



DERBYSHIRE COUNTY COUNCIL

CABINET

Monday, 16 June 2022

Report of the Executive Director - Place

Regeneration Programme Pipeline (Cabinet Member for Infrastructure and Environment)

1. Divisions Affected

1.1 County-wide

2. Key Decision

2.1 This is a key decision because it 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 To provide Cabinet with an overview of progress on key projects within the current Regeneration Programme, to seek approval for critical requirements on one of these projects and to agree reallocation of programme funding.

4. Information and Analysis

4.1 Derbyshire County Council has an active Regeneration Programme consisting of a pipeline of over 50 major projects, framed around four broad programme areas which are:

- Market Towns
- Derwent Valley Corridor
- Growth Zone South
- Growth Zone North

- 4.2 Projects within the Programme have been initiated either by the Council (e.g. transport schemes such as Ashbourne Relief Road), by Government (e.g. town deal proposals) or by district/borough councils (e.g. Hollis Lane Link Road). A copy of the current Regeneration Programme is provided at Appendix 2 and has an associated capital cost of over £500m; it is worth noting, however, the regeneration pipeline itself is a subset of the Council's wider capital programme of works that consists of over 300 projects.
- 4.3 The projects which make up the Regeneration Programme are at varying stages of preparation; some such as Swarkestone and Shirebrook Access are at very early stages of development (Stage 0) whilst others are more advanced at either outline business case stage (Stage 2 to 3) or beyond (detailed design and construction etc).
- 4.4 The Council has a key role to play either as a direct sponsor or as a delivery partner in these projects, some of which have been subject to separate Cabinet reports and approvals; for example, agreement of match funding or submission of business cases to Government; others may not have needed approvals to date, due to their early state of feasibility preparation. Also, the Council's role in a project may vary over time, for example, from lead sponsor and enabler to 'delivery partner' when perhaps a district/borough council may pick up lead responsibility.
- 4.5 Given the inevitable impact of Government grant funding announcements, plus the emergence of district and borough council policies and priorities, the exact content of the regeneration pipeline will always be fluid. As a result, ensuring a strong focus on the risks, opportunities and progress associated with each project is essential to the success of the overall Programme, and to ensuring the best use of Council staff and financial resources.
- 4.6 Although good project and programme governance is in place, a review is currently being undertaken of the arrangements to ensure accountabilities, management, decision-making and reporting is clear. The outputs of this review and any resulting changes to the arrangements will be reported to Cabinet in due course. Also included in this work is consideration of the relationship between regeneration programme governance and the Council's emerging programme management office and Portfolio Assurance Board. Other key areas of development are the need to: ensure the 'line of sight' for each project is clear at feasibility stage (i.e. the end point); support timely decision making; confirm transparent lines of accountability; have clear/confirmed tolerances (i.e. terms of reference and escalation routes); exit strategies.

4.7 In the meantime, in order to ensure that Cabinet remains sighted on the entire Regeneration Programme, it is proposed that each project update (such as this report) also provides an overview of the Programme as it stands at that point in time, with all committed and anticipated projects tabulated (see below). NB: Cabinet will note that some projects are close to completion with regard to the Council's delivery role but will be retained in the Programme update to report on the achievement of wider project outcomes, such as the delivery of homes or commercial premises.

4.8 A progress overview of the current Regeneration Programme is provided in the table below:

Project (and approximate gross infrastructure cost)	Current Position	Decision Required?
Stage: Delivery - Derbyshire County Council as lead sponsor		
Woodville-Swadlincote Regeneration Route (£13.4m)	<p>Completed and open to traffic. Project part-funded by £6.4m Local Growth Fund.</p> <p>Land acquisition (via CPO) and remediation to create a new 1km road to facilitate development and relieve traffic congestion at Clock Island in Swadlincote.</p>	N
Ashbourne Airfield Expansion (£6m)	<p>Substantially complete with opening to traffic anticipated during June 2022.</p> <p>Project part-funded by £1m Local Growth Fund. New roundabout on A52 and link road into industrial estate to bring forward employment and housing site for 360 direct jobs and 370 homes respectively.</p>	Y (funding)
Hollis Lane Link Road Phase 1 (£10.8m)	<p>Project part-funded by £3.8m Local Growth Fund.</p> <p>Initial stages complete - enabling work (land assembly and construction of new premises to support relocation of builders' merchant). Early mobilisation commenced - to enable construction of new highway at Hollis Lane to open up access and through road into</p>	Y (funding)

