



DERBY CITY COUNCIL

COUNCIL CABINET
14 MARCH 2006

ITEM 21

Cabinet Member for Personnel, Performance
Management and Economic Development

“New Raynesway”

SUMMARY

- 1.1 As landowners, we need to reconsider further variations to the terms for the sale of our interest on the east side of Raynesway to account for a number of issues which have emerged during the Planning process and subsequently through officers' dealings with the previously-authorised revisions to the existing Agreement. The revised Terms now proposed are set out within the confidential report.
- 1.2 Subject to any issues raised at the meeting, I support the following recommendation.

RECOMMENDATION

2. To rescind the approval given by Cabinet on 6 September 2005 and to authorise revised Terms to be documented with Rosemound Developments Ltd for our land ownership interest on the east side of Raynesway.

REASON FOR RECOMMENDATIONS

- 3.1 To open up this major economic development opportunity on terms aimed to achieve an appropriate return from our strategic landholding and to achieve further clarification of other detailed issues.
- 3.2 To alter the arrangements for delivery of the “Island Site” as a consequence of the developer being unable to deliver the “Revised Junction” in advance of the entire “New Raynesway” scheme.



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Report of the Corporate Director of Corporate and Adult Social Services

“New Raynesway”

SUPPORTING INFORMATION

1.1 Background

Dealing with our landholding on the east side of Raynesway, our main objective has always been to open up this major economic development opportunity on terms which would achieve an appropriate return from our strategic landholding.

As presently configured, the overall site of around 180 acres shown on the plan at Appendix 2 could provide capacity for over 2 million square feet of new floor space with the creation of 3,000 new jobs. Acetate Products Ltd (“APL”) and the Council would obtain substantial capital receipts if Rosemound Developments Ltd (“Rosemound”) achieved Planning Permission and if other contractual conditions were satisfied. We might later also achieve further receipts if more valuable uses are implemented. There is additional potential for us to achieve a further receipt from land adjoining this site through arrangements which provide us with an ownership strip around the periphery of the “New Raynesway” development.

Initially, a more immediate objective was to achieve progress on the Revised Junction within the area shown on the plan at Appendix 3 to create a highly-visible Island Site immediately alongside the A6 Alvaston Bypass/Raynesway junction, at the entrance to “New Raynesway”.

To further our land ownership and highway authority interests, modifications are desirable to the recent extension to Raynesway Park Drive - the side road provided by the Highways Agency (“HA”) when they built the A6 Alvaston Bypass - to cater for:

- (a) “New Raynesway” - the developer’s term for this 180 acre site
- (b) a new road link connecting to the west side of Raynesway, allowing development of our land which awaits development there
- (c) the opportunity to achieve a similar additional return from that strategic landholding also, through known interest from adjoining landowners
- (d) that new road link potentially becoming the first section of the protected route for the proposed Alvaston Bypass Extension.

In respect of (c), those adjoining landowners have previously submitted a planning application for development of industrial (B1), public house/hotel (A3 and C1), health and fitness club (D2), and car showroom/supermarket uses which envisaged them providing the access required through our land on the west side of Raynesway and linking to it. They have not yet opened negotiations with us to achieve this.

Immediate availability of the Island Site might have potentially assisted Cityscape proposals through provision of a relocation opportunity for an established business based in the city centre, enabling development subsequently to be achieved on that company's existing site which could provide a major employment opportunity following redevelopment. In dealing with highways issues related to the "New Raynesway" Planning application, it became apparent that the developer needed greater flexibility to meet possible HA requirements, particularly because of higher traffic flows on the A6 Alvaston Bypass and to allow the developer to deal with the recent Derby Area Transport Study ("DATS") approach with HA and us as Local Highways Authority ("LHA"),

1.2 Rosemound

Before the arrangements with Rosemound were initially authorised by Cabinet, we had sought a potential owner-occupier or developer who would be interested in putting in infrastructure to release the Island Site on the basis of equivalent cost and value. We believed that there would have been potential developer/end-user interest on that basis and this was confirmed in the pre-marketing period - although much of the keenest interest was attributable to rival national developers seeking to establish "a foot in the door" to be best-placed to develop the main site.

