an appropriate mitigation strategy to deal with the growth proposed in the Plan.
31. This resulted in the 'Melton Mowbray Transport Strategy' (MMTS), more detail on which is given below. At a very early stage it became apparent that part of the MMTS would need to include some significant new highway capacity improvements, in order to tackle existing highway issues (necessary to support local plan growth) and provide for future demand.
32. MBC consulted on its Pre-Submission Draft Local Plan in Autumn 2016, following which a number of focussed changes were made, including the creation of a specific policy covering the MMTS and MMDR. This took into account progress with the OBC and introduced a requirement for developer contributions to enable the delivery of the MMDR through section 106 (s106) contributions and the Community Infrastructure Levy (CIL), when applicable.
33. In addition, the introduction of a 'Corridor of Interest/Investigation' for the MMDR in the Local Plan ensured this would be taken into account in future land-use discussions. This terminology reflected the fact that environmental surveys and preliminary design work was still taking place and a recommended route had not been identified.
34. MBC carried out further consultation on the Focussed Changes in July and August 2017 following which the Local Plan was formally approved and submitted for Examination in Public (EiP) on 4 October 2017, with the public hearings expected to commence in late January 2018.

Melton Mowbray Transport Strategy (MMTS)

35. Despite previous investment in highway improvements, there continue to be significant traffic problems in Melton Mowbray and, by virtue of this, insufficient residual highway capacity, which has constrained growth. MBC, the Local Planning Authority, has been advised by the County Council, as the LHA, to consider refusing a number of planning applications on the grounds of severe traffic residual impacts on residents.
36. As such, it was apparent from an early stage in the development of Melton's new Local Plan that significant measures would be required to unlock additional transport capacity in and around the town. The Local Plan needed to incorporate a coherent, justified and evidenced approach, linking the delivery of new homes, jobs and services to the provision of a package of supporting transport measures. Both Authorities recognised that the best way to identify and coordinate funding and delivery of the measures would be by developing a comprehensive MMTS.
37. As part of the MMTS, a series of studies have been commissioned jointly by the County Council and MBC. These provide evidence of the causes and severity of the traffic problems and the nature of transport measures required. The studies are ongoing and the key outcomes of the work completed to date are summarised here.

Evidence

Emergence of MMDR from the Transport Strategy

38. Initial work on the Transport Strategy showed that minor highway works, sustainable transport improvements, and other low-cost measures would not be sufficient to manage Melton's planned growth. It also demonstrated that significant additional highway capacity was needed. Attention was therefore focused on what form additional capacity should take and any wider opportunities arising from this to support the Local Plan.
39. The MMDR is not considered to be a standalone solution for the traffic problems in Melton Mowbray and it remains part of the overall Transport Strategy for the town. The ongoing development of the MMTS as a whole will be essential to ensure that the full benefits of providing the MMDR are realised.

Options assessment/sifting - Phase 1 'inner vs outer'

40. A first phase of assessment was carried out in early to mid-2015, to compare the potential benefits and constraints associated with a new outer relief road to the west of Melton Mowbray against the alternative of an inner relief road (also to the west of the town centre). Both options were designed to provide a new 'A606 to A606 link', avoiding the existing town centre ring road and based on the findings of the initial study work, which showed A606-to-A606 movements to be the main town centre through movement.

41. Crucially, the options tested were high-level, indicative concepts only and not based on detailed schemes of any form. The decision to test options to the west of the town, rather than the east, was a reflection of this; with the options drawn up from an initial desktop assessment of potential constraints, primarily on the premise of minimising the length of new road required.
42. The assessment was carried out using version 5 of the Leicester and Leicestershire Integrated Transport Model (LLITM), which is a computer-based programme used to predict the effect of changes to the road or transport network.
43. It was concluded that an outer distributor road of some form was the only option capable of delivering the necessary step change in highway capacity and traffic relief for Melton Mowbray, whilst also having substantially fewer obvious delivery constraints than an inner alternative route.
44. The outcome of this work was therefore the emergence of an outer relief road as the preferred option for providing significant additional highway capacity, as reflected by the September 2015 Cabinet resolution “That the County Council should work jointly with Melton Borough Council (MBC) to seek to develop a Melton Mowbray Transport Strategy, which would focus at this time on work to identify a preferred corridor for an outer relief road for the town”.
45. However, it is important to note that at this stage in September 2015 the Cabinet did not commit to pursuing a specific route or corridor (including either to the east or west of the town) for the outer relief road, even in the broadest sense. Indeed the Cabinet decided to commit further resources towards developing a preferred corridor and associated further phases of assessment.

Options assessment/sifting Phase 2 – Outer Distributor Road Options (including ‘east vs west’)

46. A second phase of assessment (again using LLITM version 5) commenced in late 2015 to consider four options for an outer relief/distributor road. This comprised all known options that were considered to be plausible, based on the evidence available at that point in time, including traffic routing through the town and future demand, specifically:
 - Two ‘comprehensive’ options providing a complete parallel route to the existing A606 through Melton Mowbray, to the eastern and western sides of the town respectively. The decision to assess ‘A606 to A606’ routes, rather than any other point-to-point alternatives, was based on the findings of the initial MMTS work which showed A606 to A606 to be the highest volume through-traffic corridor within the town. It therefore provided the greatest opportunity for significant traffic relief.
 - Two partial/lower-cost options around the northern (A606 Nottingham Road to Melton Spinney Road) and southern (A607 Leicester Road to A606 Burton Road) outskirts of the town respectively. The partial options were respective approximations for new link roads to be provided by developers, as part of the

new Northern and Southern Sustainable Neighbourhoods proposed through the draft Melton Local Plan.

47. The diagram below shows the options that were tested -



48. The assessment showed that whilst the partial/lower-cost options were critical to delivery of the SNs they did not on their own address a number of the key transport strategy objectives (in particular those relating to traffic congestion relief in the town centre) to anywhere near the same extent as the comprehensive options.

49. The evidence for the ‘comprehensive’ options showed that the eastern route performed significantly better than the western one with regard to:

- Performance against objectives
- User benefits
- Review by independent groups
- Costs
- Benefit Cost Ratio (BCR)
- Funding prospects (greatest chance of securing central government transport funding).

50. A summary of the key outputs used to reach this conclusion is given in the table below. The eastern (A606 to A606) route¹ was slightly shorter and cheaper than the equivalent western option, whilst projected to be more heavily used along its

¹ The “eastern route” referred to here was how the entire A606-to-A606 section of the MMDR was described within assessments undertaken at that time. For clarity, the “eastern route” comprises of the northern and eastern sections of the MMDR as referred to now and set out within paragraph 89.

entire length throughout the day. As a result this provided greater overall relief to the town centre.

| | West | East |
|--|-----------|-----------|
| Construction Cost (estimated at that time) | £107. m | £83.m |
| Cost to Traffic Benefits Ratio (BCR) | 0.6 – 1.0 | 1.1 – 1.9 |

51. It was also recognised that the separate southern link road (from the A607 Leicester Road to the A606 Burton Road), to be provided as part of the Melton South SN, would provide further benefits in relation to the MMTS, in terms of providing further traffic relief over and above the main eastern 'A606 to A606' route.
52. Therefore, at this point, the decision was made to create the overarching concept of an overall MMDR, comprising both the eastern (A606 to A606) and southern-only options as distinct sections (illustrated below); anticipating that eventual delivery of the eastern (A606 to A606) section would need to be predominantly publically funded, whereas the southern section would be predominantly or wholly privately funded. More detail is given in Delivery and Funding (paragraphs 93 to 101).



*Key: Orange line is the “predominantly publically funded” section
Blue line is the “predominantly privately funded” section*

53. At around the same time, the Government announced, as part of the March 2016 Budget, that additional funding would be made available for Local Authorities to bid for through the DfT's new 'Large Local Major Transport Schemes Fund'. This Fund was designed precisely for schemes of the scale and nature of the MMDR and it was therefore decided that a bid should be prepared; initially for funding to develop an Outline Business Case (OBC) as the next key stage in the scheme development process.
54. In May 2016 the Cabinet authorised the submission of a MMDR Local Majors bid and agreed that the further development of an eastern (A606 to A606) distributor road should be prioritised to facilitate this, an approach supported by MBC.
55. The decision to submit a bid for the eastern (A606 to A606) distributor road only, rather than for the MMDR as a whole (i.e. including the southern distributor road), was in order to maximise the chances of success.
56. The decision to pursue development of the eastern (A606-to-A606) route at this point did not preclude reconsideration of a western route. Indeed, an entirely fresh options assessment, using the new 2014 LLITM and incorporating both the eastern and western route options was planned as part of the OBC development.

