



**FOR PUBLICATION**

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**Thursday, 13 January 2022**

**Report of the Executive Director - Place**

**Staveley Waterside Development**

**(Cabinet Member for Clean Growth & Regeneration)**

**1. Divisions Affected**

1.1 Staveley North and Whittington.

**2. Key Decision**

3.1 This is a key decision because it is likely to result in the Council incurring expenditure which is, or savings which are significant having regard to the budget for the service or function concerned (this is currently defined as £500,000) and is likely to be significant in terms of its effect on communities living or working in an area comprising two or more electoral areas in the County.

**3. Purpose**

3.1 The purpose of this report is to seek Cabinet approval to accept a grant offer from the Staveley Town Deal Fund and to develop and operate Phase 1 of The Staveley Waterside project comprising infrastructure and a two storey 12,000ft<sup>2</sup> development to create new business growth units.

**4. Information and Analysis**

4.1 Cabinet resolved on 14 October 2022 (Minute No. 171/21) to note the success and progress in developing Markham Vale; the report included

sections about the completion of the Staveley Basin Masterplan and that the Waterside project would be the subject of a further report to Cabinet.

- 4.2 Markham Vale is the Council's flagship regeneration project and was set up to create an attractive and accessible business park centred around the former Markham Colliery site but with a boundary extending to the west of Staveley and eastwards to Bolsover in the north of the County. The project was set up in 2006 to create up to 4,100 jobs, improve existing/build new roads, bring in around £170 million of private sector investment and develop over 3 million ft<sup>2</sup> of commercial floor space. In short, Markham Vale was established as a catalyst for regeneration in a deprived former coalfield area of Derbyshire and to generate business rates income for re-investment in the Derbyshire economy over the long term.
- 4.3 Staveley Basin is located on the edge of Staveley town centre in the borough of Chesterfield and accessed off Eckington Road, Staveley. The site forms part of the Markham Vale estate having been originally acquired to facilitate the construction of the Staveley Northern Loop Road and meet the obligations of the conditions attached to the original Markham Vale planning permission which included the restoration of the Chesterfield Canal in this location. The Council has previously secured grant funding to support construction of the basin at this navigational end of the restored canal and to create development land.
- 4.4 In 2019, the Council commissioned the preparation of a mixed-use masterplan for the Staveley Town Basin site to identify opportunities for regeneration and economic development, building on the success of the wider Markham Vale project. The resulting Masterplan (see Appendix 3 of this report), prepared by Peak Architects Ltd, identified opportunities for mixed-use development at the site, capable of being developed in zones and comprising up to 73 residential units and 13,500ft<sup>2</sup> of commercial space but with the flexibility of increasing the commercial space by reducing the residential offer. If fully developed in accordance with the Masterplan, an estimated £18m of investment will be attracted to the site.
- 4.5 In order to achieve this level of investment, the Masterplan highlighted the need for enabling infrastructure to bring forward development at the basin; this comprises a new access road off Eckington Road and utilities to serve the future development sites. The Masterplan allows for the mixed-use development to be constructed either in phases or as a single project, but any first phase of development needs to include the access road and associated utility infrastructure.

- 4.6 In November 2019, Government announced the Town Deal Fund and Staveley was identified as one of 101 towns to bid for up to £25m. The aim is to deliver regeneration projects with and for the communities of the Staveley area. The Staveley Town Deal was subsequently awarded £25.2m in March 2021 and work to prepare relevant business cases for key projects in the Town Deal area is progressing in advance of submission to Government in March 2022 and ahead of any capital works commencing.
- 4.7 In the early part of the process, the Staveley Town Investment Plan was prepared by Chesterfield Borough Council and other key stakeholders and identified Staveley Town Basin as an unmet development opportunity with potential for business activities associated with the increased use of the canal corridor for recreation and waterside housing development. *“Staveley Town Basin, with leisure space and high-quality places to live will bring people flocking to Staveley and move the orientation of the town centre to what will be a waterside gem”* Staveley - Town Investment Plan, December 2020.
- 4.8 Having regard to the wider regeneration requirements linked to the original Markham Vale planning consent and the Masterplan proposals, the County Council submitted a bid to the Staveley Town Fund for development of the first phase of the Masterplan. Subsequently, the Staveley Waterside proposal was one of the projects selected by the Staveley Town Fund Board as suitable for funding and the Council has since been provisionally offered grant funding of £2.664m towards the cost of this first phase of the Masterplan. Officers are responding to a number of queries on the Council’s submitted Business Case which when agreed will be submitted to the Staveley Town Deal Board for signing off. This Board is due to meet in February to consider ours and a number of other project business cases. If approved, the Town Deal Board will send the project Business cases through to government with a recommendation for approval.
- 4.9 The first phase of the Staveley Waterside proposal is to create a new, high-quality building for new start and existing businesses, building on the success of the Markham Vale Environment Centre. It will be a catalyst for achieving the wider vision for Staveley Town Basin as set out in the Masterplan and for investment by others in and around the Basin. The phase 1 proposals will deliver a new, high-quality 12,000ft<sup>2</sup> waterside building, offering flexible office and workshop units for small businesses; flexible ground floor units offering a high-quality food and beverage opportunities with indoor/dedicated outdoor dining space; or other retail use. The proposal also includes provision of an access road