Agreements between Rosemound/APL and Rosemound/us were concluded in December 2004. It was known that Rosemound's main focus would naturally be upon delivering the larger scheme - they describe themselves as "*one of the Country's largest providers of business space, currently building over 3 million square feet of new employment uses per annum throughout the UK*". The Agreement contained provisions which were intended to facilitate a Revised Junction within the earliest possible timeframe, but we always expected this to be seen by Rosemound as a prerequisite for maintaining our involvement, rather than because they had any positive motivation themselves for achieving this. The arrangements in place required them to either accept an earlier approval for the Revised Junction or to submit their own application, then to follow this with an application for the entire site. They met those timescale obligations, the last following a pre-agreed two-month extension, but there were no further obligations requiring Rosemound to move towards separate implementation.

1.3 Revised Junction and Island Site

Rosemound decided not to accept the earlier approval for the “revised junction” so submitted their own application on 11 March 2005. The scheme shown on their application:

- was the minimum possible construction
- had no link to Raynesway on the future crossroads alignment
- had a single 7.3m carriageway on the link to the roundabout
- did not include an “internal” roundabout - near the river.

Acting as Local Planning Authority (“LPA”) and as LHA, we agreed not to proceed with it. This followed from preliminary assessment of its traffic-handling capabilities and because it was presented as a multi-stage construction. There were doubts about whether there would be any meaningful spare capacity for new development on the Island Site from that scheme after taking into account the existing demands of the waste transfer station, the household waste centre and the Raynesway Park Drive industrial units. Irrespective of traffic capacity, a phased construction would have presented difficulties also. In replacing an existing public highway - the Highways Agency’s link of Raynesway Park Drive to the A6/Raynesway roundabout - adoption would need to follow immediately after physical completion. This part of the road therefore needed to be built to cater for the full development from the outset - other than signalisation and other measures which were then expected to be required later within the HA main Raynesway/A6 roundabout - and we, as LPA and LHA, saw little point in consulting the HA on a scheme that was unlikely to be acceptable to them because of its inferiority compared to an earlier scheme.

Acting in those capacities, we foresaw refusal, probably after several months' debate, if we required Rosemound to proceed with their application on the details which they submitted. Consequently, it initially seemed that the only way to keep alive our aspiration to achieve early progress on the Revised Junction would require Rosemound’s documented commitment to accept the permission already in place, after correcting detailed deficiencies.

Following further consideration of those issues, Planning and Highways officers advised that it would not be in our best interests to seek to re-establish a commitment for earlier implementation of the Revised Junction. We had approached this on the basis of understandings reached with HA officers at the time of the A6 Alvaston Bypass Inquiry, but current circumstances are likely to lead HA, and us as LHA, to conclude that a different design solution would now be required. Consideration of these issues now involves:

- replacing traffic flows estimated at the time of the Inquiry with empirical evidence which shows much greater usage being made of the Bypass than had been anticipated initially
- consideration of other major current development proposals which would have an impact on the capacity of the A6/Raynesway roundabout and adjoining junctions under the DATS approach.

We are consequently advised that we should follow Rosemound's preference to deal with these issues whilst their application for "New Raynesway" is progressed and not to seek to impose a Revised Junction which may be unsuitable for its main purpose for the sake of releasing an initial area of around 3 acres.

We also need to ensure that any interim junction design is suitable to serve our land ownership on the West side of Raynesway.

Rosemound and their advisers are now considering possible junction solutions which could integrate within a later grade-separated junction. Embankments would be necessary as a consequence, reducing the area available for an Island Site.

1.4 Modifications to Present Agreement

Acting upon the last Cabinet resolution of 6 September 2005 it seemed more pragmatic to replace, rather than to vary, the present Agreement with Rosemound, although the content would be very similar and the balances between Rosemound/APL, Rosemound/us - and thereby between APL/us - would be maintained. Dealing with this draft documentation brought into focus for us as landowners that the planning/highways discussions on the Revised Junction had gone into abeyance. Rosemound said that the lack of progress on their revised junction application arose as a response to circumstances. They have complied with the timescales within their current contractual obligations and broadly with their other obligations and the next existing milestone will remain the Condition Longstop Date of 30 December 2006.