DfT Large Local Majors Bid (July 2016)

57. The Local Majors bid was submitted to the DfT in July 2016, requesting funding of up to £2.8m to prepare an OBC (to develop the eastern/A606-to-A606 route) by Autumn 2018 with a potential scheme construction start date of 2022.
58. In November 2016 the DfT announced that the bid was successful, with funding awarded to commence work on the OBC from March/April 2017. However, the DfT requested that the OBC should be prepared to substantially compressed timescales for submission by December 2017, and that delivery of the scheme be brought forward by several years to enable a potential construction start date of Spring 2020.
59. This acceleration requested by the DfT had significant resource implications for the scheme. The compressed timescale would mean that certain key activities needed to be brought forward substantially (such as early engagement with landowners and critical stakeholders) and other work, notably public consultation on the proposed route, to be altered significantly. However if this could be done, the Council would have the best possible chance of receiving DfT Local Majors construction funding.
60. As outlined below, the OBC work required a fresh reconsideration of the case for the eastern versus western options. However, given the much compressed timescales, it was considered that the development work for an eastern option had to be prioritised, notwithstanding the risk that this could ultimately prove to be abortive.
61. In March 2017, the Cabinet reviewed the situation and agreed to progress work to prepare the OBC, scheme designs required to support this and the associated engagement in accordance with DfT timescales.

Outline Business Case Preparation and Submission

62. The DfT requires much more detailed information about the overall costs and projected benefits of the scheme in order to decide on the award of construction funding. This information is provided in the OBC which, to comply with DfT requirements, needs to comprise the following key components (often referred to as ‘the five cases’):

- i. A ‘Strategic Case’ explaining how the scheme is supported by a robust case for change and fits with wider policy objectives.
- ii. An ‘Economic Case’ demonstrating that the scheme represents value for money.
- iii. A ‘Financial Case’ showing that the scheme is affordable
- iv. A ‘Commercial Case’ demonstrating that the scheme is commercially viable to deliver.
- v. A ‘Management Case’ showing that the scheme is achievable.

63. In order to develop the evidence required to support the five cases, three fundamental strands of work had to be undertaken, to:

- Reconfirm the ‘in principle’ need for an outer distributor road (regardless of any particular route).
- Revisit the case for an eastern versus western route for the outer distributor road.
- Develop a route for the outer distributor road to inform scheme cost and benefit analysis.

64. Subsequent paragraphs describe the outcomes of each of these strands of work which has taken place since March 2017.

‘In Principle’ Need for an Outer Distributor Road

65. A fresh options assessment exercise was carried out using the new LLITM (2014) model. The new modelling incorporated the latest land use and committed transport scheme delivery assumptions within Melton Mowbray. This effectively provided an independent check on the conclusions reached in 2016, taking into account additional more up-to-date information. The full results of the fresh options assessment are set out in the latest Options Assessment Report which is available on the County Council’s website, at - <http://ow.ly/X4Pa30gVpsV>

66. The findings corroborated the previous conclusion that significant new highway capacity was needed and as such that there continued to be an ‘in principle’ case for the scheme.

Eastern versus Western Options Assessment

67. The fresh options assessment involved re-testing the ‘comprehensive’ eastern and western options considered as part of the original work undertaken in 2016. This was an interim piece of work, undertaken in Spring 2017, designed to

compare once again the eastern and western options based on the latest information available.

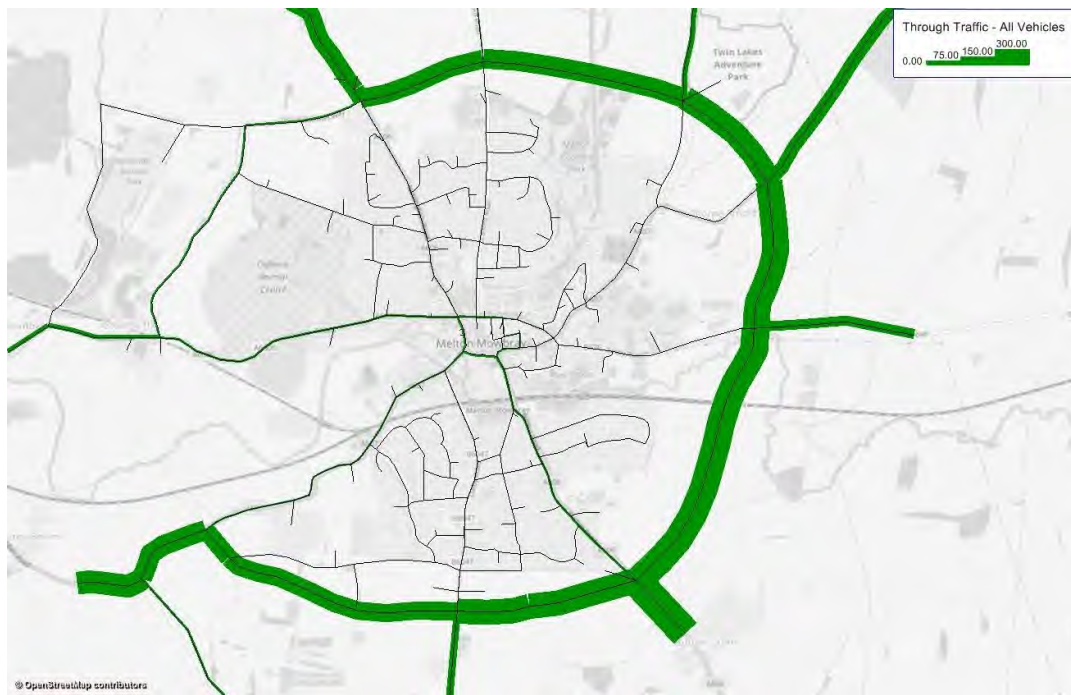
68. The findings closely matched those from the original options assessment work, demonstrating that an eastern route for the outer distributor road continues to represent the most appropriate scheme.

| | West | East |
|--|-------|--------|
| Construction Cost (estimated at that time) | £97 m | £86.1m |
| Cost to Traffic Benefits Ratio (BCR) | 0.7 | 1.3 |

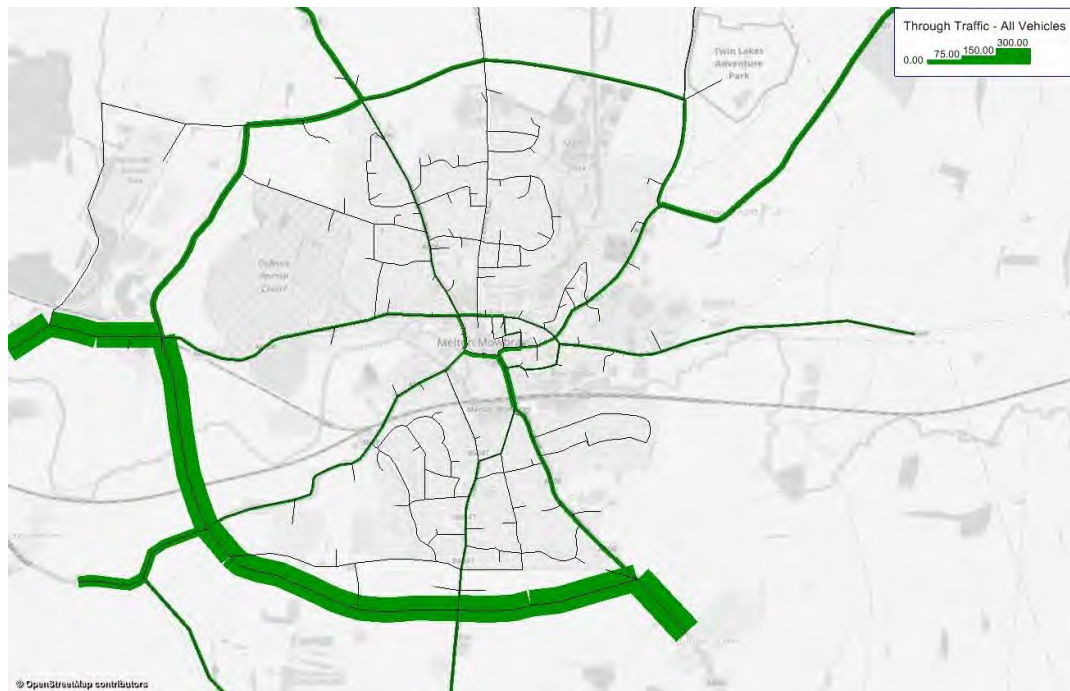
69. On the basis of this, further work has been undertaken to refine the costs and benefits of an eastern route, which in particular has resulted in the more robust (and lower) scheme cost estimates quoted in Part A (i.e. £74m in total). In turn, this has helped to increase the BCR with the latest indication being that this could be in excess of 2 (i.e. considered 'high value for money' based on the DfT's transport business case guidance).

