

Cabinet

28 August 2008

Durham New Growth Point



Report of Roger Elphick, Acting Corporate Director, Environment (Cabinet Portfolio Member for Economic Regeneration – Councillor Neil Foster)

Purpose of the Report

- 1 The purpose of this report is to update Cabinet on the progress of the Durham New Growth Point bid, set out the implications of its inclusion in the confirmed list of New Growth Points, outline the next steps and request agreement to continuing to develop the proposals.

Background

- 2 The New Growth Points Programme forms part of a series of Government measures since 2001 to provide more housing; originally focussed on relieving housing pressures in South East England. In October 2006, 29 locations across the East, South East, South West, East Midlands and West Midlands were named first "New Growth Points" (NGP). The Housing Green Paper 2007 included an additional round of the New Growth Points Programme and, for the first time, welcomed bids from Northern England.
- 3 Initially, it was expected that in the North East invitations to bid would be focussed on existing Housing Pathfinders in the urban centres. However, at a late stage Government Office North East made it clear that bids were welcomed from all sub regions and at a County Chief Executive's meeting last year it was agreed that the development of a bid be managed through the Housing Neighbourhoods Partnership Board. Accordingly, a bid was prepared in very short order, principally involving the district councils of Sedgefield, Easington and Wear Valley.
- 4 In October 2007 the Durham Housing and Neighbourhoods Partnership submitted a bid covering 'South and East Durham' to Communities and Local Government (CLG). Reference to the bid was included in the report to Cabinet on "Draft Revision of Regional Spatial Strategy for the North East: Secretary of State's Further Proposed Changes." In July 2008, CLG announced that the Durham bid was one of 20 successful second round bids eligible to share £100m through the Growth Fund. This was confirmed with a letter to John Richardson on 23 July 2008 along with further outline guidance.

Summary of the bid

- 5 The Durham NGP bid aims to create 14,500 net additional homes before 2016 in the districts of Easington, Sedgefield and Wear Valley. The bid is linked to the Coalfield Housing Market Renewal Programme.

Durham NGP is centrally located in County Durham in order to be “City Region neutral”. It focuses on two growth ‘corridors’:

- a. the A19 corridor: encompassing the towns of Peterlee and Seaham;
 - b. the Bishop Auckland to Darlington Corridor: encompassing the towns of Bishop Auckland, Newton Aycliffe, Shildon and Spennymoor.
- 6 Although the primary purpose of the bid is housing growth, the new housing will be linked to town centre regeneration and new job creation via the accelerated development of nine employment and mixed-use development sites. The programme will improve the environmental, economic and social sustainability of these existing settlements. It will also link with ongoing master-planning in Peterlee and Bishop Auckland town centres and will lead to transport, healthcare and education improvements in the two corridors. These matters will be considered and revised as necessary in the “Programme of Development” which Government will require as part of the next steps (see below).

Funding

- 7 The CLG announcement of Durham’s successful growth point bid was accompanied by a proposal to make £100m available for NGPs through the “Growth Fund”. Following a recent consultation, the government will release final details of the Growth Fund in Autumn 2008. Outline guidance suggests New Growth Points will be able to access “unringfenced block capital grants” from this fund in 2009/10 and 2010/11.
- 8 In April 2008, CLG also released bidding guidance for the £300m ‘Community Infrastructure Fund 2’ (CIF). Although £100m of this is reserved for the Thames Gateway, the bidding guidance clearly states that the remaining £200m is available for Growth Areas, Growth Points and Eco-towns. CLG bidding guidance outlines the principal purposes of this fund:
- “CIF is designed to complement mainstream transport funding...” and
- “...will fund the type of schemes that are vital locally to unlocking large housing development sites, enabling the acceleration of housing development and improving the sustainability of major locations of housing growth.”
- 9 Therefore Durham NGP could share in £300m of funding. Furthermore, although both funding streams are available to new ‘eco-towns’, ongoing opposition in other parts of the country may dissuade the Government from taking forward eco-town proposals; there is no eco-town proposal in our region. If this happens and no alternatives are brought forward, there is a possibility that the share of funding for NGPs could increase.
- 10 Achieving the Durham NGP programme will require significant private investment and with the ongoing credit crunch and a downturn in commercial and housing property markets this is likely to cause obstacles.

