

DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT

**New Growth Points - Partnerships for Growth**

**The Minister for Housing and Planning (Yvette Cooper):** The Government is today announcing support for 29 areas across the country who have bid to become new growth points, combining increased housing with new jobs, town centre regeneration and higher design and environmental standards.

Last year the Government announced plans to increase housing supply as part of the response to Kate Barker's review. More houses are needed to help first time buyers, address overcrowding and keep up with rising demand. We are living longer and more people are living alone. If we continue to build at currently planned levels, the proportion of 30 year old couples able to afford their own home will fall from over 50 per cent today to nearer 30 per cent in 20 years' time.

But it is vital that new homes are built alongside jobs growth and infrastructure investment in order to deliver sustainable communities for the future. That is why, alongside other measures on planning, affordable housing and infrastructure funding, we invited local authorities and partners to put forward proposals for new homes as part of sustainable growth.

Following a review of these New Growth Point proposals across government and in particular in consultation with DEFRA and DfT and their Agencies, we are announcing a total of 29 areas, put forward by over 70 local authorities which we are supporting. We are also publishing "Partnership for Growth", a summary of these proposals, copies of which will be placed in the Libraries of both Houses. Subject to consultation, testing and examination through the regional and local plan making processes, these proposals have the potential to add a total of up to 100,000 additional homes by 2016, an increase of around 30% on previous plans for housing supply in these areas.

These proposals involve substantial jobs growth, town centre regeneration and measures to improve the quality of life and environment. Most of the bids include major employment proposals - over 130,000 jobs in the South West and East of England regions alone. They include measures to improve skills, promote business start up, create new employment sites and widen the local economic base. They also include proposals to invest in green spaces and the local environment as well as town centre regeneration.

Achieving this potential for sustainable, realistic and affordable growth will require a strong long term commitment between government, its Agencies and local partners. The partnership we are announcing today is based on 4 principles:

First, we want to work with local authorities to support the early delivery of more housing and ensure the type of housing provided responds to local and market conditions and affordability pressures.

Second, we want to achieve growth which is sustainable, supporting schemes which set the highest standards of design and are exemplars of sustainable development, supporting the local environment and promoting ways to cut carbon emissions. These new developments will also be underpinned by the forthcoming Planning Policy Statement on climate change and the Code for Sustainable Homes to help reduce the carbon footprint of new housing, and lead the way towards our longer term aim of zero carbon development.

Third, we will work with local partners to ensure that infrastructure and services keeps pace with people and homes. We have begun a cross-Government process to support the new growth points involving all the major transport and environment Agencies, as well as other regional and local partners. There is potential to make better health and education an integral feature of new design.

- On environmental infrastructure the programme should enable partners to identify and plan for the additional water supply, sewerage, waste and other environmental infrastructure their proposals require. They will then be able to show how these needs will be addressed when their specific detailed proposals come forward;
- On transport we need to achieve more sustainable travel outcomes, for example through the design and location of new development encouraging more use of bus, cycling and walking and minimising any increase in long distance commuting. We will continue to encourage partners to exploit existing public transport networks in determining the most sustainable locations for growth but we recognise that additional infrastructure will also be needed.

Government has established the Treasury CSRO7 Review to ensure that departmental resources across Government are targeted appropriately for providing the national, regional and local infrastructure necessary to support future housing and population growth.

Fourth, we recognise that to deliver growth successfully requires dedicated resources, specialist expertise and the ability to work closely with the private sector to optimise the potential for their investment. The funding we are announcing today will help local partners carry out critical studies on environmental and transport issues. In addition we will be asking English Partnerships to work closely with the individual growth points to discuss what type of delivery support will be needed, how best that can be provided and to advise on the detailed programmes of development.

New Growth Point status means that Government and local partners agree the potential for growth, and are committed to working together to ensure that growth will be sustainable, realistic and affordable. This shared assessment can inform the RSS process. It is up to the Regional Spatial Strategies (RSS) to determine, amongst other things, the scale and distribution of provision for new housing. Specific site allocations must be decided through the Local Development Framework (LDF) process.

