

Cheshire East Council

Cabinet

Date of Meeting: 7th February 2017

Report of: Frank Jordan, Executive Director, Place

Subject/Title: The Northern Gateway Partnership and Growth Strategy

Portfolio Holder: Cllr Don Stockton, Regeneration

1. Report Summary

- 1.1. This report provides an update on progress of the Northern Gateway Partnership ('the Partnership') and the work done to date. It seeks Cabinet endorsement of proposed additional work, to define a cross-border Growth Strategy for the region which seeks to develop a vision of how partners can maximise the potential growth and increased connectivity resulting from HS2.
- 1.2. This report also includes a governance structure for the Partnership in which Cheshire East Council will play a fundamental role. This involves not only acting as accountable body for the Partnership and for the Cheshire and Warrington Local Enterprise Partnership (LEP), but also in providing programme management support to drive the development of the Growth Strategy over the coming months and to inform the development of delivery proposals, which will be brought to Cabinet for consideration at a future date.

2. Recommendations

- 2.1. Cabinet is recommended to:
 - Note the progress made by the Northern Gateway Partnership to date and to approve the proposed future work programme to further develop the regional Growth Strategy for the Northern Gateway Development Zone (NGDZ);
 - Endorse the emerging Vision for the Partnership;
 - Request a report back to Cabinet on the final Growth Strategy and proposed delivery arrangements;
 - Approve Cheshire East Council's financial contribution to supporting the Partnership;
 - Approve that Cheshire East Council, as accountable body for the Cheshire and Warrington LEP and the Partnership, receive

and administer the new funding allocation of £625,000 from Department of Communities and Local Government (DCLG) to fund further development of the regional Growth Strategy;

- Endorse Cheshire East Council's role within the Governance structure as proposed by the Northern Gateway Board, see **Appendix A**; and
- Authorise the Leader, in consultation with the Chief Executive, Chief Operating Officer and Director of Legal Services, (and Portfolio Holders – Regeneration and Assets and Finance), to enter into a formal Collaboration Agreement for the Northern Gateway, in accordance with the draft Heads of Terms at **Appendix B**;
- Authorise the Executive Director Place to proceed with procuring consultants, negotiating contracts, authorising spending and associated responsibilities in continuing development of the regional Growth Strategy, for and on behalf of the Partnership, in accordance with the proposed governance arrangements;
- Authorise the Director of Legal Services (in consultation with the Executive Director Place) to approve and execute all legal documentation he considers necessary to give effect to the above.

3. Other Options Considered

- 3.1. The alternative option is to not to endorse the work underway on the regional Growth Strategy and for Cheshire East Council to withdraw from the Northern Gateway Partnership.
- 3.2. This Partnership, however, provides a significant opportunity to work collaboratively with neighbouring Local Authorities and two Local Enterprise Partnerships (LEPs) in order to realise the potential of the region, helping to fuel economic growth which is inclusive as well as attracting new communities and investors to the area.
- 3.3. The Partnership is also a powerful mechanism through which to present a compelling case to Government for investment at the Crewe Hub Station, and additional investment to maximise the benefits of this for Crewe and surrounding areas both within, and outside of, Cheshire East. The Partnership has strong backing from Government, who recognise that the public sector has a significant role to play in helping to realise balanced growth across the region. The Northern Gateway Partnership represents a new opportunity for place-based growth through collaborative leadership, combining the dedication and commitment of seven local authorities and two Local Enterprise Partnerships.

- 3.4. To withdraw at this point has potentially significant implications not only for Cheshire East but also for the region. As illustrated in the Governance structure set out in **Appendix A** of this report, the Council plays an integral role in drawing together and aligning various work-streams across the Partnership in order to develop a comprehensive Growth Strategy which will help to balance growth and fully realise the potential of investment in the NGDZ.

