

D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)

24 February 2017

Drakelow Park/Buxton Crescent and Thermal Spa

The Infrastructure and Investment Board (IIB) has received previous reports on Drakelow Park and its relationship with Buxton Crescent and Thermal Spa. Drakelow Park is a major mixed-use development on the site of a former power station. Initial phases of the housing developments are currently underway with the remaining phases reliant upon a new bypass and river crossing, the site will provide a total of 2,200 homes and 1,400 jobs. The proposed new highway infrastructure will maximise the potential of the site to take advantage of its proximity to the Strategic Road network (A38 and A50) in an area with a strong and growing logistics offer. The initial Local Growth Fund (LGF) request was for a grant of £4 million towards the site's infrastructure costs, with the Walton-on-Trent Bypass and River Trent crossing forming planning obligations to be addressed ahead of full development of the site. More recently, though, an alternative funding vehicle has been under discussion under which the LGF support could be reduced to £2.2 million and thereby releasing the additional funding to address a gap faced by Buxton Crescent and Thermal Spa (see below).

The reduction in LGF for Drakelow would be through its use to support a loan provided by a third party rather than as a direct contribution to infrastructure costs. This has been under negotiation with Derbyshire County Council as the potential provider of the loan, and the Council's Cabinet gave its approval in principle. Formal agreement, though, would be subject to satisfactory arrangements being in place over repayment and security. The Council has sought independent valuation advice through the District Valuer over whether a charge over parts of the site would support its ability to step in and recover its costs in the event of any default. The valuation received (whilst still in draft form and subject to amendment) does not support the level of loan being requested by the developer and as such the proposal could leave the council with a significant shortfall should the loan repayment default. The LEP has commissioned its own advisors to work with the developer and its consultants on ways in which the project could potentially be brought forward at a later date.

Whilst it is unfortunate we have to conclude that at present neither the loan nor the original grant agreement can no longer be supported.

Recommendation

The IIB is requested to remove the Drakelow Development proposal from the Local Growth Fund and request that the developer work with the LEP to either firm up the valuation to provide a surplus to support a new loan application to the County Council or seek alternative methods of financial support to support a new grant application.

Buxton Crescent

Board members will be aware that a saving of £1.8 million against the LGF requirement for Drakelow Park would have offered the opportunity to reallocate funding to the Buxton

Crescent and Thermal Spa project. In the event that the board support the recommendation to remove the Drakelow Park application it will be necessary to bring to a later IIB an updated business case for Buxton seeking the additional funds to support the shortfall.

Jim Seymour, Derbyshire County Council