	Chesterfield Station. Revised planning application submitted ahead of construction commencing autumn 2022.	
Fairfield/Hogshaw Enabling Infrastructure (£2.4m)	<p>Site mobilisation underway. DCC supporting with supervision.</p> <p>Funded by £2.0m Housing Infrastructure Fund, the project is being led by High Peak Borough with DCC support.</p> <p>Proposal creates a new roundabout and access to facilitate housing development at key location in Buxton and also provides a section of the White Peak Loop.</p>	Y (funding)
Projects in Preparation		
Chesterfield- Staveley Regeneration Route (£125m)	<p>Stage 3: Outline Business Case being completed – due to be submitted to Government at end August 2022</p> <p>DCC confirmed as lead sponsor</p> <p>Substantial allocation of funding (£100m+) from Government’s Large Local Majors fund. Land assembly (possibly via CPO) and reclamation to create 6km new road connecting Chesterfield with Staveley and bringing forward land for jobs and housing. Public engagement completed with 60% support for the scheme.</p>	Y (funding)
South Derby Growth Zone (£55m)	<p>Stage 4: Outline Business Case being completed – due to be submitted to Government late 2022</p> <p>DCC confirmed as lead sponsor Project allocation of £49m from Government’s Levelling Up Round 1. Decision required on land assembly.</p>	N
Elvaston Castle (£35m)	<p>Stage 4: Review of masterplan and business case preparation.</p> <p>DCC confirmed as lead sponsor.</p> <p>Funding package to be developed.</p>	N

	<p>Proposal to redevelop Elvaston Castle estate (house and gardens) to create commercial proposition and extend tourism offer. Initial phase commencing supported by £5.5m DCC funding - planning application to create new access and car park submitted March 2022.</p>	
Ashbourne Relief Road (>£20m)	<p>Stage 3: Environmental surveys and preliminary design commencing</p> <p>DCC delivery role to be confirmed Work being undertaken to prepare more detailed design and planning application.</p>	N
Access to Shirebrook (c£50m)	<p>Stage 1: Problem and option assessment underway</p> <p>DCC delivery role to be confirmed Option assessment work currently on-going.</p>	N
Swarkestone Bridge (c£50m)	<p>Stage 1: Problem and option assessment underway</p> <p>DCC delivery role to be confirmed Early assessment of size and scale of problem.</p>	N
Staveley Town Deal Investment Plan (£25m)	<p>Stage 5: DCC-sponsored projects in preparation for delivery</p> <p>Substantially funded by Government's Town Deal - £25m. Town Deal programme is delivered by Chesterfield Borough Council.</p> <p>Three projects in total that require DCC role in delivery including: new commercial/retail/leisure facilities at Staveley Basin, and town centre improvements, including support for Wheels to Work.</p> <p>Cabinet approval already secured for Staveley Basin, including allocation of match funding.</p>	N
Stage: Project Assessment		
Chesterfield Station Masterplan (costs to be established)	<p>Very early stage of project development.</p> <p>Proposal includes Hollis Lane Link Road Phase 2 but other specific projects, delivery and</p>	N

