

GREATER MANCHESTER COMBINED AUTHORITY

DATE: Friday, 10th February, 2023

TIME: 10.30 am

VENUE: Council Chamber, Salford City Council, Salford Civic Centre, Chorley Road, Swinton, Salford, M27 5AW

AGENDA

6. Minutes of the GMCA Audit Committee held on 25 January 2023 1 - 14

To note the minutes of the GMCA Audit Committee held on 25 January 2023.

11. City Deal Receipts - Investment Approval Recommendations 15 - 20

Report of Steve Rumbelow, Portfolio Lead Chief Executive for Housing, Homelessness and Infrastructure.

12. GM Investment Framework, Conditional Project Approval 21 - 26

Report of Councillor David Molyneux, Portfolio Lead for Investment and Resources.

16. GM Investment Framework, Conditional Project Approval 27 - 32

Report of Councillor David Molyneux, Portfolio Lead for

BOLTON	MANCHESTER	ROCHDALE	STOCKPORT	TRAFFORD
BURY	OLDHAM	SALFORD	TAMESIDE	WIGAN

Investment and Resources.

17. City Deal Receipts - Investment Approval 3 33 - 36
Recommendations

Report of Steve Rumbelow, Portfolio Lead Chief Executive for Housing, Homelessness and Infrastructure.

For copies of papers and further information on this meeting please refer to the website

www.greatermanchester-ca.gov.uk. Alternatively, contact the following

Governance & Scrutiny Officer: Governance and Scrutiny

✉ sylvia.welsh@greatermanchester-ca.gov.uk

This agenda was issued on 3 February 2023 on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Broadhurst House, 56 Oxford Street, Manchester M1 6EU

Agenda Item 6

**MINUTES OF THE GREATER MANCHESTER COMBINED AUTHORITY
AUDIT COMMITTEE, HELD ON WEDNESDAY 25th JANUARY 2023 AT THE GMCA
OFFICES, TOOTAL BUILDINGS, MANCHESTER M1 6EU**

PRESENT:

Councillor Sarah Russell	Manchester City Council (Chair)
Councillor John Walsh	Bolton Council
Councillor Tom McGee	Stockport Council (substitute Member)
Councillor Mary Whitby	Bury Council
Gwyn Griffiths	Independent Member
Grenville Page	Independent Member
Susan Webster	Independent Member

OFFICERS:

Gillian Duckworth	GMCA Solicitor and Monitoring Officer
Andrew Lightfoot	GMCA Deputy Chief Executive
Steve Wilson	GMCA Treasurer
Sarah Horseman	GMCA Deputy Director, Audit and Assurance
Laura Blakey	GMCA Investment Director
Damian Jarvis	GMCA Internal Audit Manager
Paul Harris	GMCA Senior Governance and Scrutiny Officer

AC/42/22 WELCOME, INTRODUCTIONS AND APOLOGIES

The Chair extended a welcome to all those present.

Apologies for absence were received and noted from Catherine Scivier (Independent Member); Councillor Christine Roberts, Wigan Council (Substitute Member)

Mark Dalton, Mazars and Daniel Watson, Mazars.

AC/43/22 CHAIR'S ANNOUNCEMENTS AND ITEMS OF URGENT BUSINESS

The Chair explained that in respect of the Audit Action Tracking item, Members would like to have a discussion in respect of the ICT actions and it was likely that as this discussion will include sensitive information, then that discussion will be held in Part B of the agenda.

AC/44/22 DECLARATIONS OF INTEREST

RESOLVED /-

There were no interests declared in relation to any item on the agenda, by any Member of the Committee.

AC/45/22 MINUTES OF THE PREVIOUS AUDIT COMMITTEE MEETING

The minutes of the previous Audit Committee meeting, held on 19th October 2022, were submitted.

