



The Growth Fund 2008–2011  
**Consultation Response**



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Department for Communities and Local Government  
Eland House  
Bressenden Place  
London  
SW1E 5DU  
Telephone: 020 7944 4400  
Website: [www.communities.gov.uk](http://www.communities.gov.uk)

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# The Growth Fund – Introduction

In line with the principles of the Local Government White Paper, during 2007-08 Communities and Local Government reviewed how funding support for Growth Areas and Growth Points was delivered, in order to better align it with the development of Local Area Agreements and the Local Performance Framework.

The Growth Fund awards were announced in December 2007 to support the delivery of infrastructure in local areas over the CSR07 period. The Growth Fund builds on the experience of both the Growth Areas Fund and the Growth Point Fund to provide a new way in which to fund growth which will better serve the needs of local areas. The key elements of the new system are:

- from 2008-09 instead of providing ringfenced funding for individual projects the Growth Fund provides unringfenced block funding to local authorities and their partnerships
- 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 local authorities to prioritise how the funding is used in their area with performance monitored through the indicators in the Local Performance Framework
- in order to determine funding allocations all eligible local authorities or local partnerships were invited to submit a Programme of Development (programme) during the summer of 2007
- Programmes of Development are documents that set out local areas plans and ambitions for growth, including a trajectory for housing delivery and the infrastructure needed to support it, identified resources and an assessment of the extra funding needed to deliver
- funding decisions are based around the assessment of the Programmes of Development against the key criteria set out in the guidance, the number of homes to be delivered by 2016, and the scale of the key infrastructure challenges at the location

As this was a new funding system, and particularly since 2007 was the first time local authorities and partnerships had been invited to submit a Programme of Development as the basis for funding decisions, allocations were only confirmed for 2008-09, with indicative allocations for 2009-10 and 2010-11. A consultation was launched on 12 May 2008 to provide an opportunity to test the new funding system with stakeholders during the

first year of operation to enable the system, where possible, to be improved even further for 2009-10 and 2010-11. This document outlines Government's response to the consultation and the changes that will be made to the Growth Fund for 2009-10 and 2010-11.

# Stakeholder Consultation

1. The consultation was launched on 12 May 2008. Due to the technical nature of this consultation, the consultation period was eight weeks and closed on 7 July 2008.
2. The consultation was primarily aimed at the local authorities and their local delivery partners in the Growth Areas and Growth Points who are eligible for funding from the Growth Fund. However, it was open to anyone to make representations and a list of all respondents can be found at Annex A. Overall 77 responses were received.

# Summary of Responses

## Section 1 – Moving to a programme-based fund

3. In line with the principles of the Local Government White Paper, during 2007-08 Communities and Local Government reviewed how funding support for Growth Areas and Growth Points was delivered, in order to better align it with the development of Local Area Agreements and the Local Performance Framework.
4. For 2008-09 the decision was taken to move from funding schemes on an individual project basis to funding them on a programme basis with an unringfenced block grant. As part of the consultation we tested whether respondents agreed that multi-year allocations should be part of the new system, which would be announced on a provisional basis, with provisional allocations for later years within the CSR period being confirmed and paid annually.

### Question 1

Do you agree with the move to providing multi-year allocations?

5. Ninety-nine per cent of respondents who expressed a view agreed with the move to multi-year allocations as it provides increased flexibility and certainty of funding through the provision of unringfenced grant, which is particularly important to the delivery of housing growth and the associated infrastructure. We are therefore confirming this as part of the new system. Further clarity over the statement allocations are provisional and will only be altered in exceptional circumstances' was requested. This linked to concerns that this condition, although small, could impact on the extent to which future year's works can be planned.
6. In practice, the multi-year allocations will be announced on a provisional basis, with provisional allocations for later years being confirmed and paid annually. There will be no requirement to resubmit Programmes of Development to confirm provisional allocations for future years within the CSR period. The Secretary of State will adopt a policy of only altering provisional allocations in exceptional circumstances, in line with the approach taken in relation to the local government finance settlement (including both Formula Grant and Area Based Grant). This is a standard condition.

## Section 2 – Creating Programmes of Development

### Guidance on *Programmes*

7. During summer 2007, guidance was issued to all local authorities eligible for support from the Growth Fund along with their local delivery vehicles inviting them to draw up a Programme of Development in order to bid for funding. Programmes of Development were designed to provide an overview of the growth ambitions and the needs of local areas upon which funding decisions could be made. Support and advice on preparing the *programmes* was available from both the Government Offices and the Housing and Growth Programmes team at Communities and Local Government.
8. For 2008, the consultation considered how the guidance on the *programmes* could be improved, the time required to update and resubmit *programmes* and any support needed for this process.

