

Economy and Growth Committee

Supplementary Agenda

Date: Tuesday 17th January 2023
Time: 2.00 pm
Venue: Committee Suite 1,2 & 3, Westfields, Middlewich Road,
Sandbach CW11 1HZ

14. **Urgent Item of Business - Future High Streets Fund: Proposed Project Changes**
(Pages 3 - 12)

In accordance with Section 100B(4)(b) of the Local Government Act 1972, the Chair has agreed that this item can be considered as an item of urgent business as it cannot wait until the next scheduled meeting of the Committee.

To consider the report.

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Working for a brighter future together

Economy & Growth Committee

Date of Meeting:	17 January 2023
Report Title:	Future High Streets Fund: proposed project changes
Report of:	Executive Director - Place
Ward(s) Affected:	Crewe Central ward

1. Purpose of Report

- 1.1. This report provides details of a proposed variation to an existing funding arrangement between the Council and the Government's Department for Levelling Up Housing & Communities (DLUHC). It sets out the position regarding two projects within Crewe's Future High Streets Fund (FHSF) programme and seeks agreement to confirm the submission of a Project Adjustment Request to DLUHC for the reallocation of funding between these projects.
- 1.2. This report relates to the Council's Corporate Plan priority "a thriving and sustainable place", specifically:
 - a) a great place for people to live, work and visit;
 - b) welcoming, safe and clean neighbourhoods;
 - c) a transport network that is safe and promotes active travel; and
 - d) thriving urban and rural economies with opportunities for all

2. Executive Summary

- 2.1. In December 2020, the Government allocated £14.1m to support a programme of ten town centre regeneration projects in Crewe. This report relates to two of those projects:
- 2.2. **Earle Street Link (feasibility):** Over the past two years, the Council has been engaged with Network Rail to consider the technical constraints of enhancing pedestrian/cycle connectivity across the West Coast Mainline. Having considered these options in detail, it is concluded that there is no scope to

deliver effective enhanced pedestrian/cycle connectivity across the West Coast Mainline at Earle Street, and the balance of the budget is not required.

- 2.3. **Southern Gateway:** Positive progress has been made with third party property interests in acquiring the land necessary to create this new pedestrian and cycle link. However, significant construction cost inflation has been experienced and additional funding is required to deliver the scheme as planned.
- 2.4. It is proposed that a Project Adjustment Request is submitted to DLUHC seeking approval to reallocate the balance of approximately £1m grant funding from the Earle Street Link (feasibility) project to the Southern Gateway project.

3. Recommendations

That the Committee:

- 3.1. Notes the conclusion of technical feasibility assessments related to the Earle Street Link (feasibility) project and that it does not proceed in acquiring land for the purposes of future delivery of an Earle Street Link; and
- 3.2. Approves the submission of a Project Adjustment Request to the Department of Levelling Up, Housing & Communities seeking approval to reallocate approximately £1m funding within the approved Future High Streets Fund programme for Crewe, from the Earle Street Link (feasibility) project to the Southern Gateway project.

4. Reasons for Recommendations

- 4.1. In relation to the two projects identified:

Earle Street Link (feasibility)

- 4.2. Over the past two years, the Council has been engaged with Network Rail to consider the technical constraints of enhancing pedestrian/cycle connectivity across the West Coast Mainline. These have considered both a new structure and an adaptation to the existing structure.
- 4.3. A new structure would need to adhere to clearance heights by Network Rail. Whilst technically feasible, its height would require:
 - a) steps on both sides that would be less attractive to pedestrians than the current provision;
 - b) a ramp on both sides that would be less attractive to those with mobility/access issues than the current provision; and
 - c) third party property that would be expected to involve a protracted acquisition process
- 4.4. Adaptation to the existing Earle Street bridge structure would require the Council to take on full responsibility for its future maintenance costs and, given

its condition and relationship to rail infrastructure on the West Coast Mainline, is considered an excessive risk. Additionally, Network Rail have concluded that widening the existing structure carries significant unresolved risks that would fall to the Council.