and enabling utilities which are key to open a further 5 acres of the wider site for future development and investment.

- 4.10 It will be a new place for new businesses to grow and prosper and for the local community to enjoy and be employed and for visitors to stop and contribute to the growth in vitality of the area.

### **Business Need**

- 4.11 An Economic Assessment was commissioned in March 2021 to support the Council's funding bid. The report (see Appendix 4) considers the financial viability of the proposals, the types of businesses that might reasonably be expected to locate there, the possible user and visitor numbers for the site, lessons learnt from other locations, and the potential long-term economic impact of the investment on Staveley. The Economic Assessment identified that the grant investment would bring the following economic benefits to the area:
- a. The creation of between 40 and 62 new employment opportunities.
  - b. Opening up of further mixed-use development land (circa 5 acres).
  - c. A return on investment of £8.72 for every £1 of investment over a ten-year period.
  - d. The potential to generate an additional £2.8m Gross Value Added (GVA) for the local economy per annum.
  - e. The potential for 140,000 visitors per annum using the site by year 10. If just 30% of these visitors were to spend more time in the local area using the shops, cafes and other facilities in the town, then the associated visitor spend has the potential to create circa £1m per annum for the local economy which, in turn, could support a further 16 jobs in the locality.
- 4.12 Following on from the Economic Assessment, a Business Case for the development of the Staveley Waterside was also prepared (see Appendix 5) which adopted the Government's 'Green Book' approach and sets out the case for Strategic, Economic, Commercial, Financial and Management issues.
- 4.13 Strategically, the report confirmed the proposed Waterside development fits with a number of Government policies and objectives and aligns with the aspirations of the Staveley Town Investment Plan, Derbyshire Economic Partnership Covid-19 Economic and Skills Recovery Strategy, D2N2 (Derby, Derbyshire, Nottingham and Nottinghamshire) Recovery and Growth Strategy and other local strategies.
- 4.14 The ongoing redevelopment of Markham Vale directly supports the Council's objective to create a '*green and prosperous Derbyshire*' as set

out in the Council Plan 2021- 2025 and the proposed development at Staveley Waterside aligns to this objective. Specifically, the creation of new employment opportunities form part of the County's response to tackling the economic impacts of Covid-19 which is a stated priority action in the Council Plan.

- 4.15 Commercial viability is a key driver in determining the preferred option for the Waterside development ensuring that the proposals play a central role in driving sustainable economic growth in Staveley, as well as supporting the long-term future of the wider site. Detailed market and economic assessment work were undertaken to underpin the business case assumptions which identified that a high-quality commercial development aligned with the vision of the Staveley Town Investment Plan.
- 4.16 The Business Case for the Waterside project demonstrates commercial and financial viability once constructed and fully operational, with an annual operating surplus of up to £94,000. A sensitivity analysis was also undertaken based on varying percentages of occupation (these are summarised in Appendix 5).
- 4.17 An important focus of the whole Staveley Basin project is to build on the success of Markham Vale and the Environment Centre and maximise the opportunities offered by Staveley's nearby location to help more local businesses start up and grow, create more jobs and contribute to a flourishing local economy. It will also provide an important new asset for the County in terms of business infrastructure, providing high quality workshop and office space on flexible tenancy arrangements.
- 4.18 The Council will deliver this first phase which is focused on supporting local business and will be a catalyst for further development of the Staveley Basin by others. It will create a new high-quality building for businesses but also for use by residents and visitors drawn to the building by the attractive waterside setting on the fringe of the town centre.
- 4.19 Staveley, in which part of Markham Vale sits, is strongly positioned towards a more prosperous future, but this future is not guaranteed. There are many barriers to overcome to fully capitalise on the potential for economic growth. Unfortunately, the results of being a post-industrial town are clear to see, a struggling town centre and scarred landscape whilst the potential is not yet understood by many. With targeted investment focused on the assets and opportunities, Staveley can be reborn as a vibrant and attractive place to live and work.

