

Agenda Item No. 8(d)

DERBYSHIRE COUNTY COUNCIL

CABINET

13 December 2016

Report of the Strategic Director – Economy, Transport and Communities

**A61 GROWTH CORRIDOR TRANSPORT INFRASTRUCTURE
(HIGHWAYS, TRANSPORT AND INFRASTRUCTURE)**

(1) **Purpose of Report** To seek approval to a revised funding proposal for the A61 Growth Corridor project and accept grant funding from the Derby, Derbyshire, Nottingham, Nottinghamshire (D2N2) Local Enterprise Partnership (LEP) Local Growth Fund (LGF) to support implementation of Phase 1 of the Strategy and to add the A61 Corridor project to the 2016-17 Capital Programme.

(2) **Information and Analysis** Cabinet will recall from its meeting on 24 March 2015, that the D2N2 LEP received an offer of £12.8 million of LGF grant (part of the Government's Wider Growth Deal funding package), supported by a £3.2 million local contribution. This was predominantly from private-sector developer contributions and was made towards a total £16 million package to provide infrastructure improvements and support major housing and employment growth along the A61 corridor in Chesterfield and north-east Derbyshire (Minute No.129/15 refers).

The offer of grant funding had followed successful submission of an outline business case developed in collaboration between the County Council, Chesterfield Borough Council (CBC) and North East Derbyshire District Council (NEDDC). This proposal had provisionally allocated £8 million to new infrastructure to provide access to three specified developments (The Avenue, Wingerworth; the former Biwater site, Clay Cross; and the former Wagon Works), and £8 million for highway and transport projects to mitigate for the impact of significant housing and employment growth proposals in the area. Funding was allocated as set out below:

	Site Access	Mitigation	Total
Local Contribution	£0.3 million	£2.9 million	£3.2 million
Local Growth Fund (LGF)	£7.7 million	£5.1 million	£12.8 million
Total	£8.0 million	£8.0 million	£16.0 million

Since the original business case was submitted, the Government has set out its preferred route for Phase 2 of High Speed 2 (HS2) which proposes that services connect to the existing Sheffield rail station via a spur through Chesterfield, calling at its rail station. Additional housing, employment and leisure growth proposals are also planned or being brought forward that are likely to increase pressure on the existing transport network such as enabling works for the Peak Resort major leisure and education complex due to commence over the next few months. The requirement for public-sector intervention to support access to developments has also reduced since the original business case was submitted. For example, the proposed new A61 access to the former Biwater site has been provided by the private sector developer, rather than requiring a contribution from LGF grant.

The D2N2 LEP Infrastructure and Investment Board (IIB) considered that the business case had materially changed since the original business case was submitted and asked the County Council to resubmit a revised business case that set out revised funding package as follows:

	Site Access	Mitigation	Total
Local Contribution	£0.6 million (Biwater Access)	£2.6 million	£3.2 million
Local Growth Fund (LGF)	£2.5 million	£10.3 million	£12.8 million
Total	£3.1 million	£12.9 million	£16.0 million

The overall project budget of £16 million therefore remains unchanged, as does the balance between LGF grant and local contributions. The budget for site access work is, though, reduced and that for mitigation work increased.

The D2N2 IIB accepted the revised business case proposals at its September 2016 meeting and Cabinet is requested to approve this revised funding proposal to finalise the draft A61 Growth Corridor Investment Plan.

A61 Growth Corridor Investment Plan

At its 24 March 2015 meeting, Cabinet approved the further development of an emerging strategy to finalise an investment plan for the A61 Growth Corridor. Mouchel Consulting was subsequently appointed by the County Council and has carried out the necessary preparatory works in accordance with the HM Treasury Green Book to ensure that the emerging proposals deliver the draft strategy objectives and delivered good value for money and to ensure that associated business cases submitted to future D2N2 IIB meetings are compliant with the requirements of the D2N2 LEP Assurance Framework.

During the past 12 months, Mouchel Consulting has examined a wide range of transport and land use information supplied by the County Council, CBC and NEDDC alongside feedback from key local stakeholders and elected

members from the County Council, CBC and NEDDC. The outcome of this stage of preparatory work established a long list of potential infrastructure interventions to be considered further. Mouchel Consulting has assessed and appraised this long list of candidate projects against objectives for the A61 Growth Corridor and also considered their affordability and deliverability to prioritise proposals for inclusion within a draft A61 Growth Corridor Investment Plan.

