



HIGH SPEED TWO

PHASE 2a INFORMATION PAPER

C11: THE COMMUNITY AND ENVIRONMENT FUND AND BUSINESS AND LOCAL ECONOMY FUND (PHASE 2a ALLOCATION)

This paper outlines information relating to the Community and Environment Fund (CEF) and the Business and Local Economy Fund (BLEF).

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 (West Midlands-Crewe) Bill which is now enacted. It was finalised at Royal Assent and no further changes will be made.

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 phases: Phase One will connect London with Birmingham and the West Midlands. Phase 2a will extend the route to Crewe. Phase 2b will extend the route to Manchester, Leeds and beyond. The construction and operation of Phase One of HS2 is authorised by the High Speed Rail (London – West Midlands) Act 2017.
- 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 July 2017, the Government introduced a hybrid Bill¹ to Parliament to seek powers for the construction and operation of Phase 2a of HS2 (the Proposed Scheme). The Proposed Scheme is a railway starting at Fradley at its southern end. At the northern end it connects with the West Coast Main Line (WCML) south of Crewe to allow HS2 services to join the WCML and call at Crewe Station. North of this junction with the WCML, the Proposed Scheme continues to a tunnel portal south of Crewe.
- 1.4. The work to produce the Bill includes 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)², which set out the environmental and sustainability commitments that will be observed in the construction of the Proposed Scheme.
- 1.5. 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'. The nominated undertaker will be bound by the obligations contained in the Bill and the policies established in the EMRs. There may be more than one nominated undertaker.
- 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

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

² For more information on the EMRs, please see Information Paper E1: Control of Environmental Impacts.

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 Phase 2a extension to the Community and Environment Fund (CEF) and the Business and Local Economy Fund (BLEF), which 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.
- 2.2. A total of £40m was made available for these two Funds combined, for Phase One, exclusive of administration costs, primarily for those disrupted along the line of route from London to Birmingham and the West Midlands.
- 2.3. An additional £5m has been made available for Phase 2a communities, primarily for those disrupted along the line of route from Birmingham to Crewe, though also for Phase 2a off route related areas disrupted. This brings the overall total of CEF and BLEF combined for Phase One and Phase 2a to £45m. However, it is important to note that the £5m is the funding allocation available for Phase 2a communities, not the full £45m. There is no fixed allocation between CEF and BLEF.
- 2.4. There will be no geographical allocations for the Phase 2a Funds as there is for the Phase One Funds.
- 2.5. The Funds for Phase One are currently administered by an independent Grant Management Body, Groundwork UK, following an open and competitive tender process. All applications to CEF and BLEF for Phase One are managed by Groundwork UK through the following website:
<http://www.groundwork.org.uk/hs2funds>.
- 2.6. The website contains detailed information on the Funds for Phase One, including guidance and FAQ documents for both Funds, alongside application flow diagrams and links to other useful sites.
- 2.7. As was the case for the Phase One funding, the £5m allocation for Phase 2a communities will not be available for application or administered by the Grant Management Body until after Royal Assent of the Phase 2a Bill, which was deposited on 17th July 2017.
- 2.8. These Funds are provided in addition to the comprehensive mitigation outlined in the Phase One Act, the Phase 2a Bill and respective Environmental Statements (ES) to address the environmental impacts of Phase One and Phase 2a. For example, please see P2a Information Paper E2: Ecology, and P2a Information Paper E22: Mitigation of Significant Community Effects on Public Open Space and Community Facilities. The ES also sets out wide-ranging measures which will enable local people and businesses to obtain employment

and contracts arising from the construction and operation of Phase One and Phase 2a.

- 2.9. An additional £2 million of funding for biodiversity improvements, delivered alongside the Community Environment Fund, will be used to promote and enable the creation and enhancement of habitats along the line of route by third parties. The third-party projects funded in this way will further contribute to Phase 2a's biodiversity objectives.

3. The Community and Environment Fund

- 3.1. 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.

- 3.2. 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 £75,000 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.
- 3.3. Both capital and revenue grants will be available. Initiatives the CEF may support might include:
 - Improved pedestrian, equestrian, or cycle access not provided under statutory services;
 - Landscape and nature conservation enhancement projects which increase biodiversity (including pop up interventions such as skip gardens);
 - Enhancement or replacement of sports and recreational facilities;
 - Improved access and enhancements to public open space;
 - Provision of enhanced or new community facilities; and
 - Refurbishment/re-use of historic buildings and monuments.
- 3.4. Applications for both CEF Local and Strategic grants for Phase 2a will be invited from community-based voluntary organisations, charitable and not-for-profit bodies, social enterprises, schools and local authorities through the following website: <http://www.groundwork.org.uk/hs2funds>.

