



**REGENERATION AND HOUSING SCRUTINY
BOARD
25 March 2019**

ITEM 9

Report sponsor: Greg Jennings, Director of City, Development and Growth
Report author: Chris Morgan, Principal Regeneration Manager, Strategic Housing

The South Derby Growth Zone update and Infinity Garden Village Update.

Purpose

- 1.1 Following a request from the Regeneration and Housing Scrutiny Board, the purpose of this report is to provide an update on progress relating to the delivery of the South Derby Growth Zone (SDGZ) and Infinity Garden Village (IGV).
- 1.2 The report focuses on 5 main areas (i) background (ii) anticipated housing and economic benefits (iii) progress to date (iv) the planning position (v) next steps and key milestones.

Recommendation

- 2.1 To note the contents of the report.

Reason

- 3.1 To ensure members receive an update in relation to the progression of Infinity Garden Village and the South Derby Growth Zone.

Supporting Information

4.1 Background

SDGZ is the name given to the wider development area, to the south of the City and extending into South Derbyshire. It includes Infinity Park Derby (IPD) which is Derby's flagship regeneration project and one of the Government's Enterprise Zones.

- 4.2 SDGZ also includes IGV which consists of the Wragley Way (Sinfin/Stenson Fields) and the Lowes Farm (Chellaston) major housing development sites which extend into South Derbyshire. IGV is one of the 14 new Garden Villages, announced by Government on 2nd January 2017. SDGZ also includes Boulton Moor, another major cross boundary site with South Derby.

4.2 The principal project partners for SDGZ are:

- The 3 Local Authorities being Derby City Council (DCC), South Derbyshire District Council (SDDC) and Derbyshire County Council (DCoC);
- Commercial developer, IPD Limited Liability Partnership/LLP;
- Housing developers – Barratt David Wilson Homes, Bellways Homes, Hallam Land Management, Clowes/CWC;
- Landowners within the SDGZ/IGV area.

4.3 **Anticipated Benefits**

Some 4,750 new homes are proposed on the various sites as identified below:

- Wragley Way – 2,000 new homes, 180 in Derby City, 1,820 within South Derbyshire;
- Lowes Farm – 1,950, all in South Derbyshire;
- Boulton Moor – 800 in Derby city.

4.4 The economic benefits are enormous:

- Minimum 5,000 new jobs;
- Minimum 4 million square feet of new employment floorspace;
- An estimated £1bn of Gross Value Added (GVA)
- A significant increase in Council tax, business rates and New Homes Bonus.

4.5 Without additional infrastructure, in the form of a new A50 junction and link road, IGV could only deliver some 180 new homes and the economic benefits would not happen. In the case of Boulton Moor, a primary school must be built before any houses can be occupied. The junction, link road and primary school are the subject of a Housing Infrastructure Fund (HIF) bid to Homes England which is outlined in the 13 March Cabinet report attached as appendix 1.

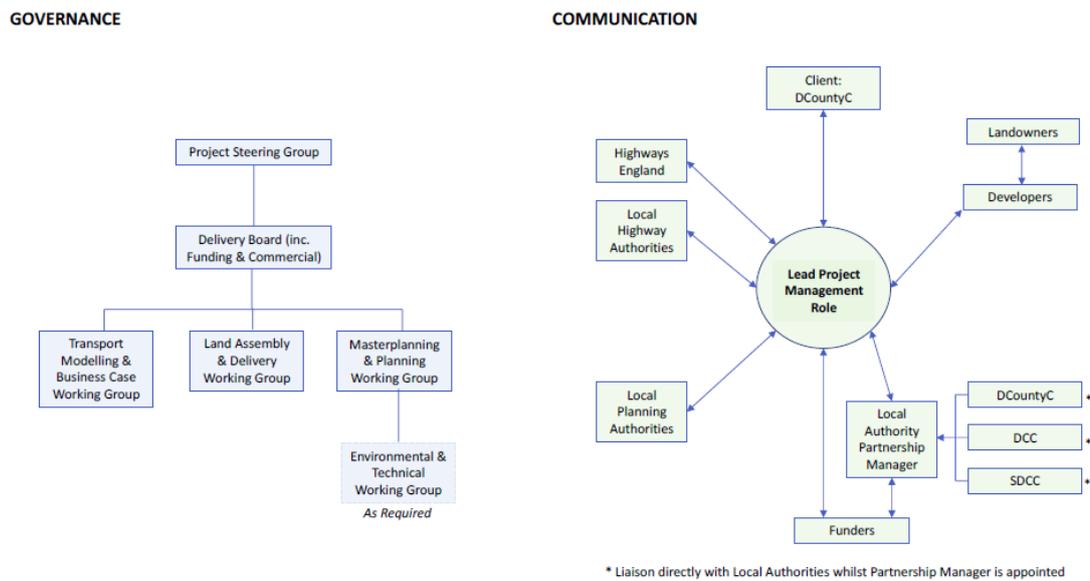
4.6 This project has now taken on added importance, as it is part of a major £75m Housing Infrastructure Fund (HIF) consortium bid, led by Nottinghamshire County Council (NCoC). It is the only bid from the D2N2 area and if successful, it will represent one of the biggest investments in infrastructure in the East Midlands. At the time of drafting this report, the HIF submission is on track to be submitted on 22 March.

