

DERBYSHIRE COUNTY COUNCIL

CABINET

8 November 2018

Report of the Strategic Director – Economy, Transport and Environment

**HOUSING INFRASTRUCTURE FUND – FORWARD FUND PROJECTS
(HIGHWAYS, TRANSPORT AND INFRASTRUCTURE)**

(1) **Purpose of Report** To update Cabinet on progress towards the submission of a full business case for grant funding towards critical highway infrastructure, to seek approval in principle for land assembly and to seek approval for the County Council to act as applicant for infrastructure brought forward through the HS2 Chesterfield and Staveley Growth Strategy.

(2) **Information and Analysis** At its meeting of 14 September 2017, Cabinet considered a report into the Housing Infrastructure Fund (HIF) (Minute No. 243/17 refers). This was announced by the Government during July 2017 as an ambitious £2.3 billion investment programme (subsequently increased) to unlock sites and bring forward much-needed housing. The target is to facilitate delivery of up to 100,000 homes across England' and funding is to be spent predominantly in the period up to 2021. Proposals from local authorities were invited by 28 September 2017 against two funding streams:

Marginal Viability Funding – this is intended to address situations where delivery of critical infrastructure can allow a 'stalled' housing site to proceed or at least to become deliverable. Government guidance makes clear that the expectation is to see housing delivery follow "at pace" behind completion of the infrastructure. Cabinet was advised, in September 2017, that a number of proposals were anticipated from Derbyshire district and borough councils, and considered a further report at its meeting of 17 May 2018 into the one successful application within the County, submitted to Homes England by High Peak Borough Council, and supporting housing delivery in Buxton (Minute No. 150/18 refers). Preparation of the highway infrastructure required for this project is progressing well in partnership with the Borough Council.

Forward Funding - this element of the programme is intended to support a small number of major infrastructure projects, each costing up to £250 million, which can provide a strategic uplift to the ability of an area to release housing sites. A proposal relating to the East Midlands HS2 Growth Strategy was submitted, incorporating infrastructure projects within Derbyshire supporting both the Northern Growth Zone (Chesterfield-Staveley Regeneration Route

and the Station Masterplan) and the Southern Growth Zone (access to the A50 Trunk Road to serve the South Derby Growth Zone). This proposal for the 'East Midlands Network of Garden Villages' was successful in the first phase of assessment and has led to what is termed 'co-development' of the full business case. Partners in the project are working with Homes England and relevant Government departments on a submission expected to be made on 3 December 2018. If successful, this will bring forward a combined budget of approximately £41 million towards infrastructure in Derbyshire. 'Co-development' is likely to mean, in practice, the availability of some capacity funding towards the business case and also puts in place the active engagement of Homes England and civil servants from the Department for Transport and the Ministry of Housing, Communities and Local Government. Whilst this in no way guarantees a successful outcome, it has provided early 'stress-testing' of the proposals and is assisting with the production of a more robust business case.

South Derby Growth Zone

Cabinet considered a report into this project at its meeting of 16 November 2017 (Minute No. 333/17 refers). The concept of a 'South Derby Growth Zone' (SDGZ) had emerged from a number of initiatives and aspirations for regeneration, land-use and infrastructure planning to the south of Derby City and adjoining parts of South Derbyshire district. These include existing high-value employment provision on the Rolls Royce campus, the current Infinity Park technology and commercial development within the City, plus significant areas allocated or proposed for housing and further business park development in southern Derbyshire. In total, SDGZ is capable of providing over 3,000 homes and 5,000 jobs in addition to those already in place. The term 'Infinity Garden Village' is also being used for the same proposals, reflecting an aspiration for the development to meet the standards of being "well-planned, well-designed and sustainable".

This high quality of development is regarded by partners in SDGZ as vital to its success. A successful funding application was made by South Derbyshire District Council during 2016 for Garden Village status, which brings financial support towards project development. The area also falls within the scope of the Trent Valley Vision which will be a key influence on defining longer term ambitions and outcomes.

