

GROWTH AREA FUNDING – GOVERNANCE ARRANGEMENTS

Portfolio Area: Enterprise and Culture
Report Presented by: Cllr. Nigel Harley

Background Papers: Correspondence from CLG
Corporate Implications: Please refer to table at end of report
Options: As set out in report

Risks: It is a requirement of growth area funding that appropriate governance arrangements are in place. Failure to do so may put funding and projects at risk.

Executive Summary

The allocations of growth area funding for have now been confirmed with Braintree District receiving £4,037,633.95 capital and £231,876.45 revenue in total for the period 2008-11. Priorities for 2008/9 were agreed by the Braintree Growth Fund Board in October 2008. There is now a need to determine how the growth area fund will be governed so that priorities for 2009/11 can be agreed. As the Local Development Framework Panel is already responsible for determining the growth strategy for the District it is suggested that they be given the responsibility for growth area funding.

Decision

To extend the responsibilities of the Local Development Framework Panel to include growth area funding.

GROWTH AREA FUNDING – GOVERNANCE ARRANGEMENTS

1. Now that the final allocations of growth area funding have been confirmed there is a need to determine the future governance arrangements and to establish a process for agreeing priorities for expenditure. In confirming the allocations for 2010/11 the Government announced that the overall levels of funding for that year were being reduced by about 43%. For Braintree this has reduced the level of growth area funding available by some £638,000 (a copy of the letter from John Healey is attached to this report).

2. The confirmed funding available to the Council is as follows:

Year 2008/9

Capital - £1,741,621
Revenue - £101,156

Year 2009/10

Capital - £1,463,510.30
Revenue - £63,481.95

Year 2010/11

Capital – £832,502.65
Revenue - £67,238.50

Totals

Capital – £4,037,633.95
Revenue - £231,876.45

3. The original governance arrangements for the Growth Area fund were agreed at Cabinet on 31st March 2008. Amongst other things these included a Braintree Programme Board to oversee the Braintree element of the funding.

4. The Braintree Board met on 2nd October 2008 but arrangements for further meetings were put on hold pending the establishment of the four Programme Boards. The terms of reference of the Growth Area Board were to:

- i. To liaise with Chelmsford Borough Council on strategic issues related to Growth Area Funding including the preparation of the joint Programme of Development
- ii To determine priorities for expenditure of the Braintree element of the Growth Area Funding in accordance with the overall Programme of Development and Government guidance
- iii To oversee the delivery of projects supported by Growth Area Funding
- iv To monitor the outcomes of Growth Area Funding including housing and employment growth
- v To liaise with other agencies and stakeholders involved in the delivery of housing and employment growth and supporting infrastructure.

It was also envisaged that the membership of the Board would be extended to include other organisations involved in the delivery of growth together with representation from the local community and businesses.

5. The scope of this work goes beyond the remit of the four Programme Boards and it is therefore necessary to determine how the growth area funding is to be governed.

6. At the meeting of the Braintree Board on 2nd October 2008 priorities for the expenditure of the 2008/9 funding taking into account the proposals set out in the submitted Programme of Development were agreed as follows:

Capital Expenditure

Delivering employment growth - purchase of employment land and provision of infrastructure, Braintree

Delivering housing growth – purchase of land

Infrastructure to support housing and employment growth:

Freeport Braintree – Foot/Cycle Bridge

Witham Station - Footbridge extension

John Ray Park, Braintree - Greenspace Improvements

Town Centre Regeneration Purchase of Land

Revenue Expenditure

Water Cycle Study

Revised Development Brief for land east of High Street Halstead

Braintree Rail Study

7. No firm decisions were taken on the priorities for 2009/11 in advance of the funding allocations being confirmed. It was acknowledged that flexibility in the sum allocated for land purchase would be required due to the nature of land purchase negotiations. In the event due to the current economic conditions it has been difficult to progress land acquisition. It was also recognised that the expenditure of specific sums of money would be subject to the normal approval process. The position on a number of schemes has changed since the priorities were agreed and there is an opportunity to consider other options.

8. The options for future governance would appear to be:

- i) Reconvene the Braintree Growth Area Funding Programme Board as originally envisaged
- ii) Extend the remit of an existing decision making group, for example, the LDF Panel to include responsibility for Growth Area Funding.