A Member highlighted that there was a discussion in respect of the remuneration of Audit Committee, noting that the review of the Overview and Scrutiny Committee recommended that scrutiny members be remunerated. The discussion also noted that Independent members of this Audit Committee were remunerated. Concerns were raised that this disparity may potentially lead to problems in attracting members to the Audit Committee.

It was noted that the Chair was to step down as a Member at the end of the municipal year and the requests for remuneration of Council appointed members of this Committee and therefore has no personal interest in this matter, but is concerned that the matter will impact on the efficacy of the Audit Committee.

The member also highlighted that given that they were retiring as a member of the committee, there was no personal interest in making this request.

RESOLVED/-

1. That the minutes of the previous meeting of the Audit committee, held on 19th October 2022, be agreed as a correct record.
2. That the discussion in respect of remuneration of committee members, as set out above, be noted.

AC/46/22 UPDATE FROM THE JOINT AUDIT PANEL

Members received the minutes of the Joint Audit Panel meeting on 28th November 2022 which provided an update on the work of the Panel.

In noting the update, a Member highlighted that how the Metropolitan Police was under scrutiny for particular failings and there was a need to understand how the scrutiny of similar issues in Greater Manchester Police, should they occur, would be reported through the Joint Audit Panel.

RESOLVED/-

That the update from the Joint Audit Panel be noted.

AC/47/22 AUDIT COMMITTEE RESPONSIBILITIES

Gillian Duckworth, Solicitor and Monitoring Officer, GMCA, introduced report which provided Members with a further update on Audit Committee responsibilities, following the report to the Audit Committee on 19 October 2022, particularly in respect of the Committee's relationship with the Joint Audit Panel.

The report explained that consultations with the Chair of the Joint Audit Panel have taken place and that the Chair of the Panel is agreeable to the following:

- To provide a brief written summary of each Joint Audit Panel meeting capturing the key issues discussed, the outcomes of the discussions and any issues that the Panel would like to bring to the attention of the audit committee.
- That the minutes of the meeting are appended to the summary.
- The Audit Committee is able to ask for further information or assurances when they receive the report.
- The Joint Audit Panel Chair will produce an annual report and attend the Audit Committee to present the report and answer questions.
- The Committee and the Panel consider periodic (suggested once a year) joint sessions between the two bodies.

A Member noted that don't want a committee to replicate what is happening elsewhere. The Committee is to ensure that there is correct governance and accountability within the system to address concerns. It was suggested that the recommended approach as set out in the report be trialled for a year and then be reviewed.

A Member commented that clear distinctions between the role and functions of the Independent Panel and this Committee were imperative. The Panel must be free to set its own agenda and work programme. A process of constant review is important.

The role of this Committee is to be assured that the Joint Audit panel is doing the right things. The provision of an Annual Report and minutes of the Joint Audit Panel was helpful. It was suggested that as part of the minute's summary, a level of assurance on those activities and policies undertaken be also included, which may provide a focus for the Committee to explore further.

In line with CIPFA guidance annual effectiveness reviews of the Panel are undertaken.. A summary on this assurance will be provided to the Committee.

A Member suggested that a forward look of potential areas of Joint Audit Panel focus be included within the Annual Report.

Following a suggestion that the Committee has the ability to call-in areas of concern where significant issues have arisen within GMP, the role of the Deputy Mayor, the

existing Police and Crime scrutiny arrangements and Joint Audit Panel responsibilities were highlighted. It is fundamental to the process that the Joint Audit Panel is the accountable. The role of the Audit committee will be to probe and question.

RESOLVED/-

1. That the report be noted.
2. That the Committee recommends to GMCA to adopt an amendment to the Audit Committee's Terms of Reference as follows:
 - Receive the annual report of the Chair of the Joint Audit Panel – Police and Crime, written summaries of and the minutes of meetings of the Panel as, amongst other things, a means of providing assurance with regard to GMP's internal control environment and risk management framework for the management of operational risk.
3. That the Chair of the Joint Audit Panel be invited to the Committee to present the Joint Audit Panel Annual Report.
4. That an assurance-based summary be introduced and will accompany the Joint Audit Panel minutes.
5. That a review of the procedures be undertaken after 12 months.

