

**Memorandum of Understanding ("MOU") for Infrastructure Delivery**  
**Infinity Garden Village (IGV)/ South Derby Growth Zone (SDGZ)**

**1. Background**

The South Derby Growth Zone (SDGZ) is the name given to the wider development area, south of the city of Derby and extending into South Derbyshire, which includes the Wragley Way housing site and the Infinity Park Derby (IPD) Southern Extension.

Wragley Way is an allocated housing site, within the Local Plans of Derby City and South Derbyshire; IPD is Derby city's flagship regeneration project and is one of the Government's Enterprise Zones.

Infinity Garden Village (IGV – Appendix 1) is one of the 14 new Garden Villages announced by the Government on 2 January 2017; the Government recognises Garden Villages as a key driver of delivering new homes.

The importance of SDGZ/IGV can be demonstrated in the following benefits (i) between 2,000 - 6,000 new homes (ii) over 5,000 new jobs (iii) 4 million plus square feet new employment floorspace (iv) circa £[1bn] Gross Value Added (GVA). Without additional infrastructure, in the form of an additional A50 Junction and an associated link road to IPD, only 180 new homes would be built and the remaining outputs would be lost.

Delivery of the proposed infrastructure will require external funding, for which all opportunities will be explored by the SDGZ partnership. However, the newly announced Single Housing Infrastructure Fund (SHIF), is likely to be applicable. Details of the SHIF are anticipated by autumn 2020 but, like most sources of funding, it is likely to be competitive and will need to be supported by a detailed business case including evidence of deliverability. . In order to demonstrate the viability of the development to Government, one of the criteria is expected to be the development of an Infrastructure Delivery Agreement (IDA) and this MOU is the first step in that process.

**2. Parties**

- a. Derbyshire County Council
- b. Derby City Council
- c. South Derbyshire District Council
- d. Rolls Royce Plc
- e. Harpur Crewe LLP
- f. Atkin
- g. Atwal
- h. Site Developer (Residential) - Hallam Land Management
- i. Site Developer (Commercial) – Wilson Bowden Developments Limited ("WBD") and Infinity Park (Derby) LLP
- j. Christ Church - Oxford

**3. Overall Objective**

To secure external funding to enable delivery of the Infrastructure described below, which in turn will enable the delivery of up to 6,000 housing units and 4M sq ft of employment. It is acknowledged that additional contributions will need to be made to

top up any external funding allocation and complete the delivery of the Infrastructure Works.

#### **4. Scope of Works covered by this MOU**

##### **Infrastructure Works:**

- The creation of a new junction on the A50 at Deepdale Lane
- A new link road from the new A50 junction linking to IPD, via the T12 Phase 2 road and servicing the Wragley Way housing site and the Infinity Garden Village

Note: There are other essential infrastructure works required to deliver a comprehensive and sustainable Garden Village development, which will require cross-subsidies from development land value, changes in use from Employment to Residential, whereby the higher land values can contribute more to the infrastructure burden and S106 Roof Tax contributions to ensure the objective is achieved, which are not included in this agreement at this stage.

The proposed Infrastructure Works comprising the A50 junction plan and link road is attached in Appendix 2.

#### **4. Joint Objectives**

##### **Primary Objectives**

- a. Secure funding of £[.....] towards the cost of the Infrastructure Works;
- b. All of the Parties to conclude an agreement to fund the remaining cost of the infrastructure works by [.....];
- c. To enter into agreements for the delivery of the Infrastructure conditional upon securing funding;
- d. Construct a new A50 junction at Deepdale Lane by [.....];
- e. Construct a new link road from the new A50 junction linking to IPD, via the T12 Phase 2 road Southern Spur and servicing the Wragley Way housing site, by [.....];
- f. Ensure that the infrastructure and housing delivery constitutes a 'Garden Village', according to Government guidelines.

Note: If funding for the Infrastructure Works has not been secured on or before [.....] the MOU will cease to have effect

##### **Secondary Objectives**

- a. Agree the delivery of additional infrastructure funding through a separate Section 106 agreement / DCC Loan Agreement;
- b. Develop and agree a Cost Plan for the Infrastructure delivery (current estimate in Appendix 3);
- c. Develop and agree a Programme for the Infrastructure delivery (current draft in Appendix 4);
- d. To secure an appropriate mechanism for the comprehensive development of the Wragley Way residential development along with the associated public infrastructure and Section 106 agreement;
- e. To secure an appropriate mechanism for the comprehensive development of the the commercial development (south of Infinity Park Derby) for B1, B2 and B8 and associated roadside, community and leisure uses.