#### Question 2

How can we improve the guidance on preparing Programmes of Development?

- a) What areas within the guidance do you need further clarity on?
- b) What elements of the guidance do you feel do not add value to the Programmes?
- c) Are there areas of activity not requested in the guidance that would add value to the Programmes?

9. Eighty-two per cent of respondents provided a comment, either fully or to part of question 2. The general opinion was that the existing guidance is useful and generally provides all of the relevant information. Of most importance was that any new guidance is delivered in a timely fashion and clearly states what is required for the revised *programmes*.
10. Of the comments that were received, the majority of respondents suggested that the guidance should have more of a qualitative focus on the wider social and economic sustainability aspects of the *programme* including affordable housing, rather than simply housing numbers, as well as recognising the implications of the current economic slowdown.
11. Further clarity around how the Growth Fund links with other funding streams available, such as CIF and other regional funds, how cross boundary infrastructure projects and green infrastructure projects should be incorporated, and guidance on what should be classified as capital and revenue was also requested.

12. In response a clear timetable will be provided with the guidance on *programmes*. The guidance will be updated to place more emphasis on affordable housing, wider social and economic sustainability aspects such as economic development, schools and healthcare facilities and green infrastructure. We will specify what we mean by 'revised' and include the appraisal template as part of the guidance to enable bidders to see how the *programmes* will be assessed and we will clarify how cross boundary infrastructure projects should be represented where they affect more than one Programme of Development. The new section on past performance provides an opportunity to take into account the effects of the current market situation (see Section 4 for more detail).

### Question 3

How much time will you need to update and resubmit your Programme of Development (e.g. 6 weeks/3months)?

13. Seventy-four per cent of respondents provided a comment on question 3. Responses on how long local authorities will need to update and resubmit their *programmes* varied from between six weeks to four months from the issue of the guidance. Forty-seven per cent felt up to two months would be sufficient, with fifty-three per cent stating more than three months would be required. The required timescales were dependent on when the guidance is published, and what is meant by 'revised' *programmes*. The reasoning behind the requested timings were contradictory, with some places requesting a shorter period to speed up the confirmation of funds, with others requesting a longer period to allow the document to go through relevant internal clearances.
14. To balance these views and enable us to confirm allocations in the Autumn we have decided to set a deadline of 1 October for the submission of revised Programmes of Development from existing Growth Areas and Growth Points, which allows eight weeks. For the second round Growth Points announced earlier this month and the new borough eligible in London (see Section 5), the deadline will be 27 October, which allows 12 weeks given that they will be drafting a Programme of Development for the first time.

### Question 4

What support from the Homes and Communities Agency, Communities and Local Government and/or the Government Offices would you find useful when developing your Programmes?

15. Seventy-one per cent of respondents provided a comment on question 4. One of the most consistent requests from the responses was for a co-ordinated approach from Communities and Local Government, Government Offices, other Government Departments and the HCA

with defined roles and responsibilities. Other issues raised on developing *programmes* included support to places through informal views on *programmes*, sight of the evaluation document and criteria and early involvement from Government during the refresh process. Outside of the *programmes* growth locations would appreciate support in aligning different funding streams and the facilitation of regular workshops to provide updates on key policy issues and allow a forum for discussion between places on growth challenges.

16. In 2007, officials from the Government Offices commented on draft *programmes* where submitted. As the Growth Areas and the first round Growth Points are revising existing *programmes*, rather than submitting new *programmes* to a compact timetable, the Government Offices will not be commenting on drafts during 2008. They will be available to answer questions and queries and the appraisal template will be included in the guidance on the *programmes*. For the second round Growth Points and the new borough eligible in London (see Section 5) who are drafting new *programmes* they are willing to provide comment on drafts.
17. Wider points about support for the Growth Areas and Growth Points outside of the *programmes* will be passed onto the new Homes and Communities Agency to consider as they develop their structures for supporting growth locations. In the meantime, Communities and Local Government will be continuing to host quarterly seminars for the Growth Areas and Growth Points which will respond to the request for updates on key policy issues and enable a forum for discussion between growth locations.

### Working in Partnership

18. The ability to work in partnership is a key requirement of successful growth. With the move to providing unringfenced block funding to local authorities, it was important that Programmes of Development incentivised partnership working and presented a prioritised overview of the plans and projects for an area. Therefore local partner organisations in the Growth Areas and Growth Points, like green infrastructure providers, who had previously been able to bid for funding independently, were asked to co-ordinate their requirements through the Programme of Development for the appropriate location. The consultation therefore tested how respondents felt this had operated.

#### Question 5

How successful has the co-ordination role of the local authorities been in the delivery of the Programmes of Development?