70. The total level of transport benefits for local residents and through-traffic remains significantly higher for an 'A606 to A606' option to the east of the town than for a comparable option to the west of the town as illustrated in the diagrams below.

Eastern Option



Western Option



Develop a route for the Outer Distributor Road

71. As part of the work to prepare the original (2016) bid, an initial route options assessment for an alignment to the east of Melton Mowbray was carried out, from which two potential routes were identified and initial 'concept designs' prepared for these routes. These are shown in the plan at paragraph 85.
72. In developing the OBC, between April and September of 2017 these initial concept designs were reviewed and preliminary design work developed. Environmental survey work and engagement with landowners and stakeholders were progressed to reach a point where a recommended route was identified.
73. Of the initial two potential routes, Option 2, furthest to the east, was discounted on the basis that it was longer, crossed more floodplain, and required more structures. In addition to this, it would pass through the Brentingby Flood Alleviation Scheme and the Environment Agency indicated that it would be unlikely to give approval.
74. Route development was informed by early, informal engagement with landowners/tenants including the Melton North SN developer consortium and critical stakeholder organisations such as the Environment Agency and Natural England, undertaken as part of the work to develop the recommended route. The substantive issues that arose which influenced or resulted in changes to the recommended route were taken through to the formal consultation exercise (detailed in the next section below), namely:
 - Land ownership along part of the eastern section of the route and resulting changes to minimise the impact for affected landowners.

- The location of power lines and pylons along the eastern section of the route and need to find a suitable location/solution to pass under the cables with sufficient clearance (i.e. in light of associated need for significant earthworks/structures in that area to cross the River Eye floodplain).
- The statutory designation of the River Eye as a Site of Special Scientific Interest, which imposes additional constraints on the route alignment.
- The need to provide a suitable alignment for the road within the Melton North SN area which maximises developable land opportunities within the North SN area in support of the Melton Local Plan objectives.

Further discussions with landowners and farmers were enabled through the agricultural survey work, conducted by AECOM on behalf of the County Council.

Formal Public Consultation

75. A six-week public consultation took place between 2 September and 15 October 2017, based on this recommended route for the northern and eastern sections of the distributor road -



76. The consultation comprised:

- An on-line consultation questionnaire (also available in paper format on request) on the County and Melton Borough Councils' websites.
- Public Exhibitions, which were attended by around 200 people.

- Presentation and questions at Shout4Residents and Melton North Action Group Meetings - over 100 attendees.
- A prime stand position at the entrance to the Melton Food Festival on 7 and 8 October (footfall of approximately 10,000 attendees).
- A meeting with the Friends of Melton Country Park, a not-for-profit group which seeks to maintain and improve the Park.
- Meetings with landowners and farmers.

77. To maximise publicity and encourage the public response the Council ensured:

- Coverage in Melton Times, Leicester Mercury, parish newsletters
- Radio and television coverage
- 800 brochures posted to those within 500 metres of the recommended route
- Flyers distributed to residents to the east of A606
- Social media alerts.

78. Full details of the consultation feedback is detailed in a separate report, which can be viewed on the County Council's website at <http://ow.ly/SxQi30gVpBV> The headline results and key issues are summarised below.

Headline Consultation Results

79. The principle opportunity for consultees to comment was through the consultation questionnaire. In total, 226 responses were received to this, online or by post, and demonstrated a good overall level of support. A summary of responses is outlined below.

80. **Question 1: "To what extent do you agree, or disagree, with the recommended route for the Melton Mowbray distributor road?"**

Most respondents (51%) agreed with the recommended route for the distributor road, and 34% disagreed (the remaining 15% comprised 'neither agree nor disagree' or 'don't know' responses, or no response).

When asked to elaborate, the majority of comments were positive - of 68 respondents 71% were positive, 18% were negative, and 11% neutral.

With regard to other route options, 71 respondents commented, with 14 mentions of the need for a southern distributor road and 12 mentions of the benefits of a full bypass.

With regard to the recommended route, there were 72 responses, 12 of which referred to the scheme not dealing with Leicester Road traffic, and 9 that said the scheme would not solve the congestion problems in the town.

81. **Question 2: "To what extent do you agree or disagree that we have taken the following factors sufficiently into account in identifying the recommended route for the distributor road?"**

The majority of consultees agreed that the following factors had been sufficiently taken into account with regard to:

- minimising the impact on the environment - 45%.
- minimising the impact on residents (including noise and air quality) - 46%.
- minimising congestion in the town - 56%.

Comments included that the route would not relieve Leicester Road traffic, it would create noise pollution (18 mentions), and it would have air quality impacts (17 mentions).

82. **Question 3: “To what extent do you agree, or disagree, with the locations and types of junctions we are proposing for the distributor road? We will use this information to help refine the designs in the planning application.”**

Issues surrounding Sawgate Lane/Lag Lane received the greatest number of mentions (32), with Non Motorised User (NMU) access being a main concern. The potential of antisocial behaviour/ fly tipping was also highlighted. However, a considerable number of responses (27) supported the proposed junction locations. Six respondents opposed the proposals.

83. **Question 4: “To what extent do you agree, or disagree, with our proposed methods and indicators for assessing the environmental impacts of the scheme?”**

38% agreed with the methods identified to assess the environmental impact of the scheme, 26% disagreed, and 36% felt unable to respond. The recommended route was not seen to have an appropriate mitigation plan (5 mentions) and the effects of the scheme on the wildlife corridor queried (4 mentions). Concern about the impact on Melton Country Park was also raised (7 mentions).

