

REPORT TO: Executive Board
DATE: 29th January 2009
REPORTING OFFICER: Strategic Director - Environment
SUBJECT: Regional Funding Allocations (2)

1. PURPOSE OF THE REPORT

The purpose of the report is to provide the Executive Board with a brief summary of the Regional Funding Allocations Advice document. The report also sets out a number of initial comments in response to the consultation.

2. RECOMMENDATION

It is recommended that:

- i) The Executive Board agrees to the development of a Halton response to the regional consultation on Regional Funding Allocations.

3. SUPPORTING INFORMATION

3.1 Government has invited the North West and other English Regions to submit its advice on regional investment priorities by the end of February 2009. The advice covers regional funding allocations for transport, housing and regeneration and economic development for the period up to 2011. The advice will also present planning assumptions for these funding streams up to 2018.

3.2 A draft North West Advice has been produced by the NWDA and 4NW and responses to the document are required by 30th January 2009. Although the Merseyside Policy Unit and The Merseyside Partnership are co-ordinating a sub-regional response, colleagues have raised a number of important points across the Council, and, therefore, a separate response on behalf of Halton Borough Council is proposed.

3.3 In summary, the Advice document uses the NWDA's Corporate Plan, the ERDF Programme, Regional Housing Strategy HCA investment plan as a reference point. It also draws heavily on transport priorities detailed in RFA 2006. The advice recognises that the Single Regional Strategy is in development and, as a result, the advice does not propose any significant changes to future priorities at this point as an in-depth review through the SRS process in 2009 is anticipated. The imminent publication of the SRS key issues and principles paper will inform this review.

3.4 The RFA advice recognises that testing economic conditions will require actions in the short-term to support businesses and individuals to manage the impact of the global slow-down, but there are major long-term challenges facing the region in regard to structural weaknesses in the housing market, high levels of transport congestion, poor transport infrastructure. The draft Advice sets out four priority areas.

- 1) Maximise the growth opportunities presented by the three cities of Manchester, Liverpool and Preston as key drivers of regional growth.

- 2) Fully develop growth opportunities around key regional towns and cities of Crewe, Chester, Warrington, Lancaster and Carlisle.
- 3) Regenerate Penning Lancashire, Blackpool, Barrow and West Cumbria.
- 4) Ensure ongoing growth in the rural economy.

3.5 Priority areas are further broken down into “Economic development and skills”, “Housing and Regeneration” and “Transport” action points.

A series of annexes accompany the advice. Further details together with views from Respective Council departments are provided below.

3.6 Halton Colleagues are broadly comfortable with the document, not least because there are few surprises as many of the proposals and issues have been previously expressed in other regional strategy documents. It is fair to note that the level of detail provided varies across the respective themes. For example, the transport annex is quite prescriptive in the type of proposals and recommendations being made, whilst the skills annex tends to be more ‘aspirational’.

3.7 An important point to be made is that there should be greater cross-referencing to the Regional Spatial Strategy, particularly in regard to the designation of priority areas, otherwise this could lead to unnecessary confusion and a dilution of any messages the region would wish to present to Government.

3.8 On this point, the Executive Board should note that whilst there is a focus on Liverpool, Manchester and Preston, and the regeneration areas of Pennine Lancashire, Blackpool, Barrow and West Cumbria, such designations are not helpful to Halton. In addition, there is also a focus on Crewe, Chester, Warrington, Lancaster and Carlisle as growth opportunities. The Executive Board may wish to reflect on the extent to which such areas require public sector investment, and our response should make the point that were the towns of Widnes and Runcorn not separated by the Mersey, they would be included in this designation.

Annex A -Transport Spending Priorities

This annex refers to the Transport Investment Programme and the region having commissioned Atkins consultants to assess 100 LA major schemes and Highways Agency regional schemes. The top 25 schemes initially formed an investment of £1.3bn and the cost of delivering the programme has risen by over £450m. The programme is 35.5% over-programmed for the RFA1 period 2006/07 to 2015/16 and, therefore, new schemes have not been added.

The advice proposes that from the potential £978m available 2006/07 to 2013/14 £512m will be allocated to completed schemes and schemes under construction.

In regard to the Integrated Transport and Highway Maintenance Allocations the advice states that the region does not consider that sufficient evidence is available to make informed recommendations on the changes. To do this would have adverse effects on Local Authorities to deliver local transport plans.

There is concern in the NW that sub-£5m schemes that do not meet the DfT criteria will make them unaffordable to Local Authorities.

The region could create a fund to finance these schemes by top slicing money and therefore offering greater flexibility.

Initial comments from Highways and Transportation colleagues are as follows:

Greater prominence should be given to the Mersey Gateway and Silver Jubilee Bridge in the document. Additional comments are given below.

