

Minutes of the meeting of the GMCA Overview & Scrutiny Committee
held on Wednesday 22 November 2023
at the Tootal Buildings, Broadhurst House, 1st floor,
56 Oxford Street, Manchester, M1 6EU

Present:

Councillor Nadim Muslim	Bolton Council (Chair)
Councillor Peter Wright	Bolton Council
Councillor Imran Rizvi	Bury Council
Councillor John Leech	Manchester City Council
Councillor Basil Curley	Manchester City Council
Councillor Jenny Harrison	Oldham Council
Councillor Colin McLaren	Oldham Council
Councillor Tom Besford	Rochdale Council
Councillor Patricia Dale	Rochdale Council
Councillor Lewis Nelson	Salford City Council
Councillor Arnold Saunders	Salford City Council
Councillor Naila Sharif	Tameside Council
Councillor Mike Cordingley	Trafford Council
Councillor Nathan Evans	Trafford Council
Councillor Fred Walker	Wigan Council
Councillor Joanne Marshall	Wigan Council

Also in attendance:

Councillor Nazia Rehman	GM Assistant Portfolio Lead for Resources & Investment
Councillor Tom Ross	GM Portfolio Lead for the Green City Region

Officers in attendance:

Eamonn Boylan	GMCA
Gillian Duckworth	GMCA
Laura Blackey	GMCA
David Taylor	GMCA
Nicola Ward	GMCA
Elaine Mottershead	GMCA

O&SC 55/23 Welcome and Apologies

Apologies for absence were received from Councillor Russell Bernstein, Councillor Jill Axford, Councillor Helen Hibbert, Councillor Mandie Shilton-Godwin and Councillor Shaun Ennis.

O&SC 56/23 Chair's Announcements and Urgent Business

The Chair announced that there would be a short reflective session (5-10 minutes) at the rise of this meeting to reflect on the work of the Committee.

Members were reminded that there would be an informal briefing session on 10 January 2024 at 12noon-1pm with a focus on GM Budgets.

O&SC 57/23 Declarations of Interest

There were no declarations of interest received in relation to any item on the agenda.

**O&SC 58/23 Minutes of the GMCA Overview and Scrutiny Committee
held on 22 November 2023**

Resolved/-

That the minutes of the GMCA Overview and Scrutiny Committee held on 22 November 2023 be approved as a correct record.

O&SC 59/23 Greater Manchester Investment Funds Update

Councillor Nazia Rehman, GM Assistant Portfolio Lead for Resources and Investment presented this item supported by GMCA Officers Eamonn Boylan and Laura Blakely. The report presented a snapshot of Greater Manchester investment funds operating across business properties, commercial properties, and housing. The funds were initially established in 2013 following the receipt of approximately £100m of Regional Growth Fund and Growing Places monies which were principally invested on a recycling basis. The funds had now grown to approximately £470m. The funds represented a success story for Greater Manchester Combined Authority, with investments of over £1.2b into commercial property, residential development and businesses, supporting the development of over about 9,500 new homes and creation of approximately 108,000 jobs across a range of sectors.

Greater Manchester's unique flexible approach to investment delivered exponential outcomes through investments and recycling. Officers gave a presentation (as circulated) and invited comments and questions..

- There was a query about the process, balance, and protocols for internal and external teams. It was confirmed that, for example, with the Life Sciences Fund, investments were made according to agreed management principles set out in the procurement document. The document included what was meant by Life Sciences, what types of businesses they could and could not invest in, the location of the business and the type of investment. There was some flexibility and if an opportunity had arisen outside of those parameters, then permission could be sought to progress by providing a clear business case.
- There was interest in how other local authorities had invested and whether they had taken a different approach. It was confirmed that many others had taken the approach to borrow money. Greater Manchester had taken a unique approach to primarily recycle equity or loan investments which proved to have a greater impact in the long-term. Others were now looking at this as good practice.
- The report appeared to show that core funds had made a loss and members were interested in whether there were any lessons learnt from this. It was confirmed that each time an investment had not gone as expected, there had been reflective sessions to assess whether a different approach could have been taken.
- With reference to the Life Science Fund, it had been stated that the performance data was unavailable. Officers explained that it would not be available until the end of the 15-year term. Whilst all 40 businesses were still in the system, the value of the portfolio was in constant flux and until the businesses exited, the true value of the fund could not be known.
- Members queried that there had been no defaults on some funds to date. It was clarified that not all defaults would be known because the income did not come to GMCA. For example, on the City Deal receipts, the income was directed to Homes England.