4.7 **Progress to date:**

15 December 2015: Project partners met formally for the first time, although the Southern Derby Integrated Transport Link (SDITL), the new link road, has been part of planning policy in both Derby City and South Derbyshire for some time before that and respective planning departments had met to discuss SDITL.

4.8 31 July 2016: DCC and SDDC applied to Government for Garden Village status.

- 4.9 2 January 2017: The Government announced that the application had been successful and IGZ is one of 14 new Garden Villages. This was a catalyst for progress, as Garden Villages are now a pillar of Government housing policy and DCC and SDDC have received Garden Villages capacity funding, in order to develop the project further.
- 4.10 August 2017: Partners established a formal governance structure, chaired by DCoC. The latest structure is below:



- 4.11 28 September 2017: DCC was a partner in a £99m Expression of Interest (EOI) to Homes England's HIF programme, led by Nottinghamshire County Council, with DCoC and Nottingham City Council also as partners. The costs associated with the A50 junction, were included in this EOI. The final bid is anticipated to be for around £75m, with £25-27m allocated for SDGZ/IGZ.
- 4.12 21 March 2018: The Government announced that the HIF EOI had been selected to progress to the next stage, submission of a detailed Business Case.
- 4.13 22 March 2019: Deadline for submission of HIF Business Case.

4.14 **The Planning position**

As mentioned earlier, this is a cross-boundary project with South Derbyshire. The respective planning positions of the 2 authorities are as follows:

Derby City

- 130 new homes have planning consent at Wragley Way, with a further 50 pending decision.
- Developers submitted a planning application for the 800 homes at Boulton Moor in December 2018.
- It is anticipated that DCoC will submit a planning application for the A50 junction and link road, to serve Wragley Way, Lowes Farm and IPD, in March 2019.

4.15 **South Derbyshire**

- A planning application for 100 houses at Wragley Way is currently being considered.
- A planning application for the remaining housing (to make up the total South Derbyshire allocation of 1,820), will be submitted in the quarter following the HIF bid submission.
- 550 houses have planning permission at Boulton Moor.
- Lowes Farm is not currently allocated for housing and a case will need to be made, by developers, to SDDC's planning department.

4.16 Planning policy dictates that the bulk of the housing and all of the commercial benefit cannot be delivered without the new A50 junction and link road.

4.17 Therefore, the HIF funding is required to unlock the vast majority of these benefits. It is anticipated that DCoC will lead on Highways works, as Highways Authority for South Derbyshire and will enter into agreements with DCC for works in Derby City and on the A50 respectively.

4.18 The key risks for this project, as it stands, are:

1. Planning permission is not granted. Mitigation measures – (i) further discussions have been taking place between DCC’s Planning Division and the respective developers, in particular around the green wedge issue.
2. HIF Stage 2 Business Case is unsuccessful. Mitigation measures – the project will not go ahead without public funding. Discussions with Homes England have been ongoing to ensure a strong bid is submitted.
3. The case put to Highways England for an additional A50 junction is unsuccessful. Mitigation measures – the SDGZ partnership has sought advice and guidance from Highways England (HE) at every stage when developing the Strategic Case. HE is supportive, subject to us completing the planning process. Early indications of traffic modelling results suggest that the junction may be needed and DCC has shared these results with Highways England.
4. Abortive cost risk of the above. Note – spend to date has been through public sector grants and private sector leverage.
5. Reputational risk to the Council, as a result of the project not going ahead, having progressed the project to this stage, with public sector grant money and significant private sector contributions.

