

GREATER MANCHESTER COMBINED AUTHORITY

Date: 25 March 2022

Subject: Supporting the Delivery of the GM Housing Strategy

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

Purpose of Report

To seek agreement to an approach for utilisation of surpluses from the GM Housing Investment Loans Fund to support growth and levelling up across GM as part of the GM Housing Strategy.

Recommendations:

The GMCA is requested to:

1. Approve the allocation of £4m from the GM Housing Investment Loan Fund Surpluses to fund the activity identified.
2. Approve the costs of GM Delivery Team to sit within the Core Investment Team budget.

Contact Officers

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Equalities Impact, Carbon and Sustainability Assessment:

Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion	G	New social housing will be accessible by and at least in part targeted specifically at people with protected characteristics and should be planned to ensure good access to public services. It gives a stable base for communities to grow stronger New social housing will be accessible by and targeted specifically to support socially and economically disadvantaged people. Good Landlord Charter will help to improve the PRS and support those who are socially and economically disadvantaged. Improved PRS leads to more sustainable communities with less turnover of properties and fewer transitory residents.
Health	G	Safe, permanent, warm and healthy homes will be provided for households in housing need. Improvements to the quality of PRS homes will lead to improvements in physical health of residents. New social housing developments will be designed with the need for access to open space and provision for active travel in mind New social housing provides a long term, sustainable solution to housing needs and gives a stable base for communities to connect with each other
Resilience and Adaptation	G	Delivery of net zero carbon homes at scale will contribute to the transformation of GM's housing stock in line with carbon reduction targets. Homes will be developed in line with Places for Everyone and other relevant policies on blue and green infrastructure
Housing	G	Safe, permanent, warm and healthy homes will be provided for households in housing need, including those experiencing homelessness. Greater security in the PRS will help to provide solutions to homelessness. Delivery is likely to be substantially on brownfield sites, and there may be some reuse of existing buildings Retrofitting of existing homes will improve the quality and energy efficiency of existing residential buildings. The Good Landlord Charter could help lead to improvements to existing PRS stock
Economy	G	Economic activity generated by design, financing, construction and supply chain associated with housing delivery. Through anticipated transition to off-site manufacture construction techniques, one objective will be to transform the working environment of the construction sector. Innovation in design, manufacture, construction and maintenance of new homes will be essential to success of this strategy driving economic outcomes. New skills and education will be needed to deliver via the new methods outlined.
Mobility and Connectivity		
Carbon, Nature and Environment	A	During construction phases, negative impacts are likely. Net zero carbon homes delivered at scale will have significant positive impacts on carbon emissions, and indirectly will lead to further reductions in costs for market delivery of net zero carbon homes.
Consumption and Production	G	Process and technical innovation required to deliver net zero homes at scale will significantly reduce waste generated by housebuilding This is one of the key anticipated changes to be driven by the strategy to build 30,000 net zero social homes Both are potential benefits from the transition to modern methods of construction
Contribution to achieving the GM Carbon Neutral 2038 target		A number of new homes built under this strategy will be energy efficient, affordable, are likely to incorporate low and zero carbon energy generation & storage, clean technology innovation, be better adapted to climate change impacts, contribute to increased biodiversity and the improvement of brownfield land quality and the use of sustainable blue and green infrastructure.
Further Assessment(s):	Equalities Impact Assessment and Carbon Assessment	
	Positive impacts overall, whether long or short term.	 Mix of positive and negative impacts. Trade-offs to consider.
	Mostly negative , with at least one positive aspect. Trade-offs to consider.	 Negative impacts overall.

Carbon Assessment		
Overall Score		
Buildings	Result	Justification/Mitigation
New Build residential		
Residential building(s) renovation/maintenance		It is not yet clear the specification for all housing to be delivered. A proportion will be Net zero carbon. This will be considered for net-zero new build and other new build properties as appropriate Impacts will be assessed on site by site basis
New Build Commercial/Industrial	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		
Land use	#####	
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.

Equalities impact

Supporting the delivery of the GM Housing Strategy will add significantly to the availability of secure, safe, warm and affordable homes to households in housing need across the city region and has the potential to significantly address housing inequalities.

Risk Management

The funding will be managed as part of the Place Directorate budget. Funding is provided by surpluses generated from successfully investing GMHILF funds and as such there is no risk of clawback or other risks to the GMCA.