19. Seventy-nine per cent of respondents provided a comment on question 5. Of the responses received the majority (approx 70 per cent) suggested that the co-ordination role is working very well, and is

crucial for delivering the plans outlined in a Programme of Development. In cases where the partnership working is currently premature, responses suggest that places are keen to work on this to benefit from the advantages a co-ordination role can offer.

20. The difficulties around co-ordination and delivery of green infrastructure projects have been highlighted in a number of responses, with particular concern that competing priorities could result in green infrastructure projects being pushed out, given that funding is now unringfenced.
21. Green infrastructure is seen by Government as a vital component of sustainable growth but it is for local authorities as place makers to determine the way in which green infrastructure is delivered in their area. To balance these issues we have therefore strengthened the references to the importance of green infrastructure within the guidance and within the appraisal template for the assessment of *programmes*. Government will not however be ringfencing any elements of the Growth Fund over the CSR07 period for specific purposes as has happened in the past.
22. We are not just looking to see partnership working within a local authority area but also to encourage further partnership working across local authority boundaries to ensure that resources from the Growth Fund are targeted to best effect. We therefore proposed two questions which looked into whether for 2009-10 and 2010-11 all Programmes of Development should be focused around a strategically significant town or city identified for growth within the RSS.

#### Question 6

Do you agree that for 2009-10 and 2010-11 all Programmes of Development should be focused around a strategically significant town or city identified for growth within the RSS?

#### Question 10

We are proposing to introduce an additional entry question on whether the Programme of Development is focused around a strategically significant town or city identified for growth within the RSS. Do you agree with this approach?

23. Of those who responded sixty-six per cent agreed that *programmes* should be focused around a strategically significant town or city identified for growth within the RSS. Of the responses opposed to this suggestion, the main area of concern was around smaller areas that would potentially lose out under this arrangement. There was also concern that this would conflict with existing arrangements where a *programme* is currently focused on a place which is not classified as a strategically significant town or city.

24. In response for 2009-10 and 2010-11 local authorities in the Growth Areas and Growth Points will be encouraged to work together on a Programme of Development focused on a strategically significant town or city or group of towns or cities (in London a Borough) identified for growth within the RSS. Whilst this will not be a requirement, we are looking to incentivise partnership working and have added an additional question into the appraisal template on this point. This does not preclude including information in a *programme* about the contribution of rural centres to the growth strategy for a local authority area as a whole. This also does not preclude London Boroughs working together on a single *programme* if they want to. It is not posed as an entry question as this could inadvertently penalise an authority who is willing to work in partnership but whose neighbours are not. It also does not prevent smaller areas from bidding for Growth Funding but provides an incentive for partnership working.

### Section 3 – Assessing Programmes of Development

25. Once the Programmes of Development had been submitted to Communities and Local Government on 1 October 2007, they were assessed jointly by the Housing and Growth Programmes team and the Government Offices. The guidance highlighted six key criteria on which funding allocations would be based:
- scale of housing growth challenge and timing of delivery
  - robustness of the local delivery mechanisms and partnerships arrangements
  - effectiveness of partnership with the private sector
  - need for public intervention
  - overall soundness of the package
  - total funding available to the Department
26. These key criteria were translated into a series of questions for the assessment process. The consultation reviewed the assessment process, particularly the types of questions that should be included on the appraisal template, and the type of data that should be used.

### Question 7

How can we improve the assessment questions to better reflect the Programmes?

- a) Are there any assessment questions that you do not feel are relevant?
- b) Which elements from the Programmes of Development do you not feel are adequately represented in the assessment questions?

27. Sixty-seven per cent of those who responded to question 7 agreed that all of the assessment questions remain relevant. There was a general concern that the assessment needed to take more account of sustainability rather than focusing so keenly on housing numbers, as well as taking into account current market conditions. There was also the general opinion that some questions were too open ended and subjective. A number of respondents suggested that an assessment of risks and mitigation strategies should be included, as well as more focus on green infrastructure, past performance / evidence of delivery, the overall vision of the *programme* and the provision of community infrastructure and economic development.
28. To ensure the greatest degree of fairness in the assessment process we try where possible to keep to measures that are objective rather than subjective. In line with the responses above and the experience of conducting the assessments during 2007 we have decided to move the question relating to vision and objectives to be a pass/fail question as a clear vision is felt to be central to the delivery of growth and more appropriate to be scored as pass/fail than scored out of five. We have also deleted the question which considers how the *programme* fits with other strategic documents as we felt this is adequately covered within the answers to the other questions and does not need to be a separate question. In line with the responses to the consultation we have included a question which considers the approach to the provision of community infrastructure such as schools and healthcare facilities within the *programme*
29. The assessment continues to focus on housing numbers given that the key aim of the programme is to incentivise housing growth. This is balanced by the wider view of delivery issues which is taken and assessed in the scale of challenge section. We currently assess risks to the delivery of a *programme* by assessing the key challenges and barriers to delivering the growth plans outlined in places Programmes of Development. A detailed risk register would be project specific, and given the strategic view of the *programme* a project specific risk strategy is not deemed appropriate.

