



Phase 2b Western Leg Information Paper

C11: The Community and Environment Fund and Business and Local Economy Fund

This paper outlines information relating to the Community and Environment Fund and the Business and Local Economy Fund.

It will be of particular interest to those potentially affected by the Government's proposals for high speed rail.

This paper was prepared in relation to the promotion of the High Speed Rail (Crewe - Manchester) Bill. Content will be maintained and updated as considered appropriate during the passage of the Bill.

If you have any queries about this paper or about how it might apply to you, please contact the HS2 Helpdesk in the first instance.

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1 Introduction

- 1.1 High Speed Two (HS2) is the Government's scheme for a new, high speed north-south railway, which is being taken forward in a number of phases. Phase One will connect London with Birmingham and the West Midlands. Phase 2a will extend the route from the West Midlands to Crewe. The Phase 2b Western Leg will connect Crewe to Manchester. As set out in the Integrated Rail Plan, published in November 2021, HS2 East is proposed to deliver a new high speed line from the West Midlands to East Midlands Parkway.
- 1.2 HS2 Ltd is the non-departmental public body responsible for developing and promoting these proposals. The company works under the terms of a Development Agreement entered into with the Secretary of State for Transport.
- 1.3 The construction and operation of Phase One of HS2 is authorised by the High Speed Rail (London – West Midlands) Act 2017 and Phase 2a by the High Speed Rail (West Midlands – Crewe) Act 2021.
- 1.4 In January 2022, the Government introduced a hybrid Bill to Parliament (hereafter referred to as 'the Bill'), to seek powers for the construction and operation of the Phase 2b Western Leg (the Proposed Scheme), which is called the High Speed Rail (Crewe – Manchester) Bill. The Proposed Scheme comprises the Phase 2b Western Leg from Crewe to Manchester and several off-route works. It also facilitates the delivery of Northern Powerhouse Rail by providing the Crewe Northern Connection and junctions and other infrastructure to be used in future schemes.
- 1.5 The work to produce the Bill includes an Equalities Impact Assessment and an Environmental Impact Assessment (EIA), the results of which are reported in an Environmental Statement (ES) submitted alongside the Bill. The Secretary of State has also published draft Environmental Minimum Requirements (EMRs), which set out the environmental and sustainability commitments that will be observed in the construction of the Proposed

Scheme. For more information on the EMRs please see Information Paper E1: Control of environmental impacts.

- 1.6 The Secretary of State for Transport is the Promoter of the Bill through Parliament. The Promoter will also appoint a body responsible for delivering the Proposed Scheme under the powers granted by the Bill. This body is known as the 'nominated undertaker'. There may be more than one nominated undertaker. However, any and all nominated undertakers will be bound by the obligations contained in the Bill, the policies established in the EMRs and any commitments provided in the information papers.
- 1.7 These information papers have been produced to explain the commitments made in the Bill and the EMRs and how they will be applied to the design and construction of the Proposed Scheme. They also provide information about the Proposed Scheme itself, the powers contained in the Bill and how particular decisions about the Proposed Scheme have been reached.

2 Overview

- 2.1 This information paper provides details of the extension to the Community and Environment Fund (CEF) and the Business and Local Economy Fund (BLEF) for the Proposed Scheme.
- 2.2 These Funds were first announced by the Government in October 2014 for Phase One of the HS2 scheme, which will connect London with Birmingham and the West Midlands.
- 2.3 In July 2017 additional funds were confirmed for Phase 2a which extends the route from the West Midlands to Crewe.

3 Background

- 3.1 An initial £40m (exclusive of administration costs) was made available for these two Funds combined, for Phase One, for disrupted communities and businesses along the line of route from London to Birmingham and the West Midlands.

- 3.2 A further £5m (exclusive of administration costs) was then made available for Phase 2a communities, for those disrupted along the line of route from West Midlands to Crewe.
- 3.3 Additional funding will be made available for disrupted communities and businesses along the line of route from Crewe to Manchester.
- 3.4 Geographical allocations for the Proposed Scheme Funds will be the subject of a future announcement.
- 3.5 The Funds are independently managed by a Grant Management Body. As was the case for the Phase One and Phase 2a funding, the Phase 2b allocation for communities along the Proposed Scheme will not be available for application or administered by the Grant Management Body until after Royal Assent of the Crewe – Manchester hybrid Bill.
- 3.6 These Funds are provided in addition to the comprehensive mitigation outlined in the High Speed Rail (London – West Midlands) Act 2017, the High Speed Rail (West Midlands – Crewe) Act 2021 and the Crewe – Manchester hybrid Bill and respective Environmental Statements (ES) to address the environmental impacts of Phase One, Phase 2a and the Proposed Scheme. For example, please see Information Paper E2: Ecology, and Information Paper E22: Mitigation of significant community effects on public open space and community facilities.
- 3.7 HS2 Ltd has also committed to wide-ranging measures which will enable local people and businesses to obtain employment and contracts arising from the construction and operation of the Proposed Scheme. This is in line with what was undertaken in Phase One and Phase 2a.