AC/48/22 RISK MANAGEMENT UPDATE

Sarah Horseman, Deputy Director, Audit and Assurance, GMCA informing Members of the changes in the GMCA Strategic and key operational risks and to provide an update on the risk management activities undertaken since the last meeting of the Committee.

It was noted that one notable change to this version of the risk register is that it has been reformatted to organise the Strategic Risks around GMCA's Corporate Objectives, as defined in the GMCA Corporate Plan 2022-25.

In welcoming the report, a Member suggested that the Committee should also see those risks that have high inherent scores but that are mitigated to a lower level to have sight of those high inherent risks and to understand what measures are in place to mitigate those risks. A separation on the risk register of these risks and their residual scores should be included for future reports.

RESOLVED/-

1. That the report be noted.
2. That following a request by Members, a section in the Risk Register Update report will provide details of risks with high inherent scores but that are mitigated to a score of <16, be included for future reports.

AC/49/22 RISK DEEP DIVE - GRANTS

Steve Wilson, GMCA Treasurer and Laura Blakely, GMCA Investment Director, introduced a presentation which provided Members with an opportunity to review the work done to improve processes associated with grant management with the Authority and address risks raised by external and internal auditors.

The presentation updated members on 2021/22 External Audit Feedback, Background to issues, Grants Checklist Introduction, Grants Register and the Latest Grant List.

Laura Blakely, GMCA, took members through case studies which included Housing Investment Loan Fund, Brownfield Housing Fund and Stockport Interchange.

Members noted that Grants make up 60% of the total annual income of GMCA (£1.1b in 20/21) and are often for one year rather than multi-year settlements, preventing long term planning and increasing risks to the CA.

In response to external audit recommendations, the Grant Register Procedure has been reviewed, to provide more meaningful information. Previously the Grant register was

produced at year-end and there was no clear process for recognising and recording grant awards received in year.

Grant income and expenditure should form part of the quarterly monitoring process as it will inform our forecast position for the year and flag up any potential funding shortfall or the need to move the unspent grant to Reserves or Receipts in Advance

Procedures are in place to ensure the grant conditions are fully understood by all involved including any required to commit and/or spend funds by a year-end or risk having to return the funding.

Following an enquiry from a Member regarding grant checklists, officers clarified how capital and revenue grants are treated.

In terms of avoiding miscoding matters, it was noted that a capital budget is established as part of the grant agreement and spend is monitored against this specific budget code. Work is taking place to review and improve general ledger coding processes.

A Member enquired if consultancy and staffing costs can be capitalised to particular capital programmes. In response it was noted that there is some ambiguity on what can be capitalised, particularly in respect of scheme developments that do not become capital schemes.

A Member noted that in terms of revenue grants, typically, these grants were generally quite small in comparison to capital grants. A more coordinated approach to the funding of Combined Authorities would avoid the need for so many revenue grants.

Following an enquiry from a Member, officers confirmed that conditions attached to grant funding are to be understood before any acceptance of the grant is confirmed. The purpose of having a completed grant checklist to capture any challenges was noted. Monitoring arrangements and programme managing processes were outlined. It was also noted that quarterly updates are provided to GMCA.

Clarification on how joint funding arrangements to deal with overspend and underspend arrangements was provided. The importance of understanding the grant conditions was noted.

RESOLVED/-

That the presentation on Grants be received with thanks and noted.

AC/50/22 AUDIT COMMITTEE EFFECTIVENESS SURVEY PROPOSAL

Sarah Horseman, Deputy Director, Audit and Assurance, GMCA introduced a report which set out a proposed process for undertaking an Effectiveness Review of the Audit Committee, based on guidance issued by CIPFA in the recently published “The Audit Committee Member in a Local Authority” guidance.