30. We have expanded the guidance on what scores constitute a five or a three to make it clearer to the Growth Areas and Growth Points what is required for each level and reviewed the banding for the statistical questions to ensure they capture the different levels of challenge faced by different locations. We have split the original question which covered partnership with the private sector into two questions, one focused on S106 and tariff arrangements and one to cover partnership working on overall delivery within which we have incorporated economic development activity. This is to reflect the two distinct areas of work in relation to the private sector that were coming through when examining the *programmes* during 2007.

### Question 8

Which sections of the assessment do you feel are the most important elements for funding decisions?

31. Seventy-two per cent of respondents provided a comment this question, and based on these the criteria were ranked in terms of importance as follows:
- A – Scale of Challenge. 28 per cent rated as the most important criteria
  - D – Need for public intervention. 25 per cent rated as the most important criteria
  - B – Robustness of Local Delivery Mechanisms and Partnership Arrangements 18 per cent rated as the most important criteria
  - E – Overall soundness of the package. 13 per cent rated as the most important criteria
  - C – Effectiveness of Partnership with private sector. Seven per cent rated as the most important criteria
32. The remaining respondents stated that green infrastructure and economic elements should be ranked more highly, whilst four per cent felt the weightings currently applied to the criteria were appropriate. In line with the responses the scale of challenge and need for public intervention sections will continue to be treated as the most important elements of the assessment, which is in line with the current methodology.
33. Once we had analysed the responses to the consultation and made the necessary amendments to the guidance and the appraisal template, we went back and reviewed the original six key criteria upon which funding allocations would be made. These have been amended to include past performance and to link the scale of challenge directly to

the criteria around the need for public intervention. The revised criteria are listed below and have been included in the revised guidance.

- overall housing delivery to 2016-17
- robustness of the local delivery mechanisms and partnership arrangements;
- effectiveness of partnership with the private sector
- scale of challenge in delivering housing growth and need for public intervention
- past delivery performance
- overall soundness of the package
- total funding available to Communities and Local Government

#### Question 9

Do you agree that a question should be included under section D to determine what other sources of public expenditure are supporting the projects?

34. Eight-four per cent of those who responded to this question supported the proposal. Respondents commented that the inclusion of this question should provide a more rounded picture of the proposals for development, and a number of responses suggested that this should include a summary of private funding, as well as public, and identify between secured and unsecured. It also needs to be made clear in the guidance how government would evaluate these criteria, as it has been suggested it could be difficult to assess objectively.
35. The sixteen per cent of respondents against the inclusion of this question raised concerns about places being unfairly penalised, especially smaller locations, for not securing other sources of funding. It was also suggested that it is difficult to demonstrate match funding for a document such as the *programme* given that it is not written on a project specific basis.
36. In response, Section D has been expanded to include a question on what other sources of funding (excluding developer contributions) have been identified in the *programme* including other sources of public expenditure. To avoid duplication we have removed the question relating to the overall strategic case for investment and incorporated the relevant elements into this new question and the question that looks at the degree of prioritisation of projects.

**Question 10**

See Section 2 above

**Question 11**

To make the scale of challenge section more robust we are proposing to include, under section A, an additional question to consider the scale of growth relative to the size of the area. How do you think this criterion would be best evaluated, and what weight should be applied to it?

37. 64% agreed that the scale of challenge section needs to be strengthened, and that it was important to take into account the level of growth in relation to the size of the existing area.
38. In line with the responses, we have replaced the question from the 2007 assessment which considered the level of net additions to 2016-17 as a percentage uplift compared to previously planned figures at RPG 2003 or equivalent. The new question looks instead at net additions to 2016-17 as percentage uplift compared to the existing dwelling stock when the programme began. This is felt to be a more accurate measure of the scale of challenge faced by a local authority.
39. The statistical questions (including the above) relating to the scale of challenge in a location have also been moved from section A to section D as they are more appropriate to the demonstration of the need for public intervention and will be included here to contribute to the scale of challenge score.