- 4.5. Having considered these options in detail, including specialist infrastructure advice (Jacobs) and property advice (Sanderson Weatherall), Council officers advise that:
- a) this technical feasibility work has been concluded;
 - b) there is no scope to deliver enhanced pedestrian/cycle connectivity across the West Coast Mainline at Earle Street; and
 - c) no further grant funding is required to support this project, with approximately £1m of the grant allocated to this project remaining. The final amount will depend on when a decision is made, as abortive costs will be higher if a decision is taken later.

Southern Gateway

- 4.6. Over the past 18 months, positive progress has been made with third party property interests in acquiring the land necessary to create this new pedestrian and cycle link. Design development is well-advanced, and a planning application was submitted in late 2022.
- 4.7. However, the time between submitting the original FHSF business case (June 2020) and the cost estimates at the point of final design, have exposed the project budget to the significant construction cost inflation experienced across the UK and beyond. The original budget is currently expected to be approximately £1m short and, without additional funding being identified, would require significant value engineering/rescoping, which may also require a revised planning consent, necessitating more time and extended exposure to cost inflation risks.

Proposed approach

- 4.8. The Department for Levelling Up, Housing & Communities (DLUHC) has a process for considering changes to the Future High Streets Fund programme, which requires to the submission of a 'Project Adjustment Request' (PAR) detailing the proposed changes and rationale. DLUHC will consider the reallocation of funding between established FHSF projects, but will not consider reallocation of funding outside of the defined programme area (i.e. Crewe town centre).
- 4.9. It is proposed that a PAR is submitted to reallocate approximately £1m funding from the Earle Street Link (feasibility) project to the Southern Gateway project.
- 4.10. As advised by Legal Services, this should be a committee decision as it falls outside the scope of previous delegations. Given the frequency and lead-in time for committee decisions, a decision is sought under urgency powers to

minimise the risks associated with a decision being taken through the cycle of the Economy & Growth Committee.

- 4.11. Key internal and external stakeholders have been briefed on the proposed approach, including:

Economy & Growth Committee (meeting 15/11/22)
 Crewe Local Members briefing (meeting 2/11/22)
 MP for Crewe & Nantwich (meeting 11/11/22)
 Cheshire East Council’s Place Board (meeting 24/10/22)

5. Other Options Considered

- 5.1. In relation to the briefing elements of this report:

Option	Impact	Risk
Acquire the land without a technically viable scheme in place.	The Council would own additional land/property assets for which it has no required use, with the revenue implications associated with holding costs.	Unbudgeted revenue pressures for holding an additional asset. The Southern Gateway project, without additional funding being identified, would require significant value engineering/ rescoping, which may also necessitate a revised planning consent, resulting in more time and extended exposure to cost inflation risks.
Do nothing	The balance of approximately £1m funding would be unavailable for any other project.	The Southern Gateway project, without additional funding being identified, would require significant value engineering/ rescoping, which may also necessitate a revised planning consent, resulting in more time and extended exposure to cost inflation risks.

6. Background

- 6.1. In 2019 the Council was successful in its submission of an expression of interest for regeneration funding for Crewe from the Government’s Future High Streets Fund (FHSF). A business case was submitted in June 2020 and, in December 2020, funding of £14.1m was allocated to support a programme of ten town centre regeneration projects (as detailed in a report to Cabinet on 10th November 2020). The programme is managed by the Council’s Economic Development service.

- 6.2.** At its meeting of 10th November 2020 (see Appendix A), Cabinet delegated authority to the Executive Director – Place, in consultation with the Director of Governance & Compliance, the Director of Finance & Customer Service, the Portfolio Holder for Environment & Regeneration and the Portfolio Holder for Finance, IT & Communications to:

Accept a government grant (Future High Streets Fund), and the associated conditions, to support a range of measures to support the regeneration of Crewe town centre; and

Take all necessary actions to implement the proposals.

