

North East Derbyshire District Council

Cabinet

8 July 2015

Mill Lane Options Appraisal/SCRIF Bid

**Report No MG/02/15-16/BH of Councillor M Gordon, Portfolio Holder with
Responsibility for Environment (jointly with Councillor T Williams)**

This report is public

Purpose of the Report

- To seek Cabinet approval to commission an Options Appraisal and Development Brief for the council's Mill Lane site.
- To approve an allocation of a maximum of £25,000 from the Invest to Save budget for the cost of the commission.
- To inform Cabinet of the progress of an application by NEDDC to the Sheffield City Region Infrastructure Fund to provide/improve access to the Mill Lane site and wider development land.
- To seek approval for the payment of SCR fees advised to be up to £10,000 in order to take the bid to the next stage of the SCR process, to be paid from the Invest to Save fund.

1 Report Details

Mill Lane Options Appraisal/Development Brief

- 1.1 Officers in the Estates team, and in the Growth directorate, have been considering future options for the land and property secured to facilitate and enhance the wider Avenue development.
- 1.2 The Mill Lane site forms an integral part of the wider Avenue area, and as such it is critical that any future development of the land or buildings should align with the objectives contained within the Avenue Area Strategic Framework (AASF), adopted by Cabinet in March 2013. The AASF sets out a vision to create a high quality mixed development, including homes, employment, leisure facilities, transport links and green spaces.
- 1.3 To facilitate the delivery of the vision contained within the AASF, together with maximising capital receipts generated by future development, officers have prepared a brief to commission an options appraisal and development brief for the site.

- 1.4 In addition to the land and buildings, to maximise scope it is proposed that the red line for the site includes all land and buildings in NEDDC ownership and incorporates mixed use allocations.
- 1.5 It is proposed that a firm of consultants recently procured competitively, Tibbalds, is commissioned to carry out the work. Procurement officers have advised that this is an acceptable approach as the market has been tested recently, and the structure of the contract with Tibbalds accommodates this type of consultancy.
- 1.6 The consultant will be required to cover three broad areas:
- Infrastructure options (for example a new access road) to facilitate development in the short term and for the wider site.
 - Technical information to support the SCRIF bid.
 - A development brief to consider issues such as land use, deliverability, demand, and which will be used to market the site

The proposed brief is attached at **Appendix 1**.

SCRIF Bid

- 1.7 The Sheffield City Region 2024 Integrated Infrastructure Investment Plan (SCR IIP) will provide the basis for a programme of investments to deliver city region scale integrated infrastructure investments to facilitate strategic economic growth.
- 1.8 To facilitate the delivery of the objectives contained in the SCR IIP, the Sheffield City Region Infrastructure Fund (SCRIF) was established from a number of sources. The first round city region-wide projects, 15 in total with a value of £600m, are at various stages of development.
- 1.9 In anticipation of potential underspend from the original 15 SCRIF projects that may be underperforming, and from opportunities arising from any new funding being made available, SCR launched a 'mini-commission' to identify new infrastructure proposals.
- 1.10 This presented an opportunity for NEDDC to bid for funding to deliver the southern access point into the Avenue area development, which would unlock and bring forward development land owned by NEDDC and the HCA, by 10 years potentially.
- 1.11 An expression of interest was submitted in March, for a total of £7.4m to provide a new access road from the A61, through Taylor Wimpey and NEDDC land, terminating in an area of HCA land designated for employment. It was estimated that this would deliver up to 200 new homes and 10000sq m of high quality employment accommodation. The cost identified was an estimate and discussions with both Derbyshire County Council and Taylor Wimpey have since evolved and there may be a more cost effective route into the site; this is reflected in the options appraisal and development brief.
- 1.12 The bid was favourably appraised by independent consultants appointed by SCR, and was invited to go forward to the next stage, which involves the proposal being processed through a transportation and economic model (FLUTE) to assess value

for money and contribution to the city region's GVA. SCR require a commitment from local authorities to pay for the appraisal costs of up to £10,000.