Rosemound initially wished to focus exclusively on those changes authorised by the last Cabinet resolution, thereby accounting for the widening of the river corridor to provide an increased flood plain alongside and for the compensatory inclusion of additional APL land. It would be beneficial for other issues to be addressed within the revised documentation, so I recommend that the previous Cabinet approval is rescinded and replaced by that set out within the confidential Report.

1.5 Flooding Capacity/Fill

A previous Report to Cabinet on 14 June 2005 detailed the manner then proposed for the additional fill requirement arising from the need to build up the South Site of the APL land when Rosemound developed it. The approach proposed by Rosemound then was to extract the required material from an adjoining area, possibly from within our freehold ownership, thereby creating flooding capacity. That part of the report was withdrawn because Rosemound established in the period after it was drafted that potential EA concerns on flooding issues might be addressed more beneficially in another way. The documentation supporting the "New Raynesway" application suggested the need for 21,008 HGV movements over the existing highway network to provide 209,930 cubic metres of imported fill, but this requirement is now estimated at less than 10% of this amount. If sourced locally it could provide a more sustainable approach. The confidential report includes a recommendation which would allow this to be sourced from an identified area within our ownership, if worthwhile. This would reduce the impact on the existing highway network and provide us with an additional receipt from the value of the materials

which could be extracted, although the terms recognise the underlying principle that we should not be seeking to achieve a collateral advantage at the expense of either Rosemound or APL.

1.6 Remediation of APL South Site

During the last few months, issues affecting the required remediation of the APL South Site have become clearer. The principle has always been agreed that:

- the costs appropriate for dealing with this should be taken into account within the land price formula
- at their own expense APL could require more substantial works if this provided better value for money for them in dealing with issues which arose from their adjoining land.

The recommendation includes now taking into account the further details now established so that this is better defined from the outset.

1.7 Suggested Way Forward on Rosemound Revised Agreement

It was expected that approval of the Application for the entire "New Raynesway" site - in which the Revised Junction would be deliverable as a subsumed part - would take around six months from registration. The Application was submitted before the required target of 23 August 2005 but was not registered until mid-October. It is now estimated that determination might be achieved later this year. The determining factor will be the ability of all parties to agree on an acceptable highway system and, to a lesser extent, to reach agreement on the flood risk issues.

The only way in which the Revised Junction/Island Site could now become available relies upon the conditionality elements within the Rosemound/APL Agreement being satisfied, primarily through a Permission being obtained for the above Application.

Rosemound have provisionally agreed terms which would enable the Island Site to be brought forward as quickly as possible within these circumstances and these are recommended within the confidential report along with other provisions dealing with issues described above.

OTHER OPTIONS CONSIDERED

2. Rosemound are continuing to pursue delivery of the entire scheme and have an existing Agreement in place. No other options would be realistic before the Condition Longstop Date of 30 December 2006.

