

**Agenda Item No. 7(a)**

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**16 June 2015**

Joint Report of the Chief Executive, the Strategic Director – Economy, Transport and Environment and the Director of Finance.

**MARKHAM VALE (STRATEGIC POLICY, ECONOMIC DEVELOPMENT AND BUDGET)**

(1) **Purpose of Report** To inform Cabinet about the continuing success and progress in developing Markham Vale and provide an overview of economic development over the last few years.

(2) **Information and Analysis** Markham Vale is the Council's flagship regeneration project to create an attractive and accessible business park over a 85 hectare (209 acre) site. Centred around the former Markham Colliery site located between Staveley and Bolsover, the project was set up in 2006 to create up to 5,000 jobs, bring in around £170 million of private sector investment and develop over 3 million ft<sup>2</sup> of commercial floor space.

Progress in developing Markham Vale was last considered by Cabinet on 27 November 2012 (Minute No. 357/12 refers) and on 11 February 2014 in relation to Markham Vale North (Minute No. 56/14 refers).

**Overview**

To date, the Markham Vale project has brought forward 75 of the 209 available acres; 45 acres are fully developed and occupied and a total of 732 full time jobs have been created. Recent success has included:

Waterloo Court (5,012m<sup>2</sup>) - now fully occupied following the recent letting of Unit 8 to AW Repair Centre Ltd, an East Midlands based company which has three other similar operations around the region. This new facility is expected to create up to 25 new jobs as the business develops and is the only leasehold unit, following the sale of the freehold of Unit 3 to CRT Investments Ltd in February 2015.

Plot 1 - an 18 month rental agreement has been reached with Costain (working on behalf of Highway England on the adjacent stretch of the M1 motorway) for temporary use of approximately 11 acres of land at the rear of Plot 1, and securing some valuable income in the short/ medium term. For the longer term, agreement has now been reached with Great Bear Ltd for the construction of a 480,000ft<sup>2</sup> distribution warehouse on the plot which, when fully operational, will create 400 new jobs. The works programme allows for construction of the building to commence on a phased basis thereby enabling the temporary lease with Costain to run to its full term without disruption. Construction of this new development for the Cheshire based company is expected to start Autumn 2015 and will be complete in September 2016, subject to securing detailed planning permission.

Plot 1 North - construction started in October 2014 for a 100,000ft<sup>2</sup> factory warehouse and office building. The speculative development of this unit forms part of the Council's commitment within the terms of the Enterprise Zone Capital Growth Fund (CGF) secured from the Department for Communities and Local Government (DCLG). Following receipt of the grant, agreement has been reached with Inspirepac Ltd to take this development to provide an additional manufacturing and printing facility to the company's existing premises in Chesterfield. Construction is due to be completed in late Spring 2015 with the aim of the facility becoming fully operational in September 2015, bringing forward 125 new jobs over the next 5 years.

Plot 2 North - on the opposite side of Markham Lane, development agreed with Gould Alloys for a 50,000ft<sup>2</sup> building, safeguarding 30 jobs and creating an additional 10 new jobs. Construction started in September 2014 and due to be handed over to the company in Spring 2015.

Plot 5 - two new developments were completed in October 2014. The first was Ready Egg Products Ltd, a Northern Ireland based company, which selected Markham Vale for expansion of its business into the European market. The food manufacturing company plans to create 50 new jobs in the 34,700ft<sup>2</sup> building. The second development, Holdsworth Foods Limited, purchased the adjoining plot for its second building at Markham Vale, comprising a 17,900ft<sup>2</sup> refrigeration warehouse and office building to create up to 30 new jobs.