Next steps

- 11 The next steps will become clearer once CLG finalise details of the £100m Growth Fund for NGPs in Autumn 2008. However, the CLG confirmation letter (attached at Appendix 2) outlines the following key points:

- a. The partnership between the Government and each NGP will be referred to as the “Partnership for Growth” and is intended to be a long-term partnership.
 - b. NGP is not a statutory designation and proposals will be subject to consultation, testing and examination through the statutory planning process.
 - c. If the levels of growth proposed for NGPs are significantly below those of the Regional Spatial Strategy the Government may need to “review whether the partnership should continue”.
 - d. The initial funding allocation for the Durham bid is £100,000, to be used for working up a “Programme of Development” and its first stage, and Expression of Interest. These must be prepared for each NGP and updated as NGP proposals advance through the planning system and infrastructure commitments are made. Further guidance on developing the Programme of Development will be “issued shortly”.
 - e. The accountable body in receipt of funding will need to be agreed by the Durham partnership.
 - f. NGPs should be exemplars of sustainable development including the provision of education and health and provide an opportunity to reduce the carbon footprint of new housing.
 - g. The new Housing and Communities Agency will be involved in the delivery of the NGPs.
 - h. All infrastructure costs should be met through existing programmes such as DfT, CLG, Regional Funding Allocations, and growth funds which suggests funding may be available through the CIF.
- 12 The Durham NGP represents an opportunity for positive development in the County, based on an integrated approach to housing, employment, transport and the implementation of the Durham NGP will fall after April 2009 and hence the new authority will now need to take a more leading role in the its development. Although monies are available for the preparation of the Development Programme, this will take place at the same time as substantial changes in the Planning system linked to the implementation of the Sub National Review of Economic Development and Regeneration. The combined effect of the emergence of the new authority, the requirement for it to prepare a Countywide Local Development Framework and the new role of One NorthEast as the Strategic Planning body will place substantial pressures on resources to deliver this opportunity for County Durham.

Recommendations and Reasons

- 13 It is recommended that officers continue to pursue the preparation of the Durham NGP Development Programme and that the Expression of Interest is reported to Cabinet for consideration prior to submission.

Background Papers

Communities and Local Government confirmation letter dated 23/7/08 (attached at Appendix 2)

Contact: Bob Ward Tel: 0191 383 3444

Appendix 1: Implications

Local Government Reorganisation

(Does the decision impact upon a future Unitary Council)

Yes, the new Unitary Authority will assume responsibility for the NGP.

Finance

County Durham will be able to share in a government pot of £300m but other public sector finance is highly likely to be needed. Private sector investment is also vital.

Staffing

Not assessed at this stage.

Equality and Diversity

Not assessed at this stage.

Accommodation

Not assessed at this stage.

Crime and Disorder

Not assessed at this stage.

Sustainability

Not assessed at this stage.

Human Rights

Not assessed at this stage.

Localities and Rurality

Not assessed at this stage.

Young People

Not assessed at this stage.

Consultation

Not assessed at this stage.

Health

Not assessed at this stage.

Appendix 2: CLG Letter

Mr John Richardson
Chief Executive,
Durham County Council
County Hall,
Durham,
DH1 5UE

23rd July 2008

Dear Mr Richardson,

NEW GROWTH POINTS: PARTNERSHIP FOR GROWTH WITH GOVERNMENT-SOUTH AND EAST DURHAM

I am writing to follow up Caroline Flint's announcement on New Growth Points on 16th July (copy of written statement attached at **Annex A**). I am delighted that your authority was included in the confirmed list and the purpose of this letter is to set out how we propose to go forward. This letter sets out some of the points which we need to address on funding, as well as specific conditions (e.g. on environment and transport) arising from the cross-Government appraisal.