- f. Secure secondary infrastructure delivery within an identified programme agreed with the partners and method of delivery;
- g. Work together to achieve value engineering (cost saving) opportunities;
- h. Work together to minimise the risks to the development;
- i. Carry out site survey, investigation and due diligence on a timely basis to deliver the programme;
- j. To act in good faith between the Parties to deliver the joint objectives.

## 5. Roles of the Parties

### Derbyshire County Council (DCo) :

- a. Act as Project Lead for the delivery of the essential infrastructure by [.....]:
  - The creation of a new junction on the A50 at Deepdale Lane;
  - A new link road from the new A50 junction linking to IPD, via the T12 Phase 2 road and servicing the Wragley Way housing site;
- b. To act as the Highways Authority for that part of the link road that is constructed within South Derbyshire and to work with Highways England to ensure that the new A50 junction is approved by Highways England / DfT and is constructed to an adoptable standard;
- c. To jointly agree the public sector funding, financial and resource contribution, with Derby City Council and South Derbyshire District Council, by [.....];
- d. To conclude conditional agreements for the acquisition of the freehold of the route of the Infrastructure Works with vacant possession, together with securing necessary working areas on a temporary basis and service easements. DCC will resolve to use CPO powers should agreements for the sale of the land not be concluded;
- e. To work alongside DCC / SDDC to secure and deliver internal and external funding, by [.....] for infrastructure works and other eligible project expenditure;
- f. To work with partners to secure a detailed planning permission, by [TBC], for the Infrastructure Works;
- g. Progress engagement about Strategic Outline Business Case, submitted to Highways England for the new A50 junction and pursue approval for the principle of the new junction with DfT by [.....];
- h. To procure the appointment of a suitably experienced contractor, by [TBC], of sound financial standing and competence in order to undertake the Infrastructure Works;
- i. DCo shall manage the build contract for the Infrastructure Works and shall make reasonable endeavours to ensure that the provisions of such do not conflict with the provisions of this Infrastructure Delivery Agreement, including making available details of the construction contract for legal meetings for the IDA (Note – or words to that effect);
- j. To ensure adequate provision is made for (i) highway maintenance (ii) signage and wayfinding and (iii) any 'resitatement costs' potentially payable to landowners.
- k. DCo shall keep other parties informed as to progress with the works throughout the period of the works contract;

- l. To maintain records of expenditure and to provide a schedule of relevant project expenditure incurred on a 3 monthly basis to the parties;
- m. To enter into the necessary legal agreement with Highways England / DfT in relation to the delivery of the new A50 junction;
- n. To work with DCC and SDDC to finalise the DPD by [ ];
- o. To work out, within the construction contract, a fair and equitable method of risk sharing with the other partners in the event of an unforeseen cost overrun, that may occur for reasons other than negligence and / or poor management of the contract, etc.
- p. Pursuant to n. above, to work out, within the construction contract, a mechanism for the SDGZ partners to approve any changes to the construction budget.
- q. Pursuant to n. and o. above, to workshop risks at an early stage, together with SDGZ partners and the chosen contractor, in order to get a better understanding of and out a cost to specific projects risks.
- r. For any public sector grants received by it towards these works, to ensure transparency of those grants and any spend against them, by making financial reports available and by establishing separate 'Escrow' bank accounts if required by the SDGZ partners.

Derby City Council (DCC) :

- a. To act as the Highways Authority and Planning Authority for that part of the link road that is constructed within Derby City and assist DCo, , with Highways support for the A50 Junction, plus that part of the link road that is constructed within South Derbyshire;
- b. To jointly agree the public sector funding, financial and resource contribution, with South Derbyshire District Council and Derbyshire County Council, by [.....];
- c. To lead on Funding Strategy for the Infrastructure Works and develop and submit funding applications as required;
- d. To work alongside DCo / SDDC to secure and deliver internal and external funding for the Infrastructure Works and other eligible project expenditure;
- e. To jointly fund the planning applications in accordance with the approved resource strategy and associated funding strategy, either by direct funding or grant assistance;
- f. Assist DCo in progressing engagement about the submitted Strategic Outline Business Case [.....]with Highways England / DfT in pursuit of approval of the principle of the new A50 junction by [.....];
- g. To make available any Council owned land required for the scheme (including for flood mitigation, drainage, attenuation, landspacing, ecology, etc.) at an appropriate value for the land and without ransom value. DCC agrees to the surrender of the ransom strip, contained in the agreement, 'Infrastructure Delivery Agreement, relating

to the construction of T12 public highway and related infrastructure at Wilmore Road, Holmleigh Way and Sinfin Moor Lane, Chellaston, Derby', dated 16 September 2014;

- h. To use CPO powers jointly with DCo, to acquire any land required for the delivery of the Infrastructure Works (including working areas and easements) should agreements for the acquisition of the land required for the Infrastructure Works not be concluded by [ • ];
- i. To work with SDDC and DCo to finalise the DPD by [ ];
- s. For any public sector grants received by it towards these works, to ensure transparency of those grants and any spend against them, by making financial reports available and by establishing separate 'Escrow' bank accounts if required by the SDGZ partners.

