
REPORT TO:	FINANCE AND MANAGEMENT	AGENDA ITEM: 13
DATE OF MEETING:	10TH SEPTEMBER 2009	CATEGORY: DELEGATED
REPORT FROM:	DIRECTOR OF COMMUNITY SERVICES	OPEN
MEMBERS' CONTACT POINT:	MARK ALFLAT 01283 595712 mark.alflat@south-derbys.gov.uk	DOC:
SUBJECT:	Growth Fund Spending Programme 2009/10 and 2010/11	REF:
WARD(S) AFFECTED:	All	TERMS OF REFERENCE: FM

1.0 Recommendations

1.1 That:

- the revised Growth Fund capital spend programme for 2009/10 and provisional programme for 2010/11 as set out in Tables 1 and 2 of Appendix 1 be agreed;
- the Chief Executive, in consultation with the Chairman of Environmental and Development Services, be delegated to pursue the inclusion of these projects through the Derby Housing Market Area Joint Advisory Board, and agree details and amendments to the programme as necessary;
- the establishment of a temporary Affordable Housing Officer post for a period of 12 months, at no cost to the Council, be agreed.

2.0 Purpose of Report

- 2.1 To agree a revised Growth Fund spend programme for 2009-11 following a recent ministerial decision to significantly reduce this fund. Also, to seek approval for the establishment of a temporary Affordable Housing Officer post to be funded at no cost to the Council.

3.0 Executive Summary

- 3.1 South Derbyshire forms part of the Derby National Growth Point along with Derbyshire County Council, Derby City Council and Amber Valley Borough Council. A share of Growth Fund money is therefore available within the three year period April 2008–March 2011 to fund infrastructure to support housing growth.
- 3.2 EDS Committee has already agreed a “long list” of priority projects and the Chief Executive, in consultation with that Committee’s Chairman, has delegated authority to agree details and amendments to the programme as appropriate at the Derby Joint Advisory Board, which oversees the allocation of Growth Funding locally. The Board recently agreed a capital programme for 2009/10 and provisionally for

2010/11. However, the Government has now indicated it is to significantly reduce the provisional Growth Funding for 2010/11 and divert resources instead to support the national drive to build more affordable housing. A revision to the agreed programme is therefore needed.

- 3.3 An option in addressing the resulting shortfall would be to abandon a recent Board agreement to “top-slice” the capital fund specifically for affordable housing projects (which will, in any case, be better addressed through the government’s new approach) and carry forward this and all other unspent affordable housing allocations into 2010/11. Subject to confirmation of funding and Board agreement, this would more than offset the reduced funding levels and would allow all projects identified thusfar for 2010/11 to go ahead (see table 3 of Appendix 1). It is therefore proposed that this course of action be pursued. The 2010/11 programme will need to be agreed in detail if and when funding is confirmed (in January 2010) as set out in Table 1 of Appendix 1. This may include identifying additional projects if sufficient headroom is available. Where appropriate, spend could be brought forward into 2009/10 up to the amount of the reallocated “top sliced” affordable housing.
- 3.4 However, the opportunity is also being taken to propose the revision of the agreed 2009/10 programme to include Green Bank Leisure Centre instead of Etwall Leisure Centre. A further project involving a new cycle skills centre at Rosliston Forestry Centre is also proposed to be funded using a local green infrastructure pot. The report also recommends the establishment of a temporary Affordable Housing Officer post for a period of 12 months, at no cost to the Council.

4.0 Detail

- 4.1 Members will know that South Derbyshire forms part of the Derby Housing Market Area (“HMA”) National Growth Point along with Derbyshire County Council, Derby City Council and Amber Valley Borough Council. The Derby HMA Growth point is, in turn, part of the wider ‘Three Cities and Three Counties’ (“6Cs”) Growth point.
- 4.2 Within Growth Points, local authorities are able to bid for a share of a Growth Fund which has been made available by Government for the three year period April 2008– March 2011. The Fund is now administered by the new Homes and Communities Agency (“HCA”). The Fund is specifically for investment in the infrastructure needed to support strong housing growth. Separate streams of money are available for capital and revenue projects. It has also been agreed locally that an amount will be made available for “local green infrastructure” projects.
- 4.3 Members will also be aware that at an HMA level, a Joint Advisory Board (“JAB” or “the Board”) has been established to co-ordinate both Growth Point and Local Development Framework (“LDF”) matters across the wider Derby area. South Derbyshire is represented by the Chairman of Environmental and Development Services Committee (F&M 12th June 2008 and EDS 28th August 2008 refer).
- 4.4 At its meeting on 28th August 2008, EDS Committee approved an indicative “long” list of capital projects to be put forward for consideration by the Board. The Chief Executive, in consultation with the Chairman of EDS, was also delegated to negotiate and agree details and amendments to the programme at the JAB as appropriate.
- 4.5 The Board last met on 13th July 2009 following confirmation of total funding of £2.5m being available to the Derby HMA for 2009/10 and provisional funding of £3.07m being available for 2010/11. The Board agreed a programme for 2009/10 and a

provisional spend programme for 2010/11, pending confirmation of year 3 funding by the HCA (expected in January 2010).

