



Economy Scrutiny Committee

Date: Wednesday, 5 December 2018

Time: 2.00 pm

Venue: Council Ante Chamber, Level 2, Town Hall Extension

This is a **second supplementary agenda** containing additional information about the business of the meeting that was not available when the agenda was published

Access to the Council Antechamber

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Filming and broadcast of the meeting

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Membership of the Economy Scrutiny Committee

Councillors - H Priest (Chair), Connolly, Davies, Douglas, Green, Hacking, Johns, Newman, Noor, C Paul, Raikes, Razaq, Shilton-Godwin, A Simcock and K Simcock

Supplementary Agenda

- 6. Housing Affordability and affordable housing for vulnerable demographics**
The Committee will consider the reports detailed below as part of this item
- 6a Delivering Manchester's Affordable Housing Strategy - Update on the delivery of the Council's affordable housing strategy** 5 - 20
Report of the Strategic Director (Development)
- This report provides an update on the delivery of the Council's affordable housing strategy.
- 6b Delivering Manchester's Affordable Housing Strategy - Proposed new affordable housing policies for the Council** 21 - 46
Report of the Executive Member for Housing and Regeneration
- This report sets out proposed new affordable housing policies for the Council.
- 8. Manchester College Estates Strategy (Part A)** 47 - 56
Report of the Strategic Director (Development) and City Treasurer
- This report to provides an update on the LTE Group's progress in acquiring a city centre site located within the Northern Gateway Great Ducie Street Regeneration area for the Manchester College city campus, which is a key part of its estates strategy.
- 9. Exclusion of Press and Public**
The officers consider that the following item contains exempt information as provided for in the Local Government Access to Information Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The Committee is recommended to agree the necessary resolutions excluding the public from the meeting during consideration of this item.
- 10. Manchester College Estates Strategy (Part B)** 57 - 70
Report of the Strategic Director (Development) and City Treasurer
- This report sets out plans for the Manchester College to bring forward a central element of their 2017 – 2022 Estate Strategy for a new city centre campus and sets out proposals for the City Council to support the Manchester College in its acquisition of this site.

Further Information

For help, advice and information about this meeting please contact the Committee Officer:

Michael Williamson
Tel: 0161 234 3071
Email: m.williamson@manchester.gov.uk

This supplementary agenda was issued on **Friday, 30 November 2018** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Mount Street Elevation), Manchester M60 2LA

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**Manchester City Council
Report for Information**

Report to: Economy Scrutiny – 5 December 2018

Subject: Delivering Manchester’s Affordable Housing Strategy – update on the delivery of the Council’s affordable housing strategy

Report of: Strategic Director (Development)

Summary

This report provides an update to Members on the delivery of the Council’s affordable housing strategy.

Recommendations

Economy Scrutiny Committee is invited to comment on the progress made to date in delivering the Council’s affordable housing strategy.

Wards Affected: All

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	This refreshed approach to affordability will ensure Manchester has the right mix of housing that is affordable across a range of tenure and income levels to support a functioning Manchester and sub regional economy.
A highly skilled city: world class and home grown talent sustaining the city’s economic success	The new and existing homes will be well connected to employment opportunities and schools
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Increasing the supply of good quality affordable homes for sale and rent will provide the opportunity for Manchester residents to raise their individual and collective aspirations
A liveable and low carbon city: a destination of choice to live, visit, work	The right mix of quality energy efficient housing is needed to support growth and ensure that our growing population can live and work in the city and enjoy a good quality of life.

A connected city: world class infrastructure and connectivity to drive growth	This approach recognises the importance a balanced housing offer plays within a well connected city and the neighbourhoods within it. It seeks to create neighbourhoods where residents will choose to live and their housing needs and aspirations are met
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Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

There are no specific revenue consequences as a result of this report.

Financial Consequences – Capital

There are no specific capital consequences as a result of this report.

Contact Officers:

Name: Eddie Smith
 Position: Strategic Director, Development
 Telephone: 0161 234 3030
 E-mail: e.smith@manchester.gov.uk

Name: Jon Sawyer
 Position: Director of Housing & Residential Growth
 Telephone: 0161 234 4811
 E-mail: jon.sawyer@manchester.gov.uk

Background documents (available for public inspection)

The following documents disclose important facts on which the report is based and have been relied upon in preparing this report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the officers above.

- Report to Executive - Core Strategy 27 June 2012
- Report to Executive - Draft Residential Growth Strategy 4 November 2015
- Report to Executive - Housing Affordability in Manchester 1 June 2016
- Report to Executive - Housing Affordability in Manchester 14 December 2016
- Report to Executive - Housing Affordability Plan 18 October 2017
- Report to Executive - Housing Affordability Plan New Products 7 March 2018
- Report to Executive - Executive Member priorities 30 May 2018
- Dreams and Reality? Government finance, taxation and the private housing market, Chartered Institute of Housing, September 2018

1.0 Introduction

- 1.1 Since 2010 the previous Coalition Government and the current Government have promoted the delivery of new homes for purchase at the expense of homes to rent, particularly those at social and affordable rent levels. At the heart of this has been the government cuts, both to local authority budgets and to Registered Social Landlords spending power. A recent report by the Chartered Institute of Housing highlighted that about £8bn of Government investment a year is going into the private housing sector over the five years to 2020-21 – with over half of that being spent specifically on supporting home ownership (including Help to Buy). Over the same five years, direct funding for new social housing amounts to less than £2bn annually.
- 1.2 During this same period the impact of the Government's range of welfare reforms on the housing market have surfaced very clearly impacting on those on low incomes and a range of vulnerable households, particularly but not exclusive to those living in the private rented sector.
- 1.3 Since 2010 the Manchester economy has recovered from the post 2008 economic downturn with economic growth outstripping all cities outside London. Employment growth has been accompanied by a continued demand for homes in the city. Over the last five years the new build housing market has almost recovered to the pre 2008 levels.
- 1.4 However, with the city's economic growth come challenges. The demand for homes has seen rising housing costs, welfare reforms have seen private landlords seeking to let properties to those not in receipt of benefits, and the expansion by the Government of Right to buy policies has seen more social and affordable rented properties lost. The higher rents, limited security and poorer quality of much of the private rented sector has exacerbated the challenges, leading to increasing levels of homelessness and an ever-increasing reliance on temporary accommodation, some of it outside the city boundaries.
- 1.5 All of these drivers has mean that fewer properties are available for Manchester residents on lower incomes. At the same time the turnover of social homes has dropped to to less than 3000 new tenancies a year. This has led to increasing numbers of people in priority housing need waiting longer to be rehoused, some of whom will not be offered a social rented home for a number of years.
- 1.6 Looking forwards the Council must now look to repairing the housing market for those households on very low and low incomes.

2.0 Background

- 2.1 This section briefly provides some analysis of the dynamics of the Manchester Housing Market

Residential Growth Strategy

- 2.2 To support the city's economic recovery, off the back of the long recession and austerity period that began in 2008, the Council developed an ambitious Residential Growth Strategy which targeted the delivery of 25,000 new homes in Manchester between April 2015 and March 2025.
- 2.3 In the first three years of the strategy (2015/16 to 2017/18) over 6,000 new homes have been completed and an additional circa. 14,000 new homes are expected to be delivered over the next three years. It is therefore expected that circa. 20,000 new homes will have been delivered by March 2021.
- 2.4 Looking forward there are a range of uncertainties, including Brexit, and it is therefore important to be prudent and our forecasts are now assuming 3,000 new homes are delivered annually between April 2021 and March 2025.
- 2.5 Based on committed delivery over the remaining period of the 10 year Residential Growth Strategy, the revised forecast is now that 32,000 new homes will be delivered between April 2015 and March 2025.

Social Housing Provision

- 2.6 In Manchester there are around 68,000 affordable houses and flats owned by the City Council (16,000) and Registered Housing Providers (52,000). The overall number has remained relatively stable in recent years with registered providers delivering new homes to replace those lost through demolition and tenants exercising the Right to Buy and the Right to Acquire. The net stock is however generally not increasing over the long term and the majority of the replacement properties are affordable rent rather than the social rented properties which are typically being acquired through the Right to Buy.
- 2.7 There has been a particular surge in Right to Buy demand during the past 4 years which resulted in 222 Council-owned homes (social rent) being sold in 2017/18. This increase came after the Government increased the amount of discount for houses and reduced the number of qualifying years in 2015. It is expected that the level of Right to Buy activity will now stabilise and there are early signs of this. In 2018/19 the Council is predicted to lose 170 affordable homes to the Right to Buy (150 managed by Northwards and 20 managed by PFI operators), with a further 330 owned by Registered Providers. The level of Right to Buy will continue to be closely monitored.

Right to Buy of Council owned homes sales data from 2014/15

2014/15 = 103

2015/16 = 107

2016/17 = 167

2017/18 = 222

2018/19 = 114 @ 13.11.2018

Manchester's housing market and Affordability

- 2.8 Compared to other parts of the UK (London and a number of Core Cities in particular), Manchester is a relatively affordable place to buy a house. Over the last ten years, a period of not insignificant house price inflation, around 45% of homes in the city sold for less than £125,000.
- 2.9 According to the Department for Communities and Local Government across all 33 local authorities in Greater London (2016) there were 3,543,811 properties of which 135,302 were in band A (3.8%). In the same year, Manchester accounted for almost as many - 131,751 - out of a total 225,322 (58.5%) band A properties. Manchester has over 75% of properties in Bands A and B. This is far higher than most of the English Core Cities including Birmingham 65%, Bristol 62% and Leeds 60%. At the other end of the scale whilst Manchester has only 4% of band E+ properties (valued over £227,400 in 2015), Leeds has 11%, Bristol 9%, Birmingham 8% and Sheffield 7%. Within Greater Manchester, Trafford has 18% (17,300) and Stockport has 17% (22,190) of all total stock in band E+. The average band E+ property pays a minimum of 83% more council tax than the average band A property.
- 2.10 Cities with a more balanced housing market are able to attract more working households, often homeowners and people looking for well managed accommodation to rent. The net result is a strengthened overall tax base, including increased rates of income tax and stamp duty for the national exchequer and most importantly, additional council tax revenues locally.
- 2.11 Despite the proportion of lower cost housing across Manchester being greater than any of the core cities, there is a rise in homelessness, the social housing register is increasing (with 5,000 people and families in need in bands 1-3 of 6) and social housing lets at an all time low. The development of a range of homes at a range of values through the Residential Growth Strategy is balanced with the provision of homes that are affordable to households that exist on very low and low incomes.

