

GREATER MANCHESTER COMBINED AUTHORITY

Date: 24th March 2023

Subject: In Year Capital Allocation, Department of Levelling Up, Housing and Communities

Report of: Councillor David Molyneux, GM Portfolio Lead for Resources and Steve Wilson, GMCA Treasurer

Purpose of Report

This report details the allocation of, and spending commitments against, an in-year capital grant from the Department of Levelling-Up Housing and Communities.

A capital grant allocation was received by GMCA on the 23rd February following an invitation in December to submit “bids” for capital in 2022/23.

GMCA received an allocation of £20m for three specific projects which are described in the report.

Recommendations:

The GMCA is recommended to:

1. Approve the proposed investments from the £20m DLUHC allocation and delegate final sign off to the GMCA Treasurer.
2. Note the report is exempt from Scrutiny Committee call-in procedures to enable the allocation of the funds before the 31 March 2023.

Contact Officers

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E-Depot – Mike Mellor (TFGM): mike.mellor@tfgm.com

Equalities Impact, Carbon and Sustainability Assessment:

Will be assessed within individual proposals

Risk Management

An assessment of the major risks faced by the authority is carried out quarterly as part of the reporting process. Specific risks are identified in the report.

Legal Considerations

There are no specific legal implications with regards to this report

Financial Consequences – Revenue

The revenue finance implications are set out in detail in the report.

Financial Consequences – Capital

Capital consequences are set out in the report

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

Background Papers

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution.

No

Exemption from call in.

Yes. GMCA is required to deploy the funding prior to 31 March 2023.

GM Transport Committee

N/A

Overview and Scrutiny Committee

DLUHC In-Year Capital Allocation

1. Introduction

- 1.1 In December GMCA, along with the other English combined authorities, were invited to bid for in-year capital funding to be spent in the 2022/23 financial year.
- 1.2 GMCA submitted bids for the following programmes:
 - Purchase of land for a bus E-Depot in Central Park, Manchester (£7.5m)
 - Investment in the GM housing supply through the Hive programme (£7.5m)
 - Tackling homelessness and poor-quality temporary accommodation (£5m)
 - Children's accommodation programme (£7m)
 - District land acquisition and levelling-up fund (£3M)

2. Outcome of Submission

- 2.1 On 10th February 2023 GMCA received a formal grant offer for £20m to fund three of the proposed projects submitted.
- 2.2 No specific feedback was given on the submitted bids, however the grants allocation confirmed the authority has been allocated the following:
 - (i) Funding to accelerate the delivery of six Hive Homes housing schemes.
 - (ii) Tackling homelessness and poor-quality temporary accommodation.
 - (iii) The acquisition of land to construct an electronic bus depot.
- 2.3 Unfortunately, the combined authority was therefore unsuccessful in its bid for funding for the development of local Children's accommodation to reduce the number of out of area placements and the proposal to create a sub-fund for GM local authorities to bid against for smaller local levelling up projects.

3 Successful Bids

- 3.1 As stated above the combined authority was successful in bidding for three schemes. There is further detail below on the individual areas:

4 Housing Supply

- 4.1 £7.5m has been received to accelerate the delivery of six Hive Homes housing schemes.

Hive Homes

- 4.2 Hive Homes (Greater Manchester) LLP (“Hive Homes”) is a joint venture between GMCA and 10 Registered Housing Providers (RHPs). It was established in April 2019 with the aim of increasing the supply of housing within Greater Manchester. GMCA owns 20% of the business, with the RHPs owning 80% through a holding company, FundCo (Greater Manchester) LLP. GMCA and FundCo have agreed to provide £10m of equity to Hive Homes. The equity was intended to provide funding to Hive Homes for its operational overheads and to fund the purchase price of sites. The RHPs agreed a debt facility with Hive Homes so it can fund construction.
- 4.3 Following discussions with Hive Homes, it has been concluded that £4.175m of the DHLUC grant would be provided as a loan, with the balance of £3.325m to be provided as a grant to support site purchase and so taken together, the full balance of £7.5m awarded by DLUHC will be provided to Hive Homes.

