

D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)

25th July 2016

Funding Proposal: Drakelow Park and Buxton Crescent and Thermal Spa

Introduction

D2N2s second Growth Deal with Government includes support for both Drakelow Park and Buxton Crescent and Thermal Spa, set at £4 million and £2 million respectively. A brief summary of each project is given below:

Drakelow Park

Situated in South Derbyshire District this major mixed-use development will deliver approximately 2,000 new dwellings and 12 hectares of employment park on the site of the former Drakelow Power Station. The site has planning permission but is constrained by the capacity and nature of the local highway network. Ahead of full development there is a planning obligation to provide a local bypass for the village of Walton-upon-Trent and a new crossing of the River Trent, which will connect to the A38 Trunk Road. Growth Deal support will facilitate early delivery of this supporting infrastructure.

Buxton Crescent and Thermal Spa

Situated in High Peak Borough, Buxton Crescent is a Grade I listed building which forms part of the town's remarkable heritage but is in poor condition. The project will restore it for use as an eighty-bedroom, five-star spa hotel at the heart of the ambition for Buxton to become England's leading spa town. Although operation of the spa hotel will be economically viable and provide 140 direct, full-time equivalent jobs, the conservation deficit in restoration of the building is substantial. Costs exceed £50 million and despite confirmed support from D2N2, the Heritage Lottery Fund, High Peak Borough Council, Derbyshire County Council and other sources, the final costs still exceed the available budget by £1.8 million.

Proposed Funding Structure

It is proposed to adopt an alternative mechanism for the available £6 million of Growth Deal funding across these two projects. Infrastructure for Drakelow Park, subject to approval by all parties, would be supported by a loan from Derbyshire County Council. Interest on this would be met from the Growth Deal, but creating a saving against the provisional £4 million budget for the project. Separate arrangements would be in place between the County Council and the developer over security for and repayment of the loan. The conversion of D2N2s support from grant to the project into payment of interest would release funding to provide additional grant support for Buxton Crescent and Thermal Spa. The outcomes of both projects would remain unchanged through these arrangements and D2N2 would therefore generate the same benefits against its investment as originally intended.