

Greater Manchester Combined Authority

Date: 29th October 2021

Subject: GM Investment Framework, Conditional Project Approval

Report of: Councillor David Molyneux, Portfolio Leader for Investment and Resources
and Eamonn Boylan, Portfolio Lead Chief Executive for Investment

Purpose of Report

This report seeks Greater Manchester Combined Authority (“Combined Authority” and “GMCA”) approval for an investment into the Growth Investment Fund. The investment will be made from recycled funds.

Further details regarding the investment 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 the Growth Investment Fund (investment of £1m).
2. Delegate authority to the GMCA Treasurer and GMCA Authority Monitoring Officer to review the due diligence information in respect of the above Fund, and, subject to their satisfactory review and agreement of the due diligence information and the overall detailed commercial terms of the investment, to sign off any outstanding conditions, issue final approvals and complete any necessary related documentation in respect of the investment noted above.

Contact Officers

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<u>BOLTON</u>	<u>MANCHESTER</u>	<u>ROCHDALE</u>	<u>STOCKPORT</u>	<u>TRAFFORD</u>
<u>BURY</u>	<u>OLDHAM</u>	<u>SALFORD</u>	<u>TAMESIDE</u>	<u>WIGAN</u>

Equalities Impact, Carbon and Sustainability Assessment

Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion	G	
Health	G	
Resilience and Adaptation		
Housing		
Economy	G	
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target	It does not impact the target.	
Further Assessment(s):	Equalities Impact 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/maintenanc	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

There are no revenue implications.

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. Good Employment Charter:

The Combined Authority maintains and develops a pipeline of projects submitted by applicants seeking funding from the Combined Authority's Core Investment Funds 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.

1.2. This assessment incorporated:

- an appraisal by the GM Core Investment Team; and
- a review by a sub-group of GM Chief Executives.

2. Investment Recommended for Approval in Principle

2.1. The Growth Impact Fund, Greater Manchester wide. Sector: Voluntary, Community and Social Enterprises, Social Purpose Organisations and Foundational economy

2.2 The business case in respect of a £1m investment into the Growth Impact Fund ("GIF") has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.

2.3 Big Issue Invest ("BII") are in the process of establishing a new social impact investment fund of up to £25m to provide funding to Voluntary, Community and Social Enterprises ("VCSE") and Social Purpose Organisations ("SPO").

2.4 BII has commissioned research from Shift which highlighted four challenges in accessing investment for diverse-led social purpose organisations. Combined, these factors mean the take-up of external funding in the sector is depressed and organisations are unable to grow.

- 2.5 The GIF will seek to address this gap by deliberately targeting entrepreneurs which are under-represented and are often over-looked or under-served by existing funders. The GIF will support at least 50% 'Diverse-Led Organisations' with lived-experience of the inequalities they solve. For example, this will therefore include organisations led by founders which are Black, Asian or minority ethnic, disabled, female, those suffering from long term health conditions or care leavers.
- 2.6 Recipients will also be able to benefit from grants towards "technical assistance" – such as business strategy, financial modelling and other similar services, alongside growth capital. Investments will be in the range of £50K - £2.5m (but will typically be between £100k to £700k). It is hoped that GIF will provide funding to 14 entities a year and will be an "evergreen" fund which will continue to operate for the foreseeable future.
- 2.7 As a condition of the funding, at least £1m of funding must be provided by GIF to entities within Greater Manchester.
- 2.8 The timing and quantum of repayment to GMCA will depend upon the performance of the underlying investments. Based on the expected performance of GIF, it is anticipated GMCA will be repaid between seven and ten years.
- 2.9 This is an opportunity for GMCA to provide material financial support to the sector. The initiative would support a key part of the foundational economy at a time when the sector is facing unprecedented trading and funding challenges.
- 2.10 Further details regarding the investment 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.