Proposed Schemes

- 4.4 Hive Homes has delivered one site in Middleton, consisting of 48 open market sale units. All of those units have been sold and Hive Homes has generated a surplus. It has since completed the purchase of two additional schemes, in Rochdale and Bolton. A total of 130 units will be delivered across the two and site preparation and construction has commenced – though it will be several months until the first unit reaches completion.
- 4.5 In the meantime, Hive has agreed to purchase four further schemes across Bury, Oldham and Wigan. A total of 410 units will be delivered and each scheme will deliver Affordable Homes. The completion of the purchase for each scheme is subject to receipt of planning permission. The total consideration payable is £3.6m. All the schemes are on brownfield land and in some cases, require significant remediation work. As a result, the schemes have been shown to have viability gaps, resulting in GMCA awarding Hive Homes a total of £3.3m of grant funding across the schemes. Those grants have already received full GMCA approval.
- 4.6 The total cost to deliver the two current and four proposed schemes is c£102m. Hive Homes has access to sufficient funding from FundCo to ensure construction of the schemes reaches the point where sales proceeds from completed units can fund the remaining development costs. However, by providing the loan to Hive Homes, GMCA can ensure it has sufficient access to funding to complete the purchase of these schemes and continue to accelerate delivery of quality homes across the region.

5 Tackling homelessness and poor-quality temporary accommodation

- 5.1 £5m has been received to invest in accommodation to tackle homelessness and poor-quality temporary accommodation across Greater Manchester. In total DLUHC have committed to grant fund £8.9m capital monies to Greater Manchester Combined Authority to support homelessness. This includes this allocation of £5m and a further £3.9m allocation, both of which are detailed in the accompanying report on the March GMCA agenda.
- 5.2 This programme is targeted at efforts to reduce and eventually eliminate the use of bed and breakfast accommodation for families to reduce inequalities through homelessness, improve quality and security of housing for people on low income and increase pride in place through reducing homelessness and improving quality of provision (£5m)
- 5.3 This £5m funding is directed at reducing the use of Bed and Breakfast accommodation for homeless families and is expected to be applied to 5-year leases on suitable family homes. This funding can be applied across all Boroughs in Greater Manchester.
- 5.4 This funding is complemented by a separate £3.9million fund targeting areas with the most families staying in 6 weeks or longer in Bed and Breakfast accommodation.
- 5.5 Local Authorities estimate that approximately 500 properties (mix of 2, 3 and 4-bed) could be leased for 5 years with this capital investment, supplemented by LA investment and Housing Benefit.
- 5.6 Funding is expected to be committed by 31 March 2023, with the expectation that Local Authorities will have leased all accommodation by 31 March 2024.

5.7 Discussions around viability & deliverability are underway with Local Authorities and the proposed allocations agreed with homelessness leads under these schemes are outlined in Table 2, proportionate to the extent of Temporary Accommodation need in each Borough.

Table 2) Proposed allocations based on proportionate Temporary Accommodation demand.		
District	Total Units	Capital Grant
Bolton	30	£459,000.00
Bury	20	£306,000.00
Manchester	240	£4,680,000.00
Oldham	25	£382,500.00
Rochdale	40	£780,000.00
Salford	60	£918,000.00
Stockport	20	£306,000.00
Tameside	25	£382,500.00
Trafford	20	£306,000.00
Wigan	20	£380,000.00
Total	500	£8,900,000.00

6 GM Bus E-Depot

6.1 £7.5m has been received to support the acquisition of land required to support the construction of a state of the art, national exemplar electronic bus depot, supporting the quicker roll out of ambitious plans to introduce a zero-emission bus fleet for Greater Manchester with a significant impact on air quality across dense urban areas.

- 6.2 A vacant site owned by Manchester City Council in Central Park has been identified as suitable for this depot. The site is approximately 13 acres and while negotiations with the City Council are continuing the price for the land is expected to be in the region of £10m. This leaves a shortfall of £2.5m which it is expected will be funded from borrowings as part of the overall bus reform programme.
- 6.3 Given the limited time available only outline scheme design has been possible at this stage but it is expected that capacity for up to 250 e-buses will be accommodated at this site. An additional parcel of land adjacent to the site might become available and it is expected that this land if acquired will deliver greater economies of scale and potentially offer opportunities to support other GM operations outside of the public transport sector.
- 6.4 This depot will deliver the following benefits:
- Significant job opportunities to the region and generate new highly skilled construction jobs which would be critical for the GM region and beyond as the UK bus fleet transitions to electric.
 - Support the ongoing regeneration of this area of Manchester and help provide future jobs, opportunities for upskilling, and help the move to net Zero Carbon.
 - Aligns to the overall depot strategy set out in the Assessment, which aimed to consolidate the 10 depots around Greater Manchester into larger depot sites that serviced larger geographical areas.
 - This larger depot will provide the ability for GMCA/TfGM to retire current diesel depots which can be reprovisioned for further development and regeneration.
- 6.5 The acquisition of the site is expected to complete before the end of March 2023

7 Recommendations

- 7.1 The Combined Authority is recommended to:
3. Approve the proposed investments from the £20m DLUHC allocation and delegate final sign off to the GMCA Treasurer
 4. Note the report is exempt from Scrutiny Committee call-in procedures to enable the allocation of the funds before the 31 March 2023