

Date: 28<sup>th</sup> May 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”) approval for a loan to Broughton House – Veteran Care Village (“Broughton House”). The loan will be made from recycled funds.

Due to there being no GMCA meeting in April, an loan to Manchester Science Partnerships Limited (“MSP”), was approved under delegated authority. The details of this approval are included in section three of this report for information.

Further details regarding the investments are included in the accompanying Part B report to be considered in the confidential part of the agenda due to the commercially sensitive nature of the information.

## **RECOMMENDATIONS:**

### **The GMCA is requested to:**

1. approve the funding application for Broughton House – Veteran Care Village (loan of up to £2,000,000), and progress to due diligence.
2. delegate authority to the Combined Authority Treasurer and Combined Authority Monitoring Officer to review the due diligence information in respect of the above company, and, subject to their satisfactory review and agreement of the due diligence information and the overall detailed commercial terms of the transaction, to sign off any outstanding conditions, issue final approvals and complete any necessary related documentation in respect of the loan noted above; and
3. note the loan to Manchester Science Partnerships Limited agreed under delegated authority.

## **CONTACT OFFICERS:**

<u>BOLTON</u>	<u>MANCHESTER</u>	<u>ROCHDALE</u>	<u>STOCKPORT</u>	<u>TRAFFORD</u>
<u>BURY</u>	<u>OLDHAM</u>	<u>SALFORD</u>	<u>TAMESIDE</u>	<u>WIGAN</u>

**Eamonn Boylan:** Eamonn.Boylan@greatermanchester-ca.gov.uk  
**Laura Blakey:** Laura.Blakey@greatermanchester-ca.gov.uk

**Equalities Implications:**

Not applicable.

**Climate Change Impact Assessment and Mitigation Measures:**

None.

**Risk Management:**

The loan 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 proposed loan will be made from recycled funds.

**Number of attachments to the report:**

None.

**Comments/recommendations from Overview & Scrutiny Committee:**

None.

**BACKGROUND PAPERS:**

None.

<b>TRACKING/PROCESS</b>	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution?	YES
<b>EXEMPTION FROM CALL IN</b>	
Are there any aspects in this report which means it should be considered to be exempt	NO

from call in by the relevant Scrutiny Committee on the grounds of urgency?	PUBLIC DOMAIN RELEASE DATE: 28 MAY 2036
GM Transport Committee	N/A
Overview & Scrutiny Committee	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 (at a minimum) 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.

## 2. INVESTMENT RECOMMENDED FOR APPROVAL IN PRINCIPLE

### 2.1 Broughton House – Veteran Care Village (“Broughton House”), Salford Sector: Residential Care

The business case in respect of a £2,000,000 loan into Broughton House has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.

Broughton House was established in 1916 as a treatment centre for soldiers returning from WW1. It has subsequently evolved into a charity and care home for veterans.

In April 2018, the GMCA approved a loan of £3,000,000 to help fund the demolition and construction of a new care home. The construction was split into phases:

- Phase 1a 32 bedrooms, kitchen, restaurant, reception and office.
- Phase 1b 32 bedrooms, 6 apartments.

Phase 1a was completed in August 2020 and the residents were transferred later that month. The construction of Phase 1b is expected to complete in early 2022 and will take the capacity of the home up to 64 beds and 6 apartments.

The additional funding is to enable the completion of the construction of Phase 1b which has suffered from cost overruns, and provide a level of working capital support to the care home, which has been impacted by the COVID 19 pandemic.

- 2.2 Further details regarding the loan are included in the accompanying Part B report to be considered in the confidential part of the agenda due to the commercially sensitive nature of the information.

### **3. DELEGATED AUTHORITY UPDATES**

- 3.1 In December 2020, the Combined Authority provided approval for a £5,750,000 loan to MSP for the Base Building and a £4,750,000 loan to IRAF UK Vantage 3 Limited (“IRAF”), in order to increase capacity in the NW Evergreen Fund (“Evergreen”). The loan to IRAF was repaid early to Evergreen and so was not progressed with the Combined Authority. The NW Evergreen Fund does continue to have capacity constraints, however, and it is therefore proposed that £2,025,000 of the funding approved to IRAF be reallocated to MSP’s Base Building, increasing the loan to £7,775,000.

The business case in respect of the increased £7,775,000 loan into MSP has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.

As noted in December, Base Building is a 91,542 sq ft, city centre office block targeting SME occupiers focused 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. The scheme is due to complete in September 2023 and the loan represents a maximum Loan to Value of 72%.

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. MSP develops and operates commercial space for science and technology firms within the North West of England. 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).