

Taunton Deane Borough Council

Executive – 14 October 2009

Growth Point Funding – Re-profiling the Spending Plan

Report of the Strategic Director (Joy Wislade)

(This item is the responsibility of Executive Councillor Simon Coles.)

Executive Summary

The Growth Point funding is a partnership fund with Somerset County Council, through a joint application. This money is to be used for infrastructure that supports the growth of housing and the subsequent growth in the population. The agreed approvals for the spending programme have been ascertained from Taunton Deane's Project Taunton Steering Group and it will go to the Project Taunton Advisory Board (the partnership board) for ratification. Notification has been received that our funding for 2010/2011 is being reduced and therefore this requires us to re-profile the spend authorised in February 2009.

1. Background

- 1.1 In December 2008 Taunton Deane and Somerset County Council were advised that the Growth Point allocation for Taunton was £3,338,104 capital and £301,249 revenue in 2009/2010 and a provisional amount for 2010/2011 of £3,972,516 capital and £300,698 revenue. We were encouraged to plan on the basis that we would receive this amount. The priorities for using this funding were discussed with members of the Project Taunton Steering Group and the Project Taunton Advisory Board and were approved by Executive in February 2009. The funding plan (which was a joint plan with Housing and Planning Delivery Grant which is unchanged) is attached at Appendix 1.
- 1.2 Along with all other Growth Points we received a letter from the Minister in July (copy attached Appendix 2) reducing our capital allocation for 2009/2010 by 43% i.e. to £2,248,263. The revenue funding has not been reduced. The Minister also advised us that there would be formal consultation on this proposal. The formal consultation period still has not commenced, although we have written a joint letter with the County to the Minister stating reasons why the reduction should not be as onerous in Taunton.

- 1.3 Discussions have also been held with the Homes and Communities Agency (HCA), the Regional Development Agency (RDA) and with the Government Office for the South West (GOSW). All agree that it would be unlikely that the reduced figure quoted in the letter will be increased and that the priorities set out below are the ones that Growth Point funding should be focused on.
- 1.4 Indeed, considering all the other statements on the reduction in public spending next year, and as we have not received any firm commitment from Government about even the reduced figure being available, we feel that it is prudent to have two delivery options: one with no further Growth Points being available, and one with the reduced figure for 2010/2011.

2. Priorities

- 2.1 The re-prioritised spending plan is attach at Appendix 3. The new element is a contribution towards the completion of the Northern Inner Distributor Road (see **Confidential** Appendix 4). It shows that if we continue to undertake the works previously prioritised and if we do not receive any Growth Point funding next year we are over spent by £2,691,000. In this scenario it would be Castle Green which would be at risk as this is the project that is least aligned to the delivery of housing and economic growth. If we do receive the reduced Growth Point funding Appendix 3 still shows an over spend of £443,000. However, we would expect some tenders to come in well below the budget amount and would plan to manage this amount down to a nil over-spend.

3. Consultation

- 3.1 Growth Points is a partnership fund between Taunton Deane Borough Council and Somerset County Council. Somerset County Council is supportive of this way forward. As Growth Point funding is now over seen by the HCA, we have also consulted with them the change of priorities. Similarly, the SWRDA have given their support.

4. Recommendation

- 4.1 The Executive is asked to approve the amended priorities for Growth Points and to also recommend to Full Council the change to the capital programme of the capital elements of the plan.

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Appendix 1

HPDG and Growth Point Funding 09/10

	Revenue	Capital
HPDG	£273,939	£ 119,122
Growth Pts	£301,249	£5,619,104 (£3,338,104 + £2,281,000 b/forward)
Total	£575,188	£5,738,226

Suggested Spend

Item	HPDG Revenue	HPDG Capital	GP Revenue	GP Capital
F/P D/C staffing	160,939	44,122		
TDBC Project Taunton	30,000			
Planning Obligations SPD	30,000			
Hestercombe Appropriate Assessment		15,000		
Retail capacity study	53,000			
Firepool Weir		60,000		
Project Taunton Delivery Team			301,249	
Castle Green				2,625,000
Somerset Square				400,000
Firepool infrastructure and property				2,050,000
Urban extension planning				300,000
10 charging points for zero carbon emission vehicles				30,000
Total	273,939	119,122	301,249	5,405,000
Balance	0	0	0	214,104



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17 July 2009

Dear Councillor Henley

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.

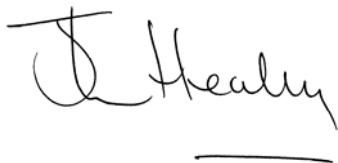
Taunton has already received in 2008/09-2009/10 a share of the £500m distributed to local authorities in the Growth Areas and Growth Points. I now want to let you know my proposals for 2010/11.

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 £3,972,516 to £2,248,263. 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 £9,216,142 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.

A handwritten signature in black ink, appearing to read 'J Healey', with a horizontal line underneath.

JOHN HEALEY MP

Appendix 3

Growth Points

Ref.	Item	2009/10		2010/11	
		Income £000	Expenditure £000	Income £000	Expenditure £000
1.	c/fwd, annual allocation and anticipated allocation	5,619		2,248	
2.	Longrun Farm/Meadows		0		150
3.	Castle Green design		412		100
4.	Castle Green construction		0		3,268
5.	Somerset Square		400		0
6.	Firepool demolition		200		0
7.	Firepool enabling works		400		850
8.	Urban extension planning		300		700
9.	10 charging points for zero carbon emission vehicles		30		0
10.	NIDR		0		1,000
11.	Retail (EPF + £200K)		0		325
12.	Coal Orchard master plan		0		75
13.	Unit 4 Canal Road (top up)		100		0
14.	Total		1,842		6,468
15.	Balance (nil receipt 2010/11)		3,777		-2,691
16.	Balance (proposed receipt 2010/11)		3,777		-443

1. 2009/10 income consists of £2,281,000 carried forward from 2008/09 and the allocation for 2009/10 of £3,338,000. A July 09 letter from CLG, previously circulated, proposed a cut in GP capital funding from £3,972,516 to £2,248,263 for 2010/11.
2. Part payment for Longrun Meadows has been provided via RIF. A sum has been allocated, towards landscaping - a planning condition, for the balance.
4. No Castle Green construction costs will now be incurred in 2009/10 and this project will be reviewed dependent on 2010/11 allocation.
8. Although an allocation of £1million has been agreed for this project, it is unlikely that tenders will come back in excess of £700,000.
10. The completion of the NIDR is fundamental to the delivery of Firepool. As a result of planning and S106 problems, there is a £1million shortfall. This allocation plugs the funding gap, ensuring D of T funding and access to the northern sector of the Firepool site.
11. This sum is made up of up to £125,000 detailed in the exclusivity contract as payment to EPF if TDBC withdraws from the agreement. £200,000 has been allocated for legal and property advice towards signing the agreement.
15. These totals assume no capital funding receipt in 2010/11.
16. These totals assume the proposed capital funding receipt for 2010/11 (see item 1. above)