

WIRRAL COUNCIL

CABINET – 14th October 2010

REPORT OF THE INTERIM DIRECTOR OF CORPORATE SERVICES

MERSEY HEARTLANDS GROWTH FUND

1. EXECUTIVE SUMMARY

- 1.1 Funding of £920,243 has now been received by Wirral Council from the New Growth Point fund for 2010/11. Cabinet is asked to agree revisions to the agreed Programme of Development projects for 2010/11.
- 1.2 The funding is to be used to support the housing market in Inner Wirral and help to deliver additional homes before 2016/17. Members will be aware that the Council's Planning Committee has resolved to grant planning permission for over 15,000 new homes in Wirral Waters but progress has been hindered by the current lack of strength in the housing market.
- 1.3 The Mersey Heartlands Growth Fund is overseen by a Member-level Executive Group, jointly with Liverpool City Council, which endorses recommendations to Wirral's Cabinet. Cabinet is asked to nominate three Members to the Executive Group.

2. Introduction

- 2.1 New Growth Point funding was awarded to a partnership of Wirral Council, Liverpool City Council and Peel Holdings in July 2008, with the intention of stimulating the housing market in Inner Wirral and achieving accelerated rates of housing delivery across the partnership area. A joint Programme of Development was submitted in October 2008 and agreed by Communities and Local Government in December 2008.
- 2.2 Initial funding of £200,000 for 2008/09 was used for joint transport modelling and the preparation of a joint Strategic Housing Land Availability Assessment with Liverpool City Council (study results reported to Cabinet 2nd September 2010, Minute 121 refers). A total of £2,466,176 was allocated to the partnership for 2009/10, of which Wirral Council received £926,470 (agreed as 40% of the total sum).
- 2.3 Cabinet received a report on 4th February 2010, setting out the Government's proposals for allocating funding in 2010/11. The Growth Point funding had been reduced nationally and following consultation, the Government announced that the Mersey Heartlands partnership would receive £259,208 in revenue funding and £2,041,401 capital funding for 2010/11 (a total of £2,300,609, to be divided 60:40 between Liverpool City Council and Wirral Council).
- 2.4 Following the election of the coalition Government in May 2010, Government began a review of spending priorities, including regeneration funding, to address the impact on funding as a result of the recession. Although the Government has reduced funding for Housing Market Renewal, the 2010/11 Growth Point funding has now been received, at the levels announced in July 2009. Wirral has therefore received

£103,683 in revenue funding for 2010/11 and £816,560 in capital funding. A commitment to support Peel Holdings evidence base preparation has reduced the amount of revenue allocated for spending by Wirral Council to £13,683 for 2010/11.

3. Programme of Development

- 3.1 The partnership agreed a Programme of Development with Government in December 2008 (reported to Cabinet 16th October 2008, Minute 234 refers), which included a schedule of schemes in both Liverpool and Wirral. Due to delays in the drawing down of funding from Communities and Local Government, the order in which projects could be brought forward may have to be varied. This report therefore seeks Cabinet's agreement to variations on the Programme of Development before those projects are implemented. The proposed revisions to the Programme of Development projects for Wirral are at Appendix 1 to this report.
- 3.2 Funding for 2008/09, 2009/10 and 2010/11 has been divided as follows (in accordance with the 60:40 split agreed between Wirral Council and Liverpool City Council:

District	2008/09	2009/10	2010/11	Total
TOTAL				
Capital		£2,271,770	£2,041,401	£4,313,171
Revenue		£194,406	£259,208	£453,614
Total	£200,000	£2,466,176	£2,300,609	£4,966,785
Liverpool				
Capital		£1,363,062	£1,224,841	£2,587,903
Revenue		£116,644	£155,525	£272,169
Total	-	£1,479,706	£1,380,366	£2,860,072
Wirral				
Capital		£908,708	£816,560	£1,725,268
Revenue		£77,762	£103,683	£181,445
Total	-	£986,470	£920,243	£1,906,713

Note: 2008/09 funding of £200,000 for set up projects.

