

Date: 25<sup>th</sup> June 2021

Subject: Utilisation of GM Housing Investment Loans Fund and Evergreen Fund Surpluses and Inclusion of Brownfield Housing Fund Site

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

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## **PURPOSE OF REPORT:**

This report seeks the Greater Manchester Combined Authority's approval to utilise some of the surpluses generated from the continued investment of the GM Housing Investment Loans Fund ("GMHILF") and Evergreen Fund to create three posts within the GMCA and provide grant funding to individual Districts to bring forward development proposals across GM. This report also seeks approval for the inclusion of an additional site to be awarded Brownfield Housing Fund ("BHF") grant.

## **RECOMMENDATIONS:**

### **The GMCA is requested to:**

1. Approve the acceptance of £3m of Evergreen Surpluses from the Evergreen Holdings Fund Board.
2. Approve entering Grant Funding Agreements with each of the 10 GM Districts to allocate revenue funding outlined within this report.
3. Approve the creation of additional required roles as set out within the paper with formal appointment of relevant posts referred to the Resources Committee.
4. Approve the allocation of £2.125m of Brownfield Housing Fund grant monies as set out in Section 4.
5. Delegate authority to the GMCA Treasurer acting in conjunction with the GMCA Monitoring Officer to agree the final terms of all the necessary agreements.

BOLTON  
BURY

MANCHESTER  
OLDHAM

ROCHDALE  
SALFORD

STOCKPORT  
TAMESIDE

TRAFFORD  
WIGAN

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## GMCA Decision Tool

Alongside the preparation of this report the GMCA Decision Tool has also been populated to assist with the decision-making process. Given the nature of the decision required only Section 5 of the Impacts Questionnaire relating to the Economy was relevant. To which, the recommendations being sought approval for as part of this report were evaluated as having a long-lasting positive impact (Green RAG rating) as set out in the table below. There are no other implications to note.

Impact Indicator	Result	Justification/Mitigation	Guidance
Equality and Inclusion			<i>See Equalities Impact Assessment Result</i>
Health			
Resilience and Adaptation			
Housing			
Economy		Use of GMHILF/Evergreen Surpluses is intended to support projects within GM Districts that have outputs associated with the delivery of commercial floorspace (creation of jobs) and thus positively supporting and enhancing GM's Economy with a key focus on Town Centres/Growth Locations.	
Mobility and Connectivity			
Carbon, Nature and Environment			<i>See Carbon Assessment Result</i>
Consumption and Production			

## Equalities Implications:

The posts to be created following approval of this report will be appointed in line with the GMCAs Recruitment Policy to ensure a fair and transparent recruitment process.

The revenue grant funding is to be made available to all Districts to focus on bringing forward schemes within agreed Growth Locations to support strategic development.

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:

There are no Climate Change implications related to the utilisation of revenue funding.

In relation to the Brownfield Housing Fund allocation, the Grant will support bringing forward a housing scheme on brownfield land, supporting the brownfield first preference adopted by GM, minimising the environmental impact of new housing within GM.

**Risk Management:**

Surpluses have been identified through the GM Housing Investment Loans Fund (GMHILF) and there is no risk around repayment or use. Surpluses being provided through the Evergreen Holding Fund are required to be spent on activity related to the original purpose of the Evergreen Fund. Any risk will be managed through appropriate obligations being included within the grant agreements with the Local Authorities.

The BHF capital grant will be conditional upon a satisfactory outcome of due diligence and ongoing monitoring confirming that the scheme is being delivered satisfactorily.

In view of the nature of the MHCLG grant funding agreements for BHF and the 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:**

Detailed grant agreements and other associated legal documentation will be completed and entered in to by the relevant Local Authority / scheme promoter ahead of any grant draw downs.

**Financial Consequences – Revenue:**

All costs associated with the creation of new posts are anticipated to be funded in full through the GMHILF surpluses and existing budgets.

All costs associated with the provision of grants to Local Authorities will be funded in full through the revenue received from Evergreen Holding Fund Board or existing resources.

All costs associated with the BHF grant will be funded in full from receipts received from MHCLG or from within existing budgets.

**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:**

None.

**Comments/recommendations from Overview & Scrutiny Committee:**

None.

**BACKGROUND PAPERS:**

1. Continued City Centre Housing Developments and Use of Property Funds Surpluses (report to GMCA 14 December 2018).
2. Use of Planning Delivery Fund Resources (report to GMCA 28 September 2018).
3. GM Brownfield Housing Fund (“BHF”) – Additional award of funding from MHCLG (report to GMCA 16<sup>th</sup> February 2021)

<b>TRACKING/PROCESS</b>	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution?	YES
<b>EXEMPTION FROM CALL IN</b>	
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 & Scrutiny Committee	N/A