- A pie chart in the presentation gave a percentage investment spread across local authorities which illustrated that 57% of the total fund was going to Manchester City Council. Officers clarified that the proportionate rates reflected economic viability and that individual Councils were not doing anything specific that had resulted in either a higher or lower percentage of investment. There was a core set of general criteria across all funds that had to be met to start the process. Local authorities, however, were encouraged to bring innovative proposals even if it was outside of the criteria.
- A member asked about democratic accountability and the fact that any decisions were drawn to the attention of elected members at a late stage in the process i.e. at GMCA Committee. There did not appear to be a timely opportunity for scrutiny by members, particularly when there might be potential reputational or ethical considerations. Officers clarified that the Leaders who hold specific portfolios on behalf of the GM Mayor were consulted throughout the process. In addition, where there were any physical schemes, they were not progressed by the GMCA but through the relevant planning local authority in the usual way. Whilst the final decision would be at a GMCA Committee, there would have been member engagement beforehand.
- A member raised concern that the investments GMCA were making could be considered “too safe”, lacked innovation and did not include borrowing when this might be expected. The designs for Farnworth town centre were highlighted as a good example of investment by GMCA. It was clarified that whilst risk mitigations were in place, they did not hamper progress. There was not a specific policy to prevent borrowing but the decision had been taken not to use this approach as there needed to be a substantial income stream to pay it back. As an example, developments for the metrolink were originally through borrowed money but there was an obvious future income stream for sustainability.
- A member raised concern about a potential new Government and the affect this may have on the housing fund if it was to run out in 2025. Officers confirmed that there were ongoing discussions with Government colleagues and interim procedures in place.
- There was a discussion around the voluntary, community and social enterprise (VCSE) sector and potential investment opportunities. In response, it was noted that there was

work ongoing between the GMCA and the Greater Manchester Centre for Voluntary Organisations (GMCVO) on investments. It was agreed that investments to the VCSE sector could be added to the Committee's work programme for a further report.

- There were queries raised about specific references to financial figures in the presentation and it was agreed that, as part of addressing the suggestion for further accountability (as above), more information would be brought back to the Committee.
- It was noted that page 23 of the agenda pack outlined successful tangible outcomes and there was a question about whether similar outputs for the next 12 months were expected. Officers confirmed that expectations remained positive.
- Clarity was provided regarding investments not being made solely by GMCA but in partnership with others. There was not a policy to dictate that GMCA could not be a sole investor but this had been a decision taken to mitigate risk. Private sector interest and support was usually sought although it was noted that there was no requirement for a 50-50 match in funding.
- There was an example given of a proposal recently approved by Wigan's Planning Committee that could not have taken place without these investments and funding and officers were thanked for their work in this matter.

The Chair and members thanked the team for presenting a comprehensive report on a very complex topic. In summary, they were reassured by the fact that GMCA had not borrowed monies but sought to recycle funds instead. There were prudent processes in place and there were tangible results in housing, support for local businesses, working with local authorities and creating social impact that reflected the spirit of the purpose of devolution.

Resolved/-

1. That the contents of the report and presentation be noted.
2. That the Committee identified a further area for further scrutiny and recommended that greater democratic oversight of the decision-making process for investments be explored and proposals brought back to a future meeting.

O&SC 60/23 Options Appraisal for Provision of Future Waste Disposal Services

Councillor Tom Ross, GM Portfolio Lead for the Green City Region presented this item and, after a short introduction, invited comments and questions:

- Reference was made to Section 6 in the Part A report and implications for a contract extension in light of the new National Waste Strategy, for example, with the deposit return scheme. This would come into effect in 2026 and potentially there could be a change in law where any loss of income was claimed back. If procurement was undertaken in 2026, additional costs could be incurred because the changes could not be quantified at that point.
- Clarity was sought on consideration of an in-house option. The definitive factor to discount this option had been that GMCA would be considered as a new provider and would be unable to get insurance. The level of risk this would pose was unacceptable.

Resolved /-

1. That the comments from the GMCA Overview and Scrutiny Committee on the report and outcomes be noted.
2. That the recommendations below, which will be considered by the GMCA at their meeting on the 15 December 2023, be noted:
 - a. To note the contents of the report
 - b. To approve the initiation of discussions with the current contractor to extend the Waste and Resource Management Services (WRMS) and Household Waste Recycling Centre Management Services (HWRCMS) contracts in accordance with contract clauses.

O&SC 61/23 Work Programme

Resolved /-

That the Overview & Scrutiny work programme be noted.

O&SC 62/23 Dates of Future Meetings

The schedule for the future meetings was noted:

24 January 2024	1-3pm
7 February 2024	1-3pm
21 February 2024	1-3pm
20 March 2024	1-3pm

O&SC 63/23 Exclusion of the Press and Public

That, under section 100 (A)(4) of the Local Government Act 1972 the press and public should be excluded from the meeting for the following items on business on the grounds that this involved the likely disclosure of exempt information, as set out in the relevant paragraphs of Part 1, Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

O&SC 64/23 Options Appraisal for Provision of Future Waste Disposal Services

Clerk's Note: This item was considered in support of the report considered in Part A of the agenda (minute reference 60/23).

Resolved /-

1. That the comments from the GMCA Overview and Scrutiny Committee on the options appraisal methodology and outcomes be noted.

2. That the recommendations below, which will be considered by the GMCA at their meeting on the 15 December 2023, be noted:
 - a. To note the contents of the report;
 - b. To approve the initiation of discussions with the current contractor to extend the Waste and Resource Management Services (WRMS) and Household Waste Recycling Centre Management Services (HWRCMS) contracts in accordance with contract clauses.