Note 2: Revenue funding for 2009/10-2010/11 - £150,000 to Peel Holdings

Capital funding for 2009/10-2010/11 - £150,000 to Peel Holdings

4. Progress on projects

2008/09

4.1 The initial funding of £200,000 for 2009/10 has been expended on two joint projects, which are now both complete:

- Transport modelling - £95,000 on joint model development with Liverpool City Council;
- Strategic Housing Land Availability Assessment - £95,000 on joint assessment with Liverpool City Council (reported to Cabinet 2nd September 2010, Minute 121 refers)

4.2 The remaining £10,000 was agreed to be retained by the City Council to administer the joint elements of the programme.

2009/10

4.3 Capital funding of £908,708 assigned to Wirral for 2009/10 has been expended on one major project:

- Transport modelling - £158,078 development of a transport model for North Wirral

4.4 The original Programme of Development for 2009/10 showed a sum of £600,000 towards new build shared equity support in the HMRI area. Due to difficulties in setting up this project, there has been no funding released to homebuyers under this heading. However, Growth Fund conditions do not ring-fence and allow for the carry forward of funding. The outstanding balance of £750,630 capital has therefore been carried forward to 2010/11.

4.5 Revenue funding of £77,762 assigned to Wirral for 2009/10 was allocated to:

- Transport modelling - £5,000;
- Economic viability assessment - £10,000;
- Support to Peel Holdings for evidence base and project submission - £60,000

4.6 As the transport modelling and economic viability elements were not completed in 2009/10, the outstanding balance of £17,762 has been carried forward into 2010/11 in accordance with the Growth Point funding conditions.

2010/11

4.7 Capital funding for 2010/11 has been assigned to:

- Housing Market Renewal Initiative, site acquisitions for new build development in north Birkenhead - £1,200,000 (this includes £600,000 carried forward from 2009/10 originally allocated to shared equity schemes);
- Transport modelling – carry forward of £111,922 from 2009/10;
- Transport infrastructure – contribution towards capital dock bridge works - £250,000

4.8 This identified capital funding allows the completion of the Transport modelling for North Wirral, which assesses the wider implications of Wirral Waters and the transport implications of investment in Central Birkenhead and the broader HMRI

area. It is a condition of the Growth Point funding that partnerships assess the impact of new development on the transport network. Capital bridge works will supplement the contributions to be made by Peel Holdings towards bridge works around Wirral Waters.

- 4.9 Further site acquisitions in the HMRI area, will allow that programme to maintain forward momentum, delivering sites for new housebuilding. Growth Point funding will reduce the impact of the cut of £1.67 million in HMRI funding for 2010/11. This is a critical area, as the Growth Point is intended to demonstrate an increased rate of housebuilding, over and above previously planned rates. Members will be aware that in response to the recession, the Government agreed a lower Local Area Agreement rate of housing delivery for Wirral and that a lower figure than originally proposed for the Growth Point is being consulted upon as part of the Local Development Framework Core Strategy Preferred Options.
- 4.10 However, significant progress is being made on housing supply, with the granting of planning permission (subject to section 106 agreement and the views of the Secretary of State on the East Float application) for 15,193 new dwellings at Wirral Waters. Although significant housing delivery from Wirral Waters is not likely before 2017, Growth Point funding is being used to put in place the studies and infrastructure required to restructure the housing market in Inner Wirral. Funding HMRI acquisition will allow the HMRI redevelopment programme in North Birkenhead to continue, delivering new homes within some of the Borough's most deprived areas. These areas are also in the 'partnership areas' for Wirral Waters, providing new development to complement that to come forward in later years in the Wirral Waters 'core' development sites.
- 4.11 Revenue funding for 2010/11 of £25,000 has been assigned to completing the Strategic Housing Market Assessment and Affordable Housing Economic Viability Assessment (Fordham Associates, reported separately to this Cabinet). A further tranche of £90,000 has been assigned to Peel Holdings, as agreed by Cabinet 25th June 2009 (Minute 39 refers).
- 4.12 Growth Point conditions require the preparation of a Water Cycle Study and Green Infrastructure Strategy. Both of these studies are to be prepared in 2010/11 (this Cabinet includes a report on the commissioning of a joint Water Cycle Study and the need to prepare a Green Infrastructure Strategy was reported to Cabinet on 22nd July (Minute 89 refers)). However, Growth Point fund revenue resources are very limited and it is proposed to use Investment Strategy resources to fund these two studies, which overlap with the Local Development Framework, Growth Point, HMRI and Wirral Waters delivery.

