



HIGH SPEED TWO PHASE ONE INFORMATION PAPER

C13: LOCAL AUTHORITY FUNDING AND NEW BURDENS ARISING FROM HS2

This paper outlines HS2 Ltd and the Department for Transport's position on funding local authorities for activities relating to High Speed Two.

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

This paper was prepared in relation to the promotion of the Bill for Phase One of the scheme which is now enacted. Although the contents were maintained and updated as considered appropriate during the passage of the Bill (including shortly prior to the enactment of the Bill in February 2017) the contents are now historic and are no longer maintained.

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 proposal for a new, high speed north-south railway. The proposal is being taken forward in two phases: Phase One will connect London with Birmingham and the West Midlands and Phase Two will extend the route to Manchester, Leeds and beyond.
- 1.2. HS2 Ltd is the non-departmental public body responsible for developing and promoting these proposals. The company works to a Development Agreement made with the Secretary of State for Transport.
- 1.3. In November 2013, HS2 Ltd deposited a hybrid Bill¹ with Parliament to seek powers for the construction and operation of Phase One of HS2 (sometimes referred to as 'the Proposed Scheme'). The Bill is the culmination of nearly six years of work, including an Environmental Impact Assessment (EIA), the results of which were 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.
- 1.4. The Bill is being promoted through Parliament by the Secretary of State for Transport (the 'Promoter'). The Secretary of State will also appoint a body responsible for delivering the Proposed Scheme under the powers granted by the Bill.
- 1.5. This body is known as the 'nominated undertaker'. There may well be more than one nominated undertaker – for example, HS2 Ltd could become the nominated undertaker for the main railway works, while Network Rail could become the nominated undertaker for works to an existing station such as Euston. But whoever they are, all nominated undertakers will be bound by the obligations contained in the Bill and the policies established in the EMRs.
- 1.6. 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 project have been reached.

¹The High Speed Rail (London – West Midlands) Bill, hereafter 'the Bill'.

2. Overview

- 2.1. This Information Paper outlines HS2 Ltd and the Department for Transport's (DfT) position on funding for local authorities for carrying out HS2-related activities.
- 2.2. Local authorities have already played an important role in contributing to the development of the HS2 proposal. At the request of HS2 Ltd, local authorities have provided technical information to support the development of the proposals for the railway. This has enabled HS2 Ltd to identify key local environmental, social and economic issues along the line of route that have been taken into consideration in the design of the railway to date. Following Royal Assent, relevant local authorities will have a role in approving matters of detail relating to the design of the railway.
- 2.3. HS2 Ltd and DfT acknowledge that some of the activities that local authorities carry out in relation to HS2 may place an additional resource burden on them.
- 2.4. In the Department for Communities and Local Government's (DCLG) New Burdens Doctrine (2011), a new burden is defined as any policy or initiative that increases the cost of providing local authority services. The New Burdens Doctrine requires that the net additional costs of all new burdens placed on local authorities by central Government is assessed and fully and properly funded. The department leading on the policy or initiative is responsible for securing the resources needed to fund the net additional cost falling on local authorities, and for making any necessary resource transfer. Not all work associated with HS2 will be a new burden, for example, local authorities already have an existing duty to familiarise themselves with major projects proposed in their area, so doing this in relation to HS2 would not be a new burden.
- 2.5. In line with the new burdens guidance, since June 2012 HS2 Ltd has offered to reimburse local authorities for the time spent by their staff providing technical support and information to HS2 Ltd. The nature and type of new burdens placed on local authorities will change during the construction of HS2 and this has been raised as a matter of concern by local authorities through the petitioning process.
- 2.6. In order to address this HS2 Ltd and DfT, in conjunction with DCLG, have undertaken a New Burdens Assessment to establish which of the activities carried out by local authorities relating to HS2 represent a new financial burden on them and those activities not considered eligible for additional funding.
- 2.7. Summarising the outcome of this assessment, Table 1 sets out those activities that place a new burden on local authorities and, in line with the New Burden Doctrine, HS2 Ltd and DfT will provide funding to local authorities to meet their reasonable costs for time spent on these activities.
- 2.8. HS2-related activities carried out by local authorities excluded from Table 1 are not considered to create a new financial burden at this time.