**Question 12**

In line with the guidance, for 2008-09 we used draft RSS housing targets to 2016-17, (or for the Growth Points their proposals where these were ahead of the draft RSS) to determine the overall level of net additions. Should we continue to measure net additions on this basis or should we use a different measure? (e.g. local plan numbers/projected completions from the housing trajectory)

40. Sixty per cent agreed that that we should continue to use RSS figures to determine net additions, but argued that Growth Points and Growth Areas should be assessed over the same time period to ensure fairness and consistency, and the period could be extended to 2026 to provide a fuller picture. Forty per cent of responses suggested an alternative approach to using RSS figures. These responses primarily focussed on housing trajectories and planned completions as being more accurate and up to date assessments of proposed delivery.
41. In response we will continue to use the net additions figures from the (draft) Regional Spatial Strategies or for the Growth Points, their proposals where these are ahead of the RSS process. We will continue

to use figures up to 2016-17 as this is the date which departmental targets are currently based on, and places will continue to be measured from the date each programme started. This does not disadvantage either programme as the Growth Areas and Growth Points are allocated funds from separate pots – they do not compete. The RSS figures are considered to be more appropriate than local housing trajectories as Government measures delivery against the RSS, and the RSS target provides a minimum level of additions against which a place is held to account. The trajectories are not measured in the same way, and therefore there is less certainty that they will be deliverable. This approach will ensure that locations are treated fairly considering the importance of the overall housing numbers to the allocation process. In London, we will use the conventional net additions figures as opposed to those in the published London Plan. The reason for this is that the numbers in the London Plan include empty properties brought back into use which are not counted as net additions in other regions. So to ensure that all regions are compared on a like for like basis we will use the conventional figures.

## Section 4 – Calculating Growth Fund Allocations

42. Using the assessment of the Programmes of Development, the strategic methodology adopted to calculate individual funding allocations consists of three key elements, which are as follows:
- the net housing additions to 2016-17:
    - Programmes of Development are assessed on the level of net housing additions that they will be contributing towards the achievement of the Government’s growth objective of delivering 240,000 additional homes a year by 2016
  - the assessment of the Programme of Development:
    - The quality of the proposal, as assessed and scored by Communities and Local Government and the relevant Government Office, is taken into account.
  - the scale of challenge:
    - In recognition of the fact that local areas who face significant challenges in terms of infrastructure and what they are trying to deliver will require a higher level of support, the scale of challenge is taken into account. The scale of challenge is assessed and scored against a set of criteria as part of the *programme* assessment process

43. The consultation considered two additional elements that would have a significant impact on both the appraisal and allocation process – affordable housing and past performance.

## Affordable Housing

### Question 13

A local areas affordable housing strategy is important in terms of creating sustainable growth. We are therefore proposing to take this into account when allocating growth funding to a place. Do you agree with this principle, and if so, how do you think it should be incorporated, what affordable housing targets should be used, and what weighting should be applied?

### Question 16

Do you think that the level of affordable housing proposed in a Programme of Development should be incorporated into the main methodology by being considered alongside the 'net housing additions to 2016-17' section?

44. Out of the seventy-two per cent who responded to this question, seventy-five per cent agreed that given the importance of affordable housing as part of a local authorities housing strategy it should be included as an assessment question, although there were differing views on the weighting which should be applied.
45. Sixty-four per cent agreed that the proposed level of affordable housing should be considered alongside the 'net housing additions to 2016-17' section. Those who did not agree were generally of the view that affordable housing is something which should be determined based on local need, and given the changing economic climate a fixed assessment of the required percentage of affordable housing would not be accurate. Therefore a lower weighting was suggested.
46. To ensure the greatest degree of fairness in the assessment process we try where possible to keep to measures that are objective rather subjective. To measure affordable housing we are therefore proposing to introduce a question on the percentage level of affordable housing that a growth location is attempting to achieve through its Programme of Development on major sites. As defined by the Best Value Performance Indicator (BVPI) groupings, a major site is one where 10 or more dwellings are to be constructed or, if this is not known, where the site area is 0.5 hectares or more. For other types of development, a major site is one where the floor space to be built is 1,000 square metres or more, or the site area is 1 hectare or more. We would expect this to be in line with affordable housing levels in developing local plan documents.

47. We consulted on whether this should be incorporated into the main methodology by being considered alongside the net housing additions to 2016-17 section. We have since reviewed this in light of the broader changes we are making to the appraisal template following the consultation and feel that to give affordable housing the appropriate weighting it would fit better within the scale of challenge and need for public intervention section, where the other statistical questions in relation to scale of challenge are now located.

## Past Performance

### Question 14

What factors should be used to measure past performance, and when should it be measured from?

- a) Should we use the national indicators from the Local Performance Framework related to housing and planning?
- b) How should we measure the successful delivery of infrastructure to support housing growth?
- c) What account should we take of the delivery of commitments outlined in previous Programmes?

