

GREATER MANCHESTER COMBINED AUTHORITY

Date: 25 September 2020

Subject: Greater Manchester Environment Fund Update

Report of: Cllr Andrew Western, Portfolio Lead, Green City Region
Alison McKenzie Folan, Lead CEX, Green City Region Portfolio

PURPOSE OF REPORT

In the Greater Manchester 5 Year Environment Plan, the Greater Manchester Combined Authority (GMCA) committed to supporting the development of a Greater Manchester Environment Fund. Substantial development work has taken place over the last year. This report provides detail on the progress made and seeks approval for the next steps.

RECOMMENDATIONS:

GMCA is requested to:

1. Note the progress made in developing the Greater Manchester Environment Fund since the publication of the Greater Manchester 5 Year Environment Plan.
2. Approve the initiation of the Fund and delegate authority to the Chief Executive Officer, GMCA & TfGM, GMCA Monitoring Officer and Treasurer, in consultation with the Portfolio Lead, to finalise the form and make-up of the Fund and GMCA's role within it.
3. Agree the Greater Manchester Environment Fund Briefing Note for publication (Annex 1).
4. Note that the purpose of the fund is to stimulate investment to deliver positive environmental impact across Greater Manchester, the scale of impact will depend on the success of the fund managers in attracting suitable funds. Projects ultimately delivered by the fund will, inter alia, take into account equality and diversity considerations; the charitable nature of the fund will serve to underpin this aim. The progress of the fund will be monitored by the Fund Board and be reported quarterly to GMCA and other partners.

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Equalities Implications

Research suggests that there is a correlation between poor environmental quality and IMD areas. Where possible, the projects supported by the fund will aim to alleviate this differential.

Climate Change Impact Assessment and Mitigation Measures

The purpose of the fund is to stimulate investment to deliver positive environmental impact across Greater Manchester. As the fund is established, there is potential to establish a carbon sequestration credit scheme which will prioritise nature based carbon storage.

Risk Management

Low risk – the success of the fund will be determined by the ability of the Fund Manager to attract external funding. The progress of the fund’s development will be monitored quarterly via established governance mechanisms.

Legal Considerations

See Para 5.2 – a partnership agreement has been signed by GMCA’s Monitoring Officer

Financial Consequences – Revenue

See Para 1.4 – there are no additional revenue implications of this report

Financial Consequences – Capital

N/A - there are no capital implications of this report

Number of attachments to the report: 1

Greater Manchester Environment Fund Briefing Note for publication (Annex 1)

BACKGROUND PAPERS

[GM Natural Capital Investment Plan](#)