4.20 The total capital budget for this first phase of the development is £3,064,000 which will see the construction of the access road, the installation of utilities and the construction of the high-quality 12,000ft<sup>2</sup> waterside building. The funding package to meet the costs of the £3,064,000 project will be largely met from the Towns Fund contributing £2,664,000. The remaining sum will be met by the Council contributing in-kind land valued at £250,000, plus £150,000 previously allocated in the approved Land Reclamation Capital Budget. Construction costs across the country are experiencing unusual inflationary levels and, therefore, the costs of developing the Phase 1 Waterside project could increase above the original estimate of and therefore a 20% contingency sum is required to offset any potential increase. This will be funded from capital receipts generated from the sale of development land elsewhere on Markham Vale.

### **Management and Delivery**

- 4.21 Completion of this first phase of the development does not commit the Council to starting nor completing any future phases. Any future phases will be the subject of further reports to Cabinet.
- 4.22 The Staveley Town Fund Board have invited applicants to prepare and submit relevant business cases for key projects in the Town Deal in advance of submission to Government in March 2022 with an overall completion target date of March 2026. If Council decide not to accept the grant offer for the Waterside project, the Staveley Town Fund Board will need to re-allocate the funds allocated for this project or risk the possibility of losing part of it. If the Staveley Waterside proposal is approved by Cabinet, and subject to securing all necessary funding and planning approvals, construction of the Staveley Waterside Phase 1 development is likely to commence on site September 2022 and be completed by end of 2023.
- 4.23 The Staveley Waterside Phase 1 development will create a new Council asset that will require effective and appropriate design, construction, management, and maintenance. This report sets out how, and with what resources, the development will be designed and constructed.
- 4.24 Ongoing site and building facilities management and maintenance to a high standard will be essential if the Staveley Waterside development is to be an economically sustainable development drawing new businesses to the site, supporting continuous business growth and continues to attract high numbers of visitors. Discussions need to be progressed with key stakeholders, including Property Services, on how best to specify and procure these services. Funding of these ongoing

site and building facilities management and maintenance services will be fully met from the business unit rental income.

## **5. Consultation**

- 5.1 A number of key stakeholders were consulted during the preparation of the Masterplan; these include adjacent landowners, Chesterfield Borough Council, the Chesterfield Canal Trust and Derbyshire County Council's Highways Development Control and Countryside Services.
- 5.2 During the preparation of the Economic and Business Case reports, the following key stakeholders were consulted: Staveley Town Fund Board, Chesterfield Borough Council's Business and Economic Growth Services and Derbyshire County Council's Property, Finance and Legal Services.
- 5.3 Members of the Markham Vale Partnership Board received a report in March 2021 which summarised the contents of the Staveley Basin Masterplan and reported the actions taken in submitting the grant funding bid to the Staveley Town Deal Board. Members were also advised that several consultants had been appointed to assist the Council in preparing preliminary designs. These appointments were subsequently reported to, and approved by, Cabinet on 14 October 2022 (Minute No. 178/21)
- 5.4 The Portfolio holder for Clean Growth and Regeneration sits on the Staveley Town Deal Board which has received and considered reports and presentations about the Staveley Waterside project and how it fits in within the wider Town Deal Investment Plan.
- 5.5 Derbyshire County Council have been invited to comment on Chesterfield Borough Council's Draft Staveley Town Centre Masterplan which is currently out for public consultation. The Staveley Town Centre Masterplan includes proposals which are also reliant on receiving Staveley town Deal grant funding.
- 5.6 Further consultation will be undertaken as part of any future planning application for Staveley Waterside.