Enterprise Way - constructed in 2013 and has enabled 22 acres to be brought forward for development on Plots 6 and 7. On Plot 6, terms have now been agreed for the construction of a 40,000ft<sup>2</sup> warehouse and office building (starting, May 2015) enabling Meter Provida Ltd which will safeguard 20 jobs and create a further 20 new jobs. Plot 7 East - several new developments have been secured which will help meet the service demands for the growing business community

This includes completion of the drive-thru McDonalds, the opening of the Little Castle (pub/restaurant) and development by Eurogargage Ltd on a 1.5 acre plot comprising petrol filling station, Spar shop, Greggs and Subway and drive-thru Starbucks. These businesses are fully operational and currently employ 119 full time equivalent members of staff. Terms have also been agreed for a further drive-thru restaurant and construction of a KFC restaurant which is due to commence in Summer 2015.

Two remaining plots in this area are being marketed for similar ancillary service related uses, whilst a hotel marketing brochure has been produced for Plot 7 West on the opposite side of Enterprise Way.

Of the above developments that have been completed, the private sector investment secured at the site is estimated at between £40m and £48m; for the developments that have been secured but not yet completed, the additional private sector investment is valued at approximately £55m.

### **Development in the Enterprise Zone**

A number of development plots on Markham Vale had previously been granted Enterprise Zone (EZ) status as part of Sheffield City Region's EZ. Route announcements for HS2 have impacted on several of the EZ development plots at Markham Vale, most notably Plot 1 which was ready for development, and Plot 13 on Markham Vale North. Detailed discussions between the Council, SCR and Government departments have led to the widening of the EZ area, enabling additional development plots to have the benefit of Enhanced Capital Allowance (ECA), including Plot 6 on the western side of the motorway and the whole of Markham Vale North (Plots 13, 14, 15 and 16).

### **Progress on Infrastructure and Facilitating Further Development**

Planning approval for the overall site required that part of Erin Road between Duckmanton and Poolsbrook be refurbished in order to meet the projected traffic movements from the new development. Funding secured from the CGF enabled the final section of Erin Road to be refurbished between August 2014 and March 2015, with works including the construction of the new access point for the Seymour Link Road and the installation of ducting for new utilities to service the development plots.

The CGF has also financed the commissioning of major utilities which are currently in the process of being installed; the largest of these is a 30 Megawatt (MW) primary sub-station adjacent to Erin Road of which 22MW is specifically reserved for the Markham Vale development. Orders have also been placed for the installation of utilities specific to each plot development as the construction of

each new building starts, followed by the installation of street lighting, footways and boundary landscaping.

The development of Markham Vale East and West is progressing and attention has focussed on bringing forward the plots on Markham Vale North, which was previously the site of Seymour Colliery. Securing the CGF of £14.2m has enabled the Council to award a major earth works contract to Chesterfield-based Fitzwise Ltd. Work on this contract started in September 2014 and is expected to be completed in July 2015. These works will create four large development plots which can accommodate buildings between 100,000ft<sup>2</sup> and 800,000ft<sup>2</sup>. Plot 13, the largest plot, is slightly affected by the proposed HS2 route, reducing the length of the plot by up to 100m at its western end.

In order to bring forward these development plots the Seymour Link Road needs to be constructed, along with the installation of appropriate utilities. Funding bids are being progressed with the two Local Economic Partnerships (LEPs) of Derbyshire and Nottinghamshire (D2N2) and Sheffield City Region (SCR) to contribute towards the £7.56m costs of the project. Approval of the funding from SCR (£3.78m) and D2N2 (£2.56m) is dependent on the Council contributing £1.22m towards the project costs. The funding is also dependent on the Council providing detailed estimates and tender prices.

To this end, procurement of the main contractor for the road construction element has commenced, utilising the Midlands Highways Alliance framework contract, approved by Cabinet on 14 April 2015 (Minute No.168/15 refers). The Early Contractor Involvement (ECI) element of this framework process involves selecting a preferred contractor to assist the Council in achieving a priced tender which will form the basis of the final funding application stage. Cost estimates and quotes for other elements of the works are also being obtained comprising utilities, Network Rail land fees, validation testing and project management. Subject to securing funding and the necessary planning permission, work is expected to start on site in September 2015 for 12 months.

