

MERSEY HEARTLANDS NEW GROWTH POINT – RESOURCE ALLOCATION

1. EXECUTIVE SUMMARY

- 1.1 Following submission of a joint New Growth Point Programme of Development, the Department for Communities and Local Government has awarded £6,332,389 to the Mersey Heartlands Partnership for the years 2009/10 (£2,466,176) and 2010/11 (£3,866,213 subject to Parliamentary approval). The partners, Wirral Council, Liverpool City Council and Peel Holdings, have revised the Programme of Development submitted to Government in October 2008 to reflect funding availability.
- 1.2 The funding is to be used to help deliver additional homes before 2016/17 and in Wirral is focused on Wirral Waters and the surrounding Housing Market Renewal Initiative Area. Because of the current difficult economic circumstances, direct housing provision is limited and Wirral's projects aim to support new homebuyers in the HMRI area, strategic acquisitions and the planning of infrastructure to put in place the conditions for new development when the market improves.
- 1.3 Cabinet is asked to agree the allocation of grant between Liverpool City Council and Wirral Council in the proportion 60:40, reflecting the relative population of the City and Wirral. Cabinet is further asked to agree an allocation of £150,000 revenue funding to Peel Holdings (a capital funding allocation of £150,000 is to be made by the City Council).
- 1.4 Cabinet is also asked to agree the prioritisation of projects set out in the Appendix to this report, recognising that re-prioritisation might occur. Those projects are also to be incorporated within relevant Council revenue or capital programmes.

2. Introduction

- 2.1 Wirral Council, in partnership with Liverpool City Council and Peel Holdings submitted a bid to the Department for Communities and Local Government (CLG) for New Growth Point funding in October 2007 (Cabinet 18th October 2007, Minute 312 refers). The joint bid was approved by CLG in July 2008 and an initial award of £200,000 for 2008/09 was made, which was used to fund two projects: – a joint Strategic Housing Land Availability Study (in Wirral's case augmenting funding of £25,000 agreed by Cabinet at its meeting on 15th March 2007, Minute 284 refers); and joint transport modelling. A sum of £10,000 was retained by Liverpool City Council as lead authority to manage the fund.
- 2.2 The CLG invited bids through a Programme of Development (POD) into the national funding pot of £97 million for the years 2009/10 and 2010/11. At its meeting on 16th October 2008, Cabinet agreed to the submission of a POD covering projects in Liverpool and Wirral, which had a final value of £46,791,000 (Minute 234 refers).

- 2.3 The CLG award of £6,662,389 to the joint bid for the years 2009/2010 and 2010/2011 was announced on 10th December 2008, with payment expected at the end of the first quarter of each subsequent financial year. This figure compares with awards to Mid Mersey (St Helens, Halton and Warrington) of £4,039,815 and West Cheshire (Cheshire West and Chester) of £3,432,924.

Table 1: Mersey Heartlands Growth Fund allocation 2009/2010-2010/2011

| | 2009/2010 | 2010/2011 | Total |
|--------------|-------------------|-------------------|-------------------|
| Capital | £2,271,770 | £3,607,005 | £5,878,775 |
| Revenue | £194,406 | £259,208 | £453,614 |
| Total | £2,466,176 | £3,866,213 | £6,332,389 |

- 2.4 The £6.3 million funding is to be used to help deliver an additional 26,460 more homes to 2016/17, 4,410 more than previously planned. The funding comes with increased flexibility for local authorities, who can decide how to spend it in accordance with the POD. The POD includes defined target dates for the grant of outline planning permission for major and key sites identified to be brought forward within 2008/2009–2010/2011 to secure the delivery of the housing trajectory. In Wirral, the first of these key sites is Northbank, in Wirral Waters, on which a planning application was submitted in February 2009. These targets will be scrutinised by Government.
- 2.5 Liverpool City Council is the lead authority for the Growth Point funding, with an Operational Group of Liverpool and Wirral officers reporting to a Steering Group of senior Council officers from the two authorities and a Director of Peel Holdings. The Steering Group makes recommendations to an Executive Board of two Wirral and two Liverpool Members (see Cabinet report 16th October 2008, Minute 234 refers). Whilst the funding is not ring-fenced, the split between revenue and capital expenditure must be adhered to and all appraisal, monitoring, financial management, governance and audit of individual projects are the responsibility of the lead authority for the payment of grant.

