

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**EXECUTIVE MANAGEMENT TEAM'S REPORT TO CABINET**

**Date 16<sup>th</sup> March 2016**

**1. HEADING**                                    **The Northern Gateway Development Zone Initiative and HS2**

**Submitted by:**                               **Executive Director, Regeneration and Development**

**Portfolio:**                                    **Policy, People and Partnerships**

**Ward(s) affected:**                           **All**

**Purpose of the Report**

To provide members with up to date information in respect of the following matters in order that members are kept apprised of the strategic and practical implications for the borough:-

- (1) HS2 rail developments announced in the Autumn Statement and;
- (2) Progress with the Northern Gateway Development Zone Initiative.

**Recommendations**

- (a) That Cabinet note the emerging position with regard to the Northern Gateway Development Zone and agree to continue participating in the initiative.
- (b) That officers be asked to report back to Cabinet with any necessary information with regard to the NGDZ's emerging Growth Strategy.
- (c) To note that officers have taken the necessary steps to observe the practical implications of the Government's Safeguarding Directions for Phase Two of High Speed Two and to ask that they provide necessary information to ward councillors in this regard.

**Reasons**

To provided elected members with relevant information in respect of these matters which are of strategic importance to the long term economic, social and environmental wellbeing of the borough's communities.

**1. Background**

1.1 Cabinet received a briefing note at its meeting on 11th November 2015 about a concordat which had been agreed between the Cheshire and Staffordshire LEPs and the local authorities representing Cheshire and North Staffordshire about working together for mutual economic benefit prompted by the expected investment in phase two of the HS2 project. The purpose behind this concordat is the wish to optimise the potential economic benefits arising from this investment and (certainly in North Staffordshire's mind, at least) to spread the economic benefits of the investment more widely than just the Crewe area itself. This initiative is known as the 'Northern Gateway Development Zone' (NGDZ) and this aims to complement the adjoining initiatives of the 'Northern Powerhouse', to the north, and the 'Midlands Engine' to the south, both of which form part of the Government's Devolution Agenda.

1.2 The following note summarises progress on both the HS2 project and the NGDZ initiative.

## 2. **HS2 Phase two (update)**

2.1 On the 30th November 2015 the Secretary of State made a Statement to the House of Commons on HS2 and the Northern Powerhouse. He detailed the progress that has been made in confirming the route and station locations for Phase Two of HS2. This follows the Government's announcement in the Autumn Statement of the budget settlement for the whole project. In summary, the main elements of the Statement were:

- Confirmation of the Government's intention to accelerate the route from Fradley in the West Midlands to Crewe ('Phase 2a') so that it opens six years earlier than planned, in 2027. Fradley is the point where HS2 Phase One joins the West Coast Main Line. This will bring more capacity and faster HS2 services to the North West of England, including Crewe, Liverpool, Manchester and Scotland much sooner than originally planned. Powers to build this section of route will be sought through a separate "Hybrid Bill" which the Secretary of State intends to introduce to Parliament in 2017.
- The issuing of what are known as "safeguarding directions" for this section of the route, having considered responses (including that of the Borough Council) to the November 2014 consultation on safeguarding. The Council as the Local Planning Authority is now required to consult with HS2 Ltd on certain applications that fall within the designated safeguarded area before granting consent, and should the Council be minded to approve such applications contrary to the advice of HS2, it is required to notify the Secretary of State for Transport of its intentions, so that he can decide whether or not to "call in" the application. The purposes of such a Direction is to ensure that land which may be needed for major infrastructure is protected from conflicting developments nearby, before construction starts.
- Safeguarding also triggers the Statutory Blight Regime. Qualifying owner occupiers whose property is within the safeguarded zone will have the right to ask the Government to buy their property by serving a Blight Notice. The Secretary of State has launched a consultation on a wider package of assistance measures for owner occupiers, which go "well beyond what the Government is required to do by law, for those living along this section of route, as they have already done for Phase One".
- With respect to the route itself the Secretary of State indicated in his Statement that having set out their initial preferred route for Phase Two of HS2 in January 2013 and having conducted a public consultation exercise (to which the Borough Council also made a submission), his route decision on Phase 2a takes into account the consultation responses regarding that section of the route.
- A commitment to the full "Y" network with the announcement giving each city and region the certainty and confidence they need to take the next step in developing regeneration and connectivity plans, individually and with Transport for the North, while the Government undertakes the technical and economic analysis required for a full route decision on the rest of Phase 2 ('Phase 2b') in autumn 2016.

