Minutes of the meeting of the GMCA Overview & Scrutiny Committee held on Wednesday 20 March 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 Tom Besford	Rochdale Council
Councillor Joshua Brooks	Salford Council
Councillor Basil Curley	Manchester City Council
Councillor Patricia Dale	Rochdale Council
Councillor Shaun Ennis	Trafford Council
Councillor Nathan Evans	Trafford Council
Councillor Jenny 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 Imran Rizvi	Bury Council
Councillor Naila Shariff	Tameside Council
Councillor Mandie Shilton Godwin	Manchester City Council
Councillor Debra Wailes	Wigan Council
Councillor Fred Walker	Wigan Council
Councillor Peter Wright	Bolton Council

Officers in attendance:

Eamonn Boylan	GMCA
Nicola Ward	GMCA
Helen Davies	GMCA
Gill Duckworth	GMCA
Steve Wilson	GMCA

Steve Fyfe	GMCA
Anne Lythgoe	GMCA
Liz Windsor Welsh	Action Together- Oldham Rochdale and Tameside
Warren Escadale	Voluntary Sector North-West (VSNW)
John Hannen	Greater Manchester Centre for Voluntary Organisation (GMCVO)

O&SC 90/23 Welcome and Apologies

Apologies for absence were received from Councillor Russell Bernstein (Bury Council) and Councillor Peter Wright (Bolton Council).

O&SC 91/23 Chair's Announcements and Urgent Business

The Chair welcomed the three external officers from the Voluntary, Community and Social Enterprise (VCSE) sector: Liz Windsor-Welsh, Warren Escadale and John Hannen and noted that there were two Elected Members joining the meeting via Microsoft Teams: Councillor Nazia Rehman to present the retained business rates update on behalf of Councillor David Molyneux, GM Portfolio Lead for Resources and Investment, and Councillor Lewis Nelson to present the findings and recommendations of the Affordable Housing Task and Finish Group.

O&SC 92/23 Declarations of Interest

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

O&SC 93/23 Minutes of the GMCA Overview and Scrutiny Committee held on 21 February 2024

The Committee noted that within the minutes on page 8, point 6 it read:

- *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 requested the officer advice be amended to read:

- *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 would be a non-enforceable clause but that it was possible for a Landlord to avoid the use of a Section 21 notice.***

Resolved/-

That subject to the inclusion above, the minutes of the GMCA Overview and Scrutiny Committee held on 21 February 2024 be approved as a correct and accurate record.

O&SC 94/23 GMCA 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.

The Chair invited the Chair of the GMCA Overview and Scrutiny Task and Finish Review into Affordable Living, Councillor Lewis Nelson, to introduce the report to the Committee. Councillor Nelson began by thanking the Elected Members for their time and commitment to driving the review, the Local Authority officers delivering on this agenda, and the GMCA research officers, the wealth of information, insight and knowledge was invaluable in guiding the key recommendations in the final report.

The Committee was advised about some of the key lines of enquiry the Task and Finish Members had considered and the current housing situation both nationally and across Greater Manchester, this included:

- The lack of affordable housing was a national crisis because of national policy e.g. Right to Buy but the delivery of affordable housing was the responsibility of all.
- Over 68k households were on the waiting list for social housing.
- There was an over reliance on the private rented sector where there were no agreed standards.
- The housing needs across GM were different and flexible provision was needed to address changing times and an ageing population. A standardised approach was needed to housing allocation policies.
- Other contributing factors to the lack of affordable housing being built included the cost of construction, the lack of investment, land supply and the skills to build homes for the future that are zero carbon.
- The review had been renamed 'affordable living' in recognition that housing costs were one element of the cost of living that GM residents were experiencing, worse than other areas in the UK (accordingly to O&S data).
- The basic care and support needs of tenants were increasing significantly with 50-70% of Housing Association tenants requiring additional support, mental health, drug and alcohol etc. Without these wider issues being considered, the risk of homelessness increased even further, the need to prepare for the cohort widening was evidenced if the causes could not be addressed quickly enough. Additionally, it encouraged organisations to look at supporting people out of debt at every point of contact, recognising that beginning a tenancy in deficit is the worst place to start.
- This review encouraged the sector to grasp the opportunities brought about through the latest GM devolution trailblazer to be brave, creative and innovative. Unlocking sites through visionary strategic plans and the use of the GM Brownfield Land fund, like Castlefield in Rochdale who have brought housing to a site that was never even considered previously.