3. The Allocation of Growth Fund between the Partnership Members

- 3.1 The principle adopted for division of the £6.3 million funding has been on the basis of the relative populations of Liverpool and Wirral. At Mid Year 2007, the population of Liverpool was 435,500 and Wirral 310,200 (ONS), representing a 60:40 proportion.
- 3.2 The submitted POD contained a list of projects, to be prepared jointly (eg. sub-regional transport modelling) or specific to Liverpool or Wirral. One of the areas of joint funding has been the contribution made by Peel Holdings in preparing and submitting the Growth Point bid. The partnership with Peel Holdings was a very important element of the Mersey Heartlands bid, as CLG wished to see private sector involvement in the New Growth Point bids.
- 3.3 It is proposed to allocate Peel £300,000 of the £6.3 million, as a contribution to the bid preparation, evidence base, an element of transport modelling and in Liverpool capital funding for key infrastructure. The £300,000 has been divided equally between Wirral and Liverpool, with Liverpool's £150,000 from its capital allocation and Wirral's £150,000 from its revenue allocation. Although the normal division of the Growth

:Point funding is on a 60:40 basis, it is recognised that Peel Holdings proposals are further advanced in Wirral and the evidence base work carried out by Peel has more value to Wirral in supporting Wirral Waters and therefore the Peel allocation is divided 50:50 between Liverpool and Wirral.

- 3.4 As Members will be aware, the Growth Point in Wirral is centred on Wirral Waters and the Housing Market Renewal Initiative. Peel Holdings have prepared an extensive evidence base, which can be used for the Growth Point and Wirral Waters. The evidence base is intended to be integrated within the Wirral Local Development Framework.
- 3.5 Members will also be aware of the volume of evidence required in support of the Local Development Framework. Peel Holdings are preparing a Strategic Regeneration Framework for Wirral Waters, consistent with advice provided by the Commission for Architecture and the Built Environment (CABE). This framework will be integrated within the Local Development Framework and the evidence base provided by Peel would otherwise have to be prepared by the Council
- 3.6 Table 2 below shows the effect of allocating £150,000 capital from Liverpool and £150,000 revenue from Wirral. Whilst Liverpool's capital element can be taken from year 1 (2009/10), the reduced amount of total revenue available in the programme requires the division of the revenue allocation from Wirral to Peel over 2 years (£60,000 in year 1 and £90,000 in year 2).

Table 2: Distribution of Growth Point Funding

| | 2009/10 | 2010/11 | Total | Notes |
|--|---|--------------------------------|-------------------|--|
| Liverpool 60% minus £150,000 capital to Peel in year 1 | | | | |
| Capital | £1,363,062- £150,000 = £1,213,062 | £2,164,293 | £3,377,265 | Liverpool capital contribution to Peel 2009/10 |
| Revenue | £116,644 | £155,525 | £272,169 | |
| Liverpool total | £1,329,706 | £2,319,828 | £3,649,434 | |
| Wirral 40% minus £150,000 revenue to Peel over 2 years | | | | |
| Capital | £908,708 | £1,442,802 | £2,351,510 | |
| Revenue | £77,762- £60,000 = £17,762 | £103,683- £90,000 = £13,683 | £31,445 | Wirral revenue contribution to Peel divided over 2 years to accommodate CLG allocation |
| Wirral total | £926,470 | £1,456,485 | £2,382,955 | |

3.7 The final allocation of £6.3 million has required some re-prioritisation of the original POD as submitted in October 2008, in accordance with a set of agreed criteria:

Priority 1 projects are those which:

- *Are critical to the delivery of housing growth and which, if they were not to go ahead, would most severely jeopardise delivery of the growth;*
- *Have strong support from both local authorities and community and stakeholder endorsement;*
- *Are consistent with existing plans and strategies;*
- *Need to be delivered early in the growth period.*

The methodology for prioritisation is to prioritise according to the following criteria:

- *Deliverability – what can have the biggest impact in terms of sustainable housing growth;*
- *Policy compliance and fit with existing strategy;*
- *Support of the partners and stakeholders;*
- *The extent to which the outcome is needed in terms of housing and wider regeneration objectives, including addressing economic growth and tackling worklessness;*
- *Value for money;*
- *The extent to which the project/item would be complementary to existing initiatives and also act as a catalyst to housing and economic growth;*
- *Contribution towards sustainability objectives, transport objectives, green infrastructure, environmental heritage assets, place making and high quality design.*

3.8 The full list of Wirral projects is set out in Appendix 1 to this report and summarised in a list in Appendix 2. The projects have been prioritised according to the criteria set out above. A breakpoint has also been introduced into the list to show where the first two years of funding could be applied to the Wirral element of the funding.

3.9 Whilst the overall New Growth Point objectives are to maximise housing growth, the partners (and CLG) recognise the current difficulties in developing new housing. Therefore projects also include infrastructure improvements (including transport and green infrastructure) whose aim is to put in place an improved environment for new housing growth, to be delivered as the market recovers. Many of the projects are supportive of existing HMRI priority areas and programmes (such as the support given to new homeowners) and share best practice across the HMRI in Liverpool, Wirral and Sefton.

4. The Peel Projects

Bid preparation

- 4.1 Peel and their consultants, Turley Associates, carried out extensive work to prepare the original Expression of Interest for the Mersey Heartlands NGP bid (October 2007), a document setting out Additional Information for CLG (January 2008) and the Programme of Development (October 2008). This also involved attendance at Operational Group meetings and in briefings with CLG and Government Office North West (GONW), in addition to background research, drafting of reports, graphics and presentational material.