4 The Community and Environment Fund

- 4.1 The objective of the CEF is:

To add benefit over and above committed mitigation and statutory compensation to communities along the route that are demonstrably disrupted by the construction of HS2. These will be principally along the line of route of HS2, but there are a small number of off-route locations

which may also be disrupted e.g. due to relocation of railway facilities, and these will be eligible to apply to the funds.

4.2 There are two types of CEF grant. The first is CEF Local which will fund smaller projects (up to a maximum of £75,000 per project) which will benefit quality of life for individual communities. The second is CEF Strategic which will fund larger projects (from £75,001 up to a maximum of £250,000 per project) that will provide a legacy and benefit multiple communities along the line of route. "Multiple communities" for CEF awards is typically defined as a geography across a city region, county or a number of Local Authority areas.

4.3 Initiatives the CEF may support might include:

- Environmental enhancement or conservation activities that are designed to protect or increase biodiversity (such as tree planting, establishing new wildlife habitats, creating inner city community gardens or planting wildflower meadows);
- Enhancement or replacement of sports and recreational facilities;
- Improved access and enhancements to public open space;
- Provision of enhanced or new community facilities;
- Improved pedestrian, equestrian, or cycle access not provided under statutory services; and
- Refurbishment/re-use of historic buildings and monuments.

4.4 Applications for both CEF Local and CEF Strategic grants for the Proposed Scheme will be invited from community-based voluntary organisations, charitable and not-for-profit bodies, local authorities and other public sector bodies such as parish and town councils.

5 The Business and Local Economy Fund

5.1 The objective of the BLEF is:

To add benefit over and above committed mitigation and statutory compensation to support local economies that are demonstrably disrupted by the construction of HS2. These will be principally along the line of route of HS2, but there are a small number of off-route locations which may also be disrupted e.g. due to relocation of railway facilities, and these will be eligible to apply to the funds.

5.2 Applications will be invited for capital or revenue grants from £10,000 up to £250,000. Through this funding, we are looking to fund interventions that will have a positive impact on local economies (this may include a number of small schemes that are brought together in a package of interventions). Grants of between £10,000 and £75,000 will typically be for smaller scale and targeted interventions or pilot/kick-starter schemes. Projects and grants of between £75,001 - £250,000 will be typically be for longer term or larger scale interventions.

5.3 Initiatives BLEF may support might include:

- Enhancements to public realm around local economic centres;
- Promotional activity such as running 'open for business' campaigns;
- Creating and running events that maintain or increase footfall or promote business activity (for example farmers markets);
- Business support services and training for disrupted businesses; and
- Projects that aim to increase tourist visits to an area.

5.4 We will look to local business support organisations, including Local Authorities, Local Enterprise Partnerships, Chambers of Commerce, Business Improvement Districts and Trade Associations to identify appropriate projects which will help maintain business activity in local communities disrupted by the construction of HS2.

6 Match contributions

6.1 The match contributions for both CEF grants are as follows:

- for CEF (Local) projects up to £75,000;
 - for projects led by community or voluntary sector organisations there is no requirement for match contributions;
 - for local authority led bids, there will be minimum 25% requirement for match contributions; and
- for CEF (Strategic) projects from £75,001 to £250,000;
 - 10% minimum match contribution for all applications.

6.2 Match contributions are not a requirement for applications to BLEF, although we do encourage applicants to include match contributions where possible. In some circumstances, for example if the funds are oversubscribed in an area, projects which have match funding will be prioritised.

6.3 Match contributions do not have to be a purely cash contribution but can also be in kind or a combination of both. In kind funding could include volunteer time, the provision of in house resources such as marketing or the provision of room or facility at a reduced/subsidised rate.

7 Governance and management of the Funds

7.1 The governance and management arrangements for the Funds have been developed following consultation with local authorities, local enterprise partnerships and environmental NGOs.

7.2 The Funds have been designed with all Phases of HS2 in mind. At launch, governance for the Funds will be the same for the Proposed Scheme allocation as it has been for the Phase One and Phase 2a allocations, operating with a Grant Management Body, independent Chair and independent Panel across all Phases.