- The review recommended a Housing Strategy that is ambitious, setting the standard for new build properties at zero carbon and utilising well established partnerships to deliver collaboratively.

The Chair thanked Councillor Nelson for chairing the Task and Finish work and acknowledged the amount of work undertaken.

The Committee was given the opportunity to ask questions and seek clarification where needed. There was discussion that included:

- Agreement that the Right to Buy scheme has impacted on the number of Affordable Homes available especially when there was a failure over a significant period to reinvest funds into new-build Affordable Homes, this was directly at odds with the policy of using half of the Affordable Homes Programme (AHP) money on homes to buy rather than to rent. More rental homes were needed as a priority.

  Steve Fyfe noted that national policy had mandated Homes England to develop affordable home ownership products using Affordable Homes Programme funding. Homes England needed to hit a target to delivery nationally against the AHP to balance rental products with home ownership products. There had been a recent shift to more social rent than affordable rent, this was available across the whole of Greater Manchester. The 50/50 split still remained in terns of home ownership products alongside rental products. After 26 April, through the Devolution Trailblazer Deal, GM would have more influence to direct the priorities for Homes England in supporting Affordable Housing delivery against GM priorities. The report by the Task and Finish group alongside reports and strategies all helped to shape the direction of GM priorities for Affordable Housing. Steve noted that there was a cost and viability for social housing providers to build homes that would balance out the development costs on new developments.
- Clarity was sought on how the Levelling up and Regeneration Bill would impact the amount of Affordable Housing money on-site to avoid the Section 106 contributions being spent elsewhere. There was an opinion that the report had omitted the ability developers had to interpret viability assessments in favour of

the development thereby losing any opportunity for the Local Authority to obtain Section 106 funding. Significant sums of money could be used for public realm work in the development area, only impacting on those living there and adding to the value of the property rather than insisting that the funding be redirected to affordable homes.

Steve Fyfe advised the Committee that the Section 106 funding had a levy-based approach that could potentially remove decision-making for schemes, moving more towards a funding pot. This approach had less clarity on the relationship between the planning gain from a particular development and the broader outcomes it would achieve. Steve advised the Committee he would speak to Planning Officers to determine any further developments on how Section 106 was likely to work in practice.

- Clarity was sought as to the added benefit of recommendation six within the report (Levers of Places for Everyone should ensure that social and affordable rented homes are included in every new development). The example was given of Timperley Wedge, a housing development in the Trafford Ward where 45% of the homes within the scheme would be affordable. Homes needed to be 20% less than the average market rate to be classed as affordable, and in this instance the adjacent ward of Hale Barns saw a market rate of £1million, making affordable homes £800k. However some Members within the Committee noted that whilst there were affluent areas of GM, there were areas of deprivation and this report did not seek to ensure affordable housing would infiltrate to all areas, rather that if all districts could ensure some affordable housing within it, it would move the balance in a positive direction.

  Councillor Nelson acknowledged the issues that had arisen following the Right to Buy scheme, leaving a shortage of delivery of all housing types for affordable. He noted that definitions needed to be fit-for-purpose with a cap on what an affordable home could be and what could be called an affordable home, noting that an £800k affordable home demonstrated the divorce that had taken place between an affordable home and the definition of one.
- Clarity was sought on how the £150million package for Brownfield Land would be used to clean up ex-industrial sites and making Control of Major Accident Hazards (COMAH) zones safe.