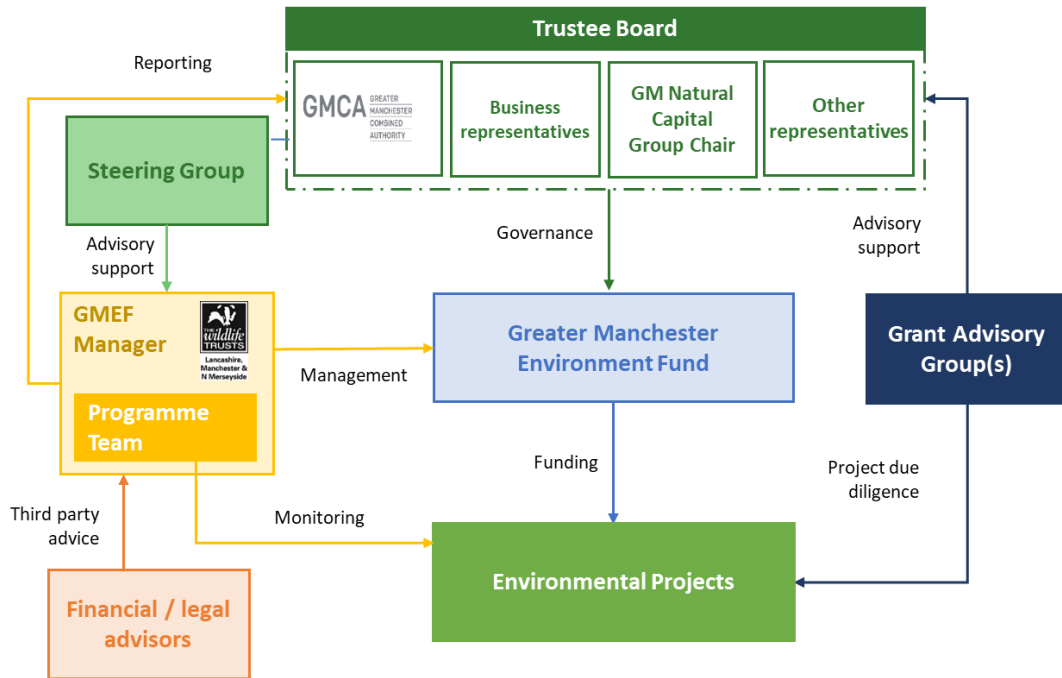
| | | |
|--|-------------------------------|---|
| TRACKING/PROCESS | | |
| Does this report relate to a major strategic decision, as set out in the GMCA Constitution | | No |
| EXEMPTION FROM CALL IN | | |
| Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency? | | No |
| GM Transport Committee | Overview & Scrutiny Committee | GM Green City Region Partnership Review – July 20 |
| NA | Tbc | |

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. As such, a key action in the 5 Year Environment Plan was to support the development of a Greater Manchester Environment Fund (GMEF).
- 1.2 Given current pressures on public spending, broadening the range of investment into projects to improve and enhance the natural environment – to philanthropic, impact first, responsible and mainstream investments – is crucial. The challenge of securing varied and sustained investment in the natural environment is common to all cities across the UK and is recognized in the Government’s Green Finance Strategy (2019).
- 1.3 Working with partners, the Greater Manchester Combined Authority (GMCA) is developing the right structures and enabling environment to mobilise existing and new sources of funding through the 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.
- 1.4 The GMCA committed, in the 5 Year Environment Plan, to support the development of the Environment Fund and utilise £15,000 (along with matched contributions totaling £15,000 from the Environment Agency, United Utilities and Peel) to cover the initial set up costs of procuring a partner to establish the fund as a charitable vehicle.
- 1.5 There have been a number of developments that have taken place since then and this report provides an update on progress to date including key milestones and next steps.

2.0 ESTABLISHING A GREATER MANCHESTER ENVIRONMENT FUND

- 2.1 Establishing the GMEF is the start of a long term process which aims to grow funds over time, both in size and breadth of opportunities and business models. The first building block of this is to establish the GMEF.
- 2.2 The GMEF will provide a unified governance and decision-making framework to enhance delivery of Greater Manchester’s natural environment 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 begin the set-up of the charitable vehicle to deliver the GMEF.

