

Greater Manchester Combined Authority

Date: 13 December 2024

Subject: GM Brownfield Housing Fund Reallocations

Report of: Councillor Paul Dennett, Portfolio Lead for Housing First and Steve Rumbelow, Portfolio Lead Chief Executive for Housing, Homelessness and Infrastructure

Purpose of Report

This report seeks the GMCA's approval to the reallocation of £10.8m of funding from the GMCA Brownfield Housing Fund.

Recommendations:

The GMCA is requested to:

1. Approve the £10.8m allocations to projects identified at Appendix 1, subject to further due diligence;
2. Approve the variations to projects detailed in Appendix 2.

Contact Officers

Key contact officer:

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Equalities Impact, Carbon and Sustainability Assessment:

Recommendation - Key points for decision-makers

It is recommended that the proposal is supported, as set out in the paper. The Decision Support Tool has identified the proposal will positively impact Housing and the Economy. The impact on the Carbon Assessment is currently unknown at this stage of the programme and will be monitored during and at the end of the programme.

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation			
Equality and Inclusion					
Health					
Resilience and Adaptation					
Housing	G	The proposal will positively contribute to the number of affordable homes in GM. The proposal supports brownfield land being brought back into use where market failure has otherwise made this unviable. It may also support surplus to use buildings being demolished or retained and refurbished for new homes.			
Economy	G	The deployment of £115m grant funding will contribute to improving economic development in the residential construction sector and associated supply chains. The deployment of £115m grant funding will support the delivery of 7000 new homes which will in turn increase jobs in the construction sector. The deployment of £115m grant funding will support the delivery of 7000 new homes which will in turn create jobs in the construction sector. The proposal will attract wider investment into GM. Wider investment will include private sector and other public sector funds. The proposal will increase opportunities for training and skills development in the construction sector and wider, e.g. apprenticeships.			
Mobility and Connectivity					
Carbon, Nature and Environment					
Consumption and Production					
Contribution to achieving the GM Carbon Neutral 2038 target	Schemes that are to be considered as part of this grant award from DLUHC will have due regard to sustainability credentials in line with the Carbon Neutral 2038 target and applied through an agreed set of criteria.				
Overall	G Positive impacts overall, whether long or short term.	<table border="0"> <tr> <td>A Mix of positive and negative impacts. Trade-offs to consider.</td> <td>R Mostly negative, with at least one positive aspect. Trade-offs to consider.</td> <td>RR Negative impacts overall.</td> </tr> </table>	A Mix of positive and negative impacts. Trade-offs to consider.	R Mostly negative, with at least one positive aspect. Trade-offs to consider.	RR Negative impacts overall.
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Carbon Assessment		
Overall Score		
Buildings	Result	Justification/Mitigation
New Build residential	TBC	
Residential building(s) renovation/maintenance	N/A	
New build non-residential (including public) buildings	N/A	
Transport		
Active travel and public transport	N/A	
Roads, Parking and Vehicle Access	N/A	
Access to amenities	N/A	
Vehicle procurement	N/A	
Land Use		
La	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

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 Ministry of Housing Communities and Local Government grant funding agreements for the Brownfield Housing Fund, any conditions will be mirrored in agreements between the GMCA and scheme promoters, mitigating any risk retained by the GMCA.

Legal Considerations

The GMCA have entered into agreement with MHCLG in order to receive the grant. The terms and obligations within the MHCLG grant agreement will continue to be flowed through to the ultimate grant recipients within the onward grant agreements to ensure that potential risks to the GMCA are passed on to those grant recipients.

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

As this is a grant the subsidy control position has been considered. The grant agreement from MHCLG to the GMCA is not deemed to be a subsidy as the GMCA will be acting as an intermediary for the funding and flowing through all of the grant money, other than its reasonable administrative costs, to grant recipients to deliver the various Brownfield programme funded schemes. The GMCA is therefore acting in the capacity of an

intermediary of the grant funding which is in line with the Government's Subsidy Control Statutory Guidance. Subsidy Control requirements will be considered further for each individual scheme allocation as part of the detailed due diligence, with any allocation being compliant with the Subsidy Control legislation.

Financial Consequences – Revenue

In a previous report £500k was approved to be used from Housing Investment Loans Fund surpluses towards legal costs. Some budget remains from this approval, and it is proposed that any further costs will be funded from the overage payments received to date from historic Brownfield grants.