- 4.6 For information, the agreed capital programme for 2009/10 and provisional programme for 2010/11 is set out in Appendix 2.
- 4.7 As part of this, the Board agreed that a sum of £500,000 should be “top-sliced” from the HMA capital allocation to be used solely for affordable housing projects across the HMA.
- 4.8 A sum of around £20,000 is also available for the local Green Infrastructure projects in South Derbyshire in 2009/10 and, provisionally, in 2010/11.
- 4.9 In terms of revenue spending, the Board noted that three temporary posts to support Growth Point and HMA-level LDF work had now been filled and joint HMA-wide LDF studies are being funded. A sum of £40k is also available for local revenue projects which has been allocated for feasibility and evidence base work for South Derbyshire LDF work and related projects.

The Need to Review the Programme

- 4.10 On 17 July 2009, the Housing Minister wrote to the local authority leaders in the Three Cities sub region outlining his decision to significantly reduce the provisional capital Growth Fund allocations for 2010/11. The principal reason for the change is to enable resources to be re-allocated to support the delivery of an additional 20,000 affordable homes nationally.
- 4.11 The provisional capital funding for the Derby HMA has therefore been reduced significantly from £3.07m to £1.85m. This is concerning as some projects, most notably the Swadlincote Town Centre public realm, rely on funding over more than a single year. Furthermore, as indicated above, even this reduced allocation is still subject to confirmation.
- 4.12 An urgent revision of the programme is therefore needed. In recognition of the funds having been diverted to support the delivery of affordable housing, initial discussions with HMA partners have concluded that the agreement to “top-slice” affordable housing should now be abandoned, and be devoted to other local infrastructure projects. It should be noted that the Government’s new approach means that the Growth Fund would not, in any case, now be the most effective way to fund new affordable housing.
- 4.13 The net effect of this change, subject to agreement with the Board and the provisional allocation being confirmed by Government (expected January 2010), would be to more than offset the reduced funding levels and would therefore allow all projects thusfar identified for 2010/11 to be delivered.
- 4.14 It is therefore proposed that the “top sliced” money, together with other unspent affordable housing money from 2008/09 be re-allocated and carried forward into 2010/11. A detailed programme for 2010/11 will need to be agreed in detail by the Chief Executive in consultation with the Chairman of EDS at the Board if and when funding is confirmed in January 2010. This may include identifying additional projects if sufficient headroom is available. Where appropriate, spend could be brought forward into 2009/10 up to the amount of the reallocated “top sliced” affordable housing. A revised programme for decision is set out in Table 1 of Appendix 1.

- 4.15 In the meantime, however, there is the opportunity to review priority projects for this year (2009/10) and a revised programme is also set out in Table 1 of Appendix 1. It is being proposed that Committee approval be given to improvements at Green Bank Leisure Centre instead of an all-weather pitch at Etwall Leisure Centre. To ensure the continued provision of public swimming in Swadlincote for the next 10 years there needs to be a redevelopment of the existing wet side changing rooms at Green Bank. A significant part of the project is to replace and upgrade plant systems with modern, more economical and efficient equipment which will reduce energy costs, carbon emissions and improve water quality.
- 4.16 Due to the Council's involvement in the free swimming scheme there is the opportunity to bid into a capital grant programme for financial assistance towards the redevelopment works. An allocation of Growth Funds of at least £220k would allow for a competitive bid to be made to the Free Swim Capital Scheme. This is a more strategic priority than an all-weather pitch at Etwall Leisure Centre.
- 4.17 A successful bid will enable the swimming provision and use to be secured for at least 10 years and give the opportunity for reduced revenue costs on a future management contract.

Other proposals

(a) Local Green Infrastructure Projects

- 4.18 This Council has yet to determine how best to deploy the allocation for Local Green Infrastructure projects and an opportunity has been identified to develop a cycle skills centre at Rosliston Forestry Centre.
- 4.19 A feasibility study has been completed which outlines a project to provide a 'basic cycle skills facility' at Rosliston Forestry Centre. Such a facility would be an off-road cycle route designed for beginners and families who want to develop their skills before embarking on more advanced routes. The facility will complement the centre being built at Ashby and the regional facility at Cannock Chase. The total project will cost approximately £75k with DDEP, the Accessibility Partnership, National Forest Company and Big Lottery being potential funders. £20,000 from the Local Green Infrastructure fund would be required to deliver the project as set out in Table 2 of Appendix 1.

