

WEST MIDLANDS REGIONAL ASSEMBLY

Assembly Board of Directors

10 June 2009

Policy Area Activity

1. Purpose

- 1.1 This additional Policy Area Activity report is to highlight to Members the more current policy activity that requires their attention.

2. Background

- 2.1 At each Board meeting, Members receive a general quarterly update regarding the WMRA Policy Activity for information. This additional report has been produced to draw Members attention to more specific current activity.
- 2.2 It must be noted however, that this report has not been produced to replace the current Policy Activity report (Item 11 on the agenda) but merely seeks to highlight to the Board the more specific current issues.

3. Recommendation

The Board is recommended:

- 3.1 To note the reports and, where requested, the Board is requested to agree recommendations.

4. Equality and Diversity (Social Inclusion)

4.1 *Recommendation:*

The Board is requested to NOTE the report.

- 4.2 Assembly's Equality and Diversity team, Laird Ryan and Dally Panesar have now both taken up their six-month contracts.

- 4.3 Discussions have been ongoing with members of the Equality and Diversity Partnership to consider future directions for this activity when the Assembly ceases to exist, in view of the major challenges that the region now faces. Proposals will be discussed at the next Partnership meeting on 11 June.

- 4.4 Assembly has entered into a partnership with equivalent bodies three other regions – Marche (Italy), Saxony (Germany) and Aragon (Spain) as part of the OPEN project. This aims to identify and address barriers to employment through a series of thematic seminars in each of the partner regions. The partners have secured a total sum of €574,792 to fund this major two-year programme. The first round of seminars will run between September and December this year.

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5. Conformity

5.1 Recommendation:

The Board is requested to NOTE the report.

- 5.2 The Regional Assembly has provided advice to Rugby Borough Council concerning a planning application submitted to them by Advantage West Midlands for a High Technology Park at Ansty. The site is located to the north east of Coventry and is designated as a Major Investment Site in the current WMRSS. However, in the WMRSS Phase 2 Revision Preferred Option the Assembly is promoting this site as a Regional Investment Site that can be occupied by multiple users with a clear focus on providing accommodation to facilitate the diversification and modernisation of the Region's economy. The site is well positioned to serve the Coventry, Solihull and Warwickshire High Tech Corridor as well as the Coventry and Nuneaton Regeneration Zone.
- 5.3 The proposals also seek to increase the amount of developable floorspace within the boundary of the site so as to make more efficient use of the land available. In providing advice to Rugby Borough Council that the application is in accordance with the WMRSS and Phase 2 Revision, the Assembly's advice was subject to any planning consent having a condition or legal agreement attached to it to ensure that the detailed development of the site is controlled so that any office floorspace allowed is ancillary or clearly associated with the research and development and light industrial uses proposed. It is understood that rugby Borough Council has resolved to grant planning permission for this development.
- 5.4 Solihull Metropolitan Borough Council has recently resolved to grant permission for the extension of the runway at Birmingham International Airport and the Secretary of State has confirmed that she does not wish to 'call in' the application for further consideration. In resolving to grant permission Solihull has specified that it will be subject to stringent conditions and mitigation. The proposal and the need for conditions and mitigation was something that the Assembly advised Solihull upon when the Council consulted on the application. The extension is clearly supported in the WMRSS (Policy T11).

- 5.5 Members of the Conformity Panel have endorsed advice presented to them that the Publication version of the Coventry Core Strategy Development Plan Document is in general conformity with West Midlands RSS. The Core Strategy also sets out the additional scale of growth associated for the city as proposed in the WMRSS Phase 2 Revision Preferred Option currently subject of the Examination in Public in Wolverhampton.
- 5.6 It should be noted that the Coventry is the first of the former Metropolitan Authorities to have reached this stage in the preparation of their Core Strategy.

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6. Climate Change and Environment

6.1 Recommendation:

The Board is requested to NOTE Report

- **Habitats Regulations Assessment**

6.2 The WMRA have been working with the Government Office for the West Midlands, Natural England and the Countryside Council for Wales to develop a revised policy to meet the requirements of the Habitats Regulations within the RSS Examination in Public process. A revised policy has been prepared and submitted to the Panel.

- **Positive Uses of Green Belt Project**

6.3 A project to help inform the RSS Phase 3 policy options has been completed. This was required by the RSS Project Plan for Phase 3 and will form part of the RSS evidence base. The findings set out an approach that will be used to inform the RSS Phase 3 preferred option, assist the national natural England approach to urban fringe lands and support a new project on climate change and green infrastructure.

- **Landscape**

6.4 A new Landscape Partnership has been established in the region through Natural England. This will take forward the requirements of the European Landscape Convention (ELC) and prepare with local authority's landscape action plans. Further work will also be undertaken to assess the relationship of the implementation of the ELC with the RSS.

- **Historic Environment**

6.5 The draft Regional Historic Environment Strategy "Putting the Historic Environment to Work" has been prepared by the West Midlands Historic Environment Forum. This sets out a strategy for exploiting the

positive contribution of the historic environment for people, places and policies.

