



Report sponsor: Rachel North, Strategic  
Director of Communities and Place  
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Division

## **ITEM 12**

### **South Derby Growth Zone and Infinity Garden Village – next steps**

#### **Purpose**

- 1.1 To update Cabinet on progress in relation to this important growth area, and to seek approval to enter into relevant collaboration agreements to facilitate delivery of the required infrastructure.

#### **Recommendation(s)**

- 2.1 To support Derbyshire County Council (DCoC) in the submission of a Business Case to secure Levelling Up Funding (LUF), to fund the highways infrastructure required, namely a new A50 junction and link road.
- 2.2 If the Business Case is successful, approval to support DCoC in the procurement and delivery of the above highways infrastructure, principally through officer time from the Strategic Housing Division.
- 2.3 To delegate approval to entering into collaboration agreements, in order to facilitate the above, with DCoC, South Derbyshire District Council (SDDC), Hallam Land Management and Infinity Park Derby LLP, , delegating approval to the Strategic Director of Communities and Place, in consultation with the Strategic Director of Corporate Resources, Cabinet Member for Regeneration, Decarbonisation, Strategic Planning & Transport, and the Cabinet Member for Adults, Health and Housing.
- 2.4 To delegate authority to the Strategic Director of Communities and Place to finalise the submission documents and any work required towards them, in consultation with the Strategic Director of Corporate Resources, Cabinet Member for Regeneration, Decarbonisation, Strategic Planning & Transport, and the Cabinet Member for Adults, Health and Housing.

## Reason(s)

- 3.1 DCC is a partner in an LUF bid, led by DCoC, which has been successful at the first stage, however, in order to secure the funding, DCoC will need to finalise the LUF Business Case, which will require additional work. DCoC will be the accountable body for the LUF funding. Costs to finalise the Business Case are fully funded by Levelling Up Funding (see 7.1). There is no risk of clawback of this money and no funding required from DCC other than the £100k previously allocated - £62.5k of Levelling Up Fund capacity funding and £37.5k that has previously been agreed at 6 October 2021 Cabinet (minute reference 82/21).
- 3.2 Some of the highways infrastructure will be required within Derby City; however, the majority of the works falls within South Derbyshire, therefore it is more appropriate for DCoC to lead on delivery, supported by DCC.
- 3.3 It is anticipated that DCC will enter into a collaboration agreement with the other project partners, as this is anticipated to be one of the criteria for a successful LUF bid.