4. Reasons for Recommendations

- 4.1. With Cabinet endorsement of the work done to date on the Partnership, and of the emerging Vision for the Partnership, work will then continue to further inform and refine the Growth Strategy in order to meet the target date for submission to DCLG in April 2017. The Growth Strategy will act as a key advocacy and policy document which will define asks of Government in delivering balanced growth for the whole region to 2040 and beyond.
- 4.2. This work will require funding, support and commitment from Cheshire East Council in terms of budgetary support, plus officer time and resource in implementing the Governance structure as set out in **Section 7.3** of this report, but also in acting as the accountable body for the Partnership.
- 4.3. The budget includes two separate allocations of funding from DCLG, each for £625,000, which totals £1.25m. In accordance with Section E of the Council's Finance Procedure Rules in order to receive the latest funding allocation on behalf of the Partnership, this report requests that Cabinet approval for the Council to receive these funds on behalf of the Partnership.
- 4.4. The Partnership recognises the importance of governance in helping to programme and navigate the process of developing and delivering the Growth Strategy. Cabinet approval is sought to enter into a formal Agreement for the Partnership which will be based on the Heads of Terms for the Partnership (attached at **Appendix B** to this report), and outline the roles, responsibilities and relationship between Partners in progressing this work, in order to illustrate a clear and transparent Partnership arrangement which stakeholders can have confidence in.

5. Background/Chronology

- 5.1. The Northern Gateway Partnership has made significant progress since its launch at MIPIM UK in Autumn 2015. A Partnership of seven local authorities and two Local Enterprise Partnerships¹ have been working with Government to develop a cross-border Growth Strategy which seeks to capitalise on investment in HS2 to fully realise the economic potential of the NGDZ.

¹ Cheshire and Warrington Local Enterprise Partnership; Stoke-on-Trent and Staffordshire Local Enterprise Partnership; Cheshire East Council; Cheshire West and Chester Council; Newcastle-under-Lyme Borough Council; Stafford Borough Council; Staffordshire County Council; Staffordshire Moorlands District Council; Stoke-on-Trent City Council.

- 5.2. In March 2016, Government granted a £625,000 funding allocation to drive forward development of the Growth Strategy. It reinforced its support for the Partnership with a further allocation of £625,000 in November 2016 to continue this work.
- 5.3. Cheshire East Council has been represented at Director, Chief Executive and Leader level since the Partnership was established in 2015, in order to define and progress a comprehensive work programme which will inform and shape the Growth Strategy. Cheshire East has also provided programme support and direction for the Partnership, and this paper includes a proposal for the structure of continued representation and support, as suggested by the Partnership (see **Appendix A**).
- 5.4. In October 2016, the Partnership announced the appointment of Jackie Sadek as the Independent non-executive Chair of the Northern Gateway Partnership for an initial period of 12 months, which can be extended for a further 12 months, subject to review by the Partnership. This post will help to promote the Northern Gateway at a national and international level – Jackie Sadek brings a wealth of expertise, experience and knowledge to the Partnership and is a keen advocate of the ambitions held by Partners to realise the potential of the NGDZ.
- 5.5. In December 2016, the Partnership completed Phase 1 of the NGDZ work programme, undertaking a detailed economic and housing baseline analysis, together with a place visioning piece. This formed the draft / embryonic Growth Strategy that has been submitted to Government as an evidence base.
- 5.6. The Partnership is now working closely with colleagues from DCLG to refine the Growth Strategy, to develop a series of investable propositions, and complimentary research packages, which will further inform the final Growth Strategy that is to be formally submitted to DCLG in April 2017. The approach taken is fully in line with the Quality of Place principles adopted by Cabinet on December 6th 2016 as a strategic driver for the Borough.
- 5.7. The Strategy will also have implications for communities outside of the core local authority members' boundaries - there is the potential for the Partnership to build relationships with these areas and communities and consider appropriate membership arrangements in the future, subject to agreement from existing Partners. Further details on this matter will be included in the collaboration agreement which will follow in accordance with the Heads of Terms as at **Appendix B**, subject to Cabinet approval of the recommendations at paragraph 2.1 within this paper.

