

**Derbyshire County Council &  
Derbyshire Dales District Council**

**Ashbourne Airfield Roundabout &  
Link Road – D2N2 Local Growth  
Fund**

Stage 2: Full Business Case

November 2019



Joseph's Well, Hanover Walk, Leeds LS3 1AB t: 0113 245 2200 f: 0113 245 0110 [www.genecon.co.uk](http://www.genecon.co.uk)


GENECON LTD Registered in England & Wales. Registered No: 8840919 Registered Office: Joseph's Well, Hanover Walk, Leeds LS3 1AB VAT Registration: 842439913

**Derbyshire County Council &  
Derbyshire Dales District Council**

**Ashbourne Airfield Roundabout &  
Link Road – D2N2 Local Growth  
Fund**

Stage 2: Full Business Case

November 2019

<b>Reviewed and approved by:</b>	
Signature(s):	 _____
Name(s):	<u>Graeme Collinge</u>
Job Title(s):	<u>Director, GENECON Ltd</u>
Date:	<u>1.11.2019</u>

## Contents

1	Introduction	1
1.1	Purpose of the business case	1
1.2	Ashbourne Airfield Industrial Estate	2
1.3	Ashbourne Airfield development site: the new Ashbourne Business Park	4
1.4	Future development capacity beyond Ashbourne Airfield Business Park	4
1.5	The project	6
2	Strategic case	10
2.1	Project objectives	10
2.2	Strategic options	11
2.3	Rationale for LGF investment	16
2.4	Strategic benefits	19
3	Commercial case	22
3.1	Business growth and property market demand in Ashbourne and Derbyshire Dales	22
3.2	Property market assessment	23
3.3	Site owner's ambitions	29
3.4	Development schedule and take-up projections	29
4	Economic case	34
4.1	Options analysis	34
4.2	Final economic analysis of preferred option	40
4.3	Sensitivity analysis: switching values	45
5	Financial case	46
5.1	Costs	46
5.2	Funding proposal	49
6	Management case	51
6.1	Governance	51
6.2	Project management	52
6.3	Project programme	52
6.4	Permissions, dependencies and risk	54
6.5	State Aid	58
6.6	Monitoring and evaluation	59
	Annex 1 – Full strategic options analysis	60
	Annex 2 - Economic benefits modelling: inputs, assumptions and evidence	62
	Annex 3 – List of appendices	66

# 1 Introduction

## 1.1 Purpose of the business case

This full business case has been prepared by GENECON Ltd on behalf of Derbyshire County Council and Derbyshire Dales District Council. It forms the Stage 2 submission for £1m of Local Growth Fund investment from the D2N2 Local Enterprise Partnership in the Ashbourne Airfield Roundabout and Link Road project. The project overall will see the delivery of a new roundabout access off the A52, a link road, 9 hectares of serviced and development-ready employment land forming Ashbourne Business Park, 367 new homes and private sector commitment to deliver at least 60,000sqft (5,575m<sup>2</sup>) of new employment floorspace. Since the draft Stage 2 submission was originally prepared, and the project was paused, extensive project development has taken place between the landowner and public sector partners, to design a revised and enhanced junction, which provides a strategic solution and the future capacity to accommodate further economic and housing growth beyond the immediate scope of the outputs associated with this business case.

The £1m LGF investment in the Ashbourne Airfield Roundabout and Link Road project is required to enable the delivery of the new highways infrastructure – with LGF funding specifically towards the proposed roundabout and associated enabling works – in a single phase in 2020. In turn this will directly address capacity constraints on businesses operating from the adjacent Ashbourne Airfield Industrial Estate (see 1.2) and enable the accelerated development of new commercial floorspace on the wider Ashbourne Airfield Business Park development site (see 1.3). The investment has further future strategic value in its capacity to provide access to accommodate land allocated as ‘Phase 2’ in the Derbyshire Dales Local Plan (2017).

The proposed **direct outputs from the D2N2 LGF investment** are:

- a. Delivery of a **new 50m three-arm roundabout** on the A52 providing connecting to a new **720m link road** by the end of 2020
- b. Construction of at least **60,000sqft (5,575m<sup>2</sup>)** of commercial employment floorspace by the end of 2023
- c. **9ha** serviced employment site by 2021

The proposed **wider economic benefits** from the D2N2 LGF investment are:

- Capacity for the accelerated development of **34,970m<sup>2</sup>** of commercial employment floorspace on the Ashbourne Airfield Business Park site by **2028**
- Estimated **501** net local jobs supported by new commercial premises in total (‘direct’ and ‘indirect’ employment) comprising:
  - Estimated **363** net local on-site jobs supported by new commercial premises
  - Estimated **138** net local off-site jobs in the Derbyshire Dales / D2N2 economy due to multiplier effects (i.e. within the local supply chain and employment from other local expenditure).
  - Highway access to residential development land for 367 new homes
- Unlocked highway capacity to accommodate further economic and housing growth in the area – including allocated land of up to **8 hectares** of further employment development land and residential land for another **300 homes**

Public sector investment is required in the Ashbourne Airfield Roundabout and Link Road in order to address the negative effects on productivity which are caused by the severely congested access to the existing Airfield Industrial Estate; and to facilitate and accelerate private sector investment in

the delivery of serviced land for much-needed new commercial employment floorspace and new homes, delivering economic growth. Evidence explored in the strategic and commercial cases indicates that Ashbourne is at risk of losing significant economic activity if the investment does not go ahead.

The proposal has been developed through close working between public and private sector partners. Derbyshire County Council (DCC) is the promoter of the project as Highways Authority; the landowner is the Harrison family and developer FW Harrison Commercial Ltd. who will deliver the first phase of commercial floorspace; and the delivery of the employment site and infrastructure opening up the neighbouring strategic housing allocation is a priority for Derbyshire Dales District Council (DDDC), the Local Planning Authority. The District Council also owns the Blenheim Road cul-de-sac which is the point of connection for the new link road and must be brought up to adoptable standard.

## 1.2 Ashbourne Airfield Industrial Estate

Ashbourne Airfield Industrial Estate is the **largest employment location in the Derbyshire Dales and is the focus of the District's manufacturing economy**. The 35 hectare site has developed in several phases since the 1950s, following the closure of the former WWII RAF base.

It is situated to the south eastern edge of Ashbourne adjacent to the A52 – a key east-west route linking Derby and Nottingham to the M1 and the A1 to the east, and the M6 to the west. As shown in Figure 1.a below and Table 1 overleaf, the site is located within easy reach of nationally important cities, employment locations and centres of economic activity including several of the Midlands' most important manufacturing bases such as Toyota UK, Rolls Royce Civil Aerospace and JCB Power Systems. However, despite its proximity, the Industrial Estate does not currently have direct access to the A52 with continual delays at the single point of access negatively affecting the efficiency of business operations on the estate.

**Property at the site is almost all occupied, with more than 70 businesses based at Ashbourne Airfield employing over 2,000 people** – including four of the top-ten contributors of private sector jobs in the Derbyshire Dales. Moy Park is part of one of the country's largest food manufacturing groups and by some margin the largest private sector employer in the district with around 1,000 jobs on site. Other major employers include Trouw Nutrition (c.190 jobs), Artisan Biscuits (c.120), and Nenplas (c.110).

Ashbourne is a historic market town with a population of around 8,400 and is identified in spatial and economic growth policy as a key service centre for a large rural area to the south of the Derbyshire Dales district. Along with Matlock and Wirksworth it is one of only three locations suitable for significant employment growth in the district, given the significant geographical overlap with the Peak District National Park and the need to balance spatial growth with environmental and heritage sensitivities.

**Figure 1.a: Map showing key economic sites within a 10 and 20 mile radius from Ashbourne Airfield**

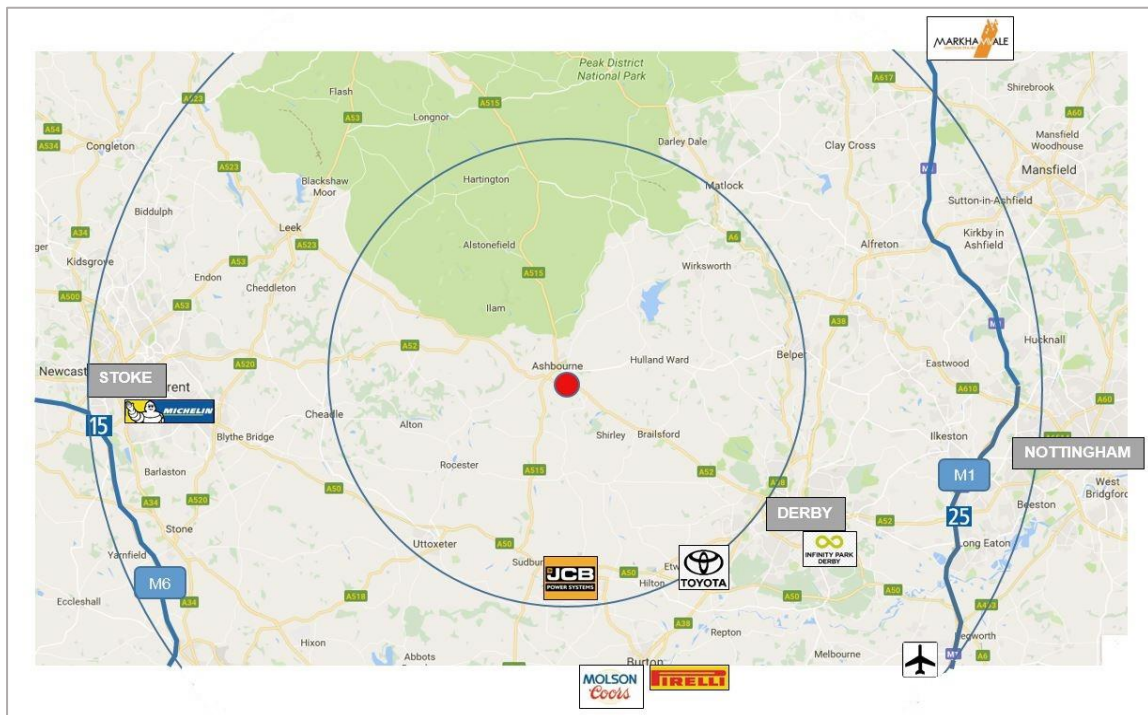


Table 1.a: Distance by road and drive time from Ashbourne Airfield site to key economic locations		
Location	From Ashbourne Airfield (approx.)	
	Distance by road	Drive time
<b>Central Derby:</b> Pride Park – Rail Research Innovation Centre – Bombardier	12 miles	20 mins
<b>Infinity Park Derby Enterprise Zone</b> – Rolls Royce Global Civil Aerospace HQ	15 miles	25 mins
Dove Valley Park – JCB Power Systems and Futaba	12 miles	20 mins
Toyota Motor Manufacturing UK, Burnaston	14 miles	25 mins
<b>Burton upon Trent</b> - Pirelli, Molson Coors, Marstons	20 miles	25 mins
M1 Junction 25	20 miles	25 mins
East Midlands Hub <b>HS2 station</b> : Toton	23 miles	35 mins
<b>Nottingham Enterprise Zones:</b> MediPark - Science Park - Boots Campus - Beeston Business Park	25 miles	40 mins
University of Nottingham	25 miles	40 mins
<b>East Midlands Airport</b>	28 miles	40 mins
<b>Central Nottingham:</b> Nottingham Trent University	28 miles	45 mins

M6 Junction 15 (Stoke on Trent, Michelin UK)	28 miles	40 mins
Markham Vale Enterprise Zone	35 miles	45 mins
Sheffield	35 miles	60 mins
Birmingham Airport	48 miles	60 mins

### 1.3 Ashbourne Airfield development site: the new Ashbourne Business Park

Immediately to the east and south-east of the existing Ashbourne Airfield Industrial Estate, the airfield site has a further opportunity of 33.5 hectares of development land, as shown in the plan overleaf (see initial masterplan, Figure 1.b). This land in its entirety is owned by **the Harrison family**, a locally-based family commercial vehicles and farming company, who have plans for a mixed-use new urban development – extending the commercial employment location as a high-quality business park with the potential for around 35,000m<sup>2</sup> of commercial floorspace (GEA). The site also has the potential to develop a new community of 367 homes with associated community and leisure facilities. Land ownerships are defined within the Heads of Terms. FW Harrison (Commercials) Ltd. are the developer of the employment land.

As detailed within the Stage 1 submission, the **outline planning permission** gives consent for: an 8 hectare business park; 367 new homes; a retail, leisure and community hub; and a new roundabout access and link road to the A52. The business park is identified as **the main future employment location in the Derbyshire Dales Local Plan**, adopted by the District Council on 7 December 2017 – with the site accounting for a third of all new employment development land in the district. Likewise the land allocated for housing is crucial to meeting the Council’s Objectively Assessed Housing Need requirement over the Local Plan period to 2033.

The new roundabout and link road is required to **address existing highway capacity problems** and to **facilitate the accelerated delivery of serviced land and employment floorspace** – providing access to Derby Road via the existing industrial estate and a second route to the A52.

David Lock Associates have prepared an indicative masterplan layout (see Figure 1.c overleaf) and floorspace schedule (Table 1.b below) to inform the design principles and proposed land use on the employment site. This masterplan is based upon: the landowner and local authorities’ shared ambition for a high-quality business park; a detailed review of relevant planning policies; the detailed design of the roundabout and route of the link road and flood attenuation works prepared by Waterman Environment and Infrastructure Ltd (see 1.4); and property market analysis conducted by Thomas Lister Ltd.

### 1.4 Future development capacity beyond Ashbourne Airfield Business Park

The Derbyshire Dales Local Plan (2017) allocates the proposed Ashbourne Airfield Business Park as Phase 1 of a strategic mixed-use development site (EC2a). A further 58.6 hectares located to the north of Phase 1 is allocated as Phase 2 (EC2b):

*The allocation of this further site provides an opportunity through comprehensive community master planning, for a full range of facilities and services to be brought forward including residential development, commercial and employment development, leisure and community facilities, education and social / medical care (Local Plan p120).*

The re-design of the proposed junction on the A52 to a roundabout has been carefully negotiated and managed between all public sector and private partners, to ensure that the proposed highway solution has capacity for both Phases 1 & 2; developing a strategic approach to ensuring maximum economic and housing growth in the location, in a way which is acceptable to the Highway Authority



and future-proofed for further capacity requirements. The phase 2 allocation includes land in the ownership of FW Harrison, with capacity for up to 8 hectares of further employment development and 300 new homes.

**Table 1.b: Employment floorspace schedule from David Lock Associates masterplan**

Floorspace use	Area m <sup>2</sup> (GEA)
B1 a/b	2,700 m <sup>2</sup>
B1 c	10,180 m <sup>2</sup>
B2	22,090 m <sup>2</sup>
<b>TOTAL</b>	<b>34,970 m<sup>2</sup></b>

In addition, it is proposed that the development would include a multi-use community and enterprise hub building, which could include an element of A1 class retail and B1 small enterprise space.

