

# Item 4

## KEY DECISION

## REPORT TO CABINET

11 September 2008

## REPORT OF DIRECTOR OF NEIGHBOURHOOD SERVICES

### Planning and Development Portfolio and Social Regeneration and Partnerships Portfolio

#### GROWTH POINT

#### 1. PURPOSE OF THE REPORT

- 1.1 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.

#### 2. RECOMMENDATIONS

- 2.1 It is recommended that:-

- i) Members note the content of this report.
- ii) In light of the timescales prescribed by DCLG, authority be delegated to the Chief Executive, in consultation with the Leader of the Council and the Portfolio Holders for Planning & Development and Social Regeneration & Partnerships, to approve the submissions of the Community Infrastructure Pro-Forma and the Programme of Delivery.

#### 3. BACKGROUND

- 3.1 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.
- 3.2 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.

3.3 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 The Chief Executive on 23 July 2008 along with further outline guidance.

#### 3.4 **Summary of the bid**

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 and the recognised priority areas.

3.5 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 – including Chilton and Ferryhill.

3.6 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 including Durham Gate, Spennymoor. The programme will improve the environmental, economic and social sustainability of these existing settlements. It will also link with ongoing masterplanning in Spennymoor, Newton Aycliffe, 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).

### 3.7 **Funding**

3.8 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.

3.9 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."

3.10 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.

3.11 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.

### 4. **Next steps**

4.1 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 1) 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.

e. The Government Guidance suggests a confirmation of the Programme of Delivery by the end of 2008, presenting time pressures for the working up of further detail for the Durham New Growth Point. Key dates as part of this development process are the submissions of pro-formas for schemes to be considered under the Community Infrastructure Fund by 15 September 2008 and submission of a Programme of Development by 27 October 2008.

f. NGPs should be exemplars of sustainable development including the provision of education and health facilities and provide an opportunity to reduce the carbon footprint of new housing.

g. The new Housing and Communities Agency will be closely 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.

#### 4. **RESOURCE IMPLICATIONS**

##### 4.1 Human Resources

The development of the initial bid and the requirements for the programme of development are being undertaken by a cross authority group supported by the relevant technical capabilities. There are no further Human Resource requirements at this stage of the programme.

##### 4.2 Financial Resources

Sedgefield has been nominated as the Accountable Body in receipt of funding by the Durham Partnership and will administer the initial allocation of £100,000 made available to develop the Programme of Development and applications for Community Infrastructure Funding.

The resources available nationally for the New Growth Point programme are £100 million for the Growth Fund (Capital or Revenue) and £200 million for the Community Infrastructure Fund (Capital only)

#### 5. **CONSULTATIONS**

5.1 The Growth Point programme has been developed through a partnership of Local Authorities (Sedgefield, Easington, Wear Valley and Durham County Council), linking in with the Durham Housing and Neighbourhoods Group.

5.2 Guidance issued recently identifies the requirement for broader links with key service provider stakeholders and reference to a number of

consultees in the planning process. Discussions with these organisations have now been initiated

## 6. **OTHER MATERIAL CONSIDERATIONS**

### **Local Government Reorganisation**

The Durham NGP represents an opportunity for positive development in the County, based on an integrated approach to housing, employment, transport. 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 its development. The JIT (20 August 2008.) have received a report on the progress with the Growth Point Resources available through the Growth Fund and the Community Infrastructure fund will allow an acceleration of key strategic schemes across the South and East of County Durham.

### **Policy Implications**

The Programme of Delivery is required to demonstrate alignment with existing policy frameworks. At a national level recognising the Sub national Review of Economic Development and Regeneration and changes to the planning system, at a sub regional level, working beyond the targets established through the Regional Spatial Strategy and at a Sub Regional and local level, integrating with a range of policies and strategies including the Local Area Agreement, Community Strategies and site specific masterplans.

### **Risk Management**

The development of the Programme of Delivery and the associated financial information will be assessed by DCLG with reference to the management of Risk.

### **Sustainability**

NGPs should be exemplars of sustainable development including the provision of education and health facilities, sustainable transport solutions and provide an opportunity to reduce the carbon footprint of new housing.

### **Social Inclusion**

The development of significant Housing Growth as outlined in the initial Growth Point Submission included reference to the delivery of significant levels of affordable housing. The provision of associated improvements to Health and education facilities and the need to examine sustainable transport opportunities all assist in improving Social Inclusion.

## 7. **OVERVIEW AND SCRUTINY IMPLICATIONS**

None as a direct consequence of this report.

8. **LIST OF APPENDICES**  
Appendix 1 DCLG Letter 23/7/08.

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**Key Decision Validation:**    **This report constitutes a key decision by  
virtue of its impact on two or more wards.**

**Background Papers:**

Communities and Local Government confirmation letter dated 23/7/08  
(attached at Appendix 1)

**Examination by Statutory Officers**

|  | <b>Yes</b>                          | <b>Not<br/>Applicable</b> |
|--|-------------------------------------|---------------------------|
| 1. The report has been examined by the Councils Head of the Paid Service or his representative | <input checked="" type="checkbox"/> | <input type="checkbox"/>  |
| 2. The content has been examined by the Councils S.151 Officer or his representative           | <input checked="" type="checkbox"/> | <input type="checkbox"/>  |
| 3. The content has been examined by the Council's Monitoring Officer or his representative     | <input checked="" type="checkbox"/> | <input type="checkbox"/>  |
| 4. The report has been approved by Management Team   | <input checked="" type="checkbox"/> | <input type="checkbox"/>  |