

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

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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.