- i) **Section1, Foreword, Page2** - – The third paragraph, first bullet, refers to success being based on ‘connectivity through Ports and Airports’ only, and yet paragraph 3.1 refers to the excellent connectivity afforded by the motorway and rail networks. It would be sensible, therefore, that road and rail networks should be included as part of our reasons for success. It should also be noted that this latter reference seems to be in conflict with the 3rd bullet on page 3;
- ii) **Section 1.3 Approach to RFA2**:- The intention of the NWDA to reaffirm its commitment to existing priorities such as transport that are already being ‘delivered’ is cautiously welcomed, albeit the reference only refers to the 2009/10 & 2010/11 Programmes. However, clarification needs to be made of what is meant by ‘delivered’ and also what schemes will be considered as commitments, when reviewing ‘future priorities’. Failure to address this point increases the risks faced by authorities and could result in the Programme being undermined due to continuing uncertainty and the timescales and costs involved in preparing schemes for implementation. Given the current economic climate and the need to stimulate the economy by delivering a consistent stream of public sector initiatives, it would seem incongruous not to provide the necessary assurance to authorities;
- iii) **TIF Funding**:- Following the demise of the Manchester Congestion bid proposals, the opportunity should be taken to introduce (perhaps as part of Section 2.6) a marker to highlight the need for additional funding to be introduced into the RFA to help deliver the identified programme of schemes, which can’t be funded on current RFA allocations. The case needs to be made that a more flexible approach is now required in the consideration of demand management schemes;
- iv) **Section 2.2, Progress since RFA1**- The reference to transport in the table needs to acknowledge the fact that the Mersey Gateway has received funding for development costs;
- v) **FirstTable, Section 2.5**:- The recognition of the Mersey Gateway and the Silver Jubilee Maintenance schemes in the listing of transport priorities is welcome, but as per comment under (ii) above, clarification and a greater level of commitment is required to ensure continued delivery of the Programme;
- vi) **Section 3.2, ‘Transport Investment Programme’** - Table 1 is not shown in the document, as indicated; and b) **Alignment with Delivering a Sustainable Transport System (DaSTs), Northern Way, RSS, RES and Housing Growth Points** – If the Government is looking for advice to influence its decision making on transport beyond 2014, why is there a reluctance to give a firm commitment to schemes only up to 2010, as indicated in paragraph 1.3? It would therefore seem prudent to; at least, give a firm commitment to transport schemes, at this stage, up to 2014. Also query the reference to 2013/14 in the final paragraph. Should this be 2015/16 to be consistent with the reference in the 2nd paragraph?

- vii) **Section 3.3, 'Integrated Transport and Highway Maintenance Blocks'** – The decision not to change the distribution of either of the block allocations between authorities, nor to alter the balance of spend between the major schemes, the integrated transport and highway maintenance blocks is welcomed, as is the proposal to undertake research on the benefits and costs of incorporating sub £5m schemes into the RFA Programme; and
- viii) **Section 3.4, 'Additional Advice'** – a) The last sentence of the 1st paragraph should be deleted as climate change is already included in the list above; and b) **Regional Priorities for Study Work by the Highways Agency'** – the 'other' issues listed are not just for the consideration of the Highways Agency, but are also important to local highway authorities e.g. Strategic Park & Ride; Behavioural change; Access to inter-modal freight terminals; and Access to designated housing growth points.

Annex B Housing and Regeneration Spending Priorities

This section refers to regional priorities as set out in the Regional Housing Strategy RHS, notably around the themes of **quantity** of housing, raising the **quality** of existing stock, and an improved **housing** offer.

Whilst the RHS makes little reference to current economic conditions, the RFA advice sets out regional priorities around;

Reinvigorating development
Retaining skills in construction and ancillary sectors
Stimulating demand
Preventing repossessions
Implementing social cohesion measures.

There is a reaffirmation of the need to support existing commitments, for example, continuing with Housing Market Renewal and Growth Points.

Initial comments from Housing Strategy Colleagues are as follows:

The emphasis on improving quality of the existing stock through the revised RHS is welcomed, however, it is crucial that Halton is included as part of the Merseyside sub region rather than Cheshire when sub regional allocations are made, otherwise the Council will not receive sufficient funding to address issues of quality and non sustainability.

The provision of a range of tools to help increase access to affordable homes as a means of stimulating housing markets is welcomed, as is the recognition that current economic conditions require more "people" focused approaches to sit alongside an increase in bricks and mortar. However, the success and ease of access of such tools will largely be dependent upon a sufficient level of resources being made available to "pump prime" initiatives and on the simplicity and "true" affordability of such products.