Growth Strategy: Work to date

- 5.8. The Northern Gateway Partnership has commissioned a team, led by consultants CBRE, to conduct a Baseline Economic and Housing Analysis for the Northern Gateway region, which included analysis of national and international case studies comparable to the Northern Gateway which

illustrate the impact investment in high speed rail can have on local economies. Alongside this, a further Place Visioning piece (the draft, embryonic Growth Strategy) has been developed by a team led by Peter Brett Associates LLP.

- 5.9 Analysis evidences that significant growth is deliverable, but also that it is contingent on securing the maximum level of high speed rail investment in the area coupled with improved inter- and intra-regional connectivity to generate new opportunities for economic development. It is the combination of a regular, frequent and reliable high speed rail service, alongside a comprehensive growth strategy, which will ensure that the whole NGDZ area is in a strong position to deliver the full economic potential of HS2.
- 5.10 Whilst the broad picture is good, a more detailed analysis of the area clearly shows that the economic landscape is highly diverse, with significant areas of high deprivation and low housing market demand.
- 5.11 An analysis of land supply for future development across the NGDZ has been undertaken, with a high-level analysis of the deliverability of sites. CBRE conclude that in broad terms there is a healthy and well-balanced land supply across the NGDZ that can support the Partnership's ambition to deliver significant levels of homes and jobs across the Development Zone area. It is recognised that delivery of well-connected, high quality residential environments is vital to attracting and retaining people throughout all stages of life.
- 5.12 By focussing investment upon creating high-performing schools, academies, apprenticeships and further education facilities, and connecting these opportunities to residential areas and job opportunities, the NGDZ could assist in the creation of a highly skilled population, with good access to jobs which will help fuel future economies.
- 5.13 The Partnership needs to work 'with the market' to improve linkages between key manufacturing sectors within the NGDZ, which will ensure that the highly-valued businesses within the sub-region are incentivised to stay within the area and grow to the benefit of the wider population.
- 5.14 The Partnership is clear that this growth will be inclusive growth targeted at improving conditions for Northern Gateway residents and businesses as well as attracting new communities and investors to the area.
- 5.15 Achieving this scale of 'good growth' though, is contingent on both securing the maximum possible levels of high speed rail connectivity across the area, supported by a range of infrastructure investments to support connectivity, alongside innovative approaches to secure far-reaching change which disrupts existing patterns of development and policy delivery.

The emerging Vision for the Partnership

- 5.16 The NGDZ is well placed to take advantage of major changes underway in the economic geography of the UK and governance structures. HS2 will create

new connections across the UK, providing a real opportunity to re-shape growth patterns across the area to deliver 'good growth'. This, combined with an active process of devolving power from central Government to localities, offers real opportunity for areas to plan and direct investment more effectively. An Industrial Strategy is being developed nationally which is likely to recognise the importance of the UK's regions in playing their part in growing the economy which provides a platform for the Northern Gateway to define a new economic chapter for the area and provide a focus for policy innovation.