Steve Fyfe noted the Brownfield Land Programme had been presented to the Committee during the last meeting, should there be any further questions, Alex Maynard Delivery Director, GMCA would be able to answer those. The Brownfields Land Programme was now fully allocated with Year 2 and Year 3 programme agreed with further programming within it.

- Clarity was sought on the next steps following approval of the report, specifically how do the recommendations become implemented and how do they tie in with individual Local Authorities to ensure momentum was continued into action for more affordable and social homes.

  Councillor Nelson acknowledged affordable housing a large area for policy and to ensure focus and not all views or current work could be captured; the existing strategies were not reviewed, rather the scope was to capture this moment in time for future policy making. Consideration had been given to the previous Task and Finish work on a similar subject to review the progress made since then. The importance of the role of Members, Local Authority Cabinet Members and GM Portfolio Holders in taking forward the recommendations.

- The Committee acknowledged the fact that there were more people renting in the private sector than the social rented sector with the Right to Buy scheme clearly stating this was the single biggest contributor for that. An example was given in Rochdale where a large former council estate was now managed by a Housing Association. Many people used the Right-to-Buy scheme to purchase their home, however many of those homes have now fallen into private landlord ownership, not the families who originally bought them. This has led to a situation with semi-detached homes where the Housing Association charge a subsidised rate for one side, and the private landlord charges far more on the other side. Further information on the Right-to-Buy scheme was requested.

  Steve Fyfe advised the Committee that the discounts of the Right to Buy scheme have changed over the decades. Tenancies of houses between 3-5 years would see 35% discounts and 50% on flats, with a cap in England of £96k on Right to Buy. There have been recent changes in the Budget to see a relaxation of the guidance in 2022-23 and 2023-24- councils were keeping 100% of the receipts for reinvestment but this going to end at the end of 2023/24. National reports had estimated between £180-2million gone back into

LA budgets. Work had been ongoing to replace affordable housing through Right to Buy losses however there were still between 98-100k fewer properties in social housing than there would have been without the Right to Buy scheme.

- Councillor McLaren noted that he had been a member of the Task and Finish Group and suggested that the report included a lot of information that should be considered by the GMCA Leadership to establish the aspects GM needed to focus on and prioritise in the next 12 months. A suggestion was made to add an additional Recommendation 11 to the report that it should be considered by the ten Overview and Scrutiny Committees across the districts for them to invite their Cabinet Members for Housing to discuss the report at their meetings and feedback suggestions to GMCA to understand thinking across the districts and have the potential to include this work within their work programmes for 24/25. The Committee agreed with this suggestion as a way to work in partnership with the districts and enable more meaningful conversations and depth of solutions.
- The Committee noted a couple of areas where further information would have been helpful. First the issue of overcrowding in homes, this was an issue that was highlighted during the Pandemic and many lives were lost due to the number of people living together and how quickly the virus spread in those environments. The Committee suggested Affordable Housing needed to include larger homes for people with families and the identification for development of bigger housing for families should have been included in the report. Secondly, it was noted there was no mention specifically of young people and affordable housing for young people 18-30. The Committee also noted there was no detail on the wait time for the 68k people on the social housing waiting list.
- The Committee acknowledged that in respect of the 68k on the social housing waiting list, the numbers of housing completions were relatively small and utilising the current housing stock would not make an impact as fast as new-build properties would. It was noted that there was one mention of GMCA funding within the report and clarity was sought on the ambition to invest the Housing Investment Fund.

Steve Fyfe advised that the Housing Investment Fund was restrictive, it can fund affordable housing, only as part of a wider development and is there to accelerate housing delivery and private sector led projects. The Housing Investment Fund enables schemes through Planning Policy but was not there to invest solely in affordable housing. From the perspective of Housing Associations, they would more likely be able to borrow finance more cheaply from other sources. Eamonn Boylan added that the Housing Investment Fund was underwritten by Local Authorities and needed to be repaid to the government at the end of the loan period, it was there to provide loan investment and could not provide grant, but the key to affordability was grant funding. Developers would not build affordable homes if the finance needed to be repaid, they would require subsidy to make them genuinely affordable. The Housing Investment Fund was never intended to be operated as a grant fund.

