Date: 27 October 2017
Subject: Town Centre Challenge
Report of: Andy Burnham, Mayor of Greater Manchester

PURPOSE OF REPORT

To update the Combined Authority on plans to progress a Town Centre Challenge.

RECOMMENDATIONS:

This paper requests that the GMCA support plans to develop and launch a Town Centre Challenge

CONTACT OFFICERS:
Simon Nokes, Executive Director, Policy and Strategy, GMCA

BACKGROUND PAPERS: None

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<td>Does this report relate to a Key Decision, as set out in the GMCA Constitution or in the process agreed by the AGMA Executive Board</td>
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<th>EXEMPTION FROM CALL IN</th>
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<td>Are there any aspects in this report which means it should be considered to be exempt from call in by the AGMA Scrutiny Pool on the grounds of urgency?</td>
<td>No.</td>
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<th>AGMA Commission</th>
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Background

Four years ago the GM Town Centre Studies demonstrated that there was a retail revolution underway and this would result in 21% less retail space and 31% fewer stores in town centre venues by 2020. This will, and has already, left many of our town centres needing to find a new purpose and play a significantly different role than in the past, with many in need of significant regeneration.

At that time recommendations for future development in each of the primary town centres in each District were proposed, with many of these plans focused on mixed use development including housing, non-retail business uses and concentrating the focus of a town in a narrower area to increase footfall. The latter included encouraging footfall from centralising public services and education/college sites in our town centres. Proposals were also explored to create a town centre fund to support such developments. However, despite significant efforts such a fund could never be made to work on an investment/return basis.

Many of our town centres are focal points of public transport services, including rail stations, yet in most there is no effective housing market. This is partly due to ‘abnormal’ costs of development (often on previously developed land) and partly due to a low end value of any schemes caused by a lack of current housing demand in those town centres keeping prices low. Both of these issues stop housing development in our town centres because the cost of development is greater than the end value.

However at the same time we have a massive housing need across GM and for that housing to be in sustainable locations, and a desire to minimise the amount of greenbelt land that needs to be used in order to enable an appropriate housing stock to be built.

Despite the considerable efforts of Local Authorities in ‘masterplanning’ a future for these town centres and getting all relevant stakeholders to work through the issues, town centres have too often been dependent on proposals that developers have chosen to bring forward, rather than being able to take a proactive approach as places would have liked. In the main this has come down to:

- A lack of capacity in local authorities, due to significant cuts, to invest the considerable resources needed to proactively bring forward appropriate developments
- A lack of suitable finance to make appropriate schemes stack up – often this is associated with the ‘negative value’ of schemes outlined above

Although these are the two main issues, it needs to be acknowledged that the specific issues faced by town centres vary across Greater Manchester, geographically, and that Districts are at different stages of development in thinking through the issues, and developing plans, in relation to their town centres.
Opportunity – The Town Centre Challenge:

As Districts have acknowledged, what is needed to regenerate many of our town centres is a way of focusing capacity from across stakeholders to develop innovative multi-agency solutions to both of the issues outlined above.

A number of opportunities are coming together which means that a Town Centre Challenge, appropriately developed and framed, could be seen as a very positive development and a way to help unlock the challenges in our Town Centres, particularly to create viable housing markets with digital and physical connectivity to attract families and older people with care in mind, thereby creating sustainable communities. The particular changed opportunities relate to:

- The fact that Districts from across GM Districts are already coming together to address how development in Town Centres can be brought forward more rapidly. A Town Centre Challenge could give the relevant Local Authority Directors the ‘boost’ needed to get plans over the line
- The ‘convening power of the Mayor’ to bring together a range of players to bring focus, attention and a clear vision to tackling difficult issues. We have already begun to see this in relation to school readiness for example. This ‘convening power’ could help bring together a wider range of partners, including non-traditional partners, to help re-imagine and deliver a new future for some of our town centres, and understand how a wide range of separate initiatives and plans (such as transport investment, investment funds and ‘people based’ monies) could all be aligned to help unlock new and innovative solutions to intractable problems
- The negotiation of the Housing Deal with Government. GM is currently in detailed discussions with Government about a Housing Deal to support the development of more housing in GM. This deal has 5 elements – one of which is focused on town centres. Overall the deal is seeking investment over 4 years to support a placed based approach to accelerated housing growth. Specifically on Town Centres the deal refers to the fact that Greater Manchester is working to develop a long term sustainable future for our town centres, based on placing town centre living as a core function of renewed town centres, often as part of mixed use developments
- The potential, with an elected Mayor, to create Mayoral Development Corporations (MDCs) and use Mayoral CPO powers, in conjunction with Local Authority Leaders.

