

## **D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)**

**28<sup>th</sup> October 2016**

### **Pre compliance funding requests: A52 Wyvern and Becketwell**

#### Introduction

At the 9<sup>th</sup> of September Infrastructure Investment Board (IIB) an amendment was made to the Local Assurance Framework (LAF) which subsequently allowed promoters to apply for LGF funding to be released prior to their compliance with Stage 2 of the LAF. Two projects have subsequently applied for this type of funding and have written a formal request to the Chair of the IIB for funds to be released prior to stage 2 submission. These projects were asked to formally request the release of funding to the October IIB meeting and these are 'Becketwell Regeneration' and 'A52 Wyvern'.

#### Becketwell Regeneration

Derby City Council are requesting £4m of pre compliance funding in order to be able to develop the site to a point where it can achieve Stage 2 compliance.

Derby City Council have secured the freehold title of Duckworth Square and it is at advanced stages of negotiation to achieve further ownership of the site. The Council will also seek to partially de-risk the site by using the funding to carry site preparation works including demolition. Partners will then be sought to bring forward the development of the site once these initial works have been completed.

The project will be required to achieve Stage 2 compliance in line with the Local Assurance Framework within 24 months of a pre compliance funding request. If this time deadline is not met the funding will be subject to clawback from D2N2.

#### A52 Wyvern

A request has been received from Derby City Council to release £3.5million of pre compliance funding to enable the project to progress prior to Stage 2 compliance with the Local Assurance Framework.

The Scheme will improve access between Pride Park and Wyvern and the A52 and will provide improvements for longer journeys using the strategic road network. The Scheme will unlock a strategic employment site and accommodate growth from housing development in and around the city. The initial £3.5m of the total £6.72m LGF allocation will be used for pre-commencement works, utility diversion costs and land costs.

This project will be required to achieve Stage 2 compliance in line with the Local Assurance Framework within 12 months of this pre compliance funding request. If this deadline is not met the funding will be subject to clawback from D2N2.

### Recommendations

The board is asked to approval the release pre-compliance funding to Derby City for the Becketwell and A52 Wyvern projects, £4.0m and £3.5m respectively in line with the conditions set out above.

### Appendices

The formal letter submissions from Derby City Council to the Chair of the IIB Cllr Anne Western have both been attached with this paper.

Appendix A – Becketwell Regeneration Pre compliance funding request

Appendix B – A52 Wyvern Pre Compliance funding request

Tom Goshawk, D2N2 LEP

## Appendix A



Derby City Council

Cllr Western  
Derbyshire County Council  
County Hall  
Matlock  
Derbyshire  
DE4 3AG

Our ref      Local Growth Fund- Becketwell  
Contact      Martyn Marples  
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Tel            01332 643 377  
Date          Thursday 13<sup>th</sup> October 2016

Dear Cllr Western

### LOCAL GROWTH FUND – BECKETWELL REGENERATION

#### REQUEST BY DERBY CITY COUNCIL FOR £4M FROM D2N2'S PRE-COMPLIANCE FUNDING FACILITY

Following the inclusion of Derby City Council's Becketwell Regeneration scheme in the LGF programme by D2N2's Board on the 18<sup>th</sup> July 2016 and on the 7<sup>th</sup> September 2016 the Infrastructure Investment Board's approval of amendments to the Local Assurance Framework. We wish to request a £4m pre-compliance funding facility in support of the Becketwell Regeneration scheme as approved by Derby City Council's Cabinet of the 5<sup>th</sup> October 2016.

The funding is to be used for capital site enabling works related to the delivery of the project. This will include the purchase of assets or resources and site preparation works to enable full compliance within 24 months.

Our delivery strategy remains unchanged from the one approved by D2N2 Board on the 18<sup>th</sup> July 2016. The market has failed to deliver a solution to this long-derelict site at the heart of the city centre. £4m of Local Growth Funding (LGF) will facilitate a programme of site enabling activities that are critical to attracting a private sector developer to bring forward comprehensive regeneration.

The Council has secured the freehold title of Duckworth Square and it is at advanced stages of negotiation to achieve further ownership of the site. We will also seek to partially de-risk the site by using the funding to carry out site preparation works including demolition. We will then seek partners to bring forward the redevelopment of the site.

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Regeneration Projects | Communities and Place | Derby City Council, The Council House,  
Corporation Street, Derby, DE1 2FS | [www.derby.gov.uk](http://www.derby.gov.uk)



## Development Programme

### Site Assembly

Agents acting on behalf of the Council are instructed to negotiate terms with target land and property interests. Negotiations on the purchase of the principal private interest in the site are well advanced. Heads of Terms agreed, with due diligence underway and legals instructed. The aim is to secure the principal property interest by the end of 2016.

### Site Preparation Works

A site preparation feasibility exercise is underway detailing the nature, cost and programming of works required in order to ready the site for redevelopment. This will see preliminary works underway in 2016 with a view to completing by the end of 2017.