Partnership

The Minister announced in her Written Statement the 20 New Growth Points and set out our broad approach to a developing relationship between Government and each place, which we are calling **Partnership for Growth**. We have also published a document, to which your authorities have contributed, summarising each New Growth Point's ambitions and indicating what they expect to deliver in terms of re-shaping and regenerating places through sustainable growth. The document can be found on the DCLG website

(<http://www.communities.gov.uk/publications/housing/partnershipsforgrowth>).

Planning Status

As you will be aware, New Growth Point is not a statutory designation. New Growth Point proposals will be subject to consultation, testing and examination through the statutory planning process, in particular the relevant Regional Spatial Strategy and Local Development Frameworks. If, once the process is completed, the RSS were to set out levels of growth significantly below those proposed in your NGP bid and our scheme criteria, we would need to review whether or on what basis our partnership should continue.

Funding

I am also pleased to confirm the initial funding allocation for your growth point or growth point partnership as set out in **Annex B** to this letter. Each partnership or individual local authority (where the growth point is predicated on one local authority area) will be receiving revenue funding to support development of the Programme of Development which will be the programme management plan for the Growth Point going forward. You will need to agree with relevant partners and constituent local authorities in the partnership as to who the accountable body will be for receipt of this funding.

Your Government Office would welcome the opportunity to discuss with you in due course your emerging ideas for a Programme of Development and how future funding proposals fit into this, and the New Growth Points team here will shortly be visiting your authority with a view to discussing what this might look like building on the initial Expression of Interest.

Conditions arising from the cross-Government review

The Government's support for your authority/partnership as a New Growth Point is intended to be a long-term partnership. This is subject to a number of conditions, in addition to the need for confirmation for individual proposals as necessary through the statutory planning process. These include general conditions relating to the Government's objectives for sustainable communities, and specific conditions relating to the area covered by the growth proposals. The conditions are set out in **Annex C** to this letter.

Growth Delivery programme

The first elements of a Programme of Development will be based on the initial Expression of Interest and related material which will provide the basic terms of reference for our future discussions and any bids you may wish to make for future funding under this programme. The objective here will be to move to an "Agreed programme of development" which you would draw up as proposals advance through the planning system, and infrastructure commitments are made. The Programme of Development, together with delivery more generally, is an area in which we want to work closely with the emerging framework of the Homes and Communities Agency. Detailed guidance on developing a Programme of Development will be issued shortly and this should act as your reference point.

The discussions to date have tended to focus on how environment and transport issues need to be built in to growth plans as they develop. We are keen to encourage New Growth Points to be exemplars of sustainable development, including service provision in areas such as education and health.

I might also point out the importance of looking at realistic assumptions in terms of infrastructure investment. You will be aware that there has been ongoing cross Government work on looking at transport costs associated with growth, and I must stress the importance of all schemes having to be realistic in terms of cost, and ideally ensure that they have a degree of match funding from developers or other partners. We would also stress the need for all infrastructure costs to be met from already committed funding programmes at DfT and CLG or through bids into the Regional Funding Allocation and growth funds.

In the same way, celebrating and strengthening the cultural offer in New Growth Points is an important element of many of the bids. We would encourage you to engage actively with regional offices of English Heritage, the Arts Council, Sport England, the Commission for Architecture and the Built Environment (CABE) and with the relevant Museums, Libraries & Archives Council Regional Agency to ensure that high standards of design and appropriate creative and cultural opportunities are realised.

These increased levels of growth also represent an unprecedented opportunity to reduce the carbon footprint of new housing, and move towards the Government's ambition of low/zero carbon development. With the more general objective of maximising the resource efficiency of housing, I strongly urge you to promote the use of the Code for Sustainable Homes, for all new build.

Next Steps

The Government Office will be in touch to discuss immediate actions, particularly regarding Programmes of Development. We are also hoping to organise a workshop/seminar in the early Autumn with local authority officers in New Growth Point locations. We will be developing the programme over the next few weeks and will be in touch further. Ahead of that event, we would like to suggest a series of officer-level meetings over the Summer period bringing together New Growth Points, to discuss the points in this letter as necessary, look at practical implementation issues and share experience.