It was noted that as part of the guidance, CIPFA provided a suggested self-assessment questionnaire for Audit Committee members to complete. The survey covers the key principles of the guidance. A copy of the questionnaire was appended to the report.

The report proposed that prior to the next Audit Committee meeting, Audit Committee Members be invited to complete an on-line self-assessment questionnaire which will be based upon the CIPFA suggested tool.

Results will be compiled and shared for review and consideration at the next Audit Committee meeting. From this any areas for further development of the Committee can be identified and actions agreed. The survey can then be used annually to undertake an effectiveness review of the Committee.

A Member suggested that feedback from officers and GMCA members should also be invited to contribute to the survey.

A member highlighted that there needed to be a distinction between the role of GMCA Scrutiny and GMCA Audit committees.

RESOLVED/-

That the approach to and timing of the Audit Committee effectiveness survey, as set out in the report, subject to the inclusion of officers and GMCA members in the framework, be supported.

AC/51/22 INTERNAL AUDIT PROGRESS REPORT AND AUDIT ACTION TRACKING

Sarah Horseman, Deputy Director, Audit and Assurance, GMCA introduced a report which informed Members of the progress made on the delivery of the Internal Audit Plan for Q3 2022/23. It is also used as a mechanism to approve and provide a record of changes to the internal audit plan.

The Chair also asked for the Audit Action tracking item to be considered with the Audit progress report which, advised members of the progress made to date in implementing the agreed actions from internal audit assignments.

Members noted that since the last report to the Audit Committee in October 2022, the following audit reports had been produced and three grants has been certified. The Executive summaries from the published audits were appended to the report:-

- **Budgetary Control: Reasonable Assurance opinion** on the overall budgetary control process operating within GMCA.
- **Treasury Management - Reasonable Assurance opinion** over the Authority's arrangements for Treasury Management following the establishment of the in-house function from 1 April 2022.
- **Maintenance and Testing of Operational Equipment (GMFRS): Limited Assurance opinion** over controls in place for the maintenance and testing of operational equipment. This opinion was substantially driven by difficulty in linking individual physical assets to corresponding maintenance records to evidence compliance.

- **Performance Management and Reporting: Reasonable Assurance opinion** over the policy, procedure and processes which underpins the GMCA Performance Management and Reporting Framework.

Grant Certifications – Three grants were certified during the period with a further one ongoing: -

- **Green Homes Grant Phase 1b 31/5336.** A written certification was issued in November 2022.
- **Green Homes Grant Phase 2 20/21 31/5337.** A written certification was issued in December 2022.
- **Local Transport Capital Block Funding (City Deals Fund) £22.3m 31/5675.** A written certification of compliance was issued to DfT in December 2022.

Changes to the Internal Audit Plan were set out in section 4 to the report and members noted that other than rescheduling the timing of planned work, no major changes to the plan were proposed.

In response to an enquiry from a Member, officers confirmed that where a limited assurance action plan is not met, respective officers would be invited to comment on why progress had not been made.

In terms of outstanding actions on the action tracker it was suggested that officers be invited to the next meeting to explain outstanding HR and cyber security actions.

RESOLVED/-

1. That the report be noted and the changes to the Audit Plan as detailed in Section 4 to the report, be approved.

2. That the progress of the implementation of Internal Audit actions.
3. That officers be invited to the next meeting to explain outstanding HR and cyber security actions.

AC/52/22 MID-YEAR TREASURY MANAGEMENT REPORT

Steve Wilson, GMCA Treasurer presented a report which set out the key Treasury Management issues for Members' to review and scrutinise the 2022/23 Treasury Management Mid-Year Review report, prior to its presentation to the GMCA on 27 January 2023

The report also provided an overview of Economics and Interest Rates, Interest Rate Forecasts, Treasury Management Strategy Statement and Annual Investment Strategy Update, The Authority's Capital Position, Borrowing, Debt Rescheduling, Compliance with Treasury and Prudential Limits and Annual Investment Strategy.