We are also pleased to announce initial funding allocations to each of the New Growth Points to support the work. These initial allocations, totalling £40 million, are for both capital projects and revenue support for studies and capacity building. Allocations are subject to detailed negotiation and appraisal of projects to ensure maximum benefit can

be achieved from spending in 2007/8. Allocations for future years will be subject to the outcome of the CSR and we intend that from 2008/9 funding will be linked to Local Area Agreements so as to give local partners greater flexibility on delivery. Consultation is still underway about the arrangements for LAAs and a statement will be made about this shortly.

## **New Growth Points**

### **East Midlands**

#### **3 Cities & 3 Counties - Derby, Leicester & Nottingham**

(Derby City Council, Derbyshire CC, Leicester City Council, Leicestershire CC, Nottingham City Council, Nottinghamshire CC)

#### **Grantham**

(South Kesteven DC and Lincolnshire CC)

#### **Lincoln**

(Lincolnshire CC, City of Lincoln Council, North Kesteven DC and West Lindsey DC)

#### **Newark on Trent**

(Newark and Sherwood DC)

### **East of England**

#### **Haven Gateway**

(Babergh DC, Colchester BC, Essex CC, Ipswich BC, Suffolk Coastal DC, Suffolk CC, Tendring DC)

#### **Norwich**

(Norwich City Council, Norfolk CC, Broadland DC, South Norfolk Council, the Broads Authority)

#### **Thetford**

(Breckland Council, Thetford Town Council, Norfolk CC)

### **South East**

#### **Basingstoke**

(Basingstoke and Deane BC)

#### **Didcot - South Oxfordshire**

(South Oxfordshire DC)

#### **Maidstone**

(Maidstone BC)

**Oxford**

(Oxford City Council)

**Partnership for Urban South Hampshire**

(East Hampshire DC, Eastleigh BC, Fareham BC, Gosport BC, Hampshire CC, Havant BC, New Forest DC, Portsmouth City Council, Southampton City Council, Test Valley BC, Winchester DC)

**Reading**

(Reading BC)

**Reigate and Banstead**

(Reigate and Banstead BC)

South West

**Exeter and East Devon**

(Exeter City Council, East Devon DC and Devon CC)

**Plymouth**

(Plymouth City Council)

**Poole**

(The Borough of Poole)

**Swindon**

(Swindon BC)

**Taunton**

(Taunton Deane BC and Somerset CC)

**Torbay**

(Torbay Council)

**Truro**

(Carrick DC and Cornwall CC)

**West of England**

(Bristol City Council, Bath and North East Somerset Council, North Somerset Council and South Gloucestershire Council)

West Midlands

*Within the Birmingham, Coventry and Black Country City Region:*

**Birmingham and Solihull**

(Birmingham City Council and Solihull MBC)

**Coventry**  
(Coventry City Council)

**Telford**  
(The Borough of Telford and Wrekin)

**East Staffordshire - Burton-upon-Trent**  
(East Staffordshire BC)

**Hereford**  
(Herefordshire Council)

**Shrewsbury and Atcham**  
(Shrewsbury and Atcham BC and Shropshire CC)

**Worcester**  
(Worcestershire CC, Worcester City Council, Wychavon DC and Malvern Hills DC)

## Annex B: Funding

This Annex gives details of Torbay's provisional allocation of New Growth Point Funding and the procedures to be followed.

### *Selected Projects*

The table below shows the projects selected as meriting support and the maximum amount of grant DCLG is willing in principle to allocate. Allocating funds in principle means that there is further work to be done before we are in a position to commit funds. Projects are subject to detailed negotiation and appraisal, and so allocations should be taken as provisional approval only.