3.0 Affordable Housing Delivery

Homes England programme

- 3.1 This programme brings together the City Council and developing Registered Providers (RPs) who are delivering both traditional affordable housing across the city alongside homes for market rent and sale. The funding for this programme has, in the main, been provided by the RP's themselves, with grant support from Homes England. In some cases, additional grant from the Department of Health has also been provided for specialist and supported housing (see below).
- 3.2 The Shared Ownership and Affordable Homes Programme (SOAHP) 2016 – 2021 is the current funding programme from Homes England. This initially focussed on shared ownership and introduced a new Rent to Buy product. The City Council coordinated and supported a Manchester Programme bid

along with RP partners resulting in a very successful allocation of over £45 million grant funding, which was the largest allocation in Greater Manchester

- 3.3 Taking into account the SOAHP programme and the previous funding from Homes England, Manchester's Affordable Homes Programme will deliver around 3,000 affordable homes between March 2015 and March 2021. This includes:

706 homes delivered over the last 3 years

Year	Social Rent	Specialist and Supported on social rents	Affordable Rent	Shared Ownership	Rent to Buy	Total
2015 - 16	34	0	87	34	0	155
2016 - 17	14	0	156	84	0	254
2017 - 18	20	0	180	97	0	297
Total	68	0	423	215	0	706

81 homes delivered this year up to October 2018

Year	Social Rent	Specialist and supported social rent	Affordable Rent	Shared Ownership	Rent to Buy	Total
2018 - 19	0	0	45	36	0	81
Total	0	0	45	36	0	81

840 homes currently on-site - this includes the 40 homes as part of the North Manchester New Build (NMNB)2 programme

Status	Social Rent	Specialist and supported social rent	Affordable Rent	Shared Ownership	Rent to Buy	Total
On-site	71	142	105	308	214	840
Total	71	142	105	308	214	840

1,372 homes currently in the pipeline to be delivered by March 2021.

Status	Social Rent	Specialist and supported social rent	Affordable Rent	Shared Ownership	Rent to Buy	Total
Site allocated with Planning permission	1	257	0	46	34	338
Site allocated Planning pending	0	0	18	0	8	26
Site allocated no Planning permission	32	100	80	49	126	387
Indicative (site to be confirmed)	110	78	15	258	160	621
Total	143	435	113	353	328	1372

3.4 The estimated value of the construction element of the above Manchester Affordable Homes Programme is in excess of £350 million. This includes a range of houses and apartments and is paid for from a variety of sources including;

- Registered Provider reserves and loan finance;
- Grant funding from Homes England;
- City Council Housing Affordability Fund; and
- Borrowing from the City Council's Housing Revenue Account

3.5 The programme is also supported by the City Council using its available land assets which are being invested to support the delivery of the new homes. These disposals will result in a receipt that may be reinvested, a deferred receipt to improve cash flow or an equity stake in a suitable scheme. It should not be underestimated how the availability of this land, and the flexibility the City Council has shown in terms of how it invests its resources, has allowed Manchester to have such a substantial development programme of affordable homes.

3.6 As the SOAHP grant allocation is undersubscribed nationally there is still a substantial amount of funding available up to 2021. This will be allocated through a process with Homes England called Continuous Market Engagement (CME). This process requires the RP to bring forward firm schemes with the land secured and a robust business plan with support from the local authority. The CME process will also allow for the introduction of schemes that include social rent alongside the other available tenures. The

City Council and its partners will maximise this funding for the future delivery of affordable homes

Housing Affordability Fund

- 3.7 In addition to the Manchester Affordable Homes Programme, in October 2017 Executive approved the establishment of Manchester's Housing Affordability Fund (HAF). The HAF brings together in one place developer contributions secured through s106 agreements and a range of additional funding streams targeted at the provision of affordable homes that will complement the development of higher value homes in and around the city.
- 3.8 The HAF has given the Council a real opportunity to invest directly into the provision of affordable homes in Manchester and, in March 2018, Executive approved the first 2 schemes to be funded through this route;
- Rent to Purchase - MCC with Mosscafe St Vincent's Housing Association have developed a Rent to Purchase model to target working households who are able to afford market rent payments and aspire to homeownership but do not have the necessary deposit to access a high street mortgage. MCC will invest 20% of the property price as equity to support the pilot, retrievable at point of sale to tenant/purchaser. The sites on which the homes will be built were MCC owned infill sites, these are small sites upon which 15 or less homes can be built. This is a pilot project which we hope to repeat across the city
 - Empty Homes for First Time Buyers - the City Council has been successful in its efforts to reduce the number of long term empty homes over recent years. This was supported as part of a national funding programme, which has come to an end, so officers have been developing ideas with both public and private sector partners. Under section 22 of the Housing Act 1996, the Council has the power to provide financial assistance in the form of grants or loans to a registered social landlord for the provision of housing. The overall aim of the project is to bring empty and surplus to requirement houses back into use for affordable home ownership.

Supplementary planning policy

- 3.9 The Council has a planning policy, adopted in 2012, which sets out its approach to securing affordable housing through new development. Based on policy H8 of the Manchester Core Strategy, 20% of residential development either on sites of more than 0.3 hectares or comprising 15 or more homes should be affordable. This target may be varied, subject to a number of wider considerations including a viability assessment. If the target were appropriate for all new homes, this would mean that the delivery of 32,000 new homes between 2015 and 2025 should include a minimum of 6,400 affordable units.

Housing Affordability Policy Framework (HAPF)

- 3.10 Since the approval of the Housing Affordability Policy Framework (HAPF) in December 2016 - the commitment that households on average Manchester incomes should not have accommodation costs of more than 30% - officers have been working with both public and private sector partners to turn this approach into the actual delivery and funding of new affordable homes.

4.0 Future delivery of affordable homes

- 4.1 As outlined in the previous section since April 2015, around 3,000 affordable homes have been delivered or are committed to be delivered by March 2021. If we are to deliver the 6,400 affordable homes in the revised Residential Growth Strategy prediction a further 3,400 further affordable homes will need to be delivered by March 2025.
- 4.2 In order to deliver on this target the Council is in early stages of bringing forward a number of proposals:
- Bringing forward a second phase of Council new build housing of 150 homes. This was the subject of a recent HRA Headroom application to the Government for 50 homes for social rent, 50 for affordable rent and 50 for shared ownership. Subsequently, whilst considering these applications, the Government decided to lift the HRA cap. Whilst more flexibility for Councils is to be welcomed, officers are yet to fully assess the implications of this new announcement. The 150 homes have sites identified. The next step is to identify a delivery partner. Procurement is capable of being commenced early in 2019.
 - Bringing forward the next tranche of small sites to dispose to Registered Providers. As explained above the process for progressing disposals has been accelerated.
 - Continuing to work with its Registered Provider partners to identify medium sized Council sites and support their applications to Homes England for investment.
 - Working with its existing residential growth joint venture partners to bring forward delivery proposals, including:
 - An initial phase (size to be confirmed) at Northern Gateway (including Collyhurst); and
 - A second phase of around 340 Matrix Homes (joint venture with Greater Manchester Pension Fund) properties is being brought forward, including 20% affordable housing.
 - Bringing forward proposals to deliver around 2,000 affordable homes across 4 Housing Affordability Zones on City Council owned land.

- 4.3 The Council's current policies to guide the delivery of these new affordable homes are set out in reports to Executive in June 2012; June 2016, December 2016 and May 2018.
- 4.4 A separate paper from the Executive Member for Housing and Regeneration elsewhere on this Agenda sets out a proposed new policy direction on how new affordable housing should be delivered in Manchester and the types and tenures of affordable housing required. If approved by the Executive, officers will digest this new approach and bring forward proposals in early 2019 for how these policies could be delivered, including any technical, financial and legal consequences for the Council. This paper accompanies this report elsewhere on this Agenda.

5.0 Housing for Older and vulnerable people

- 5.1 Delivering suitable and bespoke housing solutions for older and more vulnerable residents is an important aspect of our affordable housing policy.

Extra Care Housing

- 5.2 Health-related quality of life for older people in Manchester is consistently lower than in England or the rest of Greater Manchester. The socio-economic status of many older residents is a key factor in determining poor health. Studies have indicated a relationship between higher levels of frailty and less affluent older people, which is the economic status of many older residents in Manchester.
- 5.3 Extra Care Housing is a key strategic priority for adult social care, providing independent accommodation for people aged 55 plus to enjoy retirement housing with all the benefits of onsite care surrounded by additional facilities – such as a Bistro, Spa and Hairdressers plus communal space, with the added benefit of a 24- hour care team based on site to respond to changing needs.
- 5.4 Evidence shows that people living longer and better at home is not only better for the person but can save the health and social care system money. It is expected that over time less people will need residential care and can get care at home which is more bespoke to their needs.
- 5.5 The provision of 20 short stay “Neighbourhood Apartments” within Extra Care and Sheltered schemes (using GM Transformation funding), to house older people in need of support for 6 to 8 weeks whilst they recover from leaving hospital or are in need of some help in the community, is providing a real alternative to residential care and assisting with hospital discharge processes. Early indications are that these apartments are achieving savings across the health and care system which supports the investment proposition. Manchester's work around Extra Care has recently been recognised as good practice across GM and a new Extra Care Commissioning Group has been formed to scale up development across GM with Manchester leading this work.

5.6 Manchester currently has 7 completed schemes:

1. The Byrons – North Manchester (40 units)
2. Whitebeck Court – North Manchester (91 units)
3. Butler Court – North Manchester (82 units)
4. Hibiscus Court – Central Manchester (36 units)
5. Westfields – South Manchester (49 units)
6. Shore Green - South Manchester (10 units - dementia specific)
7. Village 135 – South Manchester (135 units)

5.7 A further 7 extra care schemes are planned that will deliver over 500 additional units. 5 of these will be delivered by RP partners, MCC has contributed capital and land at less than best value to support the development of 4 of these schemes. 2 schemes are now scheduled to be delivered by, and remain in the ownership, of MCC including an LGBT majority scheme. The benefits of the Council delivering and owning new extra care property include: MCC retain land value, lower borrowing costs, MCC ownership of a multi-million-pound asset, full MCC control over the allocations and lettings to better achieve savings.

The 7 schemes in development are as follows:

Name	Ward	Provider	No of apts	Tenure	Expected completion
Brunswick	Brunswick	S4B	60	All specialist and supported social rent	January 2020
Wilbraham Road	Fallowfield	Onwards	36	Dementia Specialist and supported social rent	March 2020
Stagecoach	Whalley Range	Mosscaire St Vincents	72	All specialist and supported social rent	April 2020
Burnage Lane	Burnage	Southway	56	All specialist and supported social rent	Autumn 2020

Abbey Hey	Gorton and Abbey Hey	Southway	105	All specialist social rent	March 2021
Millwright Street	Newton Heath	MCC	75	All specialist and supported social rent	December 2021
Russell Road LGBT	Whalley Range	MCC	77	50% specialist and supported social rent & 50% outright sale	February 2022

Learning Disability accommodation

- 5.8 The numbers of learning disabled adults in Manchester has increased steadily over the past 15 years. At the request of MCC, partner RPs are developing 70 specialist social rent homes for people with Learning Disabilities (LD) across 4 sites to improve housing standards and make savings on staffing costs, which are high due to the dispersed nature of current LD accommodation.
- 5.9 The one bedroom apartments within the scheme have specialist design features to enable the accommodation to be easily adapted to meet changing future need. 24-hour staff teams based at each scheme will support the residents to live independently. Two of the schemes will replace existing shared accommodation located in general needs housing which is no longer fit for purpose as the residents age. Two schemes will provide extra capacity enabling people placed outside of Manchester or in residential care to live in their own supported apartment. Young LD clients transitioning to Adulthood care will also be able to access this accommodation.
- 5.10 This is an excellent example of the Our Manchester way of working: MCC has contributed the 4 sites at less than best consideration along with £3.05m additional subsidy to ensure they are financially viable. Each scheme has also received Disabled Facilities Grant to fit out the infrastructure which will enable “plug and play” assistive technology. Three registered social landlords, Great Places, Mosscafe St Vincents (MSV) and Wythenshawe Community Housing Group (WCHG) who will own and manage the buildings have contributed capital and have received grants from Homes England. They have also worked as an informal consortium sharing the same architects, Quantity Surveying and other 'back office' functions to reduce costs.

