

## **GM GREEN CITY REGION PARTNERSHIP**

Date: 10<sup>th</sup> December 2020

Subject: GM Environment Fund Update

Report of: Anne, Selby, Chair of the Greater Manchester Natural Capital Group

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### **PURPOSE OF REPORT**

The paper provides an update on the development of the Greater Manchester Environment Fund (GMEF) and next steps.

### **RECOMMENDATIONS:**

The Partnership is requested to:

1. Note the progress made in developing the GMEF.
2. Consider how the Partnership can support the scale-up of the GMEF Fund through providing funding or identifying potential funders.
3. Consider how the Partnership can support the ambitions of the fund by considering whether the fund could be utilized to meet GCR partner's compliance regulations or as a voluntary carbon offsetting scheme to support the wider ambitions of the 5 Year Environment Plan.

### **CONTACT OFFICERS:**

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## **1.0 BACKGROUND**

1.1 Working with partners, the Greater Manchester Combined Authority (GMCA) is developing structures and enabling mechanisms to mobilise existing and new sources of funding through supporting the establishment of the GM Environment Fund. This aims to blend public and private sector funding to close the gap between corporate organisations and institutions, that either wish or are required to address their negative environmental impact, and smaller, grassroots organisations, aiming to deliver schemes and projects.

1.2 There have been a number of developments since reporting on GMEF progress at the GCRP meeting in July. This report provides an update on progress to date, including key milestones and next steps.

## **2 DEVELOPING THE GREATER MANCHESTER ENVIRONMENT FUND**

2.1 A combined work programme between Lancashire Wildlife Trust, responsible for setting up and managing the GMEF, and Environmental Finance as financial advisors has been developed and key achievements by priority work areas are set out below.

### **2.2 Investment Strategy**

- The GMEF Briefing Paper (attached) was agreed by the Combined Authority at their meeting in September 2020 which has subsequently been updated to include Lancashire Wildlife Trust scale up budget to pitch for philanthropic support.
- The GMEF Investment Strategy has been developed and is being refined to support the business case for the habitat banking and carbon mitigation investment pilots.
- As part of the development of the business case for habitat banking and carbon mitigation investment pilots, Environmental Finance will first assess the financial sustainability of the business model and then consider the appropriate capital structure and financing need for this type of project.
- Following this, Environmental Finance will seek to identify and engage with impact or institutional investors to provide repayable financing to deliver the pilot. They will also seek to carry out further engagement with the carbon market (if applicable) as part of the pilot development.
- A separate investor and carbon market engagement plan will be prepared as part of this phase of work.

### **2.3 Governance**

- LWT Solicitors are progressing the GMEF application to the Charities Commission.
- GMEF Board members have been confirmed to include - GMCA, Chair of GM Natural Capital Group, Chamber of Commerce, Lancashire Wildlife Trust, Peel and GMCA Waste representative TBC.

### **2.4 Fundraising**

- As part of the GMCA operating contract with SUEZ for the management of Greater Manchester's waste and resources, SUEZ have agreed to £200,000 per year towards a

Community Recycling grant programme – draft guidelines have been produced and funding will be launched April 2021.

- A bid was submitted to Green Recovery Challenge Fund, on behalf a consortium of NGOs, to demonstrate how GMEF can bring efficiency in seeking / securing competitive funding opportunities. The bid will part fund some of the capacity to pump prime the development of GMEF towards a self-sufficient model.
- A project pipeline of ‘shovel ready’ projects is now fully developed which means that significant project development can be presented as a “shop window” for potential corporate and Enforcement Undertakings.
- The GMEF briefing paper will be used as part of initial funder engagement to focus on philanthropic funding partners to support capacity funding to build the investment models and enable fund implementation.
- In the longer term, the GMEF will look at other impact investors and corporates as potential carbon buyers. Engagement strategies will be produced for the implementation of the business models.

## 2.5 Communications

- Website designers have been appointed and, following discussions with GMCA communications and the Advisory Group, a GMEF logo has been agreed.

## 2.6 Other

- GMCA contributed to the Ecosystem Knowledge Network Conference Panel Session on local authority roles in delivering investment in the natural environment. The session provided an opportunity to share current progress as well as engage with potential funders.

## 3 NEXT STEPS

3.1 The GMEF is due to be established as a Charitable Company Limited by Guarantee by Spring 2021. To address the requirements of the Charity Commission, work to develop the Investment Strategy and undertake the processes to enable its establishment is scheduled below:

Nov - Dec 2020	Investment Strategy
Dec – Mar 2021	Establish GMEF vehicle
Nov – Dec 2020	GMEF cash flow model
Dec – Mar 2021	Establish approval procedures and documentation
Dec – Mar 2021	Establish Grant Advisory Group for Suez Community Fund
Dec – Mar 2021	Funder engagement and fundraising – pump priming and pilot investments
Dec – Jan 2021	Establish website and communications strategy
Sept – Mar 2021	Establish quick wins through partners
Dec 2020 onwards	Pilot implementation
Jan 21 onwards	Secure other income streams

- 3.2 A fundamental part of the GMEF process will be stakeholder and funder engagement. The GMEF is currently seeking philanthropic grant funding to cover the costs of delivering the investment readiness work for the pilot investments and to support the development costs to scale up the GMEF.
- 3.3 At this stage, we are looking for input from the GCRP on potential funding opportunities including trusts and foundations or local corporates with grant funding programmes to support the GMEF development and pilot investment readiness work.
- 3.4 Over the next few years, further natural capital investment models are likely to become viable and benefit the Greater Manchester region. The GMEF can play an important role in providing a ready-made governance structure for these models and bringing them to market-readiness.
- 3.5 Opportunities are also being explored to expand the GMEF to cover wider ambitions of the 5 Year Environment Plan particularly around decarbonizing the built environment and transport sectors. The Partnership are asked to consider how the GMEF can support delivery of Greater Manchester's wider ambitions to achieve a clean, carbon-neutral, climate resilient city region with a thriving natural environment over the long-term.

#### **4.0 RECOMMENDATIONS**

The Partnership is requested to:

1. Note the progress made in developing the GMEF since the last meeting in July 2020.
2. Consider how the Partnership can support scale-up of the GMEF through providing funding or identifying potential funders.
3. Consider how the Partnership can support the ambitions of the fund by considering whether the fund could be utilized to meet GCR partner's compliance regulations or as a voluntary carbon offsetting scheme to support the wider ambitions of the 5 Year Environment Plan.

#### **ANNEX**

#### **GREATER MANCHESTER ENVIRONMENT FUND BRIEFING PAPER**