- 6.3.** Since then, progress has been made on all projects. This report relates to two specific projects, which are managed by the Council's Strategic Highways service:
- 6.4. Earle Street Link (feasibility):** technical studies and any necessary land assembly (property acquisitions) related to the future delivery of a new pedestrian/cycle bridge/link from the Grand Junction Retail Park (east of the town centre) over the railway line, to the town centre. Budget allocated: £1.148m (N.B. The cost of constructing the link itself was outside of the scope of the project)
- 6.5. Southern Gateway:** A new pedestrian/cycle link from Mill Street (south of the town centre) to the Civic & Cultural Quarter (Lifestyle Centre/Christ Church / Memorial Square). Budget allocated: £3.054m

7. Implications

7.1. Legal

- 7.2.** A decision not to continue further with the Earle Street Link (feasibility) project and to submit an application for reallocation of funding could be interpreted as reversing a decision previously made by Members.
- 7.3.** The decision is being made as an urgent decision as the application must be considered and acted upon prior to this issue being considered by the next relevant Committee and the ability to utilise a substantial amount of funding in this way will be lost.
- 7.4.** There is a risk that any application may be rejected and if this were to happen, depending upon the terms of the funding may need to be returned back to DLUHC.
- 7.5.** It is important to note that the Southern Gateway relies upon the acquisition of third-party interests, it may not be possible to acquire all of the interests by agreement. If these circumstances were to arise it may be necessary for the Council to consider the use of Compulsory Purchase powers to acquire any

outstanding interests. The Economy & Growth Committee meeting of 13 September approved the development of such a CPO, which may have further cost and time implications for the project.

7.6. Finance

7.7. The decision to not continue further with the Earle Street Link (feasibility) scheme should not lead to any abortive costs that need to be covered by the Council's revenue budget as the grant funding already applied to fund the scheme to date can remain without any re-imburement back to DLUHC.

7.8. The transfer of the remaining funding to the Southern Gateway scheme would have an overall nil impact on the Council's capital programme as it is a virement of funding from one scheme to another and should ensure that the monies will not have to be returned to DLUHC as the funding is still required to complete an existing project already approved within the wider Future High Streets programme.

7.9. If DLUHC do not agree to the request then the Southern Gateway project would need to be de-scoped to come within budget or further external or Cheshire East funding would have to be sought.

7.10. Policy

7.11. This project aligns with the priorities of the Council's existing Crewe Town Centre Regeneration Delivery Framework and Local Plan.

7.12. Equality

7.13. The Earle Street Link (feasibility) project could have improved access for disabled people, but its actual delivery was not in scope of this project. The Southern Gateway project will, overall, improve access for disabled visitors to Crewe town centre.

7.14. There are not considered to be any other equalities implications relating to this decision.

7.15. Human Resources

7.16. None

7.17. Risk Management

7.18. The risks are articulated elsewhere in this report and relate to:

- a) The Council and/or DLUHC not approving the reallocation of grant between projects, which would result in the need to undertaking significant value engineering/rescoping, which may also necessitate a revised planning consent, resulting in more time and extended exposure to cost inflation risks.

7.19. Rural Communities

7.20. None

7.21. Children and Young People/Cared for Children

7.22. None

7.23. Public Health

7.24. There are no direct public health implications related to the recommendations in this report, but it should be noted that the Southern Gateway project promotes active travel and so promotes more physical activity

7.25. Climate Change

7.26. None.

Access to Information	
Contact Officer:	Jez Goodman jez.goodman@cheshireeast.gov.uk 01270 685906
Appendices:	Appendix 1: Extract from Minutes of Cabinet 10th November 2020. Appendix 2: Extract from Minutes of Council 22nd June 2021.
Background Papers:	None

Extract from Minutes of Cabinet 10th November 2020.

See highlighted section. Also linked here:

<https://modern.gov.cheshireeast.gov.uk/ecminutes/documents/g7928/Printed%20minutes%2010th-Nov-2020%2013.00%20Cabinet.pdf?T=1>

53 CREWE REGENERATION AND INVESTMENT PROGRAMME

Cabinet considered a report setting out a programme of interventions to support the regeneration of Crewe.

Councillor S Gardiner asked whether a supplementary planning document should be drawn up to revitalise Crewe, based on more residential and less commercial development, which in turn would require less green field release at the next stage of the Local Plan. The Portfolio Holder for Planning undertook to provide a written response.

