



REPORTS FOR DECISION BY THE CABINET MEMBER FOR REGENERATION

Date Issued: **05 November 2009**

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A Record of Decision will be issued following the conclusion of 5 clear working days from the date of issue of the Report

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MAIDSTONE BOROUGH COUNCIL

CABINET MEMBER FOR REGENERATION

REPORT OF ASSISTANT DIRECTOR OF DEVELOPMENT AND COMMUNITY STRATEGY

Report prepared by John Foster

Date Issued: 5 November 2009

1. CONSULTATION RESPONSE TO PROPOSED CHANGES TO THE 2010/11 GROWTH POINT ALLOCATION

1.1 Issue for Decision

- 1.1.1 To consider the Council's response to the Government's consultation document proposing to cut £1.1 million from the 2010-11 Growth Point allocation.

1.2 Recommendation of the Assistant Director of Development and Community Strategy

- 1.2.1 That the Council objects to the proposed cut and strongly urges the Government to reverse its decision for the reasons set out in Appendix 1.

1.3 Reasons for Recommendation

- 1.3.1 The Government confirmed Growth Point funding allocations for 2009-10 and provisional funding for 2010-11 in December 2008. In July 2009 the Government announced its intention to switch funding from the Growth Fund to help stimulate house building during the current economic conditions, as set out in the housing pledge announced in Building Britain's Future. The Minister for Housing and Planning wrote to each Growth Area and Growth Point on 17 July setting out the Government's proposed approach to reducing funding allocations in 2010 -11, and what this would mean for their own allocation, but made clear that this was subject to consultation. The consultation began on 2nd October 2009 and lasts six weeks, closing on 13 November 2009.

- 1.3.2 The government's approach is effectively to reduce the 2010-11 Growth Fund allocation in all Growth Areas and Growth Points by approximately 40%. This would result in a £1.1 million reduction in Maidstone's provisional capital allocation for 2010-11 year.

1.3.3 In summary the Council objects to the proposed cut and strongly urges the Government to reverse its decision because:

- Maidstone continues to deliver housing numbers in spite of the recession.
- The equivalent lost funds will not be invested in the Borough through Housing Pledge initiatives such as Kick Start.
- It severely undermines the political support for Growth Point status.
- It undermines the policy approach of housing development, only where this is supported with adequate infrastructure.
- It reduces business confidence, and
- It reduces significantly the Council's ability to plan for and to provide the necessary infrastructure to create sustainable communities.

1.4 Alternative Action and why not Recommended

1.4.1 An alternative approach could be not to make a representation to this consultation or to rely on the letter sent to the Secretary of State earlier in the year objecting to the proposal when it was first announced. However to do so would undermine the message to Government that the proposed cut will seriously impact on the Council's ability to deliver infrastructure to support growth.

1.5 Impact on Corporate Objectives

1.5.1 The proposed cut will impact upon activity set out the Council's Strategic Plan 2009-12 and key objectives regarding the economy and prosperity, sustainable and integrated transport, and homes and communities.

1.6 Risk Management

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
The Council's representation fails to convince the Government to reverse its decision	B	2	A revised capital and revenue plan of expenditure, based upon a review of priorities will have to be considered and agreed to deliver an affordable programme.

(Likelihood: A = very high; B = high; C = significant; D = low; E = very low; F = almost impossible) (Seriousness or Impact: 1= catastrophic; 2 = critical; 3 = marginal; 4 = negligible)

1.7 Other Implications

1.7.1

1.	Financial	X
2.	Staffing	
3.	Legal	
4.	Equality Impact Needs Assessment	
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	
9.	Asset Management	

1.7.2 Financial: Whilst there are no financial costs incurred in the submission of the response to the consultation, a successful outcome i.e. a reversal in the decision to reduce the 2010/11 Growth Point allocation, would impact upon the Council's Medium Term Capital Programme.

1.8 Background Documents

1.8.1 None

1.9 Reason for Urgency

1.9.1 In order to give the Government time to finalise the Local Government Finance Report for 2010-11 this consultation is shorter than the usual 12 week period. There is therefore a need to make a quick decision to meet the government's timetable. The date when the Local Government Finance Report for 2010-11 is finalised is important, since the report confirms a substantial amount of central grant funding for local authorities and very soon after the finalisation of the report local authorities will be required (under the Local Government Finance Act 1992) to set their budget requirements and levels of council tax for the financial year 2010-11.

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision? Yes ☐ No ☒

If yes, when did it appear in the Forward Plan?