- 5.17 The proposed Vision for the Northern Gateway is to become a distinctive constellation of connected, successful places, offering a competitive, accessible quality of life and a diversity of investment opportunities, which will drive a new economic chapter and identity for the area. This Vision is built on *a moment of change*, catalysed by the optimum investment in high speed rail, and we seek to become an internationally recognised exemplar, delivering 'good growth' that is welcomed by all, creating new and lasting connections between people, places and businesses, enabling existing and new residents to contribute to and benefit from economic success.
- 5.18 This is fully in line with the Quality of Place principles adopted by Cabinet on December 6th 2016 as a strategic driver for the Borough. This Vision also supports the 'Great Place' bid for a national pilot scheme funded by Heritage Lottery Fund, Arts Council England and Historic England. This bid recognises a place defined by its strategically important location, that came in to being to make things, and developed unrivalled connectivity to distribute what it made to the world. The bid looks toward our Great Place's future through the young people of today and a future identity built on their ideas and activities in the context of a new economic potential
- 5.19 This emerging Vision therefore recognises the importance of capitalising on the potential of the region's urban heart, with a focus on Crewe, Stoke-on-Trent, Newcastle-under-Lyme and Stafford, all underpinned by unparalleled connectivity to the national transport network via the hub at Crewe. This will be complemented by a robust package of transport, and infrastructure initiatives will deliver a highly-connected HS2 sub-region, bringing more places closer together and delivering growth well beyond the tight growth footprint of HS2 locations.
- 5.20 The Northern Gateway Partnership will lead ambitious change which will improve the prosperity, life chances and wellbeing of our existing and future communities, through a series of targeted measures which are underpinned by a commitment to achieving a quality and diversity of place second to none.
- 5.21 The work done to date has developed a Vision and direction for the Partnership, and members of the Partnership will continue to work together to refine this in order to deliver a comprehensive Growth Strategy in spring 2017, and to explore in detail mechanisms for delivering this Strategy.

Growth Strategy: Next Steps

- 5.22 Work is currently underway to complete four distinct but inter-related areas of additional research across the NGDZ which includes:
- Spatial Opportunity Plans- defining options for growth;
 - Land Use, Connectivity and Development Viability Study – setting out proposals for connectivity improvements to provide strategic transport capacity and more locally unlock sites;
 - Financial Model ,Funding Delivery and Economic Assessment;
 - Skills, Supply Chain and Local Labour Strategy.
- 5.23 This research will complement work underway on area masterplans for Crewe, Stoke-on-Trent, Stafford and Winsford in order for the Partnership to have a full Growth Strategy ready for spring 2017. A more detailed report containing an update on development of the Crewe Masterplan will be presented to Cabinet on 14th March 2017.
- 5.24 Partners are also working to present an update on the Partnership's progress, similar to this report, to the respective approval mechanisms in order to ensure all Partners are aligned and taking reports to their Cabinets / approval processes to ensure that the Partnership is operating on the same footing.
- 5.25 Further information on the Growth Strategy will be provided to Cabinet in subsequent reports over the coming months.

6 Wards Affected and Local Ward Members

- 6.1 All Wards, all Ward Members.

7 Implications of Recommendation

7.1. Policy Implications

- 7.1.1. The draft Growth Strategy documents already submitted to Government include an outline, high-level spatial strategy which is not a substitute for the land-use planning process, but has highlighted a series of potential and prioritised locations for future development which is now the subject of further testing and refinement in order to establish a firm set of proposals and investable propositions in the final Growth Strategy to be submitted to Government in April 2017.
- 7.1.1 The emphasis on 'quality of place' within the emerging Growth Strategy for the NGDZ has a significant relationship with consideration of strategic economic policies, place making and place management within Cheshire East.

7.2 Legal Implications

- 7.2.1. The Partnership Governance and the development of a Collaboration Agreement between Partners, in accordance with the Heads of Terms as set out at **Appendices A and B**, to this report, will enable all stakeholders internal

to the Partnership to be clear on their roles and responsibilities, and demonstrates accountability and transparency to external Partners. Appropriate indemnities will need to be sought to safeguard the Council as it is undertaking the role of accountable body for the partnership.

7.3 Financial Implications

7.3.1 The Partnership is funded by contributions from each Partner and grant contributions from DCLG to the Partnership. The total programme budget available is circa £2m. The total funding to be received by other partners is over £500,000, including masterplanning costs, along with £1.25m of funding from Government.

