

MERSEY HEARTLANDS NEW GROWTH POINT – RESOURCE ALLOCATION

1. EXECUTIVE SUMMARY

- 1.1 In July 2009, the Government announced a consultation on the reduction of New Growth Point capital funding for the year 2010/11. The effect of this consultation was to reduce Wirral and Liverpool's joint funding from £3,886,213 to £2,300,609 (a reduction of £1,565,604). On the basis of the agreed 60:40 split between Liverpool and Wirral, Wirral's capital funding for 2010/11 has been reduced by £626,242 from £1,442,802 to £816,560. A delegated response to this consultation was sent by Wirral's Cabinet Portfolio Holder for Regeneration and Planning Strategy and the Growth Point partners on 13th November 2009.
- 1.2 Although the joint response questioned the reallocation of Growth Point funding to support wider housing objectives, I can now report to Cabinet that the Government has confirmed the consultation figure. Cabinet is asked to agree that officers re-prioritise New Growth Point fund project allocations accordingly and report to a future Cabinet.
- 1.3 Liverpool City Council is the lead authority for New Growth Point funding and has reported the final funding allocations to its Executive, thus allowing the release of funding to Wirral as the partner authority. The City Council has also increased its representation on the Growth Point Executive Group from 2 Members to 3. This report therefore seeks additional representation from Wirral Members on this group, which manages the Fund on behalf of the partners, subject to final endorsement from Wirral Cabinet.

2. Background

- 2.1 New Growth Point funding was awarded to a partnership of Wirral Council, Liverpool City Council and Peel Holdings in July 2008. A joint Programme of Development was submitted in October 2008 and agreed by Communities and Local Government in December 2008.
- 2.2 Funding of £200,000 for 2008/09 was awarded and allocated to transport modelling and a joint Strategic Housing Land Availability Assessment. A total of £2,466,176 was allocated for 2009/10 (£194,406 revenue and £2,271,770 capital) and (then subject to Parliamentary approval) £3,866,213 total provisional funding for 2010/11.
- 2.3 In July 2009, Government announced that it was minded to reduce the capital funding of £3,607,005 for 2010/11 (revenue funding of £259,208 was to be unchanged) to £2,041,401 (a reduction of £1,565,604). The partners sent a consultation response

questioning the reduction in funding, which had arisen as a result of the Government's desire to assist the housing market across the country and not focus on the Growth Point areas.

- 2.4 The provisional allocations for 2010/11 saw all New Growth Point areas' capital funding reduced by 43%, with the effect that Wirral's allocation has been reduced from £1,442,802 to £816,560 (a reduction of £626,242). That provisional reduction has now been confirmed by the Government.
- 2.5 Wirral's Programme of Development priority projects were presented to Cabinet at its meeting on 25th June 2009 (Minute 39 refers). The final funding award for 2010/11 requires a further adjustment to projects to reflect the reduced funding now available. That further adjustment is delegated to the Growth Point Steering Group and then reported to the Growth Point Executive Group and Wirral Cabinet, in accordance with Cabinet's resolution of 25th June 2009.
- 2.6 Of the allocated funding, only £200,000 has been committed because Liverpool City Council did not report the allocation to its Executive Board until 20th November 2009 and consequently, funds could not be drawn down for Wirral projects. However, funding is not limited to the year of allocation and can be carried forward into subsequent years.

3. Growth Point Executive Group

- 3.1 At its meeting on 16th October 2008 (Minute 234 refers), Cabinet recommended to Council that the Leader and Deputy Leader of the Council be nominated to the Growth Point Executive Group, to work alongside two senior Members from Liverpool City Council. The Growth Point Executive Group is supported by the Executive Director for Regeneration from Liverpool City Council and the Deputy Chief Executive from Wirral Council.
- 3.2 At its Executive Board meeting on 20th November 2009, Liverpool City Council resolved that the Deputy Leader of the Council/Executive Member for Finance and Europe would also join the Growth Point Executive Group. There is therefore now an imbalance in the Growth Point Executive Group and Cabinet is asked to recommend to Council a further Wirral Council nomination to represent Wirral's interests.

4. New Growth Point Conditions

- 4.1 The award of New Growth Point funding is subject to a limited number of conditions. The funding is to be managed by Liverpool City Council as lead authority on behalf of the partners, Liverpool City Council, Wirral Council and Peel Holdings.
- 4.2 The Growth Fund allocation will be paid by the Homes and Communities Agency in two payments, in the first quarter of each financial year to the lead authority (ie Liverpool City Council) for the payment of grant. The first payment was received by the City Council in late summer 2009. The second payment for the year 2010/11 should be received by the end of June 2010, CLG having now confirmed the proposed reduction.
- 4.3 As the Growth Fund provides funding that is not ring-fenced, local areas are free to allocate the resources as they see fit, with the exception that capital must be used for

capital expenditure. There is no requirement to spend the funding within the financial year in which it is paid. All appraisal, monitoring, financial management, governance and audit of individual projects are the responsibility of the lead authority for the payment of grant.