Contacts

On taking forward particular schemes and projects please continue to liaise with your usual Government Office contact, Barry Errington. For any queries about the New Growth Points initiative as a whole, or national policy issues, please contact the New Growth Points Team as follows:

David Waterhouse – 020 7944 6791, email:

david.waterhouse@communities.gsi.gov.uk

Tim Hayward – 020 7944 5453, email: tim.hayward@communities.gsi.gov.uk

For detailed questions on finance issues, please contact:

Susan Candlish - 020 7944 8671, email: susan.candlish@communities.gsi.gov.uk

Tim Coburn – 020 7944 3727, email: timothy.coburn@communities.gsi.gov.uk

I am copying this to Barry Errington (Government Office North East), Daryl Brown (DEFRA), Claire McAllister (DfT), Richard Howell (Environment Agency), Andy Gale (Natural England), Ian Askew (Highways Agency) and to Phil Toal at the North East Regional Assembly. Please would you circulate this to your local partners, as necessary.

Yours sincerely



HENRY CLEARY

Annex A

Statement on Facing the Housing Challenge: Action Today, Innovation for Tomorrow

I am today launching a document entitled "*Facing the Housing Challenge: Action Today, Innovation for Tomorrow*". A copy will be placed in the library.

We know that the vast majority of people aspire to homeownership. This is more than an economic calculation – it represents their hopes and dreams for their families. Across government, we value and support these aspirations. And we are absolutely committed to making sure that everyone can find the housing that meets their needs.

So this time last year, we published a housing green paper, setting out our plans for the biggest housebuilding programme in decades. It set out our long-term plans to meet the housing needs of our aging, growing population, with a major increase in supply to address increasing demand, helping those families and first time buyers priced out of the property market.

More recently, however, the international housing market has experienced significant challenges as a result of turbulence in the global financial markets. People are finding it harder to get a mortgage; we have seen falls in house prices and house-builders are now experiencing difficult business conditions after years of extremely favourable circumstances.

But the long-term demographic trends remain the same. And without action now, we risk frustrating many more potential first time buyers and growing families in the future. We have set a target that we should be building 240,000 homes per year by 2016, and we remain absolutely committed to that. However, we must also be practical and realistic, acknowledging the difficulties faced by the house building industry and those in their supply chain and continuing to do everything possible to promote long-term stability and fairness in the housing market.

So one year on, we are publishing this document to set out our next steps in this housing delivery programme, helping to strike the right balance in responding to both current conditions and long-term challenges.

We invest around £6 billion per year in housing and regeneration programmes. Our priorities for these resources are to:

- Provide greater help for first time buyers
- Help existing homeowners facing difficulties due to problems in the international financial markets
- Keep housing supply, particularly affordable housing supply, as high as possible during the current difficulties, in order to keep on track to meet our targets
- Maintain capacity and create the right conditions for recovery and longer term growth.

We are therefore setting out a package of measures in this document to achieve these objectives. These include:

- The pilot of a “Rent to HomeBuy” Scheme, led by the Housing Corporation, which will aim to help prospective buyers who are unable to take advantage of current shared ownership schemes, perhaps because they cannot find a suitable mortgage. The scheme will enable eligible households to rent a new build property, at less than market rates, for a pre-specified period, with the option to buy a share in the home at the end of that time.
- Plans from the London Borough of Barking and Dagenham, Newcastle City Council, Nottingham City Council and Manchester City Council to launch the first pilot local housing companies. These have the potential to deliver up to 10,000 new homes. They represent a new model of working which combines local authority land assets with private sector investment, enhancing delivery of new homes and communities. This represents just one of the ways that local authorities will play a central role in delivering the housing the country needs.
- Confirmation that more funding, beyond the £200 million already allocated from the Affordable Housing Budget, could be made available to purchase high quality unsold stock, in the right locations, for the right price. This would help deliver our demanding affordable housing targets, while also supporting housebuilders.
- Proposals to support delivery of up to 75,000 homes in twenty more towns and cities in the next stage of the Growth Points Programme. These will combine increased housing with new jobs, town centre regeneration, and higher design and environmental standards. We will invest £100 million in helping these areas to realise their ambitions for sustainable growth. Further details of the New Growth Points can be found in the Partnership for Growth document, being published today, which will be placed in the library.
- Provisional distribution of the £510 million Housing and Planning Delivery Grant, to support those local authorities who are taking action to meet housing needs, and reward those who are preparing plans and identifying land supply for delivery. We will keep this under review for the next three years to ensure that it remains an effective incentive for delivery.
- Work to develop models for mortgage rescue, led by the National Housing Federation, Council of Mortgage Lenders, housing associations and local authorities. Some councils and local authorities already offer support to homeowners experiencing difficulties in repaying their mortgages – sometimes through hardship loans or schemes which enable particular groups to stay in their home as part-owners. We will work with these organisations and consider the practicality and viability of offering such support more widely.
- New consumer advice and information for those concerned about mortgage repayments from the National Housing Advice Service.
- The appointment of Baroness Margaret Ford to work for Partnerships UK in identifying and releasing surplus public sector land for housing delivery, particularly land owned by central government departments and their agencies