7.3.2 Cheshire East Council's contribution to the partnership is £226,251 which includes a budget of £195,000 for the Crewe Masterplan work, and which is being funded by the Investment Sustainability Reserve. A breakdown of the budget is provided below:

Outputs		Cheshire East Council Contribution
Growth Strategy:	Phase 1 - Baseline analysis	£2,500
	Phase 2 - Masterplan	£195,000
	Phase 3 - Land Use, Financial Modelling and Skills Studies	£4,167
	Production/finalising	£1,000
	Stakeholder engagement, business development and communications	£6,500
Independent Chair		£4,167
Programme administration		£12,917
TOTAL:		£226,251
TOTAL CONTRIBUTION MINUS MASTERPLAN COSTS:		£31,251
Total contribution excluding masterplan costs for 2016/2017:		£20,751

**Total contribution excluding
masterplan costs for
2017/18*:**

**Includes Programme Administration costs
until June 2017, Independent Chair and
Marketing costs until October 2017*

£10,500

- 7.3.3 As accountable body for the Partnership, Cheshire East Council is responsible for managing and monitoring this budget and providing quarterly reports to the Partnership Board (see Governance structure at **Appendix A**).
- 7.3.4 As referenced above, the budget includes two allocations of funding from DCLG, each for £625,000 from 2015 and 2016, which totals £1,250,000. This paper recommends that Cabinet approve that Cheshire East will receive this funding from Government on behalf of the Partnership, which will be used to further develop the Growth Strategy.

7.4 Equality Implications

- 7.4.1 The Partnership's overall goal is to develop a comprehensive Growth Strategy for the NGDZ. This Growth Strategy will include a spatial strategy which ensures that 'good growth' is delivered in the right way, in the right places, building on a programme of infrastructure investment which enhances connectivity, capitalising on existing competitive economies and securing prosperity for local people of today and tomorrow through a comprehensive skills package.
- 7.4.2 The Partnership recognises that not all communities, businesses and individuals will benefit in the same way and at the same time, but aligning investment and targeting intervention on a regional scale through a comprehensive Growth Strategy will deliver the most effective and appropriate sequencing for growth in order that this is inclusive and balanced.
- 7.4.3 This accords with the Cheshire East Equalities and Diversity Policy in that the Partnership seeks to ensure that all residents, communities and businesses, existing and new, are able to contribute to and benefit from economic success.

7.5 Rural Community Implications

- 7.5.1 The emphasis on 'quality of place' within the emerging Growth Strategy for the NGDZ has a significant relationship with any consideration of rural strategy. This is in respect to both the quality of rural places for our residents and businesses and the contribution that the rural area makes to 'quality of place' overall, including perceptions of Cheshire East and related locational decision-making.

7.6 Human Resources Implications

- 7.6.1 Cheshire East Council will play a significant role in the Partnership and a commitment from Cheshire East staffing resources is required in order to implement the Governance Structure as set out at **Appendix A**.

- 7.6.2** A core team of dedicated programme management staff will be partially paid for out of Partners contributions to the Partnership, and Cheshire East Council's contribution to this is identified at 7.3.2 of this report.

7.7 Public Health Implications

- 7.7.1** The Partnership's progress to date and work currently underway to inform and shape the Growth Strategy aims to not only realise the growth potential but to do so in a way which has profoundly enhances the quality of our places.
- 7.7.2** The outcome of this work, the Cheshire East Council's commitment to it, can have significant impacts upon the health of Cheshire East's communities, as well as the wider region, through the design of and access to such quality environments, supporting a positive mental and physical wellbeing impact as people are more likely to be proactive in enjoying the quality places within which they live or that they are visiting.
- 7.7.3** The final Growth Strategy will articulate a strategic focus and planned design and delivery of quality places, in addition to the economic benefits which will be felt by local people able to access job opportunities with the positive impacts upon the wider determinants of health that this brings. The recommendations in this paper will enable production of the final Growth Strategy.