## **6. Alternative Options Considered**

- 6.1 All alternative options can be found in Appendix 2 of this report.

## **7. Implications**

- 7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

## **8. Background Papers**

- 8.1 None identified.

## **9. Appendices**

- 9.1 Appendix 1 - Implications.
- 9.2 Appendix 2 – Options.
- 9.3 Appendix 3 – Staveley Town Basin Masterplan.
- 9.4 Appendix 4 - Staveley Town Basin Built Development Phase 1 Economic Assessment March 2021.
- 9.5 Appendix 5 – Waterside Hub Business Case October 2021.

## **10. Recommendations**

That Cabinet:

- a. Notes the actions taken to date to secure the provisional grant offer of £2.664m from the Staveley Town Deal Board and subject to securing a detailed offer accepts the grant towards the costs of designing and building Phase 1 of the Staveley Waterside project.
- b. Approves the funding package for Phase 1 of the Staveley Waterside Development as set out in 4.20 above.
- c. Subject to securing the full grant offer from the Staveley Town Deal Board, approves the placing of orders to commence the detailed design stage of the Phase 1 Waterside Development and to invite tenders for the construction design and build phase.

## **11. Reasons for Recommendations**

- 11.1 Acceptance of the grant, approving the funding package and completing the design and construction of the Phase 1 Staveley Waterside development supports the Council's objectives to create a '*green and prosperous Derbyshire*' as set out in the Council Plan 2021- 2025. Specifically, the creation of new employment opportunities forms part of

the County's response to tackling the economic impacts of Covid-19 which is a stated priority action in the Council Plan.

**12. Is it necessary to waive the call in period?**

12.1 No.

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## Implications

### Financial

- 1.1 The total cost estimate for phase 1 of the Staveley Waterside development is £3,064,000. The Staveley Towns Fund has provisionally offered to contribute £2,664,000 to these costs, with the County Council providing in-kind land valued at £250,000, along with £150,000 previously allocated in the approved Land Reclamation Capital Budget.
- 1.2 Construction costs across the country are experiencing unusual inflationary levels and, therefore, the costs of developing the Phase 1 Waterside project could increase above the original estimate of £3,064,000. There are several actions that the project team will take to minimise and/or offset this risk by
  - a. Phasing/reducing the scale of the Phase 1 development to meet the budget – this would include removing or deferring less critical elements, i.e., phasing surfacing of the car park or reducing the less critical elements of the landscaping and infrastructure works.
  - b. Value engineering – detailed discussions with the Council’s appointed construction and design teams to assess the use of lower cost alternative products and methods in the building construction.
  - c. Additional funding by identifying other grant funding opportunities
- 1.3 However, it is likely that a contingency of 20% will be required to meet any increase in costs that cannot be met by the above techniques. This contingency can be funded from capital receipts being generated from the sale of development land elsewhere on Markham Vale.
- 1.4 The appointment of consultants to develop the Phase 1 Waterside design to Royal Institute of British Architects (RIBA) Stage 2 was approved under the Markham Vale scheme of delegation and reported to, and approved by, Cabinet on 14 October 2022 (Minute No. 178/21). The design team comprised.
  - a. Architects – Jefferson Sheard.
  - b. Quantity Surveying and Employer’s Agent (and construction phase) – Rex Proctor and Partners.
  - c. Civil and Structural Engineering Service – BWB.
  - d. Client CDM – RPP Management Ltd.
- 1.5 Approval is now required to place orders to complete the next stages of the project RIBA Stage 4 (tender).

- 1.6 The Business Plan for the Waterside project shows commercial and financial viability and does not require additional revenue support. Once constructed and fully operational with an annual operating surplus of up to £94,000. A sensitivity analysis was undertaken based on varying percentages of occupation (these are summarised in Appendix 5).

## **Legal**

- 2.1 The Staveley Town Deal Fund Board has not yet issued a formal grant offer letter but it is likely that the offer will require the Council to enter a contract to use the grant funding for the purpose applied for within the agreed timescale. A period of monitoring of outputs and outcomes will be a requirement of accepting the grant offer.