**Figure 1.b – Initial indicative site masterplan (2014)**

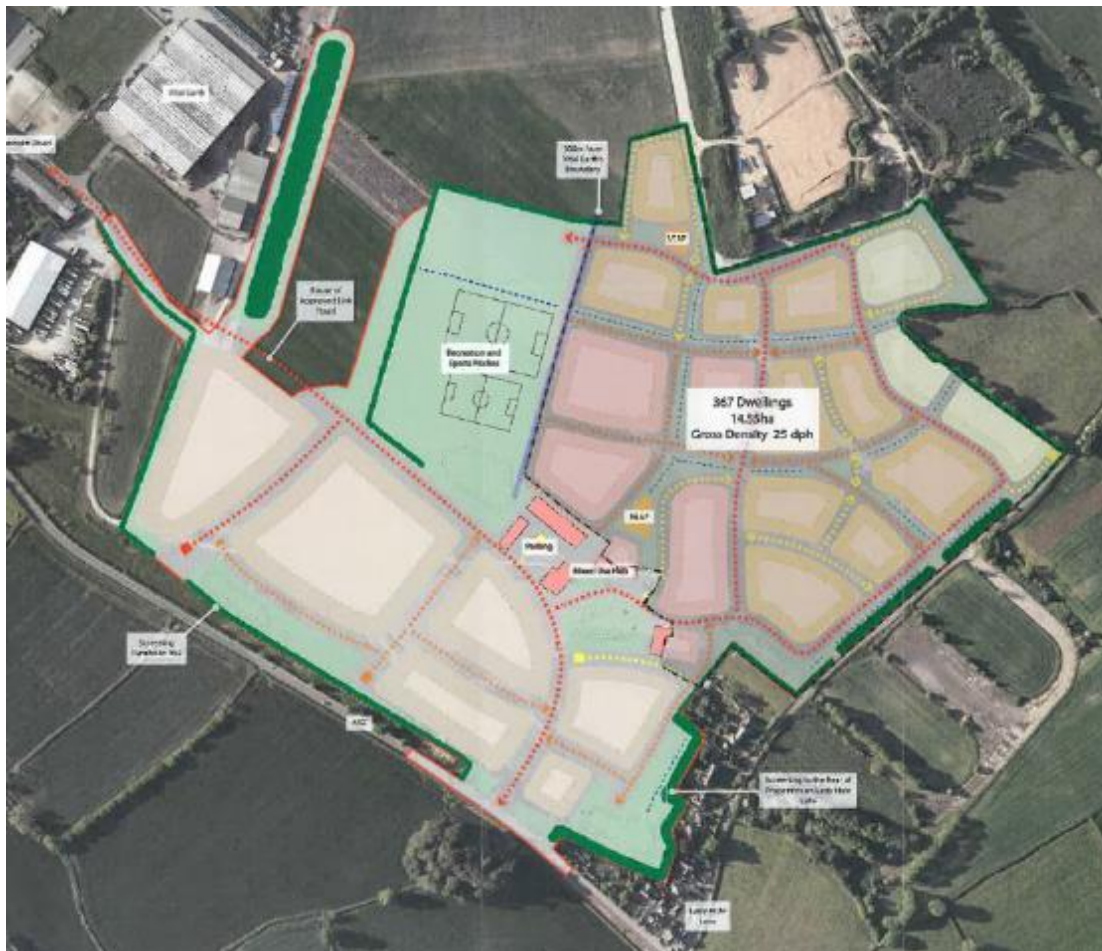
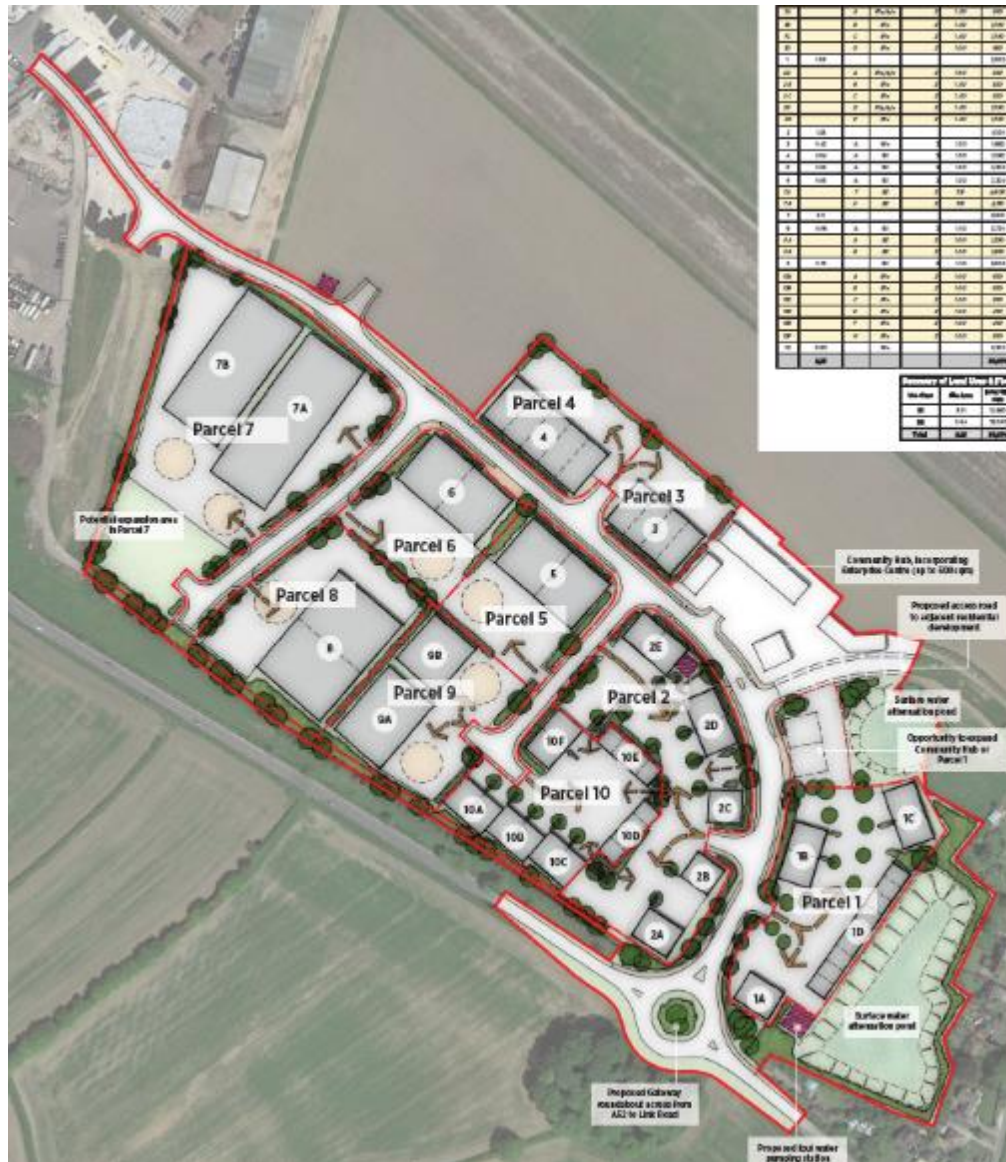




Figure 1.c – David Lock Associates indicative masterplan (2019)



## 1.5 The project

### 1.5.1 Project description and deliverables

The LGF-supported project is to **construct a new 50m three-arm roundabout on the A52** (replacing a previously consented signalised junction) connecting to a new 720m-long, 7.3m-wide single-carriageway link road to act as the main route through the new business park, connecting to the existing industrial estate via Blenheim Road to the west, and to the new roundabout junction to the south east. The roundabout and link road have full planning consent and a S106 Agreement for the consented development as a whole is in place. The new roundabout, link road and the

improved Blenheim Road will be promoted for adoption by Derbyshire County Council as the Highways Authority.

As shown in Figure 1.d overleaf, the road construction consists of four elements, whilst the project will also provide essential utilities to the site – LGF funding is required to towards the new roundabout and utilities diversions; and to secure the landowner's **commitment to developing at least 60,000 sqft (5,574m<sup>2</sup>)** to act as the anchor and catalyst of new employment development.

Wider and longer term benefits facilitated by the new infrastructure include: accelerated development of **34,970m<sup>2</sup>** of much-needed commercial floorspace; an estimated **501** net local jobs supported by new commercial premises, access to residential land for 367 new homes; and unlocked highway capacity to accommodate further economic and housing growth in the area – including allocated land of up to **8 hectares** of further employment development land and residential land for another **300 homes**.



Figure 1.d: Sketch of Ashbourne Airfield Roundabout & Link Road showing constituent elements

**Box 1.a – Constituent elements of Ashbourne Airfield Roundabout & Link Road Project**

1. **A52 roundabout** (coloured yellow): provision of a new 50m three-arm roundabout on the A52 of sufficient capacity to service the Local Plan employment and housing allocations
2. **Link Road phase A** (coloured purple): provision of the initial access to the employment site from the new A52 junction, to include a spur junction to unlock the housing site.
3. **Link Road phase B** (coloured blue): construction of the main spine road through new business park site and connection to Blenheim Road, the existing employment site and Derby Road to the north-west.
4. **Blenheim Road improvement works** (coloured green): improvement works to 200m of unadopted highway (cul-de-sac) to adoptable standard, to provide the connection between the new link road and the existing Blenheim Road.
5. **Utilities infrastructure:** the design for the new road includes the following essential infrastructure:
  - Surface water drainage infrastructure for both the road surface and the employment development site;
  - Foul water pumping and drainage;
  - Diversions of low-voltage electricity, new supply to the employment site and street lighting;
  - BT fibre and copper telecoms cabling to the employment site;
  - New supply of natural gas mains to the employment site; and
  - Diversion and provision of new water supply to the employment site.

## 1.5.2 **Headline costs**

The construction of the new roundabout, link road and associated utilities infrastructure works is estimated at £7.273m as outlined in the table below, with at least an additional £3m private sector investment committed for the first phase of commercial employment development including speculative development.

<b>Table 1.b: Estimated gross cost of Ashbourne Airfield Roundabout &amp; Link Road project</b>	
Link Road (inc. Blenheim Rd remediation)	£2.899m
Roundabout on A52	£1.921m
Link Road land	£0.200m
Roundabout land south of A52	Commercially confidential – FWH in kind contribution
Utility diversions (WPD + STW)	£0.205m
Site Supervision	£0.176m
Site Inspection	£0.407m
Bond (estimate)	£0.020m
Project Management and easement on Blenheim Road	£0.035m
Contingencies (Project Risk Register)	£0.2m
Detailed roundabout design and pricing	£0.218m
<b>SUB TOTAL</b>	<b>£6.281m</b>
Western Power Electricity	£0.681m
Fulcrum - Gas	£0.084m
Severn Trent foul drainage	Off-site reinforcement by STW
BT Openreach	£0.052m
Severn Trent Water	£0.175m
<b>INFRASTRUCTURE SUB TOTAL</b>	<b>£7.273m</b>
Commercial development of 5,575m <sup>2</sup> employment floorspace	At least £3.000m
<b>TOTAL gross cost (excl. VAT)</b>	<b>£10.273m</b>



## 2 Strategic case

### 2.1 Project objectives

The strategic objectives of the project and the supporting rationale for public intervention are outlined in the table below:

Table 2.a: Ashbourne Airfield Roundabout & Link Road project strategic objectives	
PROJECT OBJECTIVE	INTERVENTION RATIONALE
1. Delivery of 50m, three arm roundabout to facilitate increased access capacity to the site and connect to a new (720m) link road from Blenheim Road to the A52 in a single construction phase by the end of 2020	To bring forward £5.017m (plus the cost of buildings) private sector investment in economic infrastructure, accelerate commercial and residential development. To accommodate the expansion of existing Airfield occupiers following creation of a direct link with the Industrial Estate and other larger occupiers.
2. Unlock a 9 hectare serviced employment site by 2021	To deliver the district's single largest and most important employment growth site – comprising a third of the district's land allocation for new employment development – within the earliest years of the Local Plan period to 2033
3. Provide capacity for the accelerated development of 3,550m <sup>2</sup> of commercial employment floorspace by 2021 and 34,970m <sup>2</sup> in total by 2028	To provide a combination of modern fit-for-purpose commercial employment floorspace and serviced development land to address the evidenced requirement for growth of indigenous businesses with new commercial premises supporting 363 net local on-site jobs. To contribute towards the D2N2 ambition to maintain a high and stable employment rate.
4. Facilitate the accelerated development of 41 housing units by 2021 and 367 in total by 2029	To ensure the completion of the link road thereby ensuring that the development of the housing site is not stalled with only 75 units allowed by planning condition before the full link road is completed.
5. Reduce the morning and evening peak hour delays at existing Blenheim Road / Derby Road junction by at least 50% by 2021.	To address productivity constraints on existing businesses at Ashbourne Airfield Industrial Estate imposed by the movement of labour and goods
6. Remove growth constraints on businesses located on the Airfield Industrial Estate, enabling the expansion of (at least) 2 existing companies by the end of 2023	To ensure that growing businesses are retained within the Derbyshire Dales and D2N2 areas, helping to safeguard jobs and provide opportunities for expansion and new job creation

The proposed **direct outputs from the D2N2 LGF investment** are therefore:

- a. Delivery of a **new 50m three-arm roundabout** on the A52 providing connecting to a new 720m **link road** by the end of 2020
- b. Construction of at least 60,000sqft (5,575m<sup>2</sup>) new commercial floorspace by the end of 2023\* (an initial phase of a minimum of 20,000 sq. ft. will be undertaken in year 1 following completion of the new roundabout and link road, with the delivery of further floorspace being conditional upon achieving an occupation level of 80% of the previous phase).

*\*To note, delivery beyond this level is anticipated*

- c. 9ha serviced employment site by 2021.

The proposed **wider economic benefits** from the D2N2 LGF investment are:

- Capacity for the accelerated development of **34,970m<sup>2</sup>** of commercial employment floorspace on the Ashbourne Airfield Business Park site by **2028**
- Estimated **501** net local jobs supported by new commercial premises in total (direct and indirect employment) comprising:
  - Estimated **363** net local on-site jobs supported by new commercial premises
  - Estimated **138** net local off-site jobs in the Derbyshire Dales / D2N2 economy due to multiplier effects (i.e. within the local supply chain and employment from other local expenditure)
  - Highway access to residential development land for 367 new homes
- Unlocked highway capacity to accommodate further economic and housing growth in the area – including allocated land in the same ownership of up to **8 hectares** of further employment development land and residential land for another **300 homes**

## 2.2 Strategic options

### 2.2.1 Long list options

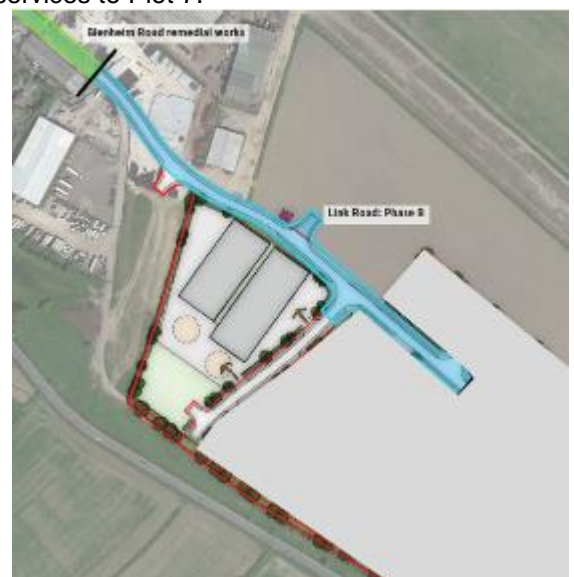
A long list of strategic options for the delivery of the Ashbourne Airfield Roundabout and Link Road project has been explored in arriving at the proposed roundabout junction and full funding package. Each option is described below and assessed against the project objectives in Table 2.b which follows the options discussion.

#### ➤ Longlist option 1: Western site access via Blenheim Road

The landowner (FW Harrison) has previously considered the option of providing a short access from Blenheim Road on to the site in order to serve Plot 7 at the north-west of the site. This would require: a) the remediation of the existing Blenheim Road; b) delivery of part of Phase B of the Link Road; and c) provision of power, water and telecoms services to Plot 7.

The District Council would not invest in the full remediation of Blenheim Road as it would not connect to a fully completed link road and A52 junction and therefore would **not be an efficient or State-aid compliant use of capital investment**. This option would not be acceptable to Derbyshire County Council as Highways Authority and the road could not therefore be adopted as a public highway.

FW Harrison has indicated that without public sector support, **the development of the whole site will proceed a step at a time**. All costs of vehicle access to Plot 7 would have to be met upfront by the landowner, with no in kind contributions (as proposed in the preferred option). The costs of any new gas, electricity, telecoms and water supply to plot 7 would have to be borne by the landowner and/or the future developers/investors as a development project cost, reflected in the increased price paid for the land and reduced financial viability.



**Significant upfront borrowing is not commercially feasible without the security and returns offered by residential land sales.** In turn, this relies on access to the residential development site.



The road would not provide access to the housing site located to the east of the employment site. Investment would therefore be limited to the landowner's proposed cash contribution.

Under this option, the landowner might still secure pre-let and/or development agreements, for example to deliver buildings 7a (4,600m<sup>2</sup> GEA) and 7b (4,210m<sup>2</sup> GEA). However, as soon as either building is occupied this triggers **Condition 6 of the updated Outline Planning Permission (18/00767/VCOND)** which states that:

*Unless otherwise agreed in writing by the Local Planning Authority, the developer shall within a period of 24 months from the first occupation of any industrial / commercial premises on site or prior to first occupation of any dwelling, have completed a new junction to Derby Road generally in accordance with submitted drawing No. E07 – Signal Control Junction or other detailed designs first submitted to and approved in writing by the Local Planning Authority. For the avoidance of doubt the developer will be required to enter into a Highways Act 1980 Agreement (Section 278) with the Highway Authority in order to comply with the requirements of this condition.*

The estimated cost of a basic signal controlled junction on the A52 is in the order of £0.547m. As such the landowner could not take on the contingent liability to pay for this additional infrastructure work without further access to capital. Any returns on initial commercial development on Plot 7 would only be sufficient to continue a commercially low-risk piecemeal approach to infrastructure and employment floorspace delivery.

**Condition 7** of the same permission, restricts development to 100,000 square feet of employment floorspace (9,290m<sup>2</sup>) and 75 housing units before the completion of the full link road, which in turn incurs a further cost of at least £2.9m (including the full extent of remedial works on Blenheim Road).

The high-quality masterplan vision is not likely to be deliverable under a piecemeal approach.

#### ➤ **Longlist option 2: South-eastern access via signalised A52 junction**

The previously proposed access from the A52 was via a new signalised T-junction. Extensive project development has taken place between the landowner and public sector partners in the last two years, to design a revised and enhanced junction, which provides a strategic solution and the future capacity to accommodate further economic and housing growth in Ashbourne.

The roundabout junction is now considered to be the only junction design which is acceptable for a publicly-funded infrastructure investment, having received endorsement from D2N2 LEP and Derbyshire County Council as Highways Authority.

However, **without public sector support the landowner is under no contractual or planning obligation to deliver the enhanced junction**, and theoretically could pursue the option of a basic signalised junction on the A52 to access the site. The cost difference between the signalised junction and roundabout is approximately £1.374m. Therefore, from the landowner's perspective the basic junction would be most financially advantageous.

A minimum investment to provide access from the A52 would provide the basic signalised junction, utilities diversions and a spur access into the site. With associated fees and contingencies, the landowner's proposed cash contribution of £1.5m would be very unlikely to be able to provide access to the residential development site. In any event, the number of permitted dwellings would be limited to 75 without the completion of the full Link Road.

Whilst access to plot 1 might be achieved, no on-site utilities would be provided, reducing the viability of any future commercial development. As with Option 1, this option would compromise the high-quality masterplanned, comprehensive approach to Ashbourne Business Park, which is required to meet the Council and D2N2's strategic ambitions for private sector investment and better quality jobs.

This option does not provide the strategic forward funding of infrastructure to enable the future opportunity for the Phase 2 strategic planning allocation.

➤ **Longlist option 3: Roundabout junction only**

This option represents the equivalent of the initial funding package which was presented in the D2N2 LGF Stage 1 submission (£1m LGF + £1.5m landowner contribution). Since that application, detailed design and costing work has demonstrated that the initial project cost for the roundabout and link road, based on information submitted as part of the original planning application, was a very significant underestimate.

In addition, since the original signalised junction was proposed, public and private partners have worked together to develop a revised junction design (a new roundabout) with sufficient future capacity to serve the wider strategic planning allocation at Ashbourne Airfield. This junction is estimated to cost £1.921m, £1.374m more than the originally proposed signalised junction.

A total public-private investment of £2.5m might deliver: the roundabout junction; utilities diversions and a short spur into the site. Effectively, therefore it could deliver no further economic outputs as compared to Option 2.

➤ **Longlist option 4: Revert to basic signalised junction to serve site via Link Road**

Without public sector intervention to secure the landowner's full contribution to the strategic funding package, FW Harrison could not provide the full amount of up-front capital (£7.273m) required to fund the delivery of the proposed scheme.

The landowner has outlined that **without public sector support, the development of the whole site will proceed a step at a time and slower**, limiting the growth potential for both jobs and housing; with a significant level of upfront borrowing not commercially feasible without the security and returns offered by residential land sales, and therefore access to the residential development site and permission to develop more than 75 units.

The scheme cost to the landowner would be considerably higher than under the preferred option; with a funding deficit of at least £1.6m without £1m LGF and in-kind contributions from the Councils (£0.65m+). As such, even if the landowner were to make the maximum proposed borrowing, this would not be sufficient to meet the cost of the proposed strategically acceptable scheme.