	<p>funding plan to be agreed with Chesterfield Borough Council.</p>	
<p>Clay Cross Town Deal Investment Plan (£25m)</p>	<p>Substantially funded by Government's Town Deal - £25m.</p> <p>Town Deal programme is delivered by North East Derbyshire District Council.</p> <p>Five projects in total that require DCC role in funding and delivery, including skills and enterprise hub, town centre improvements, Creative and Clay Cross Connections. Separate Cabinet approval likely to be required for skills and creative hub proposals.</p>	N
<p>Long Eaton Town Deal Investment Plan (£25m)</p>	<p>Substantially funded by Government's Town Deal - £25m.</p> <p>Town Deal programme is delivered by Erewash Borough Council</p> <p>Two projects in total that require DCC role to help deliver: a new roundabout at Derby Road Junction/The Green and improvements to the High Street.</p> <p>Separate approvals may be required for project proposals.</p>	Y (role in delivery)
<p>Connecting Chesterfield (£20m)</p>	<p>Substantially funded from Levelling Up Round 1.</p> <p>Number of projects support town centre renewal, including enhancements to cultural quarter. Chesterfield Borough Council is lead sponsor but DCC role in project delivery to be agreed.</p>	N
<p>East Midlands Freeport (£25m seed funding)</p>	<p>Full Business Case submitted to Government – April 2022.</p> <p>Initial capital projects, including new DCC role in delivery of enabling infrastructure recommended</p>	N

4.9 In addition to the above progress update and the pipeline of projects outlined in Appendix 2, the County Council is currently in detailed discussion with district and borough councils regarding the likely projects that will result from the Levelling Up Fund (LUF) Round 2 and Shared Prosperity Fund (SPF) announcements. A significant amount of

capital funding is allocated to districts for spend on place-based proposals particularly around transport, town centre renewal and culture-led regeneration. If successful in their bids to Government (on the LUF), the Regeneration Programme will inevitably acquire additional projects for delivery within a three year timescale (by end March 2026).

- 4.10 The remainder of this report sets out the details of specific approvals required to progress key projects.

Project Requiring Cabinet Approvals

- 4.11 One specific project within the pipeline now requires approval for critical elements of work. This is set out below:

Long Eaton Town Investment Plan

- 4.12 Erewash Borough Council (EBC) has approached DCC seeking support for delivery of two highway projects relating to its Town Deal and potentially contained within the Town Investment Plan. These are:

- **Derby Road Junctions, including Long Eaton Green - £5.08.** This project is to redesign two major roundabouts which form the northern gateway to Long Eaton. The aim is to create a safer, better functioning and pedestrian friendly and green gateway to reflect the area's name of Long Eaton Green.
- **Long Eaton High Street - £5.39m.** This project is to redevelop Long Eaton High Street to make a safer and more inviting pedestrian-centred heart to the town. The aim is to improve safety by banning all non-essential traffic and parking. The current market stallholders will be relocated back to the historic market place, whilst the recovered space will have extensive greening and seating areas introduced.

- 4.13 The work would be funded in full through the Town Deal should the projects receive all necessary approvals and be affordable within the Investment Plan. With regard to costs, the estimates above date from 2021 and must now be reviewed in light of recent increases in construction and material costs. The intention is that DCC, through the Highways Service, acts as an advisor and gatekeeper to design and construction services, but with all costs recoverable.

- 4.14 The scope of work is split into three different elements:

- Preliminary design.
- Planning application.
- Detailed design.

- 4.15 Each of these is likely to involve the commissioning of work through existing frameworks and, although costs will be recoverable, Cabinet is advised that the commissioning itself will require input from Council officers. Nevertheless, it is recommended that the Council offers this level of support in order to help secure a significant level of investment in place-making for the town which currently forms one of the key projects within the Market Town Renewal programme area in the regeneration pipeline (as set out in Appendix 2).
- 4.16 Approval is therefore sought to the County Council taking on an advisory and commissioning role in support of Erewash Borough Council but with no direct financial contributions.

