

Greater Manchester Combined Authority

Date: 24 November 2023

Subject: Greater Manchester Brownfield programme

Report of: Councillor Ged Cooney, Portfolio Lead for Housing and Steve Rumbelow, Portfolio Lead Chief Executive for Housing, Homelessness and Infrastructure

Purpose of Report

This report seeks approval to the allocation of a further £11.905m from the GM Brownfield programme.

Recommendations:

The Combined Authority is recommended to:

1. Approve the allocation of up to £11.905m from the GM Brownfield programme funding devolved to GMCA, in line with the details contained at Appendix 1.
2. Delegate authority to the GMCA Treasurer, acting in conjunction with the GMCA Monitoring Officer, to effect the necessary legal agreements for the individual grants between the GMCA and grant recipients.

Contact Officers

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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. The overall 3 year programme is required to unlock at least 7000 new homes by March 2026.
Economy	G	The deployment of grant funding will contribute to improving economic development in the residential construction sector and associated supply chains. The deployment of grant funding will support the delivery of 7000 new homes which will in turn increase jobs in the construction sector. The deployment of 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 deliverability criteria.
Further Assessment(s):	Carbon Assessment	
G Positive impacts overall, whether long or short term.	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.

Carbon Assessment				
Overall Score	██████████			
Buildings	Result	Justification/Mitigation		
New Build residential	██████████	Unknown Unknown		
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				
Land use	N/A			
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 DLUHC grant funding agreements for this Brownfield programme any conditions will be mirrored in agreements between the GMCA and scheme promoters, mitigating any risk retained by GMCA.

Legal Considerations

GMCA will be required to enter into a grant agreement with DLUHC in order to receive the grant. Any terms and obligations within the DLUHC grant agreement will be flowed through to the ultimate grant recipients within the onward grant agreements to ensure that potential risks to 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 DLUHC to GMCA is not deemed to be a subsidy as 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. 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

The Combined Authority has approved the use of up to £500k from the Housing Investment Loan Fund surpluses to support the costs of delivering the Brownfield programme.

Financial Consequences – Capital

Capital expenditure will be sourced from the GM Brownfield programme.

Monitoring and reporting assurance will form part of the existing Single Pot Assurance Framework. The GMCA Section 73 Officer and GMCA Monitoring 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.

Number of attachments to the report:

None

Comments/recommendations from Overview & Scrutiny Committee

None.

Background Papers

- GMCA Trailblazer Devolution Deal (*report to GMCA, 24 March 2023*)
- GM Brownfield programme (Devolution Trailblazer deal) - Methodology and Year 1 Allocations (*report to GMCA, 30 June 2023*)

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

1. Brownfield Funding Allocations

- 1.1 Approval is sought to the re-allocation of a further £11.905m of funding from the GM Brownfield programme, to take up an underspend against funding previously allocated by the Combined Authority as a result of certain schemes not being able to move forward as originally planned.
- 1.2 Within the £11.905m, it is proposed to allocate £2.795m to the following schemes, where an increase in the grant originally approved has been requested: Farnworth Green in Bolton, Lumina Village in Trafford and Belgrave Road/Thatcher Street in Oldham. A further fifteen new schemes are being brought forward for allocation of a further £9.110m of funding, as detailed in Appendix 1. The allocation of funding to these schemes is based on the methodology set out in the GMCA report on the 30th June 2023 and the schemes have been identified through discussions with Districts as strategically significant.
- 1.3 Further details regarding the three schemes where an increase in the original funding allocation is proposed is given below:

Lumina Village in Trafford - In September 2023 an allocation of £3m from the Devolution Trailblazer Brownfield funding was approved for the scheme, where Glenbrook Property will deliver 639 new homes of which 127 will go forward for shared ownership and 72 for affordable rent, alongside 440 for Private Sector Rented use. Following increases in certain areas of the construction costs, the developer is requesting an increase in the grant to £4.7m. The revised grant rate of £7,355 per unit is still considered to represent good Value for Money and will continue to allow flexibility to GMCA's delivery of the outputs agreed with Government for the programme. Subject to additional funding being available, construction is expected to commence in January 2024, with the grant fully claimed by March 2024.

Belgrave Road/Thatcher Street in Oldham - Also in September 2023, an allocation of £285k from the Devolution Trailblazer Brownfield funding was approved for the scheme. The scheme comprises 19 homes (a mix of two and three bed houses) at affordable rent delivered by the grant recipient First Choice Homes Oldham (FCHO). The original allocation equated to £15,000 per unit. The scheme has since evolved and the tenure has shifted from affordable rent to social rent, which has reduced the income FCHO will receive once the scheme has been completed. This has increased the viability gap. FCHO is requesting an increase in the grant to £20,000 per unit (an increase of £95k to take the grant to £380k) to ensure the scheme is deliverable. The revised grant rate is still considered good Value for Money due to the delivery of housing at social rent levels and will continue to ensure the GMCA can deliver the outputs agreed with Government for the programme. Subject to the grant being increased, construction is due to commence in January 2024, with the grant fully claimed by March 2024.

Farnworth Green, Bolton - In May 2023 GMCA approved a loan from the Housing Investment Loan Fund of up to £12.563m to Capital & Centric for the Farnworth Green development. The loan is part of package of funding which includes a £1.410m grant from the GM Brownfield programme (approved by the Combined Authority in February 2021). It is proposed that within the loan, £1m of this is now sourced by way of an increase in the funding from the GM Brownfield programme, with the amount sourced from the Housing Investment Loans Fund reduced by £1m. For the avoidance of doubt, the proposal does not increase the overall GMCA commitment to the scheme.

Appendix 1 Year 1- Further Scheme Allocations

District	Scheme	Developer	RP/PR Developer	No of housing units	Grant required
Bolton	Farnworth Green	Capital and Centric	PR	94	£1,000,000 (total allocation £2,410,000)
Bury	Heys Road, Prestwich	Wigget	PR	18	£200,000
Manchester	Greenbrow social club	WCHG	RP	23	£150,000
Manchester	Benchill Avenue	WCHG	RP	23	£460,000
Manchester	Paradise Mews, Store Street/Ducie St	MC Construction	PR	4	£56,000
Manchester	Victoria Park probation centre	Britannia Group	PR	72	£650,000
Manchester	Former Boddingtons Brewery site	Clarion	RP	505	£1,650,000
Oldham	Belgrave Road/Thatcher Street	First Choice Homes Oldham	RP	19	£95,000 (total allocation £380,000)
Rochdale	Whitworth Rd	RBC / Step Places	RP	4	£80,000
Stockport	Hempshaw Lane	Stockport Homes	RP	144	£2,016,000

Stockport	Melford Road	Stockport Homes	RP	87	£1,218,000
Tameside	Fern Lodge Drive, Ashton under Lyne	Wigget	PR	32	£320,000
Tameside	Envile House	Ashton Pioneer Homes	RP	12	£240,000
Trafford	Lacy Street	Trafford Council	LA	107	£1,250,000
Trafford	Chapel Road	Trafford Council	LA	8	£140,000
Trafford	Stokoe	Trafford Council	LA	9	£180,000
Trafford	Lumina Village	Glenbrook	PR	639	£1,700,000 (total allocation £4,700,000)
Wigan	Boundary Street	Your Housing Group	RP	38	£500,000
				1838	£11,905,000