### **Planning and Environmental Quality**

The Council continues to work closely with Chesterfield, North East Derbyshire District Council and Bolsover District Council planning authorities in the preparation and submission of planning applications for either new development proposals and/or the discharge of conditions relating to the various phases of the overall Markham Employment Growth Zone.

Over the past year, revisions have been secured to ensure that planning permission remains valid, given the length of time since the original approval to meet the requirements of changes in planning legislation and accommodate

minor revisions to design. This includes a revision to the junction layout for the Erin Road/Seymour Road which was secured in 2014 following acquisition of part of the Bolsover Branch Line, enabling cost savings of approximately £2.5m to be made by removing the need for a new roundabout and loop road crossing over Erin Road. In addition, a second Section 73 application was submitted this Spring seeking approval for minor variations to the alignment of the Seymour Link Road to secure a more efficient layout of development plots.

In undertaking work to prepare the northern part of the site for development, a number of environmental issues have been addressed, including the relocation of Great Crested Newts (GCN) in to a purpose-built habitat and the investigation of archaeological remains. An archaeological excavation was also initiated following a request by the County Archaeologist based on results from ground penetrating radar surveys. The excavation confirmed the footprint of a Bronze Age roundhouse; a report providing detailed findings is being prepared and will be submitted for consideration by Cabinet in due course.

BEAM, continues to assist the Council in delivering a Public Art Action Plan.. Cabinet previously approved the Markham Horse installation proposed by the nationally acclaimed artist, Jo Fairfax but HS2 proposals indicated the provisional route of the proposed rail line as passing directly in front of the planned installation. Following a review of the proposals and having regard to the uncertainty this created, the Markham Horse installation has been removed from the Public Art Action Plan and is no longer being pursued.

Instead, the Markham Mining Memorial now forms part of the Public Art Action Plan and the artist, Stephen Broadbent, has been commissioned to develop the Walking Together installation, comprising 106 figures which represent the number of miners killed in the three colliery disasters at Markham, along with a memory wall at the Environment Centre.

The first two Walking Together figures were installed on the 40<sup>th</sup> anniversary of the 1973 disaster at the same time as a commemoration stone was unveiled at the adjacent mineshaft location. A working group comprising former miners, schools, representatives from community groups and local historians has been established to help progress the project and a bid has been submitted to the Heritage Lottery Fund seeking a contribution towards the cost of installing further figures and the Memory Wall.

The Council has also agreed for Staveley Canal Basin site to be used by the Chesterfield Canal Trust and the Inland Waterways Association to host the National Trail Boat Festival in 2016 within the context of the 'Community Festivals' element of the Action Plan.

## **Other Services**

The Council has a growing reputation and success in assisting new businesses to identify and fulfil their recruitment and training needs via the 'Markham Vale Workforce Recruitment and Training Service' (see Appendix 1). A range of companies have taken advantage of this service, including Andrew Page, McDonalds, Marston's Inns, Costains, Fitzwise Ltd and Eurogarage Ltd and there is continuing demand for the service.

Landscape management and maintenance works across the whole site continue to be delivered utilising a range of resources comprising contractors, the Council's Property Services, AllRoads and Markham Vale Land Services (MVLS). MVLS is a dedicated team established within Adult Care where service users are provided with training and support across areas such as landscape and horticulture.

## **Governance: Partnership Working with Henry Boot Development Limited**

Henry Boot Development Limited (HBDL) was appointed in 2003 as the Council's private sector partner to develop the Markham Vale project. The Partnership Agreement requires both partners to work in a spirit of mutual trust and co-operation and sets out key elements and roles of each partner. A number of Boards have been established to oversee the delivery of Markham Vale, including: an Operational Board which undertakes day to day supervision of the development and a Senior Officers' Board which manages the implementation of the development as a whole. Each Board consists of three representatives from Derbyshire County Council and three from HBDL. These Boards continue to meet regularly; the Operations Board monthly and the Senior Officers' Board, quarterly.