#### South Derbyshire District Council (SDDC)

- a. To be consulted on that part of the link road that is constructed within South Derbyshire;
- b. To jointly agree the public sector funding, financial and resource contribution, with Derby City Council and Derbyshire County Council, by [ • ];
- c. Assist DCo in progressing engagement about the submitted Strategic Outline Business Case [.....]with Highways England / DfT in pursuit of approval of the principle of the new A50 junction by [.....];
- d. To finalise the DPD in conjunction with DCo and DCC by [ ].
- e. For any public sector grants received by it towards these works, to ensure transparency of those grants and any spend against them, by making financial reports available to the SDGZ partners.

#### Rolls Royce Plc (RR)

- a. To enter into a conditional agreement for the sale of the freehold of land with vacant possession at market value and without ransom value (see Note A) to DCo for construction of the Infrastructure Works plus grant associated rights for easements, temporary working areas, etc. The sale of the land must be completed in order to secure possession a minimum of 4 weeks prior to the commencement of the contract for the Infrastructure Works;
- b. Contribute land where required to include land required for the scheme flood mitigation, drainage, services, attenuation, ecology and landscaping, and other required general infrastructure etc. at market value (see Note A);
- c. Rolls-Royce agrees to the surrender of the ransom strip, contained in the agreement, 'Infrastructure Delivery Agreement, relating to the construction of T12 public highway and related infrastructure at Wilmore Road, Holmleigh Way and Sinfin Moor Lane, Chellaston, Derby', dated 16 September 2014.

#### Harpur Crewe

- a. To enter into a conditional agreement for the sale of land with vacant possession at market value and without ransom value (see Note A) to DCo for construction of the Infrastructure Works plus grant associated rights for easements, temporary working areas, etc. The sale of the land must be completed in order to secure possession a minimum of 4 weeks prior to the commencement of the contract for the Infrastructure Works;
- b. Contribute land where required for the overall scheme to include landscape mitigation / flood mitigation / water attenuation, drainage, services, highways and other required general infrastructure etc., at market value (see Note A);
- c. Harpur Crewe agrees to the surrender of the ransom strip, contained in the agreement, 'Infrastructure Delivery Agreement, relating to the construction of T12 public highway and related infrastructure at Wilmore Road, Holmleigh Way and Sinfin Moor Lane, Chellaston, Derby', dated 16 September 2014.

#### Atkin

- a. To enter into a conditional agreement for the sale of land with vacant possession at market value and without ransom value (to be assessed - *Note: this needs to reflect the value of the existing buildings*) to DCo for construction of Infrastructure Works plus grant associated rights for easements, temporary working areas, etc. The sale of the land must be completed in order to secure possession a minimum of 4 weeks prior to the commencement of the contract for the Infrastructure Works;
- b. Contribute land where required for overall landscape mitigation / flood mitigation / water attenuation, drainage, services, highways and other required general infrastructure etc., for the South Derby Growth Zone at market value (see Note A).

#### Atwal

- a. To enter into a conditional agreement for the sale of land with vacant possession at market value and without ransom value (see Note A) to DCo for construction of infrastructure works plus grant associated rights for easements, temporary working areas, etc. This Option may be exercised in order to secure possession a minimum of 4 weeks prior to the commencement of the contract for the infrastructure works;
- b. Contribute land where required for overall landscape mitigation / flood mitigation / water attenuation, drainage, services, highways and other required general infrastructure etc., for the South Derby Growth Zone at market value (see Note A).

#### Site Developer (Residential) - Hallam Land Management

- a. Lead on housing delivery at Wragley Way;
- b. Lead on planning application submission for housing at Wragley Way;
- c. In conjunction with the commercial developer and DCC, jointly fund the Planning Application for the Infrastructure Works in accordance with the approved funding strategy;
- d. To pay any agreed capital contribution towards infrastructure funding as set out in 6. below;
- e. Keep partners informed as to progress on an ongoing basis;

- f. To promote the scheme in accordance with an agreed Masterplan;
- g. To ensure under the Hallam Land Option Agreements, that land is made available for the Infrastructure Works without ransom, including its own freehold land.