Alongside this document, I am publishing an open letter which sets out our response to the Callcutt Review of Housing Supply. We have accepted a number of the recommendations from John Callcutt. These include the creation of a zero-carbon unit to co-ordinate and guide the programme of work to deliver zero-carbon housing from 2016, and further work to develop skills within the housebuilding industry.

I am also publishing a summary of the Pomeroy Review of Private Sector Shared Equity. Brian Pomeroy was tasked with examining how the private sector shared equity market is developing and what the private and public sector might do to facilitate its development. The review found that there were no major institutional barriers which were preventing a shared equity market from developing and there remains an interest in developing suitable shared equity products when conditions improve. The full text has not been published as it contains confidential information, but the summary sets out the main findings. A copy has been placed in the library.

Finally, effective regional and local planning for the medium and long term is essential if we are to reach the target of 240 000 homes per year from 2016. The National Housing and Planning Advice Unit recently provided the government with advice on the numbers it felt should be considered in regional strategy reviews. I am today writing to all Regional Assembly Chairs, the North West Regional leaders forum, and the Mayor of London with guidance on how we expect the advice from the National Housing and Planning Advice Unit to be used.

“Facing the Housing Challenge: Action Today, Innovation for Tomorrow” outlines a broad response to the impact of the disruption in international financial markets on the housing market. This package will both help people facing difficulties today, and lay the foundations to help meet the long term housing needs of the country.

However, it is not the end of the process. We will review progress and reflect on new approaches, incentives or support mechanisms which will both help address the current difficulties and deliver our longer-term programme. And we will take a proactive approach wherever it is clear that we can do more to support consumers and industry.

SOUTH AND EAST DURHAM GROWTH POINT FUNDING

B

Revenue Funding 2008/9

The amount of unringfenced revenue funding allocated to your Growth Point or Growth Point partnership for development of the Programme of Development is:

£100,000

SOUTH AND EAST DURHAM GROWTH POINT CONDITIONS

General

- The levels of growth being confirmed through the statutory planning process and included in the relevant Regional Spatial Strategy and Local Development Framework, with the public consultation, testing, Sustainability Appraisal, Appropriate Assessments (under the Habitats Directive) and examination in public these entail.
- Continuing to work with all relevant agencies, including the Highways Agency, the Environment Agency, and Natural England, in the development and assessment of options to ensure schemes are sustainable, do not result in unacceptable environmental impacts, help to improve environmental quality and are realistic in terms of infrastructure, particularly transport.
- Every Growth Point will consult the Environment Agency and Natural England to confirm that all necessary environmental studies and impact assessments will be undertaken to secure appropriate avoidance or mitigation measures, particularly with regard to potential impacts on, and opportunities to enhance, nationally and internationally designated sites and landscapes, protected species and ecosystem functionality.
- Every Growth Point must prepare and implement a Green Infrastructure Strategy to protect and enhance existing key environmental assets and to provide new green spaces designed to deliver a wide range of environmental and social benefits. Where appropriate individual conditions of Growth Point status will identify locally specific issues for the strategy to address. Growth Points will consult Natural England to ensure that their GI Strategies are acceptable.
- We have identified a number of NGPs where there are air quality management areas (AQMAS) and included conditions for the locations. In some locations however, this has not been possible. A review of growth proposals should therefore be carried out to identify where AQMAS are may be affected by development. Where the case an air quality assessment must be carried out to provide a baseline for air quality, and to ensure that new development does not exacerbate air quality problems in existing Air Quality Management Areas and to identify mitigation measures.
- Studies must consider cumulative effects with other planned growth such as existing and planned growth points. Where NGPs adjoin each other local authorities should collaborate over the studies such as Water Cycle and GI strategies and their implementation.
- Pursue a proactive approach to affordable housing provision across the growth point to ensure that there is a balanced offer of market and affordable options to achieve sustainable mixed communities.