Is this an Urgent Key Decision? Yes ☐ No ☒

Reason for Urgency

N/A

How to Comment

Should you have any comments on the issue that is being considered please contact either the relevant Officer or the Member of the Executive who will be taking the decision.

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APPENDIX 1 PROPOSED REPRESENTATION

Alex Turner
Growth Fund Consultation
Communities and Local Government
Housing & Growth Programmes
Zone 1/G9, Eland House
Bressenden Place
London
SW1E 5DU

Date:

Dear Mr Turner

Re: Proposed changes to the Growth Fund for 2010-11

Thank you for the opportunity to be consulted on the Government's intended decision to reduce the amount of funding available to Growth Point authorities in 2010 -11 and switch the funding to support the Housing Pledge. In Maidstone this will create a £1.1 million deficit in the agreed programme of works set out by the Borough's Cabinet in May this year. You will be aware that at the time of this announcement the Borough Council sent a letter of objection to the Minister, the Rt Hon John Healey MP, setting out our case.

You will be aware that the Borough's status as a Growth Point has been confirmed by the South East Plan and that the Council's housing allocation has been increased from 10,080 to 11,080. The need to provide infrastructure for housing over the remainder of the plan period to 2026 has therefore increased, and yet you are proposing to reduce the money for the provision of that necessary infrastructure.

It is argued by government that to help to stimulate house building during the current exceptional economic conditions, the Government proposes to switch funding from the Growth Fund to support the measures set out in the housing pledge announced in Building Britain's Future. Whilst this may reflect the situation elsewhere in the country, it is not necessary in Maidstone which is still delivering housing at above the annualised housing targets for the period to date. Despite the recession, last year 441 dwellings were constructed. Critical for Maidstone is the provision of infrastructure. The need for, and type of, infrastructure required to deliver growth over the next 10 years has not changed. I do therefore agree that there is no need to resubmit the Programme of Development.

The Housing Pledge promises a package of measures and extra funding to deliver both open market and affordable homes. However not all areas will benefit equally from these measures but all areas will suffer the Growth Fund reduction. The Maidstone area may benefit from the expansion of the existing affordable housing programme, although it is difficult to know now to what extent. Only one round 2 Kick Start bid was submitted to the Homes and Communities Agency from the Maidstone area by the deadline of the 16th

October. With respect to the local authority house building programme, the funding is designed to encourage local authorities to build homes that may not otherwise be built, particularly on local authority owned infill sites, which might be unattractive to other developers. MBC will not benefit from this funding nor will it from the investment in the development of public sector land owned by the HCA, as there is none in Maidstone. In summary the equivalent funding lost from the Growth Fund will not be invested in Maidstone through the Housing Pledge.

You will be very aware that in terms of the public's acceptance of the level of development proposed locally, the delivery of infrastructure at the same time as the housing is a critical issue.

When Yvette Cooper announced New Growth Points, she made an explicit commitment that 'the Government is entering into a **long term partnership** with the Borough Council'. The Borough Council is fulfilling the Government's objectives under the 'partnership' of delivering the housing. The money for the provision of infrastructure is vital, particularly given the economic circumstances where, in effect, housing cannot deliver the necessary S106 requirements. Therefore the removal of £1.1m will have a significant impact on the ability of the Council to deliver infrastructure to support the creation of sustainable communities. This may have the consequence of making housing development unpalatable to the public.

The removal of the funding will have a significant impact on the Council's ability to deliver the Council's capital programme. These are critical pieces of infrastructure in relation to creating a 'sustainable' community and 'quality' places. These include public realm improvements to increase the attractiveness of Maidstone's Town Centre to investors, shoppers and visitors; investment in cultural and green infrastructure; and also economic development measures to create new employment space.

In addition the inability to pump prime infrastructure will affect private sector investment decisions as the public sector will be seen as not being able to deliver the supporting infrastructure.

In summary, whilst understanding the need to fund the housing programme, the Council objects to the proposed cut and strongly urges the Government to reverse its decision because:-

- Maidstone continues to deliver housing numbers in spite of the recession.
- The equivalent lost funds will not be invested in the Borough through Housing Pledge initiatives such as Kick Start.
- It severely undermines the political support for Growth Point status.
- It undermines the policy approach of housing development, only where this is supported with adequate infrastructure.
- It reduces business confidence, and
- It reduces significantly the Council's ability to plan for and to provide the necessary infrastructure to create sustainable communities.

The Government should therefore fulfil its part of the partnership and ensure that the necessary amount of funding continues to be available to provide infrastructure for the allocated levels of housing. I urgently request that you reverse this decision.