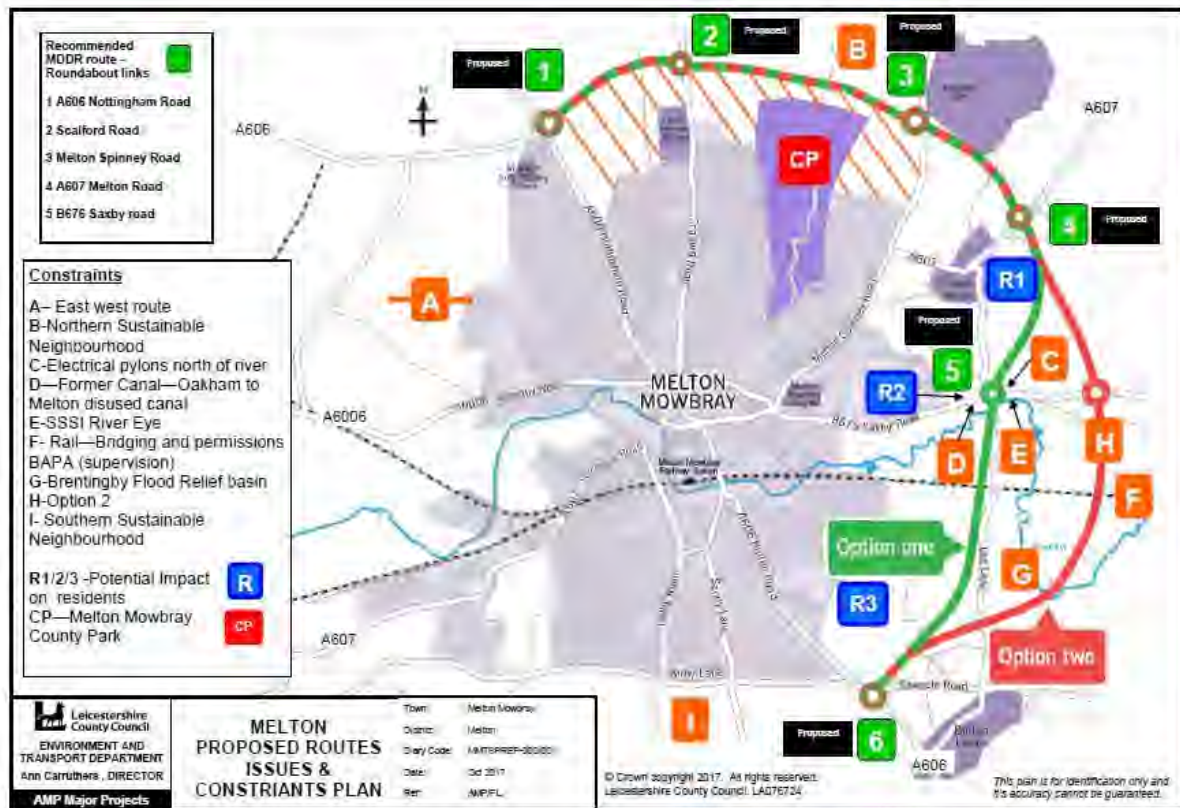
84. **Question 5 “To what extent do you agree, or disagree, with our proposed methods for mitigating any environmental impacts of the scheme?”**

34% of respondents agreed with the potential mitigation methods and 17% disagreed. 18 respondents thought that there was insufficient information to comment, and this is reflected in the figure of 49% of people who felt they were unable to evaluate positively or negatively on the proposal.

Further environmental survey and design work will take place during the next phase of work to give a fuller understanding of environmental impacts and in turn potential mitigation required. This would be included in any future consultation.

Summary of key issues raised through engagement and consultation

85. With reference to the ‘Proposed Routes Issues & Constraints Plan’ and summary table below, the key issues raised were:



| Map Ref. | Issue | Constraints | Decision / further comment |
|----------|---|---|---|
| A | <p>East/West route</p> <p>Some consultees expressed a preference for a western route over the recommended route.</p> <p>Respondents felt a full distributor road that encircled the whole town was the only sensible option.</p> | <ol style="list-style-type: none"> 1. Reviewed Option Appraisal reaffirmed significantly higher BCR of recommended route over western option. 2. West route longer route due to environmental and built constraints (0.5-1km) leading to worse BCR and greater scheme cost. 3. Presence of gas main adjacent to Welby Road from the A6006 up to St. Bartholemew's Way 4. MOD land between Welby Road and the existing built up area of Melton Mowbray. No indication the MOD is willing to sell. 5. Additional rail structure required to the west adds to | <p>Continue to proceed based on a distributor road route to the east of the town as it provides the greatest overall benefits in comparison to one to the west.</p> |

| Map Ref. | Issue | Constraints | Decision / further comment |
|----------|---|---|---|
| | | <p>cost.</p> <p>6. A full route proposal would not be viable in cost terms and the addition of the western route would negatively affect the overall BCR.</p> | |
| B | <p>Northern Sustainable Neighbourhood</p> <p>Concerns raised by developers of the Northern SN about the impact of the recommended route on the ability to make best use of land to develop for housing.</p> | <ol style="list-style-type: none"> 1. Requirement for fill material across the whole route means that to maintain a balance cut material is required at various points where topography allows. 2. The forecast traffic flows for the MMDR mean that the only acceptable junction type for access would be a roundabout. This would negatively affect journey times along the route and therefore the BCR. 3. Additional access junctions of any type along the route would negatively affect the BCR. | <p>Continue discussion with developers to amend and improve the alignment of the recommend route in this area to seek to minimise impacts on developable land, bearing in mind the constraints.</p> |
| D/G | <p>Option 2</p> <p>Through engagement with landowners and residents potentially affected by the proposal, a preference for Option 2 eastern route was expressed by a small number of residents over the recommended route.</p> | <ol style="list-style-type: none"> 1. Additional cost due to longer route. Estimated impact on BCR of £7-9m. 2. Less appealing route to road users due to additional length 3. Location of Environment Agency's (EA) Brentingby Flood Alleviation Scheme along route of Option 2. EA negativity towards this alignment option. 4. Additional structures involved leading to greater scheme. 5. Greater expanse of floodplain to cross. | <p>Proceed on the basis of the recommended route in this area, given the impacts of Option 2 on BCR and the flood alleviation scheme.</p> |

| Map Ref. | Issue | Constraints | Decision / further comment |
|----------|---|--|--|
| | <p>Only 3 respondents to the questionnaire commented on Option 2. The Environment Agency stated <i>“From a flood risk perspective we are pleased that the proposed route avoids crossing our flood defence asset at Bretingby.”</i></p> | | |
| C/E/F/H | <p>Constraints around Saxby Road/River Eye</p> <p>River Eye SSSI – Discussions with statutory consultees regarding the crossing of the River Eye. Initial thoughts on diversion of the River received negative feedback from Natural England.</p> <p>Melton and Oakham Waterways Society would like consideration to be given to the restoration of the disused canal route.</p> | <ol style="list-style-type: none"> 1. The presence of two sets of powerlines, a disused canal and the meandering nature of the river are all significant constraints on the alignment of the road. 2. With regard to the disused canal route the above constraints are relevant. In addition to this the canal route is already impeded at various locations (e.g. industrial estate, railway) meaning that restoration seems impractical. | <ol style="list-style-type: none"> 1. Continue discussions with Natural England, Environment Agency and Western Power over the alignment of the road at this point to achieve the optimum solution. |

| Map Ref. | Issue | Constraints | Decision / further comment |
|----------|--|---|--|
| I | <p>Southern Sustainable Neighbourhood</p> <p>Why was southern section connecting A606 (Burton Road) to A607 (Leicester Road) not included in the scheme?</p> | <ol style="list-style-type: none"> 1. Developer lead section 2. Although the southern link will provide benefit, including this in the recommended route scheme would lower the overall BCR and reduce the chance of gaining funding. | <p>Continue to work with Melton Borough Council and developers to secure the successful delivery of the southern link, and continue to explore other funding opportunities as necessary.</p> |
| CP | <p>Melton Country Park</p> <p>Impact of the alignment on Melton Country Park. Concerns raised through consultation with residents and Friends of Country Park.</p> <ul style="list-style-type: none"> • Effects on ability of wildlife to migrate north/south • Visual and noise impact including lights • Survey respondents expressed concerns regarding the proximity of the proposal to the Country Park | <ol style="list-style-type: none"> 1. Northern Edge Development parcel and road constraint. 2. Performance of the route in fulfilling its function as a distributor road. | <p>Met with Friends of Country Park to discuss possible mitigation.</p> <ul style="list-style-type: none"> • Wildlife corridor under the proposed Scalford Brook open-span bridge. • Possible landscaping mitigation. • No plans for lighting away from junctions. • Consideration of access arrangements north south including options for re-routing Jubilee Way. • Consider moving the alignment north |

| Map Ref. | Issue | Constraints | Decision / further comment |
|----------------|--|--|---|
| R ¹ | Move the alignment east, away from Thorpe Arnold village | <ol style="list-style-type: none"> 1. See Options 1 and 2 above 2. To maintain a distributor road route that is an attractive option for through-traffic a balance has to be sought between impact on residents and the delays to journey times of an option that pushes the alignment further east. | No change is envisaged to the recommended route in this area, but work to understand the noise and visual impact of the route and options for mitigation is already underway. This might include landscaping, low noise surfacing and noise barriers. |
| R ² | Move the alignment west at Saxby Road/ River Eye crossing away from single residential properties. | <ol style="list-style-type: none"> 1. Pushes alignment closer to residential estate to the east of Melton Mowbray and Thorpe Arnold – noise and visual impact on greater number of people. 2. Slightly longer route. 3. River and powerline constraints. | <p>The original alignment produced through the initial concept design work has been moved west, potentially lessening the direct effect on individual properties and any noise and visual impacts.</p> <p>Work to understand the noise and visual impact of the route and options for mitigation is already underway. This might include landscaping, low noise surfacing and noise barriers.</p> |
| R ³ | Impact on residential estate to east of Melton Mowbray. Move alignment east. | <ol style="list-style-type: none"> 1. See Options 1 and 2 above. 2. To maintain a distributor road route that is an attractive option for through traffic a balance has to be sought | No change to the recommended route in this area, but work to understand the noise and visual |

| Map Ref. | Issue | Constraints | Decision / further comment |
|----------|-------|--|---|
| | | between impact on residents and the delays to journey times of an option that pushes the alignment further east. | impact of the route and options for mitigation is already underway. This might include landscaping, low noise surfacing and noise barriers. |

86. The outcomes of the formal consultations have not identified any reasons why the recommended route should not be used for the purposes of submitting the OBC and the other purposes as outlined in recommendation (e).