In theory the landowner would therefore most likely **revert to the basic signalised junction on the A52** in order to achieve savings compared to the agreed and approved option

It is considered very unlikely that the landowner would make anything like the proposed level of upfront borrowing, without the public sector financial and statutory support offered by the preferred partnership approach. The landowner has indicated that even if the level of private borrowing was available to complete the link road in one phase and complete a first phase of development, it would be far too commercially risky for the family business.

Nonetheless, a 'best case' counterfactual scenario achievable without LGF might assume the landowner was able to secure borrowing of an equivalent £3.5m alongside £1.5m from cash reserves, to begin an incremental development and investment strategy. Even with this saving (£1.374m) the proposed infrastructure package would be more than £5m as the landowner would become liable for the additional costs of fees and project management, currently assumed as an in-kind contribution of £0.618m from Derbyshire County Council.

The most likely effects of a basic, cost-reduced approach compared to the preferred option are:

- Further savings would have to be found of at least £0.5m; most likely in reduced scope for site servicing – increasing the cost to developers and **reducing overall viability** and deliverability;
- Employment development across the site becomes less investible as a result of having a sub-optimal highways access to the A52;
- The scheme and subsequent development would be delivered without any contractual agreement between public and private sector partners (as proposed under the preferred

option), meaning that the landowner's commitment to directly develop 60,000 sqft of employment floorspace would be lost;

- Utilities and on-site infrastructure would be delivered as required, rather than upfront, with an effect on viability and marketability;
- Constrained marketability and loss of a partnership approach is likely to lead to a slower pace of delivery of employment floorspace;
- At least some of the proposed high-quality manufacturing workspace proposed would be reconsidered in future, with the greatest demand for B8 warehouse units;

Without public sector grant, the high-quality masterplan vision is not likely to be deliverable under a piecemeal approach.

In addition, **this option does not provide the strategic forward funding of infrastructure to enable the future opportunity for the Phase 2 strategic planning allocation**, which includes capacity for up to 300 further homes and 6-8 hectares of additional employment land.

Without upfront utilities provision and the commitment of the landowner to invest in the early development of higher-grade property, the marketability of the site as a high-quality business park will be compromised, with further negative implications for the capacity of the location and the District to attract inward investment and generate higher-value employment on the site, in line with the Council's spatial and economic growth ambitions (see section 2.4).

➤ **Longlist option 5: Strategic highway enhancement with roundabout and link road; Preferred option with £1m LGF**

The preferred option is to invest £1m LGF alongside £5.017m private sector contribution from FW Harrison (£1.5m cash; £3.517m debt finance) to deliver the roundabout junction, full link road and services to the site. The funding balance is made up with £0.2m from Derbyshire Dales District Council for remedial works on Blenheim Road; with in kind contributions of land worth at least £0.2m from FW Harrison, and waived highway fees of over £0.6m from the County Council.

This option allows the delivery of the roundabout and link road in a single phase by the end of 2020 and unlocks the 9 hectare serviced employment site by 2021. It secures the commitment of FW Harrison to directly develop at least 5,575m<sup>2</sup> (60,000 sqft) by the end of 2023, without compromising the strategic approach to developing the Business Park and the wider strategic planning allocation.

## **2.2.2 Long list strategic review: outcome**

The strategic review of these longlist options is summarised in Table 2.b and outlined in full detail at Annex 1.

The options review demonstrates that only option 5 (LGF matched by the maximum private sector investment) has the potential to fully meet each of the project objectives.

Option 1 (do minimum) and option 2 (do minimum alternative) would not secure the construction of the link road in full in the medium term and therefore would not accelerate commercial and residential development, address existing highways and floorspace capacity constraints, remove existing barriers to business growth, or safeguard existing economic activity.

Option 3 (do less) would preclude the single phase programme which is critical to the efficient, effective and commercially acceptable delivery of the link road. As with the two options above, this option also does not appear to be State-aid compliant.

Option 4 could facilitate the development of commercial floorspace but it would not be acceptable to the Highways Authority and involves a considerable degree of commercial and delivery risk for the landowner. Indeed, without LGF investment, FW Harrison are very unlikely to pursue this Option 4 by themselves given that they have indicated that if developing the site themselves they would

proceed cautiously, step by step. However, this option is carried forward for economic appraisal in order to demonstrate **the maximum theoretical economic outputs with no LGF**.

Option 5 is the preferred option proposal and has been carried forward for economic analysis alongside Option 3 which demonstrates the economic outputs deliverable for the initially proposed Stage 1 project cost, if it were deemed acceptable to the Highways Authority.

**Table 2b: Ashbourne Airfield Roundabout & Link Road: Assessment of strategic options longlist against project objectives**

Option	Project objectives						Assessment notes
	Single phase delivery of Roundabout & Link Road	9ha serviced employment site by 2019	Accelerate commercial floorspace	Accelerate housing delivery	Reduce traffic delays on existing industrial estate	Address growth barrier	
<b>Longlist option 1:</b> Do minimum Western site access via Blenheim Road	X	X <sup>Max 2</sup> plots (2.78ha); unserviced	X	X	X	X	Cul-de-sac not adoptable by DCC Minimal DDDC contribution as not State –aid compliant
<b>Longlist option 2:</b> Do minimum alternative South Eastern access from A52 (signal junction)	X	X Limited employment land unlocked	X	X	X	X	Cul-de-sac not adoptable by DCC
<b>Longlist option 3:</b> Do less £1.5m FWH; £1m LGF (A52 access)	X	X Limited employment land unlocked	X	X	X	X	Cul-de-sac not adoptable by DCC
<b>Longlist option 4:</b> Best reference case £1.5m FWH capital; £3.5m FWH loan	X	X <sup>Max 8</sup> plots (7.48ha); limited services	X	✓	✓	Partial solution	Best reference case, but unlikely to be commercially deliverable Does not deliver agreed strategic highways solution
<b>Longlist option 5:</b> Preferred option £1.5m FWH capital; £3.5m FWH loan; £1m LGF; £0.2m DDDC (plus in kind contributions)	✓	10 plots (9.25ha)	✓	✓	✓	✓	

## 2.3 Rationale for LGF investment

As described earlier, public sector investment is required in the Ashbourne Airfield Roundabout and Link Road project in order to address the negative effects on productivity and economic growth which are caused by the inadequate existing access to the Airfield Industrial Estate; and to facilitate private sector investment in the accelerated delivery of much-needed new commercial employment floorspace, and new homes.

### **1. Provision of new highway infrastructure and improved accessibility for multiple beneficiaries**

The Ashbourne Airfield Roundabout and Link Road will be an adopted highway and a through route. It will provide a dedicated new road link to the A52 for the following beneficiaries:

#### **□ Businesses on the existing Airfield Industrial Estate.**

Over 70 businesses operate on the estate with over 2,000 employees. These include around twenty manufacturing businesses which rely on the continual movement of materials and finished products on and off the estate – often in very large volumes, for example in the case of Moy Park and Artisan Biscuits (food manufacturing) and Trouw Nutrition – Nutreco (animal feed). A further twenty businesses are involved in retail, wholesale, distribution and service provision (e.g. trade counters and suppliers, vet surgery, hire companies) which are dependent upon customer access and / or distribution by road.

Currently it is a mile-and-a-half drive from the outer premises on the industrial estate to the location of the proposed new access (signalised junction) on the A52; via the Blenheim Road/Derby Road junction and another major roundabout junction. **Congestion and delays across the estate – and particularly at the access junction – are a critical problem for the operation of businesses.** Parked vehicles, including HGVs, commonly restrict access to sites and carriageway width and flow. Traffic flow analysis by AECOM (May 2016) shows that access constraints cost nearly three hours per day (170 minutes) in delays across all vehicles in the morning and evening peak hours. In a survey (AECOM, May 2016) answered by 28 businesses located on the existing Ashbourne Airfield Industrial Estate – including all of the largest employers on site – over 70% cited congestion and delays as the key issue affecting the operation of their business.

Productivity improvements offered by the new roundabout and link road for existing businesses and the subsequent release of development land to enable expansion are also likely to bring positive benefits for the local supply chain. Three quarters of businesses responding to the 2016 Ashbourne Airfield business survey buy goods and services from businesses in the District, with local supply chain spend ranging up to £1.5m per business per year.



❑ **Residents of approximately 200 homes on Stanton Road / Cavendish Drive estate**

As illustrated in Figure 2, residents of the large housing estate to the north-west of the estate currently use the congested Blenheim Road / Derby Road junction to access the A52 when travelling to / approaching from the south or west. This junction is in frequent use by HGVs; and is not signalised or prioritised, making resident access problematic.

❑ **FW Harrison Commercial**

The landowner will benefit from a modest public investment into highways infrastructure to allow them to bring forward accelerated development on the employment and residential sites simultaneously. In return for this public sector support, the landowner has committed to investment in the accelerated completion of serviced development plots and at least 60,000sqft of commercial employment development on this priority employment site. The public support means that the landowner is able to develop a financial plan to pursue its ambition for at least 60,000 sqft pre-let or speculative development by the end of 2023.

Figure 2 – Google satellite image showing existing housing and industrial estates and access to Derby Road



**2. Achieve efficiencies and economies of scale by delivering the strategic highways infrastructure in a single phase**

As the strategic options analysis demonstrates, **it is very unlikely that the roundabout and link road can be delivered in a single phase without public sector support.** Phasing the construction would involve significant additional resource, logistical and technical challenges; incurring extra costs and delaying development of the site as a whole by a number of years; assuming that funding for construction in two parts could be secured. It would also not constitute a State Aid compliant approach.

Single phase construction of the roundabout and ink road and utilities infrastructure has numerous advantages. With a single phase project, management resource provided can be focused on a single construction programme in 2020, rather than several programmes delivered over a number of years.

The efficient technical delivery of both the road and the utilities infrastructure also depends on engineering co-ordination. The most cost-effective provision of electricity supply to development plots is reliant upon the excavation, ducting and cable laying being completed as part of the road construction, along its full length. Regarding other services, the proposed gas supply is to be provided off site from a connection on Blenheim Road as is the water supply from the west, and from Ladyhole Lane to the east. It would be inefficient and costly to carry out this work before both Phases A and B of the road construction are under way.

**3. Supporting a local SME to attract private sector investment**

The owner of the employment development site, FW Harrison Commercials, is a relatively small local family-owned transport company employing 20 people. They have retained ownership of the employment site as a key asset for over thirty years. The company does not have the level of management resources, capital or borrowing capacity of larger landowners, developers or investors, required to deliver large-scale up front enabling infrastructure and first phase



development. The company is also unlikely to enter into joint venture agreements with larger development partners, which might ordinarily be another route to private sector finance for the upfront investment needed.

FW Harrison has indicated strongly that if developing the site themselves they would proceed cautiously, step-by-step; that the company is able to bring forward part of the upfront investment needed, and that it is willing to work with the public-sector partners to best bring forward the development of their site in a coordinated manner. It also recognises that partnership with the public sector offers the best opportunity to accelerate economic growth outcomes. Public sector investment, therefore, will help to reduce the risk to the landowner and secure the accelerated delivery not only of the critical site infrastructure, but also the first phases of commercial employment development, and thereafter the investment momentum required to complete the Ashbourne Business Park in line with the high quality principles of the masterplan and market expectations outlined in the *Commercial Case*.

The landowner, Derbyshire County Council and the District Council have recognised that investment in the Ashbourne Airfield Roundabout and Link Road is also expected to generate a number of positive externalities, in line with the strategic benefits outlined below.

## 2.4 Strategic benefits

The proposed investment in the Ashbourne Airfield Roundabout and Link Road directly supports local and sub-regional economic growth ambitions and will deliver a wide-range of strategic benefits, including:

1. Supporting the growth of the rural economy;
2. Delivering key economic infrastructure to accelerate new employment floorspace;
3. Supporting key D2N2 sectors, safeguarding and growing economic activity, attracting new investment and enhancing economic value; and
4. Unlocking the delivery of much-needed new homes.
5. Providing highway capacity to deliver the Phase 2 Local Plan allocation in the longer term.

### 1. Supporting the growth of the rural economy

Given the natural geography of Derbyshire and Nottinghamshire, **the rural economy is an important contributor to the wider D2N2 economy**. The Local Enterprise Partnership's economic vision – as outlined in the *Vision 2030 Strategic Economic Plan* – recognises the opportunities and challenges for its key market towns, such as Ashbourne. Spatially and economically, the town is one of three primary settlements in the Derbyshire Dales (planning area) and the District Council has established its economic ambition for '*vibrant market towns as employment and service centres*' with Ashbourne identified as the main centre for the southern part of the district (*Derbyshire Dales Economic Plan, 2014-19*).

The Economic Plan for the district makes unlocking stalled and vacant sites, such as Ashbourne Airfield, a priority action for the Council, in order to address three key barriers to rural economic growth in the area:

- i. The shortage of modern business units for new and growing firms;
- ii. The lack of infrastructure on some sites; and
- iii. Developers failing to bring forward sites with approvals.

Ashbourne, Wirksworth and Matlock are the only three locations identified outside the Peak District National Park capable of supporting sustainable economic growth in the Derbyshire Dales. **Ashbourne Airfield is by far the largest, and therefore the most important, future employment location in the District**. Of the eight sites which make up the total district-wide allocation, Ashbourne Airfield (phase 1) is the largest and identified as the most deliverable, with other sites expected to require long-term development plans to address issues such as topography and remediation (*Market Assessment Report, Thomas Lister Ltd, 2017*). As such the delivery of the Ashbourne Airfield Roundabout and Link Road and the extended Ashbourne Business Park employment site form a primary element of the Local Plan strategy and policy (S8).

### 2. Delivering key economic infrastructure to accelerate new employment floorspace

The D2N2 Strategic Economic Plan places the delivery of infrastructure at the heart of its growth and investment strategy as one of its eight main priorities across the area, to:

*'Secure investment to deliver the infrastructure necessary to achieve world class connectivity and the development of high quality sites, premises and homes.'* (D2N2 Vision 2030, p7).

The investment in the Ashbourne Airfield Roundabout and Link Road is strongly aligned to this vision. The benefits of the infrastructure investment will be threefold: removing growth and productivity barriers for existing businesses and helping safeguard existing jobs; unlocking private sector investment and accelerating provision of new employment floorspace; and accelerating the delivery of new homes.

The inclusion of the Ashbourne Airfield Roundabout and Link Road project in D2N2's extended *Growth Deal* with central Government (January 2015) and the in-principle approval to provide capital funding reflects the recognition of business and public sector leaders of the need to invest in infrastructure to boost productivity

### **3. Supporting key D2N2 sectors, safeguarding and growing economic activity, attracting new investment and enhancing economic value**

The proposed highways infrastructure investment is expected to unlock the development of 9 hectares of employment land. The County Council, District Council and the landowners share the ambition for a high-quality commercial employment development to provide modern fit-for-purpose accommodation for businesses across a range of sectors, primarily manufacturing focused but also including professional and business services.

**The district has a strong representation of productive businesses, strong business survival rates and a skilled workforce** – but it maintains its focus on continuing to grow the number of higher-value jobs particularly through growing its existing higher-value private sector employers and enabling development on appropriate sites (DEP, 2014). This ambition is particularly important for the local economy, given the need to continue to drive productivity and private sector investment.

Historically the district has provided a large number of professional public sector jobs. 18% of the District's employees work in the public sector, above the national average (16%) as a result of the presence of the County Council and Peak District National Park authorities as well as Derbyshire Dales District Council (ONS BRES, 2017). This has made the local economy particularly vulnerable to the effects of the post-2010 reduction in public spending – 7,300 jobs were lost in public administration, education and health between 2010 and 2015, before a very modest recovery in recent years.

The development of Ashbourne Business Park is estimated to contribute 363 net local jobs on-site (see section 4). **Employment growth in the Derbyshire Dales is expected to be strongly supported by indigenous businesses** – where evidence is already apparent of the constraints of an inadequate supply of property. The scheme is also anticipated to generate some investment interest from outside the area. Without public sector investment, the scale, range and quality of development will be limited, for example it is likely that only limited B1 uses will be delivered, and therefore the opportunity to use the site to promote growth in higher-value employment may be lost.

A precision plastics company on the industrial estate is actively seeking premises to expand its current operations, requiring a minimum of 4,000m<sup>2</sup> by mid 2021 to meet growth expectations. The company has two sites in the UK and is currently reviewing expansion plans at both sites in the event that it is not possible to expand at Ashbourne (preferred location) which is now at capacity. The company is targeting growth in sales from £14m in 2019 to £21m by 2023 resulting in growth in employees from 115 to 160 over the same period. All new positions to be created are understood to be skilled and therefore attract pay rates significantly higher than the living wage.

In a survey of companies across the Derbyshire Dales undertaken in September 2018, 45% of respondents (88 businesses) indicated that their current premises would no longer be suitable in five years' time or less. Nearly one in four businesses (23%) with expansion plans reported occupying inadequate premises now and nearly a third of other businesses with expansion plans (31%) felt their current premises wouldn't be adequate in two years' time. Nearly every business intending to expand (97%) would create new jobs, with an average of over six new employees per business (*Derbyshire Dales Business Survey, QA Research, 2018*).

**The continued strength and growth of manufacturing – particularly higher-value activities – is an economic priority for both the Derbyshire Dales and the wider D2N2 area.** The existing Airfield Industrial Estate is an important employment location for food and drink manufacturing, which is identified as a key growth sector in both the D2N2 Strategic *Vision 2030* and the Derbyshire Dales *Economic Plan* alongside advanced manufacturing.

The provision of new commercial property will enable the expansion and retention of key businesses within Ashbourne and the D2N2 area – in manufacturing and other valuable sectors such as precision engineering. **Eleven businesses on the existing industrial estate have plans to grow within the next two years and 8 companies feel lack of space to expand is a constraint on operations.** In recent years some companies have already moved activity to other sites, including outside the D2N2 area (Ashbourne Airfield Business Surveys, 2016 and 2018).

#### **4. Unlocking the delivery of much needed homes**

5,680 houses are required in the Derbyshire Dales area between 2013 and 2033 in order to meet the objectively assessed need to accommodate a growing population and workforce (Derbyshire Dales *Local Plan*, December 2017). The area's Economic Plan identifies the shortage of housing as a potentially significant barrier to future economic growth. D2N2's *Vision 2030* also highlights the role of housing in supporting economic growth.