Financial Consequences – Capital

Capital expenditure is formed of £10.8m from the Brownfield Housing Fund devolved to GMCA. This financial year's allocation (and therefore spend target) from Ministry of Housing Communities and Local Government is £74.9m, the £10.8m capital expenditure will contribute to this year's delivery.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

1. GMCA Trailblazer Devolution Deal (GMCA approval on 24th March 2023)
2. GMCA Brownfield programme (Devolution Trailblazer deal) - Methodology and Year 1 Allocations (GMCA approval on 30th June 2023)
3. Greater Manchester Brownfield Programme - Year 2 and 3 Methodology and Allocations (GMCA approval 26 January 2024)
4. GM Brownfield Programme (GMCA approval 14th May 2024)
5. GM Brownfield Programme (GMCA approval 27th September 2024) – Brownfield Housing Fund Reallocations

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

Bee Network Committee

N/A

Overview and Scrutiny Committee

N/A

1. Introduction/Background

- 1.1. GMCA manages a Brownfield Housing Fund (BHF) with monies from several sources: £135m capital allocations from the 2020 – 2025 MHCLG programme, and the £150m capital allocation as part of the 2023 Devolution Trailblazer. These are subject to rules set out in the associated grant agreements, including requirements to spend certain amounts of the allocations in certain financial years without the possibility of moving funding between years.
- 1.2. Allocations of the Trailblazer BHF funding for 2024/25 and 2025/26 financial years were approved by GMCA in January 2024. Since then, several projects have been withdrawn by applicants or otherwise fell out of compliance with the funding requirements, meaning the associated allocations will not be drawn down. This supports the need to maintain an overprogrammed position in order to ensure that the in-year spend target is achieved. In September, CA therefore approved the reallocation of £21.3m of funding from the BHF for 2024/25.
- 1.3. There have since been additional withdrawals of funding. In order to manage the risk of underspend for this financial year, it is proposed a further £10.8m of projects be brought forward for approval.
- 1.4. To date, GMCA has successfully spent all tranches of brownfield funding awarded by government in line with targets set and continues to meet the outputs required.

2. Funding Withdrawals and Variations

- 2.1. The allocations approved by GMCA in January and September 2024 were made on the basis that projects would draw down funding in the year(s) originally forecast and where this was no longer possible, the allocation would be withdrawn.
- 2.2. This batch of proposed reallocations are due to slippage in the delivery of schemes with a Year 2 Brownfield allocation.
- 2.3. Further non-performance by recipients has very recently become evident and as such, it is anticipated that a further report will be brought through the governance cycle with additional proposed reallocations.

3. Funding Reallocation Process

3.1. In October 2024, GMCA invited proposals for projects which prospective recipients considered would be likely to be able to draw down funding by the end of March 2025.

3.2. In addition, registered Providers (RPs) and Local Authorities delivering affordable housing were given the opportunity to apply for funding for projects already in delivery that could evidence a viability gap (or a further viability gap for those projects already in receipt of BHF funding).

3.3. Projects were sorted into a number of categories in consultation with Local Authority Directors of Place, as follows in priority order:

1) RP/LA new BHF project (additional units for the programme), 100% affordable housing and high confidence to meet funding requirements in year.

1(a) As above but tenure type is not 100% affordable housing.

2) RP/LA existing BHF project (no new units to programme), primarily affordable housing, high confidence to meet funding requirements in year.

3) RP/LA new BHF project, 100% affordable housing, low confidence to meet funding requirements in year,

4) LA land acquisitions

5) Private developer – no or very little affordable housing

6) Not enough information provided for prioritisation process.

3.4. Due to the current forecast programme spend position, projects that fall into category 1 and 1(a), totalling £10.8m, are recommended for funding allocations as set out at Appendix 1.

3.5. Together, these allocations will deliver the following:

- 19 projects supported;
- £10,821,250 funding allocated;
- 775 homes will be unlocked and supported, of which 684 are expected to be affordable homes and of those 194 social rented homes;
- £13,962.90 average grant rate per unit.

3.6. Across the GMCA BHF, the target is to unlock brownfield land with capacity for at least 16,230 homes by 2025/26. With these reallocations GM expect to comfortably exceed this target.

