

## **GREATER MANCHESTER GREEN CITY REGION PARTNERSHIP**

Date: **24 July 2020**

Subject: **GM ENVIRONMENT FUND UPDATE**

Report of: **Mark Atherton, Director of Environment, GMCA**

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### **PURPOSE OF REPORT**

The paper provides an update on the development of the GM Environment Fund and next steps.

### **RECOMMENDATIONS**

The Partnership is requested to:

- Note the progress made in developing the GM Environment Fund
- Note the GM Environment Fund overview presentation (Annex).

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## 1.0 BACKGROUND

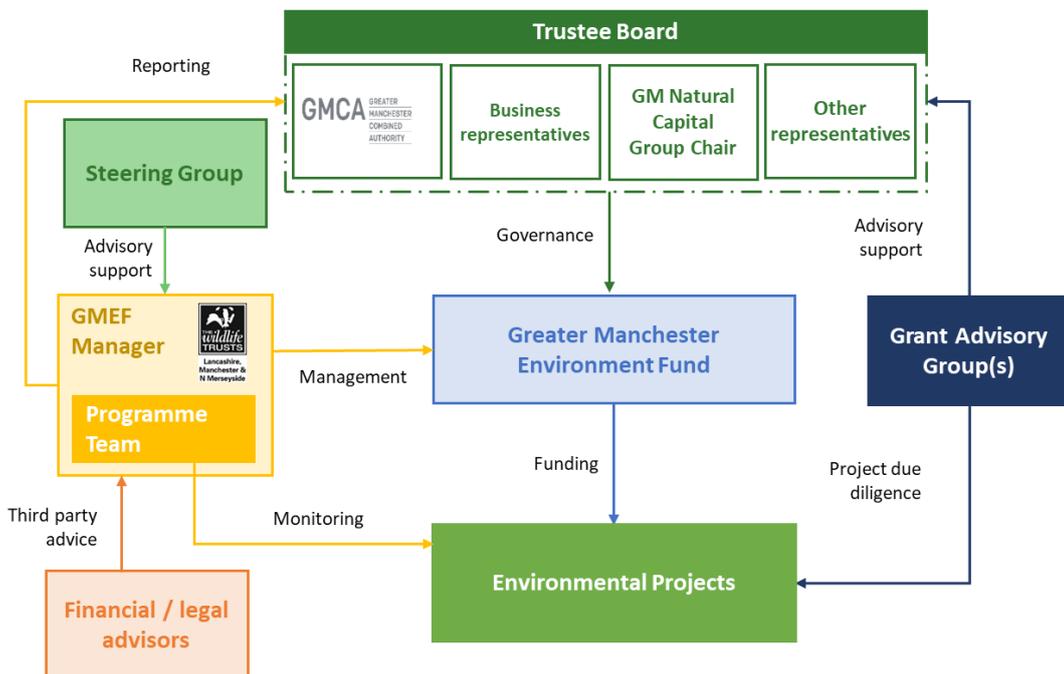
1.1 Greater Manchester has set out ambitious plans to improve and enhance its environment. Key to achieving this is to increase investment into projects that will help deliver on this aim on the ground in the city-region. Given pressure on public spending, broadening this range of investment – to philanthropic, impact first, responsible and mainstream investments – is crucial. Working with partners, the Greater Manchester Combined Authority (GMCA) is developing the right structures and enabling environment to support this.

1.2 A report was considered by the Partnership in January 2020 which outlined the progress made in developing a Natural Capital Investment Readiness Fund. This work has now been extended to include the establishment and development of a GM Environment Fund which is set out in more detail below.

## 2 ESTABLISHING A GREATER MANCHESTER ENVIRONMENT FUND

2.1 This is the start of a long term process which aims to grow the funds over time, both in size and breadth of opportunities and financial models. The first building block of this is to establish a GM Environment Fund. This will aim 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, that aim to deliver schemes and projects.

2.2 The GM Environment Fund will provide a unified governance and decision-making framework to deliver GM’s environmental priorities. It will allow a range of funding sources to be aggregated within a single vehicle to leverage funding from the public sector, foundations and aligned corporates for strategic deployment. Initially, a straightforward grant funding model is envisaged, as set out below, with the fund being established as a charitable vehicle.



2.3 Through a competitive tendering process, Lancashire Wildlife Trust were appointed in May 2020 to deliver the GM Environment Fund. The GM Environment Fund is a unique and exciting partnership opportunity to develop and implement innovative funding mechanism that will help deliver GMvelop and the GM Environment Fund.ental priorities. It will allow a range of funding sources to be aggregated within a single vehicle to lever is unlike any other programme that has been delivered by a public sector organisation before.