Advice on managing the Partnership Agreement between the Council and HBDL and the individual development disposals continues to be provided by Geldards LLP.

## **Programme Management**

Since the last report, the Council and its development partner, HBDL have brought renewed vigour to the Markham Vale development. Coupled with improvements in the economic climate and success in securing significant grant funding, the volume and pace of work has increased over the last few years, commensurate with delivering the essential infrastructure and development plots to meet the higher level of investment demand.

As outlined earlier in this report, major works are already underway and further work is planned to start on the Markham Vale North for which three initial enquiries have already been received from businesses looking to locate here.

The anticipated progressive development on Markham Vale West and the infill development on Markham Vale East will require the completion and installation of plot-specific infrastructure over the coming year.

Ensuring timely project and programme delivery continues to present challenges for service capacity but is aided by the Council's approach to delegated approvals with the Leader and Chief Executive. To support continued programme delivery, Economy, Transport and Environment will continue its approach to project and programme management, ensuring critical alignment of available funding streams to support delivery.

## **Budget**

### **2014-15**

The approved Service Plan budget for 2014-15, incorporating slippage from the previous year, resulted in an approved budget for the year of £17.32m with an outturn expenditure of £11.48m.

### **2015-16**

The Capital budget for 2015-16, incorporating slippage from the previous year, resulted in an approved budget for the year of £8.905m comprises £8.74m MEGZ capital and £0.165m Land Reclamation.

## **Overall**

As reported to Cabinet on 11 February 2014, the Council was successful in securing £14.2m of Capital Growth Fund from DCLG. The due diligence process was completed in May 2014, enabling the Council to begin procuring works to deliver the commitments. These works are reported above and the final quarterly payment of the £14.2m was claimed in March 2015. Part of the match funding for the grant is £7.56m towards the Seymour Link Road, as reported above.

(3) **Financial Considerations** The previously approved budget of £77.304m was agreed by Cabinet on 2 February 2010. Since that time, the project budget has been reassessed with the result that the project cost estimate has increased to £88.54m. There are a number of significant factors that have resulted in this increase: the main areas are 15% construction costs increase from the date of the previous estimate of December 2009 (£4.1m), particularly in relation to construction and fuel elements; increased costs of constructing the Staveley Northern Loop Road (£3.85m); increased costs of supplying electricity utilities to Seymour (£2.5m) and meeting the costs of Part 1 Land Compensation Act claims which were not included in the original budget (£0.5m).

Progress is being made to offset these cost and other potential increases by the use of value engineering, i.e. saving £2.5m on the Erin Road/Seymour Road junction and the redesign of the Seymour plots, along with increases in grant income (£14.2m CGF grant and the anticipated grant funding from SCR and D2N2 of £6.34m). Further opportunities for grant income will be pursued as and when funding schemes are announced.

The level of private sector investment invested at the site was originally estimated at £170m; the revised estimate values this at a level in excess of £200m.

The budget and programme will be kept under review and regular reports made to Cabinet, including a future report on the current progress and funding of the Markham Vale Environment Centre extension which is planned to be reported to Cabinet in September 2015.

### **Other Considerations**

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

(4) **Key Decision** No.

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

(6) **Background Papers** Held on file within the Economy, Transport and Environment Department. Officer contact details – Peter Storey, extension 35417.

(7) **OFFICER'S RECOMMENDATIONS** That Cabinet notes the success and recent progress in developing Markham Vale.

**Ian Stephenson**  
**Chief Executive**

**Mike Ashworth**  
**Strategic Director – Economy,**  
**Transport and Environment**

**Pete Handford**  
**Director of**  
**Finance**



## Markham Vale Workforce recruitment and training service

As part of the joint venture with Henry Boot Developments, Derbyshire County Council (DCC) offer a free service that has been developed to meet the workforce needs of businesses locating to, and operating from Markham Vale.

