

## Greater Manchester Combined Authority

Date: 12<sup>th</sup> July 2024

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

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### Purpose of Report

This report seeks Greater Manchester Combined Authority (“Combined Authority” and “GMCA”) approval for an update on an existing loan facility to RealityMine Limited.

In addition, the GMCA is asked to note that a follow-on loan facility to Romaco Limited (“Roma”) and a restructure to existing loans with Broughton House - Veteran Care Village (“BH”) have been approved under delegation. The Combined Authority gave approval on 22nd March 2024 to give delegated authority for the period 23rd March 2024 to 30th May 2024 to the Combined Authority Chief Executive and the Combined Authority Treasurer, in consultation with the Portfolio Lead Leader for Investment and Resources in lieu of an April meeting.

Further details regarding the loans 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.

In view of the prolonged timeframe between the Combined Authority’s meetings in July and September 2024, this report seeks Greater Manchester Combined Authority (“Combined Authority” and “GMCA”) 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 July 2024 to 26 September 2024.

## Recommendations

The GMCA is requested to:

1. Agree the changes to the terms of the RealityMine loan in line with the update provided in the confidential part of the agenda.
2. Note a £2m increase in the loan facility to Romaco Limited, from £3m to £5m.
3. Note the consolidation of two existing loans into a single facility with Broughton House, totalling £4.1m.
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, to sign off any outstanding conditions, issue final approvals and complete any necessary related documentation in respect of the loans noted above.
5. Delegate authority to the Chief Executive Officer, GMCA & TfGM and the GMCA 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 July 2024 to 26 September 2024.
6. Note any recommendations that are approved under the delegation will be reported to the next available meeting of the Combined Authority.





## Contact Officers

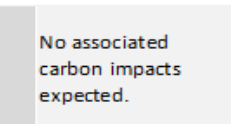
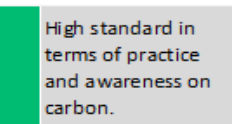
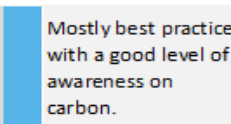
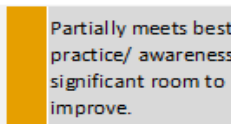
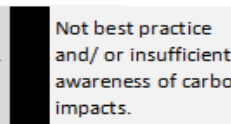
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## Equalities Impact, Carbon and Sustainability Assessment





## A) Reality Mine

Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation		
Housing		
Economy	G	The decision will support the business to implement their long term growth strategy and support an increase in headcount over the next 3 years.
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	#DIV/0!	
Buildings	Result	Justification/Mitigation
New Build residential	N/A	
Residential building(s) renovation/maintenance	N/A	
New Build Commercial/Industrial	N/A	
<b>Transport</b>		
Active travel and public transport	N/A	
Roads, Parking and Vehicle Access	N/A	
Access to amenities	N/A	
Vehicle procurement	N/A	
<b>Land Use</b>		
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) 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			
<b>Further Assessment(s):</b>	Equalities Impact Assessment and Carbon Assessment		
 <b>Positive impacts overall, whether long or short term.</b>	 <b>Mix of positive and negative impacts. Trade-offs to consider.</b>	 <b>Mostly negative, with at least one positive aspect. Trade-offs to consider.</b>	 <b>Negative impacts overall.</b>

## Carbon Assessment

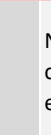
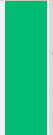



Overall Score				
Buildings	Result	Justification/Mitigation		
New Build residential		Details of onward investment schemes are unknown at this stage but will be in line with local planning regulations.		
Residential building(s) renovation/maintenance	N/A	Details of onward investments unknown at this stage		
New Build Commercial/Industrial	N/A			
<b>Transport</b>				
Active travel and public transport	N/A			
Roads, Parking and Vehicle Access	N/A			
Access to amenities	N/A			
Vehicle procurement	N/A			
<b>Land Use</b>				
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) Broughton House

## Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation	
Equality and Inclusion			
Health			
Resilience and Adaptation			
Housing			
Economy	<b>G</b>	The loan consolidation will support the creation of jobs in the long term.	
Mobility and Connectivity			
Carbon, Nature and Environment			
Consumption and Production			
Contribution to achieving the GM Carbon Neutral 2038 target			
<b>Further Assessment(s):</b>	Equalities Impact Assessment		
 <b>Positive</b> impacts overall, whether long or short term.	 <b>Mix of positive and negative</b> impacts. Trade-offs to consider.	 <b>Mostly negative</b> , with at least one <b>positive</b> aspect. Trade-offs to consider.	 <b>Negative</b> impacts overall.

## Carbon Assessment

<b>Overall Score</b>	<input type="text"/>			
<b>Buildings</b>	<b>Result</b>	<b>Justification/Mitigation</b>		
New Build residential	N/A			
Residential building(s) renovation/maintenanc	N/A			
New Build Commercial/Industrial	N/A			
<b>Transport</b>				
Active travel and public transport	N/A			
Roads, Parking and Vehicle Access	N/A			
Access to amenities	N/A			
Vehicle procurement	N/A			
<b>Land Use</b>				
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 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**

All future loan interest income on loans will be applied to revenue reserves.

## **Financial Consequences – Capital**

The proposed loan to Romaco Limited will be made from recycled capital funds.

Any future income from the repayments of property loans will be applied to Capital reserves.

## **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 Investment Team; and
  - a review by a sub-group of GM Chief Executives.

# 2. Investments Recommended for Approval in Principle

## 2.1. RealityMine, Trafford

### **Sector: Digital and Creative**

- 2.1.1. An update on RealityMine is 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. Investments Approved Under Delegation

## 3.1. Romaco Limited, Manchester

### **Sector: Financial Services**

- 3.1.1. The business case in respect of an additional £2m loan facility to Romaco Limited ("Roma") has been submitted to and appraised by the Core Investment Team and has been approved under delegation.
- 3.1.2. Roma is a specialist finance provider, offering development funding, bridging finance and buy-to-let mortgages for commercial and residential property schemes. The business is well established and has received funding from the British Business Bank, amongst others to on-lend to customers.



3.1.3. GMCA has previously provided £3m of loan funding to Roma to support its growth plans and this follow-on loan facility will be used to provide additional capacity to lend to regional SME borrowers. Roma employs 60 at its head office in Manchester and expects to grow the workforce by 9 over the next three years.

3.1.4. 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.

## **3.2. Broughton House Veteran Care Village, Salford**

### **Sector: Social Enterprise, Commercial Property**

3.2.1. GMCA has provided Broughton House with two loans to fund the construction of a new care home consisting of 64 beds and 6 apartments for Veterans, in Salford, with a capital balance of £4,072k remaining.

3.2.2. 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.

3.2.3. The new home is now complete and well occupied. With trading stabilised, it is proposed that the two existing loans be consolidated into one, with the terms and repayments being aligned into a single facility.

3.2.4. Further details regarding the consolidation of the loans 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.

## **4. Delegation**

4.1.1. A delegation is sought to allow urgent recommendations for funding to be conditionally approved in the period between the GMCA's July and September 2024 meetings. It is proposed that authority be delegated to the Chief Executive Officer, GMCA & TfGM and the GMCA 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.

4.1.2. 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 GMCA.