87. However, given the consultation responses it is clear that further refinement to the recommended route will need to be considered as part of the detailed design process. This will ultimately result in approval of a 'preferred route' for the scheme.

88. A 'preferred route' is what the County Council, as the Local Highway Authority, will use as a basis for statutory procedures, including a planning application and Compulsory Purchase Orders. As set out in recommendation (g), a further report will be submitted to Cabinet prior to submission of a planning application. The planning application process will itself provide a further opportunity for public consultation on the scheme.

The Recommended Route

89. The recommended route, informed by early informal engagement with key parties (paragraph 74 above) would create a 4.3 mile single carriageway which passes to the north and east of Melton Mowbray. The road would begin on the A606 Nottingham Road to the north of the town, crossing Scalford Road, Melton Spinney Road, the A607 Thorpe Road and B676 Saxby Road before re-joining the A606 Burton Road to the south of the town. Speed limits would be 40mph between the A606 Nottingham Road and Melton Spinney Road and 60mph between Melton Spinney Road and A606 Burton Road.

90. It is likely that further changes will be made to the recommended route, particularly in the vicinity of the proposed housing growth area between the A606 Nottingham Road and Melton Spinney Road and the B676 junction and River Eye crossing. These will be reflected in the scheme to be submitted for planning and statutory procedure processes and will be subject to further public consultation as necessary.

91. Given the very compressed timescales, it is intended that the detail of the preferred route will be discussed with relevant Cabinet Lead Members and a further report submitted to the Cabinet before submission of the planning

application and the making and implementation of any statutory orders and procedures.

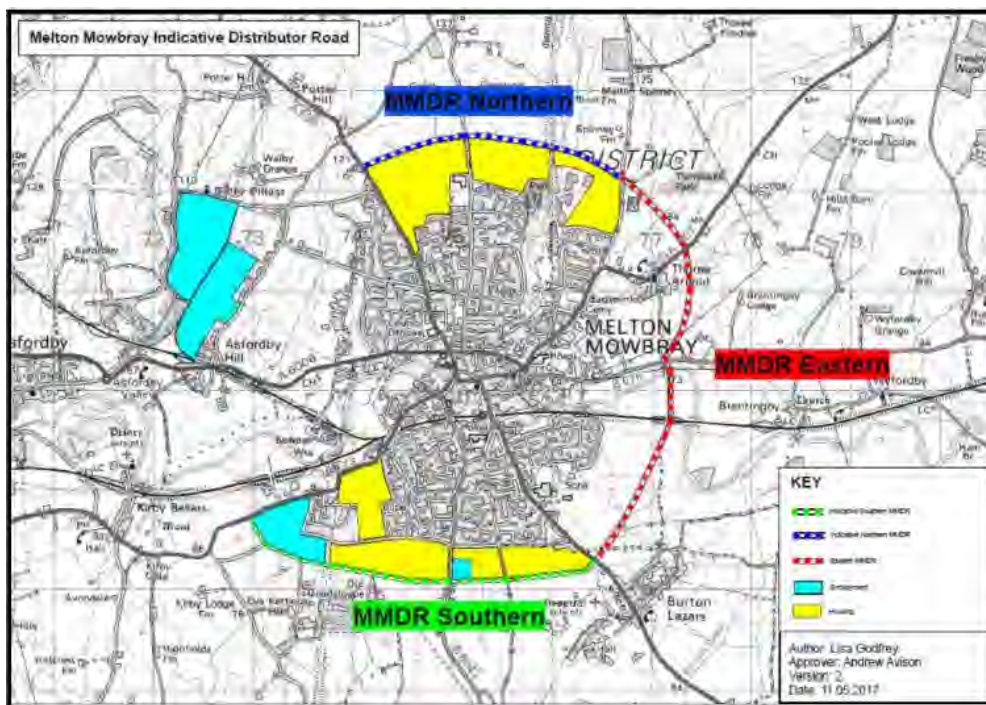
92. Based on the work to date it is considered that any changes subsequent to the submission of the OBC are unlikely to have a material effect on the scheme's overall costs and predicted benefits.

Delivery and funding

93. As touched upon previously, the MMTS includes the overarching concept of an overall MMDR comprising:

- A **northern** section from the A606 Nottingham Road to Melton Spinney Road.
- An **eastern** section from Melton Spinney Road to the A606 Burton Road.
- A **southern** section from the A606 Burton Road to the A607 Leicester Road.

94. Collectively the three sections of the MMDR effectively form an inverse 'C' shape around Melton Mowbray, as illustrated below.



95. The scheme for which DfT Local Majors funding is being sought (via the OBC) only includes the recommended route for the **northern** and **eastern** sections as this has a higher benefit/cost ratio (BCR) than the full MMDR and an overall delivery cost that is more in proportion with the total amount of funding available through the Local Majors fund.

96. As outlined in Part A of this report the total cost of the scheme is approximately £74m, including further development costs, of which circa £55m will be met from DFT funding (subject to a successful bid), meaning that in broad terms the financial commitment from the County Council will be in the region of £19m.

97. It is expected that, in the absence of Local Majors funding being awarded, the northern section of the MMDR would be delivered by developers of the Melton North SN over the Local Plan period, i.e. to 2036. It is also expected that contributions would be received from developments elsewhere in Melton Borough, including through Melton's proposed CIL towards eventual delivery of the eastern section of the MMDR, albeit not to the extent required to deliver this section in full, given the costs and complexity of infrastructure involved. Correspondingly, the receipt of Local Majors funding would have the dual effect of plugging the funding shortfall for the eastern section whilst simultaneously substantially accelerating delivery of the northern section of the MMDR.
98. Whilst the southern section does not form part of the OBC, it remains an important part of the MMTS and an important piece of infrastructure to support growth within Melton Mowbray. However, the most appropriate mechanism for securing and delivering the southern section is likely to be different to the rest of the MMDR: predominantly or wholly privately funded and delivered in conjunction with planning applications for the Melton South SN over the Local Plan period.
99. Thus the MMDR will effectively be delivered as two distinct schemes, as follows;
- A 'publicly led' scheme, comprising the northern and eastern sections of the MMDR - the subject of the recommendations in this report
 - A 'privately led' scheme, comprising the southern section of the MMDR.
100. Public funding avenues to accelerate delivery of the 'privately led' southern scheme will be pursued where appropriate.
101. As referenced in Part A of this report, £4m further funding is required to complete scheme design/preparatory work including discharging planning conditions, continuing with detailed design, dealing with land issues and stopping up orders, liaising with partner/stakeholder organisations, and project-managing the ongoing development of the scheme to 'shovel ready' stage.

Next Steps

102. Subject to the outcome of discussions between MBC and the County Council (on 4 December) regarding financing, and consideration by MBC's Policy Finance and Administration Committee on 7 December, the key future dates in the OBC process will be -
- Submission of the OBC to the DfT by 22 December 2017.
 - The expected announcement by DfT on the outcomes of the OBC process in late spring to early summer 2018.
103. If successful, the bid is expected to result in the award of further DfT funding towards scheme construction, which would commit the County Council and delivery partners to meeting the timescales, costs and match funding assumptions set out within the OBC.
104. As part of this commitment the County Council would be required to start preparing the scheme planning application and associated statutory orders

(including CPO and Traffic Orders) during winter 2017 and spring 2018 prior to the DfT's announcement on Local Majors funding. As such, this work would effectively be carried out 'at risk' that DfT funding would be awarded at the end of the process. However, even if this should be the case, the work would not be unproductive as it would help prepare the scheme for future bid opportunities, i.e. it is now considered more a question of 'when, not if' the scheme comes forward.