Provisional Allocation - Selected Projects						
	Capital Projects		Revenue Projects			Total
		2007 / 08		2006 / 07	2007 / 08	
Torbay	Brixham Regeneration	£500,000		£0		£500,000
			Development of Mayoral Vision	£0	£150,000	£150,000
			Planning Staff Resource	£0	£80,000	£80,000
<b>Total</b>		<b>£500,000</b>		<b>£0</b>	<b>£230,000</b>	<b>£730,000</b>

### *Project Appraisal*

#### *Capital Projects*

As indicated in the original bidding guidance, following this provisional approval, your authority must demonstrate that the project proposal has been appraised in accordance with principles laid down in the Treasury *Green Book* or alternative appraisal framework approved by the Government Office<sup>1</sup>. This applies to all **capital projects** without exception.

Where authorities have limited expertise to carry out Green Book-compliant appraisals, advice or assistance may be available from RDAs or from English Partnerships. Local authorities in the existing Growth Areas with experience of carrying out appraisals on Growth Area Fund projects may also be able to provide advice. Reasonable costs of carrying out appraisals may be included in the eventual project budget.

Once completed, copies of appraisals should be submitted to the Government Office for verification. Please aim to ensure that all appraisals are completed by **19 January 2007**. If this deadline is likely to cause difficulties, please let us know as soon as possible.

#### *Revenue Projects*

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<sup>1</sup> Refer to paragraphs 10 and 11 of the Detailed Bidding Guidance dated 5 December 2005.

On **revenue projects**, particularly for studies, a lighter touch process would be appropriate. But projects involving significant expenditure – £250,000 or greater – will require proportionately greater rigour. For revenue projects, the next step is the provision of further information which we will need to consider in order to decide the form, scope and terms of financial assistance that would be appropriate for each project. For studies, the Department therefore requires the following information about each project:

- Copy of the Consultant's Brief and/or Specification for the Study;
- Estimated cost of the Study
- Timetable for the tendering process;
- Anticipated milestones (e.g. start date, fieldwork completed, first full draft, final draft);
- Expected final completion date for the Study
- Expected profile of claims for grant instalments

The Department will require a copy of the final version of the Study. The Government Office will also require a copy of the final version of the Study and, in addition, a copy of each completed draft.

You should discuss with your Government Office the timescale for providing this information, aiming to ensure that all project information is supplied by **19 January 2007**. Again, if this deadline is likely to cause difficulties, please let us know as soon as possible.

### ***Adjustment to project proposals***

It is possible that detailed negotiations and appraisal may prompt modifications to project proposals, or the suggestion of substitute projects, reflecting evolving priorities locally. We have no objections in principle to either situation in recognition of the need for flexibility, but three points must be noted.

- First, the funding allocation offered is a maximum figure; any increase in project costs must be met by match funding from other sources.
- Second, capital and revenue spending must be accounted for separately. Authorities may not use revenue allocations for capital purposes without express permission from DCLG, nor vice versa.
- Third, Government Offices will need to be satisfied that criteria set out in the bidding guidance continue to be satisfied either for modified or substitute projects, and that Government support is merited.

Should there be cases where projects cannot proceed and be completed in 2007/8, and suitable alternatives cannot be brought forward to utilise the allocation, we reserve the right to re-deploy the funding elsewhere for 2007/8 to ensure that programme resources are not left unspent.

There may therefore be opportunities for capital projects not selected in this first round to be reconsidered if it transpires that others are unable to spend in 2007/8. You may wish to discuss with the Government Office whether particular projects should be kept under review against this possibility.

## ***Funding Mechanism***

As we have already informed you, we are proposing that funding should be project-based in 2007/8 (and in 2006/7, where applicable). Projects will therefore be subject to individual funding agreements, negotiated through the Government Offices. Model agreements, one for capital projects and one for revenue, are attached to this Annex for illustration. Subject to the outcome of CSR07, our thinking about funding from 2008/9 onwards is for a more streamlined mechanism, linked to Local Area Agreements and the agreed "programmes of development" referred to in the covering letter. We will be consulting you on the details of how this will work in practice.

In view of this, Ministers have agreed that on balance it makes sense to use well-established project funding mechanisms for 2007/8, rather than seeking to pool NGP funding into LAAs for a single year. However, should you particularly wish to pool final NGP allocations into your existing LAA for 2007/8, we are prepared to consider this, but would need to know very soon.

For detailed questions on finance issues, please contact:

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