

Greater Manchester Combined Authority

Date: 29 July 2022

Subject: GM Brownfield Housing Fund (“BHF”) – Further £27m BHF Allocation
Prioritisation Process

Report of: Councillor Andrew Western, Portfolio Lead for Place Based
Regeneration & Housing and Steve Rumbelow, Portfolio Lead Chief
Executive for Place Based Regeneration & Housing

PURPOSE OF REPORT:

This report seeks the Greater Manchester Combined Authority’s approval to prioritise sites for the Further £27m BHF Allocation (“Tranche 3”) as per the proposed methodology set out within this report and the resultant shortlist.

RECOMMENDATIONS:

The GMCA is requested to:

1. Approve the proposed methodology for prioritising sites against the Further £27m BHF Allocation (“Tranche 3”).

2. Approve the resultant shortlist of sites as a result of the application of the above prioritisation process.

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Equalities Impact, Carbon and Sustainability Assessment:

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation	Guidance
Equality and Inclusion			<i>See Equalities Impact Assessment Result</i>
Health			
Resilience and Adaptation			
Housing			
Economy		Further allocated BHF monies from DLUHC will help to support additional schemes (to those already benefitting from BHF monies and previous CA approvals) and has long term implications for increasing housing supply across GM and in turn positively supporting and enhancing GM's Economy.	
Mobility and Connectivity			
Carbon, Nature and Environment			<i>See Carbon Assessment Result</i>
Consumption and Production			

Contribution to achieving the Greater Manchester Carbon Neutral 2038 target.	Schemes that are to be considered as part of this additional grant award from DLUHC will have due regard to sustainability credentials in line with the Carbon Neutral 2028 target and applied through an agreed set of deliverability criteria.
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Risk Management

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

In view of the nature of the DLUHC grant funding agreements for BHF any conditions will be mirrored in agreements between the GMCA and scheme promoters, mitigating any 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.

There are no Subsidy Control implications associated with either GMCA accepting the grant or signing the grant agreements with DLUHC in relation to the BHF. Subsidy Control requirements will be considered further for each individual scheme allocation with any allocation being Subsidy control compliant.

Financial Consequences – Revenue

Any revenue costs are anticipated to be funded through the existing Brownfield Housing Fund Revenue Grant received alongside earlier stages of the capital allocation.

Financial Consequences – Capital

Capital expenditure is provided by the Further (£27,000,000) BHF Capital Grant allocation. 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

N/A

Background Papers

1. Brownfield Housing Fund Tranche 1 (GMCA Approval on 30th October 2020)
2. Brownfield Housing Fund – Additional award of funding from MHCLG (GMCA Approval on 12th February 2021)
3. Brownfield Housing Fund Tranche 2 (GMCA Approval on 26th March 2021)
4. Brownfield Housing Fund – Further Brownfield Submission (GMCA Approval on 11th February 2022)
5. Brownfield Housing Fund – Further £27m Allocation (GMCA Approval on 25th March 2022)

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

GM Transport Committee

N/A

Overview and Scrutiny Committee

N/A

1. Introduction/Background

- 1.1 A report to the GMCA was discussed in March 2022 which followed the publication of the Levelling Up White Paper (during January 2022), Government announced a further £300m for the Brownfield Housing Fund (in addition to the previous allocations). £27m was to be made available to the GMCA and to be split equally and spent across the next 3 financial years as follows:

2022/23	2023/24	2024/25
£9m	£9m	£9m

- 1.2 Further details of how the additional funding would operate is expected imminently, however it is assumed that this will broadly be in line with those grant conditions as set out through the previous allocations.
- 1.3 Details on the remaining £180m of the recently announced £300m pot have not yet been confirmed, however it has been intimated that this will be to support locally led brownfield schemes, potentially through individual Local Authority submissions.

2. Prioritisation of Sites

- 2.1 For previous rounds of the BHF a prioritisation process was prepared and applied to sites to determine a shortlist of schemes to be supported. It is the intention that the prioritisation used in previous rounds is applied to sites put forward as part of Tranche 3 but with changes to reflect a shifting focus on affordable housing delivery and the provision of net zero and additional environmental benefits.
- 2.2 The proposed process has been summarised below. The prioritisation process comprises of two elements:

- a) **Eligibility Criteria** – individual criteria are on a Pass/Fail basis, sites unable to evidence and ‘Pass’ all elements will not proceed to the next stage of prioritisation. These specific criteria have been identified by DLUHC as those conditions to be attached to the funding agreement. This element remains unchanged. In addition, to support delivery, schemes must start within the first two years on 2022/23 or 2023/24. A programme for site start will be required for each scheme to support delivery.
- b) **Prioritisation Criteria** – the second stage is centred on a number of criteria with the following weightings.