The investment in highways infrastructure will help unlock and accelerate the full potential of the housing development site to the north-east of the employment site. The housing site has the capacity and outline planning permission for 367 new units, **but no more than 75 houses can be developed before the link road is completed to an adoptable standard, by condition of the planning permission.** As such, a public investment to expedite the delivery of the roundabout and link road in a single phase directly aligns to the Council and D2N2's strategic economic objectives.

## 3 Commercial case

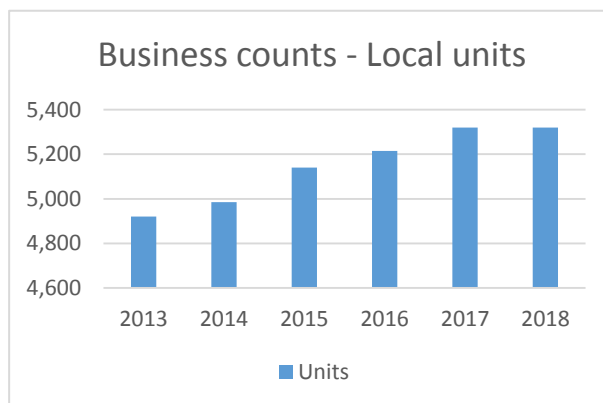
### 3.1 Business growth and property market demand in Ashbourne and Derbyshire Dales

#### 3.1.1 Business growth and B-class employment property requirements

Demand for new commercial property on the extended Ashbourne Business Park is expected to be driven by the growth requirements of local businesses, supplemented by inward investment of companies moving to the area. Local business growth is a good indicator of the overall requirement for more and better commercial employment floorspace in the district. According to a recent survey of 88 businesses, 45% of companies across the Derbyshire Dales have active growth plans of which over half (54%) require new premises now or in the next two years (*Derbyshire Dales Business Survey*, QA Research 2018).

As shown in Figure 3.a **the number of businesses has grown strongly across Derbyshire Dales in recent years** – with 400 more businesses registered in 2018 than in 2013, representing a growth in the overall business stock of over 8% (ONS Business Counts, GENECON analysis). Business growth in the area has been strengthened by the overall resilience of businesses in Derbyshire Dales – they are 9% more likely to survive the first five years than in the country as a whole (2012 registrations; ONS Business Demography, 2018); a positive sign for the property development and investment market seeking pre-let tenants with good covenant.

Figure 3.a – Number of businesses in Derbyshire Dales (Local units), 2013-2018



Encouragingly, one of the largest net contributors to business growth in the District in the last 5 years has been professional, scientific and technical services (2013-18, +85 businesses, +15%; ONS Business Counts) – although typically start-up businesses in these sectors are not large users of floorspace.

**Employment growth, however, is strong across the District within a number of sectors which rely on the supply of B-class commercial property, including: manufacturing** which added 250 net new

jobs between 2015 and 2017 (+5%) and professional and scientific services which grew by 125 net jobs (+7%) over the same period.

The floorspace requirement of such growth is considerable given the low employment density of manufacturing activity. It is estimated that **the approximate jobs growth of 250 net jobs in manufacturing between 2015 and 2017 would have required in the order of 9,000m<sup>2</sup> of additional industrial floorspace**, based upon standard employment density benchmarks (HCA, 2015).

#### 3.1.2 Demand from manufacturing in Ashbourne

Manufacturing is one of the largest generators of employment in the Derbyshire Dales, providing around 5,000 jobs, in line with the trend across the D2N2 economy (13.9% in 2017). The number of manufacturing businesses has grown consistently in the years following the financial crisis, from 265 in 2010 to 300 in 2018 (ONS Business Counts, 2018).

Ashbourne is the main manufacturing centre of the district with 2,000 people working in the sector including the majority of activity in larger scale food and drink production across the Derbyshire

Dales (91% of employment) (BRES 2017, GENECON analysis). **Manufacturing subsectors such as food and plastics continue to grow in Ashbourne** – adding a combined 185 jobs between 2015 and 2017 – based on investment from firms based on Ashbourne Airfield Industrial Estate and echoed in the ongoing property requirements of existing occupiers (BRES 2017) (see section 4.2 below).

There is evidence of further potential to grow the overall manufacturing sector, which still has a smaller share of total employment than across Derbyshire as a whole (Derbyshire Dales 14%; Derbyshire County 18%. ONS BRES 2017).

This requirement for good-quality modern employment floorspace is also recognised in the *Derbyshire Dales Housing and Economic Needs Study* (2014) which forms part of the evidence base for the new Local Plan:

*‘To retain existing advanced manufacturing businesses and attract new businesses there would be a need for more modern premises (with security and appropriate technology infrastructure), they need to be adaptable to meet the requirements of these sectors so would offer varying unit sizes and flexible configurations, and offer potential for clean space or laboratory space. These types of businesses are also likely to require integrated ancillary office space’.*

## 3.2 Property market assessment

Property consultancy, Thomas Lister Ltd, conducted a detailed assessment of the specific property market dynamics and requirements relating to the extended Ashbourne Business Park in 2017 (Appendix 1: *Market Assessment Report*; Thomas Lister Ltd, June 2017) to support the case for commercial demand to deliver the proposed outputs of the investment. The following section is an update on their key advice.

### 3.2.1 Assessment of the existing Ashbourne Airfield Industrial Estate

The existing site accommodates a very large stock of existing industrial floorspace – a total of 88,110m<sup>2</sup> or over 948,000sqft, across 112 rateable properties with a total rateable value in excess of £2.3 million (VOA Rating List, excludes Vital Earth waste management facility).

The major commercial occupiers include the following:

- |   |                                |
|---|--------------------------------|
| <input type="checkbox"/> Moy Park (part of Pilgrim’s Pride Group) – | Food processing                |
| <input type="checkbox"/> Trouw Nutrition –                          | Pet food and animal nutrition  |
| <input type="checkbox"/> Artisan Biscuits –                         | Food processing                |
| <input type="checkbox"/> Nenplas Ltd –                              | Plastic extrusions             |
| <input type="checkbox"/> Vital Earth Ltd –                          | Waste Management and Recycling |
| <input type="checkbox"/> Alruba Manufacturing –                     | Manufacture of rubber products |
| <input type="checkbox"/> Thermoform Ltd -                           | Vacuum sealed packaging        |
| <input type="checkbox"/> SJ Bargh -                                 | Transport and distribution.    |

Other uses within the Airfield Industrial Estate include precision engineering, building supplies and joinery. There are no stand-alone office premises within the Estate, but several occupiers have integral office space within industrial units.

Significant issues with car and lorry parking on Blenheim Road have been reported by occupiers (as recorded in the Ashbourne Airfield Business Survey, May 2016) and were observed on inspection. These issues result in single-flow traffic on the main estate road on regular occasions and general traffic congestion around the estate in peak periods.



### 3.2.2 Supply of existing commercial and industrial premises

Thomas Lister Ltd's analysis indicates **very limited availability of industrial premises within Ashbourne and the surrounding area reflecting less than 2% of existing supply**. There has been very limited development of industrial floorspace within Ashbourne or the surrounding area in recent years other than new light industrial space totalling 1,155 sqm on Buxton Road Ashbourne and some small scale warehouse / storage & distribution (B8) space predominantly on farms. More significant development has taken place at Dove Valley Park in Foston, South Derbyshire which is around 9 miles from the subject site which and different in nature.

The existing Airfield Industrial Estate is nearly fully let, with available space totalling 2,174 sqft (202m<sup>2</sup>) (CoStar, August 2019).

The unit mix demonstrates a high proportion of large occupiers relative to typical estate unit size mixes. Based upon the 2017 Rating List, the sizes of the existing premises (excluding Vital Earth waste management facility) on the Industrial Estate may be broken down as shown in table below:

Table 3.a: Summary of properties on the existing Ashbourne Airfield Industrial Estate		
Size (m <sup>2</sup> )	Number of properties	Total m <sup>2</sup>
0 - 200m <sup>2</sup>	39 properties	4,270 (5%)
201 - 500m <sup>2</sup>	23 properties	7,274 (8%)
501 - 1,000m <sup>2</sup>	12 properties	8,012 (9%)
1,001 - 2,000m <sup>2</sup>	9 properties	11,657 (13%)
2,000m <sup>2</sup> plus	8 properties	56,897 (65%)

Within a ten mile radius, there are five freehold industrial and office opportunities (CoStar, August 2019) (EGi, 2019) as follows:

- i. **Milner, Matlock:** Freehold investment of 2 storey industrial unit comprising of two purpose built workshops at ground floor level and storage space on both ground and first floor. The total GIA of the property is 779.9m<sup>2</sup> or 8,395 sq ft at a freehold price of £400,000 (£47.65 per sqft).
- ii. **The Factory, Buxton:** Part single storey, part two storey warehouse/workshop building with office accommodation built in 1910. The property comprises of a GIA of 560.30 m<sup>2</sup> or 6,031 sqft with the freehold seeking offers in excess of £240,000 (£39.79 per sqft).
- iii. **Brook Cottage, Matlock:** Constructed in 1900, the property comprises of two floors with a NIA of 1,381 sqft. The office is situated in close proximity to Matlock town centre and is on sale for an undisclosed price.
- iv. **2 Market Place, Ashbourne:** Office and retail accommodation across three floors situated within the centre of Ashbourne. The property has a NIA of 72.3m<sup>2</sup> or 779 sqft and the vendor is seeking a freehold price of £195,000 (£250.32 per sqft).
- v. **Railway House, Ashbourne:** Grade II listed premises which comprises of refurbished office space. Prior to refurbishment, the property had a total GIA of 7,500 sqft however the NIA for the refurbished offices is currently unknown.

Within a ten mile radius there are forty leasehold office and industrial premises available (CoStar, August 2019) (EGi, 2019). The most proximate are as follows:

- i. **The Old Byre:** Single storey office building which comprises of a NIA of 46.8m<sup>2</sup> or 504 sqft and is available for a rent of £13.88 per sq ft.
- ii. **Derby Road:** Three storey office building which comprises of open plan suites and individual private rooms which are available to let. The unit has a total NIA of 261m<sup>2</sup> or 2810 sq ft and is fully vacant.
- iii. **3-5 Heath Top:** New build detached warehouse unit to be constructed on Heath Top Business Park. The proposed industrial/warehouse unit will have a GIA of 780.4m<sup>2</sup> or 8,400 sqft.

### 3.2.3 Supply of alternative employment sites in Derbyshire Dales

#### **Ashbourne Airfield is the largest and most deliverable employment site in Derbyshire Dales**

Thomas Lister Ltd consider that the extended Ashbourne Business Park is the most deliverable employment site in the Derbyshire Dales. There is not a wide range of available employment development sites in Derbyshire Dales and those allocated sites for future delivery are unlikely to directly compete with Ashbourne Airfield.

**There is a lack of currently deliverable alternative sites within the area** for businesses that are seeking to remain within the Ashbourne area as a result of workforce, links with a retained facility or to a customer within the area – the subject site would appear to be the only development option.

The *Derbyshire Dales Local Plan* identifies a requirement for a further 24ha of employment sites in the period up to 2033 on the basis of the *Derbyshire Dales Housing and Economic Needs Assessment 2015*.

The following sites are identified to meet this requirement;

<input type="checkbox"/> Ashbourne Airfield (Subject Site) -	8 hectares
<input type="checkbox"/> Land at Pisani Works, Cromford	3 hectares
<input type="checkbox"/> Cawdor Quarry, Matlock -	1 hectare
<input type="checkbox"/> Halldale Quarry, Matlock -	2 hectares
<input type="checkbox"/> Middleton Rd, Wirksworth -	2 hectares
<input type="checkbox"/> Porter Lane, Wirksworth -	1 hectare
<input type="checkbox"/> Land at Porter Lane/Cromford Road, Wirksworth	1 hectare

A further area of 6-8 ha (also within the ownership of FW Harrison) is identified as a future opportunity linked with the extension of the Ashbourne Airfield development as part of wider proposals. This includes around 300 homes on land owned by FW Harrison and 800 new dwellings on land within the ownership of JCB to the North – although the delivery will be dependent on new arrangements to provide a safe and satisfactory means of access. It should be noted that the new roundabout access has been designed so as to provide sufficient capacity to serve the entirety of the site and that the Ashbourne Airfield Roundabout and Link Road project and Ashbourne Business Park masterplan do not preclude development coming forward on this land.

Any competition will be provided by sites such as Dove Valley Park in South Derbyshire where there is significant land availability for a scheme with immediate access to the A50.

Regarding other allocated sites in the Dales, **Halldale Quarry, Matlock** is a former quarry with a gross site area of 27 hectares which is allocated for a mixed use scheme to comprise of up to 220 residential dwellings and 2 hectares of land for B1 employment use. The site is located less than 1 mile to the south west of Matlock Town Centre and is accessed from Snitterton Road. Being a former Limestone quarry, there are topographical constraints which restrict the developable area. The site incorporates some identified tree belts and wildlife habitats; although it is understood that their integration into any potential scheme will be subject to an assessment of viability and planning.

The site is proposed to make a considerable contribution to future sustainable development in Matlock.

**Cawdor Quarry, Matlock** is a former quarry which extends to 26.65ha, along with the site of the former perianite factory which extends to 1.79ha. There is a resolution to grant outline planning consent for 487 residential dwellings and 1 hectare of employment land (B1c) with the initial phase of residential granted full planning permission. The residential scheme has now commenced. It is also noted that there is an allocation for a further 3ha of employment land at Pisani Works, Derby Road, Cromford (B1 and B2) and a further 1.9ha of employment land at Porter Lane (two sites B1c and B1/B2), Wirksworth, which are situated in close proximity to the subject site. There is also a planning application currently being determined at Haarlem Mill for the construction of new B1c employment space.

***Ashbourne Airfield is the only site that will enable effective segregation of employment from residential uses***

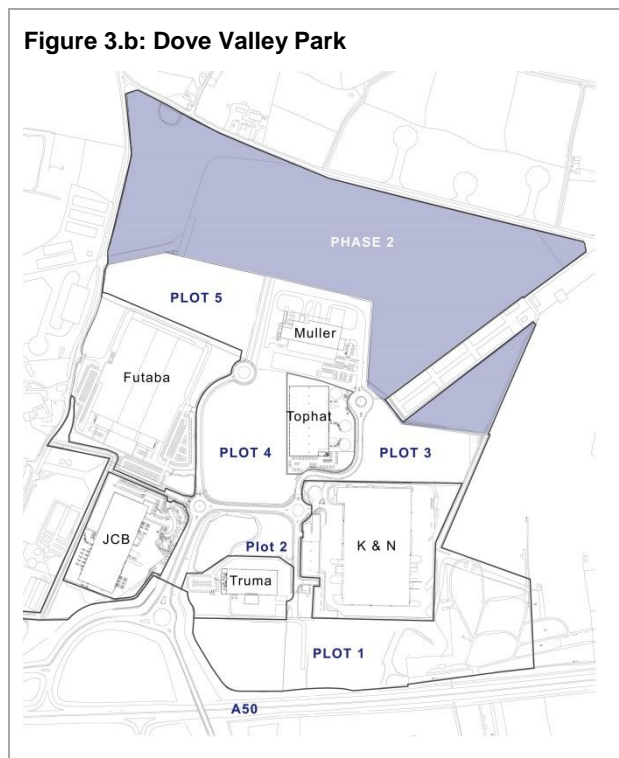
The allocation of employment sites within mixed-use developments within the Derbyshire Dales is a response to the **challenges of development viability within an area which has historically achieved relatively low values for commercial uses** and significant abnormal remediation costs of disused industrial and quarry sites. Significant elements of higher value residential uses are proposed to cross-subsidise the delivery of the commercial development within these schemes.

The Ashbourne Airfield site provides the scale to effectively segregate residential and commercial uses - provided as an extension of the established and fully occupied Airfield Industrial Estate. The integration of commercial and residential elements on other mixed-use developments is more challenging given the closer physical relationship between the uses and potential impact of noise generation and HGV movements. Developers are seeking to minimise the adverse impact on values of commercial uses on more valuable residential uses.

Thomas Lister Ltd consider that sites at Middleton Road, Cawdor and Halldale are likely to be brought forward for either smaller commercial units or potentially office development to meet local demand, with small floorplates and limited large vehicle movements having the minimum impact upon the predominant residential uses, and are prioritising delivery of residential over commercial uses.

**3.2.4 Supply of alternative employment sites beyond Derbyshire Dales**

Thomas Lister Ltd consider that beyond the local authority area, the most significant competing employment site will be Dove Valley Park, an 80ha employment site situated around 9 miles south of Ashbourne Airfield adjacent to the A50.



The scheme has been developed by Conder and Clowes Developments Ltd and has secured major occupiers JCB, Kuehne & Nagel, Dairy Crest, Futaba and Truma to date. Developers are offering a large range of plots available for immediate development from c2,150m<sup>2</sup> or 23,000 sqft up to c56,400m<sup>2</sup> or 185,000 sqft within the Phase 1 scheme and c46,450m<sup>2</sup> or 350,000 sq ft within the Phase 2 development area. Discussion with joint agent (MWRE) conveyed that in February 2017 Tophat industries Ltd let c.11,000m<sup>2</sup> or 118,000 sqft of speculatively built space for £4.84 per sq ft on a 20 year lease. It was though expressed that future developments are anticipated to be on a design and build basis with current quoting prices around £5.50-£5.75 per sq ft.

Land values for the scheme are not quoted by the agents but are understood to be in the order of £275,000 per acre.

Dove Valley Park scheme is well located from a logistics perspective with immediate access onto the A50 but has frequently struggled to compete for projects looking within the area compared with sites such as Fradley Park at Lichfield and Centrum 100 at Burton on Trent with immediate access to a skilled workforce. Accordingly, both competing sites have attracted major recent investment projects with land values achieved in excess of £350,000 per acre.

### **3.2.5 Demand for commercial property in Derbyshire Dales**

The analysis of commercial property demand factors in the context of the apparent lack of sufficient sites and premises in the area.

Between 2012 and 2019 there were 93 property transactions within a ten mile radius of Ashbourne Airfield including the letting of new industrial units of c11,000m<sup>2</sup> or 118,000 sq ft. and c28,150m<sup>2</sup> or 302,853 sq ft. at Dove Valley Park completed in February 2017 at a reported rental of £4.84 per sq ft (CoStar August 2019).