(b) Affordable Housing

- 4.20 The need to provide affordable housing in South Derbyshire remains pressing and is being fuelled by the current recession. This is placing particular pressure on the demand for social housing at the same time as a slow down in the supply of new housing. Housing is also a key driver in the recovery of the economy by providing employment directly and through the supply chain.
- 4.21 The Minister's decision to divert funding away from Growth Funds towards more direct provision of affordable housing now provides an opportunity to increase the supply of affordable homes in South Derbyshire.
- 4.22 However, there are resource implications in managing this area of work. Currently, this falls under the role of the just one officer – the Housing Strategy Manager - whose other responsibilities include housing research, preparation and delivery of housing related strategies, supporting the planning process in providing guidance on

matters which relate to affordable housing including negotiating such provision, as well as being the council's nominated lead officer for Supporting People.

4.23 Through discussions with the Derby Growth Fund Co-ordinator, the potential to regard a proportion of capital spend on Growth Point projects as revenue spend has been identified, to cover staff time in activities such as project management. This means it would be possible to recoup the staff costs involved and would create some capacity to assist with the delivery of affordable housing, at no cost to the Council.

4.24 It is therefore being recommended that an Affordable Housing Officer be appointed on a temporary contract for a period of 12 months to provide support to the Housing Strategy Manager with the primary aim of optimising the opportunities to increase the supply of affordable housing.

5.0 Financial Implications

5.1 The Growth Fund provides an opportunity to attract match funding and provide much needed infrastructure that would not otherwise be possible. Furthermore, the proposed upgrade to Green Bank Leisure Centre will, in improving energy efficiency, help reduce pressures on the Council's revenue costs in future years. Care will be needed to assess the VAT implications of projects which are associated with functions already generating VAT exempt income or are likely to generate it in the future. Whilst there is a risk that year 3 funding will not be confirmed, projects can either be withdrawn or, where a commitment to complete exists, can be funded from existing commitments. There would be no cost to the Council in establishing the temporary Affordable Housing Officer post.

6.0 Corporate Implications

6.1 The provision of new infrastructure links directly to a number of Corporate Plan themes including "Safe and healthier communities", "Higher quality services", "Prosperity for all" and "Rural South Derbyshire". SDDC representation on the JAB also links to Theme 6 "Stronger in the Region".

6.2 Funding for agreed projects will be the subject of formal contracts with Derby City Council as the responsible body.

6.3 The temporary Affordable Housing Officer will greatly assist the Housing Service in the delivery of strategic housing objectives.

7.0 Community Implications

7.1 The provision of new infrastructure will directly benefit existing and future communities in the district and in doing so will help implement some key objectives of both the Community Strategy and the emerging Sustainable Community Strategy.

8.0 Background Papers

- Letter from Housing Minister dated 17th July 2009
- Report to and minutes of Derby HMA Joint Advisory Board 13th July 2009
- Report to and minutes of EDS Committee 28th August 2008
- Report to and minutes of F&M Committee 12th June 2008

Appendix 1

FOR DECISION

Recommended Revised Growth Fund Capital Programme 2009/10 and Provisional Programme for 2010/11

Table 1 – Proposed Revised Capital Programme for South Derbyshire

Proposed Revised Programme	2009-10	2010-11*
	£	£
Public Realm – Swadlincote West St - cultural quarter	175,000	125,500
Hilton Village Hall Extension	400,000	0
Melbourne Leisure Centre	60,000	0
Chestnut Ave - Midway	50,000	0
Rosliston Forestry Centre	30,000	0
Eureka Park	30,000	70,000
Green Bank Leisure Centre	20,000	200,000
Public Realm - The Delph	0	449,500
Total	765,000**	845,000

* Provisional subject to HCA confirmation likely January 2010

** Includes carry over of £130k unspent on transport projects in 2008/09

Table 2 – Proposed Local Green Infrastructure Programme

Proposed Local Green Infrastructure	2009-10	2010-11
	£	£
Rosliston Cycle Skills Centre	20,000	0

Table 3 – Effect of Minister’s decision to reduce Growth Fund in 2010/11

	2009-10	2010-11*
	£	£
Indicative Growth Fund available for S Derbys following Minister’s announcement	765,000 (+AH £285,341)	605,977
Indicative shortfall 2010/11 following Minister’s announcement	0	-239,023
Indicative surplus 2010 /11 following Minister’s announcement and re-allocation of “top sliced” affordable housing	0	+46,318

Appendix 2

FOR INFORMATION

Table 4 - Programme of Development agreed at the Derby HMA Joint Advisory Board 13th July 2009

Programme of Development	2009-10	2010-11*
	£	£
Public Realm – Swadlincote West St - cultural quarter	175,000	125,500
Hilton Village Hall Extension	400,000	0
Melbourne Leisure Centre	60,000	0
Chestnut Ave - Midway	50,000	0
Rosliston Forestry Centre	30,000	0
Eureka Park	30,000	70,000
Etwall Leisure Centre	20,000	200,000
Public Realm - The Delph	0	449,500
“Top sliced” affordable housing (and unspent 2008/09 affordable housing c/f)	285,381	163,934

* Provisional subject to HCA confirmation likely January 2010