Site Developer (Commercial) – Wilson Bowden Developments Limited

- a. Lead on commercial matters, reaching agreement with landowners and delivery of employment floorspace;
- b. In conjunction with the Residential Developer, DCo and DCC, jointly fund the Planning Application for the Infrastructure Works in accordance with the approved funding strategy;
- c. To pay any agreed capital contribution towards infrastructure funding;
- d. Keep partners informed as to progress on an ongoing basis;
- e. To promote the scheme in accordance with an agreed Masterplan;
- f. Wilson Bowden is a partner in Infinity Park Derby LLP. Wilson Bowden, on behalf of and with the agreement of, Infinity Park (Derby) LLP, agrees to the surrender of the ransom strip, contained in the agreement, 'Infrastructure Delivery Agreement, relating to the construction of T12 public highway and related infrastructure at Wilmore Road, Holmleigh Way and Sinfen Moor Lane, Chellaston, Derby', dated 16 September 2014.
- g. To keep records of any public sector grants paid to it, for as long as required by the SDGZ partners.

## **6. Funding of Infrastructure**

DCo and DCC shall use all their reasonable endeavours to secure public sector funding for the project.

The likely public sector funding sources are as follows:

- a. Homes England – Single Housing Infrastructure Fund, Garden Villages funding, Large Sites Capacity Funding.
- b. D2N2 Local Enterprise Partnership (LEP) – Local Growth Fund (LGF) 4.
- c. Highways England – Road Investment Strategy (RIS), Growth and Housing Fund.
- d. Council funding. [It is assumed additional funding for the Infrastructure Works may be procured by a loan from the public sector partners or Homes England, which will be repayable from the realisation of proceeds from sales].
- e. Private Sector contributions.

The funding shall be utilised towards:

- a. £1.35M million utilised for the planning application for Infrastructure Works.
- b. £20 million utilised for the construction of a new A50 junction and associated costs.
- c. £13 million utilised for the construction of a new link road between the new A50 junction and T12 Phase 2 (along with associated costs).

Funding strategy and payment mechanisms to be developed and agreed between parties. As noted, Government funding may be insufficient to fund the entirety of the Infrastructure Works and any potential cost overruns that need underwriting. The shortfall may be partly covered by further Public Sector Grant that may become available, but is likely, certainly in part, to have to be underwritten by land value. In order for the Private Sector to do this, it will require relevant Planning Permissions to be in place to underwrite this value.

The shortfall in costs will however go beyond the Infrastructure Works. We anticipate that this shortfall (assuming not made up by other grant) will only be covered off by increasing the quantum of residential development and potentially adjusting the level of Affordable Housing.

## **7. Calculation and Payment of Financial Contribution by Commercial Developer**

The employment land is not expected to be able to contribute as development is not currently viable due to general stabilisation costs and general infrastructure costs, some of which benefit IGV as a whole.

## **8. Timing of Financial Contributions by the Site Developers (Residential), Hallam Land Management and BDW Trading (Redrow in respect of the future Lowes Farm housing development (subject to Planning)).**

It is assumed the private sector will repay funding loans of Council funding from the realisation of proceeds from residential sales.

## **9. Proposed Land Uses**

The site will be developed in accordance with the Masterplan as amended during site development over future years, and as required to underwrite a viable scheme from the outset.

## **10. Procurement of Infrastructure Works**

The Infrastructure Works and consultancy services etc required to deliver the Infrastructure Works to be procured by DCo, with reference to DCC's Highways Division and with the input of private sector partners, including Wilson Bowden and Hallam Land Management.

## **11. Programme – Key Milestones**

Programme is critical in order to deliver within probable set funding timescales. External funding for the project may be dependent upon the scheme delivering spend within the funding project programme.

A fuller programme is appended to this document, the following are the key milestones from it:

|                            | <b>Date</b>   | <b>Note</b> |
|----------------------------|---------------|-------------|
| SHIF Programme Approval    | [...]         |             |
| Submission Approval        |               |             |
| Secure Planning Permission | [summer 2020] |             |



|   | Date             | Note |
|---|------------------|------|
| Complete land acquisitions, easements, etc. required for infrastructure | [September 2021] |      |
| Commence infrastructure works   | [October 2021]   |      |
| Complete infrastructure works   | [August 2023]    |      |

## 12. Appointment of Consultants

DCoC shall appoint consultants on behalf of the parties to support the delivery of the Infrastructure Works within the programme. Such consultants will provide third party rights to the other parties to the Infrastructure Delivery Agreement.

**Consultants appointed previously by Wilson Bowden, Hallam Land Management, Bentley Project Management and DCoC will provide warranties regarding their work done previously.**

### Note A – Agricultural Land Valuation

Where agricultural land is being taken out of production for the delivery of the Infrastructure Works, compensation will be paid at [2] x Market Value (MV).