- Councillor Fred Walker noted a typo within the report that his Local Authority was Wigan Council and not Bolton Council.
- The Committee noted that in areas such as Wigan, the industry had been traditionally coals mines and mining and the land had been so over-developed it had little value. The Brownfield Land fund had added value by enabling the land to be regenerated for housing.
- The Committee noted the importance of housing as a base for the health and wellbeing of residents, without the fundamental of a home, all other aspects of life such as education and health were negatively impacted, but by concentrating on following up on some of the reports key recommendations there was the opportunity to make a difference across GM.
- Councillor Nelson noted that the Task and Finish Members were of the opinion that the current housing stock was not enough and it would take resources and national government to enable an acceleration of house building. There was a challenge back to Members to consider thinking differently about housing provision across GM.
- Councillor Jill Axford noted the benefits that being part of Task and Finish group brought and the significant learning experience; she recommended any Member to take part to understand how the exploration of issue was approached.

- There was some discussion about Net-Zero and the principle being mandated within housing schemes. Also mentioned was the desire to move away from Right to Buy schemes and the potential trend for families to live together and the number of financial, environmental and health and wellbeing benefits that would bring.
- The Committee raised the point of remediation of Brownfields sites, this was a point of contention for the public when sites had been left abandoned. There was acknowledgement that there were different levels of contamination, some were not able to be built on, the Committee noted that developers should be expected to contribute to remediation and requested further information on the position for GMCA. There was an agreement to get an answer to the Committee after the meeting.
- The Committee raised the subject of changing circumstances and needs of individuals as they get older. There was a shortage of adaptable homes and smaller homes for those in a position to down-size that were still within a relative footprint of where they had lived and familiar for residents but releasing larger homes for families. The Committee noted that whilst on the journey to net-zero, the cost of energy is a real pressure for families and the Committee should not overlook the expensive costs in retrofitting a home.

Councillor Nelson thanked the Committee for the consideration given to the report and to those who contributed to it.

Resolved /-

1. That the findings of the Task and Finish Draft Review on Affordable Housing including the recommendations be received, noted; and
2. That the draft review be approved for consideration by the GMCA.
3. That the Local Authority for Councillor Fred Walker be updated within the report to read Wigan Council not Bolton Council.
4. That the suggested Recommendation 11 be added to the report and that the Affordable Housing Task and Finish final report be recommended to the ten district Local Authorities for consideration by Overview and Scrutiny Committees and Portfolio Holders for Housing.

5. That any outstanding questions raised during the discussion on the item be answered directly with the Committee after the meeting.
6. That Steve Fyfe speak to Planning Officers to determine any further developments on Section 106 funding and any updates be provided to the Committee.

O&SC 95/23 Implementation of Greater Manchester VCFSE Accord and Fair Funding Protocol

Anne Lythgoe, the Voluntary, Community, Faith and Social Enterprise (VCFSE) Sector Lead, GMCA attended the meeting (with three external colleagues Warren Escadale, the Chair of the GM VCSE Leadership Group, Liz Windsor Welsh, Chief Executive at Action Together and John Hannen Chief Executive at Greater Manchester Centre for Voluntary Organisation) to present the report of Councillor Arooj Shah, GM Portfolio Lead for Equalities and Communities.

The Committee was advised that the Fair Funding Protocol was a principles-based agreement (built on the learning acquired from the Compact and approved by the Combined Authority (CA) in October 2023) that sat within the GM VCSE (Voluntary, Community and Social Enterprise) Accord. The Accord was signed in 2021 by Councillor Arooj Shah and Anne Lythgoe.

The Protocol would be used to guide how the CA planned grant funding and represented a shared ambition within the confines of funding conditions set externally from the CA and only applied to GMCA spend on new contracts.

There were several benefits to the Fair Funding Protocol that included:

- the support of improved partnership working and co-creation of services
- the improved ability of the VCFSE sector to provide publicly funded services within communities and the resilience of those services.