- 1.13 If the results of the modelling are successful and the proposal is invited to progress, further project development will be required. This will include evidence of demand (from potential occupiers and from developers), more detailed and accurate costing for the construction of the new road, and calculation of impact on GVA. This will require external resources and technical knowledge, and as such this work is included in the brief attached. It should be noted that even if the SCRIF bid is unsuccessful, this information provided by external consultants will help support bids to other future opportunities as they arise.
- 1.14 This proposal aligns closely with the A61 Growth Corridor strategy, which is the subject of a separate Cabinet report. Officer discussions with DCC have suggested that DCC may make a contribution to the highways part of the development brief as this would be necessary work undertaken as part of the A61 Growth Corridor Strategy.

2 Conclusions and Reasons for Recommendation

- 2.1 In order to progress the development of the Mill Lane regeneration scheme, bespoke independent assessment of the site is required which reflects market conditions, viability and deliverability of mixed uses with the NEDDC land.
- 2.2 In order for the council to be engaged with the SCRIF process, then further specialist highway design is required, which is outside the skills set of the authority

3 Consultation and Equality Impact

- 3.1 The Avenue project has been widely consulted on and is strongly supported by all stakeholders. This options appraisal/development brief and the SCRIF bid will help bring forward the employment land by a number of years and has been discussed with key partners including Rykneld Homes, HCA and Derbyshire County Council.

4 Alternative Options and Reasons for Rejection

- 4.1 The alternative option for the Mill Lane site would be to do nothing and wait for developers to come forward. This proactive approach could see development happening sooner and an earlier return on NEDDC's investment in the site.

5 Implications

5.1 Finance and Risk Implications

- 5.1.1 A maximum of £25,000 is required to commission the work, but this could generate a significant return in terms of future capital receipts. If the consultancy work isn't undertaken there is a risk that, if the SCRIF bid is invited to progress to the next stage, the depth of information and detail required would not be available which could damage the bid's prospects of success.

- 5.1.2 The production of a development brief gives certainty to developers, and reduces the risk of piecemeal and incoherent development that conflicts with the objectives of the AASF and the short medium and long term ambitions of the Council.
- 5.1.3 The majority of LEP funding offered currently is loan based. Infrastructure loans are recoverable at different rates of interest and over variable repayment periods depending on the risk identified. In terms of the potential contributors to the repayment which would be based on a "roof tax" an amount per house built, then the anticipated Taylor Wimpey development of up to 250 homes, the Bellway development on Mill Lane of 160 homes and the Hanging Banks development of up to 250 homes, as well as any homes built on the NEDDC land would all be contributors. The planning permission for Hanging Banks and Mill Lane refers to a sum of up to £1,900 per unit constructed.
- 5.1.4 Taylor Wimpey have endorsed the SCRIF bid in writing and the other developers/house builders are aware of the requirement for a highway contribution discussed as part of their planning applications.

5.2 Legal Implications including Data Protection

- 5.2.1 None

5.3 Human Resources Implications

- 5.3.1 Officer time to liaise with key partners, Rykneld Homes, Derbyshire County Council and the HCA and consultants.

6 Recommendations

- 6.1 That Cabinet approve the commissioning of an Options Appraisal and Development Brief for the Mill Lane site.
- 6.2 To approve the brief for the options appraisal/development brief.
- 6.3 That Cabinet approve an allocation of a maximum of £25,000 from the Invest to Save budget for the cost of the commission and seek a contribution from DCC.
- 6.4 That Cabinet approve the application by NEDDC to the Sheffield City Region Infrastructure Fund to provide/improve access to the Mill Lane site and wider development land.
- 6.5 That Cabinet approve the payment of the SCR fees of up to £10,000 from the Invest to Save fund.
- 6.6 That Officers seek a contribution from DCC to the highways element of the brief.

7 Decision Information

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
District Wards Affected	Tupton, Wingerworth, Grassmoor
Links to Corporate Plan priorities or Policy Framework	Create jobs and attract investment.

8 Document Information

Appendix No	Title
1	Mill Lane Development Land Options appraisal, Development brief and SCRIF Business Case
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
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AGIN 6(b) (CAB 0708) Mill Lane Options Appraisal/AJD