2.2 The Government's proposals are set out in a Command Paper "HS2 Phase Two: east and west, the next steps to Crewe and beyond", which can be read by clicking on the link [here](#). As part of the Secretary of State's Statement he indicated as follows:

“In 2014, Sir David Higgins (the Chairman of HS2) recommended that HS2 serve a North West hub station at Crewe. Whilst I am not taking decisions on Crewe Hub today, I do support the vision for a Crewe hub. Work is ongoing I intend to make further announcements in 2016, and any Crewe hub scheme will be subject to consultation. To support the work that the Northern Gateway Partnership is going to develop growth and regeneration plans ahead of a decision I am releasing part of this funding this year. I have also asked HS2 Ltd to explore options for how we might best serve Stoke and Macclesfield, including through classic compatible trains via Handsacre Junction. Handsacre Junction is part of Phase One and will allow HS2 trains to serve Stafford”.

2.3 Officers can confirm that the consequences of the above actions have been implemented, including the provision of links on the Council’s website about the safeguarding directions. It is intended that ward councillors representing the affected parts of the borough will receive briefing information in this regard.

### 3. **The Northern Gateway Development Zone (update)**

3.1 As indicated earlier the NGDZ initiative emerged in the autumn of last year as a consequence of the then anticipated decision on HS2 phase two. It was framed by the joint signing of a concordat by the two Local Enterprise Partnerships (Stoke on Trent & Staffordshire and Cheshire & Warrington) who wished to agree to work together for the achievement of potential mutual economic benefits and growth (prompted by HS2). The informal NGDZ partnership emerged on the back of this and is supported by not only the two LEPs but the following Local Authorities:

- Cheshire East Council;
- Cheshire West and Chester Council;
- Stoke on Trent City Council
- Staffordshire County Council
- Newcastle under Lyme Borough Council
- Stafford Borough Council
- Staffordshire Moorlands District Council

3.2 The NGDZ set out a number of high level growth ambitions up to the year 2040 based upon existing and emerging Local Plan forecasts and in the expectation of further growth arising from an HS2 hub serving the area. The hoped-for benefits are not limited to additional jobs and housing and are also expected to result in increased GVA (Gross Value Added) to the sub-regional economy – i.e. greater wealth - and an uplift in land values that will make the area more attractive to investors.

3.3 The potential growth across the NGDZ as a whole could potentially have a significant impact on the housing and employment opportunities for residents of the area. The Government is encouraging the two LEPs and the local authorities which comprise the NGDZ to collaborate and in his Autumn Statement, the Chancellor announced that he would be making available £600,000 to the two LEPs to develop their proposals for the Zone

including the preparation of a Growth Strategy (with a potential further tranche of £600K). A team of senior civil servants and Government policy advisors, under the leadership of Jackie Sadek, have been identified to work with the NGDZ to develop its Growth Strategy.

