

DERBYSHIRE COUNTY COUNCIL

CABINET

14 September 2017

Report of the Strategic Director – Economy, Transport and Communities

**HOUSING INFRASTRUCTURE FUND (HIGHWAYS, TRANSPORT AND
INFRASTRUCTURE)**

(1) **Purpose of Report** To update Cabinet on potential funding opportunities for infrastructure to unlock housing sites in the County and to seek agreement for the Council to prepare suitable projects for submission, working in collaboration with other upper tier and district/borough authorities in the region.

(2) **Information and Analysis** The Housing Infrastructure Fund (HIF) was announced by the Government during July 2017 as its ambitious £2.3 billion investment programme to unlock sites and bring forward much needed housing. The target is to facilitate delivery of up to 100,000 homes across England and it is to be spent predominantly in the period up to 2021.

The fund will be divided into two streams:

Marginal Viability Funding - intended to address situations where delivery of critical infrastructure can either allow a 'stalled' housing site to proceed or at least to become deliverable. Government guidance makes clear the expectation is to see housing delivery follow "at pace" behind completion of the infrastructure; on this basis, strong commercial interest will need to be demonstrated if sites are to receive HIF support. Only single tier or district/borough authorities can make bids to this fund.

Forward Funding - this element of the programme is intended to support a small number of major infrastructure projects, costing up to £250 million, which can provide a strategic uplift to the ability of an area to release housing sites. The Government wants to ensure this level of major investment is used as the stimulus for other public and private sector initiatives to bring housing forward. Only upper tier authorities can make bids to this fund.

The timetable for both bid preparation and project delivery is challenging. Submissions of bids for the Marginal Viability Fund have to be made in full by 28 September 2017 and for the Forward Fund, expressions of interest have to be made by the same date, full applications by March 2018 and confirmation of successful projects being received in summer of 2018. The Government

has confirmed that all funding will need to be fully spent by March 2021 which gives either a four or three year timetable for the Marginal Viability and Forward Funding respectively, essentially implying that pipeline projects are most likely to be successful.

Potential Projects - Marginal Viability Funding

Although the County Council does not automatically have a role to play in submissions for Marginal Viability Funding, much of the infrastructure linked to the sites is likely to relate to County Council functions such as education, flood prevention or highways. On this basis, joint discussion with district and borough authorities is on-going to collate and agree appropriate submissions, but examples of those schemes currently under consideration (although subject to change in the period leading up to submission) include:

- Drakelow Park, South Derbyshire (bridge and bypass addressing off-site highway impact)
- Bolsover North (link road addressing off-site highway impact)
- Portfolio of sites in the High Peak area – including Fairfield Link Road, Buxton (link road providing direct access to housing)
- Staveley Depot

Potential Projects - Forward Funding

The main challenge for submission to this fund is ensuring projects are in a sufficient state of readiness to be deliverable between 2018 (when the projects will be announced) and 2021. At the moment, there are a number of potential interventions within Derbyshire on the scale envisaged for Forward Funding that could form the basis of a strategic bid, primarily linked to the two HS2 (high-speed rail) growth zones in the north and south of the County.

Cabinet will be aware that the Government's proposals for HS2 includes an East Midlands Hub station at Toton (adjacent to Long Eaton), a spur serving Sheffield with some high-speed services calling at Chesterfield, and a track maintenance depot at Staveley. Work on the East Midlands Growth Strategy has already identified that maximising the connectivity opportunities brought about by high-speed rail will be dependent upon linking these with other transport improvements, skills, employment and housing delivery.

Those interventions currently under consideration for inclusion in a Forward Funding bid are:

The South Derby Growth Zone - this major mixed-use development proposal will link Infinity Park within Derby City to the provision of over 3,000 homes and 5,000 jobs on land south of the City and accessed by a new junction on the A50. This junction, together with distributor roads within the Growth Zone, represents a major infrastructure requirement to be addressed in order to provide momentum to the project.

Land North of Denby - new junction on the A38 Trunk Road, plus distributor roads within the site, will facilitate major mixed-use development on the Cinderhill brownfield site, the housing elements of which are valid to be considered part of the HS2 Growth Strategy.

Northern Derbyshire Growth Zone – made up of two key elements:

- a) Staveley Regeneration Route - this highway development has the potential to release significant development of homes and jobs, relieve pressure on existing roads and provide a high-standard access to the Infrastructure Maintenance Depot.
- b) Hollis Lane Link Road - this link, which has been proposed within the context of Chesterfield Borough Council's Local Plan, would provide a significantly improved bus access to the town's rail station and avoid the need for much station traffic to pass through the town centre. Combined with revised car parking around the station, it can also facilitate the release of land for housing which is currently occupied by surface car parks.

Alongside the above, it is likely that infrastructure proposals will come forward from Nottinghamshire and Nottingham City for inclusion in a wider HS2 Growth Strategy submission. It is a requirement of Forward Fund bids that these demonstrate strong local commitment to delivery, and it is anticipated that the Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership (D2N2 LEP) will offer to coordinate the bid in order to make it as strong as possible. In order to assemble a strong proposal by the deadline of 28 September 2017, a significant amount of work is required to be undertaken on the costs, benefits and deliverability of the individual projects within the proposed submission and it is possible that further to this assessment, some projects may need to be omitted if these weaken rather than strengthen the overall business case.

The need to submit an expression of interest by 28 September 2017 precludes further formal reports to Cabinet and it is recommended that Cabinet authorises the Strategic Director - Economy, Transport and Communities and the Director of Finance and ICT to approve the County Council elements of a Forward Funding bid, following discussion with the Cabinet Member for Highways, Transport and Infrastructure and the Cabinet Member – Economic Development and Regeneration.

(3) Financial Considerations Nottinghamshire County Council has procured through existing frameworks consultancy services to support a Forward Funding application. Any Derbyshire County Council contributions to the preparation of the Forward Fund Expression of Interest bid will be met from within existing Economy and Regeneration Service Revenue budgets. Costs are not yet known but Cabinet is requested to authorise a maximum contribution of £15,000.

(4) **Social Value Considerations** Major construction projects such as those which are eligible for HIF support will bring about significant opportunities (through the procurement process) for community engagement and skills development. Each of these will need to be addressed as contracts for the project are prepared.

Other Considerations

In preparing this 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.

(5) **Key Decision** No.

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

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

(8) **OFFICER'S RECOMMENDATIONS** That Cabinet:

- 8.1 Notes the intentions of Derbyshire district and borough councils to submit proposals for Marginal Viability Funding to unlock a number of housing sites across the County, and that some of these will involve infrastructure for which the Council may become responsible.
- 8.2 Approves, in principle, the submission of a Forward Funding bid by the County Council and partners for a package of major infrastructure associated with the Growth Strategy for High-Speed Rail in the East Midlands.
- 8.3 Approves the engagement, jointly with Nottinghamshire County Council, of consultants to assist with the preparation of a Forward Funding bid with a maximum contribution of £15,000.
- 8.3 Authorises the Strategic Director - Economy, Transport and Communities and the Director of Finance and ICT to approve the County Council elements of a Forward Funding bid, following discussion with the Cabinet Member – Highways, Transport and Communities and the Cabinet Member – Economic Development and Regeneration.

Mike Ashworth
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