

GMCA OVERVIEW & SCRUTINY COMMITTEE

DATE: Wednesday, 20th March, 2024

TIME: 1.00 pm

VENUE: The Tootal Buildings - Broadhurst House , 1st Floor, 56
Oxford Street, Manchester, M1 6E

AGENDA

- 1. Apologies for Absence**
- 2. Chair's Announcements and Urgent Business**
- 3. Declarations of Interest** 1 - 4
To receive declarations of interest in any item for discussion at the meeting.
A blank form for declaring interests has been circulated with the agenda; please ensure that this is returned to the Governance & Scrutiny Officer at least 48 hours in advance of the meeting.
- 4. Minutes of the previous meeting held on 21 February 2024** 5 - 14
To consider the approval of the minutes of the meeting held on 21 February 2024 as a correct and accurate record.

BOLTON	MANCHESTER	ROCHDALE	STOCKPORT	TRAFFORD
BURY	OLDHAM	SALFORD	TAMESIDE	WIGAN

Please note that this meeting will be livestreamed via www.greatermanchester-ca.gov.uk, please speak to a Governance Officer before the meeting should you not wish to consent to being included in this recording.

5. **GMCA Overview & Scrutiny Task and Finish Review** 15 - 70
Affordable Living: An investigation into how the affordable homes offer could better meet the needs of people in Greater Manchester
Report of Councillor Lewis Nelson, Chair of the GM Overview & Scrutiny Task and Finish Group.
6. **Implementation of Greater Manchester VCFSE Accord and Fair Funding Protocol** 71 - 98
Report of Councillor Arooj Shah, GM Portfolio Lead for Equalities and Communities.
7. **Retained Business Rates Update** 99 - 114
Report of Councillor David Molyneux, GM Portfolio Lead for Resources and Investment.

For copies of papers and further information on this meeting please refer to the website www.greatermanchester-ca.gov.uk. Alternatively, contact the following Governance & Scrutiny Officer: Helen Davies, Senior Governance & Scrutiny Officer
✉ helen.davies@greatermanchester-ca.gov.uk

This agenda was issued on Tuesday, 12 March 2024 on behalf of Julie Connor, Secretary to the
Greater Manchester Combined Authority, Broadhurst House, 56 Oxford Street,
Manchester M1 6EU

Declaration of Councillors' Interests in Items Appearing on the Agenda

Name and Date of Committee.....>

Agenda Item Number	Type of Interest - PERSONAL AND NON PREJUDICIAL Reason for declaration of interest	NON PREJUDICIAL Reason for declaration of interest Type of Interest – PREJUDICIAL Reason for declaration of interest	Type of Interest – DISCLOSABLE PECUNIARY INTEREST Reason for declaration of interest

Please see overleaf for a quick guide to declaring interests at GMCA meetings.

Quick Guide to Declaring Interests at GMCA Meetings

Please Note: should you have a personal interest that is prejudicial in an item on the agenda, you should leave the meeting for the duration of the discussion and the voting thereon.

This is a summary of the rules around declaring interests at meetings. It does not replace the Member's Code of Conduct, the full description can be found in the GMCA's constitution Part 7A.

Your personal interests must be registered on the GMCA's Annual Register within 28 days of your appointment onto a GMCA committee and any changes to these interests must notified within 28 days. Personal interests that should be on the register include:

1. Bodies to which you have been appointed by the GMCA
2. Your membership of bodies exercising functions of a public nature, including charities, societies, political parties or trade unions.

You are also legally bound to disclose the following information called Disclosable Personal Interests which includes:

1. You, and your partner's business interests (eg employment, trade, profession, contracts, or any company with which you are associated).
2. You and your partner's wider financial interests (eg trust funds, investments, and assets including land and property).
3. Any sponsorship you receive.

Failure to disclose this information is a criminal offence

Step One: Establish whether you have an interest in the business of the agenda

1. If the answer to that question is 'No' then that is the end of the matter.
2. If the answer is 'Yes' or Very Likely' then you must go on to consider if that personal interest can be construed as being a prejudicial interest.

Step Two: Determining if your interest is prejudicial

A personal interest becomes a prejudicial interest:

1. where the wellbeing, or financial position of you, your partner, members of your family, or people with whom you have a close association (people who are more than just an acquaintance) are likely to be affected by the business of the meeting more than it would affect most people in the area.
2. the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.

For a non-prejudicial interest, you must:

1. Notify the governance officer for the meeting as soon as you realise you have an interest.
2. Inform the meeting that you have a personal interest and the nature of the interest.
3. Fill in the declarations of interest form.

To note:

1. You may remain in the room and speak and vote on the matter
If your interest relates to a body to which the GMCA has appointed you to, you only have to inform the meeting of that interest if you speak on the matter.

For prejudicial interests, you must:

1. Notify the governance officer for the meeting as soon as you realise you have a prejudicial interest (before or during the meeting).
2. Inform the meeting that you have a prejudicial interest and the nature of the interest.
3. Fill in the declarations of interest form.
4. Leave the meeting while that item of business is discussed.
5. Make sure the interest is recorded on your annual register of interests form if it relates to you or your partner's business or financial affairs. If it is not on the Register update it within 28 days of the interest becoming apparent.

You must not:

Participate in any discussion of the business at the meeting, or if you become aware of your disclosable pecuniary interest during the meeting participate further in any discussion of the business,
participate in any vote or further vote taken on the matter at the meeting.

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Minutes of the meeting of the GMCA Overview & Scrutiny Committee

held on Wednesday 21 February 2024

at the Tootal Buildings, Broadhurst House, 1st floor,

56 Oxford Street, Manchester, M1 6EU

Present:

Councillor Nadim Muslim	Bolton Council (Chair)
Councillor Jill Axford	Trafford Council
Councillor Russell Bernstein	Bury Council
Councillor Basil Curley	Manchester City Council
Councillor Patricia Dale	Rochdale Council
Councillor Shaun Ennis	Trafford Council
Councillor Nathan Evans	Trafford Council
Councillor Holly Harrison	Oldham Council
Councillor Helen Hibbert	Stockport Council
Councillor John Leech	Manchester City Council
Councillor Joanne Marshall	Wigan Council
Councillor Colin McLaren	Oldham Council
Councillor Lewis Nelson	Salford City Council
Councillor Imran Rizvi	Bury Council
Councillor Mandie Shilton Godwin	Manchester City Council
Councillor Debra Wailes	Wigan Council
Councillor Fred Walker	Wigan Council
Councillor Peter Wright	Bolton Council

Also in attendance:

Andy Burnham	GM Mayor
Councillor Ged Cooney	Portfolio Lead for Housing

Officers in attendance:

Eamonn Boylan	GMCA
Nicola Ward	GMCA
Helen Davies	GMCA

Melinda Edwards	GMCA
Steve Fyfe	GMCA
Alex Maynard	GMCA
Steve Warrener	Transport for Greater Manchester
Anne Marie Purcell	Transport for Greater Manchester
Matt Bull	Transport for Greater Manchester
Richard Barnes	Ernest Young

O&SC 81/23 Welcome and Apologies

Apologies for absence were received from Councillor Tom Besford (Rochdale Council), Councillor Joshua Brooks (Salford City Council), Councillor Jenny Harrison (Oldham Council) and Councillor Naila Sharif (Tameside).

O&SC 82/23 Chair’s Announcements and Urgent Business

The Chair announced that the Overview and Scrutiny Meeting scheduled for the 20 March 2024 had been extended by 30 minutes to ensure the Task and Finish draft report on Affordable Housing could be given thorough consideration by this Committee.

O&SC 83/23 Declarations of Interest

There were no declarations of interest received in relation to any item on the agenda.

O&SC 84/23 Minutes of the GMCA Overview and Scrutiny Committee held on 7 February 2024

Resolved/-

That the minutes of the GMCA Overview and Scrutiny Committee held on 7 February 2024 be approved as a correct and accurate record.

O&SC 85/23 Housing Portfolio Overview

The Chair invited Councillor Ged Cooney, Portfolio Holder for Housing, to present the Housing Portfolio Update; the Committee was advised of the GMCA’s recognition of the importance of a safe and secure home for residents across Greater Manchester that would help to make a real difference to their lives. Locally progress was being

made with recognition that some issues could only be tackled from a regional position. The Committee noted that the draft Good Landlord Charter had launched recently and whilst there were current required standards set by law, this was a new voluntary scheme that enabled city region landlords the opportunity to commit to higher standards, making positive improvements and a level of assurance for those renting. The GM housing priority was to deliver more of the right type of homes in the right places that were affordable. The Devolution Trailblazer deal further built on this aspiration for homes to be delivered to a Future Homes Standard or above.

Steve Fyfe, Head of Housing Strategy noted the work being undertaken by the GMCA Overview & Scrutiny Task and Finish Group for Affordable Housing and the key recommendations that would bring with focus on achievable outcomes at a GM level.

The Committee was given the opportunity to ask questions and seek clarification on the paper, there was some discussion that included:

- Clarity that the Good Landlord Charter did not replace any statutory responsibilities held by Local Authorities but was accreditation to give a level of confidence to the landlord and a standard for tenants to actively look for.
- Clarity that the number of Affordable Homes within a scheme was determined by Local Authorities and not imposed by the Combined Authority. With respect to the Brownfields Land Programme, the reason there were no Affordable Homes noted in the table within the report was, because to access Brownfield funding, the scheme needed to be in a deficit, these schemes did not work with Section 106 funding as the calculations were made between the deficit gap and the break-even cost. By overprogramming this would build the case for viability of projects and attract more grant funding, however land with positive value attached to it would not be eligible for Brownfields Land funding.
- The GM Good Landlord Charter was open to all landlords, and GMCA was working with the districts to carry out more enforcement to expose non-compliant landlords. Further work was also underway to illustrate the benefits for joining the scheme with the ultimate aspiration that its objectives could lever into Government legislation.

- The Committee requested further information on the partnership working with the Department for Work and Pensions (DWP) to make landlords accountable and asked for further information on this.
- The £15million with the Department for Levelling Up, Housing and Communities (DLUHC) for the social housing programme would need to be spent by the 31 March 2024, but a full evaluation would capture lessons learnt and shape future programmes regarding homes standards.
- That whilst 79% of projects were projected to reach Future Homes Standards or above, the rest of the projects would be met through the Brownfields Land Programme, and all schemes continually pushed to meet the standards.
- The Committee acknowledged the work being done linking in with colleges for the promotion of Modern Methods of Construction (MMC) that provided training for new skills within the industry to address the current skills gap.
- The Committee acknowledged the difficulties working with Brownfield Land, it was often highly polluted and needed to be decontaminated to bring it back into use. By ensuing potential Brownfields projects were ready-to-go put GM in a strong position and enabled short-notice funding to be allocated to these schemes.
- The Committee raised the point that a Section 21 notice (of the Housing Act 1988) meant landlords could begin the process of taking possession of a property let on an assured shorthold tenancy without providing any reason. This meant families could be homeless within 2-months. The Committee asked for consideration to the Charter to ask landlords not to use a Section 21 notice, instead using a Section 8 notice instead (where a landlord must first serve notice of intention to bring proceedings on the tenant). Officers advised that whilst that could be added it was non-enforceable and would need a change of law to remove the notice altogether.
- The Committee urged for more co-commissioning and sharing of resources across GM to address gaps i.e. workforce for supported housing.
- It was recognised that by securing the Living Wage across GM, work could be done to ensure careers and roles within the housing sector were attractive and rewarding to add value to the market.

- The Committee noted that the Good Landlord Charter was open to every landlord in GM, including private and social landlords and providers of specialist housing and that GMCA was confident that a large proportion of GM social landlords would take part in the charter due to the participation of Greater Manchester Homes Partnership (GMHP) in its development. The Committee requested detail on:
 - a) the engagement by Manchester housing authorities to date; and
 - b) the amount of spend by Manchester housing authorities from the £15million capital funding from the Department for Levelling Up, Homes and Communities (DLUHC) to tackle damp and mould health hazards in social housing.
- The Committee noted the aspiration target of 30k for TANZ homes and queried why the completion date was within the 2030's. It was clarified that whilst the 30k was ambitious, building net zero homes cost more money and that further devolution would give greater control over GM housing budgets.

Resolved /-

1. That the report be received and noted.
2. That further information on the work being carried out with the Department for Work and Pensions (DWP) to make landlords more accountable be received by the Committee.
3. That further information on the engagement, in respect of the GLC, by Manchester housing authorities be received by the Committee.
4. That further information on the spend to date by Manchester housing authorities from the £15million capital funding from DLUHC be received by the Committee.
5. That further information on the spend by housing associations on damp and mould be received by the Committee.
6. That a revised Brownfield Land Programme be recirculated to this Committee given the omission typo for Oldham.
7. That the latest Housing Investment Fund report be shared with members of the Committee.

O&SC 86/23 Work Programme and Forward Plan of Key Decisions

The Committee considered the Work Programme for March 2024 and Forward Plan of Key Decisions circulated with the agenda pack.

Resolved /-

1. That the Overview & Scrutiny Work Programme be received noted; and
2. That the Forward Plan of Key Decisions be used to identify any potential areas for further scrutiny.

**O&SC 87/23 The Greater Manchester Franchising Scheme for Buses
2021-Procurement Update**

The GM Mayor Andy Burnham gave an overview of the process for awarding a bus franchise to a preferred bidder to the Committee noting that Tranche 2 was able to launch in one-month with a high degree of confidence having learned lessons from Tranche 1. It was recognised that the Bee Network was a major change for Greater Manchester however some of the early challenges had largely been dealt with.

Tranche 1 was significantly outperforming the service it replaced with 71% reliability-compared with 64% on the rest of the network and 62% on a comparable date from the previous year, ambition was to get better across the whole network.

There had been lessons learned with driver availability, but the unknown was how many drivers would agree to the Transfer of Undertakings Protection of Employment (TUPE) into the Bee Network. Tranche 1 had experienced some reliance on agency drivers this had held efficiencies back as they were not as familiar with the road network. Tranche 2 had no reliance on agency drivers and was in a stronger position because of this.

The Middleton depot was mobilising to the Bee Network with the same operator, this was the first instance of this happening for the network. Currently electrification was taking place at Oldham, this would provide strength in efficiencies and would help work towards building a new depot.

Data from Tranche 1 and 2 was being used to inform the mobilisation of Tranche 3, geographically this was most of GM, equating to 48% of the GM bus network franchise. Tranche 3 was 9-months from mobilisation, risk assessments were being carried out by Transport for Greater Manchester (TfGM) to identify any destabilisation. Work was being carried out to introduce a zero emissions fleet with a significant number of operational net zero buses in the Tranche 3 area already. There had been an issue affecting 50 zero-emission buses planned for tranche 2 due to industrial action within the supply chain; 30 were on schedule to be delivered with a delay to 20.

Operators needed to be procured for Tranche 3 for 5-large networks and 4-small networks which was anticipated to go live on 5 January 2025.

The Committee was given the opportunity to ask questions or seek clarification.

- The Committee noted the anecdotal positive impacts reported by those using Tranche 1 in North Manchester, particularly the night buses and the overall clean, punctual services and improved real time bus-tracking. The GM Mayor was confident that the service would be significantly better for GM. The GM Mayor noted that Manchester was a night-time destination city and there should not be a reliance for residents to pay between £30-£40 to get a taxi home. The safety of passengers was a paramount area of monitoring for the night bus services.
- Clarification was given that Tranche 3 did not include school bus services, three were being procured under each area, large, small and schools, however most schools were going into their own package within Tranche 3. The GM Mayor acknowledged the expansion of routes to try and maximise coverage of schools, however school services had grown over time, and there was a need to reduce reliance on certain school services.
- The agency driver issue was noted by the Committee and assurance was sought that this would not be a reoccurring issue at the franchise's renewal period. The GM Mayor acknowledged the importance on reducing the reliance of Tranche 1 agency drivers and noted this had not been an issue moving into Tranche 2 or that it would be an issue affecting Tranche 3. The stability of the

workforce was a key priority and a Consolidated Transport Workforce Board had been launched as a social partnership. The Metrolink and Train services needed representation within the Board and the issue of losing drivers to other services was highlighted. The aim was to implement more structure for transport employment opportunities and eliminate competition across the transport network to ensure that the Bee Network Careers could progress from bus to tram to train with a standardised approach. Hard testing for Tranche 3 was in place to procure fleets and depots but also included staff recruitment and retention.

- The Committee noted the positive ambition to blend local transport services across the network, including the integration of rail. The GM Mayor added that there were some services that operated outside of the GM boundary (such as Southport, Buxton and Glossop) and the ambition was to incorporate those within the Bee Network by 2030. This was in-line with recent announcements by the Mayor of London to incorporate Overground Lines as part of Transport for London (TfL), for GM the same approach would incorporate GM commuter lines into local GM control with further integration into the Bee Network bus services.
- In relation to Tranche 1, members reported the significant difference that a reliable service has made to residents, especially in Leigh and Atherton. However, there remained a high level of dissatisfaction regarding rail services, and it was hoped that issues of punctuality and standards could soon be addressed.

RESOLVED /-

1. That the report and recommendations be commended to the GMCA for consideration at its meeting on the 23 February 2024.
2. That the comments from the GMCA Overview & Scrutiny Committee would also be shared with the GMCA as it considered the report.

O&SC 88/23

Exclusion of the Press and Public

That, under section 100 (A)(4) of the Local Government Act 1972 the press and public should be excluded from the meeting for the following items on business on the grounds that this involved the likely disclosure of exempt information, as set out in the relevant paragraphs of Part 1, Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

O&SC 89/23 Bus Franchising Indicative Preferred Bidder

Anne Marie Purcell, Steve Warrener and Matt Bull from Transport for Greater Manchester and Richard Barnes from Ernest Young attended the meeting to present a briefing to the Committee on the bus franchising indicative preferred bidder process for Tranche 3.

RESOLVED /-

1. That the report and recommendations be commended to the GMCA for consideration at its meeting on the 23 February 2024.
2. That the comments from the GMCA Overview & Scrutiny Committee would also be shared with the GMCA as it considered the report.

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GMCA Overview & Scrutiny Committee

Date: 20 March 2024

Subject: Overview & Scrutiny Task and Finish Review –
Affordable Living - An investigation into how the affordable homes offer could better meet the needs of people in Greater Manchester

Report of: Cllr Lewis Nelson, Chair of the Task and Finish Group

Purpose of Report:

To present the findings of the recent task and finish review, undertaken by members of the Overview & Scrutiny Committee that considered the significant issue of affordable housing.

Recommendations:

The Committee is asked to –

1. Consider the findings and in particular the recommendations following an in depth task and finish process on the subject of affordable housing.
2. Approve the draft review for consideration by the GMCA.

Contact Officer:

Nicola Ward, Statutory Scrutiny Officer, GMCA

nicola.ward@greatermanchester-ca.gov.uk

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Affordable living

An investigation into how the affordable homes offer could better meet the needs of people in Greater Manchester

March 2024

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Chair's Foreword

Everybody in Greater Manchester deserves a place to call home but fundamentally, there is not enough housing stock for all people in Greater Manchester

We know that the cost-of-living crisis coupled with a chronic shortage of housing is causing financial hardship and distress for many. The task and finish group began our review by exploring the factors that make-up an 'affordable home'. We concluded that system defined 'affordable housing' does not always translate to what is truly affordable for residents.

We acknowledge that the monthly rent/mortgage payment figure cannot alone define 'affordable housing'. Housing costs are usually the biggest outgoing for residents, followed by energy and food; all have risen considerably in recent years. All three main outgoings determine the affordability of running a home. Therefore, our goal needs to be to enable our residents to achieve affordable living.

"We want to deliver the best housing for everyone in GM and we want to do it right the first time".

That means that housing built now, needs to be of a standard that guarantees comparatively low heating costs and overall energy efficiency. It means residents need to be able access community infrastructure easily and access quality food in their community without having to pay a poverty premium for convenient access. Residents also need to be supported in accessing unclaimed welfare entitlements.

The task and finish group investigated case studies and approaches that have unlocked development that is delivering impressive results across Greater Manchester. There are examples of local best practice that give us replicable



Councillor Lewis Eric Nelson

Salford

blueprints and a successful approach. Reasons to be hopeful for a horizon that will see the end of the housing crisis, however, to realise that horizon, we need national government to give us the resources and tools to deliver.

This review is not a conclusive assessment of the housing landscape across Greater Manchester but sets out the findings of our task and finish group which we hope will foremost further highlight the issues relating to affordable housing and offer some helpful recommendations to address these. I want to thank all those who supported this review and the process that enabled this report to be aspirational and thoughtful about the challenges and opportunities we face. It would not have been possible without the candour and willingness of partners to participate.

Thanks and Acknowledgements

The Group would like to extend thanks to those who directly helped support and shape this review:

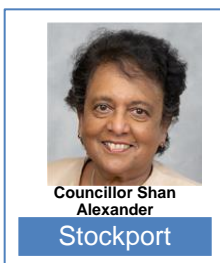
- Steve Fyfe – Head of Housing Strategy, GMCA
- Helen Simpson – GM Tripartite Agreement Director
- Dave Kelly – Assistant Director of Reform, GMCA
- Elaine Morgan – Strategy Principal, Reform, GMCA
- Mary Gogarty – Principle, Housing Strategy, GMCA
- Joseph Donaghue – Strategic Lead on Homelessness, GMCA
- Lucy Woodbine – Principal Researcher, Housing & Planning, GMCA
- Helen Spencer – Executive Director of Growth, Great Places / Chair of Growth Group GM Housing Providers
- Sarah Dillon – Director of Adult Social Care, Stockport MBC
- Gemma Parlby – Group Director of Customer & Communities, Bolton at Home
- Rachel O'Connor – Development Director, Mosscafe St Vincents
- Andy Green – Senior Manager, Partnerships and Business Development, Homes England
- Tom Hawley – Head of Affordable Housing Growth – North, Homes England
- Mark Robinson – Director of Economy and Place, Rochdale Council
- Kurt Partington – Head of Development, Salford Council
- Andrew Leigh – Head of Housing Strategy, Salford Council
- Councillor Ged Cooney – GM Portfolio Lead for Housing

Calendar of Meetings

- 21 September 2023: Resolution to form a Task and Finish Group at the Greater Manchester Combined Authority Overview & Scrutiny Committee
- 20 October 2023: Initial scoping session
- 3 November 2023: Further scoping session
- 17 November 2023: Wider cost of living challenges
- 1 December 2023: Picture of housing need
- 15 December 2023: Data on affordable homes
- 5 January 2024: Supported and specialist homes
- 19 January 2024: Opportunities within the GM devolution deal
- 2 February 2024: Affordable housing case studies
- 16 February 2024: Progress session
- 4 March 2024: Consideration of draft review and discussion with GM Portfolio Lead for Housing
- 20 March 2024: Consideration by Scrutiny Committee

1. Introduction, Purpose and Scope

- 1.1. The GMCA Overview & Scrutiny Committee is made up of twenty elected councillors from across Greater Manchester. At the beginning of this municipal year, they were asked to consider what issues they felt were of the most significance to residents and which issues would benefit most from a task and finish approach, where a small number of committee members could consider the issue over a number of sessions.
- 1.2. The issue of ensuring that people could afford a good quality home was voted as the most significant and so this review was agreed.
- 1.3. All members and substitutes of the GMCA Overview & Scrutiny Committee were invited to participate in the review, and the following ten members put themselves forward, bringing with them a mix of geographic, politics and experience from their individual backgrounds.



-
- 1.4 To begin their investigations, members met with lead officers from the Combined Authority to understand the issue in its widest sense before looking

to scope the review. From the beginning it was apparent that affordable housing was a small element of the wider context of affordable living and therefore the title of the review was amended to reflect this.

1.5 The group were also aware that both Stockport and Rochdale Council's Scrutiny Committees were undertaking their own reviews within this sphere, and so were keen to ensure that this review kept a strategic focus and remained within the remit of the GMCA.

1.6 Although the title had been widened to reflect the context of affordable living, members wanted the review to specifically look at the following areas -

- Current housing picture in Greater Manchester
- Local and national challenges
- The impact of the cost of living
- Current provision and forecasted demand of supported and specialist housing
- Opportunities to improve the affordable homes offer

Recommendations

1. Bold, national action for the creation of more affordable homes with greater flexibility as a region to ensure that the housing market can line up with affordability of residents in GM. Recognising that the formula for affordable living is multi-faceted and should include rent, energy, and essential food costs.
2. Move towards supporting people out of debt at every point of contact, ensuring a minimum standard of welfare advisors to support residents to access unclaimed welfare support and begin their tenancies with no deficit.
3. A GM Housing Strategy that is ambitious enough to deliver what is needed to meet the housing needs of residents in Greater Manchester, including the ambition for all new homes to be zero carbon, enabled by long term partnerships that have the ability to deliver more collaboratively.
4. Clear narrative about what we are trying to achieve collectively, whilst recognising the individual needs of each GM Local Authority, potentially through a GM shared housing allocations framework that sets a standard and consistent approach but allows for local interpretation that supports Local Authorities to manage their available housing stock.
5. Flexibility of funding and more ability to joint commission across partner agencies to ensure that supported housing is adaptable and built for future needs.
6. Levers of Places for Everyone should ensure that social and affordable homes are included in every new development.
7. Effective promotion of the support available to local residents to assist with energy bills, insulation, food provision etc in recognition of the need to see housing as just one element of affordable living.
8. Creation of a national housing minimum standard for all private rental properties in order to remove any detrimental health outcomes of poor living conditions, driven by the recognised benefits of being an accredited member

of the Good Landlord Charter.

9. An increase in revenue funding in line with the increasing support needs of residents to reduce demand on the wider care system, but allocated to organisations who are meeting people where they are.
10. An annual GM Strategic Place Partnership event with key planning influencers (elected members and officers) to begin to break down any planning barriers to viable schemes and to hold further conversations regarding capacity and required expertise.

2. What is an affordable home?

2.1 There is no all-encompassing statutory definition of affordable housing in England which brings about some ambiguity in the way 'affordable' is using in relation to housing. The most commonly referred to definition is set out in Annex 2 to the National Planning Policy Framework (NPPF)¹. This is the definition used by local planning authorities when making provision within their areas and includes social rent as well as a range of intermediate rent and for sale products.

2.2 There is some criticism that the inclusion of build to rent within the NPPF definition does not help those with the greatest housing need and might reduce social and affordable rented housing delivery².

- Social rent – Social rents are submarket rents set through the national rent regime in England. Social rent properties may be owned by Local Authorities or Housing Associations. The definition refers to properties with rents at around 50-60% of market rents defined by Sections 68-71 of the Housing and Regeneration Act 2008.
- Affordable rent – During the October 2010 Spending Review, the coalition Government announced a new 'intermediate rent' tenure. Under this model known as 'affordable rent', social landlords offer tenancies at rents of up to 80% of market levels within the local area. The additional finance raised is available for reinvestment to develop new social housing.
- Affordable home ownership – Affordable home ownership is a product which involves buyers purchasing a share of a property (traditionally between 25% to 75%) and paying rent on the remaining share. It is intended as an intermediate option for households who would not otherwise be able to afford home ownership.

¹ [National Planning Policy Framework - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

² [Government response to the housing White Paper consultation: Fixing our broken housing market \(publishing.service.gov.uk\)](http://publishing.service.gov.uk)

- 2.3 The Affordable Housing Commission (2020) concluded that many of these products were “clearly unaffordable to those on mid to low incomes”.
- 2.4 A range of affordable homes is helpful in providing options for residents, however if social housing is the most affordable model, then there needs to be further opportunities to increase this provision first and foremost.
- 2.5 The NPPF says that where major development includes the provision of housing, at least 10% of the housing provided should be for affordable home ownership. There is no minimum level of provision of affordable rented housing, this is for the determination of local planning authorities.
- 2.6 Affordable homes, however, should not just be in relation to the rental elements as this is just one cost to the resident, instead it should be seen within the wider scope of ‘affordable living’ which enables people to afford their rent, utilities, and other associated costs. The issue of security within a home should also not be overlooked, as this is a significant contributor to wellbeing and the feeling of belonging to a community.

“Housing is safety”

- 2.7 Food poverty is another review in itself, but the link between housing and good quality food should not be overlooked. Creating communities where people have access to fresh food sources rather than just high-priced convenience food is a significant determinant of affordable living. The GM Community Fridges programme is a space that brings people together to eat, connect, learn new skills, and reduce food waste. It is a site where local people can share food, including surplus from supermarkets, local food businesses, producers, households, and gardens. Fridges are run by community groups in shared spaces such as schools, community centres and shops, their main purpose being saving fresh food from going to waste.

- 2.8 Ward Councillors report anecdotally that rental charges are not affordable for the majority of residents who rent their properties. It is clear from their experiences that rents have risen in line with the housing market and not with household income, and therefore some of the hardest hit are those who are working in lower paid jobs but with no access to welfare support. This is further evidenced through Greater Manchester's latest resident survey³ which showed that 37% of mortgage holders and 44% of renters say that they find it difficult to afford their rent or mortgage payments.
- 2.9 The resident survey also showed that while the proportion of mortgage holders who are behind on their payments has fallen overall (4%, was 7% in July 2023), this has increased among renters (17%, was previously 13%).
- 2.10 Moreover, 30% of all residents are financially vulnerable with over 50% concerned about the cost of heating their homes this winter.
- 2.11 Greater Manchester's Big Disability survey (2022) showed how this is playing out in the lives of our residents *"I skip meals, I half every portion, I live very minimally, I never go shopping for anything other than bits of food, I pay minimum amounts off debts as I need to keep them happy so that I can order a new vacuum or washing machine in the future as I have no other means of affording/replacing needed items I am currently in rent arrears of £535 as I could not afford to pay the rent last month and got so sick of having empty cupboards and freezer. I am hungry"*.
- 2.12 Demand for social rented housing is high as it is the most affordable option on the current market and likely to increase as the cost-of-living crisis continues. However, it is important to consider this in the scope of all the other housing options as people are struggling across all housing types, not just those who are in social housing.
- 2.13 Benchmarked against the ONS data⁴, residents of Greater Manchester are

³ [Microsoft PowerPoint - gm-resident-survey-report-10-dec2023.pptx \(greatermanchester-ca.gov.uk\)](#)

⁴ [Public opinions and social trends, Great Britain 1 to 12 November 2023.pdf](#)

increasingly feeling the impact of the cost of living more significantly than other areas in the UK.

2.14 In 2018/19 there was a piece of work undertaken which looked at the potential for defining a GM position on an 'affordable home' however, its conclusion was that there were too many determining factors in each individual situation contributing to a rent to be affordable, i.e. income, welfare support, dependants, tax, health needs and therefore a 'one size fits all' definition was ultimately thought to be unhelpful at that time. However, this review has highlighted that without a clear definition there is a lot of ambiguity as to what is meant by an 'affordable home' and how it is applied across GM Local Authorities.

2.15 The TANZ (truly affordable net zero) task force define 'affordable' as properties that are operationally net zero with social rent which ensures that all those engaged are clear about what type of property is being referenced. GM should ensure that when defining a housing option as 'affordable' that the cost of energy and food essentials are also considered, recognising that affordable living is multi-faceted.

Greater Manchester ambitions

“2024 is the year to get serious about housing”.

GM Mayor, Overview & Scrutiny Committee

2.16 The current Greater Manchester Housing Strategy⁵ sets out the ambition for 50,000 affordable homes in Greater Manchester by 2038.

2.17 It further aspires for 30,000 net zero homes whose delivery is being overseen by the TANZ (Truly Affordable Net Zero) Task Force which has brought key stakeholders together across the wider system to think collaboratively and address the issue in the broadest sense in order to also be prepared for the

⁵ <https://www.greatermanchester-ca.gov.uk/media/2257/gm-housing-strategy-2019-2024.pdf>

Future Homes Standard in 2025 which will provide properties with an energy use intensity target of 35kw/m²/year to meet [LETI guidance](#).

2.18 The other priorities for the TANZ Task Force are –

- Put forward a pipeline of land supply
- Deliver on flagship schemes
- Increase planning capacity
- Develop opportunities to increase the required skill set
- Provide economic advantages through a shared supply chain
- Support the accurate valuation of net zero properties

2.19 As part of the Devolution Trailblazer, the Government and GMCA have agreed a £150m further package for brownfield land, to support the delivery of at least 7000 homes by 2025/26. This, along with further detail in the devolution deal, provides certainty around the capital the GMCA is likely to have to support housing growth over the next 5-7 years.

2.20 It is important to have a clear understanding of the brownfield sites available for future brownfield land funding programmes, consideration should also be given to where developers can contribute to the cost of remediation of a site for their benefit.

2.21 Year one funding, announced last year, allocated £51.1m to the building of 3,900 new homes. The GMCA have engaged with Districts to identify brownfield sites that are able to start works in 2023/24. 58 schemes were ranked as the most deliverable and offering the greatest outcomes.

Headlines from the proposed Year 1 allocations include:

- Over 4,300 homes will be unlocked and supported.
- 83% of schemes include affordable housing, of which 30 schemes will deliver over 50% affordable homes.
- 67% of schemes include low carbon measures (with some still to be confirmed).
- 40 will be delivered by Registered Providers, 14 by the Private Sector, with the remainder directly delivered by Districts.

2.22 Of the 7,800 homes planned for the second and third phases of this scheme, half of almost 4,000 homes will be affordable. Seventy-nine per cent of schemes will be built to Future Homes Standard and five of the proposed schemes will aim to build homes which operate with zero or negative carbon emissions, in line with the GM Truly Affordable Net Zero Homes (TANZ) Task Force definitions. A variety of approaches to reduce carbon and energy impacts are being proposed, including using Passivhaus build techniques.

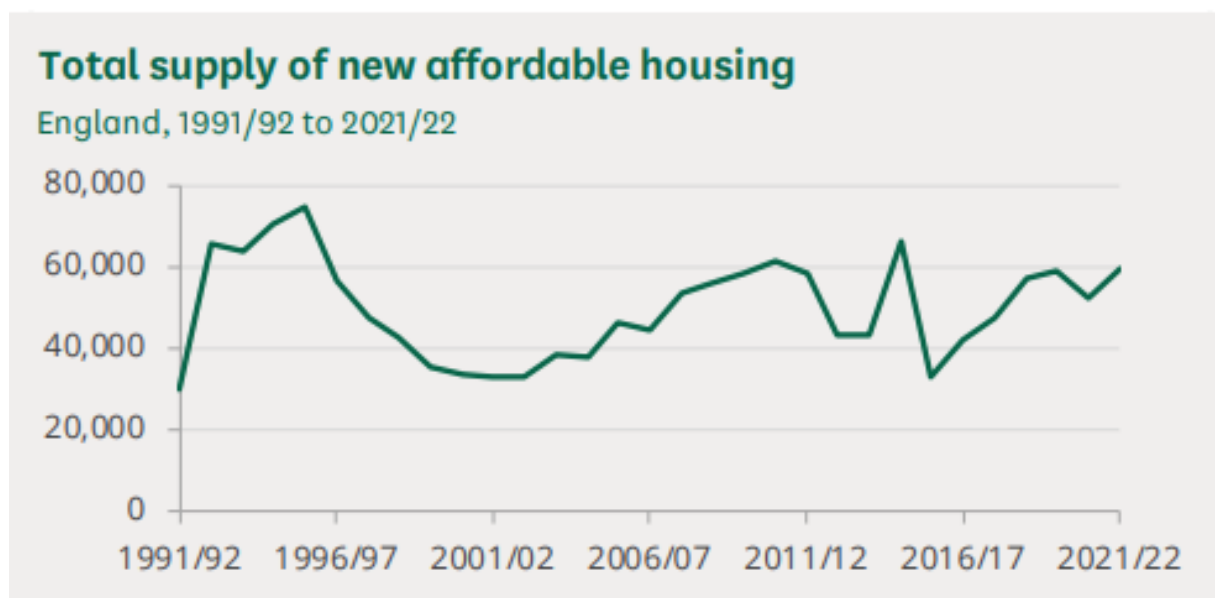
2.23 This work is all in support of the ambitions set out in the Greater Manchester Strategy (2021)⁶ “We will ensure the delivery of safe, decent and affordable housing, with no one sleeping rough in Greater Manchester.”

⁶ <https://aboutgreatermanchester.com/media/jlslgbys/greater-manchester-strategy-our-plan.pdf>

3. Housing Crisis in Greater Manchester

4.1 Nationally, the new supply of affordable homes peaked in 1995/96 at around 74,500 homes before declining to a low of around 32,900 in 2002/03. Since 2015, delivery has increased year on year, reaching around 59,000 homes in 2019/20. The number of homes was slightly lower in 2020/21 potentially reflecting the overall reduction in new builds due to the covid pandemic⁷.

Fig 1 – Total supply of new affordable housing in England 1991 - 2021



Social rented housing supply declining

4.2 Since the 1990's there have been 91,000 social homes lost in Greater Manchester through the Government's 'right to buy' scheme and transfers to Housing Providers who have since altered the tenancy agreements to affordable rental homes. There is widespread agreement that 'right to buy' has been the single biggest contributor to the housing crisis.

4.3 The Levelling Up White Paper (February 2022) refers to a "significant unmet need for social housing" and contains a commitment to increase supply: *The UK Government will also increase the amount of social housing available*

⁷ [Tackling the under-supply of housing in England - House of Commons Library \(parliament.uk\)](https://www.parliament.uk/library/research-briefings/2022/07/2022-07-14-tackling-the-under-supply-of-housing-in-england/)

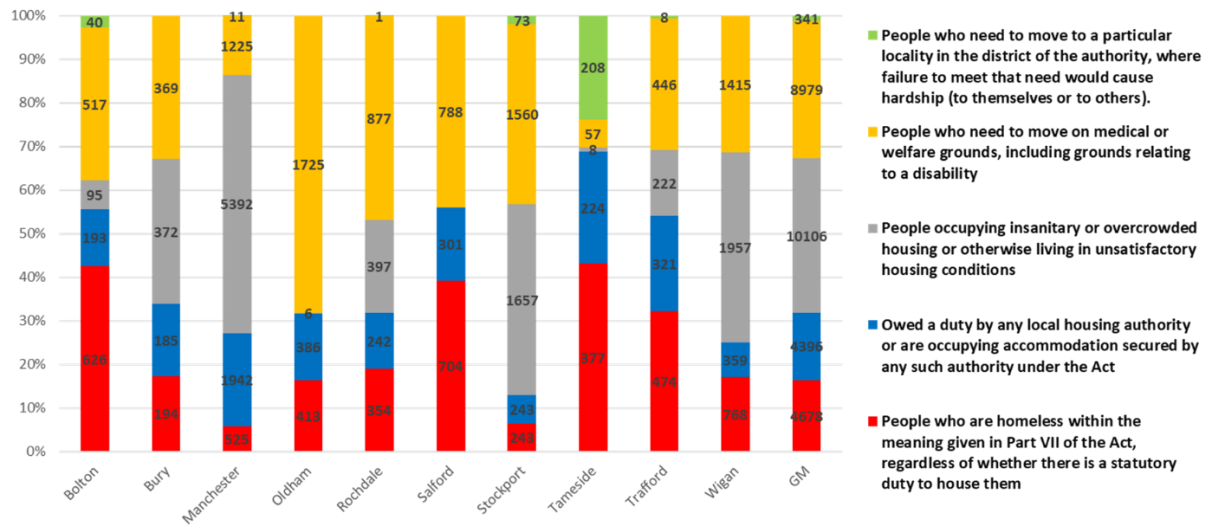
*over time to provide the most affordable housing to those who need it. This will include reviewing how to support councils to deliver greater numbers of council homes, alongside Housing Associations.*⁸

- 4.4 In line with this, Greater Manchester are pursuing the creation of more social homes and continuing to lobby for the removal of right to buy as this predominately results in properties being purchased by private landlords.
- 4.5 There are also no restrictions on any private landlord to keep the rents at a particular level, the property at its current size/layout or the property to a required standard.
- 4.6 There are currently 68,947 households in GM on the waiting list for social housing. A half of which are in the reasonable preference category (as defined by the Housing Act 1996) which applies to certain categories of applicants –
- a) people who are homeless (within the meaning of Part 7 of the 1996 Act).
 - b) people who are owed a duty by any local housing authority under section 190(2), 193(2) or 195(2) (or under section 65(2) or 68(2) of the Housing Act 1985) or who are occupying accommodation secured by any such authority under section 192(3).
 - c) people occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions.
 - d) people who need to move on medical or welfare grounds (including any grounds relating to a disability).
 - e) people who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)
- 4.7 There is also the provision for Local Authorities to provide ‘additional preference’ for certain groups e.g. armed forces.

⁸ [crisis_housing_supply_requirements_across_great_britain_2018.pdf](#)

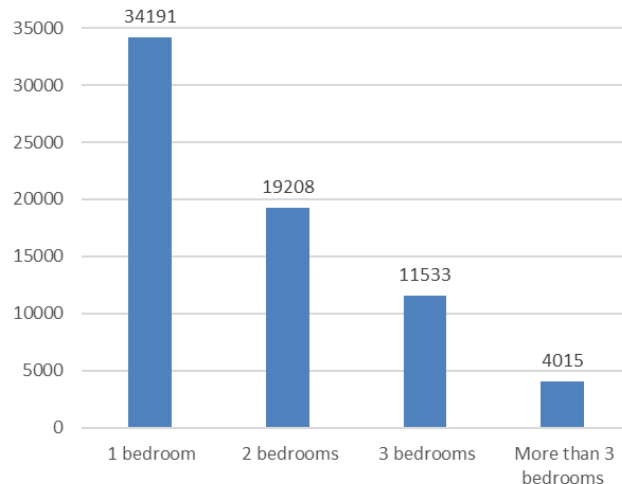
4.8 The graph below breaks down reasonable preference need in each GM authority by category, which is indicative of different communities, different demographic groups, different available properties and different needs.

Fig 2 - 2021/22 data on breakdown of housing preference category



4.9 There is a greater demand for one-bedroom homes across GM as the graph below demonstrates, highlighting further societal demands from an ageing population. However, there are households on the waiting list of all sizes, with some larger families being told its 'unlikely' they will ever be offered a 4–5-bedroom home, as there simply are not any available.

Fig 3 – housing demand by bedroom size



4.10 Government switched grant support from Homes England to Affordable Rent and Affordable Home Ownership products, leading to supply of new social rented homes declining to negligible levels in GM from 2013 onwards. This was reversed to some degree for the 2021-2026 Affordable Homes Programme, though until 2023, there was a restriction preventing a full grant from Homes England to build social rent properties in five of the ten GM districts.

4.11 Since then, there has been a visible increase in the development of social housing, but with each scheme taking circa 3 years to complete, there is a gap between planning approval and the final completion date. This is particularly evident in some specific property types, for example the delivery of 1–2-bedroom apartments is visibly slower than other developments. Planning delays can be seriously detrimental to the delivery of a scheme and therefore all partners should be upfront about timescales as soon as this process begins to ensure timescales can be aligned to minimise further delays.

4.12 The Commons Library publishes an interactive dashboard [Local Authority Data: Housing Supply](#) which includes data on affordable housing supply for individual local authorities, including social housing stock. This was helpful to the review when determining the current housing picture.

Greater reliance on private rented accommodation as the default option

4.13 Home ownership has been challenging to access over recent years, particularly for first time buyers, alongside the constraints on social housing due to limited supply. As a result, the private sector has benefited from an increased reliance on their stock, with more residents now housed than within the social rented sector. The 2021 census⁹ recorded 20% of households in England and Wales were private renters, this was up from around 17% in 2011.

⁹ [Housing, England and Wales - Office for National Statistics \(ons.gov.uk\)](#)

- 4.14 The ONS Index of Private Housing Rental Prices highlighted that private rent grew in England by 5.1% over the year to June 2023, the largest recorded increase since the series began in 2006. Overall private rents have increased by 20% since January 2015¹⁰.
- 4.15 Inflation has also had a significant impact on the private rented sector as landlords who have borrowed to acquire their rental properties have increased rents in the face of increased mortgage and other costs. However, rents have also increased as a result of increased demand in high pressure areas.
- 4.16 The unavailability of welfare benefits to include a housing allowance for anything but rental properties further increases the demand on this sector and due to lack of availability, can often lead to households being forced to accept tenancies in poor quality homes. Further work should be done to encourage private landlords to accept tenants who are in receipt of benefits to widen the housing offer to all. The requirement for an upfront deposit is also a real barrier for those on housing benefits as such a lump sum can be unobtainable. Being in arrears before a contract even commences is not a positive start for a resident and can result in them curating a defensive relationship with their housing provider. A whole sector debt recovery first approach is needed to ensure the best possible start for a resident as often being in debt becomes a barrier in itself to accessing a property.
- 4.17 The GM Resident Survey showed that as in May 2023, 1 in 3 renters and mortgage holders (31%) saw their payments increase.
- 4.18 Rising rents and the end of Section 21 resulting in an increase in no fault evictions have seen an even greater level of uncertainty across the private rented sector.

¹⁰ [Index of Private Housing Rental Prices, UK - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/housing/rental-prices)

Health and safety issues in current stock condition

4.19 Modelling undertaken through Parity work for the GMCA suggests that around 23% of homes in GM (more than 280,000) are likely to contain a Category 1 health and safety hazard, compared to 15% nationally. The new consumer standards have been designed to ensure there is more regulation around the duty of care on landlords for their residents and that there are consequences for not meeting those standards.

4.20 An affordable home should be one which is warm, insulated and energy efficient. The GM Local Energy Advice Demonstrator is a scheme which informs the public through warm hub provision about advice and support provided by their Local Authority, however, this information should be made as accessible as possible to all.

4.21 Advice and support on energy and wider green issues is also being provided to residents across housing providers and ALMOs, especially tools which could assess heating loss areas and access to grants to improve insulation. It is imperative that this advice is also available via private landlords and that it is also available in non-digital forms for those who cannot access online services.

“The more we can help reduce the cost of housing, the more people have for the wider costs of living”.

Ged Cooney, GM Portfolio Lead for Housing

4.22 Empty properties may be seen as a potential solution to the housing crisis, but with many in disrepair there are complex and significant levels of investment needed in order to get them to a suitable living standard. A level that without any funding available, would most likely require a property to go back to the standard rental market to see a return to the developer on their

investment.

4.23 Many housing developments have seen their asset improvement programmes delayed and as a result investment is now at a critical stage to retrofit, replace buildings or build brand new stock. However, it was recognised that an increase in capital costs to deliver these improvements would impact the available revenue for housing providers, resulting in less resources to support residents.

Lack of investment into new homes

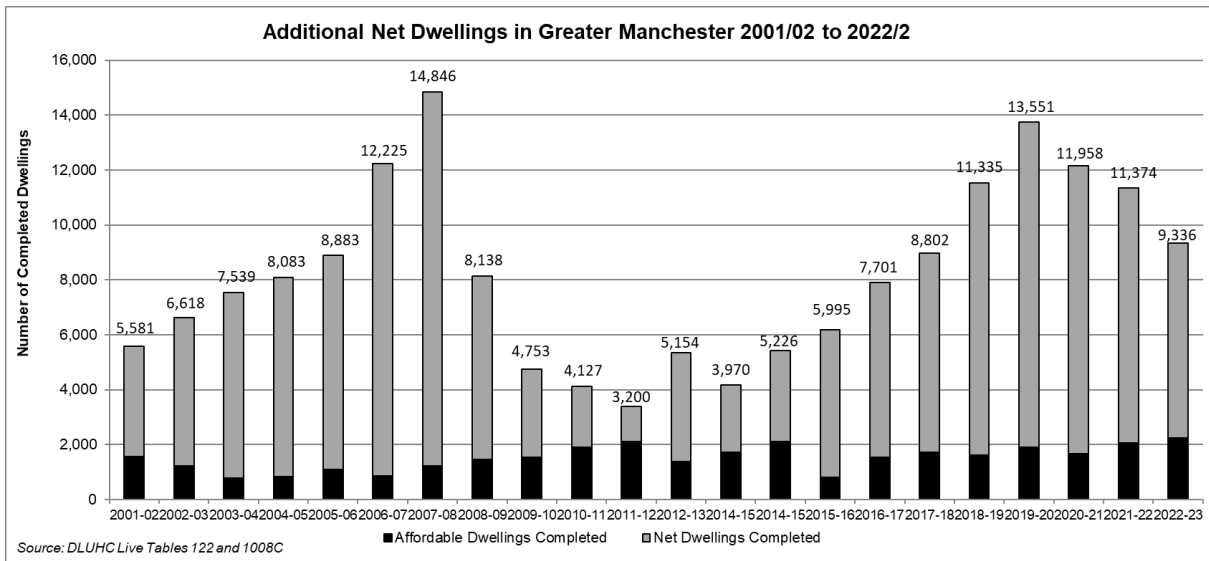
4.24 The Affordable Homes Programme provided by Homes England is the main source of Government grant for new affordable housing delivery and currently offers a £11.5b funding programme to Housing Providers, Local Authorities and ALMOs (Arm's Length Management Organisations). This is expected to support the delivery of 180,000 new homes over five years, split between 50% homes at a discounted rent and 50% for affordable home ownership products. In February 2023, Homes England announced social rent was a "priority for the fund"¹¹ meaning that social rent specific grant rates could be accessed in all parts of England.

4.25 Construction costs have also significantly increased over recent years, resulting in fewer developers being financially able to invest in building affordable housing, let alone specialised housing that requires additional adaptations. The economic challenges to this sector also include capacity limitations within the supply chain.

4.26 The diagram below shows the net number of affordable dwellings completed in comparison to the net number of dwelling completions across the last 22 years.

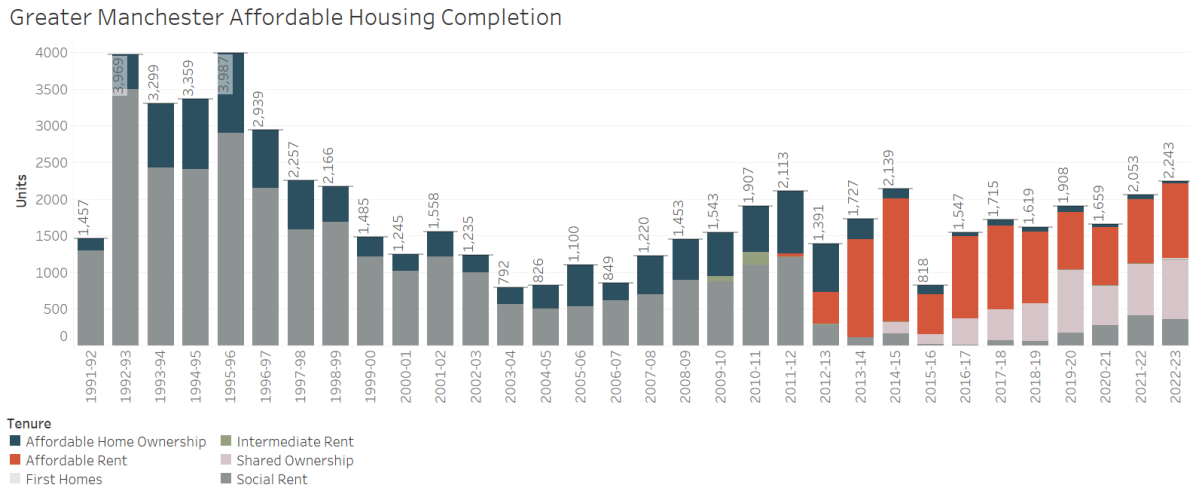
¹¹ <https://www.gov.uk/guidance/apply-for-affordable-housing-funding>

Fig 4 – Number of dwellings completed in GM since 2001



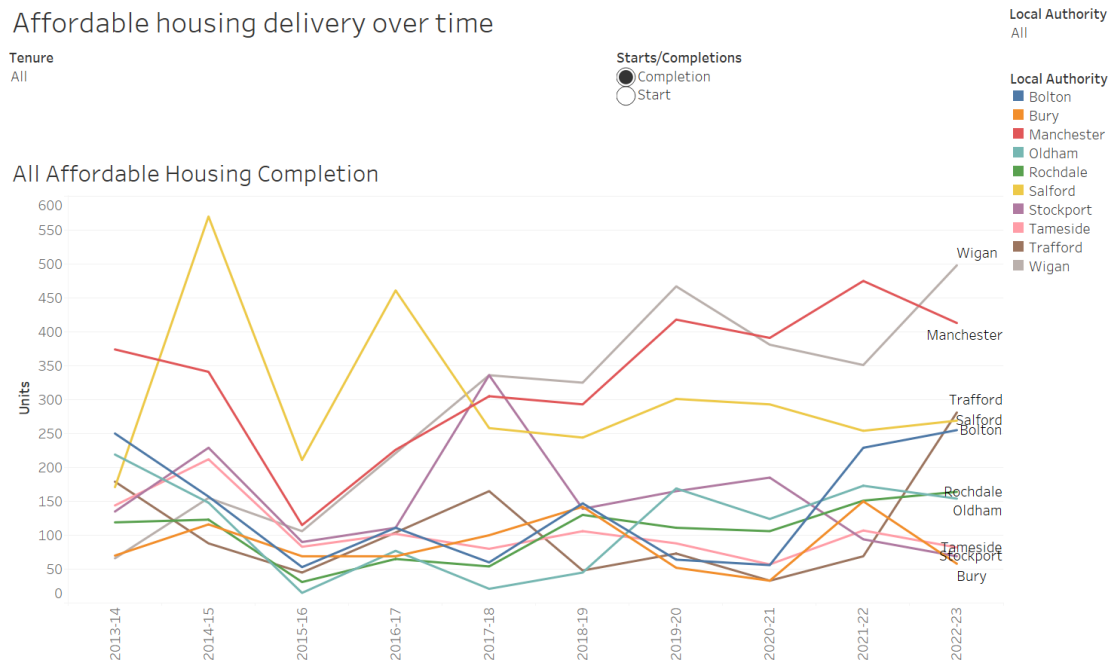
4.27 Data is actually available from 1991 (as shown in the graph below), which shows that there has been a significant decline in social housing completion predominantly from 2012.

Fig 5 – Number of affordable dwellings completed since 1991



4.28 Recent data can also be broken down by Local Authority, evidencing local patterns that have been influenced by national and other local contributing factors.

Fig 6 – Number of completed affordable dwellings by Local Authority area



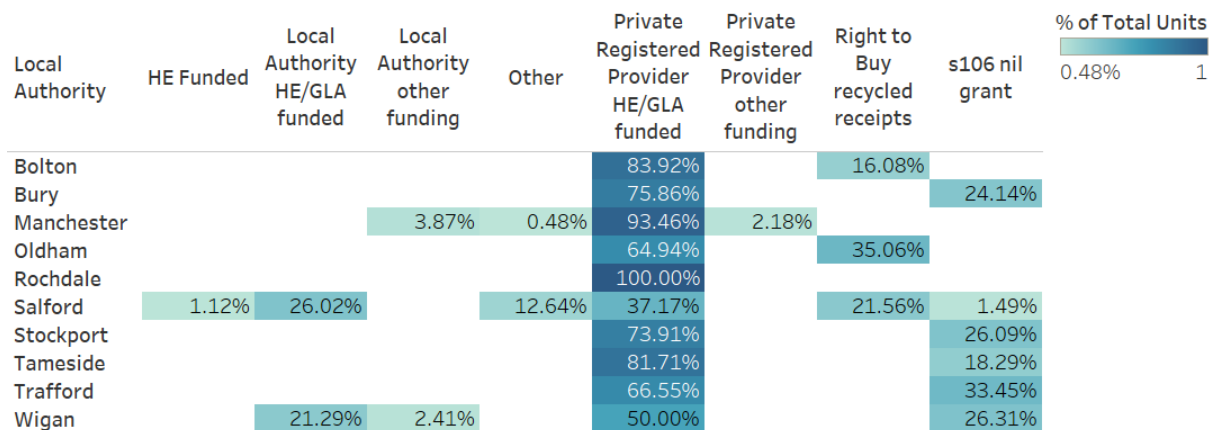
4.29 For context, in Manchester the previous priority was regarding the delivery of a housing mix, whereas more recently there has been a shift towards prioritising affordable homes. In Salford there has been a long-standing commitment to affordable housing but there are less delivery partners to meet the level of need. Stockport has a different market as there are a limited number of registered providers, but this is expected to increase as the town centre redevelopment continues. In Wigan there are larger strategic sites from which Section 106 monies can be sourced and a focus on the development of brownfield sites. The impact of the number of developers, land ownership and deindustrialised legacy is a clear contributor to the peaks and troughs in affordable housing completions across each of the GM Local Authority areas.

4.30 The majority of affordable housing is provided through a combination of borrowings and funding, circa 25% of which is from Homes England grants, but the remainder is from other funds accessed by the housing providers. The table below provides detail of the funding sources by which schemes were completed in 2022-23. Section 106 funds are more successfully sought on larger scale strategic sites but can require a complex process to

obtain.

Fig 7 – Affordable housing completions in 2022-23 by funding type

Greater Manchester Affordable Housing Completion funding
2022-23



% of Total Units broken down by Funding vs. Local Authority. Colour shows % of Total Units. The marks are labelled by % of Total Units. The data is filtered on Greater Manchester, Starts/Completions, Year and Tenure. The Greater Manchester filter keeps 10 members. The Starts/Completions filter keeps Completion. The Year filter keeps 2022-23. The Tenure filter excludes London Affordable Rent.

4.31 Moving forward, housing markets should be seen as an investment model rather than simply the development of homes as the funding gap will remain if the investment model does not evolve. This will take significant strategic maturity and a progressive national conversation in which Greater Manchester can have some influence. However, fundamentally, investment decisions about the use of public funds should be taken in the context of the long-term benefits of having an increased supply of high quality, secure, affordable homes for those who are unable to access those through market provision.

Land supply

4.32 Available land in Greater Manchester is reducing, which is often proving a barrier even when schemes are completely viable.

4.33 Without future opportunities for increasing the land supply potential, progress

on the delivery of affordable homes is unlikely to be sustainable. There are only a few 'easy sites' remaining that are not controlled by significant landowners across GM, therefore the GMCA are prioritising grant allocations to brownfield sites that were potentially previously determined as unsuitable for development.

4.34 The potential use of compulsory purchase orders through clear Regeneration Strategies should also be considered, especially in relation to small 'grot spot' areas of land which could be brought together for regeneration.

4.35 The GM Brownfield Land fund has enabled GM Local Authorities to have easier access to a flexible fund with significantly less 'red tape' than a national funding scheme. The application process is simpler and less resource exhaustive and the chance of success is greater due to a smaller geographical area. With less bureaucracy, there is also a greater confidence in the programme to enable Local Authorities to be bolder in their ambitions, like Oldham Council for example, who recently announced¹² that they would deliver 500 new social homes over the next five years at a roundtable with key partners.

Access to housing is unequal across Greater Manchester

4.36 There are variations on the housing registers held by each Local Authority across GM due to demand, localised policies on access to the register and the way that each Local Authority records its data. For example, some LAs allow all residents to go onto the register, others only allow those who are in the reasonable preference category. Therefore, it is somewhat unhelpful to compare data at a GM level between local authorities as there is no standardisation. Where the data is most useful is locally as it can evidence where needs are greater and in relation to which demographic groups.

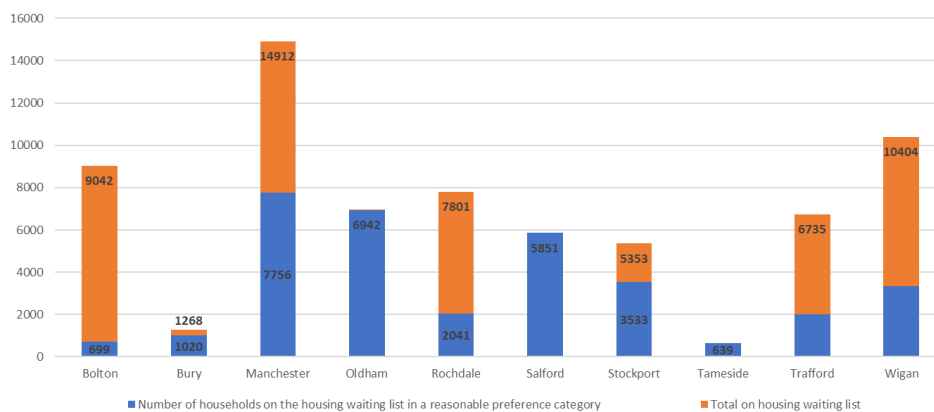
¹² [Tackling the housing crisis: 500 new social homes coming to Oldham announced at Oldham Housing Roundtable event | Oldham Council](#)

4.37 At present there are ten housing allocation policies (and specific policies for specific demographic groups) across Greater Manchester. A shared allocations framework may be helpful, although local application of their housing allocation policies is necessary to support local arrangements.

4.38 In 2018, the GMCA undertook some desktop research into housing allocation policies, including interviews with housing providers and local authorities which clarified nuances between areas. As a result, the GM steering group began to look closer at those pressures in the system which were consistent across LAs, recognising that the numbers alone do not provide the full picture regarding how the policies are applied locally.

4.39 Variation is also evident in relation to the required property size as in some Local Authorities there is a larger demand for 4–5-bedroom properties, whereas in others there is a larger demand for 1-bedroom properties.

Fig 8 – The split of reasonable preference category and non-reasonable preference category households on housing registers by Local Authority



4.40 There is currently no data available on a GM level regarding the length of waiting time on a housing register. A combination of waiting list demand and length of waiting time would be useful in evidencing the true housing needs across GM.

Welfare of tenants reducing – requiring supported living and/or assistance

4.41 There are many determinants that impact the welfare of tenants, including general health conditions, long term health conditions, alcohol & substance abuse, mental health and learning disabilities.

4.42 In recognition of this, housing is beginning to be considered in a health context and stronger links are being made between housing providers and the health system as evidenced by the recent tri-partite agreement¹³.

4.43 Supported housing is a broad description of accommodation where people can receive services such as personal care, supervision, support, and advice to live there independently. Examples of supporting housing include hostels, sheltered housing, extra care, and supported living schemes. Currently there are over 32,600 supported housing units across 3,500 schemes in Greater Manchester.

4.44 Based on current understanding this is the required level of delivery of supported and specialist homes to meet needs in 2031.

SHOP@ Predictive Modelling Sheltered / Retirement Housing								
Area	Current provision	2015	2016	2020	2025	2030	2035	Shortfall 2035
Greater Manchester	31,397	24,013	24,288	26,925	32,200	35,375	39,200	7,803
Bolton	5,961	2,575	2,613	2,975	3,638	4,013	4,425	-1,536
Bury	1,425	1,813	1,850	2,088	2,550	2,775	3,063	1,638
Manchester	5,140	2,875	2,875	2,988	3,363	3,750	4,238	-903
Oldham	2,943	2,000	2,038	2,263	2,713	2,988	3,288	345
Rochdale	3,530	1,888	1,913	2,113	2,550	2,850	3,163	-368
Salford	2,595	2,025	2,038	2,175	2,538	2,738	3,050	455
Stockport	3,163	3,338	3,375	3,713	4,400	4,800	5,275	2,112
Tameside	1,939	2,075	2,113	2,400	2,950	3,250	3,650	1,711
Trafford	2,657	2,400	2,400	2,575	3,000	3,300	3,700	1,043
Wigan	2,044	3,025	3,075	3,638	4,500	4,913	5,350	3,306

¹³ <https://www.greatermanchester-ca.gov.uk/what-we-do/planning-and-housing/better-homes-better-neighbourhoods-better-health/>

Older People

- Requirement for a total of additional 8,500 Housing with Care units split between 4,800 social/affordable units and 3,700 leasehold units.
- Requirement for 7,800 Retirement Housing leasehold units. Overall, 1,172 less units needed for rent, therefore a total of 9,000 units for lease.

SHOP@ Predictive Modelling Housing with Care Need								
Area	Current provision	2015	2016	2020	2025	2030	2035	Shortfall 2035
Greater Manchester	2,415	6,717	6,808	7,532	9,013	9,912	10,976	8,561
Bolton	324	721	732	833	1,019	1,124	1,239	915
Bury	202	508	518	585	714	777	858	656
Manchester	537	805	805	837	942	1,050	1,187	650
Oldham	106	560	571	634	760	837	921	815
Rochdale	43	529	536	592	714	798	886	843
Salford	311	567	571	609	711	767	854	543
Stockport	386	935	945	1,040	1,232	1,344	1,477	1,091
Tameside	156	581	592	672	826	910	1,022	866
Trafford	200	672	672	721	840	924	1,036	836
Wigan	150	847	861	1,019	1,260	1,376	1,498	1,348

Learning Disability and Autism

- Requirement for a net additional 1,296 units of supported accommodation for people with a Learning Disability.
- 100 new tenancies for people being discharged from hospital settings with complex Learning Disabilities or Autism.

Mental Health Needs

- Requirement for a net additional 2,535 units of supported accommodation for people with a mental health need.

Physical Disabilities

- Approximately 8,900 wheelchair user households with unmet needs, of which approximately 2,300 will need fully wheelchair adapted properties.

- 4.45 50-70% of all new social housing tenancies require support, for a range of complex issues including those relating to mental health and drug and alcohol misuse. Many housing providers are required to employ support workers to address the rise in people experiencing such issues, and the increasingly common shortfalls in support provision from the broader public sector.
- 4.46 Developing future schemes which include supported housing should be considered as business as usual, co-produced with people with lived experience to ensure they are built to enable the potential for greater independence.
- 4.47 Local Authorities have a duty regarding sufficiency of care in a person's home as long as possible, resulting in a need for flexible levels of support. One of the value-for-money models is the use of care on site i.e. warden in supported housing provision, where the care can be taken directly to where it is needed.
- 4.48 The cost of housing people with mental health needs or learning difficulties indefinitely in hospital provision is significantly high, therefore NHS GM are working with partners on a programme that increases the opportunity for independent living. Adaptability and the ability to future proof the current housing stock is key so that Greater Manchester can be ready for changing populations and their changing needs. Ensuring that people are in the most appropriate setting for their needs is also crucial.
- 4.49 These supported living schemes are funded through a variety of models, including government subsidy, Homes England funding and support from the welfare system. Most registered providers prefer to offer a social rent model with a flexible service charge rate as this can fluctuate. The care package can be provided by the registered provider or Local Authority and are either funded via their local authority or individually. Although the funding landscape can appear complicated, it is significantly more affordable than

acute care.

4.50 This complex revenue picture can sometimes be seen as more challenging by Housing Providers and developers in comparison to standard properties. However, there have been some excellent recent case studies that should be shared more widely in order to mitigate some of the apprehension about the risks of building supported housing within schemes.

4.51 The Depot in Moss Side, Manchester, is a strong example of the benefits of maximising services in one place. Across the 204 apartments within this mixed tenure site, there is a neighbourhood discharge unit, HAPPI scheme (housing our ageing population panel for innovation) and extra care provision.



4.52 Dalbeattie Court and Constable Street are also examples of schemes which have been designed right for future need that provide 30 1 bed apartments and 5 2 bed bungalows for people with learning disabilities. Their flexibility of design has allowed Dalbeattie Court to be used for some time as a hospital discharge facility.



Risk of homelessness and rough sleeping remains as treating symptoms rather than cause

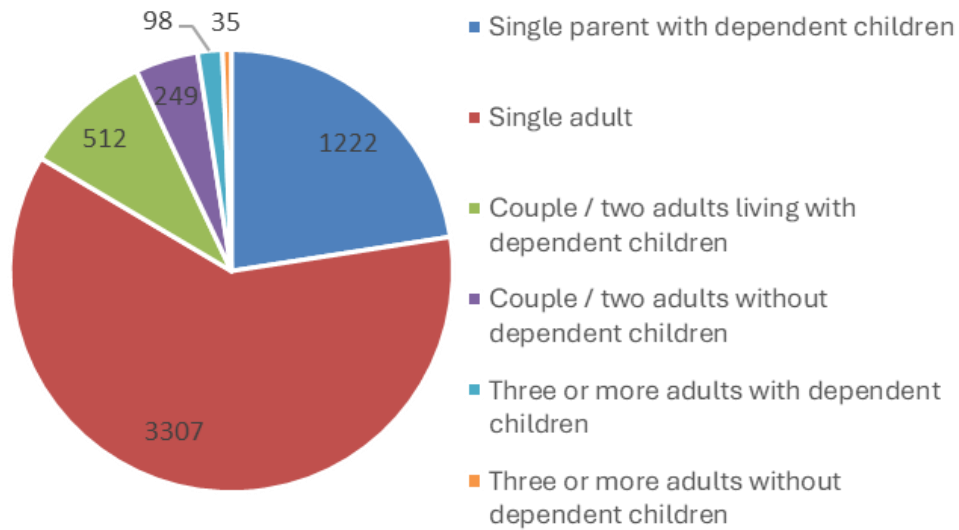
4.53 At the extremes, the housing crisis manifests in homelessness and rough sleeping.

The Homelessness Reduction Act (2017) introduces a range of prevention duties for Local Authorities alongside the original rehousing duty under the Housing Act 1996 –

- A duty to **prevent** homelessness; taking “reasonable steps to help the applicant to secure that accommodation does not cease to be available” under section 4. This requires a personalised housing plan to be put in place for people at risk, with the Local Authority being under an obligation to help for 56 days unless the applicant deliberately and unreasonably refuses to cooperate.
- A duty to provide **relief**: taking “reasonable steps to help the applicant to secure that suitable accommodation that becomes available”. Where people are homeless, there is a duty to provide a personalised plan based on priority need but requiring that action still be taken in every case.

- 4.54 Greater Manchester saw 5,423 households assessed as owed either a Prevention or Relief homelessness duty between October – December 2022. 55% of households who were owed a duty were based in just 3 local authorities, Manchester (29%), Salford (14%) and Wigan (12%).
- 4.55 Of those that were owed a duty 1,639 were homeless or threatened with homelessness due to 'Family or friends no longer willing or able to accommodate', 1,196 were homeless or threatened with homelessness due to the 'End of an assured shorthold tenancy', and 713 were homeless or threatened with homelessness due to 'Domestic Abuse'.
- 4.56 As of the most recently available published data (Jan-March 2023), across GM the further impact of the winter period was evident with 2,617 prevention duties being owed: the highest level on record, and 26% higher than the most recent equivalent pre-pandemic period.
- 4.57 Furthermore, 3,603 relief duties were owed, the highest level on record, and 27% higher than the most recent equivalent pre-pandemic period.
- 4.58 However, a large amount of homelessness is less visible and often not recorded. It can take the form of people taking shelter in the homes of friends and family or living for extended periods of time in temporary accommodation.

**Fig 9 – Total number of households in temporary accommodation
(December 2022)**



4.59 On the 31st of December 2022, there were 5,134 households in temporary accommodation across Greater Manchester. The total number of children accommodated in temporary accommodation was 6,174, from 2,977 households.

4.60 Of those accommodated in temporary accommodation, 774 households were in Bed and Breakfast accommodation, these households included 205 children.

4.61 Of those in temporary accommodation 1,331 households were accommodated in temporary accommodation outside of the Local Authority district in which they made their homelessness application, with Manchester placing the majority (87%) of these.

4.62 Although an expensive solution, the increased and overuse of temporary housing was evident due to the impact of the cost-of-living crisis and other external factors that are contributing to the rising risk of homelessness. Due to national policies, the need to prepare for the cohort widening is evident if the causes cannot be addressed quickly enough.

Skills mix and expertise within the future workforce

4.63 There are significant capacity issues within Local Authorities and Housing Providers to deliver new housing due to reduced workforce and lack of future skills investment. This is especially evident when seeking out the relevant skills sets for building net zero homes as these new methods are yet to be considered as standard. Often developers are learning these skills as they deliver the sites and then once the scheme comes to an end they move back to standard construction methods, potentially losing the skill set that they have just acquired. Consideration should also be given as to how these skills can be passed on to other contractors in order to see modern methods of construction being used as standard.

4.64 The latest GM devolution trailblazer deal recognises this wider sector skills gap and looks to build on the programmes currently being delivered by local education providers through the 'Skills Bootcamp – Green Technology' programme to enable the designing new accreditations, qualifications, and courses to meet green skills needs. Development of new green tech areas like Electric Vehicles, Low Carbon Heating, still outpace the skills system. Employer involvement in the process is critical – requirements need turning these into industry accepted accreditations, embedding within qualifications, then developed/delivered as courses. From 2024-25, in recognition of their trailblazer status, the government commits to then further increasing this flexibility for GMCA to spend up to 100% of the available budget to develop bootcamps that meet local labour market and skills needs in any sector.

4.65 This is also evident in the shortage of debt and welfare advisory provision across Greater Manchester. Although these services are predominately provided through Local Authorities, the GMCA have a supportive role to play to especially address any disparities. There has been some work undertaken with the GM Welfare Rights Advisors Group (made up of Welfare Rights Leads from LAs and facilitated by the GM Law Centre) to give visibility to the capacity and capability challenges across the sector which is planned to be shared with GM political leaders in due course.

Changes to national policies

Rental rules

4.66 The Tenancy reform: Renters (Reform) Bill aims to bring significant changes to rental rules, enhancing security for both tenants and landlords. It has not yet been approved by Parliament; however, its proposals include the removal of section 21, which allows landlords to evict tenants without a specific reason. By doing so, it would provide tenants with greater security, enabling them to put down roots in their community. Landlords would still have the confidence to regain their property when necessary, using other elements of the Bill.

Planning guidance

4.67 The housing schemes currently on site have had their planning approved several years ago and are therefore more unlikely to include any affordable homes. Any change to national planning guidance will only be seen after a number of years once the schemes that are subsequently approved are being delivered.

4.68 Therefore, it is important to recognise that the any planning reform will take time to deliver but more importantly that whatever is determined at a national level must work for Greater Manchester. As proposals emerge it is vital that GM lobby for simplicity as there are already numerous demands on the planning system and devolved flexibility to allow GM to determine what should be the priority for the conurbation.

4.69 The recently agreed trailblazer devolution deal for GM should further increase the opportunities for DLUHC (Department of Levelling Up, Homes & Communities) to listen to the needs of the conurbation when reviewing national planning guidance. It would also be useful for key planning influencers to meet with representatives from each of the 10 GM Local Authorities, Homes England, and the Housing Associations to begin to de-

mystify the planning barriers to viable schemes.

Section 106 monies

4.70 The Levelling Up and Regeneration Bill looks to introduce a new Infrastructure Levy (IL) to replace the Community Infrastructure Levy, however rates will be based on the gross development value of a property at the point of sale. Section 106 agreements would remain but only to support the delivery of “the largest sites”. The amount of IL payable would be determined by Local Authorities.

4.71 There have been several pilots across the UK but clarity as to its introduction is still awaited. This funding allocation alone would not be sufficient to meet the gap in resource but would be able to contribute to the whole housing investment model. There has also been some risk highlighted by the National Housing Federation in that “in its current form, the new Infrastructure Levy could lead to the diversion of developer contributions away from affordable and social housing and towards other, unspecified forms of expenditure entirely unconnected to development.”¹⁴ It’s important that there is a level of standardisation as to how section 106 monies are and can be used.

¹⁴ [National Housing Federation - Joint letter to the Secretary of State on the proposed Infrastructure Levy](#)

4. Opportunities

GM Devolution trailblazer

- 5.1 The latest GM Devolution Trailblazer increases Greater Manchester's ability to influence future Affordable Homes Programmes (AHP), through deeper Strategic Place Partnership with Homes England. Sharing local data and local strategic plans will be key when bringing forward potential schemes. Through a shared GM Affordable Housing Action Plan capturing the day-to-day joint work to be done, the partnership also ensures that Homes England are aware of the local landscapes and priorities.
- 5.2 The AHP provides grant to support the cost of building housing for rent or sale at sub-market rates – a key element of the Government's plan to end the housing crisis, tackle homelessness, and provide aspiring homeowners with a step onto the housing ladder.
- 5.3 The fund is part of a range of tools and funding streams that Homes England has at its disposal to support the delivery of housing of all types and tenures recognising that a 'one size fits all' approach is not the most effective.
- 5.4 This funding and support is available for all organisations with an interest in developing affordable housing – including housing associations, local authorities, developers, institutional investors, for-profit registered providers, community-led organisations, and others.
- 5.5 The trailblazer provides an opportunity to be clear ahead of the next Affordable Homes Programme in 2026 to determine what GM needs to maximise the potential impact of the programme through the alignment of strategic priorities, in that Greater Manchester can direct the building of what they want/need rather than what national targets dictate, whilst aligning these developments with other pots/interventions (e.g. transport investment, energy and heat infrastructure, brownfield funding etc). Furthermore, the

trailblazer will make it easier for GM to commission supported housing in the knowledge that the AHP capital contribution has been secured.

- 5.6 It also provides the opportunity for Greater Manchester to set the standards for the next programme and approve funding allocations, this is in addition to its current role in identifying potential sites and challenging decisions of Homes England within the parameters of the framework.
- 5.7 Furthermore, the role of Homes England as an enabler should be made clear through the development of the GM Housing Delivery Plan. The provision of additional funding for identifying potential barriers and working with the GMCA and partner organisations to address them is one way that Homes England can fulfil this role.

GM Housing Delivery Plan

- 5.8 The creation of the GM Housing Delivery Plan should enable a clear strategic direction, with all key stakeholders working towards a single shared vision. It should not merely build upon this review and evidence the scale of the challenge but also highlight the successful schemes across GM.
- 5.9 The Plan should make it clear how the GM system can respond more effectively to housing needs, especially regarding the acute outcomes such as homelessness, significant waiting lists and the lack of specialist housing. It should identify the gap between what is currently being delivered and what is further required to meet the forecasted demand.
- 5.10 The GM Housing Delivery Plan must be ambitious and noticeably clear on the scale of the challenge and must provide new solutions in conjunction with established solutions to enable housing providers to meet the growing demand.
- 5.11 Across all GM and national schemes, engagement with private landlords remains most difficult. One example is their lack of engagement with the GM

Ethical Lettings Agency, which looks to provide private housing stock at an affordable rate, without unaffordable deposits and other barriers to access. The Housing Delivery Plan should look to scale this up directly with developers and liaise with Local Authorities regarding the potential use of homelessness prevention funds etc to support this initiative.

“In one sentence, the GM Housing Delivery Plan should upscale and improve the affordable housing offer in Greater Manchester to ensure the offer meets the housing need.”

GM Housing Provider Partnership

5.12 There are 25 housing providers across GM who are specifically looking for ways to improve affordable and social housing provision through the GM Housing Provider Group.

5.13 In 2022/23 there were almost 2000 completions, in excess of £400m invested in new properties, 1911 new builds commenced and a further 941 homes granted planning consent.

5.14 Of those completions, 35% were properties for affordable rent, and 12% were social rentals. 97.5% (1,859 properties) were completed with the support of the grants and 2.5% were completed with the support of Section 106 agreements.

5.15 Increasing the partnership to all the registered providers in Greater Manchester would strengthen its voice and ability to deliver against GM targets. Stronger collaborative relationships between Local Authorities, the GMCA and all registered providers would see more homes delivered.

Strategic Place Partnership

5.16 The Strategic Place Partnership was established to enable greater collaboration and is viewed as a pilot for place-based working, focusing on unlocking brownfield land to deliver affordable housing and town centre regeneration across the city region. Its key aims are -

1. Place based engagement and resource alignment around key priorities with key partners, both local and national
2. Collective view of housing delivery opportunities across GM and what is required to unlock them
3. Accelerated New Homes and Affordable Homes Delivery - including homes for affordable and social rent, older persons, and specialist housing - to support GM housing aims and needs targets

5.17 This Partnership brings together GMCA and Homes England to enable potential sites to be taken forward for development, taking a place-based approach to resource alignment around key priorities with key partners, both local and national.

5.18 This should be the place where challenge is put to partners to find ways to deliver, whether that be through grant application or effective resource management on a wider partnership scale. It should be a place that encourages some risk taking and courageous leadership through taking a collective view of housing delivery opportunities across GM and what is required to unlock them.

5.19 Land that is being used for 225 housing units on Royal Road, Castleton in Rochdale was not handed to the Local Authority, instead the Rail Corridor Partnership that includes Transport for Greater Manchester, Northern, Network Rail, and Homes England (whose focus is to unlock sites around the key rail network connection points) were able to bring together a regeneration plan that encouraged land owners to bring sites forward, sites that were never intentionally earmarked for housing, further illustrating the

need for strong and effective working relationships with landowners to enable sites to be de-risked and opportunities to be illustrated.



5.20 The GM Brownfield Fund has unlocked this previously (Housing Investment Fund bid) unsuccessful site to enable 110 affordable properties to be created. This 3-year funding stream has the flexibility to meet the challenge of providing affordable and/or sustainable homes whilst creating the assurances that encourage a little speculation in order to work up a deliverable proposition.

5.21 There is potential to do more. Conversations are needed across GM amongst housing providers, developers, and public sector partners to identify housing growth capacity and what needs to be addressed to address the short, medium and long term needs. Pooling resources across GM could provide better access to expertise, shared practice, and the ability to prioritise sites more strategically. These conversations should be honest and realistic about what can be delivered within the available resources and where further opportunities should be pursued.

GM Healthy Homes

5.22 Through a strong partnership between the GMCA, Homes England and Registered Providers, the supply of new supported housing is being developed. Barriers to their delivery can sometimes be caused by funding cycles, the requirement for complex agreements and the elements of bespoke design needed for these homes.

5.23 However, the Healthy Homes programme aims to address these by working closely as a group of stakeholders to increase communication, standardise management agreements and fast track decision making to maintain the required level of momentum for each scheme. The programme is also looking to normalise independent living within larger housing schemes. A pipeline of projects are being developed in order to meet the growing need of GM's population.

5.24 Schemes such as Greenhaus, Chapel Street, Salford Central are a strong example of where a long-term partnership between public and private sector organisations can enable the delivery of affordable homes. However, this comes through long standing relationships with shared ambition and an overall focus on the regeneration of an area. Working in partnership allows value to be captured from other areas within the boundaries of the project that can be re-invested into other schemes.



5.25 It is important to recognise that Greenhaus is just one scheme within a significant regeneration project for this area, however it is able to deliver 96 homes, 72 which are rent to buy, 11 social rent and 13 affordable rent. This housing development goes further in providing net zero Passivhaus properties which are net zero in operation due to a building approach focussed on reducing operational energy and improving occupants' health and wellbeing.

5.26 Initial building costs for Passivhaus properties are circa 15-20% more expensive to build, however the overall cost of energy, upgrading systems and removing the need to retrofit could see them being equal in costs to a standard build over their lifetime. As more contractors move into this market and supply chains improve, this cost difference will also reduce. However, as it stands, there is a further significant cost when building net zero properties for affordable rents as it takes longer to recover the initial investment. In recognition of this, Homes England have provided additional grants to address the clear viability gaps and other market intelligence is being gathered by the financial sector to assess the ability to lend against these types of property.

5.27 Quantifying the wider benefits such as health, wealth and wellbeing could enable the consideration of such schemes to be more prevalent as there are clearly additional savings to the public sector through their design concept.

This would also be useful when informing the public of the benefits to choosing such properties, as a circa 50% saving on energy bills would be attractive to all potential occupants. It would be helpful for GM to do further cost benefit analysis to enable the lifecycle costs of both net zero and conventional houses to be compared.

Places for Everyone

5.28 Places for Everyone (PfE) is a long-term strategic plan of nine GM districts (Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Tameside, Trafford, and Wigan) for jobs, new homes, and sustainable growth to support delivery of the Greater Manchester Strategy.

5.29 Its other ambitions are –

- To set a trajectory toward becoming a net zero city region by 2038
- To provide a framework to manage growth in a sustainable and inclusive way, avoid un-planned development and development by appeal
- Maximise the use of sustainable urban/brownfield land and limit the need for the Green Belt to accommodate the development needs of the nine GM local authorities
- To align the delivery of development with infrastructure proposals
- To meet the requirement for local authorities to have a local plan in place by December 2023

5.30 The PfE framework should ensure that all new builds provide social and affordable rent as part of their wider offer, alongside supported accommodation as standard.

Income maximisation

5.31 In GM there is an estimated £70m unclaimed pension credit. Addressing this, alongside the wider issue of income maximisation, would ensure that

residents have access to the finances that they are entitled to to support their housing and living costs. The recent GM pension top up campaign saw £3M+ attendance allowance and housing benefit being accurately awarded in phase one.

5.32 A holistic approach to targeting people who are eligible for benefits would see significant dividends. This should be the role of all frontline services, whether through the banking sector or citizen advice – signposting should be normal practice.

5.33 It should also be a standard check for any resident who is struggling to pay their rent that the Local Authority or Housing Provider undertakes a benefits check. However, with variation across GM, in some areas there are not enough people to provide the advice needed, therefore national investment is required.

5.34 Discretionary housing payments have been cut in recent years, boosting this provision would also significantly help people stay in their homes and reduce the risk of homelessness.

Voluntary sector engagement

5.35 The voluntary sector should be given the required number of seats at the most appropriate partnerships, recognising that they are often having to fill in the gaps where funding shortfalls prevent housing providers and Local Authorities from widening their services.

5.36 They can also play a key role in representing residents' voice on the development of new schemes and services due to their levels of engagement with communities.

5.37 The preventative approach to a growing demand in supported living can be addressed through relationship building, and developing an understanding of what types of support a person requires. At present this role is

predominantly undertaken by housing providers through their tenant ready assessments and other engagement, however this is perhaps another area where the voluntary sector could provide further resources, if they themselves are provided with the required resources.

5. Recommendations

1. Bold, national action for the creation of more affordable homes with greater flexibility as a region to ensure that the housing market can line up with affordability of residents in GM. Recognising that the formula for affordable living is multi-faceted and should include rent, energy, and essential food costs.

- GMCA to influence the development of the next Affordable Homes Programme through strengthened partnership arrangements within the latest devolution deal to ensure it is flexible enough to meet the needs of our residents.
- Homes England to use their role as an enabler to provide additional funding to complex but viable schemes.
- GMCA to continue to support Local Authorities to seek out potential schemes through innovative approaches and bold actions.

2. Move towards supporting people out of debt at every point of contact, ensuring a minimum standard of welfare advisors to support residents to access unclaimed welfare support and begin their tenancies with no deficit.

- Government to recognise the impact of debt on access to housing and successful tenancies and ensure that there is a minimum level of welfare support provided to all residents and the appropriate training to ensure this resource is sustainable.
- Local Authorities and Housing Providers to ensure tenants have full access to welfare and other hardship funds through every interaction.

3. A GM Housing Strategy that is ambitious enough to deliver what is needed to meet the housing needs of residents in Greater Manchester, including the ambition for all new homes to be zero carbon, enabled by long term partnerships that have the ability to deliver more collaboratively.

- All Housing Providers to engage with the Housing Provider Partnership and Strategic Place Partnership so that they can challenge one another to unlock more potential sites through a strong partnership approach.
 - GMCA to co-design the next GM Housing Strategy with other key stakeholders that builds on what is already being done, but also confidently pushes the boundaries as to what can potentially be done, setting the standard as zero carbon.
- 4. Clear narrative about what we are trying to achieve collectively, whilst recognising the individual needs of each GM Local Authority, potentially through a GM shared housing allocations framework that sets a standard but allows for local interpretation that supports Local Authorities to manage their available housing stock.**
- GM Local Authorities alongside the GM Housing Providers Group to consider the development of a shared housing allocations framework, recognising the need for local interpretation but valuing the shared standard.
- 5. Flexibility of funding and more ability to joint commission across partner agencies to ensure that supported housing is adaptable and built for future needs.**
- Homes England and commissioners in localities to ensure that funding streams are flexible enough to allow for joint commissioning, especially of supported and specialist housing.
 - Local Authority Planning Teams to consider how new developments can most effectively be built for future population changes.
- 6. Levers of Places for Everyone should ensure that social and affordable rented homes are included in every new development.**
- Local Authorities to follow the Places for Everyone lead and ensure that their Local Plans specify the percentage of social and affordable rented homes

required within each new development.

7. Effective promotion of the support available to local residents to assist with energy bills, insulation, food provision etc in recognition of the need to see housing as just one element of affordable living.

- GMCA to ensure that advice on cost-of-living support (e.g. food and fuel bill support) provided through registered providers is also available via private landlords.
- Local Authorities to ensure that this advice is provided to residents at all points of contact i.e. benefit support, council tax enquiries etc.

8. Creation of a national housing minimum standard for all private rental properties in order to remove any detrimental health outcomes of poor living conditions, driven by the recognised benefits of being an accredited member of the Good Landlord Charter.

- GMCA to ensure that being an accredited member of the Good Landlord Charter is universally recognised, with its unique benefits clearly identified.
- Government to use the learning from Greater Manchester's Good Landlord Charter as a starting point for ensuring a minimum standard for private rented properties.

9. An increase in revenue funding in line with the increasing support needs of residents to reduce demand on the wider care system, but allocated to organisations who are meeting people where they are.

- Government to recognise the growth in additional support required by tenants that is often best met through the voluntary sector or housing providers, and that this needs to be effectively resourced to minimise the cost to acute services.

10. An annual GM Strategic Place Partnership event with key planning

influencers (elected members and officers) to begin to break down any planning barriers to viable schemes and to hold further conversations regarding capacity and required expertise.

- As a first step, GMCA to organise an event to discuss the findings of this review and actions which can be taken to remove barriers for the delivery of viable schemes.

6. Access to Information

Contact officer -

Nicola Ward, Statutory Scrutiny Officer, GMCA

Nicola.Ward@greatermanchester-ca.gov.uk

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Greater Manchester Combined Authority Overview and Scrutiny Committee

Date: 20th March 2024
 Subject: Implementation of Greater Manchester VCFSE Accord and Fair Funding Protocol
 Report of: Cllr Arooj Shah, GM Portfolio Leader for Communities and Equalities, Andrew Lightfoot, GM Portfolio Chief Executive for Communities

Purpose of the Report:

In September 2021, the Combined Authority approved a new tripartite Accord agreement with the Voluntary, Community, Faith and Social Enterprise (VCFSE) sector and NHS Greater Manchester, to act as a framework for collaboration involving VCFSE leaders and organisations in the delivery of the Greater Manchester Strategy (GMS) and the thematic strategies and delivery plans that will exist to deliver the GMS vision. This Accord has been endorsed through the Executive structures of all ten of the GM local authorities. It is clear that a huge amount of progress has been made at a GM level since the signing of the Accord, with VCFSE sector representatives “at the table” in the places where important decisions are made across the NHS, Health and Social Care and GMCA partnerships. The sector is playing a strong role across all the commitments and thematic areas of the GMS, and improvements have been made for the sector’s workforce, in communication, in partnerships and in service delivery.

However, like the public sector, VCFSE organisations also face significant financial pressures at this time, and the Accord includes a commitment to work together to build a financially resilient VCFSE sector. In October 2023, the GMCA agreed a Fair Funding Protocol to be implemented in new grants and contracts for activities and services that the VCFSE sector carries out across Greater Manchester which are funded directly from the CA’s budget.

BOLTON	MANCHESTER	ROCHDALE	STOCKPORT	TRAFFORD
BURY	OLDHAM	SALFORD	TAMESIDE	WIGAN

This report contains an update on the work at a GM level to deliver the VCFSE Accord, describes the work of the sector across Greater Manchester in response to the current cost-of-living crisis and seeks comments from the Overview and Scrutiny Committee on the opportunities which might through the wider implementation of a Fair Funding Protocol across the districts of Greater Manchester.

Recommendations:

Overview and Scrutiny Committee is requested to:

1. Note the progress update provided.
2. Discuss the potential for wider implementation of a Fair Funding Protocol for activities and services that the VCFSE sector carries out across Greater Manchester, using the lines of enquiry outlined in section 5 of this report.

Contact Officers:

Andrew Lightfoot - Deputy Chief Executive, GMCA
Andrew.Lightfoot@greatermanchester-ca.gov.uk

Anne Lythgoe – VCFSE Accord Lead
Anne.lythgoe@greatermanchester-ca.gov.uk

Equalities Impact, Carbon and Sustainability Assessment:

Results of the [Sustainability Decision Support Tool](#) are included here:

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation	
Equality and Inclusion	G	<p>The Accord enables involvement of a range of communities of identity, experience and geography, facilitating support and advocacy for particular communities.</p> <p>Key to the work of the VCSE sector under the Accord will be to enhance its ability to tackle poverty and disadvantage</p> <p>The Accord will facilitate the involvement of VCSE organisations in the service reform programme and 'services for people' in localities and neighbourhoods.</p> <p>The VCSE Accord will include work to increase co-design of services, support the GM Equalities Alliance and enable structures that allow communities to have a say in shaping decisions that affect them</p> <p>Involvement of VCSE organisations will be key to work to support community cohesion across GM, and this will be embedded in work to deliver the Accord.</p>	
Health	G	<p>Through key VCSE-led programmes like GM Moving, also through development of structures for the GM-wide Live Well service.</p> <p>The VCSE Accord will build from existing successes around VCSE-led low level mental health programmes.</p> <p>Through key VCSE-led programmes like GM Moving, also through development of structures for the GM-wide Live Well service.</p> <p>Through facilitation of key VCSE-led wellbeing programmes including development of structures for the GM-wide Live Well service.</p> <p>Improving referral pathways and connections for support, via VCSE organisations collaborating with statutory services</p> <p>The VCSE Accord will enable VCSE involvement in key healthy food programmes, and enable a support infrastructure and resilient forms of funding</p>	
Resilience and Adaptation	G	<p>The VCSE sector has an important role to play in creating environmental benefits, reducing carbon use, responding to emergencies and mitigating risks to communities.</p> <p>The VCSE sector has an important role to play in the Coronavirus recovery work</p> <p>The VCSE Accord describes the sector's role in supporting resilience of society and environment</p> <p>A strong agreement with the VCSE sector will enable involvement in key community safety programmes such as the Violence Reduction Unit.</p> <p>VCSE organisations play a significant role in enhancing and maintaining green and blue space in GM</p>	
Housing	G	<p>The VCSE Accord will build from strong experience around the Homeless Action Network, for example</p> <p>Through the VCSE-led community homes programme</p> <p>Through community ownership and management of redundant and underused buildings and public spaces</p>	
Economy	G	<p>The VCSE Accord contains a commitment around making a more inclusive and social economy</p> <p>The VCSE Accord contains a commitment around improvement of workforce capacity and capability, also seeking for the sector to have 100% employees paid the Real Living Wage</p> <p>The VCSE Accord contains a commitment around improvement of workforce capacity and capability, also seeking for the sector to have 100% employees paid the Real Living Wage</p> <p>The Accord will include work to support social enterprises and other social economy organisations to thrive</p> <p>VCSE organisations play a key role in social innovation activities</p> <p>The VCSE sector can leverage funds from charitable funders, social investors and other philanthropic givers.</p> <p>VCSE organisations play a key role in community learning programmes that wrap around statutory provision</p>	
Mobility and Connectivity	G	<p>Focus in the VCSE Accord on accessible services, facilitating the hearing of lived experience from communities and co-design of infrastructure</p> <p>VCSE organisations play a role providing low carbon transport schemes</p> <p>Focus in the VCSE Accord on accessible services, facilitating the hearing of lived experience from communities and co-design of infrastructure</p>	
Carbon, Nature and Environment	G		
Consumption and Production	G	<p>VCSE organisations make commitments to reduce waste in their activities</p> <p>VCSE organisations make commitments to increase reuse and recycling in their activities</p>	
Contribution to achieving the GM Carbon Neutral 2038 target		<p>The UKG are interested in bids which are particularly strong on the need for UKCRF projects to demonstrate a contribution to national net zero and carbon reduction ambitions and this forms a key part of the UKG's assessment criteria. GM priorities should contribute to our carbon neutrality and environmental objectives. We would welcome projects which are innovative, inclusive and support the</p>	
Further Assessment(s):		Equalities Impact Assessment and Carbon Assessment	
 Positive impacts overall, whether long or short term.	 Mix of positive and negative impacts. Trade-offs to consider.	 Mostly negative, with at least one positive aspect. Trade-offs to consider.	 Negative impacts overall.

Carbon Assessment				
Overall Score 				
Buildings	Result	Justification/Mitigation		
New Build residential	N/A			
Residential building(s) renovation/maintenance	N/A			
New Build Commercial/Industrial	N/A			
Transport				
Active travel and public transport	 			
Roads, Parking and Vehicle Access	N/A	These may result through implementation of the Accord		
Access to amenities	N/A			
Vehicle procurement	N/A			
Land Use				
Land use	N/A			
No associated carbon impacts expected.	High standard in terms of practice and awareness on carbon.	Mostly best practice with a good level of awareness on carbon.	Partially meets best practice/ awareness, significant room to improve.	Not best practice and/ or insufficient awareness of carbon impacts.

Risk Management:

This report is considered to have a low level of risk

Legal Considerations:

All legal considerations are set out in the body of the report

Financial Consequences – Revenue:

To support this work, a budget of £228,400 was approved by the GMCA in September 2020 funded from Cultural Fund met from District contributions, and approval delegated to the GMCA Treasurer, in consultation with the Communities Portfolio Leader and Chief Executive, to award grant agreements, subject to final agreement of GMCA budgets. This funding has been further supplemented by funding from GM Integrated Care Board. In order to ensure affordability, the Fair Funding Protocol will apply only to new funding awards and will be considered as part of prioritising available resources.

Financial Consequences – Capital:

N/A

Number of attachments to the report:

Annex 1 – Draft Fair Funding Protocol

Comments/recommendations from Overview & Scrutiny Committee:

N/A

Background papers:

Information about GM VCFSE Leadership Group and VCFSE Policy Paper –

<https://VCFSEleadershipgm.org.uk/our-work/>

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution?

No

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

No

GM Transport Committee

N/A

Overview and Scrutiny Committee

To be discussed at this meeting

1. Introduction and Background

- 1.1 The work described in this paper is set within a period of extreme demand and dependence placed on both the public and VCFSE sectors. It is also a time of great uncertainty. Local Authority, health and other public budgets are under immense pressure and that budgeting will have a *direct impact* on VCFSE organisations in terms of grants and commissioning, but also an *indirect impact* (reductions and pressures in public services often displace need and put more pressure on charities and communities). Moving forwards, active involvement of voluntary and faith-based organisations, community groups and social enterprises in places and neighbourhoods will be key to Greater Manchester being able to respond to these pressures and drive the economy, while addressing the priorities of tackling inequalities, building confidence, and co-design of a resilient city region. Put simply, there is a need to **take a practical approach where responsibility and risk are shared**, and the public and VCFSE sectors work together to support places and communities.
- 1.2 In September 2021, the GM Health & Social Care Partnership Executive Board and the Combined Authority approved a new tripartite Accord agreement with the VCFSE sector¹. The Accord is a five-year agreement which will act as a framework for collaboration involving VCFSE leaders and organisations in the delivery of the Greater Manchester Strategy and the thematic strategies and delivery plans that will exist to deliver the GMS vision.
- 1.3 The Accord has now also been endorsed through the Executive structures of all ten of the GM local authorities.
- 1.4 In March 2022, a five-year Implementation Plan for the Accord was published and GMCA and NHS GM jointly fund a programme of enabling work supporting the Accord across Greater Manchester which lasts until March 2026.
- 1.5 This report acknowledges the significant role of Faith and Belief in society and the support faith organisations provide, often to the most disadvantaged, both in terms of spiritual wellbeing and practical services. The VCFSE Accord has always included the community activities of faith-based organisations in GM, and the term

¹ [New Voluntary, Community and Social Enterprise sector Accord signed with Greater Manchester Leaders - Greater Manchester Combined Authority \(greatermanchester-ca.gov.uk\)](https://www.greatermanchester-ca.gov.uk)

Voluntary, Community, Faith and Social Enterprise (VCFSE) sector has been adopted throughout to recognise this valuable work.

2. Delivering the Greater Manchester VCFSE Accord

- 2.1 In April 2023, a Delivery Plan was put in place for the final 3 years of the current VCFSE Accord agreement, which contains an iterative programme of enabling and developmental activities driven at a GM-wide footprint, informed by the support and capacity needs identified through locality working. The three-year period will enable continuity across financial years and facilitate longer-term, transformational programmes of work. The actions invested in at a GM footprint aim to enable and facilitate delivery in localities, neighbourhoods and communities. All commitments will be achieved in partnership. The work aims to provide dedicated support, create capacity and help the VCFSE sector function as a collaborative ecosystem across the city region. Further information about this work can be viewed at [The Greater Manchester VCSE Accord – VSCE Leadership Greater Manchester \(vcseleadershipgm.org.uk\)](https://vcseleadershipgm.org.uk)
- 2.2 In order to support this work, the new **VCFSE Forum** has uniquely brought together representatives from all ten GM Councils, health and VCFSE together to discuss some of the key issues facing Greater Manchester and the VCFSE sector's role in addressing inequality. There is also a new local authority VCFSE Commissioners Group established to share good practice and provide peer support, and the Accord has enabled better partnership working at all levels and across all districts.
- 2.3 Over the next 12 months, the focus of this work will shift further towards improving the responsiveness of the VCFSE sector. The Accord Delivery Plan will include activities to improve system-wide data sharing, capacity building aimed at increasing supply chain spending with VCFSE organisations, building skills and capacity in the VCFSE workforce, strengthening the support infrastructure across all districts of GM, and exploring the best mechanisms to involve people from diverse backgrounds in service design.

3. Enabling effective VCFSE Sector activities in communities

- 3.1 The VCFSE sector has played an increasingly a vital role in communities in the post-Covid period, with activities focused on supporting those in most need in our communities, seeking to address the huge inequalities which exist.

Critical response in the cost-of-living crisis.

3.2 Examples of recent activity across GM include:

- **Distributing emergency funds** – such as the Household Support Fund, Migrant Destitution Fund GM and Other VCFSE-led funding which the sector has secured for Greater Manchester.
- **Information and signposting** – VCFSE organisations play a key role in communicating information about emergency and other support with people and communities.
- **Insight and intelligence about the crisis** – the work of the sector creates a rich source of data and insight.
- **Other broader support activities led by VCFSE organisations** include:
 - Food banks/food pantry - increasing culturally appropriate food offers – Food Solutions Networks.
 - Community warehouse/logistical support/ bulk purchasing/home delivery services
 - Preparing warm spaces/ public living rooms and winter warmth packs.
 - Increasing access to welfare advice and funds – Citizens Advice, and partnerships to extend reach. Multi-lingual welfare advice.
 - Energy efficiency schemes and support
 - Winter volunteering campaigns recruiting additional support.

Barriers and issues

3.3 However, it is clear from the activities around the VCFSE Accord that there is a range of pressures and risks faced in the sector which are affecting the capacity to respond. These include the fact that a significant amount of VCFSE provision is delivered on short term, often COVID-linked, funding. The scale of demand is too great for the current VCFSE provision, with workforce capacity stretched and access to funding to meet the demand on food and advice, for example, is severely limited. Furthermore, inflation costs are hitting the sector hard, affecting what groups can buy/provide for money they have. Pay and conditions in the VCFSE sector workforce are usually benchmarked with the public sector and pay reviews for staff are squeezing budgets, particularly where these are not reflected in contract uplifts.

- 3.4 One example of the impact that this is having can be seen in relation to payment of the Real Living Wage (RLW). VCFSE organisations in Greater Manchester have been leading the way in terms of payment of the RLW and have set a target in the Accord that 100% of employees in the sector are paid at least the RLW by 2026. However, many grants and contracts were developed before the current period of inflation, and the annual uplift in the RLW is appearing to be unaffordable for many VCFSE organisations.
- 3.5 A further example of the pressures which exist in the sector relate to the role of local VCFSE infrastructure. Local infrastructure both supports the wider sector, providing information, advice and guidance, and facilitates community or locality-based and thematic conversations with VCFSE groups and organisations as well as the people that they support. When budgets are tight, it is a false economy to withdraw funding from infrastructure bodies that network, support, and enable activities across the wider VCFSE sector.

4. Supporting a financially resilient VCFSE sector

- 4.1 In signing the VCFSE Accord, GMCA has made an organisation-level commitment to the sector and supporting / enabling the capacity building of VCFSE organisations. It will be important to demonstrate leadership and commitment to the Accord, and the CA does this through a range of activities in addition to providing grant funding.
- 4.2 It should be stressed that the CA is already making significant progress in its operational relationship with the VCFSE sector through the Accord and other workstreams. In Works and Skills, a new Community Grant Scheme has been developed following extensive engagement with VCFSE sector providers and a new role has been created within the commissioning team to work closely with the sector; the CA has made considerable progress against commitments through its social value work towards increasing the diversity of its supply chain (small medium enterprise and VCFSE), contract uplifts have been provided for the VCFSE Accord and GM Equalities Panels, and longer term grant agreements are now provided through the GM Culture Fund, for example. Furthermore, the Greater Manchester Violence Reduction Unit has been having a growing impact since it was set up in 2019 and has received positive recognition by the Home Office for its community-led approaches, which have been developed in partnership with 10GM.

- 4.3 The GMCA has listened to employee feedback through the B-Heard Survey and will be introducing a new Employer Supported Volunteering (ESV) Policy. Implementing this policy will support staff 'personal growth' and 'giving something back' ambitions, highlight to employees in all roles how they can contribute to the Greater Manchester Strategy, and helps deliver more impact in the communities we serve.
- 4.4 Furthermore, through the GMCA Business Plan, opportunities exist to invite VCFSE colleagues to join staff skills development activities, further explore secondments and placements within the CA for VCFSE staff, undertake collaborative research projects and joint work that leads to improved understanding of the work of the VCFSE sector, and put in place mechanisms to enable the brokerage of social value offers in GMCA contracts, for example.

Fair Funding Protocol

- 4.5 In October 2023, the GMCA agreed that a principles-based '**Fair Funding**' **Protocol** should be put in place between GMCA and the VCFSE sector, which further develops Commitment 3 of the VCFSE Accord: *We will build a financially resilient VCFSE sector that is resourced to address our biggest challenges of ending poverty and inequality in Greater Manchester.*
- 4.4 This "Protocol" is a supplementary agreement to the Accord covering activities and services that the VCFSE sector carries out in communities which are funded by the GMCA's budget in Greater Manchester. It will be used to guide how the CA plans its grant funding, commissions, and manages contracts with VCFSE organisations, and will have the following anticipated benefits:
- Supporting improved trust, partnership working and co-creation of services between GMCA and the VCFSE sector,
 - Enabling fairness and transparency in the financial relationship between the VCFSE and GMCA,
 - Reducing the likelihood of unrealistic financial expectations by either partner,
 - Enabling risk sharing between GMCA and the VCFSE sector, and
 - Improving the ability of the VCFSE sector to provide publicly funded services in communities, and the resilience of those services.
- 4.5 The Protocol will apply to new agreements only and represents a shared ambition within the confines of the conditions on external funding pots. It will also set out the CA's intent to further collaborate with the sector through the GM VCFSE Accord on

future strategic planning and commissioning. GMCA accepts that under the current terms and conditions associated with its funding there is often little room to manoeuvre but will use this protocol to set a direction of travel for future funding negotiations. The aim is to maintain an open, honest and regular dialogue between the CA and the VCFSE sector about the challenges we are all facing and how we can help each other.

4.6 The draft Fair Funding Protocol is provided at **Annex 1**. It contains a series of principles which must be thought through before the CA enters into a commissioning exercise, with officers considering whether in any given situation, the CA can:

- Offer an **annual uplift in contract or grant payments** in line with inflation which enables VCFSE organisations to continue to pay staff at least the Real Living Wage.
- Consider **minimum 3-year terms for grant funding agreements**.
- **Not pass on any GMCA budget cuts disproportionately** to the VCFSE sector.
- Provide more regular or **upfront payment** of existing grants where we can.
- Assuming suitable performance, **carry forward unspent funding or ‘rolling over’ recurrent grants** between financial years without the need for lengthy applications, or **including extension clauses in contracts** to avoid unnecessary procurement exercises.
- Ensure that a **minimum of three months’ notice** is given in writing for all major changes to contracts and grant funding agreements, where these are known.

4.7 The Fair Funding Protocol also requires CA officers to consider whether they are able to:

- **Reserve contracts** for Voluntary, Community, Faith and Social Enterprise (VCFSE) or Small and Medium Enterprise (SME) organisations.
- **Provide more pre-procurement engagement**, supporting the sector to understand the commission, respond to opportunities, and articulate their social value offer, for example.
- **Consider VCFSE benchmarks** such as relevant pay awards, inflationary / cost of living pressures and impact on the viability of VCFSE organisations alongside other delivery considerations.

- **Improve access to procurement** by publishing pipelines, advertising opportunities using sector communication channels, shifting compliance requirements towards development opportunities for winning bidders, and simplifying below threshold processes.
- **Facilitate collaboration by allowing service / process co-design** and creating and supporting networks that can form consortia bids.
- Work with VCFSE colleagues to **explore appropriate routes to market** alongside commissioning and contracting, including the strategic use of small grants.

4.8 It is also proposed that a VCFSE Fair Funding Protocol Monitoring Group will be established which meets on a quarterly basis to reflect on implementation of the Protocol, discuss the implications of forward strategy and CA budget-setting.

5. Discussion

5.1 GMCA is leading the way with the agreement of this Protocol, and it is very early stages with its implementation. CA officers are now considering how to roll out the principles listed in sections 4.6 and 4.7 above for GMCA contracts. However, there is an opportunity to also consider how this approach to building financially resilient VCFSE sector activities and services might be adopted by individual local authorities or public sector partners.

5.2 Therefore, Overview and Scrutiny Committee members are asked to discuss:

- How might we create a culture where the strength of working relationships mean that the principles of 'fair funding' are fully embedded across all the work of the Combined Authority?
- Should, and if yes how, might individual local authorities take forward a Fair Funding Protocol in their own areas?
- What risks might be associated with implementing a Fair Funding Protocol, and how will we know that it is being successful?

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Implementation of Greater Manchester VCFSE Accord and Fair Funding Protocol

Warren Escadale, Chair GM VCSE Leadership Group

Anne Lythgoe, VCFSE Accord Lead, GMCA

GM VCFSE Accord

- Approved September 2021 by GMCA and GM Health and Social Care Partnership
- Subsequently agreed through Exec structures of all 10 GM local authorities
- 5-year implementation plan in place for enabling work led at a GM footprint. Currently supported by Delivery Plan (2023-2026)
- 8 workstreams: Population Health, Commissioning and Investment, Inclusive Economy, VCSE Ecosystem, Leadership and Influencing, Communication, Workforce and Equalities.
- Supported by 'Accord Commitments Group' and GM VCFSE Forum.

GM VCFSE 'Fair Funding Protocol'

- A principles-based 'fair funding' agreement which sits with the GM VCSE Accord
- **GMCA only** - includes services that the VCFSE sector carries out which are funded by the GMCA budget in Greater Manchester
- Starting with **new contracts** and represents a **shared ambition within the confines of funding conditions set externally from the CA**
- The Protocol will be used to guide how the Combined Authority plans its grant funding, commissions and managed contracts with VCFSE organisations
- Approved by the CA at the end of October 2023

GM VCFSE 'Fair Funding Protocol' – suggested benefits

- Support improved partnership working and co-creation of services
- Enable fairness and transparency in the financial relationship between the VCFSE and public sectors
- Reduce the likelihood of unrealistic financial expectations by either sector
- Enable risk sharing
- Improve the ability of the VCFSE sector to provide publicly funded services in communities, and the resilience of those services

GM VCFSE 'Fair Funding Protocol' – includes....

- Where funding conditions allow, offering an **annual uplift in contract or grant payments** in line with inflation which enables VCFSE organisations to continue to pay staff at least the Real Living Wage.
- Where we are able and funding conditions allow, considering **minimum 3-year terms for grant funding agreements**.
- **Not passing on any budget cuts** disproportionately to the VCFSE sector
- Providing **more regular or upfront payment** of existing grants where we can
- **Carrying forward** unspent funding or 'rolling over' recurrent grants between financial years without the need for lengthy applications
- Ensuring that a **minimum of three months' notice** is given in writing for all major changes to contracts and grant funding agreements, where these are known.

GM VCFSE 'Fair Funding Protocol' – areas for further joint development with the VCFSE sector

- Deliver our commitment to improve supplier diversity by **reserving some contracts** for Voluntary, Community, Faith and Social Enterprise (VCFSE) or Small and Medium Enterprise (SME) organisations.
- Where relevant, **consider VCFSE benchmarks** such as relevant pay awards, inflationary / cost of living pressures and impact on the viability of VCFSE organisations alongside other delivery considerations in our budget setting and commissioning processes.

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Explore 'Priceless Procurement' whereby the price is set, and evaluation is based purely on quality of delivery.

Improve access to procurement by publishing pipelines, advertising opportunities using sector communication channels, shifting compliance requirements towards development opportunities for winning bidders, and simplifying below threshold processes.

- **Build capacity** by providing more pre-procurement engagement, supporting the sector to articulate their social value offer, and providing data on successful VCFSE contracts as well as those where no VCFSE organisations applied, thereby informing review processes and identifying learning for future commissioning and procurement processes.
- **Facilitating collaboration** by allowing service / process co-design (building on the successful model used for GMCA Probation procurements in 2022) and creating and supporting networks that can form consortia bids.

View from the VCFSE sector... why we like the idea of a Fair Funding Protocol

- **Static levels of grants** and issues such as no ££ uplift on public sector contracts
- Locality authority **insourcing** agendas - and how it might impact VCSE organisations and their work
- The **TOMs Framework** – designed for private sector organisations to demonstrate their ‘added’ social value (not social sector organisations to demonstrate their full impact)
- **Central government** decisions - and how they affect our people and communities – focus here on local discussions and agreements
- **Focus on tackling inequalities** – how we close the divide
- The current **Cost of Living Crisis** – and how we manage increasing demand on our services – in the context of poverty
- **Income is decreasing, yet demand is increasing** – parts of the sector are at breaking point
- **Health** – changes to locality health budgets are impacting the sector – hence the need for the VCFSE sector to work closely with council colleagues to support our people and place

Implementing the Protocol...

Discussion

GMCA is leading the way with this Protocol, and it is very early stages with its implementation. CA officers are now considering how to roll out the principles through our new Procurement Strategy and Commissioning Guidance.

However, there is an opportunity to consider how this approach to building financially resilient VCFSE sector activities and services might be adopted by individual local authorities or public sector partners.

Overview and Scrutiny Committee members are asked to discuss:

- **How might we create a culture where the strength of working relationships mean that the principles of 'fair funding' are fully embedded across all the work of the Combined Authority?**
- **Should, and if yes how, might individual local authorities take forward a Fair Funding Protocol in their own areas?**
- **What risks might be associated with implementing a Fair Funding Protocol, and how will we know that it is being successful?**

DRAFT GMCA and VCFSE sector Fair Funding Protocol

PREAMBLE

Introduction

Greater Manchester Combined Authority (GMCA) greatly values the work the GM Voluntary, Community, Faith and Social Enterprise (VCFSE) Sector is doing to help people across Greater Manchester support each other during these difficult times. We know that the skill, energy and compassion of VCFSE organisations is vital in keeping our communities strong.

However, it is recognised that this puts huge pressure on staff, volunteers and budgets.

GMCA believes that the VCFSE sector is a key delivery partner of services and activities for communities. We want to reduce financial barriers in the goal that we share with the VCFSE sector – that of delivering the outcomes and commitments of the Greater Manchester Strategy and creating a greener, fairer and more prosperous Greater Manchester.

Purpose

The [GM VCFSE Accord](#) is a three-way collaboration agreement between the Greater Manchester Combined Authority (GMCA) and the Greater Manchester Integrated Care System, and the VCFSE Sector represented by the GM VCFSE Leadership Group, based on a relationship of mutual trust, working together, and sharing responsibility.

It is now proposed to put in place a principles-based **‘Fair Funding’ Protocol** between GMCA and the VCFSE sector, which further develops Commitment 3 of the VCFSE Accord: *We will build a financially resilient VCFSE sector that is resourced to address our biggest challenges of ending poverty and inequality in Greater Manchester.*

This supplementary agreement “Protocol” will be used to guide how the CA plans its grant funding, commissions, and manages contracts with VCFSE organisations, and will have the following benefits:

- Support improved trust, partnership working and co-creation of services between GMCA and the VCFSE sector,
- Enable fairness and transparency in the financial relationship between the VCFSE and GMCA,
- Reduce the likelihood of unrealistic financial expectations by either partner,
- Enable risk sharing between GMCA and the VCFSE sector, and
- Improve the ability of the VCFSE sector to provide publicly funded services in communities, and the resilience of those services.

Drivers

It is recognised that both the public and VCFSE sectors are facing extreme financial pressures at the current time. Many of these pressures are interlinked between the sectors.

We know that:

- There are an estimated 17,494 VCFSE organisations in Greater Manchester with a combined income of £1.2bn. Evidence from the 2021 [VCFSE State of the Sector](#)

report shows that Greater Manchester local authorities were the most frequently identified sources of funding (65%).

- The VCFSE sector is currently faced with a shortage of available labour for customer facing roles as a buoyant jobs market means that people can receive higher salaries elsewhere. This situation is further heightened by recent pay awards in the public sector which have led to the movement of front-line staff away from the VCFSE sector and into better paid employment.
- VCFSE organisations in Greater Manchester have been leading the way in terms of payment of the Real Living Wage and have set a target in the GM VCFSE Accord that 100% of employees in the sector are paid at least the Real Living Wage by 2026. However, many grants and contracts were developed before the current period of inflation, and staff pay has not kept up with inflation. The uplift in the Real Living Wage to £10.90 from April 2023 is unlikely to be affordable for many VCFSE organisations.
- The VCFSE sector is facing a spike in demand for its services caused by the cumulative impact of the Covid pandemic and the cost-of-living crisis, and this builds on pressure which the sector was already experiencing as people seek alternative forms of support due to the reduction in public services over the last 13 years.
- This situation is compounded by reported energy bill increases of around 300% and volunteering being in long term decline – the growth in contributions from mutual aid was short-term around the pandemic, but many volunteers are now not able to dedicate the time to continue.
- The public sector is continuing to face budget cuts – which is compounded by the effect of previous reductions in budgets, and that public sector organisations have insufficient capacity and resource to maintain services themselves.

However, there are also opportunities to be gained from a closer financial working relationship, for example, the [Devolution Trailblazer](#) agreement, announced in March 2023, could open doors to further collaboration with the VCFSE sector. Furthermore, as new the Procurement Bill works its way through into legislation, there is an opportunity to explore how this might support our shared ambitions for change, and the VCSE ‘State of the Sector’ report showed that 75% of organisations **also** have at least one source of income from outside the public sector and so can bring in additional funding for projects and services.

Overall, there is a growing risk to the delivery of services by VCFSE organisations for the people of Greater Manchester; a perfect storm of increased demand and reduced resources which is being felt across both public and VCFSE sectors.

Scope

This Protocol relates specifically to activities and services that the VCFSE sector carries out in communities which are funded by the GMCA’s budget in Greater Manchester.

At the current time, GMCA funding for the VCFSE sector is from District contributions and grants that usually aren’t uplifted for inflation. There is often a finite budget with no option to increase the overall amount, therefore, any increase in a single grant or contract may require a reduction in the number of organisations/projects that can be supported. **For this**

reason, the Protocol will apply to new agreements only and represents a shared ambition within the confines of the conditions on external funding pots.

The Protocol also sets out our intent to further collaborate with the sector through the GM VCFSE Accord on future strategic planning and commissioning. GMCA accepts that under the current terms and conditions associated with its funding there is often little room to manoeuvre but will use this protocol to set a direction of travel for future funding negotiations.

We want to maintain an open, honest and regular dialogue about the challenges we are all facing and how we can help each other.

PROTOCOL

GMCA will honour the Commitments made in the [VCFSE Accord](#) by:

1. Helping to support a financially resilient VCFSE sector through the principle that cost pressures / pay awards and longer-term funding should be considered as part of prioritising available resources. This will include the following actions:
 - Where funding conditions allow, offering an annual uplift in contract or grant payments in line with inflation which enables VCFSE organisations to continue to pay staff at least the Real Living Wage. This is already the case in the GM VCFSE Accord grant funding agreement and those for the GM Equalities Panels, for example.
 - Where we are able and funding conditions allow, considering minimum 3-year terms for grant funding agreements. This is already the case in the GM VCFSE Accord grant funding agreement and those for the GM Culture Fund, for example.
 - Not passing on any budget cuts disproportionately to the VCFSE sector and not exceed the proportion of any cuts or limitations that have been applied to GMCA budgets.
 - Providing more regular or upfront payment of existing grants where we can.
 - Where possible within funding conditions and assuming suitable performance, carrying forward unspent funding or 'rolling over' recurrent grants between financial years without the need for lengthy applications, or including extension clauses in contracts to avoid unnecessary procurement exercises.
 - Ensuring that a minimum of three months' notice is given in writing for all major changes to contracts and grant funding agreements, where these are known.
2. Working with VCFSE Sector Leaders to explore implementation of the good practice described in the [VCFSE Commissioning Framework](#), for example working with you to explore appropriate routes to market alongside commissioning and contracting, including the strategic use of small grants.
3. This will include working with you to explore how we might:

- Deliver our commitment to improve supplier diversity by reserving some contracts for Voluntary, Community, Faith and Social Enterprise (VCFSE) or Small and Medium Enterprise (SME) organisations.
 - Where relevant, consider VCFSE benchmarks such as relevant pay awards, inflationary / cost of living pressures and impact on the viability of VCFSE organisations alongside other delivery considerations in our budget setting and commissioning processes.
 - Explore 'Priceless Procurement' whereby the price is set, and evaluation is based purely on quality of delivery.
 - Improve access to procurement by publishing pipelines, advertising opportunities using sector communication channels, shifting compliance requirements towards development opportunities for winning bidders, and simplifying below threshold processes.
 - Build capacity by providing more pre-procurement engagement, supporting the sector to articulate their social value offer, and providing data on successful VCFSE contracts as well as those where no VCFSE organisations applied, thereby informing review processes and identifying learning for future commissioning and procurement processes.
 - Facilitating collaboration by allowing service / process co-design (building on the successful model used for GMCA Probation procurements in 2022) and creating and supporting networks that can form consortia bids.
4. Acknowledging that generating 'social value' is inherent to the work of the VCFSE sector and working with you to better understand and demonstrate that value.
 5. Exploring opportunities for non-financial support for the VCFSE sector through the work of the GMCA in providing training, mentoring, guidance, taking on discrete research projects, or supporting evaluation work, for example.
 6. Engaging in dialogue with VCFSE Leaders as we jointly develop the details of the new Devolution Trailblazer and single financial settlement.
 7. Recognising the value of external funding that you are able to lever into our communities and places, and work with you to increase this external funding for key programmes and services, including jointly developing bids for funding from Government and external agencies, within the parameters of any time frame required by Government or other funders.
 8. Exploring opportunities to build inflationary adjustments into longer term agreements. This needs to be included at the outset for anything awarded through competition and set out in detail (index linked).
 9. Working with you and statutory sector partners through the GM VCFSE Accord to shift financial resources where possible from crisis support and into preventative activity.
 10. Continuing to lobby Government about the importance of the sector and the support you need to enable you to undertake vital work with all our communities.

In return, GMCA asks that the VCFSE sector:

1. Works with us so that you can provide a high level of financial transparency and impact reporting, to enable a shared understanding of financial spend, outcomes, risks and issues as well as agreeing to open book accounting so that you are better able articulate the cumulative value of what you do.
2. Understands that many of the financial, contracting and reporting arrangements that we have are dictated by others, including Government. Supports wider communication that funding arrangements are often constrained by the terms and conditions that are 'red lines' from Government departments or statutory requirements.
3. Uses your networks, your relationship with your communities and your experience to provide us with information, insight and advice about what needs to happen.
4. Ensures that minimum required standards are met around aspects such as safeguarding, information governance and sub-contracting, for example.
5. Helps us to understand the collective value of GMCA spending with the VCFSE sector.
6. Takes part in strategic dialogue and partnerships, providing insight from the VCFSE sector and sharing information from these discussions about what is and isn't possible with the wider sector.
7. Engages with your locality and Greater Manchester-wide coordination activity and tell us quickly if you are finding this to be too much of a burden, being honest about capability and capacity to deliver on expectations.
8. Maintains an open and honest dialogue about the challenges you are facing, as well as asks for, and accept, help when needed.
9. Keeps us informed about any changes you make to your activity.
10. Understands that we are also facing severe pressures, with many similar demands on our finances and our time.
11. Understand that in the unlikely event that we do something wrong that we will promptly act to rectify any mistake.

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GMCA Overview & Scrutiny Committee

Date: 20 March 2024

Subject: Retained Business Rates Update

Report of: Councillor David Molyneux, Portfolio Lead for Resources & Investment and Steve Wilson, GMCA Treasurer

Purpose of Report

The report provides the Combined Authority with an update on the position in respect of the 100% retained business rate pilot. It includes the latest position on the current GM business rates funded schemes, the latest forecasts for 2023/24 and 2024/25 income and seeks support for proposed 2024/25 schemes, funded from the income expected to be received in 2023/24.

The paper also considers the future of the retained business rates in light of the new 10-year scheme secured in the GM Devolution Trailblazer which commences in 2024/25; the proposed Investment and Growth enhanced business rates zones; the GM Partial Reset and the future interaction between the retained business rates scheme and the Trailblazer devolution deal single settlement.

This paper also references further work proposed to consider the future approach to business rates growth stimulated directly or indirectly through GM investment.

Recommendations:

The GMCA Overview and Scrutiny Committee is requested to:

Consider and comment on the report and note the recommendations which will be considered by the GMCA at its meeting on the 26 January 2024 as below.

The GMCA is recommended to:

1. Note the forecast, as at the end of quarter 3, for 2023/24 business rates income
2. Note the planned income for 2024/25.
3. Approve the proposed 2024/25 GM use of the 2023/24 business rates income
4. Note the position in respect of the future developments in relation to retained business rates, including:
 - Trailblazer Devolution (TDD) 10-year business rates retention scheme
 - TDD Growth Zones enhanced business rates areas.
 - Investment Zone enhanced business rates areas.
 - GM Partial Reset
 - Future approach to GM investment

Contact Officers

Name: Steve Wilson, GMCA Treasurer

Telephone: 07725 481067

E-Mail: steve.wilson@greatermanchester-ca.gov.uk

Equalities Impact, Carbon and Sustainability Assessment:

N/A

Risk Management

An assessment of the major risks faced by the authority is carried out quarterly as part of the reporting process. Specific risks are identified in the report.

Legal Considerations

There are no specific legal implications with regards to this report

Financial Consequences – Revenue

The revenue finance implications are set out in detail in the report.

Financial Consequences – Capital

There are no capital expenditure implications of the issues contained in the report.

Number of attachments to the report:

Comments/recommendations from Overview & Scrutiny Committee

Paper to be presented to GMCA Overview and Scrutiny Committee on 20th March 2024

Background Papers

- GMCA 24th March 2023 “Retained Business Rates Update”

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution.

No

Exemption from call in.

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

No

GM Transport Committee

N/A

Overview and Scrutiny Committee

To be considered in March

Retained Business Rates Update 2024/25

1. Introduction

- 1.1 The report provides members with an update on the position in respect of the 100% retained business rate pilot including the current GM business rates funded schemes and the latest forecasts for 2023/24 and 2024/25 income. It seeks support for proposed 2024/25 schemes funded from the income expected to be received in 2023/24.

2. Background

- 2.1 The 100% business rates retention pilot was part of the Greater Manchester Devolution Deal and was introduced in 2017/18 with the stated intention of:
- Giving GM authorities an incentive to grow local tax bases by ensuring they see long term rewards from growth.
 - Maintaining a predictable income stream against which authorities can take long term investment decisions; and
 - Ensuring that GM authorities can continue to provide a full range of local services, whilst recognising that decisions about spending priorities should be made locally by locally elected representatives accountable to local taxpayers.
- 2.2 Under the scheme GMCA and the ten GM local authorities retain 100% of business rates growth from the base year (2015/16). The benefits are calculated on the basis of a no detriment formula. This is calculated by comparing the difference between the authorities retained business rates under the 50% scheme (including Section 31 payments and grant which would have been payable) to the retained business rates actually retained, (including Section 31 grants). If the former is higher at GM level the government will reimburse the difference. If the latter is higher this is retained within GM and recorded as the benefit of the pilot participation.
- 2.3 The agreement between GM partners was that the benefits of the scheme, to the extent that there should be any, would be shared for investment both at individual district level and for GM wide initiatives. Under the original agreement districts would receive at least 50% of the benefit with up to 50% being invested in GM schemes.

- 2.4 The initial operation of the scheme saw 50% of the income transferred to the combined authority for potential investment in GM wide schemes with subsequent decisions made to return some of that funding back to districts. In 2020/21 during the peak of the financial impact from the coronavirus pandemic, the full 100% benefit of the pilot was retained by districts to support their response to Covid-19.
- 2.5 In 2022/23, as part of the consideration of proposed GM investments utilising the income derived from the 2021/22 financial year, it was agreed that the benefits of the pilot would be split on a 75:25 basis in favour of the ten GM local authorities.
- 2.6 Prior to 2020/21 funding decisions were effectively taken two years in arrears, allowing for the income for any individual year to be confirmed following the end of the financial year in questions and the conclusion of audit processes. Following the retention of 100% of the funding by districts in 2020/21 we moved to considering GM proposals one year in arrears. The income received in 2022/23 was committed to GM schemes for the 2023/24 financial year at the GMCA meeting of 24th March 2023 based on forecast income as at the end of quarter three of the financial year.

3. Existing Commitments

- 3.1 Table 1 below shows the current position on agreed commitments to be funded from the 25% of funding held at the CA from income up to the end of 2022/23 (based on the Q3 forecast).
- 3.2 The table shows that based on the estimated income as at the end of Q3 all but £19k of the funding was allocated.

Table 1 – 2021/2022 – 2024/25 Existing Business rates Commitments

Description	Planned Spend 2021/22	Planned Spend 2022/23	Planned Spend 2023/24	Planned Spend 2024/25	Total Planned Spend
	£'000s	£'000s	£'000s	£'000s	£'000s
Funding					
Funding Carried Forward	(36,465)	(20,302)	(11,319)	(4,219)	(36,465)
Audit Adjustment	(1,243)				(1,243)
Income @25%		(16,317)	(18,704)		(35,021)
Year end adjustment					
Annual Funding Available	(37,708)	(36,619)	(30,023)	(4,219)	(72,729)
Commitments					
Greener					
Districts low carbon - Renewables and Retrofitting		1,600	1,600		3,200
Support for Net zero		400	800		1,200
Journey to Net Zero		484			484
Net Zero Social Homes		80	300		380
Flood Risk Management		80	250		330
5 Year Environment Plan	958	515	628		2,101
GM Resilience Officer	120				120
Fairer					
Election	3,800			4,200	8,000
Employment Charter	274	987	545		1,807
Full Fibre Revenue Costs	158				158
GM Digital Strategy	551	250			801
GM Digital Transformation			900		900
GM Digital Inclusion, Growth and Places			650		650
Unified Architecture	990	1,190	523		2,703
Good Landlord Charter		150			150
Employment legal advice service		100			100
Skills & Work / Apprenticeships		1,800	500		2,300
Youth Combined Authority	50	13			63
Cricket Strategy	200	200	200		600
GMHSCP		480			480
More Prosperous					
GM Productivity programme	4,748	4,220	9,281		18,249
Industrial Strategy	793	2,727	602		4,122
Support for Growth and International Engagement		1,170	930		2,100
Marketing Manchester and MIDAS	750	750	750		2,250
GM Frontier sector FDI Attraction and Promotion			1,750		1,750
Development of Growth Locations		1,200	1,800		3,000
Business Angels		1,000			1,000
International Rebound Programme		150			150
International Partnerships		150			150
Enterprising You		650			650
Growth Company Other		350			350
GM Information Strategy			280		280
Trailblazer Implementation			1,000		1,000
Place Based					
Cultural and Social Impact Fund	1,000	1,100	1,125		3,225
Places for Everyone	264	2,425	250		2,939
Reform Investment Fund - Youth Homelessness Prevention	750	750	1,000		2,500
One Public Estate - OPE Support Officer		56			56
Residents' Insight survey		250	70		320
Night Time Economy			70		70
Other					
Cheshire Business Rates for Bus Reform	2,000	23			2,023
Total Income	17,406	25,300	25,804	4,200	72,710
Closing Position	(20,302)	(11,319)	(4,219)	(19)	(19)

4. 2023/24 Retained Business Rates Income

- 4.1 2023/24 is the final year of income accruing through the original GM 100% business rates retention pilot. From 2024/25 the scheme will be replaced with the new 10-year TDD 100% business rates retention scheme (see below for more information).
- 4.2 It is proposed that, similar to 2023/24 we base our allocation of funding for 2024/25 on the forecast 2023/24 income as we now have confirmation of not only a final year of income under the current scheme in 2024/25 (for spending in 2025/26 and beyond) but also 10 years further funding under the new TDD scheme.
- 4.3 The forecast benefit of the pilot for 2023/24, as at quarter 3, broken down by district, is shown below and totals £88.96m with the 25% retained by GMCA standing at £22.04m.

Authority	Net Rates income 50% scheme	Net Rates income 100% scheme	100% Pilot Benefit	75% Retained by Authority	25% Retained by GMCA
	£000	£000	£000	£000	£000
Manchester	359,370	377,384	18,014	13,511	4,504
Bolton	130,404	136,087	5,683	4,262	1,421
Bury	65,760	67,729	1,969	1,477	492
Oldham	120,914	125,223	4,309	3,232	1,077
Rochdale	121,269	129,402	8,133	6,100	2,033
Salford	150,026	164,547	14,522	10,891	3,630
Stockport	89,262	99,190	9,928	7,446	2,482
Tameside	108,883	117,263	8,380	6,285	2,095
Trafford	72,227	80,386	8,159	6,119	2,040
Wigan	141,335	150,412	9,077	6,808	2,269
GM	1,359,450	1,447,623	88,174	66,130	22,043

- 4.4 The planned income for **2024/25** currently stands at £93.05m with GMCA retaining £23.23m This is only a planning figure at this stage and no commitments will be made from this income until 2025/26.

Authority	Net Rates income 50% scheme	Net Rates income 100% scheme	100% Pilot Benefit	75% Retained by Authority	25% Retained by GMCA
	£000	£000	£000	£000	£000
Manchester	380,466	400,391	19,926	14,944	4,981
Bolton	142,300	152,778	10,478	7,859	2,620
Bury	69,641	71,872	2,231	1,673	558
Oldham	127,946	132,602	4,656	3,492	1,164
Rochdale	129,385	139,342	9,957	7,468	2,489
Salford	159,108	174,934	15,826	11,869	3,956
Stockport	90,878	98,006	7,128	5,346	1,782
Tameside	111,922	117,519	5,597	4,198	1,399
Trafford	73,618	79,569	5,952	4,464	1,488
Wigan	150,785	162,081	11,297	8,473	2,824
GM	1,436,049	1,529,096	93,047	69,785	23,262

5. Proposed 2024/25 Schemes

- 5.1 The proposals for schemes to be delivered in 2024/25 are largely related to ongoing programmes of work including picking up the 2024/25 costs of schemes that were funded, up to this point, by multi-year commitments from the original “up to 50%” funding available to GMCA in the early years of the scheme.
- 5.2 For this reason, the original proposals for the available funding in 2024/25, significantly outstripped the 2023/24 forecast income.
- 5.3 As this is the final year before the start of the new 10-year RBR scheme and the commencement of the GM Trailblazer single settlement, a pragmatic approach has been taken, working with stakeholders to ensure proposals can be funded within the available envelope. Funding decisions from 2025/26 will be subject to a more strategic evaluation alongside the emerging approach to discretionary funding available within the GM single settlement (see below).
- 5.4 An overall funding pot totalling £27.5m has been identified for commitment against a list of proposed schemes for 2024/25. All bidders have been asked to review their proposals and reduce, rephase or if possible replace some or all of their funding requests with alternative sources and this has enabled a final set of proposals to be developed which can be met from this allocation.
- 5.5 The final funding is made up of three sources in addition to the current forecast of £22m income. These are:

(i) Additional Q4 2022/23 Income not committed (£2m).

The final income for 2022/23 was £1.958m higher than the Q3 forecast and leaves available funding to be carried forward against the previously agreed commitments.

(ii) Deposit Interest accrued (£1.7m)

In 2023/24 the funding held in the business rates reserve has generated a significant level of deposit interest. Average deposit levels of c£35m have generated interest back into the business rates reserve of c£1.7m which is now available alongside the 23/24 income.

(iii) Additional Q4 Income

Previous years have seen consistent increases in Q4 income compared with the Q3 forecast. It is proposed historic trends are used to assess a likely increase in 2023/24. This is assessed to be in the region of £1.8m. Given funding is committed a year in arrears there is no risk to this approach as any shortfall in the final figure will be the first call on 2024/25 income.

5.6 A final set of proposals is shown below, the proposed schemes total £27.5m

Table 2 – Proposed 2024/25 Business Rates Commitments

Description	Revised 2024/25
	£'000s
Funding	
Funding Carried Forward	(1,958)
Income @25%	(22,043)
Interest Receivable	(1,700)
<i>Additional funding at risk</i>	<i>(1,815)</i>
Annual Funding Available	(27,516)
Commitments	
Greener	
Districts low carbon - Renewables and Retrofitting	1,704
Journey to Net Zero	480
Flood Risk Management	250
5 Year Environment Plan	1,070
SOBC	500
Fairer	
Employment Charter	600
GM Digital Transformation	1,400
GM Digital Inclusion, Growth and Places	1,250
Good Landlord Charter	250
Skills & Work / Apprenticeships	500
GM System Programme - Multiple Disadvantage and Complex Needs	1,572
Live Well Joint Investment Fund	500
More Prosperous	
GM Productivity programme	6,900
Support for Growth and International Engagement	1,500
GM Frontier sector FDI Attraction and Promotion	2,750
Development of Growth Locations	2,650
Business Angels	250
GM Information Strategy	280
Place Based	
Cultural and Social Impact Fund	1,100
Places for Everyone	250
Reform Investment Fund - Youth Homelessness Prevention	300
Systematic Public Participation	200
Night Time Economy	90
Housing Stock condition survey & Research	225
Prosperous and Connected Places	515
Housing Delivery - NEW	350
GM Music Commission - NEW	80
Total Income	27,516
Closing Position	(0)

- 5.7 As stated above, the majority of the proposed commitments are a continuation of existing schemes including some, such as the GM Productivity Programme that were provided with multi-year funding at the start of the pilot period which has come to an end during 2023/24.
- 5.8 Ongoing funding to support the GM cultural fund has already been approved by the CA and is included within the table above for completeness.

6. Future of Retained Business Rates and Associated Schemes

- 6.1 As already detailed 2023/24 is the final year of the current GM 100% retained business rates pilot, however the benefits of business rates growth will continue to accrue to GM through the new 10-year business rates retention scheme which will operate from 1st April 2024.
- 6.2 This new scheme gives a much higher level of certainty to future income levels and will allow GM to once again take a more strategic approach to funding following a number of single year extension decisions.
- 6.3 Furthermore, the announcement of the 10-year schemes comes alongside further government proposals affecting both business rates income and the wider funding approach for combined authorities in England.
- 6.4 Whilst these new arrangements will be subject to more detailed discussions in the coming months, it is important to highlight them now as important context for the future of the current business rates scheme, the key elements are detailed below:

(i) Trailblazer Devolution Single Settlement

Following approval of the current business rates proposals, decisions for future years (from 2025/26 onwards) will be made alongside the spending decisions relating to the GM single settlement secured through the trailblazer devolution deal.

Business rates investments will need to be considered alongside wider investment decisions as the level of flexibility available to GM increases. The requirement for short term discrete decision making in relation to retained business rates will reduce and the opportunity for longer term, outcome based marginal spending decisions optimising the benefits of business rates funding alongside the single settlement will start to grow.

The 2025/26 business rates investment decisions will form part of this broader approach to budget setting in the evolving era of the single settlement.

(ii) 10-Year Business Rates Retention Scheme

The trailblazer devolution Deal confirmed a new 10-year 100% business rates retention scheme from 2024/25. This would see 100% of business rates growth from the 2016 baseline continue to be retained locally compared with the standard 50%.

The new scheme will operate largely in line with the current arrangements and an MOU has been agreed with Government to this effect and shared with GMCA members. Locally it is proposed that the 75:25 split of the benefits of the scheme between GM local authorities and GMCA respectively continues.

The scheme will be subject to the national business rates reset if and when it is enacted but this will not be earlier than 2025/26 and the previously agreed GM partial reset has been maintained (see below)

(iii) Enhanced Business Rates Areas

Alongside the new 10-year business rates retention scheme, a number of specific geographical areas with Greater Manchester will benefit from an enhanced business rates retention scheme. These “**enhanced business rates areas**” will operate for 25 years without any reset, although they will be subject to a new baseline set at the start of the scheme.

The areas are:

- **Two GM Growth Zone Enhanced Business Rates Areas** - In addition to the 10-year deal the TDD conferred on GM, the ability to designate two areas totalling 600 hectares in aggregate, as growth zones
- **Three GM Investment Zone Enhanced Business Rates Areas** - Alongside the proposals contained in the GM TDD a further three enhanced business rates areas, again totalling 600 hectares, were confirmed for GM through the national investment zone policy. These will operate in the same way as growth zones with additional requirements to invest the benefits of the schemes in line with the investment plan priority sector of advanced manufacturing and materials.

Maps detailing the precise boundaries all five geographical areas covered by both the growth and investment zone enhanced business rates areas were approved by the GMCA in January.

The five designated enhanced zones will operate without detriment or benefit to the local authorities within which they are located. With the host authorities retaining the equivalent benefit that they would have accrued from a non-enhanced area with only the additional benefit of the enhanced status being held for investment at a GM level.

(iv) Approach to GM Investment

Alongside discussions regarding the new landscape for business rates retention in GM, treasurers and place directors have held preliminary discussions about an approach to recycling the benefit of GM investment through an approach that would capture the additional business rate benefit created by the investment (through the 10-year standard approach or the 25-year enhanced regime) at a GM level for re-investment.

This recycling of funds would allow for potential borrowing against future business rates income for capital investment, bringing forward the potential benefit of the investment.

(v) Partial Reset

When the original GM 100% business rates pilot MOU was agreed it contained a provision known as the “Partial Reset”.

This mechanism allowed for “some or all” of the business rates growth generated by investment undertaken directly by GM authorities to be “disregarded” in the event of a national business rates reset, thus creating additional incentives for local public sector investment.

The partial reset has been confirmed through the TDD and the subsequent business rates MOU has agreed it will be set at £23m, based on the GM authorities’ assessment of c50% of the growth they have directly created.

This amount will be retained in GM through this mechanism in the event of a national reset.

7. Recommendations

7.1 The GMCA is recommended to:

- (i) Note the forecast, as at the end of quarter 3, for 2023/24 business rates income including the 75:25 split between districts and GM investment.
- (ii) Note the planned income for 2024/25.
- (iii) Approve the proposed 2024/25 GM use of the 2023/24 business rates income (set at 25% of total benefit).
- (iv) Note the position in respect of the future developments in relation to retained business rates, including:
 - Trailblazer Devolution (TDD) 10-year business rates retention scheme
 - TDD Growth Zones enhanced business rates areas.
 - Investment Zone enhanced business rates areas.
 - GM Partial Reset
 - Future approach to GM investment

Appendix 1 – Business rates commitments 2021/22 – 2024/25

Description	SLT Lead	Planned Spend 2021/22	Planned Spend 2022/23	Planned Spend 2023/24	Proposed 2024/25 Spend	Total Spend
		£'000s	£'000s	£'000s	£'000s	£'000s
Funding						
Funding Carried Forward		(36,465)	(20,302)	(11,319)	(6,158)	(36,465)
Audit Adjustment		(1,243)			0	(1,243)
Income @25%			(16,317)	(20,643)	(22,043)	(59,003)
Additional funding at risk					(1,815)	(1,815)
Interest Receivable					(1,700)	(1,700)
Annual Funding Available		(37,708)	(36,619)	(31,962)	(31,716)	(100,226)
Commitments						
Greener						
Districts low carbon - Renewables and Retrofitting	Mark Atherton		1,600	1,600	1,704	4,904
Support for Net zero	Mark Atherton		400	800		1,200
Journey to Net Zero	John Wrathmell		484		480	964
Net Zero Social Homes	John Wrathmell		80	300		380
Flood Risk Management	Andrew McIntosh		80	250	250	580
5 Year Environment Plan	Mark Atherton	958	515	628	1,070	3,171
SOBC	Mark Atherton				500	500
GM Resilience Officer	Andrew Lightfoot	120				120
Green Spaces Fund (NEW)	Mark Atherton				0	0
Fairer						
Election	Steve Wilson	3,800			4,200	8,000
Employment Charter	John Wrathmell	274	987	545	600	2,407
Full Fibre Revenue Costs	Phil Swan	158				158
GM Digital Strategy	Phil Swan	551	250			801
GM Digital Transformation	Phil Swan			900	1,400	2,300
GM Digital Inclusion, Growth and Places	Phil Swan			650	1,250	1,900
Unified Architecture	Phil Swan	990	1,190	523		2,703
Good Landlord Charter	Andrew McIntosh		150		250	400
Employment legal advice service	John Wrathmell		100			100
Skills & Work / Apprenticeships	Gemma Marsh		1,800	500	500	2,800
Youth Combined Authority	Gemma Marsh	50	13			63
Cricket Strategy	John Wrathmell	200	200	200		600
GMHSCP	Steve Wilson		480			480
GM System Programme - Multiple Disadvantage and Complex Needs	Jane Forrest				1,572	1,572
Live Well Joint Investment Fund	Jane Forrest				500	500

Description	SLT Lead	Planned Spend 2021/22	Planned Spend 2022/23	Planned Spend 2023/24	Proposed 2024/25 Spend	Total Spend
More Prosperous						
GM Productivity programme	John Wrathmell	4,748	4,220	9,281	6,900	25,149
Industrial Strategy	John Wrathmell	793	2,727	602		4,122
Support for Growth and International Engagement	John Wrathmell		1,170	930	1,500	3,600
Marketing Manchester and MIDAS	John Wrathmell	750	750	750		2,250
GM Frontier sector FDI Attraction and Promotion	John Wrathmell			1,750	2,750	4,500
Development of Growth Locations	Andrew McIntosh		1,200	1,800	2,650	5,650
Business Angels	John Wrathmell		1,000		250	1,250
International Rebound Programme	John Wrathmell		150			150
International Partnerships	John Wrathmell		150			150
Enterprising You	John Wrathmell		650			650
Growth Company Other	John Wrathmell		350		0	350
GM Information Strategy	John Curtis			280	280	560
Trailblazer Implementation	John Wrathmell			1,000		1,000
Place Based						
Cultural and Social Impact Fund	Andrew McIntosh	1,000	1,100	1,125	1,100	4,325
Places for Everyone	Andrew McIntosh	264	2,425	250	250	3,189
Reform Investment Fund - Youth Homelessness Prevention	Jane Forrest	750	750	1,000	300	2,800
One Public Estate - OPE Support Officer	Andrew McIntosh		56			56
Residents' Insight survey	Claire Norman		250	70		320
Systematic Public Participation	Claire Norman				200	200
Night Time Economy	Andrew McIntosh			70	90	160
Housing Stock condition survey & Research	Andrew McIntosh				225	225
Prosperous and Connected Places	Phil Swan				515	515
Housing Delivery - NEW	Andrew McIntosh				350	350
GM Music Commission - NEW	Andrew McIntosh				80	80
Other						
Cheshire Business Rates for Bus Reform	Steve Wilson	2,000	23			2,023
Total Expenditure		17,406	25,300	25,804	31,716	100,226
Closing Position		(20,302)	(11,319)	(6,158)	(0)	(0)