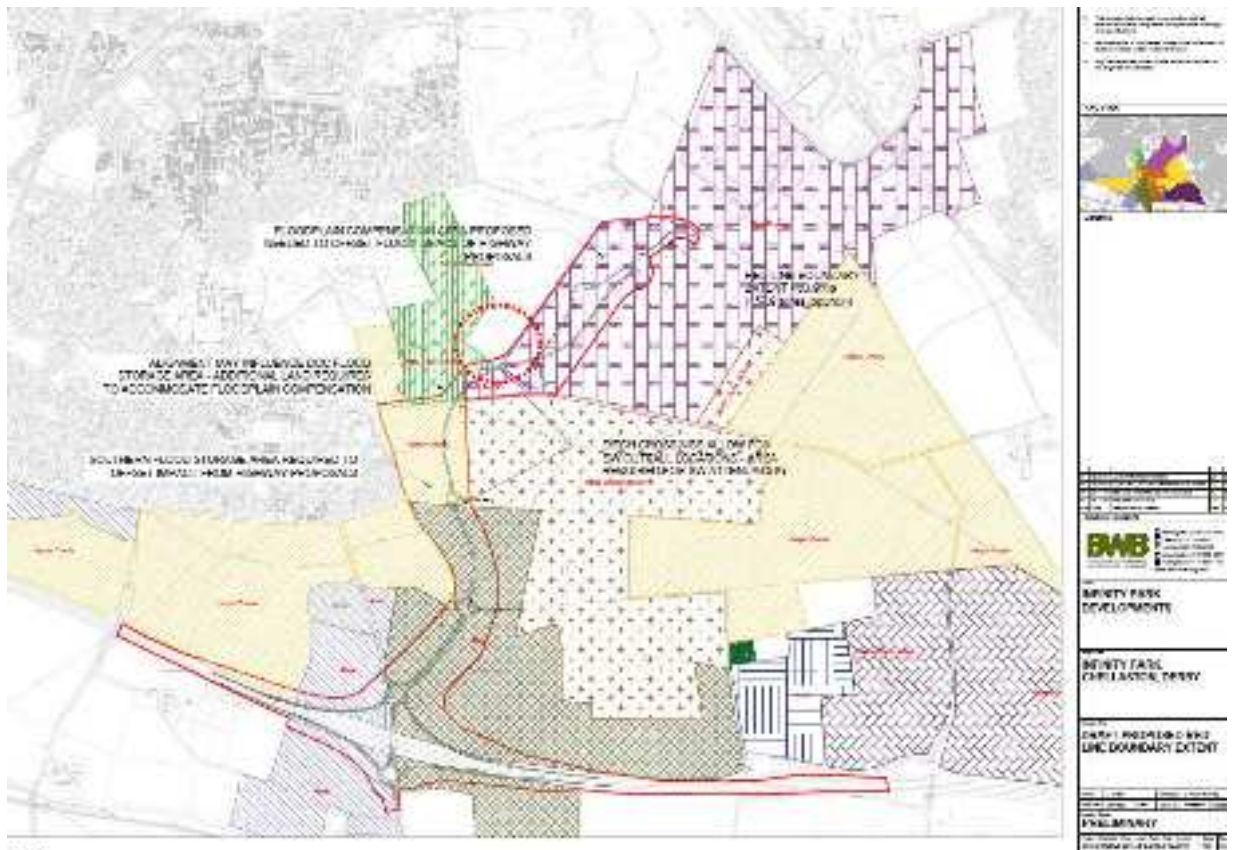
## Supporting information

- 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 on 2 January 2017.



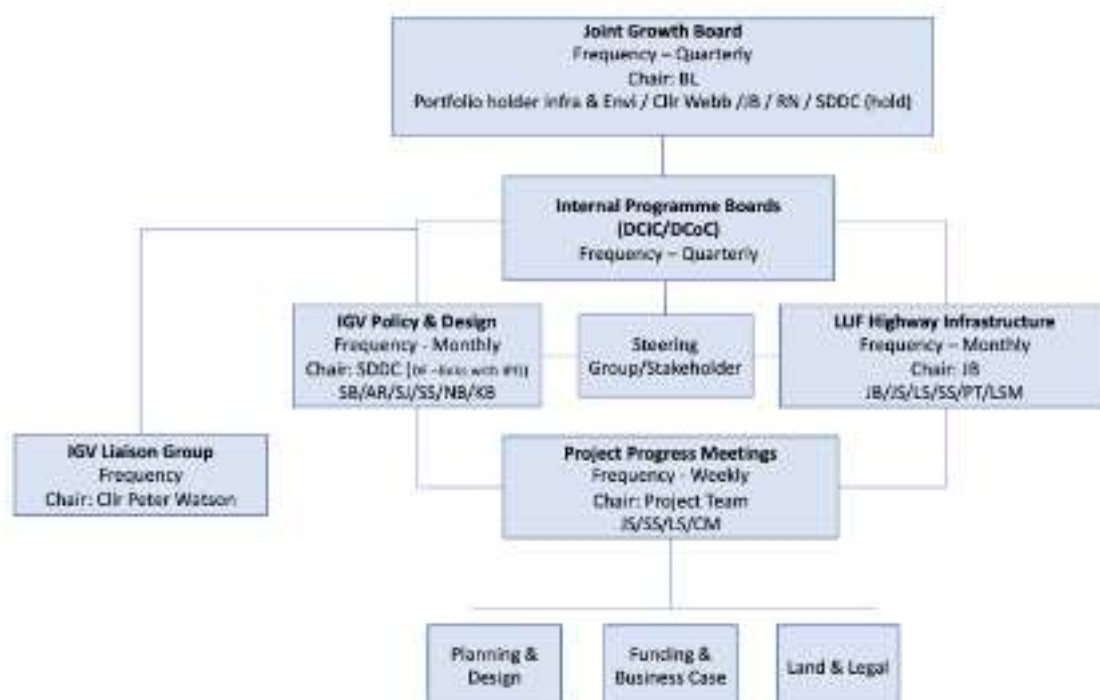
- 4.2 Without a new A50 junction and link road, this development cannot be brought forward and a maximum of 280 new homes could be developed. Planning consent for the A50 junction and link road was secured in April 2021.
- 4.3 The potential benefits of this development are 4,500 new homes, 3.2 million square feet of new employment floorspace and 5,000 new jobs.
- 4.4 The project partners are:
- Public sector partners - DCC, SDDC and DCoC;
  - Commercial developer - Wilson Bowden Developments Limited and Infinity Park (Derby) LLP;
  - Residential developer - Hallam Land Management;
  - Landowners;
  - Strategic partners – Homes England and National Highways.
- 4.5 DCC is a partner in a Levelling Up Fund bid, led by DCoC. The bid was for £49.6m. The total cost of the highways infrastructure is £55.6m, with the remaining £6m to be secured from private sector leverage. This bid has been successful in securing an 'in principle' offer of LUF; however, in order to secure the funding, DCoC will need to finalise the Business Case. Cabinet approval is sought to assist DCoC with this. A copy of the LUF bid is appended to this report.
- 4.6 Assessment is ongoing by DCoC to ascertain the most appropriate procurement route to secure a design and construction contractor for the new A50 junction and link road. A new Midlands Highways Alliance Medium Schemes Framework (MSF4) is anticipated to be accessible from April 2022. Selection of contractors will no doubt be influenced by the current market conditions in this time of significant inflation.
- 4.7 The challenging delivery programme for the project – LUF funding must be spent by March 2025 - requires the engagement of design and construction services as early as possible. DCoC Cabinet has approved the County to consider the Midlands Highways Alliance Medium Schemes Framework 4 (MSF4) as an appropriate procurement option. A mini competition or direct award call-off are possible options. We will ensure that DCC's own procurement team is fully sighted in this process. However, it is anticipated that DCoC will take overall responsibility for the procurement and management of the selected design and build contractor.