# 1. INTRODUCTION/BACKGROUND

- 1.1 In order to successfully meet future housing need in Greater Manchester, GMCA recognises the need to increase and accelerate housing delivery across the city region. The GMCA has launched the Housing Vision which sets out Greater Manchester's vision for the type and mix of development it would like to see brought forward across GM. The GM Housing Strategy has been published and provides the policy context. These documents set out the preference to deliver brownfield sites across GM, the desire to deliver a greater number of social and affordable houses and to support SME house builders and Community Led Housing initiatives. The GMSF (and emerging Places for Everyone document) includes a GM target delivery of 50,000 new affordable houses across GM over the period of 2018-2037.
- 1.2 In December 2018, the Combined Authority approved that the majority of GMHILF surpluses would be ring-fenced to support affordable housing priorities as identified in the GM Housing Strategy. This report also sought approval in principle to allocate £1.75m of the GMHILF surpluses to fund the GM Delivery Team over a three-year period.
- 1.3 Given the current pressures across the Local Authorities it is proposed that a number of additional roles are created within the GMCA that can provide specialist investment support to the Local Authorities to meet the objectives set out within the Housing Strategy.
- 1.4 Similarly, the Evergreen Fund was set up in 2010, utilising ERDF funding, to provide investment in commercial property across Greater Manchester, Cumbria, Lancashire and Cheshire that was unable to access finance due to financial market failure. More than £180m has been invested by the Evergreen Fund to date with the interest being passed up to and held by the Evergreen Holdings Fund.
- 1.5 In December 2018 the Combined Authority gave approval to invest up to £3m revenue funding from surpluses generated through the Evergreen Fund to support the delivery of GM Town Centre Challenge schemes and strategic priority schemes.
- 1.6 It is the intention that a further £3.5m is made available to Districts to support further development activity. Approval is being sought from the GMCA in the first instance to accept this additional grant monies from the Evergreen Holdings Fund Board.
- 1.7 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. This report seeks approval to provide grant funding to a scheme that was previously approved in principle, subject to completion of further due diligence. This grant will further support GMs housing ambitions.

## 2. ROLES TO BE CREATED

- 2.1 The are several roles that have been identified to be created to support the Local Authorities bring forward their development plans and more efficiently manage the central government funding that has been awarded to GM through the Getting Building Fund and Brownfield Housing Fund. This paper seeks approval from the GMCA to those roles. These can be summarised as follows:
- a. **Transaction Manager** - to support the development of robust investment proposals (Local Investment Frameworks) across the GM Growth Locations
  - b. **Quantity Surveyor and Graduate Surveyor** - to provide an in-house Monitoring Surveyor Role for existing grant programmes.
  - c. **Strategic Planner** - to provide advice and support to districts on the development of larger more complex projects (e.g. strategic Growth Locations).

## 3. UTILISATION OF EVERGREEN FUND SURPLUSES

- 3.1 The focus for use of this round of Evergreen Surpluses is to bring forward schemes within agreed Growth Locations to support strategic development. The intentions for which are as follows:
- Creating a pipeline of deliverable sites that can start on site FY 2022/23 in readiness of future rounds of funding being made available by Government; and
  - Develop broader growth proposals that then define the interventions required to be delivered.
- 3.2 It is proposed that Districts are to receive up to £350k in the first instance with specific allocations being agreed through internal governance processes.
- 3.3 Due to the grant conditions attaching to the Evergreen funding there is a requirement for projects to align with at least one of the ERDF Evergreen Funding Priorities as follows:
1. Creating a high employment region
  2. Investing in science, research, and innovation
  3. Building on the region's strength in culture and media
  4. Supporting strong and diverse town centres
  5. Promoting a wider, strong, and more sustainable industrial base
  6. Ensuring sustainable sites are ready for development
- 3.4 Following a review of submissions and agreement of allocations with Districts, the GMCA will be able to identify how much spend has been awarded against those

priorities set out within Clause 3.3. This will be reported through regular internal governance processes.

- 3.5 It is anticipated that the drafting of Grant Funding Agreements will commence in July 2021 following the necessary approvals having been sought, including from the Evergreen Holdings Fund Board.

## 4. BROWNFIELD HOUSING FUND ALLOCATION

- 4.1 A report was taken in February 2021 seeking approval from the Combined Authority to approve those sites to be awarded grant monies through additional funding (totalling £15.8m) allocated by MHCLG following a competitive round of bidding.
- 4.2 At the point at which the paper was considered, in principle approval was granted for all the funding with one scheme subject to further due diligence prior to confirmation of grant award on the basis that discussions had been ongoing with the Local Authority and questions raised over its deliverability. However, those discussions have now concluded positively and approval is being sought to approve the following site:

<b>Authority</b>	<b>Scheme Name</b>	<b>Amount to be awarded through Additional Allocation</b>
Manchester	Northern Gateway, Gould St	£2,125,000

- 4.3 The site has now met all the criteria set out in the February 2021 CA report and can now be taken forward.
- 4.4 Approval from the Combined Authority is being sought to include this site on the basis set out above and commence the drafting of the associated Grant Funding Agreement.

## 5. RECOMMENDATIONS

- 5.1 Recommendations are set out at the front of this report.