There are only two recorded transactions on the Airfield Industrial Estate including the letting of a 4,251 sq ft. unit in November 2015 by Lunar Lift-Off Limited; a result of the very high occupancy rates on the site.

The majority of transactions relate to smaller office suites including a significant number within Belper Town Centre (including Belper Mills) and also letting of Unit 2 Spire House comprising new build offices on the Waterside Business Park in Ashbourne at a reported rent of £12.78 per sq ft in March 2015. Derbyshire Dales District Council sold 2 office buildings within Ashbourne, at the LSH Auction comprising 1 Cockayne Avenue, Ashbourne totalling 3,960 sq. ft. which was sold for £282,000 and 5-5a Town Hall Yard comprising of offices of 649 sq ft which was sold for £75,000 in July 2015.

### **3.2.6 Demand for commercial property at Ashbourne Business Park**

#### ***Enquiries received direct by FW Harrison***

The strongest indicator of demand for new premises and land at Ashbourne Business Park is the **volume of ongoing enquiries to the landowners FW Harrison Commercials (FWH) from existing and potential new occupiers**. Thomas Lister Ltd consider that this represents good evidence of demand for sites from businesses for land and premises on the extended site.

FWH have indicated in consultations with Thomas Lister Ltd that they have had over 20 separate enquiries over the past 5 years for premises on the existing site or land on the adjacent development site, despite the fact that neither location is being actively marketed. Local businesses are now generally aware of the lack of availability although additional enquiries are regularly received as soon as there is evidence of any progress with the scheme – such as the completion of the detailed planning approval and Section 106 in 2017.

There are currently 21 live enquiries, which include:

- Seven requirements for units under 465m<sup>2</sup> (5,000ft<sup>2</sup>) with a number of these enquiries also requiring yard space.
- Two enquiries for office space, one requiring 186-279m<sup>2</sup> (2,000-3,000ft<sup>2</sup>) across two storeys, the other requires an office block with a large yard area.
- An existing Airfield tenant has a requirement for a further 232 m<sup>2</sup> (2,500ft<sup>2</sup>) unit, although they would also look at 1,394m<sup>2</sup> (15,000 ft<sup>2</sup>) in order to merge all their units together.
- Five enquiries have requirements for units between 25,000-30,000ft<sup>2</sup> plus yard space. One of these requirements from an existing Airfield tenant would also like the option for expansion in the future.
- An existing Airfield tenant has a requirement for 60,000ft<sup>2</sup> with a yard area.
- There have been a number of agent enquiries for a variety of uses including; a trade counter, hotel, pub/restaurant, supermarket and coffee shop.

Letters of interest are included as Appendix 2.

FWH have indicated that they are currently unable to quote terms to interested parties due to the uncertainty over the funding and delivery timing of the roundabout and link road and the new employment development site. A number of the enquiries incorporate requirements for large self-contained yard areas, ideally which are capable of being secured, in order to support the external storage of materials.

#### ***Demand evidence from existing businesses on Ashbourne Airfield Industrial Estate***

Beyond the formal property enquiries, there is further clear evidence of the demand for land and premises to accommodate the growth of existing businesses. The 2018 Business Survey undertaken by QA Research on behalf of the District Council (September 2018) received 17 responses from businesses currently located on the Airfield Industrial Estate. Respondents ranged in size from small and micro businesses to two companies with more than 100 employees. Sectors represented included construction, manufacturing and engineering. Key findings from the 2018 survey include:



### Box 3.a – Summary of key findings of Business Survey 2018 – Ashbourne Airfield Businesses

- ❑ **Current premises** – 10 firms consider their current premises will no longer be suitable in five years' time or less (four firms in two years or less – three indicated their premises are inadequate now).
- ❑ **Growth plans** – 11 firms have plans to expand. Drilling down **eight out of 10 firms** who consider their current premises will no longer be suitable in five years' time or less plan to expand or said they didn't but only because they are unable to find suitable premises. Those commenting require new premises or additional land – none propose to expand their existing premises (reflecting the lack of space required).
- ❑ **Premises requirements** – Those identifying requirements for new premises require 501-1,000 m<sup>2</sup> or larger premises and both freehold and leasehold options.
- ❑ **Location** – All those looking to expand in five years or less and requiring new premises want to stay in Ashbourne and all indicated they would create new jobs.
- ❑ **Potential take-up** – Seven of the eight firms looking to expand in five years or less and all but one of those businesses with plans to expand would either consider or almost certainly take-up premises which met their requirements if they become available within the next two years.
- ❑ **Business outlook** – All those with expansion plans think turnover will either increase or stay the same over the next two years and over the next five years.

Given the lack of available premises within Ashbourne or the immediate prospect of the availability of sites for development of new premises, some businesses have been compelled to look to relocate outside of Ashbourne and the Derbyshire Dales. It is understood that a significant employer has previously relocated a division of the business to Staffordshire in the light of the lack of available properties within Ashbourne and could relocate the whole of their operation if opportunities for expansion are not forthcoming at Ashbourne. Given the ageing stock within the existing Airfield Industrial Estate, it is likely that this trend will continue and potentially accelerate without a new supply of either land or premises within the Ashbourne area.

The results of the Business Survey correspond with a telephone survey previously undertaken by FW Harrison of occupiers on the Airfield Industrial Estate to inform their development proposals for the site and this survey indicated that various companies are seeking expansion within the Ashbourne area. The survey has identified that various companies have both existing and potential future enquiries which would be accommodated by the subject site.

### 3.3 Site owner's ambitions

FW Harrison have indicated that the company is interested in undertaking an initial speculative phase of development of 20,000 sqft (1,860m<sup>2</sup>) and to secure investment in a further 40,000 sqft (3,720 m<sup>2</sup>) of commercial floorspace by the end of 2023.

The delivery of the above will be subject to agreement of funding for the new roundabout and link road.

The landowner proposes to retain elements of the employment scheme as income producing investments but would also be prepared to agree land sales for larger requirements.

### 3.4 Development schedule and take-up projections

Key conclusions of Thomas Lister Ltd's market assessment are as follows:



- ❑ It is considered that there is a lack of availability of industrial units within the District, and in particular within Ashbourne, for tenants and whilst tenants are demanding short term leases, it is creating higher levels of rental values in the region of £4.50-5.60 per sq ft (£48.42-60.26 per m<sup>2</sup>). The majority of the units that are let within the District are between 139-232 sq m or 1,500-2,500 sq ft with 2018 seeing the highest take-up levels for leases within the last three years. Due to the lack of availability of units within Ashbourne itself, there has been very limited reported activity within the town. However, as can be seen from the number of enquiries at Ashbourne Airfield there are a number of requirements for units within the area.
- ❑ There is 851m<sup>2</sup> or 9,159 sq ft of industrial space under 465 sq m (5,000 sq ft) available within the District, equating to circa one and a half year of supply based on the current average take-up rates of 5,832 sq ft per annum (542 sq m). There are no units under 465 sq m (5,000 sq ft) available within Ashbourne at present, with only two units available above 465 sq m (5,000 sq ft) totalling 2,173 sq m (23,381 sq ft) within the wider Ashbourne area. These units are both second hand of lower quality. It is therefore considered that there is a significant lack of supply within the District and, in particular, Ashbourne.
- ❑ It is assessed that the strongest demand and requirements for units is for smaller industrial accommodation below 465 sq m (5,000 sq ft), whilst there are also a number of requirements for larger units above 2,323 sq m (25,000 sq ft). It is considered that there would be significant demand from existing businesses, should new industrial/workplace accommodation be brought to the market that meet these requirements.
- ❑ The demand for office space within the Derbyshire Dales district is limited to that of units of less than 1,000 sqft. However, it is noted that tenants are willing to take leases for between 5 and 10 years, with the possibility of rental levels achieving in the region of (£107.60-129.12 per sq m (£10-12 per sq ft). It is noted that the majority of the office space that is available to both let and freehold is located within the town centres of the district and is not purpose built. With average office take up rates of 776 sq m (8,349 sq ft) per annum, there is enough supply for circa three and a half years, however it is considered that the majority of the available office stock is of poorer quality, located within town centres above retail units and is not purpose built.
- ❑ Generally, it is considered that there is a lack of demand for offices within the area, however, if offices were to be delivered, those below 93 sq m (1,000 sq ft) which are of a high standard within business park locations, would likely be most popular.
- ❑ There are a number of other sites allocated for employment use within the vicinity of Ashbourne Airfield such as Halldale Quarry, however, it is considered that the location of Ashbourne Airfield, with immediate access onto the A52 provides a distinct advantage over other sites and is considered to likely be more attractive offering to potential occupiers.
- ❑ There is a significant lack of good quality employment space within the District and in particular within Ashbourne. It is considered that the majority of demand (and lack of supply) is for industrial/workspace premises under 465 sq m (5,000 sq ft). However, it is also considered that there would be demand for units above 2,323 sq m (25,000 sq ft), from a number of existing businesses looking to expand. It is considered that occupiers across all sizes of units would likely require yard areas for storage and/or loading purposes.

On the basis of this market advice, David Lock Associates have developed an indicative masterplan layout and floorspace schedule for the site as shown in table 3.b and figure 3.c (overleaf). The full image and floorspace schedule is included as Appendix 3.

<b>Table 3.b: Masterplan indicative floorspace schedule (David Lock Associates)</b>								
<b>Building reference</b>	<b>Use class</b>	<b>Total GEA (m2)</b>	<b>Building reference</b>	<b>Use class</b>	<b>Total GEA (m2)</b>	<b>Building reference</b>	<b>Use class</b>	<b>Total GEA (m2)</b>
1A	B1 a/b/c	800	3	B1c	1,680	9A	B2	1,200
1B	B1c	1,100	4	B2	2,160	9B	B2	1,800
1C	B1c	1,100	5	B2	2,200	10A	B1c	600
1D	B1c	900	6	B2	2,200	10B	B1c	600
2A	B1 a/b/c	800	7A	B2	4,210	120	B1c	600
2B	B1c	550	7B	B2	4,600	10D	B1c	400
2C	B1c	550	8	B2	3,720	10E	B1c	400
2D	B1a/b/c	1,100				10F	B1c	600
2E	B1c	1,100						<b>34,970</b>

In addition, it is proposed that the development would include a multi-use community and enterprise hub building of up to 500m<sup>2</sup>, which could include an element of A1 class retail and B1 small enterprise space (the latter included within the employment projections in section 4 – Economic Case).

**Figure 3.c – David Lock Associates Indicative Masterplan 2019**



On the basis of this market-informed masterplan and the landowner’s development ambitions, Thomas Lister have developed the following indicative floorspace take-up profile for Ashbourne Business Park:

<b>Table 3.c: Indicative employment floorspace take-up profile based on market information and landowners ambitions (m<sup>2</sup>)</b>										
<b>Take up (m<sup>2</sup>)</b>										
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total</b>
B1 b	-	800	1,100	-	-	-	-	-	800	2,700
B1 c	-	550	1,650	-	3,200	-	-	1,680	3,100	10,180
B2	-	2,200	4,600	7,210	-	2,200	3,720	2,160	-	22,090
<b>TOTAL</b>	-	<b>3,550</b>	<b>7,350</b>	<b>7,210</b>	<b>3,200</b>	<b>2,200</b>	<b>3,720</b>	<b>3,840</b>	<b>3,900</b>	<b>34,970</b>

## 4 Economic case

### 4.1 Options analysis

#### 4.1.1 Options outline

➤ **Option A – Reduced ‘do-less’ option: £1m LGF and £1.5m investment by the landowner**

This option represents the equivalent of the initial funding package which was presented in the D2N2 LGF Stage 1 submission (£1m LGF + £1.5m landowner contribution). Since that application, detailed design and costing work has demonstrated that the initial project cost for the roundabout and link road, based on information submitted as part of the original planning application, was a very significant underestimate.

In addition, since the original signalised junction was proposed, public and private partners have worked together to develop a revised junction design (a new roundabout) with sufficient future capacity to serve the wider strategic planning allocation at Ashbourne Airfield. This junction is estimated to cost £1.921m, £1.374m more than the originally proposed signalised junction.

A total public-private investment of £2.5m could deliver:

• Roundabout design	£0.218m
• A52 proposed roundabout junction:	£1.921m
• A52 drainage	£0.055m
• Utilities diversions:	£0.205m
• Site access spur from roundabout	£0.101m
• No allowance for fees contingency, PM, bond, supervision -	
• <b>TOTAL</b>	<b>£2.500m</b>

At this level of investment, the landowner would have to raise capital to support an incremental approach to delivering any employment floorspace.

The entire employment site would remain unserved by essential utilities supply. Vehicle access may be provided to Plot 1, which is most likely to come forward to accommodate the pre-let B2 requirement of 4,600m<sup>2</sup>, rather than higher-value B1 uses proposed under the masterplan.

➤ **Option B - ‘Best’ reference case: landowner-led strategy**

As outlined in the strategic longlist analysis, without LGF investment from D2N2 it is considered very unlikely that the project could secure any alternative or additional sources of public grant funding.

If no LGF investment is made available, FW Harrison are likely to proceed very cautiously. The company does not have the level of management resources, capital or borrowing capacity of larger landowners, developers or investors, required to deliver large-scale up front enabling infrastructure and first phase development. From negotiations with the landowner it has also become clear that they seek to maintain control of their assets and proceed a step at a time, such that FW Harrison is unlikely to enter into joint venture agreements with larger development partners, which might ordinarily be another route to private sector finance for the upfront investment needed.

Nonetheless, a ‘best case’ counterfactual scenario achievable without LGF might assume the landowner was able to secure borrowing of an equivalent £3.5m alongside £1.5m from cash reserves, to begin an incremental development and investment strategy. The landowner would most likely **revert to the basic signalised junction on A52** in order to achieve savings compared to the agreed and approved option. Even with this saving (£1.374m) the proposed infrastructure package would be more than £5m. The likely effects are:



- Cost savings would have to be found of at least £0.5m; most likely in reduced scope for site servicing – increasing the cost to developers and reducing overall viability and deliverability.
- Employment development across the site becomes less investible as a result of having a sub-optimal highways access to the A52;
- The scheme and subsequent development would be delivered without any contractual agreement between public and private sector partners (as proposed under the preferred option), meaning that the landowner's commitment to directly develop 60,000 sqft of employment floorspace would be lost;
- Utilities and on-site infrastructure would be delivered as required, rather than upfront, with effect on viability and marketability;
- Constrained marketability and loss of a partnership approach is likely to lead to a slower pace of delivery of employment floorspace.
- At least some of the proposed high-quality manufacturing workspace proposed would be reconsidered in future, with the greatest demand for B8 warehouse units.

**Given the level of commercial and financial risk associated with this approach for the landowner, it is not considered to be the most likely outcome without the proposed £1m LGF.** However, in order to demonstrate the *minimum expected level of economic additionality*, a 'best case' counterfactual reference case has been modelled on the basis of the following inputs and assumptions:

Commercial and housing development is delivered in with the preferred option except:

- Building 8 (3,720m<sup>2</sup>) and 50% of Building 7B (1,105m<sup>2</sup>) reverts from B2 use, to B8 use as a result of market demand for warehousing
- Enterprise Centre (500m<sup>2</sup>) not delivered as a result of its constraining effect on the overall viability of the development.

No delay is applied to the proposed delivery profile, although this is considered almost inevitable without public sector support

**Option C – Preferred option; £1m LGF matched by £5.017m private sector investment (plus in kind contributions), to be repaid from private sector land receipts**

This is the preferred funding package which would enable the delivery of the roundabout junction, both Phases A and B, utilities diversions and necessary utilities connections to service the entire employment site. This will unlock 9 hectares of serviced employment land with capacity for almost 35,000m<sup>2</sup> of new employment floorspace. It also provides the capacity for the junction to serve the wider strategic housing and employment land allocation (Phase 2).

This approach will allow FWH to focus on the delivery of employment floorspace with DCC as Highways Authority overseeing implementation of the highways infrastructure.

In addition, therefore, this option will lever at least £3m of private sector investment in developing at least 60,000sqft (5,575m<sup>2</sup>) of commercial floorspace by the end of 2023.

The upfront utilities provision will secure and enhance the marketability of the site as a high-quality business park. This option also promotes the development of high-quality B1-floorspace strengthening the capacity of the location and the District to attract inward investment and generate higher-value employment on the site, in line with the Council's spatial and economic growth ambitions (see section 2.4).

As outlined in detail in the *Commercial Case*, market evidence prepared by Thomas Lister Ltd indicates that upon completion of the roundabout and link road in 2020, the following development

take-up could be achievable based upon initial commercial development by FW Harrison, and land sales to developer-investors:

<b>Table 4.a: Indicative employment floorspace take-up profile based on market information and landowners ambitions (m<sup>2</sup>)</b>										
<b>Take up (m<sup>2</sup>)</b>										
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total</b>
B1 b	-	800	1,100	-	-	-	-	-	800	2,700
B1 c	-	550	1,650	-	3,200	-	-	1,680	3,100	10,180
B2	-	2,200	4,600	7,210	-	2,200	3,720	2,160	-	22,090
<b>TOTAL</b>	<b>-</b>	<b>3,550</b>	<b>7,350</b>	<b>7,210</b>	<b>3,200</b>	<b>2,200</b>	<b>3,720</b>	<b>3,840</b>	<b>3,900</b>	<b>34,970</b>

In addition, it is proposed that the development would include a multi-use community and enterprise hub building of up to 500m<sup>2</sup>, which would generate further employment supporting uses including an element of A1 class retail and B1 small enterprise space (the latter included within the employment projections to follow).