- 4.5 The funding of any projects however, should be subject to the release of funding to Liverpool City Council by HCA. No commitments should be entered into unless the funding is secured. That would imply making any agreement conditional on the funding release to the City Council.
- 4.6 All expenditure to be funded should also be subject to the audit processes of the City Council.

5. Financial implications

- 5.1 The Mersey Heartlands Partnership of Liverpool City Council, Wirral Council and Peel Holdings has been awarded £2,466,176 funding for the financial year 2009/10 and £2,300,609 for the financial year 2010/11, to be received by Liverpool City Council as the lead authority by the end of the first quarter of the financial year.
- 5.2 As agreed by Cabinet at its meeting on 25th June 2009, it has been agreed to divide the funding in the proportion 60:40 between Liverpool City Council and Wirral Council. Wirral's share of the residual funding is £1,906,713, to be expended on Wirral's prioritised programme and including a contribution of £150,000 to Peel Holdings towards revenue expenditure on the preparation of evidence base, POD submission and an element of transport modelling. Liverpool's share is £2,860,072 to include a contribution of £150,000 to Peel for capital works to key infrastructure in Liverpool. It is a condition of the grant allocation that revenue funding can only be used for revenue expenditure.

Table 3: Mersey Heartlands New Growth Point funding summary

	2009/10			2010/11			2009/10-2010/11		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	£	£	£	£	£	£	£	£	£
Liverpool	116,644	1,213,062	1,329,706	155,525	1,224,841	1,380,366	272,169	2,437,903	2,710,072
Wirral	17,762	908,708	926,470	13,683	816,560	830,243	31,445	1,725,268	1,756,713
Peel	60,000	150,000	210,000	90,000	0	90,000	150,000	150,000	300,000
Total	194,406	2,271,770	2,466,176	259,208	2,041,401	2,300,609	453,614	4,313,171	4,766,785

- 5.3 Many of the Wirral projects support and augment funding available through the Housing Market Renewal Initiative and will result in improved housing choice for existing Wirral residents. These projects will be audited through the arrangements already in place for HMRI.
- 5.4 All projects must be subject to the payment, audit and management processes of Liverpool City Council and no expenditure can be incurred before adequate resources have been released to the City Council.
- 5.5 Project re-prioritisation may be required within the revenue or capital funding streams. Any such re-prioritisation will be reported to Cabinet in accordance with the

governance arrangements put in place for the Growth Fund (agreed by Cabinet 16th October 2008, Minute 234 refers).

6. Staffing implications

6.1 There are no implications arising directly from this report.

7. Equal Opportunities/Equality Impact Assessment

7.1 There are no implications arising directly from this report.

8. Community Safety implications

8.1 There are no implications arising directly from this report.

9. Local Agenda 21 implications

9.1 There are no implications arising directly from this report. However, infrastructure improvements which enable the development of a sustainable community at the heart of the Housing Market Renewal Initiative area are intended to reduce the need to travel and provide local employment and improved housing choice.

10. Planning implications

10.1 Whilst the joint Growth Point bid has been approved in principle by CLG, it has little status as a material consideration in development plan terms. However, the increase in housing development focused on Wirral Waters is in a sustainable location, using previously developed land in the spatial priority area within RSS.

10.2 The spatial strategy and the infrastructure requirements of the New Growth Point bid will be incorporated within Wirral's Local Development Framework Core Strategy, which is currently at Spatial Options stage (Cabinet 26th November 2009, Minute 200 refers).

10.3 Individual infrastructure proposals identified in the Programme of Development may require planning permission.

11. Anti-poverty implications

11.1 The Growth Point proposals are intended to support the regeneration of some of the Borough's poorest communities and to improve the economic conditions of residents within them.

12. Human Rights implications

12.1 There are no implications arising directly from this report.

13. Social Inclusion implications

13.1 The Growth Point bid is intended to regenerate the core of the HMRI area and allow for effective engagement of residents. This is consistent with the Council's objectives for Wirral Waters and the Council's Corporate Objectives 'To create more jobs,

achieve a prosperous economy and regenerate Wirral' and 'To create a clean, pleasant, safe and secure environment'.

14. Local Member Support implications

14.1 There are no implications arising directly from this report.

15. Background Papers

15.1 The following background paper has been used in the preparation of this report:

'The Growth Fund – Allocations for 2009/10 - 2010/11', Letter from Henry Cleary, Communities and Local Government, 10th December 2008

'Growth Funds – Statement by Rt Hon John Healey – Minister for Housing and Planning', Communities and Local Government, 15th December 2009

RECOMMENDATIONS

- (1) That in the light of reduced Growth Point funding for 2010/11, Cabinet agrees that the Director of Corporate Services (or any officer authorised by the Director) re-prioritise Growth Point projects and that the re-prioritised projects be reported as soon as practicably possible to the Growth Point Executive Group and Cabinet for approval.
- (2) That Cabinet nominates to Council an additional Wirral Member to represent Wirral Council on the joint Liverpool City Council:Wirral Council Growth Point Executive Group.

J. WILKIE

Deputy Chief Executive/Director of Corporate Services

This report was written by Richard Lewis in the Strategic Development Division of Corporate Services, who can be contacted on 0151 691 8222.