

REPORT OF THE LEADER OF THE COUNCIL

TOTON HS2 – MOVING FORWARD WITH DELIVERY

Purpose of the Report

1. This report seeks approval in principle of entering into a Memorandum of Understanding between Nottinghamshire County Council and London & Continental Railways (LCR) as work progresses towards the establishment of a formal locally led development body in the future.

Background

2. Policy Committee has previously agreed the East Midlands HS2 Growth Strategy and further endorsed the importance of HS2 to Nottinghamshire in February 2018. The economic opportunities for growth and regeneration are clearly set out in the region's strategy and are a key component of the Council Plan and Place Strategy. This was further supplemented through the HS2 Resource Plan agreed at our meeting on the 20th June which paved the way for significant work to develop a clearer approach to delivering our growth ambitions linked to the proposals for Toton Station.
3. The work commissioned has included the business case for the Housing Infrastructure Fund (HIF) bid; a planning framework; a Land Strategy, design and costings for key access roads. Together the work is helping to provide greater clarity on the required approach to delivery that is the subject of this report.
4. As recently announced by the Chancellor of the Exchequer at the Conservative Party Conference, the Government, supported by the Midlands Engine and Nottinghamshire County Council, intend to create locally-led development body for the promotion of growth and infrastructure in and around Toton. Speaking at the Conservative Party conference in Birmingham Mr Hammond said: "As a sign of our commitment to the Midlands Engine, I want to start today by announcing funding to support the creation of a new, locally-led development body for the area around Toton in the East Midlands, to attract investment, create jobs and provide opportunities in this area of huge economic potential."
5. In advance of establishing a new locally led development body, the County Council, working with our partners, need to continue to address the priority issues including land assembly and planning in the context of a delivery strategy. To support this process, it is proposed to create a new partnership with London & Continental Railways (LCR).

6. LCR is an organisation that is wholly owned by the Department for Transport that brings commercial expertise specialising in the delivery of homes, jobs and investment around rail stations. As such it forms part of the wider public sector. LCR have been supporting the region in the development of the Growth Strategy for some time. They have also supported the establishment of the HS2 delivery team, and through a Service Level Agreement provide the Council's Programme Director for HS2.
7. The delivery team and governance structures for the Toton 'Growth Zone' are now in place with a specialist team of advisors; an established officer working group structure; and a refreshed Delivery Board chaired by the County Council. This provides the framework for a collaborative planning approach working closely with neighbouring authorities in recognition of the close proximity and direct impacts and links that need to be made with their communities in addition to those of Nottinghamshire.
8. The first meeting of the HS2 Toton Hub Station Delivery Board took place on the 8th October 2018. It brings together leading Members and senior officers from the following organisations:
 - Broxtowe Borough Council
 - D2N2 LEP
 - Derby City Council
 - Derbyshire County Council
 - Erewash Borough Council
 - Leicestershire County Council
 - Nottinghamshire County Council (Chair)
 - Nottingham City Council
 - North West Leicestershire
 - A University Representative
 - East Midlands Chamber of Commerce
 - HS2 Ltd
 - Department for Transport & Ministry of Housing Communities & Local Government
 - East Midlands Councils; and
 - Ex Officio Members: Chair & Vice Chair of the Strategic Board
9. Membership of the Board was agreed through consideration of summary Terms of Reference at a meeting of the HS2 Strategic Board on the 23rd July 2018.

The need for Intervention

10. The County Council's and indeed the wider region's ambitions for the Innovation Campus and Garden Village at Toton and Chetwynd are clear and distinct from the original published HS2 plans for a parkway station and from the low density suburban form of housing subject to current plans.

11. The local and national government family and stakeholders are clear in their resolve to optimise the opportunities for homes, jobs and investment presented by HS2. That is why the team have successfully secured a further £1.8m of funding from the Department of Transport to further develop the plans.
12. There is no doubt that the costs associated with the enabling infrastructure (social, environmental and transport) and the development of the alternative vision will require significant upfront investment by national government (e.g. Housing Infrastructure Fund) ahead of benefits being realised over a timeframe up to and beyond the opening of the station in 2033. As such this is not a standard commercial model.
13. It will be essential for the public sector partners to work harder to position this opportunity through the assembly of land, funding and delivery of infrastructure and preparation of land so that it is attractive to the market i.e. the land, planning and supporting infrastructure have been suitably de-risked.
14. Advice from a range of internationally recognised advisors including Cushman & Wakefield and Arup is clear in recommending that the public sector partners need to invest in the site in order to open up the opportunity for a development Joint Venture Partnership and subsequent locally-led development body.