### Question 15

Do you agree that past performance should be included as a fourth key element in the funding methodology? If so, what weight should be applied to it?

48. The responses to question 14 provided a range of views, with general agreement that where possible past performance needs to be looked at over a 5 year period and should take into consideration wider issues such as the delivery of infrastructure and the success of previous projects, as opposed to just focusing on the delivery of housing numbers. Whatever factor is used, there was a concern that factoring a measure of past performance into the funding calculation could penalise places who are struggling with the biggest challenges.
49. Seventy-four per cent agreed that the use of existing data from the national indicators was a sensible approach, however there were concerns that this could be too simplistic, and not take account of some of the wider issues affecting past performance.
50. Responses on how to measure the successful delivery of infrastructure were quite wide ranging, although there was some agreement that the information provided in the Programme of Development could be used as a benchmark against which to measure performance. It was noted

that green infrastructure should also be considered when evaluating the delivery of infrastructure.

51. There was overall agreement that the delivery of commitments outlined in previous *programmes* should be taken into account, however, there needs to be scope for places to provide mitigating factors where delivery has not been achieved as planned given the number of factors outside of their direct control. The fact that some *programmes* are still fairly early on in delivery was also raised by a number of respondents.
52. Fifty-four per cent of those who responded to question 15 did not agree with past performance being a fourth key element given that it could penalise those with particularly difficult targets, and reduce the future funding they might otherwise receive. This was of particular concern given that there are a number of factors for which places have limited or no control, for example the issues currently facing the house building market in general. Instead respondents suggested that a lower weighted question be included as part of the general assessment to take account of past performance, with the possibility that this could form a more prominent part of the assessment process in future if further funding is made available.
53. In line with our approach on affordable housing we have decided to keep the majority of assessment questions on past performance as objective statistical questions based on the performance measures in the Local Performance Framework in relation to housing provision and planning. We have therefore introduced three new questions which relate to the:
  - average number of major planning decisions, as classified by BVPI groupings, taken during the past five years for which data is available
  - average delivery of net additions over the past five years for which data is available
  - Percentage of ready to develop housing sites as measured against the requirements for 5 year supply within PPS3
54. However these questions do not capture the totality of delivery in a growth location, particularly progress made on planning for key development sites, or in the delivery of key pieces of infrastructure that enable growth, which is a concern raised by the majority of respondents. They also do not enable an explanation of performance against factors outside the control of the local authority such as the current housing market issues. In order to capture the wider delivery picture and to enable a comparison to be made between commitments made in previous *programmes* and delivery on the ground we are going to include the following subjective question:

- What delivery progress has been made against infrastructure and delivery priorities since the last Programme of Development?

55. Even though funding from the Growth Fund is unringfenced, Government still needs to satisfy itself when providing grant to a growth location that it will contribute towards delivery of housing growth objectives. We recognise that some growth locations are concerned that the inclusion of past performance into the funding methodology, particularly as we are entering a period of market uncertainty, may prove counter-productive, particularly as the newer growth locations such as the Growth Points are still in their planning phase. We are therefore only going to include past performance as part of the Programme of Development assessment. It will not be included as a fourth key element in the funding methodology as originally proposed.

## Section 5 – Supporting Housing Growth in London

56. London is a critical player in the delivery of housing growth nationally. The London Plan aims to deliver at least 305,000 homes over the 10 year period 2007 to 2016. Much of this growth is to take place in the 15 London boroughs that form the London part of the Thames Gateway and the London-Stansted-Cambridge-Peterborough growth areas and the three London Opportunity Boroughs. These boroughs are currently eligible for support towards the delivery of infrastructure from either the Growth Areas Fund (now the Growth Fund) or the Thames Gateway Fund.

Thames Gateway Boroughs	London-Stansted-Cambridge-Peterborough Boroughs
LB Barking & Dagenham	LB Enfield
LB Bexley	LB Hackney
LB Greenwich	LB Haringey
LB Havering	LB Redbridge
LB Lewisham	LB Waltham Forest
LB Newham	
LB Tower Hamlets	<b>London Opportunity Boroughs</b>
	LB Barnet
	LB Brent
	LB Islington

57. Since the last round of allocations from the Growth Areas Fund in 2006-07:
- new housing targets have become effective in London following the Early Alterations to the London Plan
  - the Greater London Authority Act 2007 has given the Mayor responsibilities among others relating to housing strategy, funding recommendations for the Regional Housing Pot and determination of strategic planning applications. London borough housing strategies and other housing plans must be in general conformity with the Mayor's housing strategy
  - in line with the establishment of the Homes and Communities Agency (HCA), the announcement of a London HCA Board, a local sub-committee of the HCA to be chaired by the Mayor and responsible for helping to deliver affordable housing in London and the South East (details of the relationship between the HCA and the Mayor have yet to be finalised)
  - Communities and Local Government has implemented the new funding system for the Growth Fund
58. In light of these changes we consulted on the role of the Mayor and his agencies, the London Development Agency and Transport for London in relation to the Growth Fund and the development of *programmes*, and on the criteria for the London Opportunity Boroughs.