#### 4.1.2 Options costs

In order to complete a cost-benefit analysis the estimated costs of each shortlist option is outlined in Table 4.b below, based upon the road, infrastructure and commercial development construction achievable within each funding envelope:

<b>Table 4b: Options analysis: estimated gross costs of shortlisted options</b>			
<b>COSTS</b>	<b>Option A – Do less (£2.5m)</b>	<b>Option B – best reference case (£5m)</b>	<b>Option C – preferred option (£7.3m)</b>
<b>Link Road preliminary costs</b>	-	£0.231m	£0.231m
<b>Link Road Phase A</b>	£0.075m	£1.385m	£1.385m
<b>Link Road Phase B</b>	Not constructed	£1.046m	£1.046m
<b>A52 junction</b>	£1.921m (Roundabout)	£0.547m (Signalised)	£1.921m (Roundabout)
<b>A52 drainage</b>	£0.055m	£0.055m	£0.055m
<b>Blenheim Road remediation</b>	Not delivered	£0.184m	£0.184m
<b>Link Road land</b>	-	£0.200m	£0.200m
<b>Utility diversions</b>	£0.205m	£0.205m	£0.205m
<b>Site supervision and bond</b>			£0.196m
<b>Site Inspection, Project management / officer resource inc. easement on Blenheim Road</b>	£0.026m	£0.638m	£0.442m
<b>Detailed roundabout design</b>	£0.218m		£0.218m
<b>Contingencies</b>			£0.200m
<b>Civil engineering (trenchwork)</b>	-		
<b>Western Power Electricity</b>	-		
<b>BT Openreach</b>	-		
<b>Severn Trent Water</b>	-	£0.509m allowance	£0.992m
<b>Severn Trent Foul Drainage</b>	-		
<b>Fulcrum - Gas</b>	-		
<b>TOTAL gross cost (excl. VAT)</b>	<b>£2.500m</b>	<b>£5.000m</b>	<b>£7.273m (after rounding)</b>
<b>Development of commercial employment floorspace</b>	£0	No contractual guarantee	<b>At least £3m*</b>

\*Option includes leverage of a further £3m of private sector investment in employment floorspace development beyond the funding package for the roundabout, link road and services

### 4.1.3 Options economic benefits

The economic benefits of the three shortlist options are detailed in Table 4.c. **Benefits are assessed over a standard 15 year benefit period from 2019 to 2033.** In line with D2N2 requirements, job estimates for the preferred option are also presented to 2021 in table 4.e.

Gross benefits have been converted to net local as outlined in Annex 2. Inputs, assumptions and evidence, are also all outlined in Annex 2.

<b>Table 4.c: Options analysis: benefits of shortlisted options to 2033</b>			
	<b>Option A – Do less (£2.5m)</b>	<b>Option B – best reference case (£5m)</b>	<b>Option C – preferred option (£7.3m)</b>
<b>Gross employment from new commercial development (D2N2 ‘direct’ employment)</b>			
Gross employment accommodated in new commercial premises (cumulative by 2033)	121	735	826
<b>Wider gross employment (D2N2 ‘indirect’ employment)</b>			
Gross construction employment job years (infrastructure and direct development)	32	64	132
Gross employment supported by new household expenditure	0	12	12
<b>Other economic benefits</b>			
New homes (residential development site)	0	367	367
Net new household expenditure (cumulative, 75% displacement)	£0m	£13.76m	£13.76m
<b>Net local employment</b>			
Net local employment supported by new commercial premises	74	446	<b>501</b> <b>(363 ‘direct’ /</b> <b>138 ‘indirect’)</b>
Net local employment supported by new household expenditure (inc. in GVA calculations)	0	8	8
<b>GVA outputs</b>			
GVA supported by new commercial development by 2033 at present value	£34.90m	£186.53m	£204.08m
GVA supported by new households by 2033 at present value	£0m	£3.04m	£3.04m
GVA supported by construction activity by 2033 at present value	£2.95m	£14.04m	£15.192m
TOTAL GVA supported by investment by 2033 (undiscounted)	£47.19m	£269.49m	£294.46m
<b>TOTAL GVA supported by investment by 2033 at present value (-3.5% p/a)</b>	<b>£37.85m</b>	<b>£203.60m</b>	<b>£222.31m</b>

#### 4.1.4 Options assessment and cost-benefit analysis

A value for money assessment based on the costs in Table 4.b and the benefits in 4.c is shown in the Table below.

<b>Table 4.d: Costs and benefits of options B and C (£m)</b>		
	<b>Option B</b>	<b>Option C</b>
Gross total cost including private sector investment	£5m	£7.273m
Gross upfront public investment (LGF, DDDC and DCC) (ex design)	£0.000m	£1.838m
Net GVA supported by construction activity	£14.04m	£15.19m
Net GVA supported by new household expenditure	£3.04m	£3.04m
Net GVA supported by new commercial developments	£186.53m	£204.08m
<b>Total net GVA benefits (cumulative, discounted at -3.5% p/a)</b>	<b>£203.60m</b>	<b>£222.31m</b>
<i>Less deadweight (reference case)</i>	-	-£203.6m
<b>Total net additional GVA benefits (cumulative, discounted)</b>	£0m	£18.71m
BCR of gross upfront public investment	N/A	10: 1

The cost benefit analysis outlined above shows that Option C (preferred option) could support a significant economic return on investment when compared to absolute maximum outputs achievable under a theoretical 'best case' reference case with no LGF investment. Option C could support over £18.5m in additional GVA benefits (NPV) at a BCR to the public sector of cost of 10: 1.

As outlined in the strategic longlist assessment and at section 4.1.1 above, the 'best case' reference case is very unlikely to be commercially deliverable and is not strategically acceptable to D2N2 or the Highways Authority.

Option C is therefore the preferred option.



## 4.2 Final economic analysis of preferred option

### 4.2.1 Gross costs

The gross cost of the preferred option is estimated at £7.273m as shown in Table 4.b above.

### 4.2.2 Gross and net employment from new commercial development by 2033

On the basis of the gross employment profile of the preferred option (Option C) it is estimated that the investment at Ashbourne Business Park could support **363 net local on-site jobs** (supported by new commercial premises) by 2033 and **501 net local jobs in total**. In addition, the preferred option enables the opportunity of further future employment to be located on Phase 2 allocated employment land.

The steps taken to convert gross to net employment are outlined below. Safeguarded employment is not included in the analysis, although it also expected that the investment will safeguard significant employment within Ashbourne by providing room for growth for indigenous businesses.

#### Step 1: Gross floorspace to gross employment

	Total	Notes
Gross commercial floorspace delivered (m <sup>2</sup> )	34,970 m <sup>2</sup>	As per DLA Masterplan and Thomas Lister Floorspace schedule

#### Step 2: Gross employment to net local on-site employment

	Total	Notes
Gross on-site employment in new commercial premises	826	Calculated according to HCA Employment Density Guide 2015 (See Annex 2)
<i>Minus 12% leakage</i>	-99	Based on 2011 Census Origin-Destination data (see Annex 2)
<i>Minus 50% displacement</i>	-363	HCA Ready Reckoner / Median benchmark for capital projects (BIS 2009)
<b>Net local on-site employment in new commercial premises (Ashbourne Business Park)</b>	<b>363</b>	<b>D2N2 defined 'direct' employment</b>

**Step 3: Add off-site local employment (induced income effect and indirect supply chain effect)**

Total		Notes
<i>Plus 1.38 economic multiplier (induced and indirect)</i>		
Net local off-site employment in wider D2N2 economy	138	D2N2 defined 'indirect' employment (noting that this includes benefits within the local supply chain and employment supported by induced economic activity i.e. from other local expenditure effects)
<b>Total net local employment supported by new commercial premises</b>	<b>501</b>	<b>D2N2 defined 'direct and indirect' employment</b>

**Step 4: Deduct deadweight (reference case) as per Green Book methodology**

Total		Notes
<b>Minus deadweight</b>		
Reference case total net employment	-454	See Annex 2
<b>Net additional employment supported by commercial floorspace</b>	<b>55</b>	<b>As per HM Treasury Green Book</b>
<i>Total net additional employment</i>	<i>58.4</i>	55 plus 3.4 net additional jobs supported by construction

The analysis above outlines that the £1m LGF investment is estimated to secure a minimum of 55 net additional jobs in the D2N2 economy, when compared to the 'best case' theoretical reference case of what might be achieved by the landowner alone. **However, since the commercial deliverability of the 'best case' reference case is not guaranteed, it is instructive to note that the investment would support 436 additional net jobs when compared to Option A, the originally proposed £2.5m funding package.**

**4.2.3 Net employment from new commercial development: time profile**

The table below shows the estimated **net local on-site employment ('direct') in new commercial premises** at key dates up to 2033. The table also shows that the majority of employment is anticipated to be delivered by 2026.

<b>Table 4.e: Preferred option net local on-site employment supported by new commercial premises</b>				
	<b>By 2021</b>	<b>By 2023</b>	<b>By 2026</b>	<b>By 2033</b>
<b>Total net local on-site employment supported in new commercial premises</b>	36	200	294	<b>363</b>
Total net direct and indirect local employment supported by new commercial premises	<b>50</b>	276	406	<b>501</b>

**Should D2N2 wish to monitor the progress of employment supported through its investment, direct net local on-site employment is considered to be an appropriate metric.** Applying the economic multiplier provides an indication of the wider additional, induced and indirect benefits within the local economy.

In summary, the proposed **economic benefits** from D2N2 LGF investment are therefore:

- Capacity for the accelerated development of **34,970m<sup>2</sup>** of commercial employment floorspace on the site by **2028**
- Estimated **501** net local jobs supported by new commercial premises in total ('direct' and 'indirect' employment) comprising:
  - Estimated **363** net local on-site jobs supported by new commercial premises
  - Estimated **138** net local off-site jobs in the Derbyshire Dales / D2N2 economy due to multiplier effects (i.e. within the local supply chain and employment from other local expenditure).

#### **4.2.4 Wider benefits – gross and net employment**

Two monetised wider benefits are expected to result from the investment and new development at Ashbourne Business Park: 1) temporary construction employment; and 2) household expenditure from residents in the 367 new homes.

Direct expenditure of £10.017m in the infrastructure and new development by FW Harrison would support 129 gross construction job years between 2020 and 2024; with follow-on private sector investment estimated at least £28m to support a further 433 gross construction jobs years between 2021 and 2028.

Household expenditure from new residents is expected to peak at £5.51m in 2029. 75% of new residents are assumed to have moved from elsewhere in D2N2 and therefore peak net new expenditure is £1.38m (2029); supporting an estimated 12 gross jobs in the wider economy.

All evidence and assumptions, including deadweight deductions, are detailed in Annex 2. The following table summarises the anticipated gross and net additional employment figures by 2033.

<b>Table 4.f: Preferred option net additional employment supported by wider benefit streams (by 2033)</b>		
	<b>Gross employment</b>	<b>Net additional employment</b>
<b>Temporary construction job years (site infrastructure and FWH development)</b>	129	31
<b>Temporary construction job years (follow-on private investment developing out the business park)</b>	433	1
<b>Employment supported by net new household expenditure</b>	12	0

#### 4.2.5 Gross Value Added

On the basis of the analysis and time profile of net additional employment benefits (55 supported by commercial floorspace plus 6.5 supported in construction), it is estimated the investment in the Ashbourne Airfield roundabout and Link Road could support an additional cumulative GVA of £0.75m by 2021 and £18.62m additional cumulative GVA by 2033 (discounted to present value). GVA analysis is summarised in the following table.

<b>Table 4.g Cumulative net additional GVA of preferred option employment benefits (discounted to present value at 3.5% per annum)</b>		
	<b>By 2021</b>	<b>By 2033</b>
Net GVA supported by construction activity	£4.32m	£15.10m
Net GVA supported by new commercial developments	£2.82m	£204.08m
Total net GVA benefits (cumulative, discounted)	£7.19m	£222.22m
<i>Less deadweight (reference case)</i>	<i>-£6.34m</i>	<i>-£203.60m</i>
<b>Total net additional GVA benefits (cumulative, discounted)</b>	<b>£0.85m</b>	<b>£18.62m</b>

#### 4.2.6 Value for money: Cost per job analysis

Table 4.i : Public sector cost per net additional job analysis	
Gross upfront public investment (LGF, DDDC and DCC) (ex. design)	£1.838m
Net additional jobs (floorspace and construction)	58
Cost per net additional job (gross public investment)	£31,369

The cost per job analysis indicates the potential of the project to achieve **good value for money when compared to established benchmarks** – the HCA ‘Mid point’ Benchmark for gross public sector cost per net additional job is £39,850 (HCA Calculating Cost Per Job Best Practice, 2015).

#### 4.2.7 Value for money: benefit cost ratio

Table 4.k: Costs and benefits of options B and C (£m)	
Gross upfront public investment (LGF, DDDC and DCC)	£1.838m
Total net GVA benefits (cumulative, discounted at -3.5% p/a)	£222.31m
<i>Less deadweight (reference case)</i>	<i>-£203.60m</i>
Total net additional GVA benefits (cumulative, discounted)	<b>£18.71m</b>
<b>BCR of gross upfront public investment</b>	<b>10:1</b>

The benefit cost analysis outlined in Table 4.k above indicates that the proposed investment has the potential to achieve a very strong economic return on investment.



### 4.3 Sensitivity analysis: switching values

The sensitivity analysis outlined in Table 4.I below shows that the scale of potential economic benefits outweighs the public sector gross cost, such that the project costs could increase or benefits reduce to significant level and still be within established value for money benchmarks.

Optimism bias analysis can be applied in economic appraisal to allow for the tendency for the cost of economic growth project costs to be underestimated and/or benefits overstated. This analysis demonstrates that if the standard upper bound optimism bias for 'Standard Civil Engineering' projects of 44% was applied to gross costs as stipulated by the supplementary guidance of the HM Treasury Green Book, the investment would still represent very good value for money.

<b>Table 4.I: Sensitivity of value for money to increased costs or reduced benefits</b>			
<b>Switching values</b>	<b>£</b>	<b>Cost increase %</b>	<b>Benefits reduction %</b>
Increase in gross public sector costs / reduction in benefits to BCR below 1 (i.e. DCLG poor value for money) [Net present public value]	£16.83m	918%	90%
Increase in gross public sector costs / reduction in benefits to BCR below 2 (i.e. DCLG very good value for money)	£7.51m	409%	40%
Increase in gross public cost to HCA mid-point cost per job benchmark (£39,850)	£0.36m	20%	-
	<b>Jobs</b>	<b>Benefit reduction %</b>	
Reduction in net additional jobs to HCA high-point cost per job benchmark (£51,000)	23	38%	

## 5 Financial case

### 5.1 Costs

#### 5.1.1 Cost estimate

Table 5.a: Estimated gross cost of Ashbourne Airfield Roundabout & Link Road project	
Link Road Phase A	£1.564m
Link Road Phase B	£1.136m
Roundabout on A52	£1.921m
Blenheim Road remediation (funded by DDDC)	£0.199m
Link Road land	£0.200m
Roundabout land south of A52	Commercially confidential – FWH in kind contribution
Utility diversions (WPD + STW)	£0.205m
Site Supervision	£0.176m
Site Inspection	£0.407m
Bond (estimated)	£0.020m
Project Management and easement on Blenheim Road	£0.035m
Contingencies (Project Risk Register)	£0.200m
Detailed Roundabout design and pricing	£0.218m
<b>SUB TOTAL</b>	<b>£6.281m</b>
Western Power Electricity	£0.681m
Fulcrum - Gas	£0.084m
Severn Trent foul drainage	Off-site reinforcement by STW
BT Openreach	£0.052m
Severn Trent Water	£0.175m
<b>INFRASTRUCTURE SUB TOTAL</b>	<b>£7.273m</b>
Commercial development of 5,575m <sup>2</sup> employment floorspace	At least £3m
<b>TOTAL gross cost (excl. VAT)</b>	<b>£10.273m</b>

Led by Derbyshire County Council, detailed design and pricing of the new roundabout access has been procured off the Midlands Highways Alliance (MHA) Medium Schemes Framework 3. This approach has enabled the detailed design to be completed following the planning approval in

September and Early Contractor Involvement to establish the cost of the works. Following value engineering and input from project partners, costs have been further refined to the level set out within the Business Case.

To establish costs for delivering the Link Road, this element of the scheme – comprising Phase A, Phase B, A52 drainage and improvement works to Blenheim Road – has been competitively tendered using an open tender procedure. The process was again led by Derbyshire County Council and was supported by the County Council's Procurement team. 14 tenders were received with tender prices ranging from £2.630m to £4.478m. The costs shown within the Business Case reflect the preferred bidder.

Utilities costs are based on completed C3 and C4 searches and recent negotiations with utility providers. The costs represent current estimates of the service diversions and new supplies required to service the employment land.

Regarding the delivery of commercial floorspace, as a private sector contribution to the scheme this will be undertaken by FW Harrison following their normal procedures. The employment floorspace costs shown within the Business Case are based on current Building Cost Information Service (BCIS) guidance.

The headline project delivery costs are summarised in table 5a below. Quotations from utilities providers sourced by FW Harrison are attached Appendix 4.

The following in kind contributions are itemised as project costs: (a) land worth £200,000 to be gifted by FW Harrison to Derbyshire County Council required to build the new Link road (land south of the A52 necessary to build the new roundabout over which FW Harrison have an option will also be transferred to the County Council free of charge); and (b) project management at c£15,000 (Derbyshire County Council) prior to handover of the site to contractors and easement costs of £20,000 (Derbyshire Dales DC) required to enable a new gas connection on Blenheim Road to serve the employment development.

Derbyshire County Council will absorb highway authority fees associated with the new roundabout and link road (£618,000) and costs associated with the detailed design and pricing of the roundabout (£218,000). The County Council has also absorbed planning fees and the cost of preparing information to support the roundabout planning application at no cost to the project and will waive the commuted sums (£765,000) which would cover the Council's future maintenance liability on the newly created highways infrastructure. Derbyshire Dales District Council will fund the remediation works to Blenheim Road costed within the link road tender at £200,000 following previous investigations completed by AECOM. Additional in kind contributions from FW Harrison not costed within the scheme include site preparation and set up (to enable cost savings within the roundabout construction contract).

All VAT chargeable on roundabout and link road construction and utilities diversions costs will be reclaimed by Derbyshire County Council. Likewise VAT charged on new utilities supplies will be paid for and reclaimed by FW Harrison Commercials Ltd as a VAT registered company.

**[Note:** As indicated, the business case costs include the detailed design costs incurred on the proposed A52 roundabout. Detailed design of the link road, including drainage and utilities for the employment site and original signalised junction proposal was completed by Waterman Infrastructure & Environment Ltd. in 2017. The overall design costs incurred on the project total £385,000. As 'sunk' costs, the link road design costs and partner contributions to this element (based on a contractual agreement to split the costs as appropriate between the private and public sector partners reflecting the work undertaken) have not been included within the business case.]