- 3.4 Currently, this Council is pressing ahead with the preparation of a new Local Plan framing development policy to 2031 and your earlier report in November made a strong case for not distracting from delivering the emerging Local Plan although it was acknowledged that it will probably be necessary to revise the Local Plan earlier than might have been the case to address the implications of HS2. At present it is anticipated that the draft Local Plan will have been prepared by Spring 2017 and adopted by the end of 2018
- 3.5 The NGDZ is now beginning to establish more formal interim governance/delivery arrangements to lead on and manage the initiative. These are looking at:
- i. In terms of governance a Chief Executives Group has been established, supported by three task groups (see below, para 3.6) which are being coordinated by a Director-level officer group. It is intended that a political Leaders group will be formalised shortly;
  - ii. plans for the appointment of a small team of two staff plus some shared administrative support comprising a Northern Gateway Programme Director (initially a Cheshire East Council secondment to capture the present momentum, but to be competitively recruited) and a Northern Gateway Programme Manager, with a dedicated office (probably in Crewe);
  - iii. the funding arrangements to deliver the Growth Strategy (involving dedicated staff and commissioned work packages, as well as in-kind officer support);
  - iv. plans to showcase the initiative at this year's MIPIM event (Europe's leading property show) in March, to introduce and promote the NGDZ for international investment alongside the local LEP's "Make It" exhibition stand (promoting existing commitments such as Keele Science and Innovation Park and the Ceramics Valley Enterprise Zone in our case);
  - v. plans for communications and branding;
  - vi. the need for a confidentiality agreement to enable participants to share information of a commercially sensitive nature in order to protect the interests of both land owners and the wider public interest;
  - vii. the preparation of a brief and cost plan for the commissioning of a Northern Gateway Development Zone Growth Strategy.
- 3.6 In advance of the preparation of the Growth Strategy, the NGDZ has established three sub groups to scope the following key themes:
- Strategic Infrastructure, e.g. exploring the potential need to invest in new roads, by-passes and the scope for rail enhancement;

- Development Sites, e.g. reviewing the potential capacity for new housing and employment development and the constraints to bringing these forward and;
- Value Capture and Delivery, i.e. to explore the opportunity to derive value to facilitate delivery of development on the less viable sites.

3.7 At present the three groups are at the ‘information gathering stage’; it is expected that the evidence and information gathered will provide the basis of the future Growth Strategy.

#### 4. **Proposal and Reasons for Preferred Solution**

4.1 An important feature of this work will entail the issue of political oversight and governance. While local authorities are used to reporting structures within their own organisation, this work will entail new ways of working and a level of inter-authority collaboration which is, potentially, challenging. This will be eased (hopefully) through a system of ‘offers’ and ‘asks’ between the Government and the local authorities within the NGDZ. In Newcastle’s case, these ‘asks’ might include mechanisms for improving the viability of brownfield housing sites, investment in strategic infrastructure and the possibility of forward funding difficult employment land allocations. Given the potential opportunities that this process holds for the borough it is considered that the Council should continue to engage in the initiative subject to reporting back to members as the Growth Strategy begins to emerge.

#### 5. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

5.1 This initiative has the potential to contribute to the corporate priority of creating a Borough of Opportunity.

#### 6. **Legal and Statutory Implications**

6.1 The Council has powers under the Local Government Act 2000 (as amended) to promote the economic, social and environmental well-being of its area; this assimilates previous provisions in Part III of the Local Government and Housing Act 1989 that enabled the promotion of economic development (now repealed).

6.2 As the Local Planning Authority for the area the Council is required to comply with the provisions of the Safeguarding Direction. Were the Council to fail to comply with such provisions, it could face a situation where a planning permission that it has granted is subsequently revoked by the Secretary of State, with the financial implications of that revocation falling upon the Council

#### 7. **Financial and Resource Implications**

7.1 The Borough Council has been asked to make a financial contribution toward the establishment and revenue costs of the programme. At the time of writing a formula for splitting the costs between the partners was still being discussed. It is anticipated that the Borough Council’s contribution can be met from existing budgets at this stage.

#### 8. **Major Risks**

8.1 It is considered that the major risk would lie in not engaging in this potentially strategically significant initiative could be harmful to the long term economic, social and environmental wellbeing of the borough.

9. **Earlier Cabinet/Committee Resolutions**

9.1 In November 2015 Cabinet received a report on the Stoke on Trent and Staffordshire LEP concordat and potential designation of Northern Gateway Development Zone (NGDZ) and associated partnership.

10. **Background papers**

10.1 HS2 safeguarding directions.

10.2 Letter from DCLG dated 29 January 2016 regarding “HS2 growth and regeneration.