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## **An update on the proposed new A50 Junction and link road/South Derby Growth Zone**

### **Purpose**

- 1.1 To report on progress towards delivery of the new A50 junction and link road project, part of the South Derby Growth Zone.

### **Recommendation(s)**

- 2.1 To accept the report and note next steps and actions.

### **Reason(s)**

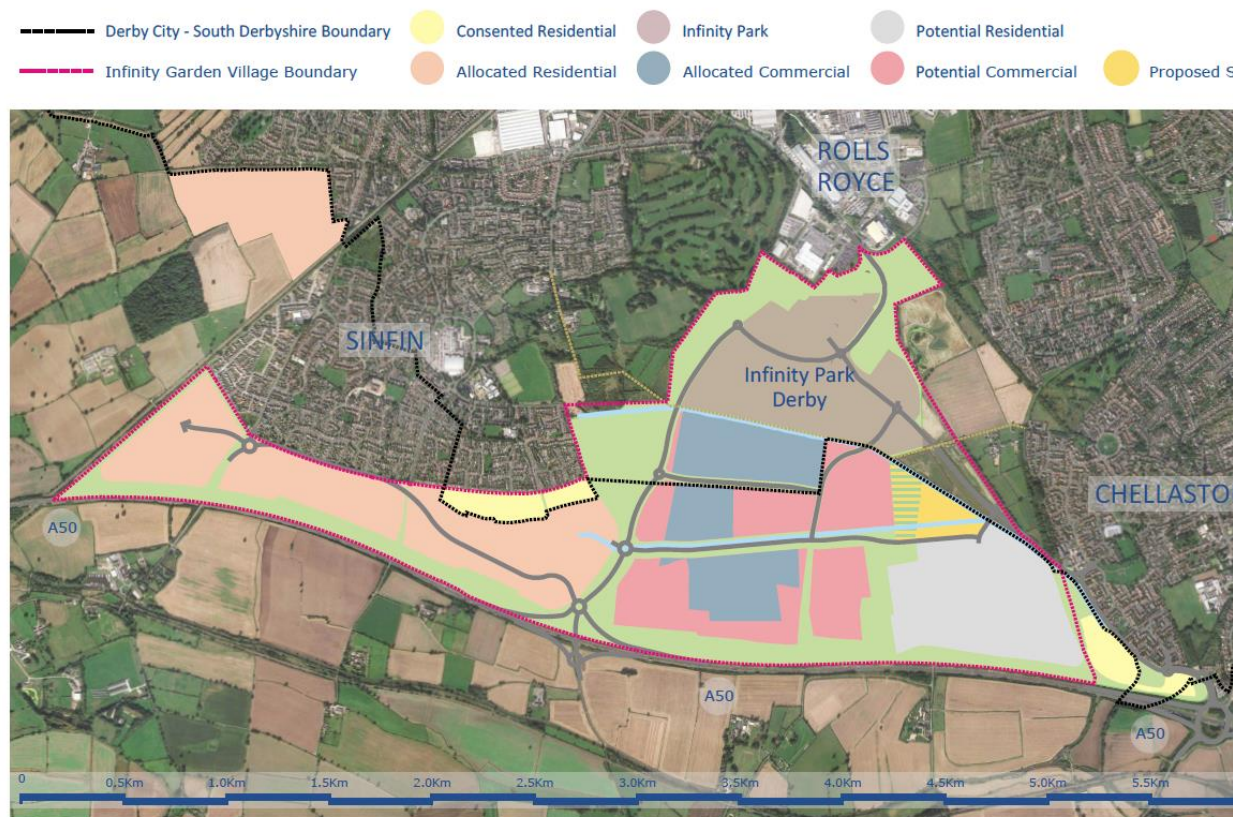
- 3.1 To respond to the Regeneration and Housing Scrutiny Board request on the progress of the new A50 junction and link road project, part of the South Derby Growth Zone.