Programme Funding

- 4.17 Cabinet will be aware that significant funding has been approved previously and allocated to support the early stages of project development through DCC's Regeneration Kick Start Fund; currently, £4.85m has been allocated to the Fund.
- 4.18 Funding is already in place towards development of the pipeline of projects covered in this report. However, due to the necessary profiling of enabling works to ensure progress of key projects within the programme, the commitments required for the current financial year go beyond this available budget; in order to meet these requirements, it is recommended that the Fund be supplemented from other available resources, as described below.
- 4.19 Cabinet previously approved funding, on 23 January 2020, to support 'three regeneration projects' (Minute No. 28/20 refers). Although these were not specified in the report, they were intended to be:

- Woodville-Swadlincote Regeneration Route (£3m)
- Clowne North Enabling Infrastructure (3.4m)
- Avenue Site Southern Access (£1.3m)

The funding comprised £4.7m of capital receipts and £3m corporate borrowing - of which the Capital Receipts are yet to be utilised. Cabinet approval is now sought to reallocate these Capital Receipts to the projects identified in Paragraph 4.21 of this report.

4.20 Project Status

Of the three projects initially identified for funding, Woodville-Swadlincote has been completed and has drawn down its allocated funding, so no further monies are required. The Avenue Southern Access has not progressed but proposals for a new roundabout remain

a key component of the site's masterplan; however, this particular proposal is subject to an ongoing review with North East Derbyshire District Council (NEDDC) over alternative ways to enable full development with reduced infrastructure needs (i.e. potentially without the roundabout). Clowne North also remains an aspiration for infrastructure improvement, but the stated preference of the developer is to deliver the necessary highways improvements through 'business as usual' processes (i.e. section 106 and 278 agreements) rather than entering into contracted obligations against grant funding.

- 4.21 By contrast, a number of alternative pipeline projects are now progressing through delivery stages (i.e. in or towards construction) and require funding to ensure completion in a timely manner. The wider economic conditions are impacting significantly on the ability to accurately plan for project construction costs at this stage; for example, increases in some raw materials are varying between 20 and 50%, depending on the materials themselves. All projects have contingency budgets set out in the overall funding envelope but given the scale of possible variation on costs, it is prudent to allocate some additional headroom at this stage, where spend can be agreed on a 'go/ no go' basis through project governance. These projects are:

a. Ashbourne Airfield Enabling Infrastructure

This project is on site and almost complete. It was commissioned by the Council as client, but private-sector funded except for commitments made by the Council to cover its own site fees and sums incurred in legal agreements. These commitments are in recognition that the project delivers both regeneration and transport benefits, and that the Council is responsible for ensuring the delivery of these as sponsor of the project for Local Growth Fund grant from the D2N2 Local Enterprise Partnership. Proposed allocation up to £0.5m.

b. A6 Hogshaw Roundabout

This project which enables housing development on the north side of Buxton, has access to Homes England funding but, in common with many capital schemes at present, has received contractor prices above the client's estimate and budget. Nevertheless, it is due for construction commencing shortly.

Cabinet approved the addition of the scheme to the capital programme in May 2018 and noted that there could be future recommendations made for financial contributions. Although High Peak Borough Council (HPBC) is now acting as sponsor for the purposes of funding and as client for the construction contract it is recommended that a contribution of £0.5m be made available, covering fees for the construction stage,

future maintenance and the capital costs of delivering a short section of the White Peak Loop. Proposed allocation up to £0.5m.

c. Hollis Lane Link Road Phase 1

This scheme is partially complete (see above). Sufficient budget and contingency is in place based on previous cost estimates, but a contractor price is awaited (prior to construction commencing) and there is a risk this could be above the original client estimate, given the inflationary issues outlined above. LGF outputs are tied into the delivery of the scheme (jobs and houses) and therefore progress to completion of Phase 1 is critical.

Any overrun is shared 50/50 with Chesterfield Borough Council (CBC) but, until such time as construction is substantially complete, it would be prudent to set aside some additional contingency of £0.5m.

d. Avenue Southern Access

Although not mobilised as a capital scheme at the moment, it is proposed to retain a potential contribution of £1.2m to this project, pending agreement of a delivery plan with NEDDC.

e. Chesterfield-Staveley Regeneration Route

Fee proposals and forecasts for work required during 2022-23 go beyond the available budget for CSRR of £2.28m from within the Regeneration Kick Start Fund. Current estimates for this financial year are that a minimum of £4.28m is required if the project is to remain on track against its challenging business case submission and construction programmes. The additional funding ensures that scheme design and the preparation of a planning application can be funded in full, alongside fees for work on land assembly and the commissioning of advice from a contractor on the approach to construction. However, only £1m of this will be spent on key work packages to complete preparation of the Outline Business Case (OBC). At this point, a recommendation on whether to submit the OBC to Government will be presented to Cabinet, in advance of any further spend being made against the project. Proposed allocation of Capital receipts - £2m.

