

Date: 31 July 2020

Subject: GM Brownfield Land Fund and Getting Building Fund

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

PURPOSE OF REPORT

This report seeks the Greater Manchester Combined Authority's ("Combined Authority") approval to enter into the Brownfield Land Fund Funding Agreement and Getting Building Funding Agreement with the Ministry of Housing, Communities and Local Government ("MHCLG").

RECOMMENDATIONS:

The GMCA is requested to:

1. Approve GMCA entering into a Brownfield Land Fund Funding Agreement with MHCLG;
2. Approve GMCA entering into the Getting Building Fund Funding Agreement with MHCLG and for the GMCA to enter into the necessary agreements set out in the grant agreement with MHCLG; 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:

Not applicable.

Climate Change Impact Assessment and Mitigation Measures –

See Paragraph 6

Risk Management

See Paragraph 7

Legal Considerations:

See Paragraph 8

Financial Consequences – Revenue:

See Paragraph 9

Financial Consequences – Capital:

See Paragraph 10

Number of attachments to the report:

None.

Comments/recommendations from Overview & Scrutiny Committee

None.

BACKGROUND PAPERS:

None.

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	Overview & Scrutiny Committee	
N/A	N/A	

1. INTRODUCTION/BACKGROUND

- 1.1 As part of the March 2020 budget, Government announced a £400m Brownfield Land Fund (“BLF”). Details of how the Fund would operate were to be provided at a later date and it was announced in late June that Ministry for Housing, Communities and Local Government would allocate the funding on a per capita basis to Combined Authority areas. For GMCA, this means an initial allocation of £81.1m over a 5 year period.
- 1.2 Alongside this announcement, Government also made an allocation of £54m to the Combined Authority as part of the Getting Building Fund. This fund is focussed on ‘shovel ready’ sites with a key focus on job creation and economic recovery with all allocated spend to be outlaid by 31st March 2022.
- 1.3 These Fund announcements have taken place under the ‘Build Build Build’ series of announcements and as part of Government’s Covid-19 recovery plan which also included accelerated investment in town centres and high streets from the Town Centre Fund and will bolster GMs ability to deliver alongside recent confirmation of the Housing Investment Fund investment in GM.

2. STRATEGIC RATIONALE / OBJECTIVES / OUTPUTS & OUTCOMES

- 2.1 The GMCA allocation for the Brownfield Land Fund will be spent to the following profile:

20/21	21/22	22/23	23/24	24/25
£16.2m	£30.0m	£18.0m	£8.5m	£8.4m

- 2.2 Based on the MHCLG efficiencies set for the programme, GMCA would be required to make brownfield land available to unlock capacity for a minimum of 5,500 homes, and should strive to unlock up to 7,500 homes. This equates to a maximum of £15,000 per home. Ministers expect all homes to start on site in this Parliament (defined as 31 March 2025) with as many homes completed as possible.
- 2.3 The GMCA allocation is £54.2m from the Getting Building Fund. Further details are awaited on the specific spend profile with all spend to be defrayed by 31st March 2022. The GMCA has put forward a number of priority schemes for funding and the decision on which schemes will be allocated funding will ultimately be determined by MHCLG.

3. FUND CRITERIA

Brownfield Land Fund

- 3.1 Whilst MHCLG want investment decisions to be made locally, there are some high-level principles for the Fund that have been set out in the Grant Agreement, namely:

- All projects will be Green Book compliant with a BCR floor of 1, but with an expectation that we will seek the best possible Value for Money (“VfM”) opportunities. VfM assessment will be devolved to GMCA with MHCLG ensuring VfM is being properly assessed.
- The overall VfM assessment should take into account the monetised costs and benefits that are outlined in the Green Book and the MHCLG appraisal guide, as well as non-monetised impacts, for example, those that contribute to the wider levelling up agenda.
- Projects have to evidence market failure i.e. that they could not happen without the financial support of this fund.
- GMCA must provide assurance that spending aligns with the fund’s objectives - unlocking underutilised brownfield land for housing and levelling up in a way which the Mayor believes is most important for our area. This could include targeting the investment to support the regeneration of areas that may face particular economic challenges by bringing forward mixed-use development.
- GMCA will release land in a timely manner to enable all homes unlocked to start on site in this Parliament (by 31 March 2025) and will provide assurance that where possible, sites which can accelerate spend and delivery to maximise the benefits as part of the economic recovery will be prioritised.
- MHCLG require assurance that the Local Planning Authority, where projects that are in receipt of funding are located, either has an up to date Local Plan or is pro-actively working towards one being in place. MHCLG recognise that Local Plans within GM can only be progressed once the GMSF is adopted and have relaxed this aspect for Greater Manchester.
- Where practicable, the funding should support local supply chains.