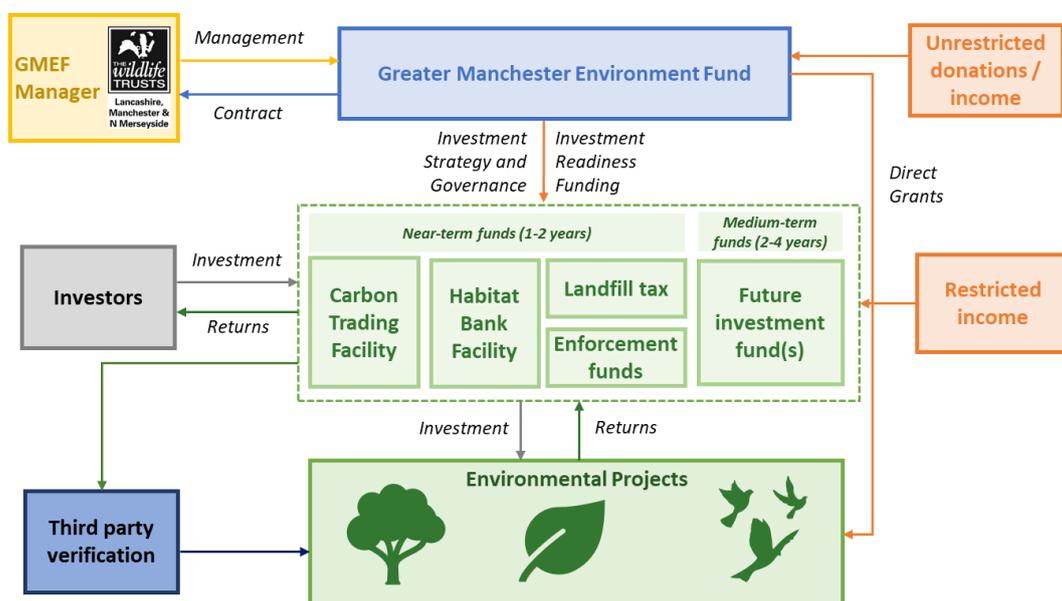
### 3 DEVELOPING THE GREATER MANCHESTER ENVIRONMENT FUND

3.1 In the longer term, the aim is for the GM Environment Fund to grow beyond this initial straightforward model. It would also provide governance and oversight to a series of more focused sub-funds that could be designed to deliver on specific environmental outcomes. There is a significant opportunity to mobilise private investment in habitat creation across GM through securing biodiversity net gain and carbon income streams. These opportunities have been identified as a result of changes in regulation and pose the greatest short term opportunities within Greater Manchester to support investment into the environment.

3.2 In January 2020, Greater Manchester contracted Environmental Finance, an organisation that specialises in facilitating private sector funding into environmental schemes, to support the development of these two models. By the end of the year, Lancashire Wildlife Trust, the GMCA and Environmental Finance, will:

- Produce an Investment Strategy to provide a more compelling opportunity to potential funders for what the GM Environment Fund can achieve to attract additional funding – beyond unrestricted, donative income.
- Create Business Cases for priority habitat banking and carbon offsetting investment models to outline how these could be incorporated within the GM Environment Fund.

3.3 The ambition for the GM Environment Fund in the longer term is shown below.



3.4 In order to build a structure of this scale that will become self sustaining within 5 years it has been forecast that as funding streams become aligned to GM wide aspirations, and new funding mechanisms and investment models are established, that pump priming grants will be required to bring in much needed development capacity and provide the ability to trial and showcase the benefits that GMEF has to offer. Grant applications to NLHF, Charitable Trusts and proposals to other potential investors will be complete by the end of the year.

#### 4 FUTURE EXPANSION AND THE IGNITION PROJECT

4.1 The GM Environment Fund is being designed to allow additional vehicles to be added to it in future. The IGNITION project, led by the GMCA and encompassing 11 other partners, is developing pipelines of projects to deliver natural solutions to climate change in the city-region. This includes a pipeline of Sustainable Urban Drainage projects, the technical feasibility of which are being refined with the support of Jacobs. Further support is in the process of being procured by the Environment Agency on how that pipeline can be financed, investment sought, returns provided and projects delivered – and what vehicle is required to do that.

#### 5 NEXT STEPS

5.1 The Environment Fund is due to be established as a Charitable Company Limited by Guarantee by September and work to develop the Investment Strategy and undertake the processes to enable its establishment are scheduled below:

Jul – Aug 2020	Refine investment models
Jul – Sep 2020	Assessment of pilot projects
Jul – Sept 2020	Investment Strategy
Jul – Sept 2020	Establish GM Environment Fund vehicle
Jul – Sept 2020	Recruit Trustees
Jul – Oct 2020	GM Environment Fund cash flow model
Sept – Mar 2021	Establish approval procedures and documentation
Dec – Mar 2021	Establish Grant Advisory Groups
Aug – Dec 2020	Funder engagement and fundraising – pump priming and pilot investments
Sept – Nov 2020	Produce website
Sept – Mar 2021	Establish quick wins through partners
Dec 2020 onwards	Pilot implementation
Jan 21 onwards	Secure other income streams

#### 6.0 RECOMMENDATIONS

6.1 The Partnership is requested to:

- Note the progress made in developing the GM Environment Fund
- Note the GM Environment Fund overview presentation (Annex).