

## **Highways and Transport Committee**

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<b>Date of Meeting:</b>	16 June 2022
<b>Report Title:</b>	Levelling Up Fund Bids for Nantwich Road, Crewe Station.
<b>Report of:</b>	Jayne Traverse, Executive Director of Place
<b>Report Reference No:</b>	HT/15/21-22
<b>Ward(s) Affected:</b>	All Wards

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### **1. Purpose of Report**

- 1.1.** The report summarises the Council's approach to developing Levelling Up Fund bids for Crewe and seeks Committee support to prepare round 2 constituency and LTA bids to bring forward the Nantwich Road enhancement schemes, linked to the Crewe Hub.

### **2. Executive Summary**

- 2.1.** Government's planned investment in a new high-speed rail network in the UK, known as HS2, will have significant impacts to Cheshire East.
- 2.2.** HS2 services will also call at Crewe railway station. Cheshire East Council are seeking Government to deliver key interventions and investments that will ensure that Crewe, the first northern HS2 hub, does not decline further at the expense of the Midlands and South, which will both receive significant Government investment.
- 2.3.** Funding opportunities, such as the Levelling Up Fund, provide tangible opportunities for the Council to support, and accelerate, the delivery of such interventions, and demonstrate to Government the Council's commitment to realising the benefits of HS2 to Crewe.

### **3. Recommendations**

#### **3.1. That Committee:**

- 3.1.1. Authorise the Director of Highways and Infrastructure to submit both a constituency and Local Transport Authority Round 2 Levelling Up Bid for the Nantwich Road enhancement schemes.
- 3.1.2. Note that a local financial contribution of at least 10% of the estimated scheme costs will be required for each bid that is successful.

### **4. Reasons for Recommendations**

- 4.1. In March 2022, Government launched the second round of bidding for the Levelling Up Fund (LUF), with bids due by 6<sup>th</sup> July 2022. The criteria for the second round of bids are largely consistent with the first round in 2021.
- 4.2. For the LUF, each authority is categorised as a Priority Area, with Priority 1 areas deemed to be in most need of Levelling Up and Priority 3 areas the least. Although, some local authority areas were re-categorised for round 2 of LUF, Cheshire East remains a Priority 3 area.
- 4.3. As a Local Transport Authority (LTA), the Council has the opportunity to submit an additional bid into this fund, known as an LTA bid. This is in addition to the single bid allocation per constituency MP, known as a constituency bid or MP bid.
- 4.4. Whilst the constituency bids can be for schemes across regeneration, culture or transport and up to £20m in value, an LTA bid must be for a single project, or package of closely linked projects, must be at least 90% transport related and can, in exceptional circumstances, be for up to £50m.
- 4.5. However, it is important to note that an LTA bid for over £20m is subject to far greater bid requirements and scrutiny. In fact, the bid requirements are similar to those of a large local major's fund bid, typically taking several years to develop.
- 4.6. It is anticipated that LUF bids will have the formal backing of at least one MP. Although MP's can support several bids, they can only formally back a single LUF bid. For round 2 of LUF, MPs are expected to complete a pro-forma for the bid they wish to back, Whilst MP backing of a bid is highly desirable, it is not essential.
- 4.7. The Council has undertaken work to identify the potential options for a round 2 transport led LUF bid for Crewe and assessment to understand which would be eligible for LUF.

- 4.8.** The outcome of this work has identified that a bid, of under £20m, to bring forward the western section of the Nantwich Road enhancements as outlined in Appendix 1, meets the key criteria of the fund, and is strongly linked to the Towns Fund and Future High Street Fund. Consequently, the scheme would be a strong candidate for a constituency bid.
- 4.9.** The Crewe and Nantwich MP has indicated his backing and support for the Nantwich Road enhancements. Aligned to this, the Council is taking forward further project development work to identify future schemes to address traffic impacts in the Town.
- 4.10.** Further support from other Cheshire MP's will be sought in recognition of the importance of Crewe Station to the sub-region.
- 4.11.** In addition, this work identified the eastern section of the Nantwich Road enhancements as outlined in Appendix 1, also meets the criteria for LUF bid. This scheme has a strong transport business case and is a key element in supporting the wider HS2 and Crewe hub programme and consequently, would be a strong candidate for an LTA bid.
- 4.12.** Both schemes are well-developed schemes, that can each be delivered independently of each other if necessary and have recently been subject to a 6-week public engagement; a key requirement for LUF bids.
- 4.13.** Feedback from the Department for Transport (DfT) has confirmed that submitting two complementary bids would not be treated as a single larger bid and that each scheme would be assessed on its individual merits.
- 4.14.** Sufficient funding is allocated in the Council's Medium Term Financial Strategy for the Crewe Hub to meet all of the local match funding requirement for the schemes should they be successful.

