



## **TEES VALLEY GROWTH POINT BID**

**EXECUTIVE MEMBER FOR REGENERATION AND ECONOMIC  
DEVELOPMENT: DAVID BUDD**

**DIRECTOR OF REGENERATION: TIM WHITE**

**1<sup>st</sup> September 2008**

---

### **PURPOSE OF THE REPORT**

1. The report summarises progress and next steps relating to the Tees Valley Growth Point bid.

### **BACKGROUND AND SCHEME PROPOSAL**

2. The Government first announced the New Growth Points Initiative in 2005. It is designed to provide support to local communities who wish to pursue large scale and sustainable growth, including new housing, through a partnership with Government. The Government invited bids for strategic growth proposals which were sustainable, acceptable environmentally and realistic in terms of infrastructure.
3. At the time bids for growth points were only for local authorities in the South and Midlands. 29 areas were named as growth points, including large urban areas such as London/Thames Gateway, Birmingham/Solihull and Nottingham/Derby/Leicester.
4. The Housing Green Paper was published by Government in July 2007. Its overriding theme was a focus on a rapid and significant uplift in the number of new homes built. The national target is to increase the annual level of provision from the current level to 240,000 homes per annum, so that two million new homes have been built by 2016, and three million by 2020. To contribute to this target, the Green Paper announced a

new round of the New Growth Points (NGP) initiative; which was previously not targeted at areas in the North of England. Expressions of Interest (EoI) in New Growth Points were invited by Government.

5. In September 2007, the five Tees Valley local authorities were advised by Tees Valley Living of an opportunity to submit a bid to the Department of Communities and Local Government (DCLG) to become a New Growth Point area.
6. The criteria for being a Housing Growth Point include:-
  - a) must be areas where there is a good case for accelerated, additional economic and housing growth based on demand/pressure;
  - b) must be able to offer at least 20% housing growth above figures identified in the Regional Spatial Strategy over the period to 2016;
  - c) must be able to demonstrate longer-term plans for sustainable growth can be achieved without major negative environmental, social and economic impacts;
  - d) high levels of design and affordable housing;
  - e) plans must meet identified local housing needs and shortages; and,
  - f) must be able to demonstrate that it links with other crosscutting themes and strategies such as economic development, climate change and transport as well as lever in private sector investment.
7. Following a meeting of Directors of Regeneration of the five Tees Valley authorities, it was agreed that a joint submission should be made to DCLG, to be coordinated by Tees Valley Living.
8. Consultants DTZ were appointed to compile the expression of interest, in order to meet the deadline for submission of 31 October 2007.
9. Within the Council, the submission of information was co-ordinated by the Council's Urban Policy and Implementation Team, working closely with the Regeneration and Environment teams.
10. The Council was advised by DCLG that bids would be assessed against the criteria outlined in paragraph 6 above, with DCLG checking the bid against the criteria as well as verifying the information with other Government Departments.
11. Following submission of the expression of interest, feedback was received from DCLG advising Tees Valley Living that the Tees Valley bid had been assessed and that it had been deemed a Category B submission. DCLG had classified the submissions on a scale of A to D. Category A bids were bids which met all the criteria and which would be recommended as Growth Points. Nationally there was no Category A bids. Category B bids were those for which some additional information was required in order for the bid to be moved in to Category A.

12. The additional information required comprised:

- a) confirmation of the number of (housing) units envisaged;
- b) the type and mix of housing proposed;
- c) development constraints and a broad estimate of the cost of constraint removal;
- d) likely phasing based on pre-2011 and post-2011;
- e) strategic importance;
- f) design excellence;
- g) energy excellence; and,
- h) evidence of investor interest.

13. It should be noted that the information provided was purely an indicator of possible actions/areas of potential development and in no way prejudices the Council's position in relation to its statutory planning role. Any possible new sites would be subject to statutory planning procedures and consultation.

14. The expression of interest was not for a specific sum of money or for a definitive set of projects or activities. The bid was submitted to place the Tees Valley Local Authorities in a position to access potentially significant and flexible central government funding, targeting sustainable housing development and growth.