The schemes are as follows:

Name	Ward	Provider	No of apts	Tenure	Expected completion
Northfield	Moston	Great places	20	Specialist and supported social rent	May 2019
Scout Drive	Baguley	WCHG	20	Specialist and supported social rent	May 2019
Constable Street	Gorton & Abbey Hey	MSV	20	Specialist and supported social rent	July 2019
Dalbeattie Street	Harpurhey	MSV	10	Specialist and supported social rent	December 2019

Development of a Manchester Supported Housing strategy

- 5.11 Despite all of the specialist developments identified above, there remains additional demand for all types of supported housing, including support for people with complex needs.
- 5.12 Working collaboratively within the Council and with partners (both strategic and operational) we intend to agree a Supported Housing Strategy for Manchester by the end of March 2019 and share it with GM Partners. The Strategy will outline our strategy for existing and future supported housing provision. Taking into account the range of client groups and their identified needs, a mapping and assessment of current provision and future needs will be carried out and funding opportunities and partnerships for future delivery will be identified.
- 5.13 A draft Strategy will be presented for approval to the Health & Wellbeing Board.

Access to Social Housing for Vulnerable Groups

- 5.14 The social housing register currently holds around 14,000 “live” applications of which around 5,000 are assessed as being in Reasonable Preference (in housing need or vulnerable). These groups are afforded higher priority on the register to help them to move into a home that will alleviate their need. Need groups include:

- Care Leavers
- People who are homeless or at risk of becoming homeless
- People fleeing Domestic Abuse
- People with specific medical needs
- People who are overcrowded

5.15 Out of the 2,700 total lettings from 2017/18, 2,360 were let to people most in need.

5.16 The City Council and RP partners are currently undertaking a review of the Social Housing Allocation Policy. Whilst the review will not increase the number of properties that become available a revised policy will reflect and assist those households who require social housing the most and aims to make the best use of available stock.

5.17 Although turnover of social housing stock has reduced over consecutive years the Council and RP partners are committed to make sure stock is used in the best possible way, as well as providing support services to vulnerable groups to assist with access to a suitable home. Services include:

Housing Options for Older People (HOOP)

5.18 The service was established in 2015 as a point of professional support for health and social care staff who may have a client where a housing issue was exacerbating a medical condition. The service aims to assist in giving timely, professional and practical housing options advice at the point of need. Many professionals see this service as having filled a much needed gap and assists them and their clients in navigating, what can be, a complex system. There are now 3 HOOP officers citywide, covering North, Central and South localities.

Manchester Service for Independent Living (MSIL)

5.19 Social landlords have worked with Adult Services and Strategic Housing to redesign the funding and delivery of adaptations to social housing tenants across the city. MSIL undertakes the initial assessment of need for adaptations and equipment which is then referred with recommendations to four social landlords, who design and deliver the necessary works in the person's home.

Adapted Homes Service (AHS)

5.20 The Adapted Homes Service (AHS) is now a City Wide service that supports residents who are applying for rehousing due to medical reasons and need properties that have adaptations. The Adapted Homes Service (AHS) work alongside the Manchester Move and HOOP services. During their first 10 months, the team re-let 142 already adapted homes across the city and reused £750,000 of existing adaptations which could otherwise have been discarded.

Care leavers Band 1 Panel

- 5.21 The Band 1 Care Leavers Panel pilot was established in June 2017 to prioritise those care leavers most able to live independently by giving them highest priority on the housing register. To date 33 tenancies have been created with only 1 tenancy failure. Due to the success of the panel, it is expected that this will be expanded and formalised into the review of the Allocations Policy. Other initiatives have included the delivery of shared accommodation for Care Leavers (4 x 2 bed flats in partnership with Wythenshawe Community Housing Group and a further 6 flats in the pipeline in partnership with Great Places Housing Group).

Homelessness & Temporary Accommodation

- 5.22 In 2017/18 24% of all lettings went to households who occupy temporary or supported accommodation. The target for 2018/19 is 25% and the current performance is at 26%. Support for move on from temporary and supported housing is provided by the homelessness support service who work with RP's to ensure resettlement into new tenancies.

6.0 Concluding Remarks

- 6.1 Affordability is becoming an increasingly important issue as Manchester continues to develop. Significant progress has been made to deliver new homes across the whole property price range. However, the proportion of homes which are affordable and available to many Manchester households has decreased. Therefore, we must be innovative and utilise our available resources to support the delivery of more, affordable homes, including homes for older and vulnerable people.

7.0 Contributing to the Manchester Strategy

(a) A thriving and sustainable city

- 7.1 This refreshed approach to affordability will ensure Manchester has the right mix of housing that is affordable across a range of tenure and income levels to support a functioning Manchester and sub regional economy.

(b) A highly skilled city

- 7.2 The new and existing homes will be well connected to employment opportunities and schools

(c) A progressive and equitable city

- 7.3 Increasing the supply of good quality affordable homes for sale and rent will provide the opportunity for Manchester residents to raise their individual and collective aspirations

(d) A liveable and low carbon city

- 7.4 The right mix of quality energy efficient housing is needed to support growth and ensure that our growing population can live and work in the city and enjoy a good quality of life.

(e) A connected city

- 7.5 This approach recognises the importance a balanced housing offer plays within a well connected city and the neighbourhoods within it. It seeks to create neighbourhoods where residents will choose to live and their housing needs and aspirations are met

8.0 Key Policies and Considerations

(a) Equal Opportunities

- 8.1 This approach to affordability will enable the provision of a diverse range of housing to meet the needs of the growing and changing population. Local communities will be engaged through appropriate consultation, giving all stakeholders opportunities to engage in the development of Manchester's policy.

(b) Risk Management

- 8.2 Assessment, mitigation and management of risk will be overseen through the city council's governance arrangements associated with residential growth

(c) Legal Considerations

- 8.3 There are no specific legal considerations as a result of this report.

**Manchester City Council
Report for Resolution**

Report to: Economy Scrutiny - 5 December 2018
Executive - 12 December 2018

Subject: Delivering Manchester's Affordable Housing Strategy –
Proposed new affordable housing policies for the Council

Report of: Executive Member for Housing and Regeneration

Summary

This report sets out proposed new affordable housing policies for the Council

Recommendations

Economy Scrutiny Committee is invited to comment on the affordable housing policy proposals as set out in section 5 of the report.

The Executive is recommended to:

1. Endorse the affordable housing policy proposals as set out in section 5 of the report; and
 2. Note that officers will consider the financial and legal consequences of these policy proposals and report back to Executive in early 2019
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Wards Affected: All

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	This refreshed approach to affordability will ensure Manchester has the right mix of housing that is affordable across a range of tenure and income levels to support a functioning Manchester and sub regional economy.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The new and existing homes will be well connected to employment opportunities and schools
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Increasing the supply of good quality affordable homes for sale and rent will provide the opportunity for Manchester residents to raise their individual and collective aspirations

A liveable and low carbon city: a destination of choice to live, visit, work	The right mix of quality energy efficient housing is needed to support growth and ensure that our growing population can live and work in the city and enjoy a good quality of life.
A connected city: world class infrastructure and connectivity to drive growth	This approach recognises the importance a balanced housing offer plays within a well connected city and the neighbourhoods within it. It seeks to create neighbourhoods where residents will choose to live and their housing needs and aspirations are met

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

As the attached report contains policy proposals there are no specific revenue consequences as a result of this report. Officers will consider the financial implications of the policy proposals and report back to Executive in early 2019. In doing so officers will be particularly mindful of the rules and restrictions around the operation of the Council's Housing Revenue Account.

Financial Consequences – Capital

As the attached report contains policy proposals there are no specific revenue consequences as a result of this report. Officers will consider the financial implications of the policy proposals and report back to Executive in early 2019. In doing so officers will be particularly mindful of the rules and restrictions around the operation of the Council's Housing Revenue Account.

Contact Details:

Name: Cllr Suzanne Richards
 Position: Executive Member for Housing and Regeneration
 Telephone: 0161 234 3355
 E-mail: cldr.s.richards@manchester.gov.uk

Background documents (available for public inspection)

The following documents disclose important facts on which the report is based and have been relied upon in preparing this report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the officers above.

- Report to Executive - Core Strategy 27 June 2012
- Report to Executive - Draft Residential Growth Strategy 4 November 2015
- Report to Executive - Housing Affordability in Manchester 1 June 2016
- Report to Executive - Housing Affordability in Manchester 14 December 2016
- Report to Executive - Housing Affordability Plan 18 October 2017
- Report to Executive - Housing Affordability Plan New Products 7 March 2018
- Report to Executive - Executive Member priorities 30 May 2018

1.0 Introduction

- 1.1 We face a huge challenge in the City. Savage cuts of more than 40% to our budget - impacting on the support and services we can provide to the most vulnerable residents. A bedroom tax - which has pushed families into housing debt. Universal Credit which is continuing to plunge people into debt, rent arrears and a reliance on food banks.
- 1.2 We have seen 8 years of failure on all fronts by this Government. With rising homelessness to falling homeownership, to the lowest number of new social rented homes on record. We contrast this with the record of a Labour Government which between 97 and 2010 built 2 million more homes and there were a million more homeowners, in addition to the biggest investment in social housing in a generation.
- 1.3 Manchester Labour has always fought to protect the most vulnerable in our City, with rising levels of homeless families and individuals and over 5,000 people in housing need we must act. This paper set out policy ideas to build on existing Council commitments and create a new direction in our approach to affordability over the coming 12 months.
- 1.4 I believe the proposals in the attached paper **commit** us to a bold new approach to affordability, that will meet the needs of all Manchester residents.

2.0 Context, Challenges and Opportunities

2.1 Context

- 2.2 The affordable housing context for the City is framed by a number of important points:

- **An ambitious yet deliverable Residential Growth Strategy** - Off the back of a deep recession the City has achieved a strong economic recovery which has been underpinned by a Residential Growth Strategy. When agreed, the Strategy set a target to deliver 25,000 new homes between April 2015 and March 2025, an average of 2,500 homes each year. Based on schemes completed to date, those on site and those committed, plus an assumption of delivering 3,000 new homes per annum going forward, a prudent revised residential growth target would be 32,000 homes by March 2024. In the region of 3,000 affordable homes have been delivered (around 800) or will be delivered (around 2,200) between April 2015 and March 2021, with at least a further 3,400 to be delivered to meet the Council's 20% affordable housing target by March 2025. This means that compared to the previous target of 5,000 affordable homes (20% of 25,000 new homes) the Council is on track to deliver an additional 1,400 affordable homes than was originally planned by March 2025. A Residential Growth update will be taken to the Council's Economy Scrutiny and Executive early in 2019.