There are a number of key infrastructure challenges to be addressed if ambitions for this area are to be realised. These include education provision, flood prevention, green and sustainable transport corridors, and also some key highway connections. The A50 Stoke-Derby link runs west to east across the south of the defined Growth Zone, and a suitable, high-standard, access to this Trunk Road is regarded as fundamental to the successful delivery of the project's outcomes. These proposals have been incorporated into the East Midlands HS2 Growth Strategy, reflecting the need for a suitable supply of

both housing and employment sites to ensure the region is able to capitalise on the benefits afforded by HS2.

Strong project governance for SDGZ is in place, led by a Steering Group chaired by the County Council's Strategic Director – Economy, Transport and Environment. The County Council's role, as previously approved by Cabinet on 16 November 2017, is focused upon delivery of highway infrastructure. This is proceeding well, with an application for planning consent for a new A50 junction and link road scheduled for December 2018. Within the context of the HIF bid and the need to demonstrate the ability to deliver the infrastructure, Cabinet is requested to give consideration to a further supporting 'statement of intent' regarding land assembly. It must be stressed that the private sector partners in SDGZ are making good progress on assembling the land required for highway infrastructure and there is good reason to expect this to be completed through negotiation. The challenging timescales for drawing down HIF funding make this a significant project risk (not least because potential vendors will be aware of the need for early completion). It will, therefore, significantly strengthen the HIF business case for the County Council to signal its willingness in principle to exercise compulsory purchase powers (which, of course, are not available to the private sector partners). For the avoidance of doubt, these would be exercised only for the assembly of land required for delivery of the new A50 junction and the distributor road linking this to Infinity Park, and not for any other elements of the SDGZ project. Neither is the recommendation that Cabinet makes this resolution intended to carry any financial implications for the County Council (which has made no commitment to the project other than Officer time and the underwriting of external project management costs). The area of land over which this in-principle resolution would apply is shown on Drawing Number DIIP-18-0009. Any further steps towards the making of a Compulsory Purchase Order, if this becomes necessary, would be the subject of a further report to Cabinet in due course.

Chesterfield and Staveley HS2 Growth Strategy

The other element of the East Midlands Network of Garden Villages, involving the County Council as promoter, is the HS2 Northern Growth Zone associated with both the proposed calls by HS2 services at Chesterfield Station and the HS2 Infrastructure Maintenance Depot at Staveley.

To date, Cabinet has made no decision over the County Council's level of engagement in this, although there is continued Cabinet Member engagement in the Chesterfield and Staveley HS2 Delivery Board and Staveley Works Area Project Board (through the Cabinet Members for Highways, Transport and Infrastructure and for Economic Development and Regeneration respectively). The Growth Strategy reflected in the Expression of Interest submitted to HIF included and sought funding towards the Chesterfield-Staveley Regeneration Route and the Chesterfield Station Masterplan. Provisionally, these will receive contributions of £17 million and £4 million respectively. Both of these have pre-existing policy status; the Chesterfield-

Staveley Regeneration Route being specified as a potential scheme within the Derbyshire Local Transport Plan, and key elements of the Station Masterplan being reflected in the Chesterfield Local Plan.

It is important to note that the Chesterfield Station Masterplan already has in place two provisional funding allocations from the Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership (D2N2 LEP). These are contained within its Local Growth Fund (LGF) programme. One allocation (within the A61 Growth Corridor programme) is to fund the Hollis Lane Link Road, providing a southern access into the Station, and associated improvement of the Lordsmill Street Roundabout, with the County Council acting as promoter. Separately, there is funding allocated to the Borough Council (within D2N2s HS2 Readiness programme) for land acquisition in order to secure key plots of land in the Station's immediate environs and ensure that they are brought forward for uses compatible with the Masterplan. Success of the HIF bid will depend upon demonstrating a clear 'causal chain' between the funded infrastructure and housing delivery, and officers are continuing to work with the Borough Council and specialist advisors over which elements of the Masterplan should best be funded by HIF. These could, potentially include further infrastructure for which the County Council would act as promoter, for example, the provision of a higher-standard bridge across the A61 between the Station and town centre. As for SDGZ it is important for the HIF bid to demonstrate that the project is deliverable, and it is recommended that Cabinet makes the same commitment, in principle, to consider exercising compulsory purchase powers where required in support of the delivery of the Chesterfield Station Masterplan. Again, as for SDGZ, this would be the subject of a further report to Cabinet ahead of initiating any procedures. The boundary of the Station Masterplan over which the in-principle decision would apply is shown on Drawing Number DIIP-18-0010. The line of the Chesterfield-Staveley Regeneration Route is shown on Drawing Number DIIP-18-0008.