15. On the 16<sup>th</sup> July 2008 DCLG announced that the Tees Valley bid to become a New Growth Point area had been selected to proceed to the next stage (the full list of 20 potential New Growth Point Areas is provided in Appendix 1).

16. The next step is to produce a Tees-Valley wide Action Plan. It is anticipated that over the next 3 months (the submission deadline is 27<sup>th</sup> October 2008); each of the partner authorities will be expected to develop a set of priorities and projects to be included in a single Tees Valley Programme of Development.

17. The Programme of Development is a document that sets out the local authorities/partnership's plans and ambitions for growth, including a trajectory for housing delivery split between boroughs and the infrastructure needed to achieve it, and identified resources available to deliver and an assessment of the extra funding needed to support it.

18. The Programme is not just intended as a bidding tool but to perform a number of functions:

- a) that of a project management tool to guide the local delivery of an increased supply of housing;
- b) as a means of articulating key infrastructure needs to support this growth; and,
- c) as a tool to inform engagement between the Growth Point area, the Department for Communities and Local Government, the Government Office for the North East and, in the future the Home and Communities Agency, on where and how they can help deliver this programme.

19. The responsibility for managing the bid will fall to Tees Valley Living with close involvement of each of the Local Authorities under Tees Valley Unlimited and could

also form part of the Tees Valley Multi-Area Agreement. The bid will be issued to CMT prior to submission for approval/comments.

## **OPTION APPRAISAL/RISK ASSESSMENT**

20. If the Council does not agree to participate in the Tees Valley Growth Point partnership it may be possible for the remainder of the partners to continue with the bid. However, if the bid were successful Middlesbrough would be excluded from both the funding allocation decision-making process and the funding.
21. The Tees Valley and Middlesbrough are seeking to commit to extra housing growth at a time of potential economic uncertainty/downturn, which could impact the readiness of developers to build at current volumes. This represents a risk to the programme, which will need to be managed at local and Tees Valley levels and through close discussions with Government.
22. If the Tees Valley Growth Point bid is successful then the housing figures contained within the Regional Spatial Strategy will need to be reviewed which may result in Middlesbrough's Local Development Framework, Core Strategy and Regeneration Development Plan Documents being reviewed at an earlier stage.

## **FINANCIAL, LEGAL AND WARD IMPLICATIONS**

### **Financial Implications**

23. Growth Point is a status that enables Local Authorities/Partnership's to access potentially significant funding. There are two funding streams that become available to New Growth Point areas. They are:
  - a) The Housing Growth Fund; and,
  - b) The Community Infrastructure Fund.

### **Growth Fund**

24. The Growth Fund was announced in December 2007 to support the delivery of infrastructure in local areas during the Comprehensive Spending Review 2007 period (2007-2011). Instead of providing ringfenced funding for individual projects the Growth Fund provides unringfenced block funding to local authorities and their partnerships in the Growth Point areas. As an unringfenced grant, with the exception of reflecting the split between capital and revenue there are no grant conditions about how or when it is spent. It is for the Growth Point areas to prioritise how the funding is used in their area.
25. The funding available from the Growth Fund nationally for 2009-10 and 2010-11 for the second round of Growth Points is £97m. Government will make funding decisions related to the Growth Fund based on the assessment of the individual Programmes of Development submitted by each of the New Growth Point areas. It is envisaged that Government will make a final decision on the level of Growth Fund funding available to the Tees Valley by the end of the year.