As well as unlocking development a Town Centre Challenge, appropriately framed, could help GM ensure that it drives the involvement of a wider range of partners in the design of places and drives innovation in issues such as: high quality design; building green infrastructure into schemes (to tackle carbon emissions); sustainable methods of construction; and building a GM wide professional capacity to drive forward such schemes.
Basic Principles:

As acknowledged above the positive impact from a Challenge could be considerable, and should be welcomed. However there are a range of issues which will need to be agreed in developing any Town Centre Challenge. Key to its success is that it would be a collaborative rather than competitive challenge with Districts working together with the Mayor to unlock some of the key challenges in our Town Centres.

- **Choice of Town Centres:** It would be up to each District to bring forward a Town Centre of their choice for focus as part of the Challenge, as the needs are different in different Districts. As many areas have proved, regeneration requires you to start by building on your assets, in order to build momentum, rather than necessarily starting with the areas needing the most intervention first. Therefore Districts might wish to identify town centres with more well developed schemes that could be helped to become reality with Mayoral attention, rather than those where there are currently less well developed plans. This will also enable the Challenge to develop early success to build real momentum.

In order to ensure that the Challenge led to delivery of real change and impact in the chosen town centres, Districts would also want to consider the following issues in choosing a Town Centre as a focus for Mayoral focus:

  - The potential number of housing units that could be delivered (within in a given time)
  - The links to existing public transport nodes (and potential rail station devolution)
  - The evidence of how the proposals coming forward genuinely have, or create, a sustainable housing demand, community and environment in our Town Centres (in order to overcome one of the major current issues which is a lack of expressed housing demand in town centres)
  - Financial viability of the funding package being proposed
  - Deliverability of the overall scheme – including issues where Mayoral focus would be required in order to drive innovation to achieve that deliverability

- **The Offer:** The basic offer would be for the Mayor to use his convening powers to bring stakeholders and multiple partners together around potential proposals (in each of the proposed Town Centres) in order to discuss what is needed to unlock those proposals. This would include housing providers to open up the discussion about types of housing and open up the market to potential new entrants (e.g., older people in homes built with care in mind, younger people not currently anywhere near the housing ladder). The challenge would be designed to align, join up, and make the best of existing initiatives and resources to help unlock solutions to long term problems, rather than becoming another separate initiative in a locality. As lessons are learnt from tackling issues in one part of GM these would be shared across GM and used to help deliver proposals in other parts of GM.

The precise elements and funding streams that could be brought to a set of proposals would vary considerably from scheme to scheme as the creation of Mayoral Development Corporations or use of CPO powers alone will not resolve
the fundamental issues above (of capacity or negative value). The HCA have previously used a model of ‘guaranteeing end values’ of schemes (to eliminate the gap between cost and end value) which could be explored, but any such guarantee would still need to be backed up by funding if the end value turned out not to be at the level of the guarantee.

Where a CPO is required consideration will need to be given on a case by case basis as to how that is paid for and achieved in those particular circumstances – however this is likely to be linked to one of the following:
- Funding from Housing Infrastructure Fund for approved schemes
- Any flexibility gained in current negotiations with Government in relation to a GM Housing Deal
- Back to Back agreement with developers
- Local Authority funding

**Timetable:**

As mentioned above, relevant Local Authority Directors are already meeting to discuss the challenges in GM’s Town Centres including the issue of capacity. Following a meeting of these Directors on 5 October the barriers to delivery, and actions that GM might need to consider to address these barriers, are currently being written up. It is therefore proposed to build on this work and their expertise to progress the Town Centre Challenge as follows:

- **Oct-Nov:** work with relevant Local Authority Directors and interested parties to finalise what issues Districts and the Mayor may need to focus on in the Challenge, and what others (the private and voluntary sectors) could bring to the challenge alongside the CA and districts. This work would include a review of how other Mayors have used MDCs/CPOs, as well as an opportunity to take the initiative to relevant Scrutiny committees as part of its development.
- **Dec:** Local Authorities to decide which Town Centre they want the Challenge to focus on in their areas and outline the plans that they are seeking support to deliver (including covering the issues outlined about under ‘Choice of Town Centres’). This timing would link in with clarity on the Housing Deal which potentially might not be concluded until the November Budget.
- **Jan onwards:** work commences between Districts and the Mayor to address the issues identified, with regular sharing of lessons learnt across GM. This timing would fit with the overall timing of the revised GMSF process.