Member suggested that for future reports, a more up to date context be included.

A Member noted that GMCA has deposits with other local authorities, with the potential risk for default and enquired if these authorities were credit scored. Officers noted that all authorities were credit scored at the same level. Officers also clarified that where authorities were facing Section 141 challenges, there is specific assurance from Government that loaned monies were underwritten.

A Member asked what assessments were in place to understand the risk of defaulting and the government not underwriting any loans. In response, it was noted that there is a process in place to monthly review in place and would not make loan agreements where the review identified risk.

In respect of the Capital Programme, a Member highlighted the significant increase in capital programme borrowing for 2022/23. In response, it was noted that grant settlement funding had been received which had impacted the estimated funding. The capital programme is monitored by GMCA.

RESOLVED/-

1. That the Treasury Management Mid-Year Review, as set out in the report, be noted.
2. That the Committee recommends the treasury management activity for the first half of 2022/23 and the projected outturn position, revised Authorised Limit and Operational Boundary for external debt and the revised Capital Financing Requirement (CFR) to the GMCA, to be considered for approval.

AC/53/22 EXTERNAL AUDIT PROGRESS REPORT

In their absence, the report of the External Auditor was taken as read.

The Treasurer, GMCA provided an update on the work taking place to finalise the financial statements and it was anticipated that these financial statements will be considered at the meeting of the Committee in March 2023.

In light of the delays in receiving the financial statements for 2022, a Member enquired if there are any issues that may delay the final submission of the 2023 financial statements. In response, it was noted that timeline issues were to be considered with the external Auditor and it is anticipated that there may be a delay in considering the final accounts for 2023. A review of the process was needed.

RESOLVED/-

1. That the report of the External Auditor and update on Financial Statements be noted.
2. That an update be provided to an appropriate meeting of the Committee which will identify the process to enable the GMCA Financial Statements to be considered in a timely manner.

AC/54/22 FORWARD PLANNING - AUDIT COMMITTEE WORK PROGRAMME

Members considered the Committee Work Programme of proposed items, for the remainder of the year.

A Member suggested that future meeting should include items for Deep Dive discussions. A suggestion was made that "Inflation" would be a suitable topic for a deep Dive item.

A Member suggested that time be set aside for Committee visits to be undertaken. It was noted that as there will be changes to the Committee, the decision on timetabling committee visits will be made by the incoming Chair.

In response to an enquiry, officers noted that the re-appointment of independent members was to be considered by GMCA at the upcoming meeting.

RESOLVED/-

That the committee work programme be noted.

AC/55/22 DATE AND TIME OF THE NEXT MEETING

RESOLVED/-

That the next meeting of the GMCA Audit Committee will take place on Wednesday 15th March 2023, commencing at 10:00 am, be noted.

AC/56/22 EXCLUSION OF PRESS AND PUBLIC

RESOLVED/-

That, under section 100 (A)(4) of the Local Government Act 1972 the press and public should be excluded from the meeting on the grounds that discussions on elements of the report are likely to disclose of exempt information relating to the financial or business affairs of any particular person (including the authority holding that information), as set out in paragraph 3 of Part 1, Schedule 12A of the Local

Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

AC/57/22 AUDIT ACTION TRACKING

Members discussed matters arising from the audit action tracker in respect of cyber security and ICT matters.

RESOLVED/-

That an update on ICT and cyber security matters, including information on backup and data recovery processes, be shared with Members ahead of the next meeting of the Committee.

GREATER MANCHESTER COMBINED AUTHORITY

Date: 10 February 2023

Subject: GM City Deal Receipts – Investment Approval Recommendations

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

Purpose of Report

This report seeks the Combined Authority’s approval to the investment of City Deal Receipts in two social impact funds focussed on the delivery of housing for vulnerable people, as detailed in the recommendation below.