RESOLVED

That Cabinet

1. notes that the Council is the Accountable Body for the Crewe Town Board with the Portfolio Holder for Environment and Regeneration being the Council's representative on it;
2. delegates authority to the Portfolio Holder for Environment and Regeneration, in consultation with the Executive Director Place and with the approval of the Crewe Town Board, to:
 - (a) submit a Town Investment Plan to Government; and
 - (b) submit a bid for the Towns Fund to Government;
3. delegates authority to the Executive Director Place, in consultation with the Director of Governance and Compliance, the Director of Finance and Customer Service, the Portfolio Holder for Environment and Regeneration and the Portfolio Holder for Finance, IT and Communication to:
 - (a) accept a government grant (Towns Fund – Accelerated project funding) and the associated conditions, to support the proposed Ly² project;
 - (b) accept a government grant (Future High Streets Fund), and the associated conditions, to support a range of measures to support the regeneration of Crewe town centre;
 - (c) approve Supplementary Capital Estimates up to the value of the grants accepted under (a) and (b) above, to facilitate expenditure within the associated conditions;
 - (d) approve capital and revenue budgets associated with co-funding delivery of the measures proposed; and
 - (e) take all necessary actions to implement the proposals;
4. notes that the review has been undertaken for the Crewe hub station scheme taking account of the impact of Covid-19;
5. approves the proposed revisions to the Crewe hub station scheme;

6. authorises the Executive Director Place to:
 - (a) commission the detailed design for Crewe Hub Station;
 - (b) agree terms with Network Rail and Avanti West Coast for the release of land necessary to deliver the scheme; and
 - (c) negotiate and agree a funding deal with Government and Avanti West Coast to secure the necessary funding to deliver the Revised Initial Scheme; and
7. notes that further approvals will be sought from Cabinet to approve a preferred Crewe Hub Station scheme and seek any powers of compulsory purchase required to deliver the preferred scheme.

Extract from Minutes of Council 22nd June 2021.

See highlighted section. Also linked here:

<https://moderngov.cheshireeast.gov.uk/ecminutes/documents/g8651/Printed%20minutes%2022nd-Jun-2021%2011.00%20Council.pdf?T=1>

18 RECOMMENDATION TO COUNCIL: SUPPLEMENTARY REVENUE ESTIMATE

Consideration was given to the request to approve expenditure relating to the receipt of nine government grants.

The grants related to the Towns Fund; Levelling Up Fund; Covid Support Grant; Holiday Activity Fund; Domestic Abuse Grant; Transport Grant; Future High Streets Fund; Wellbeing for Education Grant; and Staying Put Grant. The decisions were treated as Supplementary Capital or Revenue Estimates as funding associated with these grants would support an increase in the Council's approved budget for 2021/22.

RESOLVED: That Council approves

- 1 delegation of authority to the Executive Director – Place to approve Supplementary Capital and Revenue Estimates up to the value of the Towns Fund grant award, and further delegates authority to incur expenditure in line with the conditions of the Fund.
- 2 delegation of authority to the Executive Director – Place to approve a Supplementary Revenue Estimate up to the value of the Levelling Up Fund, and further delegates the authority to incur expenditure in line with the conditions of the Fund
- 3 a Supplementary Revenue Estimate for £1,088,510 and delegates authority to the Executive Director – Children's Services to incur expenditure in line with the conditions of the Covid Support Fund and Holiday Activity Fund.
- 4 a Supplementary Revenue Estimate for £647,000 and delegates authority to the Executive Director – Children's Services, to incur expenditure in line with the conditions of the Domestic Abuse Fund.
- 5 a Supplementary Revenue Estimate for £615,003.50 and delegates authority to the Executive Director – Children's Services to accept further funding from the Additional Dedicated Home to School and College Transport Grant and to incur expenditure in line with the conditions of the Grant.
- 6 a Supplementary Capital Estimate of £14,148,128 and to note that Resolution 53 (3 b-e) from Cabinet of 10 November 2020 delegated authority to the Executive Director Place, in consultation with others, to accept the grant, approve budgets and take all necessary actions to implement the proposals.
- 7 a Supplementary Revenue Estimate for £48,163 and delegates authority to the Executive Director – Children's Services, to incur expenditure in line with the conditions of the Wellbeing for Education Grant.
- 8 a Supplementary Revenue Estimate for £112,982 and delegates authority to the Executive Director – Children's Services, to incur expenditure in line with the conditions of the Staying Put Grant.