### **Supporting information**

- 4.1 The South Derby Growth Zone (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. SDGZ also includes Infinity Garden Village (IGV) which consists of the Wragley Way (Sinfin/Stenson Fields) and Lowes Farm (Chellaston) major housing development sites which extend into South Derbyshire. IGV is one of 14 new Garden Villages announced by Government

4.2 An image from the SDGZ Masterplan is shown below:

### CONCEPT MASTERPLAN



4.3 The regeneration and housing benefits of the project are excellent:

- Up to 4,500 new homes;
- Up to 3.4 million square feet new employment floor space;
- An additional 5,000 new jobs.

Note that these outputs are in addition to the outputs that Derby City Council is currently claiming in relation to its IPD funded projects. They will be claimed as part of the Levelling Up Fund (LUF) project (see 4.8 below).

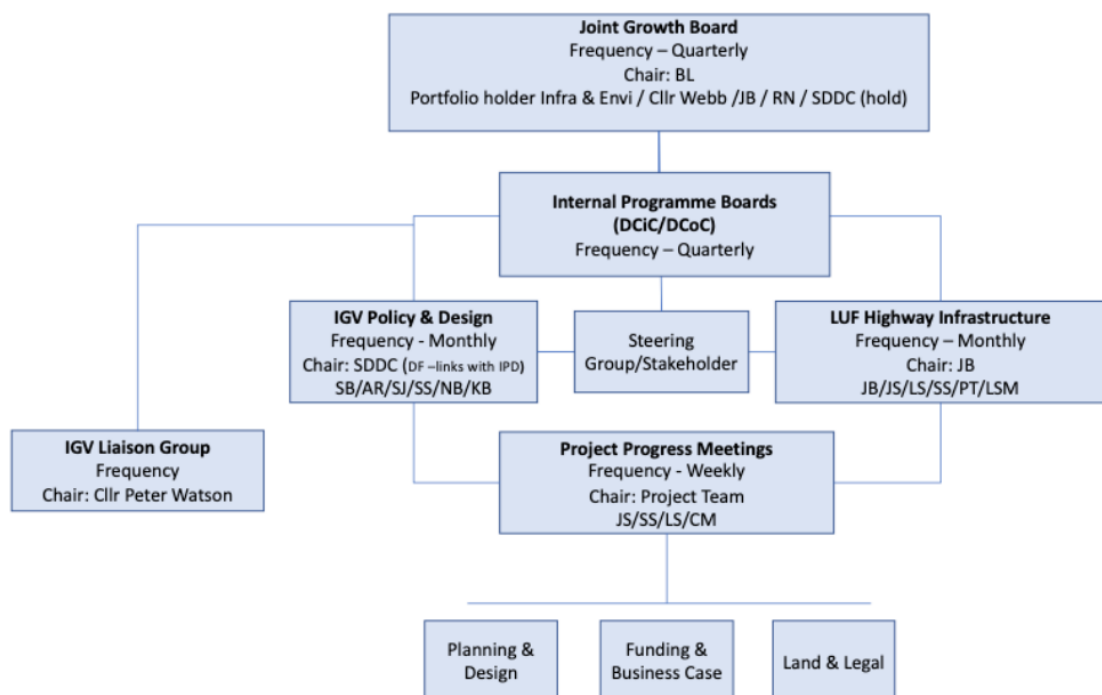
Whilst much of the benefit of the project will be felt in South Derbyshire, rather than Derby city, Derby city depends on South Derbyshire, in order to meet its housing needs. For instance, in the current Local Plan period (2011-28), 3,013 of Derby's 16,388 new homes need to be met from South Derbyshire, therefore, these new homes will go towards meeting the city's needs.

In addition, the new highways infrastructure will help to accelerate development within the city element of Infinity Park Derby, in much the same way as a dedicated new motorway junction 29a on the M1 junction helped to accelerate development at Markham Vale, Chesterfield.