Recommendations:

The Combined Authority is requested to:

1. Approve the following investments of City Deal Receipts, as detailed further in this and the accompanying Part B report;

FUND	SCHEME	DISTRICT	INVESTMENT
National Homelessness Property Fund 2	Homelessness Fund	GM wide	£2.5m
Resonance Supported Homes Fund LP	Supported Homes Fund	GM wide	£2.5m

2. Delegate authority to the GMCA Treasurer acting in conjunction with the GMCA Monitoring Officer to prepare and effect the necessary legal agreements.

Contact Officers





Bill Enevoldson: bill.enevoldson@greatermanchester-ca.gov.uk







Laura Blakey: laura.blakey@greatermanchester-ca.gov.uk

Equalities Impact, Carbon and Sustainability Assessment:





The Equalities Impact and Carbon & Sustainability Assessment for each fund is given below:







National Homelessness Property Fund 2

Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health	G	Providing new stable homes to those in acute need of housing.
Resilience and Adaptation		
Housing	G	Providing new homes for those at risk of homelessness and rough sleepers.
Economy		
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		
 Positive impacts overall, whether long or short term.	 Mix of positive and negative impacts. Trade-offs to consider.	 Mostly negative, with at least one positive aspect. Trade-offs to consider.
		 Negative impacts overall.

Carbon Assessment		
Overall Score		
Buildings	Result	Justification/Mitigation
New Build residential	N/A	
Residential building(s) renovation/maintenance		Refurbishment works will meet a minimum EPC rating of C.
New Build Commercial/Industrial	N/A	
Transport		
Active travel and public transport	N/A	
Roads, Parking and Vehicle Access	N/A	
Access to amenities	N/A	
Vehicle procurement	N/A	
Land Use		
No associated carbon impacts expected.	 High standard in terms of practice and awareness on carbon.	 Mostly best practice with a good level of awareness on carbon.
		 Partially meets best practice/ awareness, significant room to improve.
		 Not best practice and/ or insufficient awareness of carbon impacts.

Resonance Supported Homes Fund

Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health	G	Providing new homes for those with learning disabilities, autism and/or mental health challenges.
Resilience and Adaptation		
Housing	G	Providing new homes for those with learning disabilities, autism and/or mental health challenges.
Economy		
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		
Further Assessment(s):	Equalities Impact Assessment and Carbon Assessment	
 Positive impacts overall, whether long or short term.	 Mix of positive and negative impacts. Trade-offs to consider.	 Mostly negative, with at least one positive aspect. Trade-offs to consider.
		 Negative impacts overall.

Carbon Assessment		
Overall Score		
Buildings	Result	Justification/Mitigation
New Build residential	N/A	
Residential building(s) renovation/maintenance		Refurbishment works will meet a minimum EPC rating of C.
New Build Commercial/Industrial	N/A	
Transport		
Active travel and public transport	N/A	
Roads, Parking and Vehicle Access	N/A	
Access to amenities	N/A	
Vehicle procurement	N/A	
Land Use		
Land use	N/A	
No associated carbon impacts expected.	 High standard in terms of practice and awareness on carbon.	 Mostly best practice with a good level of awareness on carbon.
		 Partially meets best practice/ awareness, significant room to improve.
		 Not best practice and/ or insufficient awareness of carbon impacts.

Risk Management

An investment strategy is in place for each fund which establishes the detailed risk management protocols. GMCA will receive ongoing performance reporting from the fund managers.

Legal Considerations

Detailed partner subscription agreements will be entered into ahead of GMCA's investments in the funds being committed.

Financial Consequences – Revenue

There is no requirement for additional revenue expenditure by GMCA in addition to the approved Core Investment Team budget.

Financial Consequences – Capital

The investments will be funded from the £30.1m of City Deal Receipts which GMCA has received from Homes England for onward investment. GMCA does not bear any financial liability for the investments.

Number of attachments to the report: None

Comments/recommendations from Overview & Scrutiny Committee

None.