- **Adverse impact of austerity measures & welfare reform** - Manchester's residents have suffered significantly with Housing Benefit changes and the move to Universal Credit, impacting particularly on families and those on lower incomes.
- **Growth in homeless demand** - the impact of austerity coupled with steps taken by some landlords has led to an increasing number of people and families presenting as statutory homeless. In 2014, the Council leased around 150 properties in the private rented sector as temporary accommodation. This has now risen to over 1,350 properties and is continuing to grow.
- **Increasing number of people on the housing register** - over 5,000 people and families are classified as in need (bands 1-3 of 6) on the Council's housing register, with 13,000 people and families on the register in total. This number is increasing as the number of new lets is decreasing. Last year just over 2,700 affordable homes were let through Manchester Move.
- **Meeting the distinct needs of different people and areas across the City** - whilst there are affordability challenges across the City these vary considerably from area to area. Average household incomes vary across Manchester from c.£20,000 in some parts of the North and East to c.£36,000 in the City Centre.
- **Meeting the needs of the City's older and more vulnerable residents** - there is increasing need for supported accommodation to meet the growing needs of Manchester's older residents as well as those with mental health needs, learning disabilities and a number of other vulnerable groups.

2.3 Challenges

2.4 The Council's affordable housing policy needs to address a number of challenges:

- **Ensuring homes are genuinely affordable to all Manchester residents** - the Council launched a pioneering affordable housing policy in 2016, defining affordable housing as homes that cost no more than 30% of their gross household income for those at or below the City's then average income of £27,000. The Council subsequently agreed at its Executive in May 2018 that no Manchester resident should have to spend more than 30% of their household income on accommodation - and ideally less. This requires an affordability policy which can respond to the needs of individual residents as well as the distinct needs of different parts of the City.
- **Accessing accommodation at Local Housing Allowance (LHA) levels** - in a number of parts of the City residents are already facing difficulty accessing properties at LHA levels. If rents increase and in the absence of

significant new supply, this is expected to become more challenging in the future.

- **Creating the right types and tenures of homes** - Manchester residents on lower incomes need and expect a diverse range of affordable housing types and tenures. This means houses, apartments and bungalows as well as specialist facilities for some older people or vulnerable groups with specialist needs. Tenure types include a range of rental options at different levels as well as tenures that allow residents affordable purchase options over time as their circumstances change.
- **Losing significant numbers of affordable homes to the Right to Buy** - after an increased discount was made available to purchasers of Right to Buy houses in 2015 Right to Buy sales peaked in 2017/18. Around 500 affordable homes are predicted to be lost in the City to the Right to Buy in 2018/19. Around 170 are Council-owned, 150 of which are managed by Northwards and 20 managed by 3 PFI operators in Brunswick, Grove Village and Miles Platting. Around 330 are owned by Registered Providers. If Right to Buy purchases continue at this rate, over the next 30 years the accommodation managed for the Council by Northwards would reduce from the current level of around 12,900 homes to around 8,500 homes. These significant losses would not only reduce the Council's affordable housing options for those in need on its housing register, but would also make it harder for Northwards to deliver a value for money service to tenants and leaseholders. Similar challenges would be faced on the PFI estates.
- **Growing concern about City Centre affordability** - these concerns centre on whether the City Centre is affordable for Mancunians. Developers who are not fully contributing to the number of affordable properties within schemes are making financial contributions to off site provision (Section 106 monies). There are concerns whether this money should be used to deliver affordable housing in the City Centre.

2.5 Opportunities

2.6 At the same time there are a series of opportunities available to the Council:

- **Capitalising on the lifting of the Housing Revenue Account (HRA) cap** - the Government recently lifted the HRA cap to allow Councils to borrow more, subject to affordability, to invest in new affordable Council housebuilding.
- **Making the most of the Council's land interests** - whilst land is a finite resource the Council has significant land interests in 4 Housing Affordability Zones, agreed by the Executive in 2017. The Council also has some resources and powers to acquire land in these and other strategic regeneration areas to create future land supply.

- **Growing availability of external funding** - The Council's ability to access infrastructure funding through housing delivery agency Homes England has recently been reduced as a result of new geographical investment rules. However, with £2bn available nationally there is more funding to invest in affordable housing than there has been for many years. There are also opportunities to tap into GM funding (e.g. around supported and community-led housing).
- **The Local Plan** - when adopted, the new Manchester Local Plan, which is planned to commence in Summer 2019, would create the opportunity to review and more closely align housing and planning policies around affordable housing for the first time since the current Local Plan was adopted in 2012.
- **Increasing Registered Provider interest** - local Registered Provider partners are accessing increasing funding through Homes England, and borrowing, and have a growing appetite to invest in the City. A number of other large national Registered Providers have also identified Manchester as an area in which they are keen to invest.
- **Supporting older people downsizing** - whilst the priority is to support older people staying in their existing homes for longer if they wish to there is also considerable demand from older people to downsize to reduce living costs. This has the potential to free up large family homes which are in high demand by those in need on the housing register.
- **Harnessing grassroots housing demand** - There is growing interest from people across the City to build their own homes to address their affordability challenges.
- **Capitalising on new affordability products and tenures** - The Government has introduced a wider range of affordable housing products and tenures through the National Planning Policy Framework (NPPF), including some outside the Right to Buy (see below).

3.0 Defining Affordability

3.1 Traditional affordable housing tenures and the LHA

- 3.2 "Affordable Housing" has emerged over time as an aggregate term for a range of housing tenures that allow people on lower incomes to access homes at below market values.

This includes:

- **Shared Ownership** - an increasingly popular part rent/part buy model in which residents can pay rent on 25-75% of the value of the property initially with the option to buy the remainder later.

- **Affordable Rent** - although this can technically be set at or below 80% of market rent, affordable rent is typically set at or close to the full 80% level.
 - **Social Rent** - this is typically set at or around 60% of market rent, although is not directly linked to market rent in the same way as affordable rent.
- 3.3 The difference between affordable and social rent can vary significantly by area, due to varying levels of market rent across the City. Sometimes market, affordable and social rent can be very close together, but on other occasions are significantly different.
- 3.4 Housing Benefit is linked to LHA, which is set at the 30% percentile of all market rents. In North and East Manchester affordable rent will currently generally be at or slightly below LHA levels. Further South of the City, somewhere between social and affordable rent is required to achieve LHA levels. However the position can vary in individual neighbourhoods. Some of South Manchester, including parts of Wythenshawe also has a separate LHA level. This means that some Manchester residents can currently access homes at affordable rent using their Housing Benefit and others can only do so when they are let at social rent or by spending more than 30% of their household income on paying rent.
- 3.5 Whilst LHA levels have been frozen at 2015 levels and are expected to be reviewed in 2020 there are likely to remain strong pressures on Universal Credit/Housing Benefit budgets. This in turn means that there is an increasing likelihood that more of Manchester's residents will need to access a social rent to deliver the Council's commitment that no more than 30% of their household income should be spent on accommodation costs.
- 3.6 New affordable housing tenures
- 3.7 Responding to growing concern about the impact of the Right to Buy other newer affordable tenures have been or are being introduced by the Government, including:
- **Rent to Buy** - residents pay an affordable rent for 5 years whilst saving a deposit to buy the property outright or move across to a shared ownership product.
 - **Discounted Market Sale** - this is based on 80-95% of market sale
 - **Discounted Market Rent** - this is also based on 80-95% of market rent.
- 3.8 There is so far limited practical information about these new tenures, but they potentially fall outside the Right to Buy.

4.0 Funding Affordability

4.1 An overview of funding new affordable homes

4.2 The following table sets out a basic example of how an indicative 3 bedroom new build affordable home in Manchester could be funded, either by the Council or a Registered Provider. The table sets out an example for both a home let at an affordable rent and at a social rent. In each case the basic principle is that the Council or Registered Provider would borrow against the rental income over a 30 year period, after allowances are made for long-term repairs and maintenance costs. This is, however, insufficient to meet the total costs of building the home after assuming a nil land payment.

4.3 Therefore, the next step is to apply for grant to Homes England towards this deficit, which is larger for social rent as whilst more grant is typically available it is insufficient to meet the full reduction in rental income. As a result the Council or Registered Provider would need to provide an additional subsidy. In the case of a Registered Provider this would potentially be a subsidy from delivering other tenures (e.g. market sale, market rent etc). For the Council this would come from the Housing Revenue Account. In each case there is the scope to top this up from the Council's Housing Affordability Fund into which off-site developer contributions are paid (see below).

4.4 The build cost of a new home is currently on the high side because of the limited size of individual affordable housing projects. The scope will be explored to secure better value for money, as the scale is increased in line with the proposals in this paper.

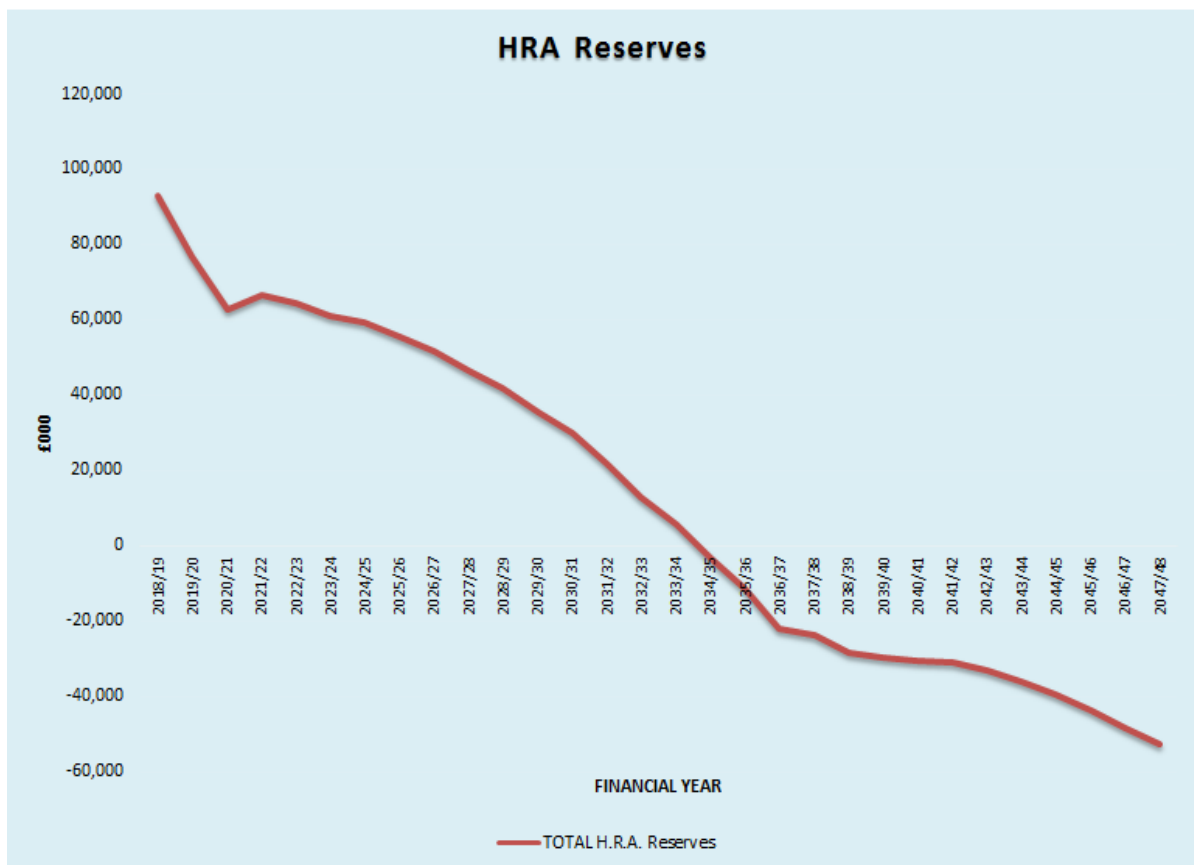
	Affordable Rent	Social Rent
Rental Income	£90k	£67.5k
Grant	£37.5k	£50k
Additional Subsidy	£22.5k	£32.5k
Total Income	£150k	£150k
Land	£nil	£nil
Build Cost	£150k	£150k
Total Cost	£150k	£150k

4.5 The Housing Revenue Account

4.6 Where the Council is building new affordable homes (see below) the HRA can support the capital programme to fund construction costs either through use of reserves or borrowing. The HRA is a ringfenced account operated solely

for the income and expenditure associated with Council-owned affordable housing.

