



**ENVIRONMENT AND TRANSPORT OVERVIEW AND SCRUTINY  
COMMITTEE: 6 JUNE 2019**

**NORTH AND EAST MELTON MOWBRAY DISTRIBUTOR ROAD –  
PLANNING APPLICATION**

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

**Purpose of report**

1. The purpose of this report is to advise on the North and East Melton Mowbray Distributor Road (MMDR) planning application and update on issues around the risk-sharing agreement with Melton Borough Council (Melton BC) regarding developer contributions to the scheme that is still being finalised.

**Policy Framework and Previous Decisions**

2. Both the Cabinet and Scrutiny have received a number of reports in recent years on the transport strategy for Melton Mowbray and development of a distributor road. See Background Papers below.
3. At its meeting on 12 December 2017 the Cabinet noted the outcome of consultation on the proposed northern and eastern route of the MMDR and further work that had been undertaken to develop the Outline Business Case (OBC). The Cabinet reaffirmed its earlier decision to prioritise the northern and eastern sections of the MMDR, approved the 'recommended route' for further development and consultation, and agreed to commit funding to submit the planning application and to carry out all further necessary work to prepare the scheme for construction - subject to the necessary processes being completed. The Cabinet authorised officers to carry out various activities including continued dialogue with landowners and other stakeholders, acquiring land by agreement, and preparatory work in connection with any required Compulsory Purchase Orders (CPOs).
4. In view of the extremely tight timescale, the Cabinet authorised the Chief Executive to approve and submit the OBC to the Department for Transport (DfT) by 22 December 2017. The Director of Environment and Transport was authorised to undertake further engagement and consultation arising from any changes/improvements to the recommended route arising from detailed design work and feedback and to agree the 'Preferred Route' for planning and acquisition purposes.
5. It was noted that a further report would be submitted to the Cabinet prior to the submission of the planning application.
6. In July 2018 Cabinet received a report on progress with the scheme. The Cabinet authorised the submission of a planning application, and agreed that minor

alterations be made to the scheme as required during detailed design work, discussions with landowners/stakeholders continue to secure land needed for the scheme, and that Compulsory Purchase Orders and Side Roads Orders be made, confirmed and implemented. The Director of Corporate Resources was authorised to sign a Heads of Terms between the County Council and Melton BC.

7. As detailed in previous reports on the matter, the development of the MMDR is consistent with a number of the Council's plans and policies, including:-
  - The third Leicestershire Local Transport Plan (LTP3), which contains six strategic transport goals, of which Goal 1 is to have a transport system that supports a prosperous economy and provides successfully for population growth; and,
  - The Council's Enabling Growth Action Plan, which supports the development of market towns for employment land as a priority and refers specifically to working with Melton BC to plan for Melton Mowbray's growth.

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

8. Following the most recent Cabinet report (July 2018) work has been underway to progress the detailed design of the North and East MMDR scheme. This has included modelling, archaeological and ecological surveys, ground investigations, design work and extensive engagement with landowners.
9. The planning application was submitted in October 2018. The application was submitted to the County Council as the Planning Authority: in accordance with Regulation 3 of the Town & Country Planning General Regulations 1992. Under this regulation, the County Council determines planning applications for development which it is carrying out (or which is being carried out on its behalf). The detailed submission can be viewed via the County Council's [Planning Portal](#).
10. The County Planning Authority undertook a 30-day public consultation exercise on the planning application, from 14 October to 19 November 2018. A number of comments were received from interested parties, landowners and stakeholders.
11. As a result of feedback from the consultation exercise a small number of minor modifications were required to the proposals and some additional information was required to be provided. This formed an Addendum to the planning application, which was supplied to the Planning Authority on 18 March 2019. An additional 30-day consultation period took place, which concluded on 24 April 2019.
12. Following a request from the Planning Authority, a trenching report and an Archaeological Impact Assessment were submitted as another Addendum to the application. This necessitated a further 30-day consultation which ended on the 21 May 2019.
13. The planning application was considered by the Development Control and Regulatory Board on 23<sup>rd</sup> May 2019 and permission granted subject to conditions.

## Financial Risk

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

## Timetable

20. It is currently expected that the scheme programme will be:-
  - Risk Sharing agreement signed by the Council and Melton BC (Summer 2019);
  - Making of the Statutory Orders - CPO and Side Roads (Summer 2019); and,
  - Statutory Orders Objection period (with any required public inquiry being concluded and a favourable decision being made by autumn 2020). The process for Statutory Orders comprises the drafting making of orders setting out Compulsory Purchase requirements and impacts on Side Roads (existing highways and other rights of way) (July 2019) followed by an objection period, possible public inquiry and inspector's report and recommendations. This process is included in the design programme. The potential for a public inquiry is being mitigated through ongoing discussions with landowners around impact

minimisation and potential compensation packages. If a public inquiry is not required this would accelerate the programme, resulting in a potential main construction start date of autumn 2020.

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

- Procurement Process begins;
- Approval of Full Business Case by the DfT and release of funding (Spring 2020), subject to Cabinet approval;
- Land acquisition (December 2020);
- Contract Award (December 2020);
- Construction begins (February 2021);
- Construction ends (March 2023); and,
- Road opens (May 2023).

21. Should the Housing Infrastructure Fund (HIF) bid for the Southern section of the MMDR be successful, it is expected that the project scope for the existing North & East MMDR scheme would be widened to include this southern section. The southern link of the road is subject to award of HIF monies by Homes England and will be covered in a separate report to the Cabinet once the outcome of the bid is known. If the HIF bid is successful the risk share agreement with Melton BC will need to cover the Southern as well as the North and East sections of the road.

### **Resource Implications**

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

### **Timetable for Decisions**

24. The outcome of the planning application together with the financial risk-sharing issues above will be considered by the Cabinet on 25 June 2019.
25. A further Cabinet report will be taken prior to submission of the Final Business Case in late 2019 and again prior to any agreement being signed for award of DfT funding.
26. The Directors of Corporate Resources and Law and Governance have been consulted in the preparation of this report.

### **Background papers**

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

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

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

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

### **Circulation under the Local Issues Alert Procedure**

A copy of this report and the Cabinet 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.

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

27. An Equality and Human Rights Screening Report has previously been produced for this scheme and submitted as part of the Cabinet report dated 6 July 2018. See Background Papers above.
28. The full Equality and Human Rights Impact Assessment formed part of the planning application submission and can be viewed online – see Planning Application section. This includes full details of assessed impacts and proposed mitigation where applicable.

### **Environmental Impact**

29. A full assessment of the environmental impacts of the scheme was conducted as part of the Environmental Impact Assessment submitted with the planning application. This information is available through the LCC planning portal.

### **Officer to Contact**

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