Background Papers

GM City Deal – Homes and Communities Agency (*report to Combined Authority, 28 March 2014*)

GM City Deal – Homes and Communities Agency: Update (*report to Combined Authority, 26 September 2014*)

Tracking/ Process

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

Yes

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

No

1. Introduction

- 1.1 In line with commitments set out in the GM City Deal agreed with government in 2012, Homes England has agreed to make receipts from the disposal of its land and property in Greater Manchester in the period up to March 2022 available for GMCA to reinvest in schemes which support the objectives of the GM City Deal agreed with Government in 2012. Under the arrangements, GMCA is currently holding £30.1m of 'City Deal Receipts'.
- 1.2 City Deal Receipts can only be invested in 'Viable Projects', i.e. those which a reasoned assessment confirms will, in all likelihood, be able repay the investment. If an investment is not recovered, the amount to be repaid to Homes England is reduced accordingly. Equally, Homes England approval is required to all investments of City Deal Receipts.
- 1.3 In 2016, GMCA agreed that it would ringfence City Deal Receipts for investment in residential schemes with the intention that the funds would complement the investment capacity available through GMHILF. City Deal Receipts are managed within the GMCA Core Investment Team, with oversight from the GMHILF Credit Committee.
- 1.4 The arrangements were originally intended to come to an end in March 2022, at which point GMCA would have repaid the funds it has received to Homes England together with the returns it had made on the investments made (typically, fees and interest on loans funded with City Deal Receipts). By agreement with Homes England, the repayment was rescheduled for 31 January 2023, with GMCA having until then to bring forward proposals for further investments which, if approved by Homes England, will be subject to their own specific repayment arrangements which are to be agreed by Homes England on a case-by-case basis.
- 1.5 Homes England has confirmed its approval to the proposals set out in this report, should GMCA approve the proposals.

2. Investment approvals sought

- 2.1 The National Homelessness Property Fund 2 (“NHPF2”) acquires and refurbishes property, then leases it to Registered Providers. NHPF2 is seeking an additional investment of £2.5m to provide additional homes to rough sleepers and those at risk of homelessness. The GMCA has committed to £9.1m to date to NHPF2 which has delivered over 150 properties in Greater Manchester and is forecast to deliver a further 60.
- 2.2 An additional £2.5m investment is expected to deliver at least 30 more properties in Greater Manchester, given NHPF2 has raised 5 times the GMCA’s commitment from other social impact investors. This new investment is to be sourced from City Deal Receipts.
- 2.3 The Resonance Supported Homes Fund LP (“RSHF”) acquires and refits properties to meet the specific needs of the individual, then leases the property to Charity Partners. RSHF is seeking an additional investment of £2.5m to provide additional supported homes to individuals with learning disabilities, autism and/or mental health challenges. The GMCA has committed £5m to date, of which half has been committed to new properties. The full £5m GMCA commitment will need to be fully deployed before the second tranche is provided.
- 2.4 A £2.5m investment is expected to deliver at least 25 more properties in Greater Manchester, given RSHF has raised 3 times the GMCA’s from other social impact investors. This new investment is to be sourced from City Deal Receipts.
- 2.5 Further details of the funds and terms of the investments are included in the accompanying Part B report, to be treated as confidential on account of the commercially sensitive nature of the information.

Greater Manchester Combined Authority

Date: 10th February 2023
Subject: GM Investment Framework, Conditional Project Approval
Report of: Councillor David Molyneux, Portfolio Lead for Investment and Resources and Eamonn Boylan, Chief Executive

Purpose of Report

This report seeks Greater Manchester Combined Authority (“Combined Authority” and “GMCA”) approval for an investment into My First Five Years Limited (“MFFY”). The investments will be made from recycled funds.

Further details regarding the investments are included in the accompanying Part B report to be considered in the confidential part of the agenda due to the commercially sensitive nature of the information.

