

Date: 12 February 2021

Subject: GM Investment Framework, Conditional Project Approval

Report of: Councillor David Molyneux, Portfolio Lead for Investment and Resources
and Eamonn Boylan, Portfolio Lead Chief Executive for Investment

PURPOSE OF REPORT

This report seeks Greater Manchester Combined Authority (“Combined Authority” and “GMCA”) to note the Chief Executive Decision Notice for the approval of loans to Manchester Science Partnerships Limited (“MSP”) and to IRAF UK Vantage 3 Limited (“Vantage”).

In view of the prolonged timeframe between the Combined Authority’s meetings in February and March 2021, this report seeks approval to delegate authority to the Combined Authority Chief Executive in consultation with the Combined Authority Treasurer and the Portfolio Lead for Investment and Resources, to approve projects for funding and agree urgent variations to the terms of funding previously approved by the Combined Authority, for the period 13 February 2021 to 25 March 2021.

Any recommendations that are approved under the delegation will be reported to the next available meeting of the Combined Authority.

RECOMMENDATIONS:

The GMCA is requested to:

1. note the Chief Executive Decision Notice for the approval of loans to Manchester Science Partnerships Limited (“MSP”) and to IRAF UK Vantage 3 Limited (“Vantage”).
2. delegate authority to the Combined Authority Chief Executive and the Combined Authority Treasurer, in consultation with the Portfolio Lead for Investment and Resources, to approve projects for funding and agree urgent variations to the terms of funding in the period 13

February 2021 to 25 March 2021. Any recommendations that are approved under the delegation will be reported to the next available meeting of the Combined Authority.

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Equalities Implications:

Not applicable.

Climate Change Impact Assessment and Mitigation Measures:

None.

Risk Management:

The loans noted in this paper will be governed under the existing investment framework which includes several levels of review and ongoing monitoring of performance.

Legal Considerations:

The legal agreements will be based upon the existing templates for the GM Investment Fund, amended for the specific requirements of the individual funding arrangements.

Financial Consequences – Revenue:

There are no revenue implications.

Financial Consequences – Capital:

The loans will be made from recycled funds.

Number of attachments to the report:

None.

Comments/recommendations from Overview & Scrutiny Committee:

None.

BACKGROUND PAPERS:

None.

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 PUBLIC DOMAIN RELEASE DATE: 13 FEBRUARY 2036
GM Transport Committee	Overview & Scrutiny Committee	
N/A	N/A	

1. INTRODUCTION/BACKGROUND

- 1.1 The Combined Authority maintains and develops a pipeline of projects submitted by applicants seeking funding from the Combined Authority's Core Investment Funds allocation. These projects are assessed against criteria based on the GM Investment Strategy, developed to underpin the economic growth of Greater Manchester. A condition of investment is that the companies sign up as a supporter of the Greater Manchester Good Employment Charter.
- 1.2 This assessment incorporated:
- a) an appraisal by the GM Core Investment Team; and
 - b) a review by a sub-group of GM Chief Executives.
- 1.3 Chief Executive Decision Notice
- a) The approval Decision was made post-December 2020 GMCA meeting. The GMCA meeting was unable to approve the loans due to GMCA committee members stating a conflict of interest. Those members' withdrawal from the agenda item made the GMCA meeting inquorate.

2. INVESTMENTS APPROVED BY DECISION NOTICE

2.1 Manchester Science Partnerships Limited, Manchester

The business case in respect of MSP (a loan of £5,750,000) for the construction of the "Base Building", has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.

Base Building is a 91,542 sq ft, city centre office block targeting SME occupiers focussed on research and development. The site is located off Oxford Road, and forms part of the Manchester Science Park Campus. The Oxford Road corridor is a key strategic development zone for Manchester City Council.

MSP is a subsidiary of Bruntwood Science Limited, which in turn is owned by Bruntwood Scitech, a JV between the Bruntwood Group and Legal and General. Bruntwood/MSP have successfully let and delivered six projects funded by the GMCA's Evergreen Funds ("Evergreen").

Senior debt funding is expected to be £17.05m (including finance cost), split between Growing Places and Evergreen 2 (£9.75m plus interest roll-up).

2.2 IRAF UK Vantage 3 Limited, Salford

The business case in respect of Vantage (a loan of £4,750,000) for the construction of “Ravens Locks”, has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.

Ravens Locks is a 172,000 sq ft multi-let industrial and logistics park in Little Hulton, Salford. The site is located 7.5 miles west of Salford and 10 miles west of central Manchester and close to the M61. It is located near Logistics North (an earlier Evergreen funded development), which is now considered a prime logistics location. The scheme will provide six units in total ranging from 11,000 sq ft to 69,000 sq ft.

IRAF UK Vantage 3 Ltd is an SPV wholly owned by InfraRed Capital Partners Limited, a global investment manager focused on both infrastructure and real estate. The Developer that will be responsible for delivery of the project is Network Space Developments Ltd. Network Space is a well-established regional property company.

Senior debt funding is expected to be split equally between Growing Places and Evergreen (£4.75m each, excluding finance).

3. DELEGATION

- 3.1 A delegation is sought to allow urgent recommendations for funding to be conditionally approved in the period between the Combined Authority’s February and March 2021 meetings. It is proposed that authority be delegated to the Combined Authority Chief Executive and the Combined Authority Treasurer in consultation with the Portfolio Lead for Investment and Resources to approve projects for funding and agree urgent variations to the terms of funding previously approved by the Combined Authority.
- 3.2 Any recommendations approved under the delegation will be subject to the usual due diligence processes and will be reported to the next available meeting of the Combined Authority.