Project Funding

Estimates of the total costs of infrastructure covered by the HIF application are currently being refined. The Chesterfield Station Masterplan, in full, will extend significantly beyond the elements funded by HIF and LGF, as set out above. However, the Masterplan is capable of being delivered in a phased manner, and there is no reason, at this stage, to anticipate that Cabinet will be asked to consider any direct financial contribution. Delivery could potentially be assisted through the creation of a 'special-purpose vehicle' in the form of a formal partnership between County and district/borough councils, and possibly Network Rail, but any further proposals on this will be brought to a future Cabinet meeting.

The Chesterfield-Staveley Regeneration Route is expected to receive contributions (in the form of funding or through direct construction) from principal landowners along its route. As set out above, it will provisionally

receive grant funding of £17 million from HIF. Discussions are ongoing with HS2 Ltd over the constraint imposed by the Infrastructure Maintenance Depot on alignment options, as it precludes consideration of some which might be preferred, and a financial contribution to reflect this may be justified. The Regeneration Route involves substantial structures in the form of viaducts over flood storage areas and has several river and canal crossings. Its current gross cost estimate (excluding contingency allowances and 'optimism bias') is £75 million. The extent to which the gap between this and the 'known' budget of £17 million will be filled by the above contributors is unknown. As promoter of the project the County Council will have to accept the role of underwriter of this. For the purposes of making the HIF business case submission, Cabinet is requested to delegate to the Director of Finance, in consultation with the Strategic Director – Economy, Transport and Environment, the development of a Finance Strategy to set out how the project would be funded in full. Should the HIF application be successful Cabinet will need to consider, as part of further reports, how any County Council contributions would be met from available sources.

Planning Roles and Responsibilities

Cabinet has previously agreed that the County Council should act as applicant for consent for highways infrastructure within SDGZ. It is currently anticipated that the Council will make separate applications for the A50 junction and distributor road within Derbyshire (with the County Council also acting as planning authority) and for the distributor road within Derby (with the City Council as planning authority). Cabinet is now requested to give its approval in principle to the Council taking the same role in the delivery of highways and transport infrastructure supporting the HS2 Chesterfield and Staveley Growth Strategy; this will comprise the Chesterfield-Staveley Regeneration Route, the Hollis Lane Link Road and potentially other elements of the Chesterfield Station Masterplan.

(3) **Financial Considerations** Preparation costs currently being incurred against the HIF business case include Amion (advising the East Midlands partners), Bentley Project Management and Aecom (advising the County Council). A bid has been made to the Business Rate Pooling fund for support towards this. It will also be the case, should the HIF bid be successful, that infrastructure preparation costs will be eligible to be drawn down from the grant funding, although it must be noted that these will be against the gross budgets set out above, not additional to these. In the short term, though, bid preparation costs are being met from existing Economy and Regeneration budgets.

Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, legal, equality and diversity,

human resources, environmental, health, property and transport considerations.

(4) **Key Decision** No.