Legal Considerations

NA

Financial Consequences – Revenue

All revenue costs are anticipated to be funded through the GM Housing Investment Loans Fund surpluses.

Financial Consequences – Capital

N/A

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

- GM Delivery Team and Utilisation of GMHLIF Surpluses (report to GMCA 28 June 2019)
- Continued City Centre Housing Developments and Use of Property Funds Surpluses (report to GMCA 14 December 2018)

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 BACKGROUND

- 1.1 The impact of Covid over the last couple of years has seen further demand for improved quality of housing across Greater Manchester, both in terms of new development and in the private rented sector, as GM residents spend more time working and socialising at home. There is further need to redefine our town centres as residents use the available space in different ways and the continued diminishing footprint of the high street offers opportunities for place based development and the provision of good quality housing in place of town centre commercial / retail space. There is similarly the need to consider the delivery of green spaces, deliver net zero social homes and meet biodiversity net gain objectives through new development, all supporting the levelling up of the towns and cities across Greater Manchester.
- 1.2 Following more than 5 years of operation of the GM Housing Investment Loans Fund (GMHILF) interest and fees have been accrued. It was previously agreed by GM Leaders that these would be used to support the implementation of the GM Housing Strategy and provides a mechanism by which further activity can be funded across GM to accelerate delivery of agreed objectives. The current forecast of surpluses to be generated by the Fund by the end of its operational life is in excess of £15m. A large proportion of this is still to be received and therefore any plan for utilising these surpluses needs to be phased such that only funding already received is committed. Within this constraint there is an opportunity to provide some longer term certainty over funding availability to move forward key priorities to support our work in relation to housing growth and levelling up by providing greater capacity for GM to respond to the process and challenges as set out in the Levelling Up White Paper. This activity will similarly support achieving objectives as set out in the recently agreed Greater Manchester Strategy (GMS).
- 1.3 The GMCA has previously approved the utilisation of Housing Fund Surpluses to support implementation of specific elements of the Housing Strategy. This secured funding for the Delivery Team and a budget to take forward the Good Landlord Scheme as part of the implementation of the GM Housing Strategy.

- 1.4 Regardless of the approach that will be adopted for allocation of national future funding, which in a large part will become clearer as negotiations with Government around the implementation of the Levelling up White Paper, there is a need for Local Authorities to develop priority projects such that they are in a position to put forward strong proposals that align with GMS objectives. The approach to developing Growth Locations, as agreed at the CA meeting in December, supports the ambition to build a strong pipeline of investible projects such that GM is in the strongest possible position as funding becomes available. There is a need to continue to provide financial and specialist support from the GMCA in this regard and use the approach to ensure the GM Housing Strategy objectives and the approach to delivering net zero social homes are imbedded in early stage project development and delivery.
- 1.5 This paper sets out areas where further investment is required to support the accelerated implementation of the GM Housing strategy and seeks approval to commit resources from the GMHILF Surpluses to fund these areas of activity.

2 FUTURE CAPACITY REQUIREMENTS

- 2.1 Local Authority Development Support
- i. The GM Local Authorities directly employ staff to undertake development work with the CA providing specialist support as needed. A key challenge is attracting appropriate staff to take up development roles across GM where the Public Sector is competing with both the private sector and Registered Providers for the same scarce resource. There is a clear need to attract young professionals to work on housing development across GM and for the appropriate training to be provided such that GM creates the development capacity for the future. If each Local Authority did this separately it would require time consuming recruitment processes and management of training programmes. They also may lack the resource to directly employ this capacity. Creating a central training programme will create efficiencies and may also be a more attractive option for potential

candidates who then have the ability to move between districts and potentially gain a broader range of experience. It is therefore proposed that the GMCA sets up a graduate trainee programme that will seek to bring forward 10 graduates positions with one graduate then being deployed to each of the 10 Local Authorities for the 2 year graduate programme period.

- ii. There is similarly a need to create broader opportunities for other potential candidates that do not have a degree qualification. It is therefore proposed that three apprenticeship positions be created across the Core Investment and Delivery Teams providing support to the Local Authorities as part of these teams.
- iii. The budget required for this activity over a 2 year period is £750k.