Getting Building Fund

3.2 GM Districts were asked to provide details of ‘shovel ready’ schemes (those that can practicably make a start on site this financial year), following correspondence from RT Hon Robert Jenrick MP via the Mayors and LEP Chairs on 10th June 2020.

3.3. Those schemes put forward have been reviewed by MHCLG (with further clarification information requested through the GMCA) and the decision to award funding will ultimately be made by MHCLG. The high level principles for scheme eligibility are as follows:

- Capital projects focussed on stimulating the economy over the next 18 months.
- Focus on driving economic growth, green recovery and job creation.
- Shovel ready schemes being capable of delivery within the next 18 months, practical completion by 31st March 2022.

- Ability to spend grant allocation by the same timeframe of 31st March 2022, clawback arrangements are to be put in place if this is not achieved.

4. PIPELINE AND FURTHER COMPETITIVE PROCESS

- 4.1 In relation to the Getting Building Fund, there are no further competitive or prioritisation stages as MHCLG will have determined those schemes to be progressed, the result of which will not require further approval from the GMCA. MHCLG are expected to provide funding to the GMCA with the GMCA having responsibility for providing funding to those projects as agreed by MHCLG.
- 4.2 However, for the Brownfield Land Fund the Delivery Team have been working with GM Authorities and Partners to advance the Pipeline of sites in anticipation of the Fund being launched.
- 4.3 In addition to the £81.1 allocation, MHCLG are looking to allocate the remaining 10% of the £400m funding on a competitive basis. Further details are awaited however are anticipated to be driven by the ability to accelerate delivery. A July announcement is anticipated with a short 4 week bidding round. This may not be limited to CA areas.

5. PRIORITISATION APPROACH

- 5.1 An approach to prioritization for the BLF is currently being developed and will be brought back to the GMCA for approval at the earliest opportunity. The approach will be developed taking into account the requirements as set out in the Grant Agreement.

6. CLIMATE CHANGE IMPACT ASSESSMENT AND MITIGATION

- 6.1 As part of the Prioritisation Approach for the BLF, the aspirations of the carbon neutral agenda will be addressed. Work will be progressed to maximise the environmental benefits delivered, in line with GM's 5 Year Environment Plan, when bringing forward the homes that can now be delivered on brownfield land as a result of the funding. The successes with brownfield and infrastructure funding will enable GM to prioritise its brownfield first approach articulated in the GM Spatial Framework and in meeting the Local Housing Needs target government has set GM.

7 RISK MANAGEMENT

- 7.1 The grants will be conditional upon a satisfactory outcome of detailed due diligence and ongoing monitoring confirmation that the schemes are being delivered satisfactorily.
- 7.2 In view of the nature of the MHCLG grant funding agreements for both BFL and GBF, 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.

8 LEGAL CONSIDERATIONS

- 8.1 A detailed grant agreement and other associated legal documentation will be completed for each scheme ahead of the first grant payment.
- 8.2 There are no State Aid implications associated with either GMCA accepting the grant or signing the grant agreements with MHCLG in relation to either GBF or BLF. State Aid will be considered further for each individual scheme allocation with any allocation being state aid compliant.

9 FINANCIAL CONSEQUENCES - REVENUE

- 9.1 Alongside the capital grant, the GMCA has been awarded £1.9m of revenue funding to support accelerated delivery of schemes. Any revenue costs are anticipated to be funded from this revenue grant or absorbed into the existing Delivery Team budget.

10 FINANCIAL CONSEQUENCES - CAPITAL

- 10.1 Capital expenditure is provided by the £81.1m Brownfield Land Fund and £54m Getting Building Fund. Once received from MHCLG the funds will be distributed and there are therefore no capital consequences for the GMCA.
- 10.2 The first annual block grant payment is anticipated to be made by end of September 2020.
- 10.3 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.

11. CONCLUSIONS AND RECOMMENDATIONS

- 11.1 GMCA welcomes devolution of the Brownfield Land Fund which will provide an opportunity to invest in locally prioritised schemes and give the flexibility required to accelerate growth and increase housing supply.
- 11.2 Further GMCA approval to the prioritisation approach and site assessment criteria will be sought in due course.
- 11.3 Similarly, the Getting Building fund provides an opportunity to kick start 'shovel ready' schemes across GM which will each play a significant role in the economic recovery of GM post-Covid.
- 11.4 No further approvals will be required from the GMCA in relation to the Getting Building Fund.
- 11.5 It is, therefore, recommended that
- approval be given to enter into the Brownfield Land Fund Funding Agreement with MHCLG, with authority delegated to the GMCA Treasurer acting in conjunction with the GMCA Monitoring Officer to agree the final terms of that Agreement with MHCLG

- approval be given to enter into the Getting Building Fund Funding Agreement with MHCLG and for the GMCA to enter into the necessary agreements set out in the grant agreement, with authority delegated to the GMCA Treasurer acting in conjunction with the GMCA Monitoring Officer to agree the final terms of all necessary legal agreements.