### Question 17

What role should the Mayor have in decisions on Growth Fund allocations in London for 2009-10 and 2010-11?

- a) Should the Mayor be invited to continue to comment only on the strategic fit of Programmes of Development in London?
- b) Should the Mayor be invited to work with Communities and Local Government and the Government Office for London on the assessment of Programmes of Development which feed into the allocation system?
- c) Should the Mayor be invited to commission the Programmes of Development in London, working in partnership with the local authorities, agreeing content and co-ordinating their submission to Communities and Local Government, to ensure that the Programmes of Development represent both the strategic and local requirements for growth?

### Question 18

In recognition of the different governance arrangements in London compared to other parts of England and the pan region nature of these two bodies should the Mayor, on behalf of Transport for London and the London Development Agency, be eligible to submit a Programme of Development covering the London Boroughs in the LSCP Growth Area and the Opportunity Boroughs to bid for funding directly from the Growth Fund from 2009-10 onwards, or should priorities for funding continue to be decided at the local level?

This would be dependant on the Mayor not having a role in the assessment of Programmes of Development as proposed above, which could cause a conflict of interest.

59. In total, twelve responses were received in relation to the London section of the consultation document, including a combined response from the London Boroughs that make up the North London Strategic Alliance. Eight respondents supported the Mayor continuing to comment only on the strategic fit of *programmes* in London, three would be happy for this to be extended to the Mayor working with Communities and Local Government and the Government Offices on the assessment of *programmes*, and one did not support any of the proposed approaches. Furthermore, only three respondents supported allowing the Mayor to submit a *programme* on behalf of TFL and the LDA for strategic projects. Of the seven respondents who did not support this option, the majority felt that allowing the Mayor to submit a *programme* would undermine the role of the local authorities as place makers and the bottom up approach based on partnership working that the current system encourages. Two did not respond to this question.
60. Taking into account these views we do not plan any changes and will continue to seek the Mayor's views on strategic fit only. The Mayor will not submit a *programme* on behalf of TFL and the LDA. When the London HCA Board becomes operational the Mayor will be in a position of working on funding decisions in London, so the Government feels it would be more appropriate for the Mayor to contribute to the funding decisions on the Growth Fund, rather than bidding to it. In keeping with the developing role of the Mayor, he will be invited to continue to comment on the strategic fit of Programmes of Development in London by Communities and Local Government and the Government Offices. In addition, Transport for London is currently eligible to bid for funding from the Community Infrastructure Fund.

## Reviewing the London Opportunity Boroughs

61. There are currently 18 boroughs in London that are not eligible for support from the Growth Fund. Now that the new housing targets from the Early Alterations to the London Plan have become effective we used the consultation to review the eligibility criteria for the London Opportunity Boroughs to ensure that support is directed to those with high housing targets.

### Question 19

We are proposing that the criteria for the London Opportunity Boroughs should be based on:

- the percentage increase in the annual monitoring target in the London Plan Early Alterations compared to the annual monitoring target in the London Plan 2004
- a minimum level of annual housing supply

Do you agree with the above proposed criteria for the London Opportunity Boroughs? And if so:

- What level of percentage increase should be used? (e.g. 25 per cent or 30 per cent)
- What level of annual housing supply should be used as a minimum? (e.g. 1000 or 1500)
- What additional or other criteria should be considered?

62. Out of the twelve respondents to the London section, six were not in favour of reviewing eligibility for the London Opportunity Boroughs due to concerns that adding more London Boroughs would further dilute the funding available to the existing locations. Five respondents were in support of reviewing the criteria and four suggested criteria by which eligibility for London Opportunity Borough status could be judged, these ranged from 10 per cent uplift and 1000 units per annum to 30 per cent uplift and 1500 units per annum. These respondents also suggested that additional criteria could include levels of affordable housing provision, population density or dwelling mix, but there was no agreed view between the respondents. One respondent did not comment on this section.