- 4.7 Income in the HRA comprises rent from c.12,900 homes managed for the Council by Northwards, rents and PFI Credits for the c.2,600 homes managed under 3 PFI contracts in Brunswick, Grove Village and Miles Platting and rent from c.170 homes managed by Guinness partnership in West Gorton. Expenditure includes the Northwards and Guinness Management fees and capital budgets for improving all of these homes over the coming years, including Unitary Payments made by the Council to PFI Contractors. Borrowing costs and depreciation are added where applicable, based on the costs of other Council lending.
- 4.8 The HRA is forecast over a 30 year period and the HRA cannot enter into deficit. However, in common with most other Local Authorities, the Council's HRA used to break even over 30 years but then stopped doing so when the forced 1% rent cut for 4 years to March 2020 was introduced. Whilst the HRA appears to be in a positive position with a current surplus of c.£100m, it generally makes a loss every year (with the exception being 2018/19 as, subject to Full Council approval on 28th November, funds are reserved for new sprinklers to be invested in 2019/20). On this basis the current reserves would slowly be eroded over time. The predicted position over 30 years is a deficit of c.£52m, with the HRA currently predicted to fall into deficit in 2034/35. This is summarised in the graph below.



4.9 An action plan is being developed to bring the HRA back into balance over the 30 year period, which will be shared with Executive in Spring 2019. The Government's removal of the HRA cap at a time it knows that most Local Authorities are in deficit on their HRA is a tacit endorsement that they encourage the building of more Council homes, despite the deficit situation, provided Councils act prudently and work within affordability parameters.

5.0 Policy ideas

5.1 Responding to the points raised above, the following policy ideas propose a step-change in the number and tenure of affordable homes being built across the City.

5.2 Delivering genuinely affordable homes for all Manchester residents

5.3 The Council Executive committed in June 2018 to delivering 500 social and other secure decent homes for rent. As explained above, in some areas of the City this includes affordable rents at LHA levels. Around 350 of these homes are already delivered or will be delivered, with the full 500 expected to be delivered by March 2021.

- ***Policy Idea - The Council will strengthen the 500 home commitment to become 500 new social rented homes to be delivered by March 2022.***

5.4 This proposal is more stretching, with only around 130 of these homes currently delivered or committed. It would provide an initial foundation towards the wider proposals to deliver significant new social rented housing across the City.

5.5 The Council has committed that no Manchester resident should have to spend more than 30% of their gross household income on accommodation costs. This now needs fleshing out in more detail, capable of becoming not only housing policy but also planning policy as part of the new Local Plan. This will require detailed analysis of Manchester's affordability needs at a local level.

- ***Policy Idea - The Council will develop and consult on a new Manchester affordability policy based around the individual income and circumstances of all Manchester residents.***

5.6 Significantly increasing new Council housebuilding

5.7 The Council undertook one-off new build activity of around 180 homes in 2011 & 2012. It was then decided in 2015 to start a programme of new Council house building. A pilot of 60 homes is currently on site, comprising 40 homes for affordable rent and 20 shared ownership properties. The potential for a further 150 new Council homes has been explored.

- 5.8 There is scope to scale up Council housebuilding following the Government's scrapping of the HRA cap and with the recent announcement of £2bn+ of Homes England grant to invest in affordable housing.
- ***Policy Idea - The Council will commit to delivering a programme of 3,000 new affordable Council homes over 10 years - 1,000 at social rent, 1,000 at affordable rent and 1,000 shared ownership.***
- 5.9 This tenure mix would broadly have a neutral impact on the HRA, leaving the 30 year deficit unaltered. A smaller proportion of social rented homes would have a positive impact on the HRA and help its improvement. However the action plan to improve the HRA is likely to centre on strong fiscal management, taking the Government's proposed increase in rents of CPI+1% for 5 years and managing costs over this period and beyond so that costs do not rise in line with income. A greater proportion of social rented homes would increase the deficit.
- 5.10 In the absence of any change to existing Right to Buy policies, 1,500 of these new homes would replace Right to Buy losses and ensure that Northwards has a consistent level of accommodation of no less than 12,500 homes. Importantly there would also be 1,500 net new additional affordable homes, with management of these to be reviewed with Members in due course, having first explored options around the Right to Buy (see below). Collectively all 3,000 new Council homes would help to significantly reduce those in need on the Council's housing register.
- 5.11 Delivering this programme is dependent on access to Homes England grant and the Government lifting the total debt cap on the Council. An HRA Business Plan review and action plan to bring the HRA back into balance also needs to be completed early in 2019. Set against the 60 home pilot the Council is building now this is a significant step-change in aspiration and delivery and is amongst the largest programmes of new Council housebuilding in the UK. Some of these homes would be developed directly and some could be acquired from developers. Opportunities to acquire properties will also be explored (e.g. Right to Buy buy-backs, empty properties, other interventions in the Private Rented Sector etc).
- ***Policy Idea - Deliver a first phase of 300 new affordable Council homes by March 2022, 100 for social rent, 100 for affordable rent and 100 shared ownership.***
- 5.12 There is an opportunity to use a new TV series with George Clarke to drive forward an expanded first phase of 300 homes to be delivered by March 2022, with the first 75 homes to be developed by March 2021. A preferred site for the TV series will be selected by the end of 2018, based on speed of delivery and the potential wider impact the TV series could bring.
- ***Policy Idea - The Council will take steps to maximise the social value from expanded new Council house building, including training and employment opportunities for Manchester residents.***

5.13 Delivering more social and affordable homes with partners

5.14 *Residential Growth*

5.15 Delivering the Residential Growth Strategy, existing commitments and new policy ideas in this paper will rely on strong partnership working.

5.16 The Council has three significant residential growth joint ventures:

- **Northern Gateway** - delivering around 15,000 homes to the north of the City with Far Eastern Consortium (FEC).
- **Manchester Life** - delivering around 4,000 homes to the east of the City.
- **Matrix Homes** - delivering over 500 homes for market sale and rent with Greater Manchester Pension Fund, using a mixture of higher and lower value sites across the City to deliver new homes and regeneration.

5.17 These partnerships will need to lead by example.

- ***Policy Idea - Where legal agreements permit, future phases of existing residential growth joint ventures and new joint ventures where Council sites represent a significant contribution will deliver 20% net new affordable housing.***
- ***Policy Idea - At least 1,000 of the affordable homes to be delivered through the remainder of the Residential Growth Strategy will be let at social rent.***

5.18 Following more detailed discussions with partners a report on Residential Growth and Northern Gateway will be brought to Economy Scrutiny and Executive in the new year.

5.19 *Registered Providers*

5.20 The Council also has a number of Registered Provider partners who will be central to the delivery of these policy ideas, both through delivery in their own right and through their own joint ventures. These organisations have growing funds to invest.

5.21 A work programme has begun to streamline and speed up the release of sites to Registered Providers. An important feature of this process is also to engage earlier with local Members, whose support is critical to bringing sites forwards. Once fully implemented, this improved approach, coupled with additional resource will allow the Council to accelerate the release of sites for affordable housing and therefore speed up delivery. Opportunities to maximise and speed up access to grant will also be explored.

- ***Policy Idea - 500 plots will be released on small sites to Registered Providers by March 2019 for affordable housing, requiring at least ⅓***

of homes to be let at social rent and for all homes to be completed by March 2022.

- 5.22 Alongside existing Registered Provider partners, the Council is increasingly being approached by larger national Registered Providers which want to invest in the City. Some are 'not for profit' and others are 'for profit'. It is essential that any Registered Providers that invest in the City work with the Council supports its work on employment/skills, health, homelessness, Zero Carbon and a number of other policy themes. They also need to join Manchester Move and the Manchester Housing Providers Partnership.
- 5.23 Early discussions with several 'not for profit' Registered Providers have indicated that they are committed to doing this. Conversely early discussions with several 'for profit' Registered Providers show that whilst they can bring significant investment their values are not fully aligned with those of the Council.
- ***Policy Idea - The Council will continue to work in partnership with existing registered providers and support them to maximise their investment in the city. The Council will also encourage other not-for-profit Registered Providers to invest in Manchester provided they play a meaningful role in the city and invest in areas where existing Registered Providers are not major stockholders.***
- 5.24 *Use of Council land*
- ***Policy Idea - After allowing appropriately for other key uses (employment, education, health, infrastructure, culture, amenity etc.) Council land disposals will be principally for development that wholly or partly delivers affordable housing for those in our City who are in the greatest housing need.***
- 5.25 Reducing the adverse impact of the Right to Buy
- 5.26 Around 500 affordable homes are predicted to be lost this year in Manchester to the Right to Buy. Whilst they remain in the housing stock, allowing Manchester residents to access home ownership, they significantly reduce the options available to the Council to support those in need to access affordable housing.
- ***Policy Idea: The Council will lobby the Government to remove the Right to Buy***
- 5.27 National Labour Party Policy already commits to abandoning the Right to Buy. The Conservative Government is unlikely to abandon its flagship housing policy. Therefore, strong proposals will be made, for example that:
- The Council will work with the other nine local authorities and Mayor of Greater Manchester to demand the devolution of the legal powers covering Right to Buy to the Combined Authority, as has happened with

devolution in Scotland and Wales. Both Scotland and Wales have enacted legislation that now end the Right to Buy, Scotland's came in to effect in August 2018 and Wales will follow by end of January 2019.

- The Right to Buy should not apply to new build housing, providing more ability for the Council (and also developers/investors on strategic regeneration schemes) to plan investment effectively.
- Councils should be able to retain the full receipt (as opposed to 70% currently).

5.28 The 4 Housing Affordability Zones have the potential to deliver a significant number of new homes, including 2,000 affordable homes. These Zones have the potential to create vibrant new neighbourhoods, supported by significant Council land ownership and strong public transport connections.

- ***Policy Idea: The Council will explore ways in which all of the new affordable homes (at least 2,000) in the 4 Housing Affordability Zones fall outside the Right to Buy.***

5.29 Some approaches may include new affordable tenures not yet introduced in Manchester. Other approaches may include establishing a vehicle to own affordable housing that is not caught by the Right to Buy. Local Housing Companies have been a popular vehicle for Councils to achieve this goal. However there are a number of other models that may be suited to Manchester's circumstances.