4.19 The Risk Register was the subject of a workshop by the partners on 8 August 2018, and has been the subject of a number of iterations since. A more detailed Risk Register will be developed, as the project progresses.

4.20 Next steps and key milestones

- **March 2019:** Submission of planning application for the new A50 junction and link road.
- **22 March 2019:** Submission of HIF Business Case.
- **July 2019** – decision on HIF Business Case and decision on planning application (new A50 Junction and link road).
- **August 2019** – submission of planning application for the primary school.
- **October 2020 – August 2022:** Construction, A50 junction and link road.
- **November 2019** – determination of planning application for the school.
- **February 2021 – February 2022** – construction of the school.
- **March 2022** – first housing completed as a direct result of the HIF funding.
- **December 2032:** Completion of all housing.

Public/stakeholder engagement

5.1 For IGV, this has principally been through the Infinity Garden Village Liaison Group, established by South Derbyshire District Council, which meets quarterly. This includes Ward Councillors for Sinfin and Chellaston, plus community representatives from Chellaston, in addition to Ward Councillors and community representatives from South Derbyshire.

- 5.2 The IGV Liaison Group has been consulted frequently on the SDGZ Development Framework Document and Concept Masterplan, with presentations by developers Wilson Bowden and Hallam Land Management, and also by Systra, who Derby City Council have commissioned to undertake traffic modelling work.
- 5.3 For Boulton Moor, developers submitted a planning application for houses in Derby city in December 2018 and consultation on the planning application has begun,
- 5.4 Consultation on both IGV and Boulton Moor will now be ongoing through the planning process.

Other options

6.1 Option 1: Do Nothing

This is not considered a viable option, as without public sector intervention the bulk of the benefits identified in paragraphs 4.3 and 4.4 would not be delivered.

6.2 Option 2: Do the minimum

Again, this is not considered an option, for the same reason as in 6.1.

Financial and value for money issues

- 7.1 The cost of a new A50 Junction and link road is estimated at circa £30m. This figure has been signed off by a Quantity Surveyor and cost consultants employed by DCoC and will be subject to an additional, independent review by a Quantity Surveyor cost and consultants employed on the HIF bid. . The cost of the A50 junction and link road will be funded from HIF and the private sector partners. The private sector will be responsible for meeting any cost over-runs associated with this infrastructure. There will be no Council financial contribution to these costs.

- 7.2 A full Economic Case will need to be included with the Business Case. The benefits can be summarised as follows:
- Up to 4,750 new homes,
 - gross development value of the new housing over £0.5bn,
 - creation of over 5,000 new jobs,
 - Gross Value Added minimum £1bn.
- 7.3 The cost of developing the planning application has been high, at over £1m but this is normal for infrastructure applications of this nature, due to the housing and employment benefits they bring. This has been funded by nearly £0.5m private sector leverage and £525,000 public sector grant from Homes England, with the result of another £150,000 application for Business Rates Pilot funding awaited. The only DCC contribution to this has been staffing and resources.

Legal implications

- 8.1 Cabinet approval has been sought in principle for the approach to delivery, through an Infrastructure Delivery Agreement for the A50 junction and link road, plus agreement with partners for delivery of the school. Other legal documentation required will include the following:
- Memorandum of Understanding (MOU);
 - procurement of contracts for works necessary to deliver the project;
 - any legal agreements necessary to deliver the A50 Junction and link road and any other highways works required as a result of the planning application;
 - acquisitions and transfers of land required for the works.
- 8.2 Cabinet approval has also been sought, in principle, for the use of Compulsory Purchase Order (CPO) powers if required.
- 8.3 DCC will need to provide State Aid advice, as part of the detailed Business Case for the HIF submission and the lead body for the bid, NCoC has commissioned solicitors for this. DCC had already taken State Aid advice, from Browne Jacobson, some time ago, in relation to SDGZ/IGV and is satisfied that the proposed development is State Aid compliant. The State Aid guidance concluded, that there was 'a strong argument for saying the works themselves, if approved from a planning perspective, would amount to genuine public infrastructure.'

Other significant implications

- 9.1 None.

This report has been approved by the following people:

Role	Name	Date of sign-off
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Legal	Stephen Teasdale, Emily Feenan
Finance	Mandy Fletcher, Head of Finance
Service Director(s)	Greg Jennings, Director of City, Development and Growth
Report sponsor	Chris Morgan, Principal Regeneration Manager
Other(s)	Ian Fullagar, Head of Strategic Housing