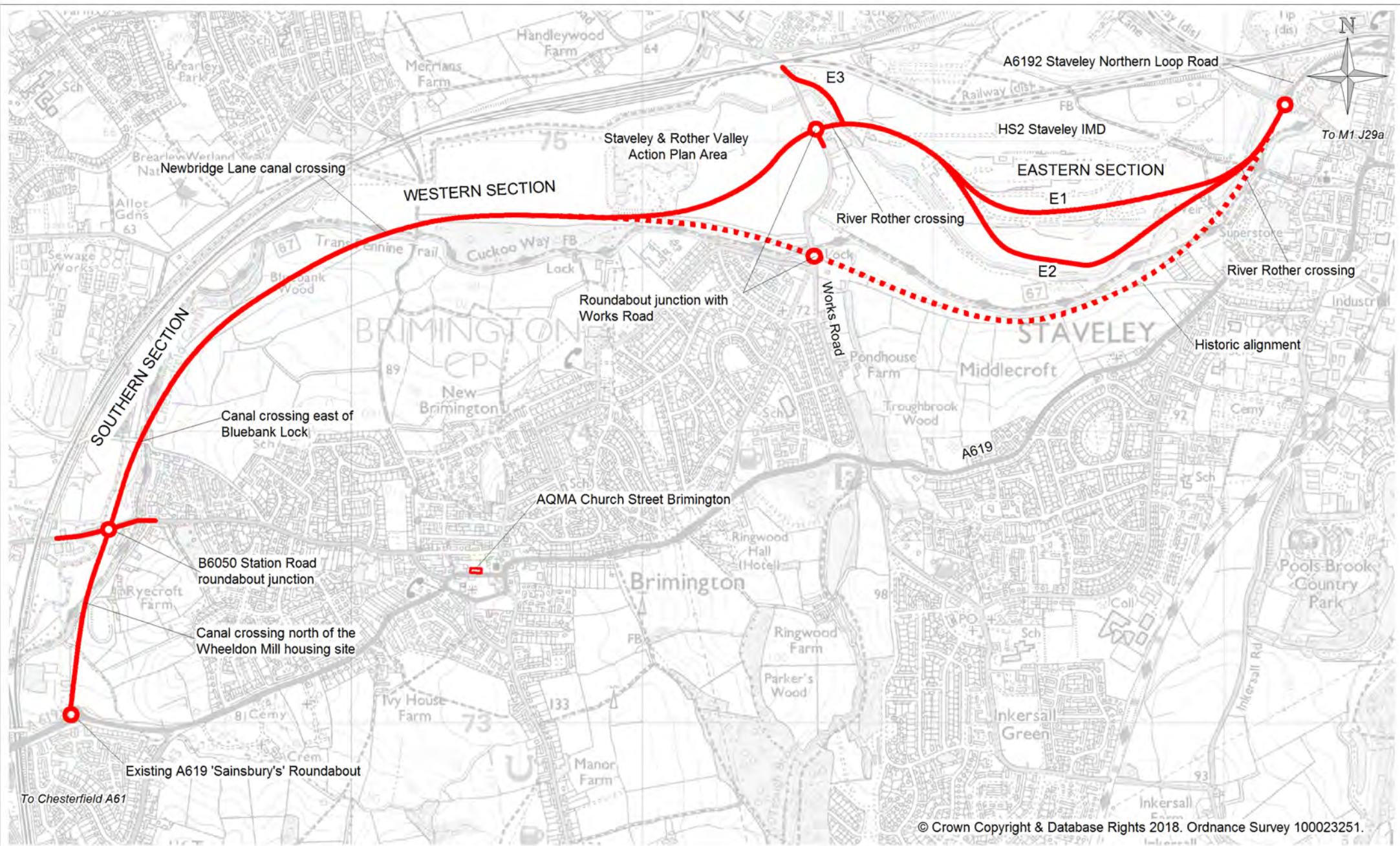
(5) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