5.30 Whilst homes created outside the Right to Buy are not required to be let using Manchester Move, the Council would use its role as landowner to agree an allocations policy with any future Housing Affordability Zone developers to closely align allocations policies to provide affordable homes for those in need.

5.31 Finally, the Council will take additional steps to verify that Right to Buys requested on its properties are legitimate and take action where this is not the case.

5.32 Delivering affordable housing in the City Centre and the Housing Affordability Fund

5.33 The Council is making positive progress collecting more money from more developers for off-site housing contributions within the Housing Affordability Fund. A total of £1.8m has been collected since 2016, the majority of which has been invested around the City. Significant further commitments are being negotiated. The sums collected will be further enhanced by new arrangements that have started to be adopted in which Section 106 agreements negotiated by the Council now include, as standard, a viability re-assessment once schemes are complete.

5.34 Despite this progress there is a strong public feeling that some City Centre schemes should provide on-site affordable housing and that some of the proceeds in the Fund, where collected in the City Centre, should be invested

within the City Centre. However, delivering affordable housing within the City Centre is challenging. For example, land values in the City Centre are significantly higher (even when applying the new rules outlined in the *Parkhurst* case when assessing Planning Viability) and if land values forgone are taken into account more affordable homes could be delivered outside the City Centre than within it. Also service charges on apartment blocks can be significant, depressing rental income as affordable rent is capped at 80% of market rent inclusive of service charges. Nonetheless this strength of public feeling is significant and growing.

- ***Policy Idea - The Council will complete within 12 months a feasibility study into a genuinely affordable housing scheme within the City Centre of appropriate density for its location. In drawing up the parameters of and delivering this study, the elected councillors of City Centre wards and the elected City Centre spokesperson will be included. Should the feasibility study find such a scheme to be viable, subject to the standard scrutiny procedures of the Council, the Council shall proceed with the scheme.***

5.35 More detailed consideration will be given, ahead of and as part of the Local Plan process, to the potential scale and scope of future City Centre affordable housing demand and provision.

- ***Policy Idea - the Council will assess potential demand for and scope for provision of other affordable housing within the City Centre, taking into account viability and deliverability.***

5.36 Creating affordable housing to support older and vulnerable people

5.37 Manchester has a growing older population. A Healthy Ageing programme of work jointly with Greater Manchester is underway to enable older residents to stay in their own homes for longer. However not everyone wants to do this as larger homes can be more expensive to run.

5.38 There are over 400 older people registered on Manchester Move wanting to downsize. If prioritised for smaller accommodation these could release large family homes on a 1:1 basis, which are in high demand with around 1,300 of the 5,000 people in need seeking 3 bed properties or larger. With active marketing to older people of the opportunities for and benefits of downsizing, coupled with greater support during any move, there is the potential to free up further valuable family accommodation.

5.39 The Council and Registered providers will discuss with local councillors the possibilities of unlocking smaller sites and developments within their wards and across the city to develop a local strategy and solution to positively encourage a range of tenants to downsize. The intention is to allow tenants who downsize to remain as local as possible within their communities whilst freeing much needed larger homes in areas of the city where their availability is limited.

- ***Policy Idea - The Council will invest, in conjunction with Registered Provider partners, in better marketing to older people the opportunity to downsize and provide support during any move.***

5.40 Extra Care housing is self-contained housing than enables older people to live independently with flexible support and the security of on-site emergency help if they need it. Over 500 affordable extra care homes are already being brought forward, of which around 150 are being delivered by the Council on sites in Whalley Range and Newton Heath and around 350 are being delivered by Registered Providers in Brunswick, Burnage, Gorton and Moss Side. There are agreed principles such as the Council retaining its assets and that the homes for rent would be at social rents.

5.41 Specialist dementia extra care housing for 50 people are also being brought forward in Blackley and Fallowfield. 70 apartments are being delivered for people with learning difficulties in Baguley, Gorton & Abbey Hey, Harpurhey and Moston. These have been brought forward through partnership working, small capital contributions and tapping into external funding where appropriate. However, despite this, there remains additional demand for all types of supported housing, including looking at providing support for people with ongoing complex needs.

- ***Policy Idea - The Council will develop a Supporting People Housing Strategy (including extra care, dementia friendly and learning disabilities) by March 2019 working alongside health and social care colleagues, housing providers and Greater Manchester partners.***

5.42 Supporting grassroots community-led housing

5.43 There is growing grassroots interest from people across the UK to solve their own housing needs, with Manchester being no exception. Several fledgling groups have already expressed strong interest to the Council.

5.44 Community-led housing chimes well with the recent Social Housing Green Paper of empowering tenants and residents. Overseas and in some other UK Cities community-led housing groups deliver a meaningful proportion of both market and affordable housing (e.g. there is a 7,000 home pipeline of community-led housing schemes across London).

5.45 These groups can come together based on people living in the same area or they may share common demographic features (e.g. in London there is an Older Women's Lesbian Co-housing Scheme). Whilst there is often a nucleus of people in the early stages of projects, these groups are expanded as projects take shape and develop.

5.46 These residents, by investing their time as well as resources, typically stay in their homes longer and form stronger communities, which is evidenced by the historic community-led Homes for Change development in Hulme. There can also be opportunities for local training and employment in the construction process. Community-led housing can also help the Council discharge its legal

duty under the Housing and Planning Act 2016 to consent sufficient serviced plots to meet the demand for those that want to build their own home. At present there are around 200 people on Manchester's register wanting to do so. A paper on this duty will be brought to Executive in early 2019.

5.47 As the Council has limited finances, resources and land that when we support community-led housing projects with our assets, we ensure that they are benefiting those in greatest housing need, those on low income, those that do not already own their own property, those that do not have the means to buy a property or rent without major support or that they live in social housing and wish to free up that home.

- ***Policy Idea - The Council will explore the feasibility of at least 3 community-led housing projects on Council land providing at least 30 affordable homes in total. At least one of these will be led by older people.***

5.48 There are various models of community-led housing (e.g. community land trusts, cooperatives etc). The feasibility work will identify the right sites, fledgling groups and models to apply, as well as how GMCA investment can be harnessed and how the Council could work with the emerging new GM Community-led Housing Hub.

5.49 Whilst there is likely to be particular demand in the South of the City, opportunities will be explored across the City and a range of different groups with different characteristics will be supported. Pilot projects would help to raise awareness of the opportunity for people to deliver their own homes, creating a new culture within the City which should extend to all housing tenures.

- ***Policy Idea - The Council will develop a strategy to unleash the potential for community-led housing of all tenures across the City by Summer 2019.***

5.50 Key Workers

5.51 The Council needs to support its key workers, including police, fire, health workers, nurses, doctors, teachers etc. Some of these need to be close to their work, wherever this may be in the City.

- ***Policy Idea - The Council will explore how it can support the City's essential key workers to access affordable homes in appropriate locations to meet their needs***

6.0 Implementation

6.1 Resources

6.2 The Council will need additional resources to deliver on the policy ideas outlined above:

- **Council land** - sufficient land needs to be reserved or acquired to deliver the affordable housing programme identified in this paper, whilst recognising that land also need to be reserved to meet other strategically important uses (e.g. employment, education, health, infrastructure, amenity etc). The scope to use existing properties will also be considered (e.g. Right to Buy buy-backs, acquiring empty properties and interventions in the Private Rented Sector).
- **Council capital and borrowing** - additional investment will need to be made to deliver these proposals, from capital and HRA borrowing. This will be fully quantified and detailed proposals brought forward in due course, confirming the Council's ability to service additional debt. The Council will secure the best possible value for money from all of its partnership arrangements and construction supply chain.
- **Council revenue** - additional staff and consultancy expertise will be needed to provide the necessary skills and capacity (e.g. to support community-led housing projects, expert facilitators, with experience of delivering projects elsewhere, would be needed).
- **Partnership working with, and investment from, other organisations** - the Council needs to work in partnership with, and secure investment from, a number of organisations including Homes England, GMCA, joint venture developers, Registered Providers and Northwards.
- **Delivery options** - A range of delivery options will be explored for the various policy ideas, including a potential municipal housing company for some or all of the proposed Council housing.

6.3 Appropriate governance arrangements will need to be put in place to oversee this investment.

6.4 Risks

6.5 There are a number of key risks affecting Manchester's affordable housing supply. Steps are taken to mitigate these wherever possible:

- **Government policy** - national policy issues including Brexit, Monetary Policy and the future of Help to Buy could potentially have a major impact on Manchester's housing market. Officers liaise closely with No.10/MHCLG to understand and shape policy to seek to ensure it recognises the Manchester context and avoids a London/South East bias. In January 2019, the Council is hosting the Bank of England Residential Policy Commission, which informs the Bank's Monetary Policy strategy.
- **Access to Government funding** - as most development in Manchester takes place on 'brownfield' sites, access to grant is essential to site enabling, infrastructure and affordable housing delivery. Officers are working closely with GMCA and MHCLG to unlock £10.25m for Collyhurst,

part of the delayed £70m GM Growth Deal. An Officer group has been formed to coordinate dialogue with Homes England, an increasingly important source of investment for the Council.

- **Greater Manchester Spatial Framework (GMSF)** - agreeing the GM Growth Deal is closely linked with finalising the GMSF, which is currently delayed until June 2019 due to uncertainty over the Government's methodology for household projections. Members and Officers are working closely with GM colleagues to expedite the GMSF (and in turn the Growth Deal). Once finalised the GMSF will inform the Council's Local Plan and the Residential Growth Strategy.
- **Total debt cap** - The Council is relatively unusual in having a total debt cap, linked to its investment in Manchester Airports Group. If the Government does not lift this cap at the review date in 2020 it would be difficult to implement the Council housebuilding plans at the rate outlined in this paper. To address this the approach taken will be to secure Government support for Manchester's Council housebuilding plans, highlighting that this arose in part from the Government's lifting of the HRA cap, and then seek to secure lifting of the total debt cap.
- **Loss of a key housing delivery supplier/partner** - Registered Providers are financially regulated and strongly committed to Manchester's communities, so the loss of one for any reason (other than through occasional mergers) is unlikely. Notwithstanding this, Officers work closely with Registered Provider partners to support their affordable housing delivery. Private sector developers take more risk and their investment is typically more footloose, with the potential to invest in other GM Boroughs and further afield. Officers work closely with major developers investing in Manchester, as they make a major contribution to the City's housing supply pipeline. One key challenge they all consistently raise is for the Council to clarify its affordability approach, which this paper plays a role in starting to address.
- **A potential downturn** - Housing markets rise and fall over time and it is now 10 years since the previous recession began. The Council undertakes significant work to understand the future direction of the local housing market. The Residential Growth Strategy is deliberately prudent. By controlling more of the supply of affordable homes, through Council housebuilding, there would be less exposure to any market slowdown impacting adversely on affordable housing delivery.

6.6 Other Considerations

6.7 There are several other considerations which the Council will need to be mindful of in shaping and taking forward these policies:

- **Design quality** - After a big push for design quality in the late 1990s and early 2000s the Government largely abandoned design quality during the recession. The Council conversely strengthened its commitment to design

quality during this period, convinced it would play a critical role in creating a strong and vibrant City, which has proved to be the case. The Manchester Residential Design Guide was developed in 2016 and was then and remains an exemplar policy locally and nationally, which has guided the design of all housing schemes in the City since. Design quality is now again featuring prominently in Government policy, complementing the City's policy. As the Council steps up its affordable housing delivery this needs to be built to a high design standard, both to benefit residents and to send a strong signal to others. The Council's joint venture developers and Registered Provider partners are committed to this approach. However aspects of how we all go about delivery are holding us back and need challenging, particularly 'design and build' contracts and procurement frameworks which typically fail to attach sufficient weight to design, as well as raising cost concerns.