- 4.4 Without the new A50 junction and link road, most of those benefits would be lost. Derby City Council ('the Council') and South Derbyshire Planning Divisions have agreed that only 280 new homes and none of the additional employment floorspace would be able to come forward without this.
- 4.5 The new A50 junction received planning consent on 30 April 2021(planning application reference 19/00417/FUL).
- 4.6 Partners in the project:
- Public sector partners – the Council, South Derbyshire District Council (SDDC) and Derbyshire County Council (DcoC);
  - Private sector partners – Wilson Bowden Developments Limited and Infinity Park (Derby) LLP (commercial developers); Hallam Land Management (residential developer);
  - Landowners;
  - Strategic partners – Homes England and National Highways (formerly Highways England).
- 4.7 Proposed Governance Arrangements (subject to change)

DCC internal governance is via the Infinity Park Derby (IPD) and SDGZ Programme Board, which meets approximately bi-monthly.

External structure:



- 4.8 The Council is a partner in a Levelling Up Fund bid, for this project, led by DCoC, who are the accountable body. The bid was for £49.6m. The total cost of the highways infrastructure is £55.6m, with the remaining £6m from the private sector partners. Note that much of this has already been committed by the private sector, the intention is to split the risk 50/50 between public and private sector partners, with the split between the 3 Local Authorities to be finalised shortly and to be included within the collaboration agreement. This bid has been successful in securing an 'in principle' offer of LUF for the full amount, the largest award in the LUF programme; however, in order to secure the funding, DCoC will need to finalise the LUF Business Case.

Selected draft terms from the collaboration agreement are as follows – note that the collaboration agreement is still to be finalised and approved by the respective parties. Derby City Council's (DCC's) Cabinet Report will request authorisation to enter into the agreement.

#### 4.9 Collaboration Objectives

4.9.1. To secure funding to acquire all land and Required Rights necessary within the Infrastructure Site and to deliver the whole of the Enabling Infrastructure Works.

4.9.2. To co-ordinate and conclude negotiations with landowners within the Infrastructure Site to secure any land and the Relevant Rights requites to enable the delivery of the Enabling Infrastructure Works.

4.9.3. To enable DCoC as Highways Authority to compulsorily purchase any land and Relevant Rights which are not acquired by private treaty.

4.9.4. To enable DCoC as Highways Authority to commence and deliver the Enabling Infrastructure Works.

4.9.5. To authorise DCoC to commission and manage the Works Contract on behalf of the Parties with payments to the appointed contractor to be funded by the LUF and Homes England.

#### Responsibilities of DCC

4.9.6. Enter into an agreement with DCoC to allow them to deliver the Infrastructure within the City Council's Administrative Boundary.

4.9.7. Assist DCoC with the acquisition of land required within the Infrastructure Site and any Required Rights, if required, support DCC through any compulsory purchase of land and Required Rights within the Infrastructure Site.

4.9.8. Utilise powers to make a Compulsory Purchase Order in respect of land and required rights within the Infrastructure Site within the City Council's Administrative Boundary to the extent required.

4.9.9. Procure the discharge of Planning Conditions in the City Council Planning Permission.

4.9.10. Assist DCoC to discharge the Planning Conditions in the DCoC Planning Permission.

4.9.11. Comply with the LUF Funding Agreement.

4.9.12. Ensure the terms of the Homes England Funding Agreement for £800,000 are consistent with the Collaboration Agreement and to comply with the HE Funding Agreement.

4.9.13. Use reasonable endeavours to obtain additional funding streams for the SDGZ project.

4.9.14. Act as the planning authority for those parts of the Infinity Garden Village Vision which are to be constructed within the City Council's Administrative Boundary

Note that there will be additional provisions around cost over-runs; DCC may be required to contribute in the event of these, in a proportion to be agreed by partners shortly and included in the collaboration agreement, subject to DCC Cabinet approval.

#### 4.10 Next Steps

The Council will:

1. Support DCoC to finalise the Business Case;
2. Enter into collaboration agreements with project partners;
3. Delegate the exercise of highways and Compulsory Purchase Order (CPO) powers within its administrative area to DCoC, as project lead, to acquire land required and perform the highways works, for land within the city boundary.

Note that at the time of writing, the author of this report is planning to take a report to Council Cabinet on 15 February 2023 for authority for the above actions.