## **5. Other Options Considered**

- 5.1.** The Council could choose not to bid into round 2 of the LUF. However, in this case, the Council would forego the opportunity to secure funding for bringing forward the Nantwich Road Bridge enhancements, in readiness for HS2 to Crewe.
- 5.2.** The Council could choose to submit a LUF bid for an alternative scheme. Such schemes include Earle Street Bridge and Crewe Hub Phase 1 commercial development. However, based on professional review and assessment, any alternative scheme is not deliverable in the timescales, by 2025/26, for LUF round 2 and would consequently not meet the bid criteria. However, such alternative schemes still have significant merit in further development to enable them to be in a strong position for future funding opportunities.

## **6. Background**

- 6.1.** On 23<sup>rd</sup> March 2022, Government launched the second round of bidding for the Levelling Up Fund (LUF). This followed the first round of bids and award of funding in 2021. Bids for round 2 are required to be submitted to Government by 6<sup>th</sup> July 2022.
- 6.2.** The criteria for bidding criteria for round 2 of LUF is substantially the same as for round 1. Although some areas have been re-categorised for round 2 of LUF, Cheshire East Council remains a Priority 3 area, and therefore considered least in need of Levelling Up.
- 6.3.** Even though Priority 3 areas are still eligible to submit LUF bids, in order to be successful, Priority 3 area bids will need to score strongly against the other LUF criteria.
- 6.4.** The LUF criteria are summarised as:
  - 6.4.1.** Deliverability – can the scheme be completed by March 2025?
  - 6.4.2.** Strategic fit with local and Fund priorities – can the scheme be linked to other initiatives such as net zero, HS2, Future High Street Fund and Towns Fund?
  - 6.4.3.** Value for money
  - 6.4.4.** Local Contribution – can you commit to a minimum local financial contribution of 10%?
- 6.5.** Local community and stakeholder engagement and/or consultation is also expected to have been undertaken in advance of bidding to demonstrate local support the scheme(s) within the bid.
- 6.6.** Cheshire East Council is able to submit a bid, of up to £20m, for each constituency MP within the borough, referred to as MP or constituency bids.
- 6.7.** In addition, each Local Transport Authority, including Cheshire East Council, can submit a further transport bid for LUF, referred to as an LTA bid. Whilst bids are expected to be under £20m, in exceptional circumstances, the LTA bid can be up to £50m. LTA bids must be a minimum of 90% investment in transport.
- 6.8.** LTA bids over £20m require a DfT compliant transport business case in addition to the requirements of bid for up to £20m. The bid requirements for an LTA bid for more than £20m are similar to those of a DfT large local majors bid, which typically take several years to develop.
- 6.9.** Government is also seeking local MP backing of a LUF bid, with MP's only eligible to formally back a single bid. This backing can be either for an MP bid or an LTA bid, but not both. MP's are however able to support multiple

bids. Whilst MP support does not have the same weight as MP backing of a bid, additional MP support would be beneficial for a Priority 3 area bid.

- 6.10.** It has been made more explicit in the LUF Round 2 guidance that MP backing is not essential for a successful bid. Consequently, Cheshire East would be eligible to submit a bid without the formal backing of an MP, recognising however, that MP backing is a key advantage.
- 6.11.** The Council has been investigating the potential options for an LTA bid over the past 12-18 months, including the possibility for a bid of over £20m.
- 6.12.** This work focussed on possible schemes within Crewe given that the town has the highest levels of deprivation across the borough and has the strongest links to wider Government agendas including HS2, Future High Street Fund and Towns Fund.
- 6.13.** The scheme options that were assessed for fit with LUF were:
  - 6.13.1. Earle Street and Mill Street rail bridge improvements
  - 6.13.2. Nantwich Road Bridge enhancements
  - 6.13.3. Weston Road/Crewe hub access strategy
- 6.14.** This work demonstrated that a bid focussed on the Crewe hub Nantwich Road enhancements was the strongest option for the Council and scores the strongest across all remaining criteria for the bid.
- 6.15.** A public engagement exercise for the Nantwich Road enhancements was undertaken in between 29<sup>th</sup> April and 10<sup>th</sup> June 2022. The results will be available to support a LUF bid. Initial feedback has been very positive and a verbal update can be provided at the committee.