- 3.5. Applications for Phase 2a will not be open or administered by the Grant Management Body until the funding programme is formally launched after Royal Assent of the Phase 2a Bill. Once open for application, access to the Funds for Phase 2a will be through the same website as for the Phase One Funds.

4. The Business and Local Economy Fund

- 4.1. 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.

- 4.2. Initiatives BLEF may support might include:

- schemes to improve the local public realm, especially in retail and tourist areas;
- improved local cycling and pedestrian access to local economic centres;
- general promotional activity for local economic benefit;
- creating and running events that increase footfall or promote business activity during seasonal periods (for example, farmers markets);
- employment and job creation schemes;
- town/village discount cards to retain spend in local areas and;
- projects that aim to increase tourist visits to an area.

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

- 4.4. Applications for capital or revenue grants for Phase 2a from £10,000 up to a maximum of £250,000 are made through the following website;
<http://www.groundwork.org.uk/hs2funds>.

- 4.5. Applications for Phase 2a will not be open or administered by the Grant Management Body until the funding programme is formally launched after Royal Assent of the Phase 2a Bill. Once open for application, access to the Funds for Phase 2a will be through the same website as for the Phase One Funds.

5. Match contributions

- 5.1. 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 £75,000 to £250,000: 10% minimum match contribution for all applications.
- 5.2. 'Match' in this context is a contribution at a minimum of 10% for grants over £75,000 and for all grants to Local Authorities including 25% for CEF Local. Match does 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. Match resources will be considered on a case by case basis and as appropriate to the project whilst meeting the Fund criteria.
- 5.3. 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. Governance and Management of the Funds

- 6.1. The governance and management arrangements for the Funds have been developed following consultation with local authorities, local enterprise partnerships and environmental NGOs.
- 6.2. The Funds have been designed with all three Phases of HS2 in mind. At launch, governance for the Funds will be the same for the Phase 2a allocation as it has been for the Phase One allocation, operating with one Grant Management Body, one independent Chair and one independent panel.
- 6.3. The management of the Funds has been outsourced to an existing Grant Management Body, Groundwork UK who were selected through a open and competitive process. This body currently leads on the promotion of the Funds for Phase One, and supports bidders and potential 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 under £75,000, and will do the same for Phase 2a. Funds distributed will aim to ensure the greatest public benefit for communities and economic benefit for the business community.
- 6.4. 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 Phase 2a.
- 6.5. The 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).

- 6.6. The Grant Management Body will be responsible for overseeing the payment of grants, and monitoring the progress of successful projects for Phase One and for Phase 2a after Royal Assent of the Phase 2a Bill.
- 6.7. 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. (Biographies for the current independent Panel members can be found on the Groundwork UK website as mentioned above).
- 6.8. 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 both Phase One and Phase 2a.
- 6.9. Potential applicants should be assured that rigorous management of the funding available will ensure that money is available throughout the construction of Phase one, and subsequently Phase 2a, and there will be no advantages of submitting early or disadvantages of submitting them later during the construction period.

7. Eligibility for the Funds

- 7.1. All applicants are required to demonstrate that proposed projects will benefit communities or businesses disrupted by temporary or permanent disturbance, arising from construction works.
- 7.2. 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.
- 7.3. 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.

- 7.4. 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 Phase 2a. In some circumstances, projects that have match funding may also be prioritised.
- 7.5. 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. It is recognised that in the current environment it will be more difficult than previously to attract match contributions, and therefore these Funds can be the main contributor to projects that meet the Funds' criteria. As such the Funds will be able to be 'the first brick in the wall' of funding for projects which are larger than the maximum grant sizes. CEF and BLEF grants can therefore 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.
- 7.6. 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 and Phase 2a of HS2. The Funds are not therefore classed as compensation packages for Phase One or Phase 2a of HS2, and are not a compensation scheme for individuals and stand alone businesses.

8. Timing

- 8.1. In January 2016, Cathy Elliott, was appointed as the Independent Panel Chair for the Funds.
- 8.2. The independent Panel members and the Grant Management Body, Groundwork UK were recruited through a competitive process and joined the Panel Chair in December 2016. A further open recruitment process was undertaken towards the end of 2019 as the contracts for the Independent Panel members and Independent Panel Chair came to an end. Three of the four Independent Panel members and the Independent Panel Chair were re-appointed to take up their roles again in January 2020.
- 8.3. 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.
- 8.4. The Phase 2a funding allocation will be open to applications once the funding programme is launched following Royal Assent of the Phase 2a Bill which was deposited on 17th July 2017.

9. More information

- 9.1. More detail on the Bill and related documents can be found at: www.gov.uk/HS2
- 9.2. Further information on the funds will be published as the detail is developed and will be found at: www.gov.uk/HS2