4.8 A combined land ownership and highways plan is shown below:



- 4.9 Some of the land falls within Derby City; however, the majority of the land falls within South Derbyshire. The lead developers have a good relationship with all landowners whose property would be required for highway construction; however, negotiating the acquisition of land required could be a lengthy process and it is recommended that in order to expedite these discussions, DCC pursues a compulsory purchase process in parallel. To initiate the negotiations and the compulsory purchase process requires Cabinet approval, which DCoC secured on 10 March 2022. DCC will bring a report back to Cabinet to initiate the CPO process.
- 4.10 It is anticipated that DCC enters into a collaboration agreement with the other project partners, as this is expected to be one of the criteria for a successful LUF bid.

## 4.11 Governance Structure



## 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. DCC 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.
- 5.3 DCC's equality and diversity lead sits on South Derbyshire's Equality, Diversity and Inclusion Board.

## 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, 3.4m 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. (Note – refer to the Local Plan).

## Financial and value for money issues

- 7.1 There is no additional funding required from DCC at this stage, other than the £37.5k approved by DCC Cabinet on 6 October 2021 (minute reference 82/21).

DCC will be the accountable body for the LUF funds, which will fund the highways infrastructure, the costs of which are currently 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>

The funding profile is as follows:

<b>Funding Sources</b>	<b>2021-23</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 – not yet identified			£6,000,000	£6,000,000
Total	£6,751,797	£20,803,662	£28,042,513	£55,597,972



This includes scheme development costs to complete the Business Case of £3,366,905, as shown in the following table. Funding has already been received to cover these costs with no risk of clawback.

	2021-22		2022-23			
	Q4	Q1	Q2	Q3	Q4	TOTAL
Project Management	£99,285	£99,285	£99,285	£99,285	£99,286	<b>£496,426</b>
Design Fees	£414,516	£414,516	£414,516	£414,516	£414,516	<b>£2,072,580</b>
Legal Fees	£72,395	£72,395	£72,396	£72,395	£72,396	<b>£361,977</b>
Other Fees	£87,185	£87,184	£87,184	£87,185	£87,184	<b>£435,922</b>
<b>Totals</b>	<b>£673,381</b>	<b>£673,380</b>	<b>£673,381</b>	<b>£673,381</b>	<b>£673,382</b>	<b>£3,366,905</b>

DCC and DCoC have contributed £100k towards these costs – DCC contribution agreed at October 2021 Cabinet - and a contribution of £100k has been requested from the private sector. The balance will be funded by the Levelling Up Fund grant.

Note that DCoC will be the accountable body for the LUF funding. Any cost overruns will be managed through an Infrastructure Delivery Agreement. It is anticipated that project partners will be responsible for cost overruns; however, it should be noted that there is an overall contingency of nearly £10m for this project.

DCC will bring a report back to Cabinet relating to the potential CPO work to be carried out by the Council, more details of which should be apparent later in the year.

DCC will bring a further report back to Cabinet once the LUF Business Case is complete and the construction project is about to commence. This is anticipated to be around September/October 2023.

## Legal implications

- 8.1 This report recommends that DCC enters into a collaboration agreement with the other project partners. The previous draft of this is attached as an Appendix to this bid. DCC's Strategic Housing Division will engage with the Legal Services Division to complete the collaboration agreement and if necessary with external legal services.

## Climate implications

- 9.1 The Government requires that all new homes must be 'zero carbon ready' by 2025 (Future Homes Standards). In practise, this means that DCC and project partners are already promoting these standards and we will aim that new homes completed before 2025 also conform to that standard.

- 9.2 The proximity of the site to Sinfin Moor Local Nature Reserve (LNR) means that the LNR could potentially also benefit through any measures to mitigate the impact of the highways infrastructure and new development. Note that the mitigation measures will be determined by Section 106 agreements, which will be negotiated at a later stage.

## Other significant implications

### 10.1 Key risks

1. The partners are unable to secure LUF funding. Mitigation – project partners are continuing to work on the LUF Business Case, supported by and the Department for Transport, all of whom are contributing to the costs of that Business Case.
2. The partners are unable to secure the land required for the highways infrastructure. Mitigation – to run a CPO process in parallel with trying to secure the required land by agreement.
3. Cost overruns. Mitigation – the Infrastructure Delivery Agreement (IDA) as part of the LUF project will identify the mitigation for this. Note that there is an overall contingency of nearly £10m for this project.

### 10.2 Equality and Diversity

1. DCC will work with the SDGZ partners to ensure that there is a reasonable level of accessible housing.
2. DCC will work with DCoC to ensure that the highways infrastructure is accessible by a variety of target groups.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu	31.03.22
Finance	Amanda Fletcher	31.03.22
Service Director(s)	David Fletcher	31.03.22
Report sponsor	Rachel North	31.03.22
Other(s)	Liz Moore, Head of HR	31.03.22
	Ann Webster, Equality and Diversity Lead	31.03.22

#### Background papers:

List of appendices: Levelling Up  
Fund bid, previous draft  
collaboration agreement