4. Other Variations

4.1. Several projects allocated funding through previous approvals, due to changes in project circumstances require further support.

4.2. In addition, for some projects the proposed recipient has changed due to changes in site ownership and we recommend that this is formally approved.

4.3. Details of these variations can be found at Appendix 2.

5. Next Steps

5.1 Projects in receipt of reallocated funding will be subject to the same monitoring and performance framework as projects with existing allocations to ensure continued compliance with GMCA's requirements.

5.2 All schemes must meet the eligibility criteria required by government:

- Benefit Cost Ratio of 1 (plus non-monetised benefits);
- Green Book appraisal;
- Evidence of market failure; and
- Housing delivery starts on site by March 2026.

- 5.3 All projects will also be subject to a further rigorous due diligence process prior to entering into a Grant Funding Agreement which will safeguard GMCA's interests and ensure that recipients deliver the homes supported by the grant, including the agreed proportion of affordable homes. This will include, where appropriate, overage provisions to limit excess profit arising from the projects.
- 5.4 Reallocation of funding as set out in this report, in conjunction with existing allocations is expected to allow expenditure of funding in 2024/25 in accordance with targets agreed with government. Should there be further slippage, it may be necessary to make further reallocations in which case additional approvals will be sought from GMCA to ensure compliance with the agreed spending profile.

6. Recommendations

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

Appendix 1

2024/25 Reallocations

Authority	Scheme Name	Recipient	Number of Homes	Brownfield funding required (£)
Bolton	Radcliffe Road – Darcy Lever	Great Places Housing Association	93	£1,395,000
Bolton	Rivington Chase, Horwich, Bolton	Irwell Valley Homes (IVH)	63	£1,260,000
Manchester	Embassy Village	Embassy	40	£1,400,000
Manchester	Jurby Avenue	Irwell Valley	16	£335,000
Manchester	Albany Road	Southway Housing Trust	40	£600,000
Manchester	Benchill Road	Wythenshawe Community Housing Group	23	£200,000
Manchester	Dalton Avenue	MSV Housing	8	£160,000
Manchester	Greenbrow Social Club	Wythenshawe Community Housing Group	23	£200,000
Manchester	1 Ancoats Green	This City	129	£350,000
Manchester	Royal British Legion	Wythenshawe Community Housing Group	14	£250,000
Manchester	Vine Street, Gorton	One Manchester	25	£300,000
Manchester	Whitemoss	The Guinness Partnership Limited	30	£581,250
Rochdale	Kara Street	Salix Homes	91	£1,800,000
Salford	Mayfield	ForHousing Ltd	18	£270,000
Salford	Reginald Street	MSV Housing	42	£840,000
Tameside	Rutland Street	Prima Housing Group	19	£190,000
Trafford	Higher Road, Urmston	GM Community Led Homes	5	£150,000
Trafford	Old Crofts Bank Urmston	Trafford Council	24	£240,000

Appendix 2

2024/25 Funding Variations

Authority	Scheme Name	Recipient	Units	Current Brownfield funding allocation	Additional Brownfield funding required (£)	Reason for Variation
Stockport	London Road	Stockport Council	32	£480,000	+£48,000	Build costs have increased on project. Units delivered will remain the same but there are also additional low carbon benefits in the project, above build regs standard.
Bury	Kemp Heaton Avenue	Great Places Housing Association	43	£645,000	+£64,500	Contractor costs have increased significantly from previous budget cost plan.
Manchester	Grey Mare Lane	Great Places Housing Association	70	£1,035,000	+£15,000	Grant Recipient want to increase scheme by 1 unit from 69 to 70 at a rate of £15k per unit.
Wigan	Tulach Phase 2	Great Places Housing Association			N/A	Grant Recipient to change from Northstone Development Ltd to Great Places
Bolton	Creams Paper Mill	Onward Homes & Watson Construction (Holdings) Limited			N/A	Grant Recipient to reallocate part of the grant to the ultimate beneficiary of the site, Onward Homes who are responsible for delivering 44 Affordable Housing Units. Watson Construction (Holdings) Limited will retain the

						grant towards the delivery of 24 Private Rented Sector units.
Stockport	Romiley Liberal Club	Stockport Council			N/A	Grant Recipient to change from WC Investments Limited to Stockport Council.