- **Off-site housing** - as the name suggests, this applies to where a significant proportion of a home is built in a factory. This can range from a timber frame through to a full 'modular' home which is shrink-wrapped with its kitchen and bathroom already in place before the home leaves the factory. Off-site housing is costlier at present, but offers better quality and faster construction, reducing long term running costs and meeting housing need and collecting rents sooner. Over time this additional cost will reduce and in the meantime Homes England offers additional grant for off-site built affordable homes. At this stage no specific off-site housing system or approach has emerged as the market leader. The George Clarke TV show (mentioned above) will help the Council to consider different approaches and promote internally and externally the benefits of off-site housing. The opportunity to create an off-site housing factory in Manchester will also be explored in the medium term (most factories are currently located on the M1 Corridor).
- **Zero Carbon housing** - The Council recently committed to reaching Zero Carbon by 2038. Both existing housing accommodation and new build housing have a key role to play in achieving this. When weighing up schemes with existing buildings in place, refurbishment is likely to receive greater weighting than before due to the 'embedded carbon'. Increasing environmental standards will need to be applied to new build housing, which off-site housing can help to deliver.

7.0 Next steps

- 7.1 This paper will be considered by the Councils Economy Scrutiny Committee on Wednesday 5th December and then the Executive on Wednesday 12th December. The final paper providing it is endorsed by the Executive will then be passed to officers of the Council to explore in more detail the financial and legal issues raised and report back to Executive in early 2019.

8.0 Summary of Affordable Housing Policy Ideas

- 8.1 A number of the policy ideas above overlap. For example, the social rent within the first phase of the proposed new Council housebuilding programme would also contribute to the strengthened commitment to deliver 500 new social rented homes by March 2022. One of the 4 Housing Affordability Zones could also be an area in which new Council housebuilding takes place. The overriding target to March 2025 therefore remains the ambition to deliver at least 3,400 additional affordable homes over and above those committed of which, as identified above, 1,000 will be for social rent. This is summarised in the table in Appendix 1.

9.0 Contributing to the Manchester Strategy

(a) A thriving and sustainable city

- 9.1 This refreshed approach to affordability will ensure Manchester has the right mix of housing that is affordable across a range of tenure and income levels to support a functioning Manchester and sub regional economy.

(b) A highly skilled city

- 9.2 The new and existing homes will be well connected to employment opportunities and schools

(c) A progressive and equitable city

- 9.3 Increasing the supply of good quality affordable homes for sale and rent will provide the opportunity for Manchester residents to raise their individual and collective aspirations

(d) A liveable and low carbon city

- 9.4 The right mix of quality energy efficient housing is needed to support growth and ensure that our growing population can live and work in the city and enjoy a good quality of life.

(e) A connected city

- 9.5 This approach recognises the importance a balanced housing offer plays within a well connected city and the neighbourhoods within it. It seeks to create neighbourhoods where residents will choose to live and their housing needs and aspirations are met

10.0 Key Policies and Considerations

(a) Equal Opportunities

- 10.1 This approach to affordability will enable the provision of a diverse range of housing to meet the needs of the growing and changing population. Local

communities will be engaged through appropriate consultation, giving all stakeholders opportunities to engage in the development of Manchester's policy.

(b) Risk Management

- 10.2 Assessment, mitigation and management of risk will be overseen through the city council's governance arrangements associated with residential growth

(c) Legal Considerations

- 10.3 As the attached report contains policy proposals there are no specific legal consequences as a result of this report. Officers will consider the legal implications of the policy proposals and report back to Executive in early 2019. In doing so officers will be particularly mindful of the rules and restrictions around the operation of the Council's Housing Revenue Account.

Appendix 1 - Summary of Affordable Housing Policy Ideas

Policy Idea	Total to March 2029	Delivered Mar 2015 - Mar 18	Already committed (delivery by Mar 21)	Proposed Delivery by Mar 2022	Proposed Delivery by Mar 2025	Proposed Delivery by Mar 2029	Notes
500 social rented homes by March 2022	500		130	370			130 homes are committed to date. The 370 remaining homes to deliver the policy idea comprises 100 social rented Council homes of the first phase of 300, 170 social rented homes from the 500 homes on small sites programme (1/3) and 100 other homes to be delivered by RPs on medium sized sites
3000 new Council homes over 10 years	3060		60	300	900	1800	60 homes are committed to date. The policy idea is to deliver 3,000 new Council homes with a tenure mix of 1/3 social rent, 1/3 affordable rent and 1/3 shared ownership
4 Housing Affordability Zones	2000				400	1600	Tenure tbc. Scope for earlier delivery will be explored through feasibility studies. It is assumed that one of the 4 Zones overlap with areas proposed for Council house building

Registered Provider Small Sites Programme	500			500			Extensions to this programme to 2025 and beyond will be explored in due course
Other Delivery	4210	750	2060	225	1175		incl Residential Growth Joint Ventures, other and Community-led Housing. Delivery beyond 2025 will be explored in due course
Residential Growth Strategy							
	Total to March 2025	Delivered Mar 2015 - Mar 18	Already committed (delivery by Mar 21)	Proposed Delivery by Mar 2022	Proposed Delivery by Mar 2025		
Residential Growth Strategy	6400	750	2250	1025	2375		
Notes:							
- In aggregating the above rows appropriate adjustments are made where policy ideas overlap							
- All non-committed delivery is subject to technical, financial and legal feasibility							
- Target of 3,400 additional affordable homes by March 2025 to include at least 1,000 social rented homes							

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**Manchester City Council
Report for Resolution**

Report to: Economy Scrutiny – 6 December 2018
Executive – 12 December 2018
Council – 30 January 2019

Subject: The Manchester College – City Centre Campus

Report of: Strategic Director (Development) and City Treasurer

Summary

The purpose of this report is to provide an update on the LTE Group's progress in acquiring a city centre site located within the Northern Gateway Great Ducie Street Regeneration area (part of the former Boddingtons Brewery site) for the Manchester College city campus, which is a key part of its estates strategy. It will provide fit for purpose, 21st century learning that will deliver to the City's objective to become a Highly Skilled City. The proposed location at the former Boddingtons site means that it will be highly accessible for learners in Manchester and Greater Manchester and the city centre location means it is well placed to further develop links with businesses in key growth sectors, to meet their skill needs.

A separate report at Part B of this agenda, sets out proposals for the Council to support the Manchester College in these plans.

Recommendations

Economy Scrutiny Committee is invited to comment on the report and endorse the recommendations to the Executive as detailed below.

The Executive is recommended to:

1. Support LTE Group's plans to deliver a new Manchester College Campus on Great Ducie Street (on part of the former Boddington's Brewery site) which would be a centre for excellence for skills in Creative & Digital (Phase 1) and Business, Financial & Professional Services (Phase 2);
2. Note that the LTE Group has committed to work with the Council to ensure that new development proposals comply with and support approved planning policies for the City Centre, and to work with the Council to bring forward a new development framework for the site;
3. Note that the arrangements include a proposed loan of £27.6m to LTE Group the details of which are set out in the separate Part B Report.

The Council is recommended to:

1. Approve a capital budget increase of £27.6m (£17.6m in 2018/19 and £10m in 2019/20) funded by borrowing.

Wards Affected:

Cheetham Hill and Piccadilly

Manchester Strategy Outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The Manchester College is a major economic driver, not only as an employer but in providing skills training and learning pathways to underpin a wide range of key growth sectors in the city. It is the largest provider of 16-19, adult and higher education in Greater Manchester, with more than 25% of Greater Manchester's learning provision undertaken by the College.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The Manchester College enables significant numbers of students in Manchester to be equipped with the right skills to access existing and new jobs, and employment pathways within the Greater Manchester economy.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The Manchester College is committed to working with all communities within the city to improve the learning and skills outcomes of all our residents.
A liveable and low carbon city: a destination of choice to live, visit, work	The Manchester College has a strong commitment to environmental sustainability. This is embedded within the management of the existing estate and the plans for the new estate.
A connected city: world class infrastructure and connectivity to drive growth	The Manchester College intend to deliver a new world class facility, which will continue to support the city's growth ambitions over the next decade.

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

None

Financial Consequences – Capital

Note that the arrangements include a proposed loan of £27.6m to LTE Group the details of which are set out in the separate Part B Report..

Contact Officers:

Name: Eddie Smith
 Position: Strategic Director - Strategic Development
 Telephone: 0161 234 3030
 E-mail: e.smith@manchester.gov.uk

Name: Carol Culley
 Position: City Treasurer
 Telephone: 0161 234 3406
 Email: carol.culley@manchester.gov.uk

Name: David Lord
 Position: Development Manager
 Telephone: 0161 234 1339
 E-mail: d.lord@manchester.gov.uk

Name: Angela Harrington
 Position: Head of Work & Skills
 Telephone: 0161 234 3171
 Email: a.harrington@manchester.gov.uk

Name: Pat Bartoli
 Position: City Centre Regeneration
 Telephone: 0161 234 3329
 E-mail: p.bartoli@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

The Manchester College Estate Strategy 2017 – 2022 - Report to the Executive, 13 November 2017;

The Manchester College, New Campus - Report to Executive, 25 July 2018

1.0 Introduction

- 1.1 A report considered by the Executive in November 2017, set out the Manchester College Estate Strategy for the 2017 – 2022 period. The strategy set out proposals for the College to seek to develop leading edge facilities for post-16 education and skills training, serving Manchester and the wider Greater Manchester (GM) Area. This was followed by a more detailed report in July 2018, which set out the College's plans to acquire a site to locate a new city centre campus.
- 1.2 The LTE Group has entered into an Option Agreement for part of the former Boddingtons site, where it will develop a centre of excellence with a strong focus on the skills required by the City's growth sectors: Creative & Digital; and Business, Financial & Professional Services.
- 1.3 A separate report at Part B of this agenda sets out the contractual, financial and commercial arrangements required by the LTE Group to support the development of the City Centre campus and how the Council will support the Manchester College with these plans.

2.0 Context

- 2.1 Improving skills levels has been identified by the Industrial Strategy at both a national and local level, as a key driver of economic growth and critical to addressing the national and Greater Manchester productivity challenges. The Government in response to the Sainsbury Review published its Post-16 Skills Plan, which seeks to create 3 clear pathways for post-16 education: academic; apprenticeships and technical education. The Government view is that the academic pathway is clear and works well. Apprenticeships have been subject to a number of recent changes including the introduction of apprenticeship standards and the apprenticeship levy, which have seen a substantial reduction in the number of apprenticeship starts nationally, not reflected in the local position. The intention is for apprenticeships to grow as a route to skilled employment for young people and adults.
- 2.2 Technical levels (T-levels) are being introduced for skilled occupations where there is a substantial requirement for technical knowledge and practical skills. They cover 15 occupational routes: Agriculture, Environmental and Animal Care; Business and Administrative; Catering and Hospitality; Childcare and Education; Construction; Creative and Design; Digital; Engineering and Manufacturing; Hair and Beauty; Health and Science; Legal, Finance and Accounting; Protective Services; Sales, Marketing and Procurement; Social Care; Transport and Logistics. Technical levels will be a full 2 year programme and include a significant industry placement of 45 days. There will be a transition year for young people who are not ready to access technical levels at age 16. Successful completion would lead learners to a higher level technical education; a higher level or degree level apprenticeship; or employment.