9. In view of the fact that the Local Development Framework Panel is already responsible for determining the growth strategy for the District it is suggested that their responsibilities should be extended to include growth area funding. This will include agreeing priorities for expenditure. The expenditure of specific sums of money will also be subject to the normal approval process. Any built projects funded through growth area funding will be reported to the appropriate Programme Board.

Corporate Implications			
Financial:	This is additional funding available to the Council and will not impact on existing budgets		
Legal:	None		
Equalities & Diversity:	None		
Customer Impact:	Projects funded by GAF will be of benefit to people living and working in the District and to local businesses		
Environment & Climate Change:	This will need to be assessed for individual projects supported by GAF		
Consultation/Community Engagement:	Local Committees		Partners
	Public		Staff
Key Decision:	Yes		
Public/Private Report:	Public		
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17 July 2009

Dear Councillor Whitehead

BUILDING BRITAIN'S FUTURE - HOUSING PLEDGE: THE GROWTH FUND

I am writing to give you more background on the Government's Housing Pledge announced by the Prime Minister recently, as part of Building Britain's Future. There are major opportunities for all areas to build new homes that local residents can afford to rent and buy, but it also involves some re-profiling and re-prioritisation across budgets.

We are committing an extra £1.5bn to fund an extra 20,000 affordable homes over this year and next. This money is available for your local authority to consider bidding for in order to build the low cost homes that people in your area need. It is on top of a total Government investment of £3bn this year to build 55,500 new affordable homes, which are essential in helping to meet Britain's housing need and to support jobs and the economy through the recession.

Making such a strong commitment to housing by funding extra homes when demands on public finances are so significant has required tough decisions. The majority of the extra money to build new homes comes from re-prioritising spending from other Government departments, but there are also decisions I have made on rescheduling, re-prioritising and greater efficiencies within this department's investment programmes.

The Growth Fund is intended to support the provision of infrastructure for planned housing growth. We must recognise, however, that the current exceptional economic circumstances mean that growth has been more difficult and much slower than envisaged in local growth and infrastructure delivery plans. Indeed, the delivery picture and the infrastructure investment needed today are very different to those envisaged when the three year Comprehensive Spending Review (CSR) funding decisions were made in 2007, and when individual funding allocations were made in 2007 and 2008. Major schemes are stalled or slowed down across the country and levels of private sector interest have fallen. Focussing on getting house building re-started and onto a recovery path is, therefore, a key priority and a significant part of the new funding will do that. That also means re-

prioritising existing funds.

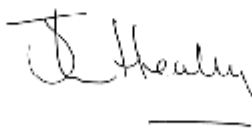
Chelmsford & Braintree has already received in 2008/09-2009/10 a share of the £500m distributed to local authorities in the Growth Areas and Growth Points. I now want to let you know my proposals for 2010/11.

As you know, we set out last December our provisional allocations for 2010/11, but have still to confirm these. I am not proposing to change provisional revenue allocations for 2010/11 but, given the circumstances which I have explained, I am proposing to alter your capital funding for growth next year from £4,202,774 to £2,378,579. I am proposing a similar adjustment for all local authorities that are looking for central Government support for such capital investment through the Growth Fund. This means that despite the pressures on public finances your local authority will still have received over this three year CSR period a total of £11,540,468 in capital and revenue funding to support housing growth. I can assure you that we will take account of this in looking at how growth is funded in the next CSR and as the economic position improves.

As you know, we have removed the ringfencing from this funding giving local authorities the flexibility to best meet local priorities. Given the difficult economic circumstances, I would expect local authorities to be making full use of this flexibility to ensure that they are able to deliver local priorities that will maintain delivery and momentum in the housing market. I expect all local authorities that are receiving this funding to be able to account for the use that is being made of this funding locally. The Homes and Communities Agency's regional teams will work with you to provide support and advice on delivering your growth plans and we remain committed to supporting your long term housing growth plans.

I am proposing to apply a common approach across all Growth Areas and Growth Points with funding for each being altered by the same proportion. These funding proposals will be subject to a short formal consultation exercise, which my officials will write to you about shortly.

I appreciate that these budgetary changes, which I am making to the Growth Fund and other departmental investment programmes, are challenging but I hope you will agree that further measures to stimulate house building this year and next are the right way to prioritise housing funds for the affordable homes that are needed in so many parts of the country.



JOHN HEALEY MP