## **7. Consultation and Engagement**

- 7.1.** The LUF requires that public and stakeholder engagement was undertaken prior to bid submissions to demonstrate local support for the bid. If the recommendations within this report are approved the consultation undertaken above will provide robust evidence of public support for the bid. If a different scheme was chosen for the LUF bid, there would be insufficient time to undertake public engagement prior to the bid submission.

## **8. Implications**

### **8.1. Legal**

- 8.1.1.** If the funding bid(s) is successful, any grant funding agreement that the Council is required to enter into before funding is made available will

require review to ensure that the Council acts in compliance with its terms.

- 8.1.2. If the funding bid(s) are successful, project delivery of the schemes will require legal input to secure the necessary agreements from Network Rail to deliver the scheme(s)

## 8.2. Finance

- 8.2.1. As part of the wider Crewe hub vision, LUF bids for the Nantwich Road enhancements would be funded from the HS2 capital budget. DfT has confirmed that project development costs spent to date on the scheme do not count towards the Council's local contribution.
- 8.2.2. Contributions 'in kind' from Network Rail and Avanti Trains are expected to deliver about 150k towards the local contribution.
- 8.2.3. The Western enhancement scheme is estimated to cost approximately £19M, the Eastern Deck enhancement scheme is estimated to cost approximately £10M. Work is still underway to refine these costs, partly driven by the impacts and uncertainties of construction inflation.
- 8.2.4. In total therefore, as a conservative estimate, there is a need for the local contribution to be around £2.9M if both schemes were to be successful in attracting government funding.
- 8.2.5. If this bid was unsuccessful, there is a risk that costs spent up to bid submission and planning submission would need to be expensed. These are likely to be in the order of £600,000, of which approximately half has already been incurred.

## 8.3. Policy

- 8.3.1. HS2 will have significant implications on the borough and will be a key factor in future Council policy including the Local Plan and Local Transport Plan. Successful delivery of these improvements to the environment around the station would help demonstrate the Council's ambition to capitalise on the benefits HS2 will deliver.

## 8.4. Equality

- 8.4.1. An Equality Impact Assessment will be completed for the Levelling Up Fund bid ahead of submission.

## 8.5. Human Resources

- 8.5.1. There will be increasing demands on the Council's planning and highways services which will coincide with the current challenges to recruitment across these services.

## **8.6. Risk Management**

**8.6.1.** Abortive costs – if the LUF Round 2 bids are not successful, the Council may be required to expense all or a proportion of the project development work to date. Council officers have undertaken significant evaluation and assessment of possible schemes for LUF and are of the opinion that the Nantwich Road enhancement schemes present strong bids that will minimise the risk of abortive costs.

**8.6.2.** Reputational Risk – Government has stated its support for the Council's Crewe hub vision, but also that they require a local funding contribution to realise this. Government has also outlined to the Council that we should be looking to utilise existing funding sources where possible to bring elements of this vision forward. By not submitting a bid for LUF that seeks to accelerate a key element of the Crewe hub vision, it is likely that there would be a reputational risk to the Council when Government is considering the wider Crewe hub vision business case

## **8.7. Rural Communities**

8.7.1. No direct impacts.

## **8.8. Children and Young People/Cared for Children**

8.8.1. No direct impacts.

## **8.9. Public Health**

8.9.1. No direct impacts.

## **8.10. Climate Change**

**8.10.1.** The Council's LUF bid recommendations would improve the active travel access to Crewe railway station and encourage more sustainable travel movements between the station and the town centre as well as improving the environment around, and accessibility to, Crewe railway station. This will help to encourage more people to use public transport from Crewe to other parts of the Country via its 360° rail connectivity.

<b>Access to Information</b>	
Contact Officer:	Chris Hindle, Head of Infrastructure Chris.hindle@cheshireeast.gov.uk
Appendices:	Appendix 1: Nantwich Road Bridge Enhancement Schemes
Background Papers:	