For more information contact: Jim Olford (25)8426 e-mail jim.olford@derby.gov.uk

Background papers: Previous Cabinet Reports

List of appendices: Appendix 1 – Implications

Appendix 2 – Plan of “New Raynesway” area

Appendix 3 – Plan of Island Site

Appendix 4 – Detailed terms recommended - within Confidential part of agenda

IMPLICATIONS

Financial

1. The receipts would support our capital programme.

Legal

2. None.

Personnel

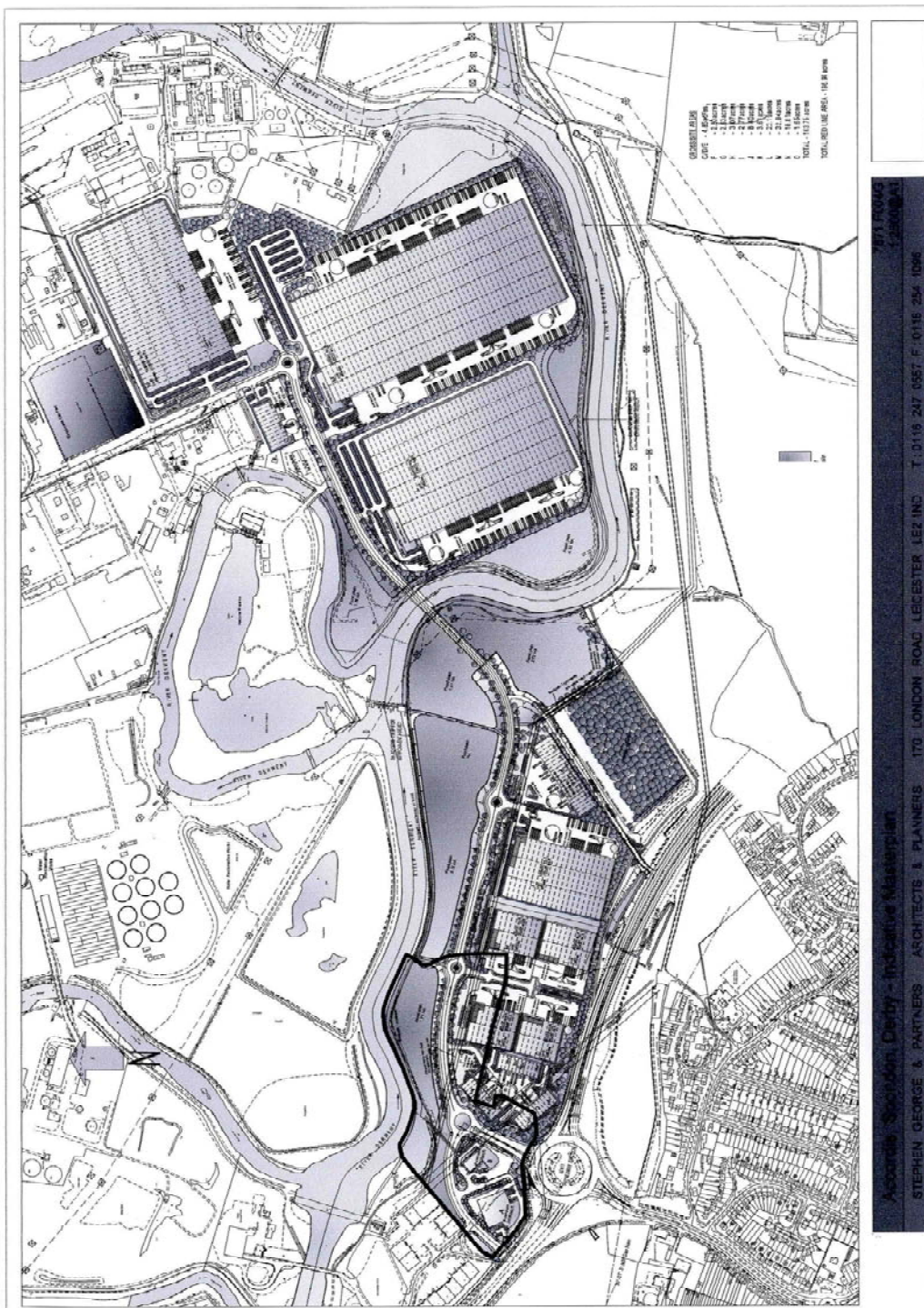
3. None.

Equalities impact

4. None.

Corporate objectives and priorities for change

- 5.1 The proposal mainly comes under the Council's Objectives of providing, a **prosperous, vibrant and successful economy** and a **shared commitment to regenerating our communities**, but also potentially contributes towards other objectives also.
- 5.2 The proposal mainly furthers the priorities of working towards a **more sustainable Derby through increased recycling** and **minimising increases in Council Tax and increasing value for money from our services**.



Rosemound's indicative site layout

Not to scale



Extent of
Council ownership

APPENDIX 3