- **Climate Change**

- 6.6 A new Climate Change Adaptation Partnership has been formed reporting into the Climate Change Office to develop actions with partners on adaptation, risk management and assess the implications of the latest expected climate change scenarios for the West Midlands. A report on a framework for progress on Climate Change adaptation is nearing completion.

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7. Housing

7.1 Recommendation

The support of Assembly Board members is sought to continue to encourage local authorities to continue to promote the Kick Start model as a way of moving from grants to loans for private sector home improvement.

Briefing on the Kick Start Partnership and HBoS withdrawal of private finance

- 7.2 This report seeks to inform Board members of the decision by Halifax Bank of Scotland (HBoS) to withdraw their offer of private finance to the Kick Start Partnership.

Background to the Kick Start Partnership

- 7.3 The Kick Start Partnership was established to implement the use of loans as a method of financing vulnerable homeowners in the private sector to carry out essential repairs and maintenance. This objective underpinned the need to provide a response to the Government's Decent Homes agenda for the owner occupied sector. This was established by the Regulatory Reform Order 2002 Housing Assistance (England and Wales) in the light of the un-sustainability of continued reliance of local authorities and home owners on funding such repairs through traditional public sector grants.
- 7.4 The Regional Housing Executive, the Regional Housing Board for the Region, is responsible for recommending to minister's the allocation of the Regional Housing Pot for the Region. The Regional Housing Pot (some £679m for 2008-2011) is split between local authorities (£212m) for capital housing funding and the Homes and Communities Agency (£467m) for the National Affordable Housing Programme. A key element of the funding for local authorities (£42m) is for the Kick Start Partnership.
- 7.5 The business case for the Kick Start Partnership is founded on three principles:

- The need to provide housing assistance in a way that is capable of impacting upon the scale of need (for major repair and improvement works) within the cohort of vulnerable homeowners across the West Midlands Region
 - The opportunities of using equity share loans to create choice, sustainable investment decisions and quality housing services for homeowners with ability to engage private finance and recycled repaid loan capital to increase the funding pot for programmes in future years.
 - The opportunities for local authorities of working together to develop best practice, drive service efficiencies and value for money whilst creating the scale and consistency of use of equity share loans that is necessary to attract private finance or a viable income stream from loan repayments to reduce reliance on public funding in future years.
- 7.6 The Government has clearly stated its commitment and support to the Kick Start Partnership and have promoted it to other regions as the way forward for private sector home improvements (CLG letter to Regional Assemblies, October 2007).
- 7.8 The Kick Start Partnership, a West Midlands Regional Assembly and local authority initiative is lead by Birmingham City Council as accountable body on behalf of the local authorities in the Region and is continuing its roll out of the programme of expansion with new groupings of local authorities joining in order to improve efficiency in service delivery.

Private finance model

- 7.9 A key element of the Kick Start model in the 2009-2014 five year programme was the intended introduction of £21.5M of private finance from HBoS to complement £50M of public funding for equity share loans. This offered the opportunity for existing and joining members to deliver a programme that could assist some 5000 homeowners to undertake major works to address Decent Home Standard failures.
- 7.10 Unfortunately the current economic climate and the take over of HBoS by Lloyds' Banking Group has unfortunately led HBoS to withdraw their proposed private finance support to the Kick Start equity loan model.
- 7.11 Key to the change of heart was the takeover of HBoS by the Lloyd's Bank Group after which significantly increased level of 'toxic debt' and a £10bn 'black hole' was identified in HBoS' finances. All HBoS credit approval processes and policies were replaced by LBG policies. As a

result of this the Kick Start loan proposal had to be re appraised against Lloyd's Bank Group credit arrangements and they decided not to proceed.

Current activity

- 7.12 Discussions are continuing regarding the use of private finance for loan facilities. However, the general view of those involved is that it is unlikely that the decision will be reversed in the short term. Nonetheless, it is anticipated that the facility may well return in future when markets recover. In the meantime Kick Start will continue with its public funding. A great deal has been achieved by the Partnership with new local authorities becoming partners and the pay back to the Partnership and local authorities is still far better than the old alternative of giving grants, and is still very much Government policy.
- 7.13 GOWM is fully aware of the current situation and CLG continue to be fully committed to the Kick Start model as a way of delivering private sector home improvements. Both GOWM and CLG will continue to be briefed on progress and their advice and influence sought as appropriate in reinstating the private sector leverage, once it becomes viable again. It is worth noting that models being developed in other regions, and being supported by CLG, are based on public funding only, with equity loans replacing grants. The Kick Start model and programme is well in advance of any other schemes in terms of partnership arrangements and professional delivery mechanisms.

Conclusion

- 7.14 The need for support to low income homeowners in poor housing is likely to increase as a result of recession and reduced availability of commercial credit. The public funded only model does lose the short term leverage anticipated with the use of private finance. However, the equity investment now is likely to give the public sector a better 'return' when recycled in the medium term.
- 7.15 The private finance model is still sound in principle. However, until the financial and housing markets settle down, banks are recapitalised and confidence returns, it is extremely unlikely that private finance will be available on reasonable terms unless there is government intervention.

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