Wirral NGP Evidence Base and Transport Modelling

- 4.2 In support of the Wirral Waters development proposals (which with Liverpool Waters form an essential underpinning to the Mersey Heartlands NGP bid), Peel and their consultants, Turley Associates have carried out extensive work to prepare an evidence base, which has been used for the NGP bid. The evidence base also supports the submitted planning applications at Northbank (an early expression of commitment to new housing growth at the heart of the NGP area) and is intended to be incorporated within Wirral Council's LDF Evidence Base. Peel Holdings are also engaged in joint work with the two local authorities on transport modelling. In Wirral, this will involve the development of a micro-simulation model, which allows local assessment of the transport network. This can be combined with higher level macro modelling across Wirral and particularly within the inner Birkenhead/town centre/Housing Market Renewal Initiative area around Wirral Waters.
- 4.3 Wirral Waters is being taken forward through a Strategic Regeneration Framework, which is to be integrated within Wirral Council's Core Strategy and subsequent Local Development Documents. In that respect, the Wirral NGP Evidence Base provides essential information that would otherwise have had to be prepared by Wirral Council in support of an Area Action Plan for the Wirral Docklands. Officers are currently focusing on preparation of Wirral's Core Strategy and individual Area Action Plans can only be prepared once the Core Strategy is advanced. The Peel NGP Evidence Base and Strategic Regeneration Framework allows a 'twin-track' approach to be followed, in order to save time and resources in the future.
- 4.4 These revenue elements have been allocated £150,000 (Items 1,2 and 3 under Joint Funding on the attached spreadsheet at Appendix 2).

Liverpool Proposals

- 4.5 Whilst Peel's support for the joint submission of the Expression of Interest and Programme of Development benefitted both Liverpool and Wirral, the Evidence Base for Liverpool Waters is not as advanced as the Wirral Evidence Base. Liverpool City Council has however, identified a key infrastructure investment that can be brought forward in the short term and would unlock housing sites in the Liverpool Growth Point area. Capital contribution of £150,000 has been allocated to this element.

5. New Growth Point Conditions

- 5.1 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.
- 5.2 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 should therefore be received by the City Council by the end of June 2009. The second payment for the year 2010/11 should be received by the end of June 2010 but is subject to CLG's medium term financial planning and will not be confirmed until Spring 2010.
- 5.3 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.
- 5.4 The attached spreadsheet at Appendix 2 shows in detail for Wirral the available revenue and capital funding in the two years 2009/10 and 2010/11. There is a limited amount of revenue available for year 2009/10 when set against the Peel joint funding requirements. Some of this should therefore be offset against 2010/11 (subject to Liverpool City Council's audit requirements). Over the two years however, there is sufficient revenue and capital funding to accommodate the Priority 1 projects of the partners to the limit of the available NGP funding.
- 5.5 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.
- 5.6 All expenditure to be funded should also be subject to the audit processes of the City Council.

6. Financial implications

- 6.1 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, to be received by Liverpool City Council as the lead authority by the end of the first quarter of the financial year. Funding of £3,886,213 for 2010/11 is provisional pending CLG agreement to its release.
- 6.2 Of the total 2 year funding of £6,332,389, it is proposed to divide the funding in the proportion 60:40 between Liverpool City Council and Wirral Council. Wirral's share of the residual funding is £2,532,956, 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 £3,799,433 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 | 2,164,203 | 2,319,728 | 272,169 | 3,377,265 | 3,649,434 |
| Wirral | 17,762 | 908,708 | 926,470 | 13,683 | 1,442,802 | 1,456,485 | 31,445 | 2,351,510 | 2,382,955 |
| 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 | 3,607,005 | 3,866,213 | 453,614 | 5,878,775 | 6,332,389 |

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 can be incurred before adequate resources have been released to the City 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 implications

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 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.

11. Planning implications

11.1 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.

11.2 The spatial strategy and the infrastructure requirements of the New Growth Point bid will be incorporated within Wirral's Local Development Framework Core Strategy.

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

12. Anti-poverty implications

12.1 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.

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 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'.

15. Local Member Support implications

15.1 There are no implications arising directly from this report.

16. Background Papers

16.1 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

RECOMMENDATIONS

- (1) That Cabinet agree the distribution of New Growth Point Grant allocation at a ratio of 60:40 between Liverpool City Council and Wirral Council respectively.
- (2) That Cabinet agrees an allocation of £150,000 revenue funding to Peel Holdings, £60,000 in year 2009/10 and £90,000 in year 2010/11 (the latter subject to CLG confirmation) and note that Liverpool City Council is to make an allocation of £150,000 capital funding from year 2009/10.
- (3) That Cabinet agrees the prioritisation of projects as set out in this report, subject to variation due to re-prioritisation within Liverpool or Wirral being delegated to the Steering Group and that re-prioritisation is reported to the next available meetings of the Executive Group and Wirral Cabinet.
- (4) That Cabinet agrees that Wirral projects will be incorporated within the relevant Council revenue or capital programmes.

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