Where funding conditions allowed offering:

- an annual uplift in contract or grant payments in line with inflation which enabled VCFSE organisations to continue to pay staff the Real Living Wage as a minimum.
- a minimum 3-year term for grant funded agreements, not passing on budget cuts disproportionately to the VCFSE sector, providing more regular upfront grant payments, carrying forward grant underspend between financial years

without lengthy applications, and ensuring a 3-month notice period for all major changes to contracts and grant funding agreements.

Areas for further joint development included:

- Reserving some contracts for the VCFSE Sector or Small and Medium Enterprise (SME) organisations.
- Considering VCFSE benchmarks.
- Exploring 'Priceless Procurement' where prices were set and evaluation was on the quality of delivery.
- Improving access to procurement.
- Building capacity; and
- Facilitating collaboration.

The Fair Funding Protocol was a GMCA agreement at a Greater Manchester level, Local Authorities had their own arrangements and different ways of working (that were unaffected by the Protocol).

There were 17k people within the VCFSE sector, it was a large system of assets, people, passion. Equality, Diversity and Inclusion, racism, injustice, health, health creation etc. Stability was needed to contribute to partnership ways of working and supporting the sector with stability and finance etc. There was potential that the VCFSE sector could build capacity to engage and lead the way where needed, however it was a fragile system currently with delayed decision-making, risk aversion, no notice to forward-plan and the need for funding to work efficiently and effectively. Finance was needed to plan-ahead e.g. redundancy payments cost money through robust HR process and the demand on reserves was high. 74% sector aimed to pay the Real Living Wage.

The priority was to build an inclusive economy in GM. To support networking around equality and marginalised communities with a good management of risk.

The Committee was asked to consider three questions:

1) 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?

2) Should, and if yes how, might individual Local Authorities take forward a Fair Funding Protocol in their own areas?
3) What risks might be associated with implementing a Fair Funding Protocol, and how will we know that it is being successful?

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

- The Committee acknowledged both the huge impacts filling the gaps and contribution the work of the VFCSE sector made within communities and the legacy of underfunding and static budgets that were not aligned to similar work within the public sector and also the positive benefits the Fair Funding Protocol would enable, specifically the Real Living Wage and the 3-month notice period.
- It was noted in some Local Authorities there had been cuts to the VFCSE sector, the impact of this was long-standing organisations were lost, newer organisations did not have the same level of infrastructure and had been at a disadvantage when applying for funding.
- The Committee noted the benefits that the Fair Funding Protocol would bring to the organisations within the VFCSE sector, the Committee asked that consideration be given to procurement specifically noting those contracts that would fall within the protocol and those that wouldn't and ensuring there was a simplified way of applying for funding, but a clear identification between a project under the Fair Funding Protocol and those that were more commercial. Further consideration was suggested for the GMCA to ensure that the additional funding it would require would be fully calculating noting that often VFCSE organisations delivered above and beyond the scope of their contracts and gave far more back than they were currently paid to deliver.
- There was a query about voluntary organisation receiving extra funding to cover overheads and pay staff and that work needed to be done to calculate costs of implementing the protocol. Liz Windsor Welsh noted that the procurement aspect was something that would be explored in the future as part of the Commissioning Investment Framework, (that was available online and would be circulated to the Committee after the meeting). A main priority for the

VFCSE sector was to find more ways to democratise decision-making including who and where money was given to and how it was spent, ensuring decisions were made with effective decision-makers to maximise resources. Through logging social value it would enable partners to work together effectively.

- John Hannen noted the value of markets was not the only way to generate work with the sector as they were not always free or fair. The pandemic highlighted the value from organisations with institutional memories. When VFCSE organisations all apply for the same funding streams, this wastes both time and resources and highlights the need for flexibility.
- Warren Escadale noted the need for a deeper understanding of the organisations within the VFCSE to move away from the traditional model of dependency on local authorities or charitable funding organisations and they can gain independence.