4. March 2023, DCoC will make a CPO resolution, to acquire the necessary land for the new A50 junction and link road;
5. April 2023, DCoC will procure the construction contractor, , using the Midlands Highways Alliance Framework.
6. Late Summer 2023, DCoC will complete the LUF Business Case. At that stage, if the budget estimate is above the original estimate or the full funding package has not been secured or committed, including the private sector contribution, the construction contract will make provision for termination if considered appropriate and a decision will be taken by partners whether to proceed or not, with reference also to DCC's Programme Management Organisation (PMO) Board. There is minimal risk of clawback of the LUF money spent at this stage.
7. If the project proceeds at that stage, DCoC will enter into the LUF funding agreement with Government.
8. Late Summer 2023 Start on site
9. March 2025 – project completion for LUF purposes.

Note that it is standard practise for major transport schemes to be delivered in this way, for a design and build contractor to be procured for detailed design to complete the Business Case. The LUF application allowed funding for this and there is a healthy risk pot of around 25%. Should the Business Case demonstrate that the scheme is unviable, the construction contract will allow DCoC to terminate the scheme with minimal risk of clawback by Government of LUF costs to date.

Note that delivery of the above programme requires DCoC to acquire the land required for the highways works by agreement. If DCoC cannot acquire the land by agreement and is required to exercise its CPO powers, this would extend the programme beyond the LUF timeframes and would put the programme at risk (see 11.1 below).

#### 4.11 Anticipated Section 106 and other obligations

Whilst it is a little difficult to predict S106 obligations completely, as most of them will not arise directly from the highways works themselves, we can say the following:

- A new primary school will be required, which will be funded by the developers;
- A new secondary school; the Department for Education is providing the funding for this, to DCoC, through its 'Wave 14' programme;
- There will be a new health centre, called a 'Cavell Centre' at Sinfin District Centre and it is anticipated that the project may be required to contribute to this;
- The Environment Act 2021 introduced a new mandatory requirement to provide a minimum of 10% biodiversity net gain, from all new developments, to be maintained for a period of at least 30 years. The requirement will be a pre-commencement planning condition, meaning that the biodiversity gain condition must be discharged before development can begin.

### Public/stakeholder engagement

- 5.1 The principal means of public and stakeholder engagement is through the Infinity Garden Village Liaison Group, which is managed by South Derbyshire. This group involves elected members and local community representatives. The Council is represented by ward members for Sinfin.
- 5.2 DCoC also undertook a considerable amount of public and stakeholder engagement through the process of obtaining planning consent for the A50 junction and link road. Further engagement will be undertaken as the project progresses and as a result of planning applications for any housing and commercial development.

### Other options

#### 6.1 Do nothing

This is not an option, as without the highways infrastructure – a new A50 junction and link road – only 280 new homes would be built, resulting in the loss of the remaining 4,220 homes, 3.2m sq. ft. of new employment floorspace and 5,000 jobs that would otherwise have been created.

## 6.2 Do the minimum

This is not an option, as there is no middle ground. The impact of any additional new houses above the 280 identified, plus the additional commercial development, must be mitigated by a new A50 junction and link road.

## Financial and value for money issues

7.1 The cost plan presented with the LUF application was as follows.

<b>Cost heading</b>	<b>Costs (£)</b>
A50 JUNCTION	£22,841,325
DUAL CARRIAGEWAY	£3,473,040
NORTH SOUTH LINK	£10,994,151
OFF-SITE INFRASTRUCTURE	£1,583,389
LAND BUDGET	£2,500,000
RISK	£9,978,183
INFLATION	£4,227,883
<b>TOTAL</b>	<b>£55,597,972</b>

<b>Funding Sources</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>Total</b>
LUF	£6,751,797	£20,803,662	£22,042,513	£49,597,972
Private Sector			£6,000,000	£6,000,000
<b>Total</b>	<b>£6,751,797</b>	<b>£20,803,662</b>	<b>£28,042,513</b>	<b>£55,597,972</b>

The above costs are based on estimates provided by the quantity surveyor for DCoC's project management consultants. Needless to say, costs can change and are likely to change as we are still finalising the Business Case; however, early indications from the construction contractor are that the costs are realistic and the project is on budget. Whilst the land valuations are not 'Red Book' valuations, they should be realistic, as only the land for the highways works will be required, leaving the remainder of the land to be developed for commercial and residential purposes.

