



AGENDA ITEM: 5(t)

CABINET: 14 September 2010

COUNCIL: 20 October 2010

Report of: Executive Manager Regeneration and Estates

Relevant Portfolio Holder: Councillor Adrian Owens

**Contact for further information: Jayne Traverse (Extn. 5110)
(E-mail: jayne.traverse@westlancs.gov.uk)**

SUBJECT: MID LANCASHIRE MULTI AREA AGREEMENT, LOCAL ENTERPRISE PARTNERSHIPS AND LOCAL INVESTMENT PLANS

Borough wide interest

1.0 PURPOSE OF THE REPORT

1.1 To update Members on the current position with regards to the Mid Lancashire Multi Area Agreement (MAA) and emerging Local Enterprise Partnerships (LEP's) and to advise Cabinet on Local Investment Plans and the implications for attracting external funding.

2.0 RECOMMENDATIONS TO CABINET & COUNCIL

2.1 That the current position on the Mid Lancashire MAA and emerging Local Enterprise Partnerships, the progress made to date in respect of the Local Investment Plan process and work programme and policy announcements in respect of future external funding be noted.

2.2 That the Executive Manager Housing and Property Maintenance Services, in consultation with the Portfolio Holder for Housing agree the mechanism for determining funding applications under the National Affordable Housing Programme.

2.3 That the Chief Executive, in consultation with the Leader continue discussions with regard to Local Enterprise Partnership proposals for Lancashire, proceed with discussions and determine which LEP is in the best interest for West Lancashire.

- 2.4 That delegated authority be given to the Executive Manager Regeneration and Estates, in consultation with the Leader and Portfolio Holder Regeneration and Estates to agree the Local Investment Plan with regards to future external funding for economic development and regeneration purposes.
-

3.0 BACKGROUND

- 3.1 In 2008 Council agreed the reprioritisation of the Regeneration and Estates Division work activity and approved a new staffing structure to deliver those priorities. The new staffing structure reflected the anticipated reduction in external funding and changes in the way such monies would be allocated in the future by funding bodies. At that time I advised elected members that there was likely to be an on-going 'shift' away from funders' working directly with individual local authorities on individual local authority footprints, to that of a cluster approach with local authorities working together and identifying their priorities on a larger footprint.
- 3.2 Also in 2008, the Homes and Communities Agency was launched and local authorities were advised that its focus would be on implementing the Single Conversation as a local place-based business model. The model was designed to realise the benefits of creating a single housing and regeneration agency and achieve more efficient investment delivery in places in line with locally determined priorities. Once this process was underway, its focus shifted to the development and implementation of the Local Investment Plans which came out of those 'Single Conversations' with Councils. The HCA guidance on the Single Conversation states that the LIP will lead to a local investment agreement which will set out the HCA's proposed investment for an area and will indicate a rolling three year investment allocated to an area based on the proposed specific interventions. See Appendix 4 for HCA LIP Guidelines. Linked to this is the Joint Investment Plan (JIP), which sets out other investment requirements, aligning them with those identified in the LIP. The priorities for LIP's cover a number of key areas for potential investment including:
- Spatial priorities for strategic growth sites, town centre renewal and regeneration;
 - Targets for growth, affordability, renewal, rural housing, vulnerable and aging population;
 - Social, economic and environmental sustainability;
 - Land supply; and
 - Physical and social infrastructure.

- 3.3 In 2009 the Mid Lancashire Local Authorities, consisting of West Lancashire, Chorley, South Ribble, Preston, Lancaster and Lancashire County Council commenced discussions on the development of a Mid Lancashire MAA. The Mid Lancashire MAA framework document identified joint priorities and objectives for the Mid Lancashire area, recognising the three economic footprints, Lancaster, Central Lancashire and West Lancashire and the importance of economic links with the other two Lancashire MAA's, the City Regions of Liverpool and Greater Manchester and Cumbria to the north. The Mid Lancashire MAA framework document was submitted to Communities and Local Government (CLG) in March 2010, with a view to receiving ministerial sign off before the General Election. Unfortunately, the timing was such that the General Election was called shortly after the document's submission and the document was not signed off.
- 3.4 Members are aware from the Chief Executive's report to Council in July 2010, that the Secretary of State for Communities and Local Government and Secretary of State for Business, Innovation and Skills, have invited local Councils and businesses to come forward with their proposals for Local Enterprise Partnerships by 6th September 2010. LEP's will replace the Regional Development Agencies (RDA's) and that they will perform a critical role in determining economic priorities. They will be locally owned partnerships between local authorities and business to drive economic growth across an economic area. They will be a key vehicle in delivering Government objectives for economic growth, decentralisation and helping to rationalise the regional tier, whilst also providing a means for local authorities to work together with business in order to speed up the economic recovery.
- 3.5 It was announced in the Emergency Budget in June 2010, that the Government will publish a White Paper in the summer, which will set out the Government's economic development plans and more detail on the transition from RDAs to LEP's. The Government has asked for outline proposals from partnerships of local authorities and businesses to form LEP's by no later than 6 September 2010.
- 3.6 Details of the Regional Growth Fund will also be set out in the forthcoming White Paper on Local and Regional Growth. The £1 billion Regional Growth Fund will help areas and communities at risk of being particularly affected by public spending cuts. The fund, which will operate in 2011/2012 and 2012/2013 will help areas most dependent on public sector employment as the country makes the transition to private sector-led growth and prosperity. Both private bodies and public-private partnerships will be able to bid for funding by demonstrating that their proposal will bring in private investment and support sustainable increases in private sector jobs and growth in their area. The Governemnet has also announced plans for a Green Paper on business finance. As part of the government's strategy to encourage investment in growing companies in areas overly dependent on public sector employment.