The aim is to provide clients with an efficient and effective service by utilising the expertise of a range of key influential partners and organisations who have a direct involvement in the supply and training of the local labour force to maximise opportunities for local communities.

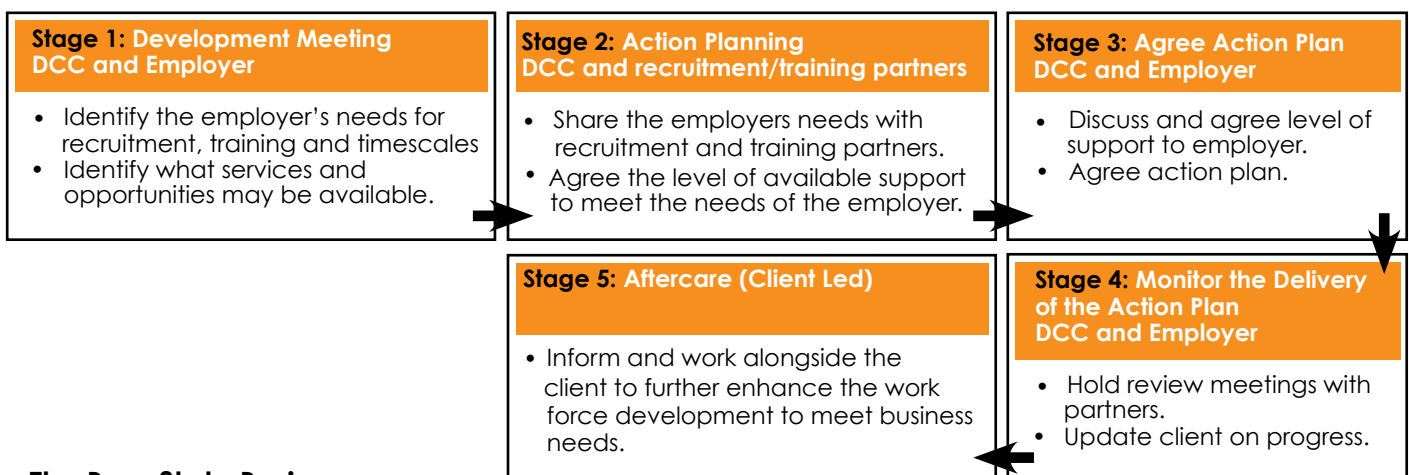
### The Offer

A number of service options are available suited to the varying needs of businesses

- Vacancy Handling – Assistance promoting vacancies with relevant partners and provide clients with comfortable interview facilities.
- Job Matching – Screening candidates against required skills and competencies, giving clients a trouble-free route to a pool of suitable candidates.
- Unlock funding – Work with partners to secure funding (where available) to enable the delivery of tailored training programmes specific to particular business and recruitment needs.
- Aftercare – Keep clients up to date with opportunities for ongoing employee development and training

### The Process

- Conduct a need analysis with the client to determine the employment opportunities and the level of skills and abilities required.
- Develop an action plan with relevant partners that will be agreed with the client.
- Manage the delivery of the action plan ensuring it is successfully delivered.



### The Benefits to Business

- A client focused and tailored one stop shop for the client employment needs aimed at ensuring the local labour market is job ready.
- Cost savings on recruitment through the services offered
- Signposting to other opportunities that may benefit the business financially.
- Information and assistance to unlock funding for specific training needs of new or existing employees.

For more information on the services available please contact

**Trudi Saxton**  
Centre Manager  
Markham Vale Environment Centre  
Markham Lane, Markham Vale, Chesterfield, S44 5HY  
[www.markhamvale.co.uk](http://www.markhamvale.co.uk)  
[www.environmentcentre.co.uk](http://www.environmentcentre.co.uk)  
01246 826000