

Community and Environment Fund (CEF) and Business and Local Economy Fund (BLEF) – History and background

1) When were the Funds first announced?

In October 2014, the Government announced that a total of £30 million would be made available for the Community and Environment Fund (CEF) and the Business and Local Economy Fund (BLEF) for Phase One of HS2. This was later increased to £40 million.

2) How was the initial figure of £30m decided on?

The level of funding was decided by Ministers having considered comparators such as the HS1 (CTRL) Countryside Initiative, as well as more recent schemes such as the Hinkley Point Community Benefits Fund and the DEFRA Farming Recovery Fund. It was accepted that there was a strong case for the Funds, but that this needed to be balanced against use of tax payers' money and the cost of the HS2 project overall.

3) When did the Funds increase to £40m?

In response to the Select Committee's recommendation in their Second special report, published on 22nd February 2016, HS2 Ltd and DfT committed to providing an additional £10 million of funding, taking the total available to £40 million for Phase One.

They stated that the money would ensure that residents and communities felt the positive change that HS2 could bring to their local areas, showing what HS2 could give back and allow the economic benefits of HS2 to be spread more widely.

4) Did HS2 Ltd seek external advice on the development of the Funds?

In December 2014, New Philanthropy Capital (NPC) facilitated engagement workshops with Local Authorities, Local Enterprise Partnerships and Environmental Non-Governmental Organisations. These events were well attended: forty-four delegates took part in total. This essential stakeholder engagement helped shape key elements of the fund.

Following the workshops, HS2 Ltd then sought advice from Cabinet Office colleagues to consider the recommendations from the workshops and develop proposals for the governance and management of the Funds. HS2 Ltd/DfT also met with experienced grant administration bodies and other government departments to support this development.

5) Why is a Grant Management Body and not HS2 Ltd administering the Funds?

The management of the Funds has been outsourced to an existing grant management body, Groundwork UK who are experienced in this type of work and were selected through a competitive and open tender process. They are

an independent and impartial organisation, separately registered and governed from HS2 Ltd and DfT. Funds distributed by the body will aim to ensure the greatest public benefit for communities and economic benefit for the business community in Phase One.

6) Why does the Secretary of State for Transport have an input into decisions when the Funds are managed by an independent body?

The role of the Secretary of State is to make the final decision on high value awards, having considered the recommendations of the independent Panel. This allows for a wholly independent assessment and Panel review process, but also allows for ministerial oversight of how public money is being spent.

7) How was the Chair of the Funds appointed?

HS2 Ltd commissioned a search firm who carried out the open recruitment process for the appointment of the independent Panel Chair. This position was appointed on 20th January 2016, and the successful candidate was Cathy Elliott. Biographies for Cathy and all the Panel members can be found on the Groundwork website.

8) How were the other panel members appointed? How can we be assured that the independent Panel have the right expertise to make decisions on the funding applications? Are they paid and if so how much – are they paid for their time or just expenses?

The four independent Panel members were appointed by HS2 Ltd in December 2016, following an open and rigorous recruitment process to which over 40 individuals applied. The interviews were carried out by members of staff from HS2 Ltd and DfT alongside Cathy Elliott, independent Panel Chair. The appointed Panel members have experience in delivery of successful community-led environmental projects, a track record in providing advice and support to small and medium size businesses and experience of managing local government or third sector grant programmes. The independent Panel members are paid a day rate of £400 for up to eight days a year. Their fees are not paid out of the £40m funding pot.

9) Isn't HS2 Ltd just trying to buy off opposition with these Funds?

No, HS2 Ltd considered options for these Funds for several months based on the good example set by other projects, such as Countryside Initiative established during the construction of HS1. These Funds answer the calls from many of our stakeholders for the introduction of a community fund and is another good example of how we are listening and responding to the concerns of affected parties. Of the 1,918 petitions against the Phase One hybrid Bill, 824 called for the establishment of a Community Fund and 611

petitions called for more support for businesses affected by the construction and operation of the line.

10) Why was the decision made to geographically allocate the Funds?

The HS2 Commons Select Committee, in their Second special report published on 22nd February 2016, requested that some geographical allocation of the Funds should be made. In response to this request, HS2 Ltd and DfT worked with independent Chair Cathy Elliott to determine the indicative allocations. It was decided that there should still be a single funding pot of £40m covering both the CEF and BLEF and that indicative allocation should be given at a regional level. That is, £7.5m for Greater London, £15m for the Central area and £7.5m for the West Midlands with £10m unallocated to provide flexibility in distribution, especially for cross border and route-wide projects.

Allocation of the funding in this way allows a degree of certainty for communities of the level of funding available while maintaining some flexibility to ensure that the overarching objective of the Funds are met.

Given the Funds' duration is planned to be 11 years, in line with the construction period, allocating the funding on a more specific local level would be likely to constrain the type of projects that could be supported, reducing the likelihood of larger schemes being funded which would deliver a long lasting legacy. The need to deal with cross border or route wide projects also highlights the need to ensure that not all monies are allocated geographically.

These are new Funds which still need to be tested and developed, so these allocations can be revisited at a later stage, if necessary, to ensure that good quality bids are being supported across the route.

11) What if the money is not spent in one area? Will it be lost or redistributed?

As the Funds' administrator, Groundwork will monitor the geographical spread of funding carefully. If it is the case that there is an uneven distribution of funding, then this will be addressed through more focused community engagement and support from the Groundwork. No money will be lost from the Funds if it is not spent within a particular regional area. If a redistribution of funding is required, then this will be considered at a later date when the Funds have been operational for a reasonable length of time.

For further information on CEF & BLEF, please visit www.groundwork.org.uk/hs2funds

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