Recommendations

The GMCA is requested to:

1. Approve an investment into My First Five Years Ltd (investment of up to £150k)/
2. Delegate authority to the Combined Authority Treasurer and Combined Authority Monitoring Officer to review the due diligence information in respect of the above investments, and, subject to their satisfactory review and agreement of the due diligence information and the overall detailed commercial terms of the investments, to sign off any outstanding conditions, issue final approvals and complete any necessary related documentation in respect of the investments noted above.

Contact Officers

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Laura Blakey: laura.blakey@greatermanchester-ca.gov.uk

Equalities Impact, Carbon and Sustainability Assessment

A) My First Five Years Limited

Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation		
Housing		
Economy	G	The investment will preserve existing jobs and will lead to job creation.
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		
Further Assessment(s):	N/A	
Positive impacts overall, whether long or short term.	Mix of positive and negative impacts. Trade-offs to consider.	Mostly negative, with at least one positive aspect. Trade-offs to consider.
		Negative impacts overall.

Carbon Assessment		
Overall Score	Result	Justification/Mitigation
<input type="text"/>		
Buildings		
New Build residential	N/A	
Residential building(s) renovation/maintenance	N/A	
New Build Commercial/Industrial	N/A	
Transport		
Active travel and public transport	N/A	
Roads, Parking and Vehicle Access	N/A	
Access to amenities	N/A	
Vehicle procurement	N/A	
Land Use		
Land use	N/A	
No associated carbon impacts expected.	High standard in terms of practice and awareness on carbon.	Mostly best practice with a good level of awareness on carbon.
		Partially meets best practice/ awareness, significant room to improve.
		Not best practice and/ or insufficient awareness of carbon impacts.

Risk Management

The investment recommended in this paper will be governed under the existing investment framework which includes several levels of review and ongoing monitoring of performance.

Legal Considerations

The legal agreements will be based upon the existing templates for the GM Investment Fund, amended for the specific requirements of the individual funding arrangements.

Financial Consequences – Revenue

The proposed investment will be made from recycled funds.

Financial Consequences – Capital

The proposed investment will be made from recycled funds.

Number of attachments to the report

None.

Comments/recommendations from Overview & Scrutiny Committee

None.

Background Papers

None.

Tracking/ Process

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

Yes

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

No.

GM Transport Committee

N/A

Overview and Scrutiny Committee

N/A

1. Introduction/Background

1.1. Background:

- 1.1.1. The Combined Authority maintains and develops a pipeline of projects submitted by applicants seeking funding from the Combined Authority's Core Investment Fund allocation. These projects are assessed against criteria based on the GM Investment Strategy, developed to underpin the economic growth of Greater Manchester. A condition of investment is that the companies sign up as (at a minimum) a supporter of the Greater Manchester Good Employment Charter.
- 1.1.2. This assessment incorporated:
 - an appraisal by the GM Core Investment Team; and
 - a review by a sub-group of GM Chief Executives.

2. Investments Recommended for Approval in Principle

2.1. My First Five Years Ltd, Manchester

Sector: Digital & Creative

- 2.1.1. The business case in respect of an up to £150,000 investment into My First Five Years Limited ("MFFY") has been submitted to and appraised by the Core Investment Team and is recommended to the Combined Authority for conditional approval.
- 2.1.2. The GMCA invested £750,000 into MFFY in January 2022 to support the development and commercial launch of its child development app. The app provides advice and information that is based on science and research, from a wide range of sources, rather than opinion.
- 2.1.3. The Company was founded by Jennie Johnson (also the founder of Kids Allowed nurseries) alongside an early years development expert, Alistair Bryce-Clegg.
- 2.1.4. The business has progressed over the last 12 months and a further investment of up to £150,000 is recommended as part of an overall fundraise of £800,000.

2.1.5. Further details regarding the loan are included in the accompanying Part B report to be considered in the confidential part of the agenda due to the commercially sensitive nature of the information.

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