## **Human Resources**

- 3.1 Delivery of the economic regeneration business support service to the new business tenants at Staveley Waterside will be provided using the existing resources currently based at the Markham Vale Environment Centre.

## **Information Technology**

- 4.1 None.

## **Equalities Impact**

- 5.1 Staveley is strongly positioned towards a more prosperous future, but this future is not guaranteed. There are many barriers to overcome to fully capitalise on the potential for economic growth. Unfortunately, the results of being a post-industrial town are clear to see, a struggling town centre and scarred landscape whilst the potential is not yet understood by many. With targeted investment focused on the assets and opportunities, Staveley can be reborn as a vibrant and attractive place to live and work. The Staveley Waterside development proposal contributes to the levelling up agenda and will bring good growth to an area of north Derbyshire suffering from years of under investment.
- 5.2 Work will continue with the new Waterside businesses using the existing arrangements at the wider Markham Vale development to support employers with their recruitment of new staff – advertising, encouraging, and supporting recruitment from within the local area.

## **Corporate objectives and priorities for change**

- 6.1 The Waterside Development directly supports the Council's objective to create a '*green and prosperous Derbyshire*' as set out in the Council Plan 2021- 2025. Specifically, the creation of new employment opportunities forms part of the county's response to tackling the economic impacts of Covid-19 which is a stated priority action in the Council Plan.
- 6.2 The Waterside development will generate an operating surplus over management and maintenance costs of up to £94,000. This new revenue resource can be used to support the Council in delivering its economic and regeneration business support service to the area.

## **Property and Asset Management**

- 7.1 The Staveley Waterside Phase 1 development will be a council owned and managed asset.
- 7.2 The remaining phases of the Staveley Basin site will continue to be owned, managed and maintained by the Council as part of its Markham Vale estate until such a time that future development and ownership options are considered and pursued.

## **Other (for example, Health and Safety, Environmental Sustainability, Risk Management and Safeguarding)**

- 8.1 NA.

**Options**

Having considered a range of different options available to deliver the desired outcomes as set out in the strategic case, a short list of options has been identified as follows.

<p>Option 1: Do Nothing</p>	<p>This option would require no public funding. The project would not be taken forward and the project objectives or outcomes would not be met.</p> <p>The Council would not be exposed to any risk and the Staveley Town Fund board will need to identify an alternative project.</p> <p>There would be no highway access to the land at Staveley Basin, no development land brought forward, and no economic growth achieved.</p> <p>The wider economic growth benefits being achieved across Markham vale would not be fully realised.</p>
<p>Option 2: Preferred option Constructing the access road and utilities to Staveley Town Basin for future development and the construction of a purpose built, mixed-use Waterside building</p>	<p>This option involves opening up access to for a further 5 acres of future development land in addition to the construction of a purpose built, mixed-use Phase 1 Waterside building for local start up and growing businesses.</p> <p>Requires £150,000 of investment and in-kind land value from DCC to deliver the proposal and maximises the available grant fund on offer through the Town Fund to provide a return on investment of £8.72 for every £1 of investment over a ten-year period.</p> <p>Also facilitates to best effect, future phases of the Staveley Basin Masterplan.</p>

<p>Option 3: Build a much smaller facility comprising café and retail only.</p> <p>OR</p> <p>Construct the access road only to facilitate future development</p>	<p>This option requires reduced public sector funding to facilitate a smaller building, but the full costs of constructing the access road and associated utilities infrastructure still to be met.</p> <p>Pros and cons – reduced financial burden on Council, within budget envelope. The much-reduced outputs and potential for economic growth do not meet the requirements of the Town Fund investment and the grant offer could be reduced or withdrawn.</p>
<p><b>Phasing Options</b></p>	
<p>Option 4: Private Sector partner for full development</p>	<p>Delay the start of the project whilst a development partner is secured to develop the full basin site. There is a high risk that the Staveley Town Deal Fund grant offer will be withdrawn if the project is not delivered within the required timescale and that the proposed project objectives and outcomes are not met. Limited immediate options for future funding to deliver the proposals.</p>
<p>Option 5: Preferred option – Council develop the Waterside first phase and review options for future development phases.</p>	<p>The Council accepts the grant offer from the Staveley Town Fund, develops the Waterside Phase buildings, the access road and brings forward the utilities infrastructure which will open a further 5 acres for development. Options for future development can be assessed on completion of the first phase. There is no risk of losing the grant funding offer. The Council will need to ensure that a full review of future development opportunities is consulted on and assessed.</p>

### Options Analysis

An economic appraisal has been completed following the guidance set out within the Treasury Green Book. The relevant costs and benefits to

Government of Options 1 to 3 have been valued, and the net benefits/costs calculated and form the basis of the analysis below.