**Figure 5.a: Sketch of Ashbourne Airfield Roundabout & Link Road showing constituent elements as costed**



Key points in relation to the current cost estimate are as follows:

- ❑ **Link Road Phase A:** The £1.564m includes the cost for drainage works on the A52 and attenuation to the south west of the site plus a pro-rate proportion of the preliminary costs. The remaining link road costs also include a proportion for preliminaries plus the costs of surface and flood water drainage associated with each part of the link road.
- ❑ **Employment site utilities and infrastructure:** figures for Fulcrum gas, Western Power electricity, BT Openreach telecoms and Severn Trent (potable) have each been based upon recent quotations from the relevant providers. With regard to foul drainage, future off-site reinforcement works are planned by Severn Trent Water which, when completed, will support the delivery of employment land.
- ❑ **Contingency and cost overruns:** The tendered price for the link road contract includes an element of contractor's contingency. Similarly, the price received from Eurovia for the roundabout includes a contingency to cover identified risks. Following review of the project Risk Register a contingency figure of £0.2m has been separately assessed by Derbyshire County Council and the landowner. On the basis that detailed design and costing has now been prepared for both the highways and utilities infrastructure and both construction prices include an element for contingency it is not anticipated that the project will incur significant cost overruns, and therefore the contingency level is deemed appropriate at this stage of the project. In the unlikely event that further overruns are encountered, any cost overruns within the scope of the roundabout and link road construction contracts (unless due to unforeseen conditions / circumstances) would, contractually, be the responsibility of the appointed contractors. FW Harrison would be responsible for any accepted cost overruns on roundabout and link road construction costs falling out of scope, additional utilities costs, costs due to unforeseen conditions and the cost of development, with these costs being met through additional

borrowing. Any (out of scope) accepted cost overruns associated with remediation works to Blenheim Road (to be delivered as part of the link road construction contract) would be the responsibility of Derbyshire Dales District Council. The final legal agreement between DCC and FW Harrison will contain further detail on this matter.

- **Commercial employment development:** Cost of three 20,000sqft developments is estimated at c£1m each using ratio of £50 per square foot, based on FW Harrison/ Thomas Lister experience of other developments (assumes serviced development plots available).

## 5.2 Funding proposal

The overall investment package for the Ashbourne Airfield Roundabout and Link Road project is outlined in the table below. Confirmation of match funding sources is included as Appendix 5.

<b>Table 5.b: Itemised investment package for Ashbourne Airfield Roundabout &amp; Link Road and Ashbourne Business Park</b>	
<b>Funding source</b>	<b>Value</b>
D2N2 Local Growth Fund Grant towards roundabout	£1.00m
FW Harrison cash reserves towards roundabout and link road	£1.50m
FW Harrison Barclays Bank loan facility towards roundabout and link road (inc. contingencies)	£2.361m
Derbyshire Dales DC contribution to Blenheim Road remedial works	£0.200m
FW Harrison Barclay's Bank loan facility to meet cost of utilities	£1.156m
FW Harrison land in kind for the link road	£0.200m
Derbyshire County Council in kind contribution of Highway Authority fees (Site supervision, Inspection, PM and Bond)	£0.618m
Derbyshire County Council in kind contribution of roundabout design	£0.218m
Derbyshire Dales DC in kind contribution to Blenheim Road (easement)	£0.020m
<b>INFRASTRUCTURE SUB TOTAL</b>	<b>£7.273m</b>
FW Harrison Barclay's Bank loan facility	At least £3m
Commercial employment floorspace (20,000sqft x 3 developments)	
<b>TOTAL</b>	<b>£10.273m</b>

### 5.2.1 Financial rationale for LGF support

Thomas Lister Ltd have examined the financial viability of different development scenarios on the whole Ashbourne Airfield site, based on the two proposed junction designs for the A52 access.

The basic signalised junction on the A52 is estimated to cost £0.547m as compared to the estimated £1.921m for the proposed solution to the agreed approach of a roundabout junction. Assuming LGF is not available, the upfront cost difference to the landowner of delivering two



comparable infrastructure packages is £1.374m. In addition, without LGF to secure commitment to delivery of the preferred approach the landowner would become liable for a series of costs which are currently waived and/or covered by capital contributions from the local authorities.

The development appraisals indicate that without the proposed £1m LGF grant, the upfront cost to the landowner of the proposed endorsed strategic highways and infrastructure package would make the development financially unviable.

Further information is included in Appendix 6.

### **5.2.2 Sustainability and Local Procurement**

Determination of the planning applications for the scheme have involved consideration of the environmental impacts of the proposals (documented within the planning history of the site).

Benefits of the scheme from a sustainability perspective include:

- Significant reduction in peak hours congestion at the Blenheim Road / Derby Road junction
- Retention of local employers and employment for the existing workforce
- Positive benefits for the local supply chain

The link road tender also included two social value questions: Q1 Please identify the % of total expenditure within the local supply chain i.e. within Derbyshire; and Q2 Please identify how your tender provides opportunities to involve younger people within the Ashbourne Area and within Derbyshire in the delivery of the contract e.g. as part of an apprenticeship.

## 6 Management case

### 6.1 Governance

During the direct delivery of the roundabout and link road project, strategic oversight will be the responsibility of Derbyshire County Council as project sponsor and Highways Authority. The County Council will act as client for both the roundabout and link road construction contracts and ensure co-ordination and tie in of the two. The governance arrangements follow the County Council's standard protocols for oversight and scrutiny of highways schemes. This involves the formal acceptance of scheme design, inspection of site works and a period to identify and carry out any remedial works required ahead of adoption.

In readiness for the completion of the roundabout and link road, Derbyshire County Council, Derbyshire Dales District Council and FW Harrison will convene a **project advisory group**, with a specific role to monitor and advise on the completion of the serviced employment plots and securing investment on the new Ashbourne Business Park. The group will not have formal decision-making powers, but will provide the forum for discussion and monitoring of key commercial and economic issues in the early years of commercial employment delivery at Ashbourne Business Park, including:

- ❑ co-ordination with the Local Planning Authority (e.g. reserved matters permissions, discharge of conditions);
- ❑ co-ordination of occupier and inward investment enquiries;
- ❑ communications and site marketing, including dialogue with existing occupiers;
- ❑ monitoring all evolving investment requirements and funding opportunities;
- ❑ reporting and monitoring on delivery of contracted outputs; and
- ❑ integration of new occupiers with the existing Industrial Estate and the wider local economy and business community.

The group will be established with formal terms of reference, which will outline the advisory relationship between the group and the landowners and make a clear distinction between strategic direction and commercial delivery issues.

Membership of the group is yet to be determined, but as a minimum is likely to include:

- ❑ Paul Harrison and/or Joanne Harrison – Directors, FW Harrison;
- ❑ Steve Capes – Head of Regeneration and Policy, Derbyshire Dales District Council; and
- ❑ Senior officer – Derbyshire County Council.

D2N2 Local Enterprise Partnership will also be invited to have a representative as observer. Each member of the project advisory group will use existing reporting and accountability mechanisms to feed into their relevant organisations and fulfil information requirements. Ultimate responsibility for commercial delivery will remain with FW Harrison and/or their appointed developers and contractors.

The **project advisory group** will receive reports from the contracted project manager (to be appointed by FW Harrison) for the delivery of the site utilities and infrastructure; appointed agents and the Derbyshire Dales Economic Development Manager on investor and occupier enquiries; and Derbyshire County Council in relation to Highways matters.

The **project advisory group** will meet at least quarterly and reports of key issues arising will be noted and reported to D2N2 LEP and Derbyshire County Council as project funders.

## 6.2 Project management

### 6.2.1 *Infrastructure project management*

The construction of the new Roundabout, Link Road and site utilities and other infrastructure will be managed by Derbyshire County Council and its appointed contractors.

The form of contract under which the roundabout will be engaged is NEC4 (June 2017). The Link Road contract is the NEC3 Engineering and Construction Contract (April 2013). The proposed project programme (overleaf) indicates the anticipated start and completion dates.

Derbyshire County Council will combine a supervisory role with that of inspection to enable the new roundabout and link road to be adopted on completion. The dual role of site staff will offer significant benefits as defective work can be identified and corrected sooner and corrective action can be implemented on similar operations and activities that follow. The County Council has sufficient internal expertise to supervise and manage the contractor's site operations successfully. The last project delivered in this way was Seymour Link Road which comprised a 1.4km access road to service development plots at Markham Vale, Derbyshire, to tight programme and cost deadlines.

The County Council's standard calculations for determining liquidated damages should the link road contract go beyond the programmed completion date will form part of the signed contract for the link road. Delay damages for completion of the whole of the works will be the final contract award price plus utility diversion costs multiplied by  $15\% \div 365 = \text{£}1,387$  per day.

The roundabout is a cost reimbursable contract under NEC4 and liquidated damages do not apply.

The appointed contractors will be required to carry public liability insurance of at least £10m, employer's liability insurance of at least £10m and professional indemnity insurance of at least £5m.

### 6.2.2 *Commercial floorspace delivery management*

The delivery of commercial floorspace will be managed and overseen by Paul Harrison and Jo Harrison, of FW Harrison and project managed by an independent project manager, appointed to support with the implementation stage and / or by the appointed contractors. FW Harrison Commercials Ltd has significant experience within the business which has delivered over 60 industrial property units since the early 1990s, ranging from 1,000sqft up to 30,000sqft. The company's development portfolio includes Churnetside Business Park in Leek and Tower Crane Drive in Cheadle, Stoke on Trent. They have also delivered various town centre developments including hospitality, residential and commercial office development in Leek, Cheadle and Ashbourne. A supporting statement from FW Harrison is included in Appendix 8.

## 6.3 Project programme

As set out in section 5.1.1, tenders have been submitted for the link road and a price received from the framework contractor for the roundabout. A full project programme and initial phasing / cost plan identifying the start and completion elements of the project and forecast expenditure at key project milestones has been completed and is appended to this business case as Appendix 9. LGF expenditure has been identified against the S278 roundabout costs.

The key delivery stages and milestone dates are outlined in Table 6.a (overleaf):

<b>Table 6.a: Ashbourne Airfield Roundabout &amp; Link Road Headline project programme</b>	
<b>Action</b>	<b>Date</b>
<b>1. CONTRACTOR APPOINTMENT</b>	
Contract Award (x2) (following LEP funding decision)	w/c 9 December 2019
Principal Contractor agreed	w/c 17 December 2019
<b>2. UTILITIES</b>	
Place utilities orders – diversions and remaining new supplies	w/c 9 December 2019
<b>3. PRELIMS</b>	
Site preparation (removal of existing fence and vegetation)	w/c 6 January 2020
Site set up (fencing / compound)	w/c 13 January 2020
<b>4. LEGAL AGREEMENTS</b>	
Complete Roundabout and Link Road Land transfer	w/c 3 February 2020
Sign off all Agreements	w/c 3 February 2020
<b>5. ROUNDABOUT CONSTRUCTION</b>	
Contractor Mobilisation	w/c 10 February 2020
Start on site	w/c 2 March 2020
Estimated construction period	28-30 weeks
Target contract completion	w/c 28 September 2020
<b>6. LINK ROAD CONSTRUCTION</b>	
Contractor mobilisation	w/c 17 February 2020
Start on site	w/c 9 March 2020
Estimated construction period	30-32 weeks
Target contract completion	w/c 19 October 2020
<b>7. BLENHEIM ROAD IMPROVEMENTS</b>	
Remedial works	July – August 2020
Target adoption by DCC	October 2020
<b>8. FIRST PHASE EMPLOYMENT FLOORSFACE DEVELOPMENT</b>	
Commencement of construction of first units	Early 2021

## 6.4 Permissions, dependencies and risk

### 6.4.1 Permissions

The following permissions and legal agreements are in place for the delivery of the Ashbourne Airfield Roundabout and Link Road, Ashbourne Business Park and associated residential development:

- ❑ 2017 Outline planning permission from Derbyshire Dales District Council (14/00074/OUT) subject to conditions and Section 106 for residential development (367 dwellings), employment site, commercial and community facilities, link road, access and landscaping (30 March 2017).
- ❑ 2017 Section 106 Agreement (March 30 2017) between Derbyshire County Council, Derbyshire Dales District Council and FW Harrison for the following contributions associated with the above planning permission:
  - 39 affordable housing units;
  - additional public transport provision;
  - £0.243m of Highways Improvement Contribution;
  - £0.832m Primary School Contribution;
  - £0.945m Secondary School Contribution;
  - £0.410m Post-16 Education Contribution; and
  - £0.013m Travel Plan Contribution.
- ❑ 2016 Full planning permission from Derbyshire Dales District Council (16/00168/FUL) for the construction of the signalised junction and Link Road (24 April 2016).
- ❑ 2017 Full planning permission from Derbyshire Dales District Council (17/01142/FUL) to vary the design of the access road to provide an enlarged drainage facility and accommodate the proposed foul pumping station (27 February 2018)
- ❑ Section 73 consent from Derbyshire Dales District Council (18/007/67/VCOND) for variation of Conditions 6 and 7 of Planning Permission 14/00074/OUT to allow initial phase of employment delivery allowing up to 2ha / 100,000sqft of B2 development (as the predominant use) off an extension to Blenheim Road prior to the link road being completed and within a period of 24 months from the first occupation of any industrial / commercial premises or prior to first occupation of any dwelling completion of a new junction on the A52 (10 July 2019)
- ❑ 2019 Full planning permission from Derbyshire County Council (CD3/0819/38) to install a new roundabout junction on the A52 to the east of Ashbourne providing capacity to serve Phase 1 and Phase 2 development land at Ashbourne Airfield (24 September 2019)

FW Harrison is in the process of preparing a new, hybrid planning application which seeks to wrap together existing consents with a new permission for the first initial phase of employment floorspace. The complexities of the scheme and requirement to review the consented access to instead deliver a roundabout solution (with capacity to serve the whole of the site) has meant it has not been possible to address all of the reserved matters within the original outline approval to enable a start to be made within the period of the current permission. The hybrid application therefore seeks a new detailed consent for 1,858 sqm / 20,000 sqft of employment floorspace, the roundabout and link road infrastructure (both previously consented) and new outline permission for the remaining employment and residential land within current permission 14/00074/OUT. As much of the supporting information is the same, FW Harrison are due to submit the new application to Derbyshire Dales District Council during November with a decision anticipated by the end of January 2019 enabling a start on site during 2019/20. During the period of consideration of the application, work will continue on finalising contractor arrangements and compound set up (to be

undertaken by FW Harrison at their own cost). Based on the planning history of the site (as set out above) the risk of a new permission not being secured is considered low.

Information to discharge planning conditions associated with the construction of the link road (other than those due to transfer to the appointed contractor) has been submitted to the Local Planning Authority and work is taking place to discharge conditions on the roundabout with County Council.

Subject to securing the £1m grant, further detailed planning applications for subsequent phases of commercial employment development will be prepared and submitted in 2020.

#### **6.4.2 Project dependencies**

Successful and timely delivery of each element of the Ashbourne Airfield Roundabout and Link Road project will rely on numerous dependent actions, summarised below:

- ❑ Confirmation of final construction costs: Jacobs have completed the detailed design for the new roundabout and Eurovia has prepared a detailed cost plan. Cost value engineering with input from project partners is ongoing and due to be completed prior to the LEP Investment Board meeting at the end of November. The cost detailed within the Business Case reflects the target price discussed with Eurovia (exc. preliminary costs to be met separately by FW Harrison) based on the available funding package. Tenders received for the link road have been considered and the costs included within the Business Case reflect the price of the preferred contractor. The tender includes a detailed estimate for the remediation works required on Blenheim Road. Utilities costs are based on recent utilities quotations sourced by Derbyshire County Council (diversions) and FW Harrison (new supplies).
- ❑ Agreement of contingency budget covering construction contingency and unforeseen risks – see 5.1.1.
- ❑ Initiating the FW Harrison option on land south of the A52 secured from the Okeover Estate: FW Harrison has confirmed provision of the option agreement (commercially confidential) and the ability to enter the agreement with immediate effect.
- ❑ Sign off of FWH loan from private lender: FW Harrison has negotiated loan facilities with Barclays for the remaining funding required to deliver the roundabout and link road project and initial phase of workspace.
- ❑ Securing £1m D2N2 Local Growth Fund investment: following the submission of this Full Business Case, the target date for a LEP funding decision is the 29 November 2019 Infrastructure & Investment Board meeting.
- ❑ Drafting and completion of legal agreements: The County Council's Legal Section is finalising
  - a) a land dedication agreement and b) tripartite legal agreement comprising:
    - the novation of planning consents to DCC
    - transfer of land from FW Harrison for the construction of the roundabout and link road
    - a bond underwriting the cost of diversions pre-ordered by DCC
    - grant of right of access to land for completion of drainage works
    - confirmation of the Traffic Regulation Order to enforce parking restrictions (double yellow lines) on the new link road
    - Derbyshire Dales District Council contribution towards Blenheim Road improvements
    - the economic outputs and outcomes required from the project.

Heads of Terms – Attached as Appendix 7 – have been developed by the project partners and draft legal agreements are shortly to be forwarded to the landowner's legal advisers for review in parallel with the LEP approval process.



- Provision of utilities orders: the target date is to place orders by w/c 9 December 2019, to allow up to a three month window for the delivery of utilities diversions works and six months for remaining new supplies. New supplies for electricity have previously been ordered by FW Harrison. The proposed solution from Western Power will provide the supply required to service the first phases of commercial development – circa 2.5MW – with additional supply increasing capacity to circa 5MW (total).

As per usual commercial practice, FW Harrison has indicated that the signing of all legal agreements will be dependent upon LGF grant funding approval, and is proposed to take place concurrently with the determination of the hybrid planning application.

### **6.4.3 Risk management**

A full project delivery risk register has been prepared by Derbyshire County Council as project sponsor and adopting highways authority and will be continually updated as the project moves forward in an up-to-date risk register. The current risk register for the project including the owner of each action to mitigate risks is included as Appendix 10. The County Council is responsible for managing and maintaining the risk register and actions therein in liaison with project partners.

Formally, responsibility for delivery risks is assigned through the contract between Derbyshire County Council as Highways Authority and the appointed contractors. In addition, risks associated with the final designs for infrastructure to be delivered rest with Jacobs for the roundabout access (and associated works) and Waterman Infrastructure and Environment Ltd for the link road and drainage strategy (and associated works) under their contractual obligations. Both designs have been prepared to Designs Issued to Contractor standard.