4) The Committee noted in answer to the second question posed by the officers (Should, and if yes how, might individual Local Authorities take forward a Fair Funding Protocol in their own areas?) it was noted the Fair Funding Protocol should help and support those organisations that might traditionally be disadvantaged with the current funding offer e.g. Local Hubs that were initiated through the Pandemic but not every community had access to one and there was an opportunity for GMCA to fill the gap and to implement the Protocol for this benefit.

- Clarity was sought on if the protocol would address volunteer shortfall. John Hannen noted the national trend relating to volunteers was a decline over the last 15-years. The pandemic saw a spike of new volunteers however it was recognised that those with caring responsibilities were predominantly driving care work, this was something the protocol would not address. Liz Windsor Welsh acknowledged the important role of volunteers, and contribution to economic prosperity and that it had to be inclusive. Currently there were barriers for those with additional needs, the Protocol would not address that but the spirit of the organisation should and most organisations had a volunteering strategy.
- Clarity was sought on if there were review points for longer-term funding, for example to review at three years of a five year grant agreement, given that after

1-year this did not allow enough time for planning or recruitment. Liz Windsor Welsh advised that long contractual frameworks would be the highest standard to work towards as over a 7-10-year period, inflation was considerable year-on-year. These frameworks required good communication and flexibility built into contracts, and identifying how long-term investments were secured was a priority of the VCFSE sector to build fabric of communities and build accordingly. Steve Wilson added that multi-year and long-term investment for the VCFSE was a benefit of the Single Settlement for Greater Manchester and by reviewing the whole funding picture, GMCA could work with the ten Local Authorities in partnership to align incentives.

- The Committee acknowledged that every Councillor was involved with the VCFSE sector and understood it was fundamental to communities to provide essential services, Officers were thanked for a realistic approach to the Protocol.

RESOLVED /-

1. That the Implementation of Greater Manchester VCFSE Accord and Fair Funding Protocol update be received and noted.

O&SC 96/23 Retained Business Rates Update

Cllr Nadia Rehman attended the meeting via Microsoft Teams and gave an update to the Committee on behalf of Councillor David Molyneux, GM Portfolio Lead for Resources and Investment.

The Update included:

- The 100% Retained Business Rates Pilot;
- Advising the Committee on the latest position of the current position for the GM funded Business Rates Schemes;
- The latest forecast for 2023/24 and 2024/25 income and the proposed 2024/25 schemes funded from the expected income in this financial year;

- Highlighting the future of the Retained Business Rates in line with the 10-year scheme secured as part of the GM Trailblazer Devolution Deal starting in 2024/25; and
- The proposed Investment and Growth Enhanced Business Rate Zones, the GM partial reset and the future interaction between the Retained Business Rate Scheme and the Trailblazer Devolution Deal within the Single Supplement.

The Committee noted that the 100% Business Rates Retention Pilot was part of the Greater Manchester Devolution deal that was introduced in 2017/18, the intention behind the pilot was to:

1) incentivise GM Local Authorities to grow local tax bases for long term financial reward;
2) to maintain a predictable income stream to facilitate long term investment decisions; and
3) to ensure that GM Local Authorities continue to provide local services and the decisions are made by locally elected representatives who are accountable to local taxpayers.

The initial percentage share between GM Local Authorities and GMCA was 50% however in 2020-2021 100% of the pilot was retained by the districts to support the response to the Pandemic and in 2022/23 the percentage share was agreed to be 75% -25% in favour of GM Local Authorities.

2023/24 was the final year of the current GM 100% Retained Business Rates Pilot, the new scheme would begin in April 2024 and give a higher level of certainty for future income levels to enable GM to take the most strategic approach on investment decisions. The future scheme would align with the decisions that related to the GM single settlement through the trailblazer devolution deal.

There were Enhanced Business Rate areas that would operate for 25-years without any need of reset although they would be subject to a new base line assessment; but still operate alongside the 10-year retention scheme. These areas were geographically drawn and included two Greater Manchester Growth Zones and three Greater Manchester Investment Zones.

