

HEADS OF TERMS
MEMORANDUM OF UNDERSTANDING FOR COLLABORATIVE WORKING AND A
JOINT VENTURE AGREEMENT

PARTIES

Cheshire East Council (CEC) and London and Continental Railways Ltd (LCR).

This agreement will be assignable to a Joint Venture (JV) between HS2 Ltd and LCR, if this were to be formed at some point in the future.

Collaboration Agreement

It is proposed that LCR and CEC agree to collaborate as follows in the short term (next 12-18 months) on HS2 regeneration associated activities:

- § To jointly develop and agree a regeneration action plan to maximize the opportunities from HS2 and Network Rail (NR) station development options.
- § Develop the regeneration partnership, by agreeing roles and responsibilities, key actions and areas of intervention.
- § To develop robust and comprehensive business cases for regeneration interventions where fiscal support may be required.

It is envisaged that key activities will include:

- § Proactively collaborating to identify and exploit site assembly opportunities at key strategic sites in close proximity to the proposed station(s). To include business case development and progressing land acquisitions through the appropriate legal mechanisms.
- § Providing regeneration input to the consideration of options for the location of any new station
- § The drafting of a regeneration strategy for the whole of Crewe, to ensure comprehensive regeneration
- § The development of the regeneration proposals within the HS2 Growth Strategy
- § Develop a funding strategy to deliver the regeneration and growth vision, including Tax Incremental Financing proposals and other funding mechanisms.

- § Development of an inward investment strategy associated with HS2 regeneration and NR station development options to target and maximise private sector investment.
- § To partner with other Government agencies, such as Homes and Communities Agency (HCA), Regeneration and Investment Organisation (RIO) and Network Rail (NR) as appropriate on activities.

Joint Venture

In addition, it is proposed that the parties will wish in due course to further develop and establish a Joint Venture (JV); the potential Heads of Terms for which are as set out below.

PURPOSE OF JOINT VENTURE

To work collaboratively and transparently to deliver regeneration within the areas identified within the HS2 and NR station development options Growth Strategy for Crewe.

FOCUS

Principally the JV will focus on regeneration around the rail corridor through Crewe, including the existing and any new station locations.

SHORT TERM AIMS AND ROLES OF THE JOINT VENTURE

The intention is to establish the JV to undertake regeneration based activities as appropriate.

This may include, but not limited to, activities such as:

- Joint promotion of regeneration opportunities
- Assembling land
- Driving forward masterplanning of assets owned by the vehicle. De-risking sites through, inter alia, securing planning permissions, investing in on site infrastructure and remediating sites.
- Partnering with other Government agencies, such as HCA, RIO and Network Rail as appropriate.
- The delivery of infrastructure
- Seeking to partner with other regional partners
- Bringing forward appropriate development at the earliest opportunity
- De-risk areas to enable wholesale regeneration and deliver maximum economic growth.
- Securing public and private funding to support site development and regeneration interventions

- Developing and implementing funding proposals, taking into account long term view of delivering financial value
- Identifying private sector developers at appropriate time
- Seeking to identify other funding sources, such as, private sector finance and also working with RIO.

Initially, the JV will be a legal mechanism by which land could be jointly acquired or funding jointly secured.

The scope and remit of the JV will develop over time and be informed by the HS2 masterplan, HS2 Growth Strategy and outputs agreed through the collaborative working. It is proposed to retain flexibility as to the methods by which the vehicle will operate so that it can respond accordingly to the interventions required.

GOVERNANCE

- The joint venture will be formed on the basis of 50/50 ownership
- There will be two directors from each party
- Decisions made must require the approval of a Council representative
- Deadlock provisions will apply
- An annual Business Plan will be prepared and submitted to the Board
- Monthly Board meetings will be held or when decisions are required
- A Council representative will chair the meetings
- Administrative costs and duties will be shared 50:50 between both parties.