Design Work

105. Further environmental survey and design work will be progressed during the next phase of the scheme to give a fuller understanding of environmental impacts and potential mitigation required. This information would be presented during any future consultation.
106. To date, the scheme has undergone the outline design process. The next stage would be to progress detailed design and alignment - the final detailed route will only be confirmed via the planning application process.

Procurement

107. Professional services to progress design and environmental and planning work, would continue to be delivered in collaboration with the County Council, with AECOM (the consultants engaged to assist with the project) leading through the Professional Services Partnership 2 (PSP2), a framework contract available to members of the Midland Highways Alliance (MHA).
108. It is intended to deliver the construction phase through the MHA Medium Scheme Framework. The MHA Executive Board has now approved the MSF3 Business Case for the preparation of a replacement framework.
109. Applications from contractors will be considered and tenders invited early in 2018. When the new framework starts in summer 2018 it will no longer have a limit to the size of projects it can be used for. The contract will be one of the first to use the New Engineering Contract (NEC4).

Property

110. The northern and eastern sections of the MMDR will require the acquisition of third party land and the costs associated with this are accounted for in the latest scheme estimate.
111. All efforts will continue to be made to acquire land by negotiation. However, where necessary, preparations will be made for use of appropriate statutory processes as set out in recommendation (e).

Local Plan

112. The MMDR is a key strategic infrastructure project that supports delivery of Melton's Local Plan. The Local Plan's Examination in Public commences on 30

January 2018, following which the Inspector's Report is expected to be published in the Spring. The final Local Plan would then be adopted by Melton Borough Council in the summer of 2018.

113. In recognition of this and to support the project, Leicestershire County Council and Melton Borough Council will enter into an agreement to share the risks associated with forward funding the MMDR ahead of development.

Conclusion

114. The justification for the recommended MMDR route to the north and east of Melton Mowbray has been reinforced by the latest modelling work, and nothing that has arisen during further work on the scheme or the consultation has fundamentally altered this. Any changes made as a result of further detailed design work are considered unlikely to have a material effect on the predicted costs and benefits of the scheme.
115. The financial risk of delivering the scheme will, in part, be mitigated by a financial agreement (Memorandum of Understanding) between the County Council and Melton Borough Council. Whilst it is hoped that the Local Majors Fund will enable construction of the MMDR to commence in 2020, the preparatory work will ensure that the project is 'shovel ready' for any other opportunities that arise.
116. In the context of planned growth, the MMDR will have considerable benefits for Melton Mowbray and Melton Borough, and indeed for Leicestershire and the wider region. As well as addressing existing traffic delays and congestion in and around Melton Mowbray, the MMDR will support the planned expansion and economic growth in the town and borough. The new route will include paths for non-vehicle transport and will also reduce traffic congestion and the number of HGVs travelling through Melton Mowbray, thus greatly improving air quality and reducing noise and vibration.
117. The MMDR will improve access for people living in towns and villages in the wider area surrounding Melton Mowbray and will contribute towards improved travel across Leicestershire and the Midlands, making journeys easier and more reliable.
118. The MMDR will benefit local residents and will help attract new investment and business to the town and Melton Borough.

Background Papers

Cabinet 10 March 2017. 'Melton Mowbray Transport Strategy and Distributor Road – Development of a Business Case and Identification of a Preferred Route':
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4859&Ver=4>

Cabinet 10 March 2017. 'Environment and Transport Interim Commissioning Strategy 2017/18 Refresh':
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4859&Ver=4>

Cabinet 9 May 2016. 'Progress with the Development of a Melton Mowbray Transport Strategy':

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4602&Ver=4>

Cabinet 11 September 2015. 'Development of a Melton Mowbray Transport Strategy':

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4230&Ver=4>

Cabinet 16 March 2015. 'Enabling Growth Plan':

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4360&Ver=4>

Cabinet 5 March 2014. 'Strategic Economic Plan and City Deal':

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=3988&Ver=4>

County Council 23 March 2011. 'Final Draft Local Transport Plan (LTP3)Proposals':

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=3057&Ver=4>

Options Assessment Report

<http://ow.ly/X4Pa30gVpsV>

Consultation Report

<http://ow.ly/SxQi30gVpBV>

Appendices

Appendix A - Outline Business Case summary

Appendix B - (Part 1) Equality and Human Rights Impact Assessment Screening Report
(Part 2) Equality and Human Rights Impact Assessment Screening

Relevant Impact Assessments

Equality and Human Rights Implications

119. An Equality and Human Rights Impact Assessment Screening Report and County Council Equality and Human Rights Impact Assessment (EHRIA) Screening have been produced in order to understand the potential impacts, both negative and positive, on protected characteristic groups. Comments have been sought on both reports from Public Health and the Departmental Equalities Group.

120. The conclusion of this screening is that there are a number of potential impacts that could affect groups with protected characteristics across Melton Mowbray. In particular groups most likely be affected are younger people, older people, people with disabilities and low income/deprived groups. At this stage there is insufficient clear evidence as to the level or direction of these impacts in terms of equalities and therefore it is proposed that a full impact assessment is undertaken using findings from the EHRIA process, as well as undertaking consultation with relevant groups and organisations.

121. Once further evidence has been collected, mitigation measures will be suggested to minimise or avoid potential negative impacts, in addition to recommendations for advancing equality of opportunity for those with protected characteristics. A monitoring plan will also be developed to ensure that impacts are monitored throughout the design and development of the proposed scheme, as well as through construction and operation stages.

Environmental Impact

122. The project team has made substantial progress in understanding the impacts of the proposal on the environment. Consultants AECOM, are leading on the ecological survey work for the County Council, have conducted the preliminary work and, subject to approval of the preferred route, will be continuing with the detailed survey work necessary to meet planning requirements. A draft Preliminary Ecological Assessment study has been produced through desktop study and on site surveys.
123. Air quality, flooding and noise investigations are underway in order to understand the potential impacts on residents and the environment.
124. A major environmental consideration along the proposed route is the impact on the River Eye, a Site of Special Scientific Interest. The proposed route would have to cross the River Eye and, because of its designated status and the considerations required regarding flooding issues in the vicinity, the Environment Agency and Natural England have been engaged as statutory consultees.
125. In addition to this statutorily designated site there are also a number protected species, non-statutory wildlife sites and a range of habitats of interest. In any future scheme phases further work would be carried out to fully investigate the impacts on species and habitat and consider opportunities for mitigation.
126. AECOM has also been commissioned by the County Council to undertake a preliminary archaeological assessment of the proposed distributor road. A Written Scheme of Investigation (WSI) sets out the methodology required for an archaeological geophysical survey of the proposed route. The method set out within this WSI has been written in consultation with the Principal Planning Archaeologist for Leicestershire County Council.

Environmental mitigation

127. An Environmental Impact Assessment (EIA) is being conducted, which investigates the likely environmental impacts that the recommended route would have on the surrounding area. This EIA is in its initial stages but will continue to be updated as more information from the data gathering and surveys is received, this will help to refine the preferred route as the design progresses.
128. Once the EIA is completed it will form part of an Environmental Statement (ES), which will provide a detailed description of the existing area, identifying features

of environmental importance such as protected land or species. The ES will analyse any impacts that might occur during the construction and use of the road. The EIA will also describe any changes made in the design to avoid or reduce these impacts.