7.8 Implications for Children and Young People

- 7.8.1** As above, the work underway to inform the Growth Strategy will articulate the potential for growth over the coming years, to 2040 and beyond – this work and Cheshire East Council's role within the Northern Gateway Partnership will have implications for Cheshire East's communities, both existing and new, and for residents of all ages.
- 7.8.2** The recommendations in this report will enable production of the Growth Strategy, and the existing work programme looks specifically at areas such as Skills and Supply Chain, which will draw together existing knowledge, and help to fill gaps in this knowledge to comprehensively incorporate this information into the Growth Strategy, having direct implications for children and young people of Cheshire East and the wider NGDZ region. The NGDZ geography has been used to develop a 'Great Place' funding bid that looks toward our Great Place's future through the young people of today and a future identity built on their ideas and activities in the context of a new economic potential.

8 Risk Management

- 8.1.** The work being undertaken by the Partnership to produce the regional Growth Strategy is centred around, and contingent on, investment in HS2. The Government's proposals for HS2 are continuing to be developed but remain subject to consultation and legislation.

- 8.2. In July 2013, the initial HS2 Phase 2 route was announced and consulted on. The Council submitted a response to that consultation in January 2014 which raised concerns over some aspects of the design, called for the best standard of mitigation and compensation, whilst also setting out the Council's case for the early delivery of a HS2 Hub Station at Crewe (in 2013 Phase 2 was programmed for completion by 2033). Since the initial route announcement, the Council has been in continued dialogue with HS2 Ltd, Department for Transport (DfT) and Network Rail around the HS2 proposals through Cheshire East and for Crewe Station.
- 8.3. Since 2014, Phase 2 has been split into 2a and 2b, so that the programme for HS2 Phase 2a could be accelerated to deliver the route from Phase 1 at Fradley to Crewe by 2027. The Phase 2a hybrid Bill is expected to be deposited in Parliament in 2017, with construction starting in 2020.
- 8.4. On 15th November 2016, Government made the announcement and published a Command Paper confirming the proposed Phase 2b route, which covers the remainder of Phase 2, the section from Crewe to Manchester (as well as the eastern leg from Birmingham to Leeds). The Phase 2b route has been immediately safeguarded. The announcement has included the launch of two consultations:
- A consultation on route refinements
 - A consultation on property schemes
- 8.5. The Council has worked closely with Network Rail, HS2 Ltd. and the DfT to develop the Crewe Hub proposal which aims to provide more capacity, better connectivity, more resilience, and improved access to and facilities at Crewe. The benefit could be felt far beyond Crewe to all of the connecting routes and locations served. The Command Paper states that Government continues to support the vision for a Crewe Hub station and confirms that the preferred location for the Hub Station is around the existing Crewe Station (as opposed to at Basford).
- 8.6. Key considerations in developing options for the Crewe Hub, and deciding whether or not to take them forward, is affordability and value for money. The Government plans to take decisions on additional investment at Crewe in 2017 and will confirm whether any such measures should be included in the hybrid Bills for Phase 2a and Phase 2b. Work is being undertaken jointly with the HS2 Growth Partnership and Government to further understand the costs and funding options for the Crewe Hub which is being fed into the wider Growth Strategy.
- 8.7. There is a significant amount of work underway in order to meet the deadline of April 2017 for submission of the final Growth Strategy to Government. The Partnership's success in developing the Growth Strategy is contingent on the collaboration of those Partners and their willingness to commit to development and delivery of the Growth Strategy.
- 8.8. This Partnership represents a significant step in realising the potential of the NGDZ through ambitious, radical yet deliverable growth. By entering into the

Partnership Agreement in accordance with the Heads of Terms set out at **Appendix B**, and by implementing the Governance structure at **Appendix A**, all Partners will be formalising this collaboration which, by clarifying roles, responsibilities and aims of the Partnership, will help to avoid the risks associated with any fragmentation or ambiguity.

9. Access to Information

9.1. Appendix A: Northern Gateway Partnership proposed Governance Structure

9.2. Appendix B: Northern Gateway Partnership Draft Heads of Terms

10. Contact Information

Contact details for this report are as follows:-

Name:	Karen Tierney
Designation:	Programme Director, Northern Gateway Partnership
Tel. No.:	01270 686580
Email:	Karen.Tierney@cheshireeast.gov.uk