Transport

- Develop and test the implications of growth:
Model, assess and test the transport impacts for potential growth locations and develop cost effective options to deal with those impacts;
- Use existing networks:
Plan to exploit existing walking, cycling and public transport networks to ensure that the most sustainable locations for growth are selected;
- Identify travel to work patterns:
To minimise any increase in long-distance commuting or pressure on road or rail networks by the appropriate alignment of housing and employment opportunities;
- Think 'Smarter Choices':
ensure that the design and location of new developments enables access to employment opportunities and key services by bicycle, walking and public transport; rigorously test policies to influence travel behaviour and mode choice (ie: 'smarter choices') and apply the existing planning requirements for travel plans for new residential and other developments to encourage sustainable travel behaviour;
- Identify funding sources:
Recognise that selection as a New Growth Point does not represent a commitment by Government to deliver the transport interventions that are either identified in proposals or as options when growth proposals have been subject to transport assessments. The delivery of transport interventions will be subject to decisions by local transport authorities, regional prioritisation and/or funding from developer contributions. While the Department for Transport and its agencies are ready to engage with local partners in assessing impacts and options in relation to growth, there is no guarantee that transport interventions will be prioritised, approved, funded and delivered by 2016 (including where authorities may be relying on Transport Innovation Fund funding to deliver transport to support growth);
- Recognise the functions of National Networks:
Note that the Department for Transport will ensure that the service levels of the strategic road and rail networks are not compromised by ill-planned growth and that this may require the introduction of restraints on access to those networks or on growth at specific locations.

Environment

- In line with PPS25, carry out a detailed Strategic Flood Risk Assessment which includes consideration of surface water management and other sources of flooding to inform LDDs, assists in applying the sequential approach, and ensures flood risk has been considered fully when deciding on the precise locations of growth.
- Subject to results of Strategic Flood Risk Assessment, produce a Surface Water Management Plan for the area and incorporate Sustainable Urban Drainage Systems for any drainage system in the area to improve the flood management situation.
- Complete a holistic Water Cycle Study for the Growth Point area to include determining what upgrades to the sewage treatment works and sewerage network infrastructure are necessary to sustain the proposed levels of growth, and to ensure that the highly sensitive limestone aquifer underlying sites at Bishop Auckland, Shildon, Newton Aycliffe, Chilton and Coundon is protected from contamination. Durham Housing and Neighbourhoods Partnership Board must work closely with the Environment Agency and water companies on the investment implications arising from the study's findings, and ensure the study's findings inform LDDs.
- Carry out site specific investigations of any potentially contaminated locations to determine the type and extent of the contamination and ensure that appropriate remediation measures are put in place. Remediation of contaminated land could create pathways for pollution to reach the sensitive water environment in the area and this must be planned for and prevented.
- Ensure that the Green Infrastructure Strategy protects and improves landscape features and semi-natural habitats in the area; conserves and enhances key habitats, especially magnesian limestone grassland; takes account of and supports the implementation of the Durham Rights of Way Improvement Plan; and takes account of links to Durham Heritage Coast, the Magnesian Limestone Natural Area Partnership and The Great North Forest. Opportunities must be taken to create more wetland habitats on sites with watercourses. Appropriate links should be made between the Water Cycle Study and the Green Infrastructure strategy. It may be appropriate for South East Durham and Tees Valley to work together on their Green Infrastructure strategies.