- 2.9. As with all major infrastructure projects however, local authority involvement with HS2 will evolve over time. The Secretary of State will therefore require the nominated undertaker and the DfT to maintain a dialogue with local authorities prior to and during HS2's construction to re-assess whether or not there are any other HS2-related activities, not currently included in Table 1, for which local authorities should be reimbursed.
- 2.10. Where local authorities themselves consider that new financial burdens are placed on them in the run up to and during construction of HS2, they should provide HS2 Ltd and DfT with detailed evidence to support their claim for additional funding. Where this evidence meets the New Burdens Doctrine's criteria of a new financial burden the local authority's reasonable costs will be reimbursed, even if that activity was previously considered exempt from funding. For example, it is not currently considered that HS2 will create a new burden on local authorities to deal with public enquiries relating to HS2 construction activity, as the nominated undertaken will be required to operate a 24hr helpline to deal with such enquiries from members of the public. However, if it transpires that members of the public do not use this line and instead call their local authority and a new burden can be evidenced then the local authority's reasonable costs will be reimbursed.
- 2.11. Funding for the activities listed in Table 1 will normally be managed through a Service Level Agreement. This agreement will describe the activities for which local authorities will receive funding and details of the financial settlement they will receive. This will enable local authorities to put in place the appropriate resources to deal with the demands placed upon them by HS2.
- 2.12. Decisions on the level of funding that each local authority will receive and the final details of the agreement will follow discussions with individual local authorities.

3. More information

- 3.1. More detail on the Bill and related documents can be found at: www.gov.uk/HS2

Table 1. HS2-related activities for which additional funding will be provided to local authorities

Activity #	HS2-related activity for which funding will be provided to local authorities along the HS2 line of route.
1.	Early discussion on preliminary route design and technical input into the Environmental Statement, or any update to it, for the HS2 Bill, at the request of HS2 Ltd or DfT.
2.	Provision of technical and spatial data (e.g. GIS data) for environmental assessment purposes, at the request of HS2 Ltd or DfT.
3.	Reviewing and providing technical input into the production of technical documents produced by HS2 Ltd pre-construction, at the request of HS2 Ltd or DfT.
4.	Attendance of Phase One Route Wide Planning Forum and Sub Groups on Highways, Environmental Health and Heritage
5.	Early discussions on design of HS2 works, including buildings, structures, road layouts and design, heritage and archaeology, traffic management activity, flood risk management, noise and vibration monitoring of construction activity at the request of HS2 Ltd or the nominated undertaker.
6.	Dealing with requests for approval for conditions of deemed planning permission under Schedule 17 of the Bill.
7.	Time spent by local highway authorities on consenting activities and processes described in Schedules 4 and 33 (part 1) of the HS2 Bill
8.	Technical engagement of local highways authorities in the preparation and development of Traffic Management Plans, at the request of HS2 Ltd or DfT
9.	Attendance of local highway authority officers at Traffic Liaison Meetings with HS2 contractors, at the request of HS2 Ltd or DfT.
10.	Early discussions with local authority environmental health practitioners on Section 61 consent submissions under Section 61 of the Control of Pollution Act 1974 and establishment of monitoring locations.
11.	Time spent by local authority environmental health practitioners on handling and monitoring consents sought by HS2 under Section 61 of the Control of Pollution Act 1974

Activity #	HS2-related activity for which funding will be provided to local authorities along the HS2 line of route.
12.	Early discussions on the design of drainage, flood defence and water resource proposals subject to approval under Schedule 33 (part 5) of the HS2 Bill.
13.	Time spent by local authority officers on processing drainage, flood defence and water resource approvals under Schedule 33 (part 5) of the HS2 Bill
14.	Engagement on Archaeological Investigations specified within the HS2 Heritage Memorandum and the Code of Construction Practice
15.	Agreement of scope and methodology of heritage deeds required by Schedule 18 of the HS2 Bill.
16.	Responding to other specific requests for information from HS2 Ltd or DfT where it has been agreed that a fee would be paid for that activity.