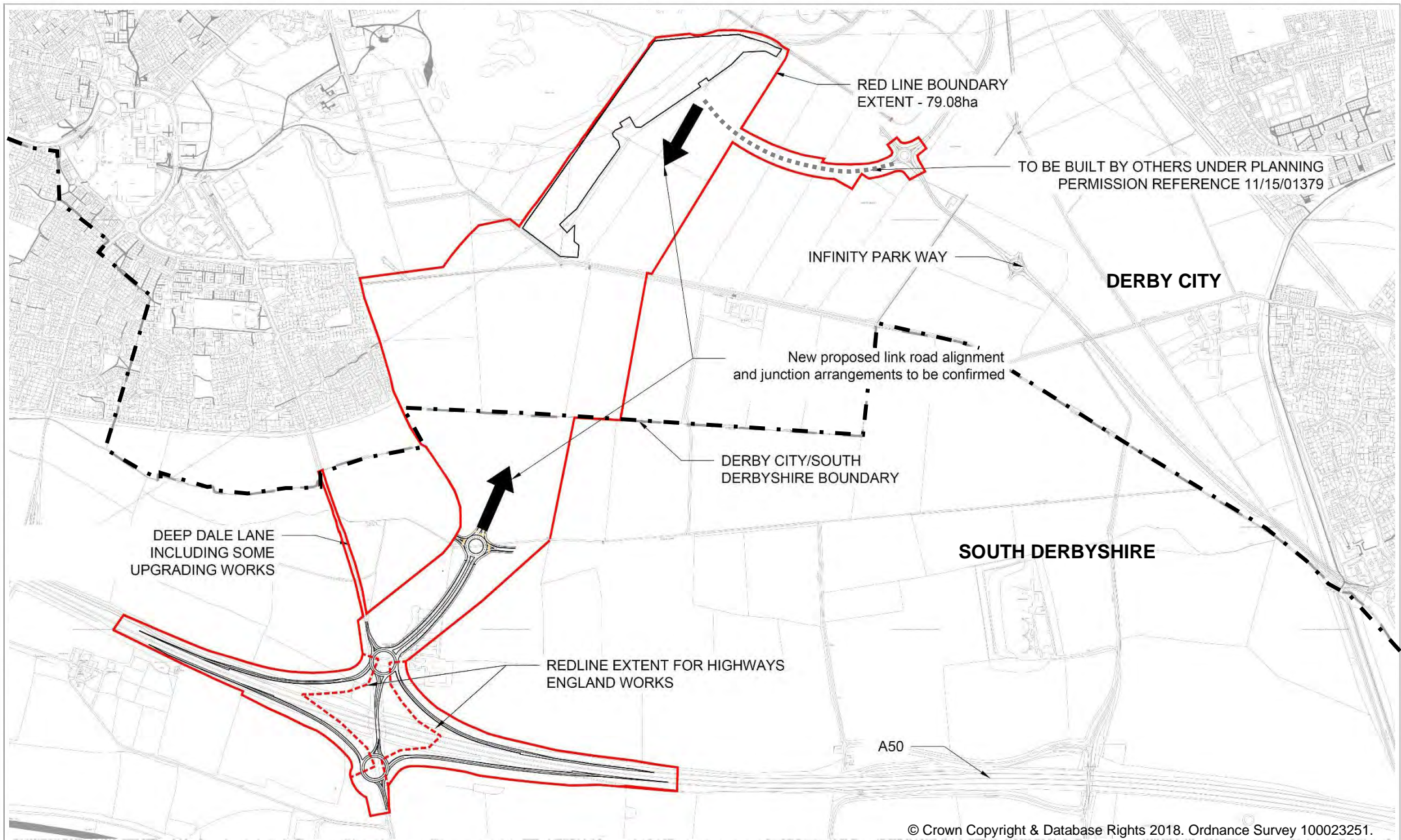
(6) **Background Papers** Held on file within the Economy, Transport and Environment Department. Officer contact details - Jim Seymour, extension 38557.

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

- 7.1 Notes the intention to submit a full business case for Housing Infrastructure Fund grant for the East Midlands Network of Garden Villages.
- 7.2 Gives approval in principle for the County Council to assemble land, including considering a future report on the exercise of compulsory purchase powers if required, in support of the projects contained within this proposal.
- 7.3 Gives approval in principle for the County Council to act as applicant for infrastructure brought forward through the HS2 Chesterfield and Staveley Growth Strategy.
- 7.4 Delegates to the Director of Finance & ICT, in consultation with the Strategic Director – Economy, Transport and Environment, the development of a Finance Strategy for delivery of the Chesterfield – Staveley Regeneration Route.

Mike Ashworth
Strategic Director – Economy, Transport and Environment







DERBYSHIRE
County Council

Chesterfield Station Masterplan

Study Area Boundary

Oct 2018

N.T.S.

DIIP-18-0010