A further round of stakeholder and elected Member feedback is required to consider the outcome of the appraisal of candidate projects before the draft Investment Plan can be brought to Cabinet for approval.

However, in light of the Government's recent announcement of its preferred route for HS2, Cabinet is requested to approve that a review of draft Investment Plan proposals is carried out in conjunction with stakeholder and elected Member involvement. High speed rail services stopping at Chesterfield rail station would be transformational and has the potential to stimulate economic growth across a wide geographic area, but road and public transport links would need to be improved to ensure adequate capacity. A review of the Investment Plan at this time will ensure that future investment in the A61 Corridor fully takes into account the need to ensure that Chesterfield and wider areas of north Nottinghamshire, and of north and central Derbyshire are in a position to maximise the benefits of HS2 and to reduce any adverse impacts. For example, there is a close association between the Infrastructure Maintenance Depot at Staveley, the provision of high speed rail services to Chesterfield and housing and employment growth plans for the Staveley Regeneration Corridor. High speed services stopping at Chesterfield also offer significant potential for attracting and promoting tourism in the north Derbyshire and north Nottinghamshire area. It is anticipated that this review can be completed early in 2017.

The D2N2 IIB, at its meeting of 7 September 2016, approved a staged approach to the delivery of the A61 Growth Strategy over a period of five years to 2020-21. The funding profile includes £500,000 of LGF grant, to be drawn down during 2016-17. To enable the County Council to meet this funding requirement, Cabinet is being requested to approve the allocation of the £500,000 grant funding to several projects set out below in advance of considering the full A61 Growth Corridor Investment Plan. Cabinet should note that the projects selected have scored well against the strategy objectives, were highlighted as key priorities through stakeholder and elected Member feedback, and are deliverable in the required timescale.

Phase 1 Sustainable Transport Investment Along A61 Derby Road (Estimated cost £180,000)

Sustainable transport investment along the A61 south of Chesterfield town centre forms part of the broader strategy to help mitigate the impacts of land use development along a constrained corridor which is already subject to

significant levels of congestion. Cycling along the A61 Derby Road is already permitted on shared surfaces, but there is an opportunity to upgrade the facilities to give cyclists and pedestrians priority over vehicular traffic when crossing side roads. The improvements would also include public realm enhancements to create an attractive gateway for pedestrians and cyclists entering the Rother Washlands and the first phase of a comprehensive pedestrian and cycle wayfinding strategy to direct users to key destinations across Chesterfield using existing facilities.

Alma Leisure Park Traffic Signals Upgrade (Estimated Cost £120,000)

The existing Alma Leisure signals would be replaced and upgraded with new technology, including bus detection, to reduce journey times for buses, connection to an urban traffic control (UTC) system and better crossing facilities. UTC systems enable greater control of traffic signals and the use of traffic flow data to intelligently respond to reduce congestion and delays. The County Council does not currently operate an UTC system, although it is anticipated that UTC systems will form a future function of the Derbyshire Highways Hub, currently under development, as approved on 23 August 2016 at the Cabinet Member meeting - Highways, Transport and Infrastructure (Minute No. 98/16 refers).

Pre-Compliance Funding (Estimated Cost £200,000)

Cabinet will recall that it approved a budget of £500,000 to support the preparation and development of several major projects, including the A61 Growth Corridor within the 2015-16 Economy, Transport and Environment Service Plan. Local Transport Plan (LTP) funding for the preparation and development of County Council promoted projects is usually required to enable the requirements of the D2N2 Assurance Framework to be fully met in advance of D2N2 IIB approval to draw down LGF grant. This budget (LTP 2015-16 Scheme 02 08 01) continues to support development of a number of projects. However, the D2N2 Assurance Framework now enables LGF to be drawn down before compliance with it (pre-compliance) for the preparation and development of projects where there is a good reason to do so. Cabinet should note that pre-compliance funding is drawn down at the promoters' risk and that it would be clawed back from the promoter (in this case the County Council) in the event that the associated projects do not subsequently receive D2N2 IIB approval. Two projects with strong stakeholder and elected Member support, and anticipated to have good value for money cases, require design and preparation work plus land assembly to ensure that they are both ready to commence during 2017-18.

The first of these is a continuation of the provision of new and upgraded pedestrian and cycle routes along the A61 corridor south, initially towards The Avenue major development site and, in due course, towards the former Biwater site and Clay Cross.