129. A particular area of sensitivity concerns the effect on Melton Mowbray Country Park. The recommended route passes at its nearest point approximately 110m to the north of the Country Park. Discussions have taken place with the Friends of Melton Country Park about potential mitigation of impacts.
130. In general, across the whole route, investigations will be made into any visual impacts the road has on the landscape and seek to reduce these by looking at the design, its location, height and the option to plant trees or shrubs or create areas of planted higher and lower ground. Structures, fencing and planting will be introduced to provide opportunities for species to cross the road and enhance or create replacement habitats where required and practicable. At the point where the route passes the Country Park the road would cross the Scafford Brook on an open-span bridge, which presents an opportunity to provide a green corridor for wildlife beneath the structure.
131. Construction and environmental plans will be produced that detail what will be carried out in order to mitigate any impacts identified before any construction work begins. All the work undertaken will form part of good construction practice guidelines.
132. Construction best practice will also be considered to control and reduce construction noise such as restricting the number of hours contractors can work during the construction of the road. Where monitoring identifies an issue, mitigation measures will be considered to reduce noise levels where required and appropriate. This may take the form of low noise surfacing or noise reduction barriers. Similarly, where air quality may be affected measures will be considered to reduce dust whilst the road is under construction.
133. With regard to impacts on communities, access routes will be offered for farmers as required and land will be restored to appropriate uses where applicable. A shared off-carriageway footway/cycleway along the whole MMDR route would be provided for NMUs. Where existing rights of way, footpaths or bridleways cross the route, appropriate crossing points will be provided to ensure they are not severed.
134. With regard to the water environment, opportunities to slow the flow of surface water off the roads into the surrounding environment will be considered through the use of sustainable drainage systems (SuDS), which will help prevent discharges of silt and pollutants into local watercourses.

Partnership Working and Associated Issues

135. The County Council is the promoter of the project and has sought the expertise and assistance from others to deliver the project. Melton Borough Council has been a partner in the development of the Melton Mowbray Transport Strategy

and is supportive of the principle of a distributor road to the north and east of the town. Indeed, a financial agreement intended to facilitate risk sharing with respect to the OBC is being developed to reflect this joint approach.

136. A Project Board was established in May 2017 with representatives from the County Council, Melton Borough Council and relevant consultants working on the scheme.
137. In order to meet the timescales suggested by the Department for Transport, consultants have been engaged to deliver many elements of the necessary design and environmental work and to pull together the Outline Business Case. This has however been conducted collaboratively with local authorities and successful engagement took place in April 2017 with a multi-disciplinary workshop.

Risk Assessment

138. At this time, there are the following apparent risks:
 - (i) Failure to secure a suitable funding agreement with Melton Borough Council in order to enable submission of the Outline Business Case (OBC) and to continue with further development and eventual delivery of the distributor road scheme.
 - (ii) Failure to realise levels of anticipated funding contributions from other sources, including from developers.
 - (iii) Scheme costs increase as a result of further work undertaken to develop the scheme post submission of the OBC.
 - (iv) Compressed development and delivery timescales resulting in possible abortive work and/or lack of 'contingency' time to offset any programme delays that might arise.



Meeting: **Cabinet**

Date/Time: **Tuesday, 12 December 2017 at 2.00 pm**

Location: **Sparkenhoe Committee Room, County Hall, Glenfield**

Contact: **Ms. J. Bailey (Tel. 0116 305 6225)**

Email: **jenny.bailey@leics.gov.uk**

Membership

Mr. N. J. Rushton CC (Chairman)

Mr. R. Blunt CC Mr. J. B. Rhodes CC
Mr. I. D. Ould CC Mr. R. J. Shepherd CC
Mr. B. L. Pain CC Mr. E. F. White CC
Mrs. P. Posnett CC

SUPPLEMENTARY REPORT

| <u>Item</u> | <u>Report by</u> | |
|---|--|----------------|
| 5. Melton Mowbray Distributor Road Proposals. | Director of Environment and Transport and Director of Finance | (Pages 3 - 12) |





CABINET – 12 DECEMBER 2017

MELTON MOWBRAY DISTRIBUTOR ROAD PROPOSALS

**SUPPLEMENTARY REPORT OF THE DIRECTOR OF ENVIRONMENT
AND TRANSPORT AND DIRECTOR OF FINANCE**

Purpose of the Report

1. The purpose of this supplementary report is to advise the Cabinet of consideration of the financing agreement for the Melton Mowbray Distributor Road (MMDR) by Melton Borough Council's Policy, Finance and Administration Committee, and present the Heads of Terms (appended to this report). The Cabinet is asked to agree the revised recommendations and reasons for those recommendations which are set out in paragraphs 8 and 9 below.
2. This report also advises members of comments of the Environment and Transport Overview and Scrutiny Committee arising from its consideration of a report on the proposed MMDR.

Environment and Transport Overview and Scrutiny Committee

3. The Committee at its meeting on 7 December 2017 considered a report of the Director of Environment and Transport concerning the Melton Mowbray Distributor Road Proposals. Arising from discussion, the following points were raised:-
 - i) That the eastern route had been chosen rather than the western route as it was more economically viable being shorter and requiring less additional structures to be built along the route.
 - ii) Extensive community engagement had been carried out throughout the initial planning stage; this would be ongoing throughout the project. To date, there has been good support for the proposed route;
 - iii) The distributor road would be a single carriageway, at 7.3 meters wide, which was standard width for a distributor road. A dual carriageway construction was not appropriate at this time and another consideration was that this would pass through or adjacent to new housing developments. Members were assured that the distributor road would present a quick and efficient route around Melton Mowbray, due to the speed limits of up to 40 miles per hour on the northern stretch and 60

miles per hour on the eastern stretch. Plans for the distributor road would include cycle routes and footpaths;

- iv) The funding bid to the Department for Transport (DfT) included the northern and eastern section only. It was expected that construction of the southern section would be funded by developers as considerable development was planned for the southern side of Melton Mowbray as part of the Local Plan;
 - v) Members were assured that modelling work for the distributor road had considered the wider impacts of the road construction on traffic in and around Melton. Results showed that without construction of the northern/eastern section of the road, more traffic would be directed onto Welby Road and other roads around the town. The Transport Strategy for Melton Mowbray also included consideration of the wider transport issues such as walking and cycling, junction improvements, public realm and public transport.
 - vi) The total cost of the road was estimated at £74m. £55m would be sought from the DfT, and the remaining £19m would need to be funded from other sources. Most of the £19m would be recouped from developer contributions, but it was anticipated that there may be a shortfall. Officers of the County Council and Melton Borough Council had drafted an agreement which would enable any funding gap to be met by a combination of additional funding and revenue that the Borough Council would receive from housing developments and economic growth and County Council funds. This agreement was due to be considered by Melton Borough Council's Policy, Finance and Administration Committee on 7 December 2017. Members of the Committee commented that it was important that Melton Borough Council approved the funding agreement in order for the County Council to be in a position to submit a bid to the DfT.
4. The Committee resolved that the Cabinet be advised that it supported the submission of a bid to the DfT for funding of the Melton Mowbray Distributor Road subject to the approval by Melton Borough Council of the proposed funding agreement.

Melton Borough Council - Policy, Finance and Administration Committee

- 5. Melton Borough Council's Policy, Finance and Administration Committee considered a report at its meeting on 7 December 2017 regarding the submission of the Outline Business Case for the MMDR and discussions that had taken place with the County Council regarding sharing the burden of funding that would not be met from external sources.
- 6. The Committee agreed to financially support any unfunded element of the cost of the construction and delivery of the MMDR through a combination of New Homes Bonus, Business Rates and Council Tax as appropriate that was generated through the delivery of the road and to delegate authority to the

Chief Executive in consultation with the Corporate Director and Solicitor to the Council to develop the associated legal agreement with the County Council for submission to Melton Borough Council for final approval.

Heads of Terms for Financing the Melton Mowbray Distributor Road

7. The Heads of Terms have been drafted jointly by officers from the County Council and Melton Borough Council and set out the basis for a formal agreement between the two authorities. These are appended to this report.