- 2.2 T-levels will be rolled out nationally, on a phased basis between 2020 and 2022. It will involve a transformational change in the way that FE is delivered. It is unlikely that any one college or area would offer all 15 pathways. In Manchester, the Manchester College will be the key provider of T-levels and has some valuable learning through its work experience pilot for the College, wider LTE group and other GM providers. The work that the College is doing with employers to co-design and co-deliver curriculum is also an important foundation for T-levels, as well as delivering to the Greater Manchester and City's ambition to have employers at the heart of the skills system. The estates strategy and the development of the centres of excellence will underpin the College's ability to successfully deliver T-levels and its wider skills proposition.
- 2.3 The Adult Education Budget (AEB) is being devolved to the Greater Manchester Combined Authority from the 2019/20 academic year. Circa 70% of the budget will be plan led and grant funded to the 10 GM FE colleges and adult education providers. Currently the budget is used predominantly to fund ESOL, basic skills: English & Maths, employability skills and level 2 qualifications and below in vocational education. Manchester Adult Education Service (MAES) and the Manchester College are the two biggest providers in the City. Commissioning by the GMCA and the development of a plan /partnership approach will mean that there is a greater focus on outcomes and integrating skills, with employment and other support for learners who are furthest from the labour market. The learning hubs will be critical to the delivery of better outcomes for NEET young people, unemployed adults and returners to the labour market. The devolved AEB arrangements will also allow for some innovation to better meet the needs of GM residents and businesses.

3.0 The Background

- 3.1 Manchester College is part of the LTE Group, which is a very large education and skills social enterprise comprising of 5,000 staff in 120 locations, and more than 100,000 students and learners, the LTE Group reflects the combined strengths and services of five organisations:
- The Manchester College – delivering 16-19 and adult further education across all levels
 - UCEN Manchester – delivering technical and professional higher education to level 7
 - Total People – providing work-based learning, apprenticeships and training provider.
 - Novus – the UK's largest national justice sector training and education specialist.
 - MOL – a national provider of online and blended professional training, qualifications and accreditations.
- 3.2 A separate report to the last meeting of Economy Scrutiny provided a detailed update on how various parts of the LTE Group deliver to the City's work and skills priorities. In particular, it provided performance information on the

improvement journey that the Manchester College has been on since its last Ofsted.

- 3.3 The College has a long and successful history in the City, and currently offers post-16 education and skills at 24 sites across Manchester, two thirds of which were built before 2,000, and over a quarter of which are in relatively poor condition. The estate, as currently configured doesn't provide a 21st century learning environment that supports the College's wider education ambitions for the City, nor does it place it in the best position to deliver T-levels and benefit from the proposed changes in the post-16 landscape. In addition it is not efficient or cost effective to run.

4.0 The Manchester College Estates Strategy

- 4.1 The Executive reports in November 2017 and July 2018, set out the Manchester College's estates strategy in detail. In summary, the proposal is to consolidate the estate from 24 disparate sites into three centres of excellence in the City Centre and Openshaw, supported by learning hubs within the centres of excellence, with two additional learning hubs in Harpurhey and Wythenshawe. The centres of excellence are well aligned with Manchester and Greater Manchester growth sectors. The new City Centre campus will be a centre of excellence for business, finance and professional education; and creative and digital skills, complementing the small health centre of excellence located in Citylabs on the Oxford Rd Corridor, all of which will provide routes to HE, as well as employment. Openshaw will have centres of excellence in construction, logistics, health, social care, sport and wellbeing.
- 4.2 The learning hubs will offer a broad curriculum, up to a learner's first level 3 vocational /technical education level with clear routes to the centres of excellence, apprenticeships and other progression opportunities. They will also offer an engagement curriculum for learners with low skill levels, lack of confidence and /or those with additional needs. These learners will be supported with mentoring, student pastoral care and good quality Careers Education Advice & Guidance. The learning hubs will work in partnership with other agencies to integrate additional support for young people at risk of becoming NEET, and for adults with additional needs. Basic English and Maths and ESOL provision will be delivered through the learning hubs.
- 4.3 Delivery of the College's Estates Strategy will increase capacity, enabling a 12% growth in the post-16 learning opportunities for 16-18 year olds, which will be needed to accommodate the increased number of children and young people coming through the City's school system. There will be an increase in the number of 16 to 18 year olds and HE students accessing centre of excellence provision in the City Centre. The strategy also projected that the new estate will increase basic skills provision by 9%, which is needed in particular to address the needs of adults with low skills in the City, and a 23% growth in the number of technical and professional HE learners, needed to address the skills gaps in our growth sectors, as well as boosting productivity. Once delivered the College's estate will be more efficient, with better space

utilisation, and reduced running costs, all of which will have a positive impact on the College's overall sustainability.

5.0 The Manchester College City Centre Campus

- 5.1 The new campus will focus on Manchester's employment growth sectors and new markets, where technological change require a more highly skilled and adaptable workforce. The City Centre site will also accommodate higher education and the College's A level centre, providing academic routes into Higher Education.
- 5.2 In order to meet its ambition to develop a new City Centre campus, the College needed to acquire a suitable site: one which is accessible by public transport and creates a high quality and safe environment to inspire students and learners to achieve, with adequate provision of external space/ public realm. It is important to the College that the campus is in a location that showcases its modern education and training facilities, to improve the skills of current and future generations, and attract learners from across the City and City region.
- 5.3 One of the primary attractions of the City Centre is its excellent access to public transport; as it will be important that the new campus has easy and safe access to bus, rail and Metrolink services, and good access to the highway network as well as a network of safe cycle lanes. The College will need provision for visitor and disabled parking. The Manchester College will be listening to and working with existing communities as it develops its plans. Located on land at the former Boddington's Brewery, the site presents a prime opportunity for redevelopment and help the College's deliver its vision to enable every learner to 'Be Amazing', creating the skills needed by the City's residents for the City's growth sectors.
- 5.4 The LTE Group began a site selection process in May 2017. College Governors have been involved in the process throughout. Six sites were shortlisted against criteria agreed by the College Board, and the land to the east of Great Ducie Street (former Boddingtons site) was chosen as the preferred site for the new City Centre campus. An Option Agreement has been entered into with the owner for the site. The College will also retain Shena Simon College, as additional capacity in the short to medium term.
- 5.5 The College is committed to developing a sustainable campus on the site, reducing energy usage and CO2 production and achieving a BREAM excellence rating for its new campus. It is anticipated that the Great Ducie Street location will mean an increased use of public transport by students and staff. The College is in the process of appointing its design and professional teams.
- 5.6 The existing Strategic Regeneration Framework covering the Boddingtons site does not include the provision of a college. The LTE Group working in partnership with the Council, will bring forward a new development framework for the site they have acquired, which incorporates a college campus and

appropriate development across the remainder of the site. The redevelopment is seen as a key part of Manchester City Council's strategy of expanding the 'Northern Fringe' of the city centre. The regeneration of the former Boddingtons Brewery site sits alongside the Great Ducie Street Strategic Regeneration Framework.

6.0 The Manchester College City Centre Campus: Funding

- 6.1 The College's estates strategy will be funded through a mix of LTE Group borrowing, consolidation - allowing for the sale of learning facilities no longer needed by the College - and GM Skills Capital Funding. The GMCA has agreed in principle to support the Manchester College's estates strategy with a grant of up to £25m, subject to the outcome of detailed evaluation and due diligence. Council officers will track progress and timescales and take into account any Skills Capital Funding grant conditions that are relevant to or impact on the Council's proposed loan facility.
- 6.2 A Part B Report to July Executive included a proposal for the Council to provide some additional support in terms of loan finance to support the college's estates strategy, which was up to £36m depending on the overall funding package, costs and VAT treatment of the site acquisition. Any financing arrangement was also to cover the Council's financing costs and comply with the State Aid position. Following ongoing discussions the amount of support requested has been confirmed as a loan funding package of £27.6m. Further details on the likely terms of the support are contained in the confidential Part B report on this agenda.

7.0 Concluding Remarks

- 7.1 The acquisition of the former Boddington's site to develop its City Centre Campus, is a major step forward for the Manchester College's estates strategy. It will provide a high profile and accessible site for both learners and businesses in the City and will significantly increase the scale and quality of learning provision, with an increased emphasis on priority sectors and higher level & technical skills. The College's approach with employers, and the proposed development of the City Centre campus, means that the City will be well placed to deliver the new technical pathways which are being proposed as part of the Government's Post-16 Skills Strategy and critical to the delivery of the Industrial Strategy.
- 7.2 Supported by the community learning hubs, the College will continue to be the major provider of post-16 education and skills in the City for residents at all skill levels. The new estates strategy will support its ambitions to deliver clearer career pathways for all of its learners through education, skills and employment. The estates strategy is timely in terms of the College being well placed to meet the skills requirements of the Industrial Strategy, both nationally and locally, and allows the College to future proof its offer through a high quality, efficient and sustainable estate.

8.0 Recommendations

8.1 Recommendations can be found at the front of the report.

9.0 Contributing to the Manchester Strategy Outcomes

(a) A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities

9.1 The Manchester College is a major economic driver, not only as an employer but in providing skills training and learning pathways to underpin a wide range of key growth sectors in the city. It is the largest provider of 16-19, adult and higher education in Greater Manchester, with more than 25% of Greater Manchester's learning provision undertaken by the College.

(b) A highly skilled city: world class and home grown talent sustaining the city's economic success

9.2 The Manchester College enables significant numbers of students in Manchester to be equipped with the right skills to access existing and new jobs, and employment pathways within the Greater Manchester economy.

(c) A progressive and equitable city: making a positive contribution by unlocking the potential of our communities

9.3 The Manchester College is committed to working with all communities within the city to improve the learning and skills outcomes of all our residents.

(d) A liveable and low carbon city: a destination of choice to live, visit, work

9.4 The Manchester College has a strong commitment to environmental sustainability. This is embedded within the management of the existing estate and the plans for the new estate.

(e) A connected city: world class infrastructure and connectivity to drive growth

9.5 The Manchester College intend to deliver a new world class facility on the UX site, which will continue to support the city's growth ambitions over the next decade.

10.0 Key Policies and Considerations

(a) Equal Opportunities

10.1 Manchester College's new city centre campus would enable even more local residents to acquire the right skills to access existing and new jobs, particularly in key employment sectors. The Manchester College is committed

to working with all communities within the city to improve the learning and skills outcomes of all our residents.

(b) Risk Management

- 10.2 The Financial arrangements will be managed and monitored over the life of the loan to ensure compliance with all the terms set out therein and the Council's duties and functions.

(c) Legal Considerations

- 10.3 The Council's Commercial Legal team will continue to support and advise the project team to ensure that the necessary arrangements are put in place, which sufficiently protect the Council, and comply with all relevant legislation.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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