4.0 CURRENT POSITION

- 4.1 CLG has confirmed that the MAA document will not be signed off by Government. However, the document is still being used as an informal strategic framework for developing the work which will inform a LIP.
- 4.2 Officers from Regeneration and Estates and Planning Division's are developing relationships with both Liverpool and Greater Manchester City Regions, engaging on spatial planning, transport, inward investment, environmental, economic and other agendas in the interest of the Council.
- 4.3 At a Lancashire Leaders meeting in August 2010, the Leaders of the local authorities in the east of Lancashire confirmed that they will be submitting a LEP application on the same footprint as the Pennine Lancashire MAA. Blackpool and Fylde Coast local authorities confirmed that they will be submitting a LEP application on the same footprint as the Fylde Coast MAA. The Mid Lancashire local authorities voted for a pan-Lancashire LEP. Lancashire County Council has indicated that it will only support a pan-Lancashire LEP proposal. The County Council is compiling a submission in consultation with the Mid Lancashire local authorities. The outcome of these submissions will be reported back to Members in due course.
- 4.4 On 23rd July 2010, through an informal consultation, the Government sought views on how the Regional Growth Fund should be designed to best meet the needs of areas and communities across England. Members were made aware of this consultation in the Chief Executive's weekly publication, '7 days' and that the Regeneration and Estates Division would be formulating a response on the informal consultation on behalf of the Council.
- 4.5 In the Mid Lancashire area a process and work programme has been established and the principles and content needed to inform a LIP are being developed. A Mid Lancashire Writing Group has been established to progress the work plan. It is being co-ordinated by an officer seconded to Mid Lancashire from Chorley Borough Council on a full-time basis until 11th September 2010 and she is being assisted by MAA lead Officers. A flow chart detailing the Mid Lancashire Groupings is detailed at Appendix 3.
- 4.6 Until recently, HCA engaged directly with RSL's (in consultation with the local authorities) regarding funding bids under the National Affordable Housing Programme (NAHP). But, given the introduction of the LIP process, local authorities (in their clusters) are now required to prioritise these projects/bids. There is £1.66 Million available to Mid Lancashire for 2010/11, which is a staged payment of 50% for starts on site and equivalent funds will be available during 2011/12. The total Mid Lancashire allocation for 2011/12 is £3.32 Million. The Mid Lancashire Writing Group and HCA are devising a mechanism by which to assess and score the applications, based on the HCA's essential criteria and the objectives and priorities identified in the Mid Lancashire MAA framework document. This process of assessment ensures that economic factors determine housing needs rather than the other way

around. It also means that all the Mid Lancashire authorities are being consistent in the way that the applications are being assessed (Appendix 5).

- 4.7 The exact framework for determining applications has not yet been finalised, but officers are developing a framework for both planning and funding applications. To give members an idea of how this process may work, a flow chart detailing indicative processes is detailed at Appendix 2.
- 4.8 HCA has now indicated that given timescales and constraints around committing and drawing down the NAHP funding, there is insufficient time available to implement a formal bidding round for the 2010/11 NAHP funding allocation. In view of this HCA has asked each of the Mid Lancashire authorities to consider those schemes within their respective areas which could potentially be contractually committed by the end of September and which could start on site by mid January 2011 and assess them using the criteria devised by the HCA and Writing Group with a view to each local authority identifying its two highest priority schemes. Up to two schemes from each local authority are to be put forward for consideration. A verbal update on how this has been progressed will be provided before or at the Cabinet meeting.
- 4.9 The HCA continue to engage directly with the West Lancashire Borough Council on Skelmersdale Town Centre and the new build housing development at Elmstead, Tanhouse. The former is the subject of a development agreement with HCA and our developer partner. The funding for the latter is ring-fenced from a separate HCA budget (not part of the NAHP allocation).