Future Anticipated Decisions

4.22 Having regard to the wider pipeline of activity for the Regeneration Programme, Cabinet is advised that future updates and requests for approvals are likely to include:

- a) agreement to submit Outline Business Case for the Chesterfield - Staveley Regeneration Route; and

b) agreement to submit Outline Business Case and approvals on land assembly for the South Derby Growth Zone SDGZ).

4.23 With regard to point 4.21 a) above, Cabinet was advised at its meeting of 10 March 2022 (Minute No. 80/22 refers) that there had been a potential material change in context for the Chesterfield - Staveley Regeneration Route, in that one of the two major regeneration sites it enables is now under a new owner and developer (Harworth Group). The potential withdrawal of a current planning application and submission of revised proposals by Harworth Group was judged to have implications across a number of business case considerations and hence, the approval programme. However, assessment of the implications of this change has now concluded it will not impact on the scheduled completion of the Outline Business Case.

4.24 Notwithstanding this positive news, a further issue has emerged in recent weeks which could potentially be of some significance. An outline of this issue is provided in Appendix 3.

5. Consultation

5.1 No direct consultation has been undertaken relating to the recommendations of this report. Cabinet is advised that a public engagement exercise has just been completed on the proposed Chesterfield/ Staveley Regeneration Route which resulted in 60% confirming support or strong support for the scheme. Also, a public consultation exercise on the Clay Cross Town Investment Plan is scheduled to take place over the next few months, led by NEDDC.

6. Alternative Options Considered

Long Eaton Town Deal Investment Plan

6.1 Do nothing – is not considered an option as Erewash Borough Council has funding allocation from Government and is expected to submit a deliverable programme of projects, some of which involve highways and transport proposals. As the Highway Authority, DCC needs to assist in the preparation of related schemes.

6.2 In respect of the Long Eaton Town Deal, an option to allow the relevant schemes to be delivered by, or commissioned by, EBC has been considered. Whilst it is feasible that EBC could take on the role of project sponsor, the option is not considered ideal as the resulting project would still impact on County Council interests and resources (particularly in relation to traffic management and future maintenance of

any finalised scheme) but there would be reduced opportunity to influence the design process.

Programme Funding

- 6.3 Do nothing is not considered an option as the projects outlined a paragraph 4.21 are already progressing towards construction and it is considered prudent to identify further contingency given the significant increase in raw materials and potential increase in scheme costs. With this in mind however, it is not a 'given' that projects will be constructed if costs are considered excessive; go/ no go recommendations will be reported to elected members through governance arrangements to ensure appropriate assessment of risk and transparent decision making.
- 6.4 The option to reduce the draw-down on reserves and corporate borrowing for the Regeneration Programme has been considered. This would place at risk the successful delivery of Ashbourne Airfield enabling infrastructure, Hogshaw Roundabout and Hollis Lane Link Road Phase 1, plus the preparation of the Chesterfield-Steveley Regeneration Route which given the grant funding criteria of LGF, HIF and LLM, is not considered acceptable and could lead to reputational issues for the Council.

7. Implications

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

8. Background Papers

- 8.1 Regeneration Kick Start Fund Arrangements, dated 17 June 2021 (Minute No.100/21).
- 8.2 Use of Professional Consultancy and Construction Frameworks for Highway, Transport and Environmental Services and Projects, dated 14 January 2021 (Minute No. 07/21).

9. Appendices

- 9.1 Appendix 1 – Implications.
- 9.2 Appendix 2 – Regeneration Programme.
- 9.3 Appendix 3 (Exempt) – Outline of Emerging Site Issues.