### Developer / Development Procurement

Specialist property consultants have been appointed to advise the Council. Market and options analyses and appraisals have been undertaken and support a mix use scheme of leisure / housing / commercial. Structured soft market testing with target companies and investors has been undertaken with a view to site and development opportunity marketing in 2017.

### Stage 2 Approval

The steps detailed above are designed to ensure the Council is in a position to come forward with a robust business case for D2N2 consideration within a target 24 months (2018) that will unlock a three year, phased development programme to 2021.

### Spend Profile

Cost Items	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Site Enabling Works (Including site assembly)	3,000,000	1,000,000				4,000,000
Development Procurement and delivery (forecast)	-	-	750,000	6,180,000	8,250,000	15,180,000
<b>Total</b>	<b>3,000,000 (LGF)</b>	<b>1,000,000 (LGF)</b>	<b>750,000</b>	<b>6,180,000</b>	<b>8,250,000</b>	<b>19,180,000</b>

Site enabling costs incurred by the project as indicated in the table above in 2016/17 and 2017/18 will form the basis of LGF funding support for this project.

In conclusion, through the comprehensive regeneration of this area the project addresses:

- A key priority of the Derby City Centre Masterplan
- Market failure, reflected by repeated failed private sector attempts at redevelopment.
- A significant 'drain' on the vitality and vibrancy of the city centre as a whole.

It offers:

- Brownfield land redevelopment
- New commercial floorspace
- New dwellings
- Job creation
- Direct and indirect private investment
- A positive benefit / cost ratio and Gross Value Added.

To this end we confirm Derby City Council's request for a £4m pre-compliance funding facility in support of Becketwell Regeneration.

Yours faithfully



Martyn Marples  
Director of Finance  
Derby City Council

## Appendix B



Cllr Anne Western  
Derbyshire County Council  
County Hall  
Matlock  
DE4 3AG

Your ref  
Our ref MM/Kf  
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Minicom 01332 640666  
Date 18 October 2018

Dear Cllr Western

### **Local Growth Fund – A52 Wyvern Transport Improvements Scheme Request by Derby City Council for £3.5m from D2N2's pre-compliance funding facility**

Following approval of Stage 1 on 30 June 2018 and Infrastructure Investment Board's approval of amendments to the Local Assurance Framework on 7 September, we wish to request a £3.5m pre-compliance funding facility in support of the A52 Wyvern Transport Improvements Scheme, as approved by Derby City Council's Cabinet on 5 October 2018.

The funding is to be used for capital site enabling works related to the delivery of the project. This will include the purchase of assets or resources and site preparation works to enable full compliance within 12 months.

The A52 Wyvern Transport Improvement Scheme comprises a package of measures to provide transport and economic benefits to Derby. The Scheme will improve access between Pride Park and Wyvern and the A52 and will provide improvements for longer journeys using the strategic road network. By improving cycling and pedestrian facilities the Council aims to improve accessibility and encourage use of more sustainable transport measures for local journeys. The Scheme will unlock a strategic employment site and accommodate growth from housing development in and around the city.

The forecast scheme costs at July 2018 is £14,906,000, which includes City Council spend on developing the scheme.

Forecast costs	
Construction costs	£8,849,400
Scheme Development Costs 14/15 & 15/16	£582,800
Infrastructure for revised speed limit	£512,500
Pre Start Works	£32,500
Utility Diversion Costs	£1,682,800
Land Costs	£2,100,000
Contractor fees (5.85% Construction)	£517,800
Design and Consultancy Costs	£628,400
<b>Total Costs</b>	<b>£14,906,000</b>

Letter to Cllr Anne Western

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The £3.5m loan will be used for pre start works, utility diversion costs and land costs.

### Funding Profile

Funding	£
Corporate borrowing (funding 2014/15 and 2015/16 costs)	582,800
D2N2 LEP Local Growth Fund 1	6,720,000
Existing developer contributions (s106)	250,000
Derby Triangle s. 278 agreement & £400k utility diversion	2,885,000
Growth Housing Fund bid – submitted March 2016	2,800,000
Maintenance contribution 17/18 from Indicative LTP funding	200,000
<b>Total</b>	<b>13,017,800</b>
<i>Further funding options such as further s 106 and reallocation of LGF1 funding</i>	<i>1,888,200</i>
<b>Updated forecast costs</b>	<b>£14,906,000</b>

### Programme

Planning application amendment (bridge landing change) and discharge of conditions	Nov-16
Target Price Set and Contract Signed	Feb-17
Land purchase agreed	Mar-17
Advanced works commence – publicly owned land	Apr-17
Advanced works commence – third party land	May-17
Main construction commences	Jun-17
Construction complete	Dec-18

### Stage 2 Approval

The steps detailed above are designed to ensure the Council is in a position to come forward with a robust business case for D2N2 consideration within 12 months.

I confirm Derby City Council's request for a £3.5m pre-compliance funding facility in support of the A52 Wyvern Transport Improvements Scheme.

Yours sincerely



Martyn Marples  
Director of Finance