The project delivery risk register is owned by Derbyshire County Council and updated regularly in consultation with project partners. As per the standard project management approach, each risk item is scored as a multiple of risk impact and likelihood. Risk items are also categorised using a red, amber, green rating. Each item has a proposed mitigating/managing action and an assigned owner with responsibility for management.

Items initially placed in the red and amber categories (i.e. most likely and/or highest impact) are summarised in Table 6.b overleaf:

Table 6.b: Summary of 'red' and 'amber' rated risks from delivery risk register				
Category	Description	Initial risk score	Management/mitigation	Owner
<b>Technical Design:</b> amendments required to drainage design	LLFA consent required for overland flow aspects of SW drainage design	15	Procure additional design resource to achieve LLFA consent	Derbyshire CC
<b>Third party:</b> utilities performance	Construction delayed due to poor performance of utilities providers.	12	Proactive engagement Co-ordination meetings to be set up and utility works to be co-ordinated with main contractors	Derbyshire CC Contractors
<b>Health &amp; Safety and Delivery:</b> delivery of link road and roundabout contracts uncoordinated	Poor co-ordination of link road and roundabout contractors leads to problems on site with potential safety implications and increased scope for delays	9	Co-ordination meetings to be set up with two contractors when appointed Principal contractor status to be agreed Site access rules and H&S boundaries to be agreed	Derbyshire CC FW Harrison
<b>Financial:</b> construction budget cost overruns	Budget estimate insufficient to cover total project costs (highway and utility works combined)	9	Roundabout cost information refined during design completion and contingency agreed. Link Road (inc. Blenheim Road) works tendered and Most Economically Advantageous Tender assessed FWH has sourced utility costs based on the proposed development.	Derbyshire CC FW Harrison
<b>Financial:</b> Funding award	Confirmation of public funding is delayed or not forthcoming	9	Stage 1 approved, DCC Cabinet support secured, Barclays loan facility confirmed, Stage 2 Full Business Case submitted	Derbyshire CC, Derbyshire Dales DC & FW Harrison
<b>Health &amp; Safety:</b> Statutory undertakers	Unforeseen statutory undertakers found on site presenting safety risks and potential for additional diversion costs	6	Approximate locations known. Confirm details of undertakers plant and include information in contract documentation to warn of necessary protection measures	Derbyshire CC FW Harrison

<p><b>Planning:</b> pre-start planning conditions</p>	<p>Pre-start planning conditions not discharged before construction works commence potentially delaying scheme and increasing costs</p>	<p>6</p>	<p>Link road – submission to discharge remaining drainage and street lighting conditions                      Roundabout – DCC to review and liaise with FW Harrison (some pre-start conditions reliant upon contractor involvement)</p>	<p>FW Harrison, Derbyshire CC, Derbyshire Dales DC</p>
<p><b>Commercial:</b> Impact of Brexit</p>	<p>EU exit leads to rise in interest rates and increase in construction costs</p>	<p>9</p>	<p>Monitor Brexit position and allow appropriate level of contingency</p>	<p>FW Harrison Derbyshire CC</p>

In addition to the technical delivery risks outlined above, the following risks have been identified for the LGF investment:

❑ **Commercial risk: Market demand does not prove of necessary level to achieve the proposed take-up profile and economic benefits**

The take-up profile of commercial floorspace has been developed by Thomas Lister Ltd on the basis of their detailed property market review and ongoing experience of the local and regional developer-investment markets. As with any market assessment, this carries the risk that unforeseen macro-economic events may lead to a drop in demand, but the assessment is deemed as robust as possible based on current evidence. It is not possible or instructive to attempt to predict the outcome and effect of the UK's exit from the EU and multi-national trade agreements on the commercial property market; other than to note that the level of risk is not considered any greater for this investment than any other ongoing property investment.

The take-up profile and evidence of demand is founded on the commitment from FW Harrison to secure investment in three 20,000sqft phases of development in the first three years after completion of the roundabout and link road (subject to 80% occupancy of each phase); and the extant enquiries and requirements of existing Ashbourne-based businesses (see *Commercial Case*).

❑ **Financial risk: Project expenditure does not commence in 2019/20**

The initial phasing / cost plan identifies LGF spend on: roundabout design fees, service diversions (orders to be placed by Derbyshire County Council) and roundabout mobilisation / construction costs before the end of March 2020. The forecast is based upon D2N2 Infrastructure & Investment Board consideration and decision on the Full Business Case at the end of November 2019.

## 6.5 State Aid

State Aid advice has been prepared by Freeths LLP on behalf of the project partners. The advice takes account of modifications to the LGF proposal since the Stage 1 approval and recommends the following:

*On the basis of the information provided, our view is that approval for the public grant payments being made towards the cost of local highway improvements comprising a new link road at the Ashbourne Airfield site (provided that these are carefully applied to the road improvements and not otherwise) would not constitute approval of unlawful state aid (subject to satisfactory due diligence and appropriate legal protections being obtained) and would recommend that the roadworks be procured by the County Council as future adopter of the new highway(s), enabled by the early*

*transfer of land by the current landowner. However, a proportion of the £385,000 earmarked towards general design fees for the scheme (approximately £94,500) could potentially fall within the category of unlawful State Aid, unless this can fall within an alternative exemption, for example “de minimis”, i.e. after the proportion of that sum attributable to highway design works has been deducted. We understand that FW Harrison are making a “de minimis” declaration to this effect. With regard to accessing beneficial terms for energy supplies, this would be at no cost to the County Council so would not be a “subsidy” as such, and therefore not, in my view State Aid.*

A de minimis declaration has been received from FW Harrison Commercials Ltd. and public funding contributions potentially falling within the scope of State Aid will be made under this exemption.

The advice note is included in full as Appendix 11.

## **6.6 Monitoring and evaluation**

Financial monitoring of Local Growth Fund grant spend will be the responsibility of Derbyshire County Council as project sponsor. Detailed ring fenced project accounts will be maintained for the project and output records will be retained for D2N2 inspection and audit purposes.

Ongoing monitoring of project delivery and contractual outputs will be conducted by Derbyshire County Council as project sponsor, in line with the reporting arrangements to be agreed with D2N2 LEP. If required, Derbyshire County Council will make provision for a separate independent post-completion evaluation in liaison with project partners; whilst long term benefits of the investment and the development of Ashbourne Business Park will be monitored and reviewed in the Derbyshire Dales District bi-annual business survey and through development completions data compiled annually.

## Annex 1 – Full strategic options analysis

Ashbourne Airfield: Assessment of strategic options longlist against project objectives						
Option	Single phase delivery	9ha serviced employment site by 2019	Accelerate commercial floorspace	Accelerate housing delivery	Reduce traffic delays on existing industrial estate	Remove property market barrier to productivity and growth
<b>Longlist option 1:</b> Western access (Blenheim Road)	Single phase delivery of roundabout and link road not achievable	Max. 1 plot (no 7) (1.30ha); unserviced	Commercial floorspace delivery not possible as it would trigger contingent liability to fund and deliver the A52 junction	No housing delivery as link road would not reach the housing site spur	No change	No change. Existing businesses can only expand to pre-let units if FWH has funds to complete whole road and junction in 2 years
<b>Longlist option 2:</b> South eastern access	Single phase delivery of roundabout and link road not achievable	Max 1 plot (Plot 1) unserviced	Commercial floorspace delivery limited to plot 1	No housing delivery as housing site has no highway access	No change	Restricted opportunity for pre-let
<b>Longlist option 3:</b> Do less Roundabout junction only £2.5m	Single phase delivery of roundabout and link road not achievable	Max 1 plot (Plot 1) unserviced	Commercial floorspace delivery limited to plot 1	No housing delivery as housing site has no highway access	No change	Restricted opportunity for pre-let
<b>Longlist option 4:</b> Best reference case	Single phase delivery of link road commercially and financially challenging	11 plots (9.15ha) accessible, but provision of on-site services and infrastructure limited by funding	Plots 7 & 8 could be developed (8,810m <sup>2</sup> ). No more than an additional 480m <sup>2</sup> could be delivered without the full link road	376 housing units delivered by 2029	Increased congestion and delays likely on A52 (this option is unlikely to be acceptable to DCC as Highways Authority)	Existing businesses would have the capacity to expand onto new development plots, but commercial attraction would be limited without best possible access to A52
<b>Longlist option 5:</b> Preferred option £1.5m FWH capital; £3.5m	Roundabout and full link road to be completed by end of 2020	11 plots (9.15ha) accessible and serviced	Potential for up to 18,810m <sup>2</sup> to be delivered by the end of 2023; capacity for c.35,000m <sup>2</sup> in total	376 housing units delivered by 2029	Traffic delays likely to be reduced	Existing businesses would have the capacity to expand onto new development plots

FWH loan; £1m LGF; £0.2m DDC (plus in kind contributions)						
---	--	--	--	--	--	--



## Annex 2 - Economic benefits modelling: inputs, assumptions and evidence

The notes below summarise the inputs, assumptions and evidence used to calculate the gross and net additional economic benefits for the options analysis. Full details of calculations for the preferred option are outlined at Section 4.2.

- **Gross construction employment:** Gross construction job years calculated from gross investment costs using HCA Construction Labour Co-efficient for infrastructure projects of 12.8 workers per £1m for infrastructure and 15.3 for private commercial development (HCA, *Calculating Cost Per Job: Best Practice Note*, 2015. Price adjusted to 2019 Prices using ONS GDP Deflator, June 2019). All options assume infrastructure investment in 2020/21 and private commercial development between 2021 and 2028. FW Harrison private construction cost estimated at £3m by landowner. Follow-on private commercial construction cost estimated at £28.26m using DLA/Thomas Lister floorspace and take-up profiles and BCIS build cost benchmarks updated to 2019 prices using ONS GDP deflator (B1b £875 psm; B1c £1,010; B2 £946 psm; B8 £744 psm)
- **Net additional construction employment:** Infrastructure works will be procured with the intention of maximising the use of the local labour force. It is therefore assumed that a low level of economic output will leak beyond the D2N2 area in line with 2011 Census workplace-residence data which shows that only 12% of people working in Derbyshire Dales live outside the D2N2 area (ONS Census Origin-Destination, 2011). A relatively high level of activity is expected to be displaced from elsewhere in the sub-region (50%, HCA medium ready reckoner, 2014). A low economic multiplier of 1.1 is applied to account only for induced economic activity. Construction job years are converted to FTEs at 10 years per FTE as per recognised practice (no persistence applied in GVA calculations).
- **Net new household expenditure:** Each new home is assumed to accommodate an average of 2.1 residents based upon Derbyshire Dales total dwelling stock (DCLG Housing Live Table 100, 2018) and ONS Mid-Year Population estimate (2018). Options A assumes no new housing delivered, whilst Options B & C assume the full 367 new homes are delivered at a rate of 41 a year between 2021 and 2029.

Average per capita retail expenditure in Derbyshire Dales is £3,661 based on 2014 Derbyshire Dales Economic Needs Assessment (Atkins, 2014). £3,328 per capita annual local service spend based on *ONS Components of Household Expenditure*, 2014 which shows that approximately 29% of household expenditure is spent on retail goods; 26% on 'local services'. Total estimated household spend updated from 2014 prices to 2019 using ONS GDP Deflator June 2019.

75% of new households are assumed to have moved from elsewhere in the D2N2 area region and therefore this expenditure is discounted.
- **Net additional jobs supported by new households:** Net new household expenditure is assumed to support employment across the economy. Business turnover per worker in the East Midlands is £112,869 across all sectors, calculated from ONS Annual Business Population Estimates (2018). 12% of economic activity supported by expenditure is estimated to leak beyond the D2N2 area (as per construction employment; ONS Census-Origin Destination, 2011), with 25% displaced within the area ('low' ready reckoner, HCA Additionality Guide, 2014). No economic multiplier is applied.
- **Gross employment in new commercial premises:** Gross employment accommodated is calculated using standard HCA employment density benchmarks (Employment Density Guide, 2015) across the range of commercial use types, with gross to net floorspace conversions as follows:
  - B1(b) 50m<sup>2</sup> per worker; 85% GEA to NIA conversion;

- B1 (c) 47m<sup>2</sup> per worker; 85% GEA to NIA conversion;
- B2 36m<sup>2</sup> per worker; 95% GEA to NIA conversion;
- B8 77m<sup>2</sup> per worker (Regional Distribution Centre);
- A1 17m<sup>2</sup> per worker; 85% GEA to NIA conversion.

Option A assumes that the following commercial floorspace is developed (all GEA):

- 1 no B2 units of 4,600m<sup>2</sup> on Plot 1 in 2022.

Option B assumes commercial floorspace developed as per take-up schedule at section 3.4, except for: Commercial and housing development is delivered in with the preferred option except:

- Building 8 (3,720m<sup>2</sup>) and 50% of Building 7B (1,105m<sup>2</sup>) reverts from B2 use, to B8 use as a result of market demand for warehousing
- Enterprise Centre (500m<sup>2</sup>) not delivered as a result of its constraining effect on the overall viability of the development.

Option C (preferred option) commercial floorspace developed as per take-up schedule at section 3.4 plus 500m<sup>2</sup> Community Hub.

#### ■ **Net local employment in new commercial floorspace**

12% of economic activity supported in new commercial floorspace is estimated to leak beyond the D2N2 area (as per construction employment; ONS Census-Origin Destination, 2011). Given the potential for occupiers to relocate from the existing Ashbourne Airfield Industrial Estate, it is assumed that a relatively high level of activity will be displaced (50% 'medium' ready reckoner, HCA Additionality Guide; 48.8% median for infrastructure capital projects at sub-regional level BIS 2009) with net additional employment supported by indigenous business growth and inward investment from beyond D2N2 (as per *Commercial Case*).

An economic multiplier of 1.38 is applied to account for induced and indirect employment (Median multiplier, BIS Occasional Paper 1, 2009).

#### ■ **Gross Value Added**

Cumulative GVA is based upon the time profile of net additional jobs and annual GVA per job metrics for the closest appropriate sectors for each use-class based on ONS Regional GVA and BRES Employees data for South and West Derbyshire [NUTS3] (2018): £63,217 per job for construction; £64,641 in manufacturing; £37,333 in business services; £37,700 transport and storage; £51,371 across all sectors. Employment in new commercial floorspace is assumed to persist for ten years. No economic persistence factor applied to temporary construction employment or jobs supported by net additional household expenditure.

An annual social preference discount of 3.5% has been applied to all GVA to calculate the present value of benefits as per HM Treasury Green Book guidance.

**Net additional construction job years (infrastructure and 'direct' development) calculation**

	Preferred option		Reference case (deadweight)	
<b>Gross construction job years</b>	Construction job years supported by direct capital works <b>131.7</b>		Construction job years supported by direct capital works <b>64.1</b>	
	Net additionality calculations		Net additionality calculations	
	%	Number	%	Number
<i>Leakage outside D2N2</i>	-12%	minus 15.8	-12%	Minus 7.7
<i>Displacement within D2N2</i>	-50%	minus 58.0	-50%	Minus 28.2
<i>Induced economic multiplier</i>	x 1.1	Plus 5.8	x 1.1	Plus 2.8
<b>Net additional construction job years</b>	63.8 (after rounding)		31.0	
<b>Net additional benefits after deadweight deduction</b>				
32.8 net additional construction job years 3.3 net additional FTE jobs				

**Net additional construction jobs years (follow-on commercial development)**

	Preferred option		Reference case (deadweight)	
<b>Gross construction job years</b>	Construction job years supported by follow-on capital works <b>433</b>		Construction job years supported by follow-on capital works <b>429</b>	
	Net additionality calculations		Net additionality calculations	
	%	Number	%	Number
<i>Leakage outside D2N2</i>	-12%	minus 52	-12%	-52
<i>Displacement within D2N2</i>	-50%	minus 190.5	-50%	- 189
<i>Induced economic multiplier</i>	x 1.1	Plus 19	x 1.1	+19
<b>Net additional construction job years</b>	210		208	
<b>Net additional benefits after deadweight deduction</b>				
2 net additional construction job years 0.2 net additional FTE jobs				

**Net additional commercial workspace jobs calculation**

	<b>Preferred option</b>		<b>Reference case (deadweight)</b>	
	FTE jobs supported in commercial workspace		FTE jobs supported in commercial workspace	
<b>Gross jobs</b>	<b>826</b>		735	
	Net additionality calculations		Net additionality calculations	
	%	Number	%	Number
<i>Leakage outside D2N2</i>	-12%	minus 99	-12%	Minus 88
<i>Displacement within D2N2</i>	-50%	minus 363	-50%	Minus 323
<i>Induced and indirect economic multiplier</i>	x 1.38	plus 138	x 1.38	Plus 123
<b>Net additional commercial workspace jobs (FTE)</b>	501 (after rounding)		446 (after rounding)	
<b>Net additional employment after deadweight deduction</b>				
<b>55 net additional FTE jobs supported by commercial floorspace</b>				

## Annex 3 – List of appendices

Ashbourne Airfield Roundabout & Link Road LGF Business Case: Appendices to the Full Business Case	
Appendix number	Author, date, title
1	Thomas Lister Ltd (August 2017). <i>Market Assessment Report in respect of Employment Allocation at Former Ashbourne Airfield Site, Ashbourne, Derbyshire</i>
2	Letters of interest from businesses on the existing Ashbourne Airfield Industrial Estate – To follow
3	David Lock Associates (September 2019). Ashbourne Business Park: Indicative Masterplan & Schedule of Commercial Floorspace
4	a) Eurovia Roundabout Design and Construction Cost b) Quotations from utility providers
5	a) Derbyshire Dales District Council (May 2019). Confirmation of match funding b) Joanne Harrison on behalf of FW Harrison Commercials Ltd and the Harrison family (October 2019). Letter of confirmation of match funding and bank statement confirming available funds
6	Thomas Lister Ltd (October 2019) Development Appraisal Scenarios – To follow
7	Thomas Lister Ltd (October 2019). Draft Heads of Terms Agreement in regard of Delivery of Infrastructure and Development for Ashbourne Business Park (Draft & Without Prejudice) – To Follow
8	FW Harrison (October 2019). Supporting statement on development experience
9	Derbyshire County Council (October 2019). Ashbourne Airfield Roundabout & Link Road. Full project programme, phasing and cost plan
10	Derbyshire County Council (October 2019) Ashbourne Airfield Roundabout & Link Road Risk Register
11	Freeths LLP (October 2019). Summary of State Aid Advice re Ashbourne Airfield Development