The proposed partnership

15. LCR are recognised world leaders in this field having led the formation of partnerships and joint ventures with Argent (Kings Cross); Lend Lease (Stratford International Quarter) and U&I (Manchester Mayfield). They are currently working in partnership with a number of local authorities to deliver regeneration around new and existing railway stations including in Leeds, Sheffield and Staffordshire County Council .
16. There is a jointly recognised need to provide certainty around planning, land and property management and disposal, utilities and technical considerations including High Voltage Cable undergrounding. It is clear that this once-in-a-lifetime proposal for Toton, Nottinghamshire and the East Midlands will require significant additional support, capacity and capability.
17. Whilst the new station is not due to open until 2033, a number of key moves need to happen now to ensure the longer term opportunity isn't lost. Current proposals that benefit from planning permission are at odds with the regions ambition.
18. The transition to a formal development body as described by the Chancellor will take time and may be subject to Parliamentary assent. There is much work to progress whilst this negotiation with Government takes place. The Council has taken a leading role with partners in the Housing Infrastructure Funding proposals, and is developing plans for land asset acquisition to enable the realisation of benefits and value associated with HS2. It is at an advanced stage in negotiations with key partners.
19. Concurrently, the Council has been in discussions with LCR to form strong partnership based on an MOU. Working to the Toton Delivery Board, Nottinghamshire will lead on the

acquisition of land and LCR will provide a range of support including development management, programme management, managing working capital and technical services to prepare the land and package up for a more formal locally led development body in the future once negotiations with Government and partners have concluded.

20. The objectives of the proposed working arrangement between Nottinghamshire County Council and LCR are set out at Appendix 1. LCR provide an experienced partner who can bring instant credibility, capacity and capability to the programme.

Other Options Considered

21. The 'do nothing option' was discounted, as it is clear that the complexities associated with the scale of undertaking require particular expertise and understanding that neither Nottinghamshire County Council and the wider local government family in the East Midlands are able to progress in the time available. LCR are uniquely placed as a partner as they are an established public sector body, wholly owned by the Department for Transport and therefore able to bring both the expertise and the input of Government to our local plans for delivery. We are both committed to delivering the growth ambition and by bringing on-board an experienced partner the Council strengthens its ability to manage the risks. The new campus, "garden village" development and infrastructure developments will help us meet this priority and will have a transformative impact on the economy and quality of life for the people who live here. The proposal outlined in this paper will provide a key means of delivering the ambition.

Reason for Recommendations

22. The HS2 programme is vital to the economic prosperity of the County and work needs to commence at pace to build upon the excellent progress made to date. The initial partnership will add value by better managing the risks and certainty for investors.

Statutory and Policy Implications

23. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

24. Investment in the initial arrangements with LCR might be seen as patient investment for the long term. However, it also improves the attractiveness to secure government backed investment in the shorter term through management of risk and certainty. Costs associated

with this report will be funded from Department for Transport grant and will be reported back to a future Policy Committee alongside any future investment decisions.

Implications for Service Users

25. From the outset, the Council and its partners have been determined to get the best deal on HS2 for the whole of Nottinghamshire, our communities and our businesses in terms of mitigation, compensation, better connectivity and a share of economic benefits. There is a huge wealth of experience and potential and the Council can be the driving force in growing a regional economy and ensuring Nottinghamshire remains a well-connected County for the benefit of all. Again, this proposal will help to realise that potential.

RECOMMENDATIONS

It is recommended that Policy Committee:

- 1) Approves the principles of the Memorandum of Understanding in support of the objectives outlined in Appendix 1
- 2) Receives detailed terms of the agreement for approval and a plan for the creation of a new locally led delivery body, as recently announced by the Chancellor of the Exchequer.

COUNCILLOR MRS KAY CUTTS MBE
Leader of the County Council

For any enquiries about this report please contact:
David Hughes, Director for Growth & Investment

Constitutional Comments (SSR 9.10.2018)

26. Policy Committee is the appropriate body to consider the contents of this report. The department is required to comply with the Council's Financial Regulations and The Public Contract Regulations 2015 in respect of any agreements entered into.

Financial Comments (GB – 21/09/18)

27. A future report to Policy Committee will be required setting out the financial implications of this project on the Council's resources.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- *HS2 East Midlands Growth Strategy – Delivery Phase* – Report to Policy Committee, published 14 February 2018

Electoral Division(s) and Member(s) Affected

- All