5.0 ISSUES

- 5.1 In a recent letter from CLG/HCA regarding LIP's (Appendix1), they indicate that it only makes sense to complete the LIP's process where it is mutually beneficial to both parties. HCA own a number of assets within the Mid Lancashire area and Mid Lancashire MAA Officers believe this is providing an incentive for them to continue engagement with Mid Lancashire local authorities.
- 5.2 Through the MAA framework local authorities had asked government to ring-fence receipts from the sale of HC assets for re-investment in the MAA area. The normal process is that receipts go back to the treasury. As part of this process local authorities will consider whether there are opportunities to realise their surplus assets in order to realise regeneration benefits (similar to the Skelmersdale Town Centre model, where HCA and Council assets are being used to realise wider regeneration benefits. This will provide opportunities for 'packaged' sites/regeneration projects, which will provide the magnitude necessary to explore Asset Backed Vehicles or other similar emerging models, funds under the JESSICA programme, use of Community Infrastructure Levy, Tax Increment Financing (TIF's) models and/or Regional Growth Funds. There is no guarantee that Government will agree to the Mid

Lancashire proposal, but HCA representatives have advised that an early approach to Government on this through a LIP process is imperative.

- 5.3 Officers will continue dialogue with the HCA with regards to clarifying how the Skelmersdale Town Centre and Elmstead Project's are taken forward in light of an emerging LIP and will further discuss the implications of the various options in relation to the ring-fencing of income from HCA assets in West Lancashire. Any further information on this between preparing this report and the September 2010 Cabinet and October 2011 Council meetings will be reported to Members at those meetings.
- 5.4 As outlined above, the Lancashire authorities are submitting a number of LEP proposals to Government. It is the view of the Mid Lancashire authorities and Lancashire County Council that there should be one LEP for Lancashire and accordingly, there should also be one LIP. However, Pennine Lancashire has already contracted with HCA with regards to their LIP and therefore given this contractual commitment and Pennine Lancashire's desire to have a separate LEP, it may not be possible to pursue a LIP on a pan-Lancashire approach at this stage. However, the Working Group are proceeding on the basis of progressing the work in a format that could inform a pan-Lancashire LIP, should that prove possible in the future.

6.0 PROPOSALS

- 6.1 That West Lancashire continues to contribute to the Mid Lancashire work programme with a view to signing up to a LIP and in the meantime continues to engage with HCA in order to maximise any funding opportunities in the Borough, determining relevant NAHP bids in the interim period.
- 6.2 That Members be updated on the outcome of the Lancashire LEP submissions and progress on LIP in due course.
- 6.3 That West Lancashire Borough Council continues to work with Lancashire County Council and the Mid Lancashire local authorities or a pan-Lancashire successor partnership to ensure that West Lancashire's key priorities are highlighted at sub-regional, regional and national levels and opportunities for attracting external funding to the Borough are maximised.

7.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 7.1 The proposals seek to deliver a number of key objectives of the Sustainable Community Strategy and secure long-term sustainable outcomes for the Borough.

8.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 8.1 Once the outcome of the comprehensive Spending Review is known, this will help to clarify the extent of future funding that will be available from HCA for

LIP's as well as other funding initiatives that are emerging such as Regional Growth Fund.

- 8.2 The cost to the Council is currently that of the Chief Executive and my time involved in attending partnership meetings, but this is currently being contained within existing staff resources.
- 8.3 The LIP supports the principles of the Council's emerging Strategic Asset Management Plan, in that it will enable the Council to make the most effective use of its assets, whilst enabling scarce resources to be used more efficiently.

9.0 RISK ASSESSMENT

- 9.1 The HCA is continuing to work with Mid Lancashire on this basis recognising the economies of scale in the administration and management of funding/investments and agreement on priorities amongst partners. If West Lancashire were to pursue the LIP on an individual local authority footprint there would be a risk of not securing future external funding opportunities, which may be needed as 'match' to ensure projects are viable and able to be progressed.
- 9.2 Mid Lancashire is currently not able to access the remaining £1.66 Million allocated for the area under the NAHP for 2010/11 because the processes are not yet in place. Given that the monies need to be committed by the end of September 2010 and projects need to have commenced on site by mid January 2011, there is significant risk of the area losing this allocation of funding. Officers are working hard to minimise this risk.

10.0 CONCLUSIONS

- 10.1 Whilst the localism agenda is still yet to be defined by government, what is clear is that the cuts in public spending mean that there will be fewer investments and less external funding in the future and that any such monies are likely to be targeted at areas where partners have agreed their priorities and their investment and funding needs between them.

Background Documents

The following background documents (as defined in Section 100D (5) of the Local Government Act 1972) have been relied on to a material extent in preparing this Report.

<u>Date</u>	<u>Document</u>	<u>File Ref</u>
15 th /16th September 2009	Cabinet and Council reports – Mid Lancashire Multi Area Agreement	

21st July 2010
14th September 2010

Council report - Local Enterprise Partnerships
Cabinet Report – Strategic Asset
Management Plan

Equality Impact Assessment

There is no evidence from an initial assessment of an adverse impact on equality in relation to the equality target groups.

Appendices

1. Letter from CLG/HCA dated 22nd July 2010
2. Example of how affordable housing schemes may be progressed in the future
3. Mid Lancashire Groupings
4. HCA LIP Guidelines
5. Mid Lancashire NAHP Assessment Criteria