5. Governance

- 5.1 A senior officers' Steering Group oversees the Mersey Heartlands programme, reporting to an Executive Group comprising 3 senior Members (including the Leader and Deputy Leader) from each of Wirral Council and Liverpool City Council. This Executive Group endorses recommendations to Wirral's Cabinet and Liverpool's Executive.
- 5.2 Following changes in the administration of Wirral and Liverpool Councils, Cabinet is asked to nominate three new Members to the Executive Group. Wirral's

representative on the senior officers' Steering Group will continue to be the (Acting) Director of Corporate Services.

6. Financial implications

- 6.1 The financial implications are as set out in the report. New Growth Point funds of £986,470 (2009/10) and £920,243 (2010/11), totalling £1,906,713 have been received by the Council. Cabinet has previously agreed a funding contribution to Peel Holdings of £150,000, leaving a residual for Wirral projects of £1,756,713. Due to difficulties in programming spending during 2009/10, £768,392 has been carried forward in accordance with CLG guidelines and has been assigned to a number of projects, to a total sum of £1,750,020.
- 6.2 Revenue expenditure over and above that programmed from Growth Point funding (Water Cycle Study and Green Infrastructure Study), will be funded from identified Investment Strategy resources.
- 6.3 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.
- 6.4 All projects must be subject to the payment, audit and management processes of Liverpool City Council and no expenditure has been incurred before adequate resources have been released by the City Council to Wirral Council.
- 6.5 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).

7. Staffing implications

- 7.1 There are no implications arising directly from this report.

8. Equal Opportunities/Equality Impact Assessment

- 8.1 There are no implications arising directly from this report.

9. Community Safety implications

- 9.1 There are no implications arising directly from this report.

10. Local Agenda 21 implications

- 10.1 The acquisition of sites within the HMRI area and their development with new sustainable homes will reduce energy consumption.

11. Planning implications

- 11.1 Whilst the joint Growth Point bid has been approved by CLG, it has little status as a material consideration in development plan terms. However, the increase in housing development focused on and around Wirral Waters is in a sustainable location, using previously developed land in the Council's priority area.
- 11.2 The spatial strategy and infrastructure requirements of the New Growth Point bid are being incorporated within Wirral's Local Development Framework Core Strategy.
- 11.3 Individual infrastructure proposals identified in the Programme of Development may require planning permission.

12. Anti-poverty implications

- 12.1 The redevelopment of HMRI sites acquired with Growth Point funds will provide new affordable homes, regenerating some of the Borough's poorest communities.

13. Human Rights implications

- 13.1 There are no implications arising directly from this report.

14. Social Inclusion implications

- 14.1 The Growth Point bid is intended to regenerate the core of the HMRI area. 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'.

15. Local Member Support implications

- 15.1 There are no implications arising directly from this report.

16. Background Papers

- 16.1 No background papers have been used in the preparation of this report.

RECOMMENDATIONS

- (1) That Cabinet agrees to the variations in the Programme of Development project schedule, as set out at Appendix 1 to this report, subject to variation due to re-prioritisation within Liverpool or Wirral being considered by the Steering Group and that re-prioritisation is reported to the next available meeting of the Executive Group for their endorsement and recommendation to Wirral's Cabinet.
- (2) That Cabinet agrees that the revised Wirral projects will be incorporated within the relevant Council revenue or capital programmes.
- (3) That Cabinet nominates three Members to serve on the joint Growth Point Executive Group with Liverpool City Council.

K. ADDERLEY

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