2.2 Supporting Modern Methods of Construction

- i. The advancement of Modern Methods of Construction (MMC) is valuable for the industry as a whole and will support delivery of private housing as well as both affordable and social housing stock. It is also perceived as one of the key routes that will support the delivery of net zero housing and therefore supporting the development of MMC methods across GM is critical to accelerating its delivery and advancing the construction of net zero homes within GM. Driving MMC will similarly support supply chain and skills development in relation to retrofitting homes across GM so has wider benefits in addition to the new build agenda.
- ii. A group of Northern Housing Association members have come together to form the Off Site Homes Alliance (OSHA) to develop a joint approach to delivering new social and affordable homes through modular manufacturing techniques. OSHA partners have invested considerable sums in order to bring the partnership together and develop the initial views on design, quality and delivery. They are seeking to bring together a fragmented industry to provide clarity on the standards for construction and delivery that will enable the move towards delivering net zero social homes within GM via modular construction technologies. The partnership

created by the Registered Providers under the OSHA partnership creates robust demand for MMC homes built to agreed design standards, one of the key barriers to large scale development using MMC that will ultimately drive efficiency and cost reduction in this market. This is therefore considered one of the primary initiatives to meeting GMs 30,000 net zero social homes ambition.

- iii. To support their efforts, which align with both GM and national objectives, OSHA are seeking grant funding from the GMCA to drive forward this initiative to match their own commitment. OSHA are already working closely with University of Salford and the next stage in the process would see a focus on driving innovation into the sector and potentially attract further funding through Government to support GM partners under Innovation GM which clearly aligns with the approach set out within the Levelling up White Paper. Providing support from the GMCA would support progressing the concept, drive multiple benefits across GM in both housing and net zero and potentially lead to the construction of an MMC factory within GM.
- iv. The initial budget request for this activity is £350k to support the further development of the Offsite Homes Alliance and, in the future, the development of a business case for setting up an MMC factory within GM.

2.3 Delivering Net Zero Social Homes and Retrofit

- i. There is a clear ambition across GM to accelerate the delivery of Net Zero Social Homes as set out in detail in the paper that was tabled at the GMCA meeting in December. While a work programme is being developed it is clear that there is a lot of activity required to support this particular ambition and therefore a need to identify appropriate programme management support to drive this forward in the coming years. It is anticipated that the majority of the detailed work in delivering this agenda will fall to partners and be subsumed into broader activity such as the development of Growth Locations or existing skills development programmes. There will, however, also be some specific external

consultancy support requirements in order to progress specific elements of the plan that cannot be subsumed elsewhere. The estimated budget for programme management and specialist consultancy input is £250k.

- ii. Alongside the need to deliver net zero homes at scale, there is the challenge that over three quarters of our existing homes need retrofitting.
- iii. Retrofitting a home will result in multiple benefits for the people who live in the property, to the wider economy and society at large. However, these benefits are not always realised by the person making the investment, making the business case harder to justify for those who need to do so. This can be further complicated when the cost of a retrofit is compared with replacing a gas boiler, ignoring the wider home improvements which a retrofit can involve and the comfort and wellbeing gains. This can result in long payback periods as the investment is not always fully reflected in an increased value for the property, in the same way some other home improvements are.
- iv. As a result, funding retrofit is a complex challenge which requires a range of different finance solutions. The GMCA have the opportunity to work in collaboration with the Green Finance Institute to move forward a number of workstreams to bring such solutions to market and run pilots within Greater Manchester. The estimated budget to fund this collaboration is £200k

2.4 Partnership Working

- i. The GMCA has agreed to enter into a Strategic Place Partnership (SPP) with Homes England with the intention of working more closely with Homes England to bring forward propositions that align with their future funding programmes and deliver the agreed objectives as set out within the Memorandum of Understanding, such as supporting Community Led Housing. The partnership objectives are a subset of those agreed by the GMCA under the GM Housing Strategy. The SPP with Homes England has already resulted in c£800k of direct investment from Homes England into development activity across the Local Authorities in FY 21/22 and it is

anticipated that this investment will continue into future years. It is also hoped that there will be a further increased focus by Homes England in GM as a result of their refocussing on regeneration as announced in the Levelling Up White Paper.