### **Option 1 - Do Nothing**

Under the do-nothing option, the project would not be taken forward and the project objectives would not be met. With no access road to the site there will be no development land brought forward - market failure is evident and there would be no intervention by the market to invest in the proposed development without public intervention. Given that the project would not be developed in any form under this option, the net value added is 0.

### **Option 2 - Preferred Option**

Under the preferred option, the Council would undertake the work to construct an access road and paths with associated infrastructure creating access to 5 acres of employment and development land. The Council would also construct a two storey Waterside building to include flexible office, retail and workshop units for small businesses and a high-quality food and beverage offer.

The upfront capital costs of delivering this option are currently estimated at £3,064,000, although they are subject to a detailed quantity surveyors report. The preferred option will be funded through the Staveley Town Deal with a contribution from Derbyshire County Council in the form of land valued at £250,000 and a cash contribution of £150,000.

The income and expenditure projections are taken from the Economic Assessment for the project commissioned by Derbyshire County Council. The visitor numbers projections are taken from the Economic Assessment and a conservative assumption has been made that 10% of total visitors will make a 3 hour + leisure visit to Staveley upon completion of the project for the first 5 years, rising to 20% in the following years of the appraisal.

The total net present value (NPV) and benefit-cost ratio for the preferred option are shown below. The cost benefit ratio is calculated once additionality factors have been applied:

Total Lifetime Discounted Costs	£3,272,018
Total Discounted Benefits (additionality factors applied)	£7,267,350
NPV	£3,995,332
Benefit-Cost-Ratio	2.22:1

The total lifetime discounted costs take account of capital costs with a 15% optimism bias applied for the purposes of the economic appraisal plus ongoing lifetime costs over the period of the appraisal.

### Option 3 - Do Minimum

Under this option, Derbyshire County Council would seek revised approval from the funders to undertake the work to construct an access road and paths with associated infrastructure creating access to tourism and employment development land adjacent to the recently created Staveley Town Basin. The Council would also construct a single storey restaurant and retail facility to sit adjacent to the Basin if budget permitted. Whilst this would have some impact in terms of opening up the site and providing a restaurant and retail facility for residents and visitors, this is likely to have a much-reduced impact on the project objectives and not significantly add value to the current offer of Staveley.

The capital costs of delivering this option are estimated at 75% of the preferred for the infrastructure and building construction costs.

The income included is for the restaurant element only as identified in the Economic Assessment. Operating costs are assumed to be 50% of the preferred option.

The jobs are assumed to be a maximum of 15 based on the HCA Employment Densities Guide and it is assumed it will take three years to reach this maximum and then will stay static thereafter. All jobs are assumed to be new rather than displacing jobs from elsewhere.

It is assumed that just 10% of the total potential visitors to the site will make a 3 hour + leisure visit.

No start up GVA has been included.

The total NPV and benefit-cost ratio for the do minimum option are shown below. The cost benefit ratio is calculated once additionality factors have been applied:

Total Discounted Costs	£3,123,400
Total Discounted Benefits (additionality factors applied)	£5,900,714
NPV	£2,777,314
Benefit-Cost-Ratio	1.89:1

The total lifetime discounted costs take account of capital costs with a 15% optimism bias applied for the purposes of the economic appraisal plus ongoing lifetime costs over the period of the appraisal.

## NPV Analysis

The table and chart below show the total discounted costs and benefits, NPV and benefit-cost ratio for the different options.