A Technical point relates to the chart on page 26 showing quarterly house building starts and completions do not indicate the actual period covered.

The integrated area based approach described on page 30 is also supported, particularly as Halton has a strong track record of delivering the holistic regeneration of deprived communities through housing led partnerships for example, Southgate,

Castlefields and looks forward to working with HCA to develop integrated solutions to revitalise communities through the single conversation.

Halton also welcomes the emphasis on tackling worklessness and improving conditions in the private rented sector.

The advice is not clear about the priority to be given to supporting the most vulnerable people. We feel that it is crucial, in view of the ageing population and the impact of affordability issues and economic conditions on homelessness levels, that the push for growth and affordability i.e. emphasis on building new homes per se, is not at the expense of providing much needed supported housing and Disabled Facilities Grants.

Finally, at this stage, it is difficult to comment on the likely implications given that the advice does not go into detail about actual funding levels or splits between different priorities.

Annex C Economic Development Spending Priorities

This annex explains that the North West economy has grown continuously for the last 15 years, but that current global economic conditions are threatening continued progress. The annex highlights immediate short-term actions that have been introduced in response to changing economic circumstances. Priority economic development interventions focus on the current RES priorities with an emphasis on opportunities within, for example, the sectors of biomedical, creative industries science, innovation, and lifelong learning.

Initial Comments from Major Projects' Colleagues are:

Accepting the emphasis on growth sectors, a continuing barrier to economic growth in the region is the poor infrastructure that remains whether this is transport or site specific. An ongoing issue for the region continues to be difficulties in securing power and utilities' supplies to bring forward sites for development.

Furthermore, the advice does not take into account the high proportion of derelict land and land requiring remediation in the North West.

The point was also made that infrastructure also has a broader definition and appropriate investment in digital infrastructure would support the region's ability to be more competitive in the global market place.

Annex D Regional Funding Advice Skills

Although the skills budget is not included in the RFA, the Government has requested advice on the region's skills priorities. Priorities relate to principles established by the Regional Skills and Employment Board

Despite the current economic conditions the advice acknowledges that longer-term skills and employment priorities are important including a growing demand for higher-level skills.

Initial Comments from colleagues within Economic Regeneration:

Although there is recognition that support is needed to help people gain basic skills and that level 2 is a key for future employment, there appears to be little recognition that for many people the progression from basic skills to level 2 is too great a leap.

As LSC funding is changing, there is a growing gap in provision between the two. Current terminology refers to 'ladders of progression' from the workless to the fully employed, but there is also a 'sub-ladder of learning'. In our view, what is increasingly missing is the rungs on the ladder i.e. between basic skills and level 2 with progression rungs and incentives to undertake the work. There is a funding gap in this area and future funding allocations from Government should reflect this. A related issue is the decline in lower skill jobs. Consequently, there needs to be a clear strategy to help those with some skills move up and on, so that entry no/low skill jobs are freed up for the unemployed.

In terms of recession our view is that those areas with high unemployment will see even higher unemployment with a widening gap emerging. Our advice is that a further revision to NWDA funding is required to respond to the recession in terms of worklessness and concentrations. One example of this would be increasing significantly the amount of resource being provided by the NWDA to support the Liverpool City Region Employment Strategy.

Consideration should also be given to providing resources to support the 'wrap around' services that the Houghton report advocates. There is a danger that with an expanding JCP that the unemployment agenda would be picked up by this organization, but it is clear in the Houghton report that there are existing gaps within the current JCP arrangements and consequently a larger JCP could lead to even greater gaps in service provision.

The RFA should pick up on the LCR ask of greater sharing of JCP data as a way to improve targeting.

The advice also refers to needing more jobs near to high worklessness areas. We would recommend a NW managed workspace study, which maps out and scopes here provision exists, where there are gaps, which would then inform any future strategy and allocation of resources at a regional level.

Finally we would also recommend a revisiting of successful initiatives, which were developed during the last recession, for example, Intermediate Labour Market Models.

4.0 POLICY IMPLICATIONS

This is an important document for the region as it sets out the region's priorities for funding during the next two years with planning assumptions for a further seven years. The document will need to be read in conjunction with the development of a Single Regional Strategy for the North West as set out in the Government Sub-National (Economic Development Review).

5.0 OTHER IMPLICATIONS

None

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

The document will have a significant impact on the delivery of many of the Council's priorities as it presents proposals for how Government funding will be allocated to transport, housing and regeneration and economic development over the next few years.

7.0 RISK ANALYSIS

7.1 There are no significant risks associated with implementing these proposals.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 There are no significant equality and diversity issues relating to this report.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
RFA2 Advice	Municipal Building	Wesley Rourke 0151 471 7526