Once the Business Case is finalised, if at that stage costs have escalated to an unacceptable level, the contract with the contractor would allow the contract at that point to be terminated.

DCC has secured £800,000 from Homes England towards up front costs of the Business Case. There is no clawback risk to this. Risk of abortive costs of any up-front costs supported by LUF will be shared between parties, at a percentage to be agreed shortly and included in the collaboration agreement, subject to DCC Cabinet approval.

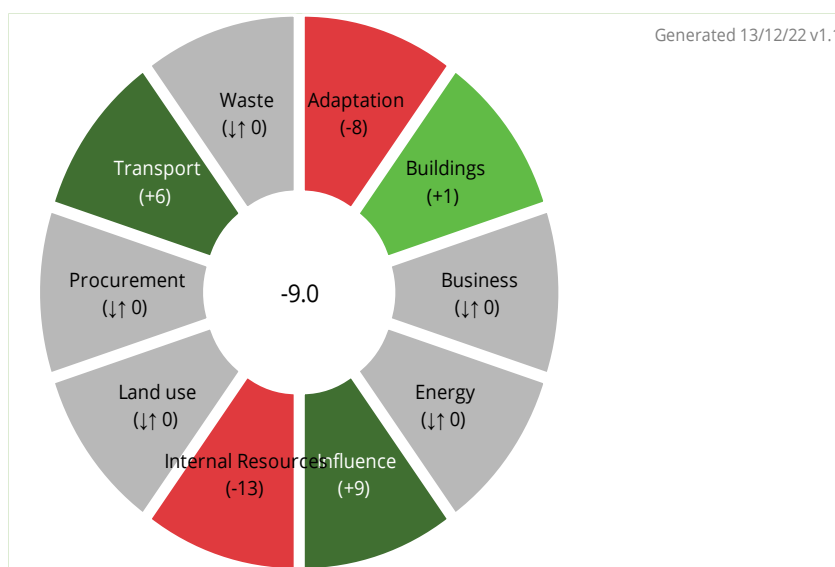


## Legal implications

- 8.1 Collaboration agreements with project partners will be required in order to deliver the project. There will also be the need for the Council to formally delegate its CPO and highways powers to DCoC in order to give effect to a number of the project proposals, as the report sets out.
- 8.2 At the time of writing, it is anticipated that these authorisations will be the subject of a further report to Cabinet on 15 February 2023.

## Climate implications

- 9.1 The Council's Climate Change Impact Assessment tool demonstrates that the project can have a strong impact in terms of transport mitigation, along with an influence in changing behaviours. Where the project is weak, which we know, is its resistance to climate – in particular surface water drainage and flooding, as the area is low-lying agricultural land. The project is also anticipated to utilise a lot of Council resources.



## Socio-Economic implications

- 10.1 This project will create a new community, through Infinity Garden Village and we will attempt to monitor socio-economic implications as a result.
- 10.2 The requirement for Social Value in public contracts also means that contractor Key Performance Indicators will be specified, in relation to Socio-Economic implications, within the main construction contract. This may include employing local people and providing skills training, participating in Enterprise for Education events at Derby schools.
- 10.3 An Equalities Impact Assessment will be developed, specific to this project.



## Other significant implications

- 11.1 A full construction risk register will be developed by DCoC with the construction contractor, the risks workshopped and costs attached to them. The LUF bid included a healthy risk pot of around 25%. The February Cabinet report will include a summary of key risks relevant specifically to DCC as a partner in the scheme.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu, Head of Legal Services	13.01.23
Finance	Amanda Fletcher, Head of Finance	16.01.23
Service Director(s)	David Fletcher, Director of City Development and Growth	17.01.23
Report sponsor	Rachel North, Strategic Director of Communities and Place	15.12.22
Other(s)		

Background papers:

List of appendices: