

Date: 16th February 2021

Subject: GM Brownfield Housing Fund (“BHF”) – Additional award of funding from MHCLG

Report of: Salford City Mayor Paul Dennett, Portfolio Lead Leader for Housing, Homelessness and Infrastructure and Steve Rumbelow, Portfolio Lead Chief Executive for Housing, Homelessness and Infrastructure

PURPOSE OF REPORT

This report requests that Leaders’ approve allocations of Brownfield Housing Fund monies to those projects identified within the report.

RECOMMENDATIONS:

It is recommended that Leaders’:

1. Approve, in principle, the allocation of £18.2m of Brownfield Housing Fund monies to fund Local Authority priority projects that were submitted to MHCLG as part of the Brownfield Housing Fund bidding process, subject to satisfactory due diligence being undertaken to confirm the deliverability of the projects;
2. Approve the allocation of £16.01m of funding to those projects set out in Annex 1 where satisfactory due diligence has already been undertaken; and
3. Delegate authority to the GMCA Treasurer acting in conjunction with the GMCA Monitoring Officer to agree the final terms of all the necessary agreements

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Equalities Implications:

The Brownfield Housing Fund is aimed at unlocking stalled, brownfield sites across GM. Sites which have been recommended to receive grant funding within this paper represent sites across the GM Districts. Housing which will be delivered as a result of the grant funding will align with those specific housing needs and priorities for that District and as a result will not have any adverse implications from an equality perspective.

Climate Change Impact Assessment and Mitigation Measures:

As part of the emerging prioritisation approach for “Tranche 2” of the BHF, the aspirations of the carbon neutral agenda will be addressed.

Risk Management:

The grants will be conditional upon a satisfactory outcome of due diligence and ongoing monitoring confirmation that the schemes are being delivered satisfactorily.

In view of the nature of the MHCLG grant funding agreements for BHF and the likely approach that any conditions will be mirrored in agreements between the GMCA and scheme promoters, there will be limited risk retained by the GMCA.

Legal Considerations:

A detailed grant agreement and other associated legal documentation will be completed for each scheme ahead of the first grant payment.

State Aid will be considered further for each individual scheme allocation with any allocation being state aid compliant.

Financial Consequences – Revenue:

Any revenue costs are anticipated to be absorbed into the existing Delivery Team budget or subsequent revenue allocation (circa £1.94m) received from MHCLG.

Financial Consequences – Capital:

Capital expenditure is funded from the GMCA Brownfield Housing Fund. Funds have since been received from MHCLG and will be distributed to sites based on a prioritisation process, there are therefore no capital consequences for the GMCA.

Monitoring and reporting assurance will form part of the existing Single Pot Assurance Framework. The GMCA Accounting Officer will be required to confirm that investment is being used for the purposes agreed under the respective fund to deliver to fund’s objectives.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

None.

BACKGROUND PAPERS:

- [TBC – Previous Brownfield Housing Fund Papers to GMCA]

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		YES
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
TfGMC	Overview & Scrutiny Committee	

1. INTRODUCTION & BACKGROUND

- 1.1 A report to the Combined Authority in August 2020 set out the recent Government announcement with regards to the £400m Brownfield Housing Fund. For the GMCA, this meant an initial allocation of £81.1m over a 5-year period.
- 1.2 The GM allocation was split into 2 tranches due to the need to ensure expenditure of £16.2m in this financial year. This process resulted in the GMCA allocating £37.290m of the Brownfield Housing Fund across 23 projects through a Tranche 1 of funding with the remaining funding currently going through a process of prioritisation and allocation as part of a Tranche 2 funding process.
- 1.3 MHCLG commenced the bidding round in August 2020 for the remaining 10% of the £400m Brownfield Land Fund with a submission date of 6th September 2020. The £40m was retained by MHCLG as a competitive element to help support the most ambitious projects. The focus of the bidding process & assessment was on identifying and supporting those Mayoral Combined Authorities that can demonstrate they have ambitious proposals, and which are ready to receive funding.
- 1.4 The GMCA submitted a bid totalling £40m with the bid consisting of single or multiple schemes from each district with a grant requirement totalling circa £4m. The projects put forward were identified as District priorities with the intention that once the outcome of the bid was known, a prioritization process for only those schemes submitted would take place.
- 1.5 MHCLG have now confirmed that the GMCA has been successful in the process and will receive £15,813,953 of additional Brownfield Housing Fund capital grant.

2. CURRENT POSITION OF PROJECTS

- 2.1 The outcome of the bid process was uncertain and therefore the inclusion of projects within the bid did not preclude their inclusion in the Tranche 1 or 2 prioritisation processes being

undertaken by the GMCA. A number of the projects included within the bid have therefore progressed as follows:

- Of the 25 bid schemes, 6 have already been supported via the Brownfield Housing Fund Tranche 1 allocation.
- Districts have re re-appraised 5 of the projects and put revised funding bids forward for BHF Tranche 2 process.
- A further 2 schemes have received support via Homes England and can therefore be delivered without BHF support.
- A further 4 schemes have issues associated with vacant possession, access and deliverability within the Funding timescale and cannot therefore be delivered as anticipated or are now believed to be viable without grant support.

- 2.2 Removing those schemes funded elsewhere or which are no longer deliverable and adjusting the bid requests to align with the BHF Tranche 2 revised funding requests results in a total funding requirement of £18.2m.
- 2.3 Without needing to undertake any formal prioritisation process, all the remaining schemes included within the bid could be funded with a further allocation of £2.3m of funding through the Brownfield Housing Fund.
- 2.4 In line with the grant agreement for the initial BHF allocation, MHCLG require that this new allocation of funding delivers a minimum of 1,043 units over the programme period, equating to c£15k per unit, with an additional stretched target of 1,433 based upon the same 36% increase as used in the original agreement. All projects being considered would meet this criteria.
- 2.5 The current position in relation to the Tranche 1 project allocations is that, as a result of further due diligence, the required funding has decreased by £1.13m and a number of schemes still require planning to be approved in order to meet the requirement for expenditure in this financial year. There may therefore be a further increase in the Tranche 1 funding that cannot be spent as envisaged.
- 2.6 Given the position in relation to the Tranche 1 schemes and relatively modest shortfall in being able to fund those remaining projects that were put forward as District priorities within the bid, it is proposed that £2.3m of existing Brownfield Housing Fund is allocated to fund those remaining priority schemes. The in principle total funding requirement of £18.2m will therefore be met through the £15.8m of additional BHF and £2.3m of funding allocated from the existing BHF allocation, subject to due diligence confirming the deliverability of projects.
- 2.7 The In Principle funding will be approved for the priority schemes subject to completion of satisfactory due diligence in relation to the deliverability of the schemes. Due diligence has been satisfactorily completed in relation to those schemes set out in Annex 1 and full approval to funding for these schemes, equating to £16.01m, is sought. Further due diligence is being undertaken in relation to the final schemes and a further approval to fund the remaining schemes will be brought to a future meeting of the GMCA.

2.8 MHCLG have indicated that the additional allocated monies of £15.8m will be paid in two equal instalments in 2021/22 and 2022/23 which is broadly in line with forecast schemes cash flow.

3. RECOMMENDATIONS

3.1 Recommendations are set out at the front of this report.

Annex 1: Schemes to be supported through Additional BHF Allocation

Authority	Scheme Name	Bid/Grant Ask	Comment	Amount to be awarded through Additional Allocation
Bury	Seedfield	£1,663,645	Grant Ask since reduced as delivery only to include the brownfield element of the site	£995,000
Manchester	Eastern Gateway, Ancoats Dispensary	£2,400,000	Site put forward as part of Tranche 2, monies to be awarded are to support the immediately deliverable element	£585,000
Oldham	Derker	£2,000,000	Site also put forward under submission to Tranche 2	£2,000,000
Rochdale	Castleton	£4,000,000	Priority is now to deliver Castleton South which results in a lower grant ask	£2,000,000
Salford	Greengate Site 3	£495,000	Monies to be awarded to support CPO on a multi-ownership site to facilitate delivery	£495,000
	Greengate Site 4	£2,099,999	Monies to be awarded to support CPO on a multi-ownership site to facilitate delivery	£2,099,999
Stockport	Stockport Interchange	£2,040,000	Site also put forward under submission to Tranche 2, revised grant ask required	£3,000,000
Tameside	Stalybridge Police Station	£360,000	Site deemed deliverable	£360,000
	Egmont St, Mossley	£490,000	Site deemed deliverable	£490,000
Trafford	Sale Square	£3,030,000	Site also put forward under submission to Tranche 2	£3,030,000
Wigan	Frog Lane	£400,000	Site also put forward under submission to Tranche 2, revised grant ask required on basis of further on-site surveys/investigations	£1,000,000
Total:				£16,054,999