Revisions to the Cabinet Report

8. The revised recommendations will be set out in the Order Paper for the Cabinet meeting. Changes to the original text are indicated below -
- (a) The responses to the consultation and evidence from the further work undertaken to develop the Outline Business Case for the northern and eastern sections of the Melton Mowbray Distributor Road (MMDR) be noted;
 - (b) The Cabinet reaffirms its decision to prioritise and progress the development of the northern and eastern sections of the MMDR;
 - (c) The route for the northern and eastern sections of the MMDR, as illustrated on the plan at paragraph 75 to this report, be agreed for the purposes of further development and consultation subject to ~~(ed)~~ and ~~(fe)~~ below;
 - (d) That the decision of Melton Borough Council's Policy Finance and Administration Committee agreeing to proceed with the funding arrangements for the MMDR as set out in the Heads of Terms be noted;**
 - (e) That the basis for the agreement regarding the future funding of the northern and eastern MMDR as set out in the Heads of Terms be supported and that the Director of Finance in consultation with the Director of Law and Governance, following consultation with the Cabinet lead member for Resources be authorised to record the agreement by an exchange of letters with Melton Borough Council;**
 - ~~(fe) Subject to agreement with Melton Borough Council before 22 December 2017 (the date for submission of the Outline Business Case to the Department for Transport) in the form of a Memorandum of Understanding regarding the future financing of the development and delivery of the northern and eastern MMDR,~~ **That subject to an exchange of letters with Melton Borough Council before 22 December 2017** further funding be committed by the County Council in order to -

- (i) Submit a planning application for the scheme in summer 2018 (including detailed design, environmental work, consultation, and preparation of statutory orders),
- (ii) Complete all further work necessary to prepare the scheme for construction by spring 2020 (noting this is subject to DfT funding and full completion of all necessary processes),
- (iii) Provide, in negotiation with the DfT, an appropriate local contribution, including underwriting forward-funding contributions to be provided by developers and/or third parties as necessary,

- noting that there could be additional scheme costs following submission of the outline business case and the Heads of Terms with Melton Borough Council will address how this will be financed;

- (ge) Pursuant to the above, that the officers identified below be authorised, in consultation with the Director of Law and Governance and following consultation with the relevant Cabinet Lead Members, to
- (i) Continue discussions with landowners and stakeholders, with a view to reaching voluntary agreement over the purchase and/or reservation of land for the northern and eastern sections of the MMDR where possible - *Director of Environment and Transport*;
 - (ii) Undertake to acquire by agreement necessary land (and) rights to facilitate delivery of the northern and eastern sections of the MMDR and make preparations in parallel for use of Compulsory Purchase Orders pursuant to the Highways Act 1980 and the Acquisition of Land Act 1981, taking all steps to include the preparation of Draft Order and Statement of Reasons - *Director of Environment and Transport and Director of Corporate Resources*;
 - (iii) Undertake further engagement and consultation arising from any changes or improvements to the recommended route that may arise from detailed design work and feedback - *Director of Environment and Transport*;
 - (iv) Agree the preferred route for planning and acquisition purposes - *Director of Environment and Transport*;
- (he) Subject to agreement with Melton Borough Council regarding future financing as set out above, the Chief Executive be authorised to approve and submit the Outline Business Case for the northern and eastern sections of the MMDR to the DfT as part of the bid for Large Local Majors Funding;

- (i) **That it be noted that assuming DfT funding for the MMDR is forthcoming, a further report will be submitted to the Cabinet regarding the detailed funding agreement between the County Council and Melton Borough Council;**
 - (j) A further report be submitted to the Cabinet prior to submission of a planning application to include, amongst other things -
 - (i) Any alterations made to the recommended route as a result of detailed design work or further consultation;
 - (ii) The detailed design and updated cost estimates for the scheme which will form the basis for the planning application;
 - (iii) Requests for approval to make and implement any required Compulsory Purchase Orders and associated statutory orders.
9. Paragraphs 4 to 7 of the main Cabinet report comprise the reasons for the recommendations. It is proposed that an additional paragraph is added, to the effect that -
- “The Heads of Terms set out the basis for a financial agreement between the County Council and Melton Borough Council, and will need to be refined further to enable the OBC to be submitted to the DfT by 22 December 2017. It is considered appropriate that the final detailed funding agreement should be submitted to the Cabinet for approval.”
10. The Director of Law and Governance has been consulted on this report.

Background Papers

Reports to Melton Borough Council’s Policy, Finance and Administration Committee (7 December 2017) -
<https://democracy.melton.gov.uk/ieListDocuments.aspx?CId=140&MId=787&Ver=4>

Appendix

Financing the Melton Distributor Road Heads of Terms (6th December 2017)

Officers to contact

Ann Carruthers
 Director, Environment and Transport
 Tel: (0116) 305 7000
 Email: Ann.Caruthers@leics.gov.uk

Chris Tambini
 Director of Finance
 Tel: (0116) 305 6199
 Email: Chris.Tambini@leics.gov.uk

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Financing the Melton Distributor Road

Heads of Terms

6th December 2017

Introduction

In support of Melton's Local Plan Leicestershire County Council (LCC) and Melton Borough Council (MBC) have a shared aim to build a new distributor road to the north and east of Melton Mowbray as part of the wider transport strategy for the town (the Melton Transport Strategy). Significant funding for the road will be sought from the DfT.

The scheme is anticipated to cost in the region of £74m (including £4m scheme development costs), based on the work completed to date. The local contribution would need to be c£19m (including scheme development costs) and c£55m will be sought from the DfT. Given the tight finances both organisations are facing the aim is that after development costs, the road will be fully funded from a combination of external contributions, developer contributions and tax increment financing (TIF). The preference would be for the first two sources to fully fund the road.

This funding mechanism will mean that both organisations anticipate that they will end up in a broadly neutral financial position as new NHB, council tax and business rate income generated by the residential and commercial development that the road unlocks will be used to reimburse LCC funds being provided. It is accepted that without the road, the development would be far more challenging, and therefore this income very unlikely to be generated.

The road is integral to the successful delivery of the Melton Local Plan and the associated housing growth.

Principles of a Financial Arrangement

LCC and MBC agree to;

- Actively seek contributions from other sources such as the business rate pool, business rate pilot (if successful) and other government funding streams to fund the new road.
- Ensure developer funding from proposed developments in Melton Borough (in particular the development in the North of Melton Mowbray and CIL) is provided for the road. In addition, take steps, where appropriate, to ensure any additional homes (not in the draft local plan) built as a result of the new

road generate similar levels of developer funding for the Melton Transport Strategy. While it is anticipated that the bulk, if not all, of the required local or “gap” funding could come via developer contributions, it is also accepted that developer contributions will also be required to fund other infrastructure e.g. schools, open space, affordable housing etc.

- Allocate growth in NHB, Business Rates and a proportion of Council Tax arising as a result of the new road. Both authorities will agree a baseline of local tax resources upon which contributions will be based. The baseline will be constructed in such a way so as to reduce the volatility of core funding from these sources and provide a ‘floor’ level of resources as far as is possible.
- Interest will be charged on the loan or any overpayment at a rate that would put LCC or MBC in a no worse off position. At the current time this would equate to interest income that would be earned on cash balances.
- Both authorities will share oversight through appropriate governance mechanisms.

Risk Share

Subject to a successful bid to the DfT Large Local Majors fund LCC will fully fund the scheme costs up front and will only seek repayment once the tax increment financing and developer contributions materialise,

To ensure the scheme is ‘shovel ready’ it is acknowledged that the County Council will need to spend up to £4m (included in the £74m estimate above) in advance of knowing the outcome of the competitive bid process. If the bid is unsuccessful this time around LCC will bear the full risk (subject the Decision Making section below). However, if successful in a later bidding round the scheme outlined above will operate.

The agreement relates to the total cost of the scheme from January 2018. It is noted that although significant work has been undertaken the scheme is at an early stage and costs are likely to change.

Review

The agreement will last until the cost of the distributor road is repaid.

A review of the agreement could be triggered if;

- There is a fundamental change in the cost of the scheme, defined as a change in costs of + or – 15%.
- There are significant changes by government to grant funding, developer contributions, business rates, council tax or NHB regulations/provisions or as a result of significant changes to the viability of the development leading to reduced developer contributions being available.
- The initial bid to the DfT is unsuccessful and a second bid is considered.
- Delays arise in the development providing developer contributions

Decision Making

MBC will positively and proactively deliver the housing requirements of the local Plan by determining planning applications in accordance with the Plan's policies taking account the Highways representations of LCC.. Both MBC and LCC will work proactively with applicants to secure developments and that those developments make an appropriate contribution to the distributor road. Both MBC and LCC acknowledge that failure to meet this requirement would result in both parties sharing the up to £4m at risk investment required to ensure the scheme is shovel ready.