- ii. The GMCA has separately entered into a trilateral partnership with GM Housing Providers and Health and Social Care Partnership to deliver joint objectives which align directly with the objectives set out in the GM Housing Strategy. This is a critical relationship given the reliance on both organisations to deliver a large proportion of GMs objectives as set out within the Housing Strategy. This includes work around Home Improvement Agencies, delivering affordable and social homes, progressing the Ethical Lettings Agency, driving net zero homes delivery and housing retrofit.
- iii. Furthermore, the GMCA has entered into a tri-lateral partnership with the Environment Agency and United Utilities which focuses on placed based planning and infrastructure resilience to protect both existing housing stock and developing an approach to new development required to meet our 2038 environmental ambitions. This specifically relates to working collaboratively to address flood risk across GM.
- iv. These partnership arrangements are developing and specific areas of activity being identified where joint investment between the partners will accelerate the delivery of the targeted outcomes and deliverables. Matching partner investment through the GMCA leverages further investment from these strategic partners and is therefore critical to ensuring the best value for money is delivered through our ongoing activity.
- v. There is, therefore, a requirement for a specific partnership budget to support these workstreams at a GM level. This would fund a broad range of activity and could include increased housing officer support or direct contribution to specific activities such as a Place Intelligence Tool, an SME Pilot programme, Social Housing Decarbonisation programme and a

Home Improvement Agency. Given the evolving nature of the partnerships, a flexible budget of £800k to support partnership activity over the next 2 years is sought.

2.5 Revenue Support for Growth Locations

- i. There is CA wide support for the work being undertaken to bring forward development across GMs Growth Locations. There is revenue funding being allocated through the Evergreen surpluses that can support development of propositions that bring forward commercial development. This funding has limitations and cannot fund housing only propositions and there is a need to make available some revenue resource to support development activity on housing schemes within Growth Locations. This revenue will be utilised to provide direct support to priority projects across Greater Manchester with oversight of expenditure being provided through the Growth Locations Steering Group which has representatives from all 10 local authorities.
- ii. Given the scale of development envisaged, the initial budget request for Growth Locations is £750k pa over the next 2 years.

2.6 Good Landlord Charter

- i. Work is progressing on developing a Good Landlord Charter alongside the Good Landlord Scheme which has previously been allocated funding and agreed through the GMCA. Given the level of stakeholder engagement and charter design work that is required there is a need to bring in specific project management support and appoint appropriate consultants to run meaningful stakeholder engagement sessions. Should the CA commit to pursuing a Good Landlord Charter, taking into consideration national work announced under the Levelling Up White Paper in relation to a Landlord Register, there is likely to be an annual budget requirement of c£350k to operationalise the Good Landlord Charter.

- ii. The initial budget request, in relation to developing the proposition to the point that a CA decision can be taken about moving forward with the Charter, is £150k.

2.7 GMCA Specialist Resources

- i. The GM Delivery Team and Core Investment Team currently work on the basis of direct employment at a CA level with those staff then working on agreed areas of focus providing specialist resources to the Local Authorities where this capacity does not exist. This provides a number of benefits:
 - The team ensures there is sufficient capacity to bid for and manage capital grant programmes that are provided through the CA to fund Local Authority priority projects
 - A centralised specialist team exists to be deployed on projects as required
 - The resource can be used to support specific projects as needed without the local authority committing to funding a full time post
 - The team has a range of skills and experience to support the development cycle
 - The local authority avoids the need to procure consultancy services and the additional administrative burden that comes with putting such support in place.
- ii. The Core Investment Team is funded directly through the income generated from investments into projects. The Delivery Team focuses on ensuring there is a pipeline of investable propositions coming forward into which investment can be made and will, therefore, be integral to the continued generation of investment surpluses which can be used to support the delivery of the Housing Strategy objectives. It is therefore proposed that the Delivery team are funded directly from income generated via the GM Investment Funds moving forwards.

3 RECOMMENDATIONS

3.1 There is a broad scope of activity required to be undertaken to accelerate the delivery of GMs Housing Strategy objectives that aligns with the objectives as set out in the Levelling Up White Paper. The funding requests set out within this paper would give certainty over future funding and an ability to progress the necessary critical work. There is no expectation that the funding is matched by Local Authorities with the objective being that the investment will leverage significant partner and private sector investment into GM by bringing forward key housing projects. A summary of the requests are as follows:

Area	Funding
Local Authority Development Support	£750k
Modern Methods of Construction	£350k
Net Zero Social Homes	£250k
Retrofit – Green Finance Solutions	£200k
Partnership working	£800k
Growth Locations	£1.5m
Good Landlord Charter	£150k
Total	£4m

3.2 The GMCA is recommended to approve:

- The allocation of £4m from the GM Housing Investment Loan Fund Surpluses to fund the activity identified; and
- The costs of GM Delivery Team to sit within the Core Investment Team budget.