The second is the provision of a second principal access into The Avenue major development site. The first access is now in place and provides sufficient capacity for development being brought forward by the Homes and Communities Agency (HCA), but with no capacity for other development. There are a number of parcels of land with different owners for which no satisfactory means of access is yet in place, and the provision of a second access would accelerate the delivery some 514 new homes and (a conservative estimate of) 200 jobs. The project requires LGF support as the delivery mechanism is complex with several different developers (including HCA and NEDDC) requiring access, as well as viability concerns that are likely to delay the delivery of the second access by the private sector.

Draw-down of pre-compliance funding will support design and preparation work for these two future elements of the A61 Growth Corridor Strategy, to be carried out in-house or through the existing PSP2 contract with AECOM. Doing so will not affect the use of the Scheme 02 08 01 budget for other projects.

The D2N2 IIB considered the value for money assessment, business case and application for pre-compliance funding for the 2016-17 A61 Growth Corridor programme at its meeting of 15 December 2016. Subject to the D2N2 IIB accepting the 2016-17 proposals, Cabinet is requested to accept the £500,000 LGF grant funding towards the projects set out in this report and to add these projects to the 2016-17 Capital Programme.

(3) **Financial Considerations** The A61 Growth Corridor Strategy is estimated to be £16 million (gross budget), including allowances for design and construction. This report relates to acceptance of £500,000 from the 2016-17 element of LGF grant allocated towards the design and construction of projects associated with the A61 Corridor. The design element replaces LTP funding (Scheme 02 08 01) which has, to date, funded preparation work on the project. As noted in the report, the LGF funding is subject to D2N2 IIB acceptance of a business case relating to these projects at its meeting of 15 December 2016.

(4) **Legal Considerations** Promoters of projects are required to satisfy the D2N2 IIB that each project complies with State Aid rules before a project is approved. The Director of Legal Services will provide advice on the application for State Aid rules to each project being promoted by the County Council as part of the A61 Growth Corridor Strategy.

A clawback mechanism will be put in place to recover appropriate contributions from those developments assessed as being dependent on the second access to The Avenue Development Site should the County Council be required by the D2 N2 LEP to repay any LGF grant used from pre-compliance work by the Council.

(5) **Property Considerations** Future reports will be required as appropriate to approve land assembly or undertaking necessary agreements.

(6) **Social Value Considerations** Sustainable transport investment will provide better connectivity and improve access to jobs and services and leisure opportunities along the A61 Corridor. New and upgraded cycle and pedestrian routes and a second A61 access to The Avenue will provide connectivity to support the delivery of new housing and employment growth sites, and develop a thriving tourism sector to support the creation of new jobs in the local economy.

A Skills Plan is currently in development to maximise social value during the construction of the second access to The Avenue and will inform the selection of suppliers at the procurement stage. The Skills Plan will consider training and supporting the local supply chain.

The A61 Growth Corridor Strategy will help meet the D2N2 LEP target to create 55,000 jobs and 77,000 housing units across the D2N2 region by 2023.

(7) **Transport Considerations** The Derbyshire LTP supports the development of cycling and pedestrian networks. The proposals support the delivery of economic growth associated with new housing, employment and leisure development by seeking to manage travel demand by prioritising walking and cycling improvements within the early build out period of new development and to provide new access to development sites.

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, human resources, environmental and health considerations.

(8) **Key Decision** Yes.

(9) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(10) **Background Papers** Held on file within the Economy, Transport and Communities Department. Officer contact details - Jim Seymour, extension 38557.

(11) **OFFICER'S RECOMMENDATIONS** That Cabinet approves:

11.1 The revised funding proposal to enable an Investment Plan to be finalised for the A61 Growth Strategy.

11.2 The undertaking of a review of the A61 Growth Corridor Investment Plan proposals in light of the Government's recent announcement of its

preferred HS2 route in conjunction with proposed stakeholder and elected Member involvement.

- 11.3 The acceptance of £500,000 grant funding from the Derby, Derbyshire, Nottingham, Nottinghamshire (D2N2) Local Enterprise Partnership (LEP) for the projects listed in this report to form Phase 1 of the A61 Growth Corridor Strategy, subject to acceptance of the 2016-17 proposals by the D2N2 Infrastructure and Investment Board.
- 11.4 The addition of these projects to the 2016-17 capital programme.

Mike Ashworth
Strategic Director – Economy, Transport and Communities