63. Government accepts that opening up the Growth Fund to a large number of additional authorities would have the effect of diluting this vital funding to the existing locations restricting the provision of infrastructure to support housing growth. However this risk needs to be balanced against recognition that some London boroughs not eligible for support from the Growth Fund are targeted with delivery on a similar scale to the existing Growth Area and London Opportunity

Boroughs. As such Government has decided to set the criteria for the London Opportunity Boroughs as a:

- twenty per cent increase in the net additions to 2016-17 in the London Plan Early Alterations compared to the monitoring target in the London Plan 2004
- an annual monitoring target in relation to the London Plan of at least 900 units per annum.

64. We will use the conventional net additions figures as opposed to those in the published London Plan. The reason for this is that the numbers in the London Plan include empty properties brought back into use which are not counted as net additions in other regions. So to ensure that all regions are compared on a like for like basis we will use the conventional figures.

65. Based on this criteria the London Boroughs eligible for London Opportunity Borough status for 2009-10 and 2010-11 are:

- LB Barnet
- LB Brent
- LB Croydon
- LB Islington

66. These boroughs will be invited to submit a Programme of Development to apply for funding from the Growth Fund in 2009-10 and 2010-11 and from the second round of the Community Infrastructure Fund.

## Section 6 – What will happen next?

67. Alongside the publication of this response we have published the revised guidance for Programmes of Developments. Local authorities in the Growth Areas and Growth Points are now being invited to refresh their Programmes of Development, based on the new guidance, and submit their revised *programmes* to Communities and Local Government by 1 October or in the case of the second round Growth Points and additional London Opportunity Borough with new *programmes* 27 October.

68. Based on this timetable, we hope to be in a position to confirm the 2009-11 allocations, for which indicative figures were announced in December 2007, during autumn 2008. Some change to these figures may well occur as a result of the refreshed *programmes* and the updated assessment. The revised guidance including the new appraisal template can be found on the Communities and Local Government

website [www.communities.gov.uk](http://www.communities.gov.uk). A revised funding methodology will be available shortly.

69. Subject to the passage of the necessary legislation, we expect the Homes and Communities Agency to be launched in December 2008. Allocations for 2009-10 and 2010-11 are expected to be confirmed before the launch of the Agency and the Agency will provide support for the delivery of the Programmes of Development, as part of its role in linking national objectives for housing and regeneration with regional priorities and local ambitions. If as a result of decisions in future Spending Reviews, there are further funding rounds for Growth Areas and Growth Points, the Department will ask the Agency to run the assessment of bids and allocation process.

# Annex A – List of Consultation Respondents

3 Cities and 3 Counties – CO Leicester City Council

Ashfords Future

Aylesbury Vale Advantage with input from Aylesbury Vale District Council, Buckinghamshire County Council, English Partnerships, SEEDA, the PCT and the private sector.

Basingstoke and Deane Borough Council

Birmingham City Council

CABE

Cambridge City Council

Cambridgeshire Horizons

Carrick District Council

Catesby Property

Chelmsford

Coventry City Council

Dorset County Council

East Midlands Development Agency

East of England Development Agency

Exeter City Council

East Devon District Council

Forestry Commission

Greater London Authority

Greater Norwich Development Partnership

Haringey Council

Harlow Renaissance

Haven Gateway Partnership

Kent County Council

Kettering Borough Council

Lee Valley Regional Park Authority

Lincolnshire County Council

London Borough of Barnet

London Borough of Brent

London Borough of Croydon

London Borough of Enfield

London Borough of Hackney

London Borough of Islington Council

London Borough of Lambeth

London Borough of Redbridge

London Borough of Southwark

London Borough of Waltham Forest

London-Harlow-Stansted PoD Partnership

Luton Borough Council

Maidstone Borough Council

Manchester City Council

Milton Keynes Council and Milton Keynes Partnership

MKSM Local Delivery Vehicle

Moving Thetford Forward

Natural England

Newark and Sherwood District Council

NHS London Healthy Urban Development Unit

North London Strategic Alliance

North Northants Development Company

Northamptonshire County Council

Nottingham City Council

Opportunity Peterborough

Oxford City Council

Partnership for Urban South Hampshire

Plymouth City Council

Plymouth Sutton Constituency

Poole Borough Council

Reading Borough Council

Reigate and Banstead Borough Council

Renaissance Bedford

River Nene Regional Park  
Community Interest Company  
c/o Northamptonshire County Council

RSPB

Shrewsbury and Atcham Borough Council

South West Regional Planning Body

St Edmundsbury Borough Council

Stevenage Borough Council

Swindon Borough Council

Teignbridge District Council

Telford and Wrekin Council

The Wildlife Trust

Torbay Council

West Lindsey District Council

West Northants Development Company

West of England Partnership

White Friars Housing Group

Wirral and Liverpool

Wirral Council

Worcester New Growth Point

Worcester City Council, Malvern Hills District Council and Wychavon District Council

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