3.0 DEVELOPING THE GREATER MANCHESTER ENVIRONMENT FUND

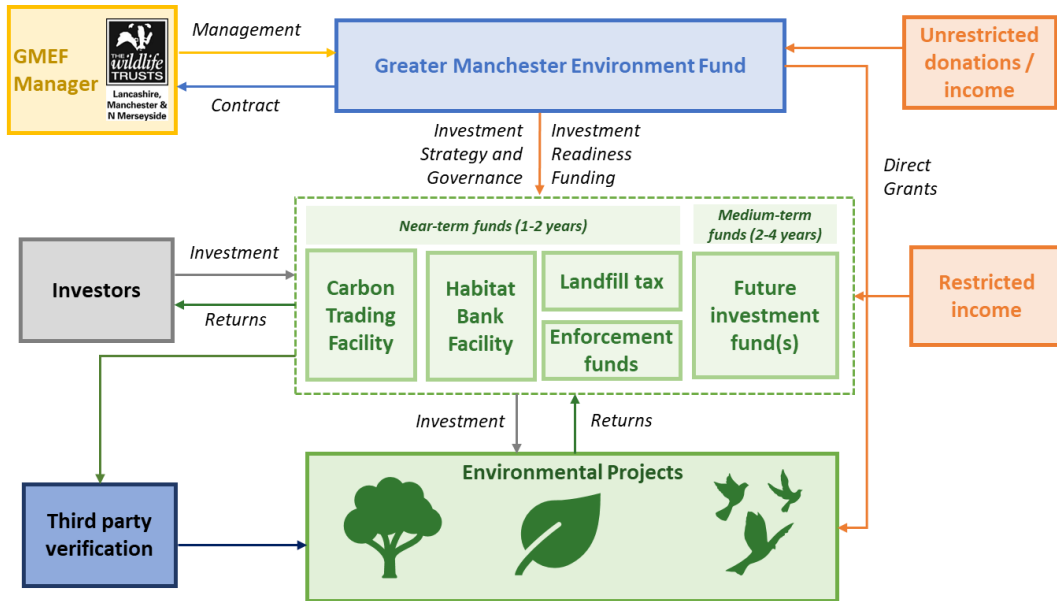
3.1 In the longer term, the aim is for the GMEF to grow beyond this initial straightforward grant-funding model. It could also provide governance and oversight to a series of more focused sub-funds that could be designed to deliver on specific environmental outcomes.

3.2 In particular, as identified in the Natural Capital Investment Plan commissioned by the GMCA in 2019, there is a significant opportunity to mobilise private investment in habitat creation across Greater Manchester through securing biodiversity net gain and carbon income streams (e.g. in peatland areas of Greater Manchester). These opportunities have been prioritised as a result of changes in regulation and pose the greatest short term opportunities within Greater Manchester to support investment into the environment.

3.3 In January 2020, GMCA 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 GMEF 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 GMEF.

3.4 The ambition for the GMEF in the longer term is shown below.



3.5 In order to build a structure of this scale, that will become self-sustaining within 5 years as funding streams become aligned to Greater Manchester wide aspirations and new funding mechanisms and investment models are established, it has been forecast that 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 National Lottery Heritage Fund (NLHF), Charitable Trusts and proposals to other potential investors will be complete by the end of the year.

4.0 FUTURE EXPANSION AND THE IGNITION PROJECT

4.1 The GMEF is being designed to allow for additional potential 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 – another short term priority identified in the Natural Capital Investment Plan. This includes a pipeline of Sustainable Urban Drainage projects, the technical feasibility of which are being refined with the support of Jacobs. Further support has now been 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.

5.0 NEXT STEPS

5.1 The GMEF is due to be established as a Charitable Company Limited by Guarantee in the next 6 months to address the requirements of the Charity Commission and work to develop the Investment Strategy and undertake the processes to enable its establishment are scheduled below.

| | |
|---------------------|---|
| Ongoing to Oct 2020 | Assessment of pilot projects |
| Ongoing to Oct 2020 | Investment Strategy |
| Ongoing to Oct 2020 | Establish GM Environment Fund vehicle and application to Charity Commission |
| Ongoing to Oct 2020 | Recruit Trustees |
| Ongoing to 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 |

5.2 In terms of next steps, the partnership agreement with Lancashire Wildlife Trust has been signed to establish the fund. Subsequently, in September 2020, a co-production partnership agreement has been drafted by Lancashire Wildlife Trust with the purpose of agreeing direction and responsibilities whilst the charitable company vehicle is established. This has been reviewed by GMCA’s Monitoring Officer.

5.3 Another key step will be stakeholder and funder engagement. A Briefing Paper has been developed which provides an overview of the opportunity to establish the GMEF with essential information on its purpose, strategy, governance and next steps (attached at Annex 1). This will evolve over time and will be used to raise the profile of the GMEF and gather feedback on its strategic objectives from key stakeholders, identify potential fundraising opportunities and engage with prospective funders.

6.0 RECOMMENDATIONS

6.1 GMCA is requested to:

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