10. Recommendations

That Cabinet:

- a) Notes the current Regeneration Programme and likely future projects resulting from recent funding announcements.
- b) Notes the current review of governance arrangements for the Regeneration Programme and the proposed report for consideration by Cabinet members in due course.
- c) Agrees to the proposed role of the County Council as an agent and commissioner of works in support of the Long Eaton Town Deal programme.
- d) Agrees to the reallocation of previously committed capital funding to the nominated projects as set out in the report and tabulated in Appendix 1.

11. Reasons for Recommendations

- 11.1 To ensure progress of projects within the Regeneration Programme is understood and Council resources are being managed effectively.
- 11.2 To enable the most efficient path to delivery of schemes, taking advantage of the Long Eaton Town Investment Plan funding.
- 11.3 To ensure that sufficient resources are in place to enable delivery of the Ashbourne Airfield enabling infrastructure, Hogshaw Roundabout and Hollis Lane Link Road Phase 1, plus the preparation of the Chesterfield- Staveley Regeneration Route, in line with Government expectations.

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

- 12.1 No.

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Implications

Financial

- 1.1 The portfolio of projects set out in this report is supported in a number of ways including grants such as the Local Growth Fund, Large Local Major schemes programme, Towns Fund, Housing Infrastructure Fund and Levelling Up Fund. Capacity funding to support the undertaking of work packages at an early stage (e.g. initial designs, feasibility studies, ground investigation etc) is sourced from the Regeneration Kick Start Fund, for which Management Arrangements were approved by Cabinet on 17 June 2021 (Minute No. 100/21 refers). This early funding is critical in ensuring projects are 'oven ready' to demonstrate deliverability and secure major Government funding.
- 1.2 Cabinet has previously approved, on 23 January 2020, the use of £4.7m of Capital Receipts for Infrastructure Support (Minute No. 28/20 refers) which have yet to be used against the projects initially stated (outlined in Paragraph 4.19)

NB: Woodville Swalincote was supported through use of £3m Capital Borrowing

- Clowne North Enabling Infrastructure (3.4m)
- Avenue Site Southern Access (£1.3m)

- 1.3 It is recommended that the £4.7m Capital receipts be reallocated to support pipeline projects as set out below:

Project	Capital Receipts Reallocation £m
Clowne North (no longer required)	0.000
Avenue Southern Access	1.200
Ashbourne Airfield	0.500
Hogshaw Roundabout	0.500
Hollis Lane Link Road	0.500
Chesterfield-Staveley Regeneration Route	2.000

- 1.4 The Interim Executive Director of CST (Section 151 Officer) has been consulted on the above proposals.

Legal

- 2.1 Further reports to Cabinet will be required to seek approval for projects to progress to the stage of preparation or delivery.

Human Resources

- 3.1 There are no human resource issues directly associated with this report. However, the portfolio of regeneration projects has significant implications for the workload of staff within the Economy and Regeneration Service, alongside Highways and Legal, Property and Finance services. External support is currently being secured to help manage key aspects of projects and ensure programme delivery and additional in-house capacity is being established (as reported to Cabinet through the Regeneration Kick Start Fund approval referred to in 1.1 above).

Information Technology

- 4.1 None.

Equalities Impact

- 5.1 Individual projects within the Programme are subject to equalities impact assessment at the appropriate stages of their development.

Corporate objectives and priorities for change

- 6.1 The Regeneration Programme addresses directly a number of objectives set out in the Council Plan, specifically the priority to 'create a green and prosperous Derbyshire'.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

Property and Asset Management

- 7.1 Direct implications arising from the recommendations of this report are restricted to continued progress of schemes already within the Council's capital programme; this could include additional land acquired for construction purposes.

Environmental Sustainability

- 7.2 Under the Council's Climate Change Strategy and Action Plan all infrastructure projects sponsored by the County Council will now be

subject to a Climate Impact Assessment covering the whole-life carbon cycle and impacts upon resilience.