

Greater Manchester Combined Authority

Date: 24th June 2022

Subject: GM Investment Framework, Conditional Project Approval

Report of: Councillor David Molyneux, Portfolio Lead for Investment and Resources and Steve Wilson, Portfolio Lead Chief Executive for Investment

Purpose of Report

This report seeks Greater Manchester Combined Authority (“Combined Authority” and “GMCA”) approval for loans to Romaco Limited (“Roma”) and Evergreen House Limited (“EH”) and a follow-on investment into Bankifi Limited (“Bankifi”). The investments will be made from recycled funds.

Further details regarding these 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 loan facility of up to £3m to Romaco Limited;
2. approve the loan facility of up to £3.5m to Evergreen House Limited;
3. approve the follow-on investment into Bankifi Limited of up to £350,000;
4. delegate authority to the Combined Authority Treasurer and Combined Authority Monitoring Officer to review the due diligence information in respect of the above loans, and, subject to their satisfactory review and agreement of the due diligence information and the overall detailed commercial terms of the loans/investment, to sign off any outstanding conditions, issue final approvals and complete any necessary related documentation in respect of the loans/investment noted above.

Contact Officers

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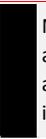
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Equalities Impact, Carbon and Sustainability Assessment

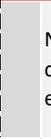
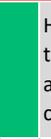
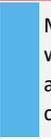
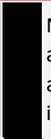
A) Romaco Limited

Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation		
Housing	G	Access to finance will be key for the continuing development of housing in the region.
Economy	G	The investment will lead to job creation and strong leverage financial returns for the region.
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		Details of onward investment schemes are unknown at this stage but will be in line with local planning regulations.
Residential building(s) renovation/maintenance	N/A	Details of onward investments unknown at this stage
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.

B) Evergreen House Limited

Impacts Questionnaire				
Impact Indicator	Result	Justification/Mitigation		
Equality and Inclusion				
Health	G	The development of the app and platform should lead to innovation in the personal health and wellbeing sector.		
Resilience and Adaptation				
Housing				
Economy	G	The investment should lead to the creation of high quality jobs in the region.		
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				
	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	N/A				
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.

C) Bankifi Limited

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation		
Housing		
Economy	G	
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	
 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	<input type="text"/>	
Buildings	Result	Justification/Mitigation
New Build residential	N/A	
Residential building(s) renovation/maintenance	N/A	
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

The loans/investment recommended 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 loans/investment 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.

GM Transport Committee

N/A

Overview and Scrutiny Committee

N/A

1. Introduction/Background

1.1. Background:

- 1.1.1. 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.
- 1.1.2. This assessment incorporated:
 - an appraisal by the GM Core Investment Team; and
 - a review by a sub-group of GM Chief Executives.

2. Investments Recommended for Approval in Principle

2.1. Romaco Limited, Manchester

Sector: Financial Services

- 2.1.1. The business case in respect of a £3m development loan facility to Romaco Limited ("Roma") has been submitted to and appraised by the Core Investment Team and is recommended to the Combined Authority for conditional approval.
- 2.1.2. Roma are a specialist finance provider, offering commercial property and residential buy to let mortgages. The business is well established and has received funding from the British Business Bank, amongst others to on-lend to customers.
- 2.1.3. The GMCA loan will be used to provide additional capacity for the business to continue to lend to regional SME borrowers. Roma already employs 37 at its base in Manchester and expects to grow the workforce by 15 over the next three years.
- 2.1.4. 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.

2.2. Evergreen House Limited, Salford

Sector: Digital & Creative

- 2.2.1. The business case in respect of a loan up to £3.5m (part of the £5m overall raise) to Evergreen House Limited (“EH”) has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.
- 2.2.2. EH is part of the Evergreen group of companies, based in GM, which specialises in healthcare and low carbon technologies. The funding will be used to support the ongoing development of a digital platform which provides information and software solutions to healthcare providers. The wider business also operates its own healthcare services through a network of GP practices.
- 2.2.3. The loan will be secured by commercial property owned by EH. The Evergreen group of companies already employs 65 people in GM and the funding will support the creation of over 60 jobs in the region over the next two years.
- 2.2.4. 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.

2.3. Bankifi Limited – phase 2, Manchester

Sector: Financial Services

- 2.3.1. The business case in respect of a follow-on investment of up to £350,000, as part of a minimum round of £2.5m, to Bankifi Limited (“Bankifi”) has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.
- 2.3.2. Bankifi provide products to banks which can then be sold onto customers to assist with financial management. GMCA invested £700k in Summer 2021 as part of total fundraising of £2.2m.
- 2.3.3. The business performance has been very strong and they are now seeking to grow the business further. The funding will be used to support the growth of the sales team in the UK, Europe and particularly America as well as further product development.

- 2.3.4. Bankifi currently employs 20 staff in the region and expect the funding to create another 8 roles based at their head office in Manchester over the next 18 months.
- 2.3.5. Further details regarding the investment 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.