	Do Nothing	Preferred Option	Minimum
Total Discounted Cost	£0	£3,272,018	£3,123,400
Total Discounted Benefits	£0	£7,267,350	£5,990,714
NPV	£0	£3,995,332	£2,777,314
Benefit-Cost-Ratio	0	2.22:1	1.89:1

## Phasing Options

In addition to the options around the actual scale and nature of development proposals, the Council also has two options for phasing and delivering the development; either market the site as a single development opportunity with a single private sector developer partner, or access the funding opportunity that is immediately available to complete the first phase Waterside development then developing the site in subsequent phases (with or without private sector involvement). By the very nature of these two options, a qualitative comparison between the two options needs to be made.

### Option 4 – Single Partner for full development of the site.

The Council seeks a development partner to implement the full masterplan, to market the plots and to design, build and finance the remaining new developments. Such a partner could be procured through an existing arrangement, i.e. HBD (Markham Vale) or Develop Renew (Public Sector plc PSP) or find an alternative partner. Factors considered comprise:

- a) Timescales – could existing development agreements with either HBD or PSP be used for the Staveley Basin site? Both developers have the skills and knowledge to develop the site and using existing agreements could eliminate any lengthy delays in delivering the project.
- b) Timescales – could a new development partner be procured? The Council could procure a development partner with skills/resources potentially more specific to the Staveley basin site masterplan than an existing developer partner. An alternative development partner could offer more, or less, favourable terms to the Council than existing arrangements. It could take between one and two years to prepare tender documents, invite and

assess bids from prospective alternative development partners and to appoint. Additional technical, legal and procurement staff and financial resources would be required to complete these tasks.

- c) The funding offer from the Staveley Town Board was assessed entirely on the basis that the Council would deliver the Waterside project as the first phase of the development with surplus income from the building used to deliver site maintenance and management services as well as supporting the economic regeneration of Staveley; would a development partner be willing to take on this role and/or the financing of it? Increasing the scale of the development at this stage is likely to result in the grant offer being withdrawn either as a direct result of the upscaling or the private sector partner profiting from the scheme or as a result of the necessary delays to prepare an alternative submission.
- d) Could a development partner bring additionality to the development of the wider site as well as the first phase? The answer is certainly 'yes' to the wider site but not to the development of the Phase 1 Waterside Hub as a design team and construction management team is already in place for this first phase.

#### **Option 5: Preferred option – Council develop the Waterside Phase and review future options**

- e) A design and construction management team is already in place having prepared a design for the Waterside development to RIBA stage 1/2. The team has a proven track record of working collaboratively with the Council to funding and timescale requirements as it is largely the same team who successfully completed the development of the Phase 2 Environment Centre at Markham Vale.
- f) The Staveley Town Fund board selected the Waterside project to receive grant funding from a long list of submitted schemes based on it being a first phase with a new access to open a further 5 acres of land for future development. Changing the scheme substantially at this stage could lead to the grant funding being withdrawn and possibly reputational damage to the Council
- g) Completing the first phase as proposed provides the opportunity for the Council to draw-up development opportunities and select a suitable development option and/or partner in a timelier manner without the worry of jeopardising the existing grant offer.
- h) Successfully completing the Waterside building as a first phase development will add value to the site and provide a more attractive prospect for subsequent phases of development.
- i) The Council continues to achieve best value by securing Market Value for any future development of the remaining 5 acres of land.

## **The Preferred Option**

Having regard to the above analysis, supporting evidence and the funding opportunity offered through the Staveley Town Fund, the preferred option is Option 2; that is, to deliver the first phase of mixed-use development at Staveley Town Basin as a new destination opening up the site for future development and delivering a new two storey 12,000ft<sup>2</sup> waterside building to include flexible office, retail and workshop units for small businesses and a high-quality food and beverage offer with indoor and dedicated outdoor space. This option has the highest net present value of the short-listed options and subsequently the highest benefit to cost ratio. A net present value of £3.9m is estimated for the preferred option and a BCR of 2.14:1. Government Value for Money “Supplementary Guidance on Categories” indicates that a BCR of between 2 and 4 represents high value for money.

The preferred phasing and delivery option is Option 5 to deliver the Waterside building as a first phase only utilising the design resources previously procured and constructed using a competitively procured design and build contractor project managed as part of the County Council’s Markham Vale project. Constructing the access road within this first phase will bring forward a further 5 acres of land suitable for development within the framework of the Masterplan for the basin site. At the appropriate time, a review of future development and delivery options will be required for future phases.