

Date: 28 August 2015

Subject: GM Housing Fund – Recruitment Update

Report of: Bill Enevoldson, Chief Investment Officer
Eamonn Boylan, Chief Executive, Stockport MBC

PURPOSE OF REPORT

This paper seeks approval to the recruitment and appointment of 1 additional post within the GMCA's Core Investment Team and the increase in the approved salary of previously approved new posts required to support operation of the £300m GM Housing Fund.

RECOMMENDATIONS:

In order to operationalise the GM Housing Fund and meet the resource requirements the Combined Authority is requested:

- To approve the recruitment to the GMCA's Core Investment Team of the 1 FTE CA Transaction Manager post in line with the proposals detailed in this report;
- To approve a salary range of previously approved Transaction Manager posts of £55,000 to £60,000 ;
- To delegate to the Lead Chief Executive for Investment, in consultation with the GMCA Portfolio Holders for Investment and Housing, and in conjunction with the Chief Investment Officer and with the support of the GM Integrated Support Team, to confirm appointments following the conduct of an appropriate recruitment process for the Transaction Manager post:
- To note that the additional costs of these proposals in 2015/16 will be accommodated within the existing Core Investment Team budget for the year and income generated on investments made by the Fund. From 2016/17 onwards it is intended that all costs will be re-charged to Manchester City Council to be funded from income generated on investments made by the Fund

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BACKGROUND PAPERS:

- *Housing Investment Fund* (report to Combined Authority on 27 February 2015)
- *Housing Investment Fund – Recruitment* (report to Combined Authority on 27 March 2015)
- *GM Housing Fund – Recruitment* (report to Combined Authority on 24 March 2015)

TRACKING/PROCESS		
Does this report relate to a Key Decision, as set out in the GMCA Constitution or in the process agreed by the AGMA Executive Board		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 AGMA Scrutiny Pool on the grounds of urgency?		No
AGMA Commission	TfGMC	Scrutiny Pool
N/A		

Risk Management – See paragraph 3.2

Legal considerations – There are no legal implications

Financial Consequences – Revenue – See paragraph 3.2

Financial Consequences – Capital – There are no capital consequences

1. INTRODUCTION

- 1.1 Manchester City Council (MCC), acting as lead authority on behalf of GM, has now entered into a Loan Facility Agreement with DCLG.
- 1.2 Six schemes are proposed for approval for the GM Housing Fund in line with the report “GM Housing Fund - Investment Approval Recommendations” and considered elsewhere on the agenda. This represents investment of £66.3m. There is a further known pipeline that may see further investment of c£50m approved by January.
- 1.3 In line with the approval given by the Combined Authority at its meeting in March 2015, two secondees have been engaged to support the GM Housing Fund. These are, however, only temporary arrangements and there is a need to ensure that GM develops robust and properly accountable capacity to manage the Fund.
- 1.4 Government’s requirements for a further review of GM’s skills and capacity to be carried out before the end of June 2015 was successfully completed as a condition precedent to the first tranche of the loan being released. A final stage of assurance is required to be completed prior to the release of the next tranche of funding.

2. OPERATIONAL REQUIREMENTS

- 2.1 The Fund will be managed within the GMCA Core Investment Team. The first tranche of the loan is for £40m, with a requirement under the Loan Facility Agreement to commit this value of on-lending to schemes during the course of 2015/16. The expected number of loans to be approved by January is c15 requiring a greater resource than anticipated in the previous report provided to the GMCA before the launch of the Fund.
- 2.2 The Fund’s operational resource requirements are being reviewed as the scale and complexity of the pipeline and Fund grows and becomes clearer, the Fund’s credit risk management framework and processes are developed further, and the status of projects within the portfolio becomes greater and more varied.
- 2.3 Our current analysis indicates that an additional Transaction Manager is required to manage the development and approval of loans within the existing pipeline. This reports seeks approval to appoint this additional Transaction Manager post. The draft job description and specification of skills and experience required for the post are in line with the previous report to the GMCA. These have been developed and benchmarked in conjunction with the GM Integrated Support Team and MCC’s HR Department.
- 2.4 The previous report to the GMCA approved the Transaction Manager salaries at £55,000. As the Housing Fund has become operational the complexity of the projects and specific skills required to undertake the role have been better understood. The recruitment process to appoint the initial Transaction Manager posts has identified the need for a

salary range of up to £60,000 in order to attract candidates with the appropriate level of skills and experience matching the job description and with the appropriate skills and experience. The GMCA is, therefore, requested to approve a salary range for the Transaction Manager posts of £55,000 to £60,000 in order to appropriately resource the GM Housing Fund.

- 2.5 Any proposals to recruit additional posts to support the Fund's operation will be subject of further reports seeking GMCA approval, following the development of detailed job descriptions and salary benchmarking, and subject to any budget constraints.

3. FINANCIAL IMPLICATIONS

- 3.1 The Core Investment Team has an approved budget for 2015/16, which included £535,000 for costs in connection with the Fund. On behalf of GM, MCC is able to retain any interest 'premium' it generates on loans made by the Fund up to a maximum of £2.5m per annum, together with any interest generated by funds held on deposit or arrangement fees.
- 3.2 Financial modelling has been carried out against the approved and likely projects which make up the expected pipeline in order to understand the income levels that could reasonably be expected to be generated from loans made by the Fund. This modelling indicates that sufficient premium interest and other income can be generated in 2015 / 16 that, in addition to the approved budget, meet the costs of the additional posts, including the proposed salary increases, as well as the external Committee members required to manage the Fund. From 2016/17 onwards, the modelling indicates the GM Housing Fund will be self financing.

4. CONCLUSIONS AND RECOMMENDATIONS

- 4.1 There is clear need to recruit additional capacity to the Core Investment Team and set appropriate salary levels to appropriately resource the GM Housing Fund. The Fund is expected to generate sufficient revenue to support these costs.
- 4.2 Recommendations are as set out at the front of this report.