## **Community Infrastructure Fund**

26. The second pot of funding available to New Growth Point areas is the Community Infrastructure Fund (CIF). CIF is a joint fund administered by the Department for Communities and Local Government and the Department for Transport. It is designed to complement mainstream transport funding, linking funding for transport infrastructure with the delivery of housing. CIF can help fund small to medium scale schemes, which are vital to unlocking large housing development sites enabling development of housing to be brought forward, and improving the sustainability of major locations of growth. Following the announcement on the 16<sup>th</sup> July of the success of the Tees Valley bid to become a New Growth Point area the Government has also invited the Tees Valley authorities to submit Expressions of Interest to the CIF (deadline for Expressions of Interest is 15<sup>th</sup> September 2008).
27. The national pot of £200m (2008-2011) capital funding is available to existing Growth Point areas, Growth Areas, short listed Eco-towns and second round Growth Point areas. Unlike the Growth Fund there is no apportionment of CIF funds between the different Growth Point areas. Funding will be awarded on the merits of the individual schemes put forward.
28. Any acceleration of house building would potentially have a positive impact on the Council's Housing, Planning and Delivery Grant allocation in future years. At present additional grant is awarded to authorities that deliver housing at a level at least 0.75% of existing stock. One unit of grant being awarded for each net addition above 0.75% of existing stock (in 2008/09 this figure was £916 per net addition).

## **Preliminary Funding**

29. Funding from the Growth Fund and Community Infrastructure Fund is unlikely to come forward until next financial year (2009/10). Therefore in the interim, DCLG is making available £200,000 of revenue funding to the Tees Valley to improve capacity and support preliminary studies.
30. At the moment it has not been decided how this small pot of money will be used. However Tees Valley Living have suggested that some of this funding be used to re-engage the consultants who put together the original Growth Point bid to help the local authorities produce the Programme of Development that has to be submitted to Government by the 27<sup>th</sup> October 2008.

## **Legal Implications**

31. There are no direct legal implications arising from this report.

## **Ward Implications**

32. There are no specific implications at this time. However as the Programme of Development is developed for the Tees Valley and sites in Middlesbrough are identified for the provision of additional housing this will then clearly have ward implications, which will be reported to the Executive in due course.

## **RECOMMENDATIONS**

33. It is recommended that the Executive Member for Regeneration and Economic Development:

- a) notes progress and next steps relating to the Tees Valley Growth Point bid;
- b) agrees that the Director of Regeneration works with the other Tees Valley Local Authorities to develop a set of priorities and projects to be included in a single Tees Valley Programme of Development to be submitted to Government;
- c) agrees that the Director of Regeneration be given delegated authority, following consultation with the Executive Member for Regeneration, to approve Middlesbrough's component of the Housing Growth Point Programme of Development submission to Government; and,
- d) agrees that the Director of Environment be given delegated authority, following consultation with the Executive Member for Transport, to approve Community Infrastructure bids.

## **REASONS**

34. Middlesbrough has an opportunity to be a partner in a Tees Valley-wide Housing Growth Point. The Tees Valley would become one of the first Northern Growth Point areas and would provide further evidence of confidence in the potential for economic growth in the Tees Valley. As part of a Housing Growth Point partnership, Middlesbrough would have access to potentially significant funding, which could be used to support the delivery of the Council's Housing and Community Strategies.

## **BACKGROUND PAPERS**

35. The following background papers were used in preparation of this report:

Homes for the future: more affordable, more sustainable: the Housing Green Paper, July 2007

Tees Valley Growth Point Expression of Interest, October 2007

Growth Fund Programme of Development Guidance, July 2008

**AUTHOR: David Allred**

**TEL NO: 01642 729063**

---

*Address: Urban Policy and Implementation, Civic Centre, Middlesbrough, TS1 2QQ*

*Website: <http://www.middlesbrough.gov.uk>*

## **APPENDIX 1 – FULL LIST OF SECOND ROUND GROWTH POINT AREAS**

### **North West**

Greater Manchester  
Carlisle  
Central Lancashire and Blackpool  
West Cheshire  
Haltom/St Helens/Warrington  
Mersey Heartlands

### **North East**

Tees Valley  
South East Durham  
Newcastle & Gates head  
South East Northumberland  
North Teesside

### **Yorkshire and Humber**

Doncaster and South Yorkshire  
Leeds City Region

### **East Midlands**

Gainsborough

### **West Midlands**

Black Country/Sandwell  
Stafford

### **South West**

Kerrier and Reston  
Weighbridge

### **South East**

Dover  
Shoreham