The Committee noted that the Partial Reset applied to any Business Rates growth that had been generated by the investment made by the GM Local Authorities and would be disregarded wholly or partially for any reassessments that will in turn benefit the GM Local Authorities.

Steve Wilson noted three parts to the paper:

1) Background;
2) The decision before the CA to allocate the funding that we expect to be generated this year in 2024/25; and
3) Context to the future that includes the five Investment and Growth Enhanced Business Rate Zones.

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

- The potential for changes to the way business rates and charges to businesses were calculated given the impacts to businesses with a physical presence on the High Street when the same charges did not apply to on-line businesses with fulfilment depots situated along motorway corridors. Steve Wilson noted that there were two areas of uncertainty within Business Rates (especially for GM Local Authorities who controlled more percentage of the funds and so an increase in risk):
    1) the reset whereby the growth through the pilot will be redistributed across the country, the transparency around this was unknown as this had not been done before and how the reset would affect this was unknown. The reset was originally planned 3-years ago and will not now happen until 2025/26 and would affect GM funds in 2026/27.
    2) The future of business rates in its entirety would look like given the changing nature of the economy. GMCA would need to be clear in lobbying that for the GM Local Authorities there was core funding and

spending power from Business Rates and any changes would need to protect spending powers.

In terms of the reset, GM was able to keep any funding generated by GM investment (including Districts, GMCA and TfGM) and this was originally covered within the Memorandum of Understanding (MoU) but not quantified, that figure had been fixed at £23million (50% of the value expected in 2-years time). This was the most flexible funding pot and akin to the Single Settlement.

Councillor Rehman added that the Business Rates reset was promised seven-years ago however there was no indication it would happen before 2025/26 but a Business Rates review was needed imminently.

Eamonn Boylan noted that GMCA had taken all necessary steps to increase security in respect of the Retained Business Rates moving forward, but on the basis that Business Rates be abolished or reformed this would have to be based on a no-detriment to Local Authorities and that there had been no movement on the partial reset by Treasury officials as yet.

- The Committee noted the breakdown within the report of what the GMCA Growth Retention was spent on, clarity was sought on how this was better for the city region than allowing District Local Authorities to retain 100% of the funds and the question was asked if there was a case to allow District Local Authorities to retain more growth in the future.

  Steve Wilson noted that the original point of the deal was only secured because of the existence of the GMCA. The wording of the new deal specifically required a proportion of the money to be spent at a city-region level. Previously, the 50% approach was subject to lengthy debate and assessment by the Department for Levelling Up, Housing and Communities (DLUHC) with overall uncertainty despite agreement that there were several investments that were within the spirit of the scheme and the right thing for Greater Manchester to maintain a level of investment in Greater Manchester schemes. The 10-year deal had secured GM investment and demonstrated that some investments worked better at a GM level and supported the overall GM strategy.

The last two- years have seen the definitive 75%-25% split that enabled certainty on all sides to provide District Local Authorities more funding than was originally expected under the 50-50 deal and enabled GMCA the ability to focus the investment from the 25% on areas that genuinely added value.

During the Pandemic, GMCA enabled 100% of the funding to remain with the District Local Authorities because it was the right thing to do and invested two-years in arrears. GMCA now invest one-year in arrears and the 25%-75% deal has enabled this. Steve Wilson noted that on Friday Members of the Greater Manchester Combined Authority (GMCA) would be voting on the proposed 2024/25 Greater Manchester use of the 2023/24 Business Rates income.

RESOLVED /-

1. That the report and recommendations be commended to the GMCA for consideration at its meeting on the 23 February 2024.

Just before closing the meeting, the Chair reflected on some of the key achievements by the Committee during the municipal year, these included the trailblazer deal, the Bus Franchising Tranche 2 as part of the Bee Network and pre-policy scrutiny of some key strategies for GM including Violence Reduction and Race Equality.

The Chair thanked all Committee Members for their engagement and participation throughout the municipal year.