	2021/22+
Deliverability	40%
Value for Money	30%
Strategic Fit	30%

- 2.3 **Deliverability (40%)** – sites are RAG rated on the basis of their current delivery position and progress. The overall RAG rating will be arrived at through a review of information gathered on sites through a final submission by each of the Districts. Individual conversations with each of the Districts and associated landowners/developers will be carried out as appropriate to support this. The Deliverability metric is key to ensuring that sites that we are committing funding to are capable of being brought forward within the timescales expected. Schemes must commence and achieve spend in the first two years of 2022/23 and 2023/24 to protect against slippage and ensure deliverability within the permitted timescale.
- 2.4 Previous tranches have demonstrated that projects have slipped despite appearing deliverable and the biggest risk we need to mitigate against is handing back any underspend.

- 2.5 This point reflects that DLUHC are pushing us to front end the expenditure as much as we can, and this approach aligns with that while giving an opportunity for slippage and further re-allocation of funding.
- 2.6 For those sites allocated, we anticipate that some outputs will have been delivered by the end of the parliamentary period, but they may not be delivered in their entirety due to each individual sites scale and known delivery complexities.
- 2.7 Sites rated as 'Green' would receive the full 100% for this criteria, those rated as 'Amber' would receive 50% and those rated 'Red' would receive 0%. The percentage achieved would then be multiplied by the individual criteria weighting
- 2.8 **Value for Money (30%)** – three key elements are identified within this metric as follows:
- a) Is the scheme Policy Compliant with regards to the provision of Affordable Housing? (25%)
 - b) Is the scheme proposing any Carbon Net Zero elements (25%)
 - c) Grant ask per unit (on basis of above two criteria) (50%)
- 2.9 Schemes should target;
- £10,000 grant ask per unit for standard developed homes
 - £15,000 grant ask per unit for the additionality of affordable homes or carbon net zero (beyond that prescribed under local planning guidance)
 - £20,000 grant ask per unit for the additionality of both affordable homes and carbon net zero (beyond that prescribed under local planning guidance)
- 2.10 This metric ensures that sites requiring grant much lower than DLUHCs £15k per unit threshold will be scored more favourably where delivering planning policy requirements schemes. Similarly those sites ensuring the provision of affordable housing (above policy guidance) or Carbon Net Zero elements will also be scored favourably. This balanced approach allows grant to be spent

on a greater number of sites (and thus unlocking more homes) or to deliver more against GM Priorities. This tries to align wider GM Housing Strategy policies and emerging PfE targets.

- 2.11 Under each element sites would be rated as 'Good', 'Acceptable' or 'Poor'. Sites achieving a 'Good' rating would achieve 100%, those with 'Acceptable' would achieve 50% and those rated as 'Poor' would receive 0%. The percentage achieved would then be multiplied by the individual criteria weighting.
- 2.12 **Strategic Fit (30%)** –. Two elements are identified, with individual weightings as follows:
- a) Contribution to place-based development approach (50%)
 - b) Contribution to MMC/Skills/Enhanced Environmental Credentials and Biodiversity Gains (50%)
- 2.13 Through this process it is envisaged that sites that are more strategic in nature are likely to be weighted more highly. Schemes should target "Growth Locations, Town Centres and Strategic Sites" that support the delivery of GMCA objectives.
- 2.14 For those successful sites the subsequent Grant Agreement will also include overage provisions. It is assumed that through the award of grant funding to individual recipients that this would then not result in a developer's profit exceeding an inappropriate level. The purpose of the overage mechanism in this case would ensure that any uplift on top of this is captured. This mechanism will be worked through on a site-by-site basis with external legal support.

3. Scheme Prioritisation

- 3.1 The prioritisation process discussed above has been applied to all sites received during the most recently held Call for Information stage (as closed on

1st June 2022) that was issued to the Districts. The Delivery Team has consolidated the received information and appraised the schemes in line with the above criteria. The resultant shortlist of sites has been attached at Appendix 1.

- 3.2 It is the intention that should further monies become available directly through DLUHC or Homes England, the reserve list that has been created as a result of the prioritisation process would then be utilised to award those further monies.

4. Recommendations

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