7.3 The management of the Funds has been outsourced to a Grant Management Body, who were selected through an open and competitive process. This body leads on the promotion of the Funds for Phase One and Phase 2a, and supports bidders in the development of their

applications. They worked with HS2 Ltd and DfT to finalise the detailed eligibility criteria prior to the launch of the Phase One Funds in February 2017. This body undertakes the assessment of bids for Phase One against these criteria and is responsible for making awards up to £75,000, and will do the same for the Proposed Scheme. Funds distributed will aim to ensure the greatest public benefit for communities and economic benefit for the business community.

- 7.4 For decisions on grant awards above £75,000, the Grant Management Body receives applications and puts these to the independent Panel, appointed by HS2 Ltd, and will do the same for the Proposed Scheme.
- 7.5 The independent Panel makes recommendations to the Secretary of State on whether applications for all Phases should be accepted. (The final decision on grants for all Phases is made by a senior civil servant in the Department for Transport with delegated authority from the Secretary of State).
- 7.6 The Grant Management Body is also responsible for overseeing the payment of grants and monitoring the progress of successful projects for Phase One, Phase 2a and the Proposed Scheme after Royal Assent of the Crewe – Manchester hybrid Bill.
- 7.7 The independent Panel is made up of four independent people, one representative of HS2 and an independent Chair. The independent Chair and Panel members have experience in delivery of successful community-led environmental projects, a track record in providing advice and support to small and medium size businesses and experience of managing local government or third sector grant programmes along the line of route of all Phases. Panel members serve for a term of three years after which they can serve a further two year term or retire, subject to approval by HS2 Ltd and the Department of Transport.
- 7.8 The Funds operate on a rolling basis with no formal deadlines. The timing of any committed investment will however be linked to the timing of the construction programme as far as possible. The demand for funding may fluctuate and therefore some applications may be paused or deferred

depending on the annual funding allocations available. Priority will be given to the geographical areas experiencing the highest disruption from the construction of HS2, areas that have so far not received any funds at all or received very limited funds from HS2 and high quality bids that meet the Fund criteria. This approach will be applied to Phase One, Phase 2a and the Proposed Scheme.

- 7.9 Potential applicants should be assured that rigorous management of the funding available will ensure that money is available throughout the construction of Phase One, Phase 2a and subsequently the Proposed Scheme, and there will be no advantages of submitting early or disadvantages of submitting them later during the construction period.

8 Eligibility for the Funds

- 8.1 All applicants are required to demonstrate that proposed projects will benefit communities or businesses disrupted by temporary or permanent disturbance, arising from construction works.
- 8.2 Grants will be awarded on the basis of the quality of the projects as opposed to ensuring a parity of distribution of the Funds across all the disrupted communities. However, to ensure the inclusion of projects from disrupted communities across the length of the route, the Grant Management Body will support communities to help encourage and develop bids.
- 8.3 An applicant's project outcomes will have to match the Fund criteria of need, planning, disruption, sustainability/legacy, and applicants that can provide better evidence that their project outcomes will be achieved will score higher. Applicants will have to provide a plan of how the project will be monitored and demonstrate value for money. Applications as partnerships are encouraged, alongside evidence of a wide community consultation on the need for the project.
- 8.4 In the assessment of applications, priority will be given to projects that are based within 1km (0.62 miles) of the high speed rail line and areas

disrupted by construction of the Proposed Scheme. In some circumstances, projects that have match funding may also be prioritised.

8.5 As noted above, match funding contributions will be required for certain types of grants and types of applicants as the Funds aim to leverage other investment into projects. This approach aims to ensure a legacy for the Funds, especially from high value grants. The Funds can be the main contributing funding source towards projects and can also be the first source to be confirmed in an attempt to help applicants secure other funding sources if required. CEF and BLEF grants can be used as match funding against grant applications to other funders for contributions to the same project. Double Funding, i.e the same project is funded twice by the same public funding source, is not, however, allowed.

8.6 The aim of the Funds is to add benefit over and above committed mitigation and statutory compensation to support communities along the route that are demonstrably disrupted by the construction of Phase One, Phase 2a and the Proposed Scheme of HS2. The Funds are not therefore classed as compensation packages for Phase One, Phase 2a or the Proposed Scheme of HS2, and are not a compensation scheme for individuals and stand alone businesses.

9 Timing

9.1 The Phase One funding allocation was launched at Royal Assent of the Phase One Bill in February 2017 and applications were invited from 8th March 2017.

9.2 The Phase 2a funding allocation was launched at Royal Assent of the Phase 2a Bill in February 2021 and applications were invited from 1st April 2021.

9.3 The Proposed Scheme will be open to applications once the funding programme is launched following Royal Assent of the Crewe – Manchester hybrid Bill.

10 More information

- 10.1 More detail on the Bill and related documents can be found at www.gov.uk/hs2-phase2b-crewe-manchester.