

Greater Manchester Combined Authority

Date: 29th September 2023

Subject: Greater Manchester 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 a loan to ClearCycle Ltd (“ClearCycle”) The loan will be made from recycled funds.

In addition, the GMCA is asked to note that an investment into LoveRaw Limited (“LoveRaw”) has been approved under delegation and is being reported to the GMCA for information.

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.

Recommendations

The GMCA is requested to:

1. Approve the loan facility of up to £950,000 to ClearCycle.
2. Note the investment into LoveRaw Limited (“LoveRaw”) of £500,000, approved under delegation and;
3. Delegate authority to the Combined Authority Treasurer and Combined Authority Solicitor & Monitoring Officer to review the due diligence information in respect of the above loan, and, subject to their satisfactory review and agreement of the due diligence information and the overall detailed commercial terms of the loan, to sign off any outstanding conditions, issue final approvals and complete any necessary related documentation in respect of the loan noted above.

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Equalities Impact, Carbon and Sustainability Assessment

A) ClearCycle Limited

Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation		
Housing		
Economy	G	The working capital loan will allow the Company to deploy its growth strategy, including employing more people in key functions, further innovating the technology, and providing on-the-job training.
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		N/A
Further Assessment(s):		N/A
G Positive impacts overall, whether long or short term.	A Mix of positive and negative impacts. Trade-offs to consider.	R Mostly negative, with at least one positive aspect. Trade-offs to consider.
		RR 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 non-residential (including public) buildings	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.	G	High standard in terms of practice and awareness on carbon.	A	Mostly best practice with a good level of awareness on carbon.	R	Partially meets best practice/ awareness, significant room to improve.	RR	Not best practice and/ or insufficient awareness of carbon impacts.
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Whilst a Carbon Assessment results are N/A due to limited impact on housing, transport and land use, it is noted that ClearCycle's operating model improves access to the circular economy, and drives a reduction in landfill use.

B) LoveRaw Limited

Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation		
Housing		
Economy	G	Potential to putting Manchester on the map for vegan confectionary. Investment will increase work opportunities in a confectionary disruptor with an international appeal. Local supply chain can help produce and develop new products. Innovation in producing a more sustainable chocolate in comparison to market leaders.
Mobility and Connectivity		
Carbon, Nature and Environment	G	LoveRaw's plant-based sweet snacks contribute to 57% reduction in water consumption, 58% reduction in land use, and 41% reduction in CO2e on average, compared to incumbent products in the market, primarily due to the decreased energy consumption of the animal-free process ¹
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		Greater consumption of more sustainable products will help climate goals at an individual level. Better choices will help inform better decisions. The company utilises no animal products in its processes. Reduction in milk consumption will help reduce the number of contributing cattle needed in
Further Assessment(s):	N/A	

G	Positive Impacts overall, whether long or short term.	A	Mix of positive and negative Impacts. Trade-offs to consider.	R	Mostly negative, with at least one positive aspect. Trade-offs to consider.	RR	Negative Impacts overall.
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Carbon Assessment

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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.
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Risk Management

The investments 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

The proposed investments will be made from recycled funds.

Financial Consequences – Capital

The proposed investments 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 Fund 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. ClearCycle, Manchester

Sector: Green economy

2.1.1. The business case in respect of a loan up to £950,000 to ClearCycle Ltd ("ClearCycle") has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for approval.

2.1.1. ClearCycle is a specialist re-commerce partner to a range of national UK retailers, handling, refurbishing and re-selling stock that has been returned by end users. The business was founded in 2015 and currently employs 42 people.

2.1.2. The business supports the circular economy, and reduces landfill usage.

2.1.3. The GMCA loan will be used to provide both working capital and growth capital for the business to expand its team and technology, with 34 new employees forecast over the next 3 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.

3. Investments approved under delegation

3.1. LoveRaw Limited, Trafford

Sector: Food Sector

- 3.1.1. The business case in respect of an investment of £500,000 to LoveRaw Limited (“LoveRaw”) has been submitted to and appraised by the Core Investment Team. The investment has been approved under delegation.
- 3.1.2. LoveRaw operates in the food industry and develops a range of vegan confectionary for retail. The company is seen as a challenger to the established brands and already has good penetration in major supermarkets in the UK and in Europe.
- 3.1.3. This investment will help support up to 17 jobs based in sales and marketing in its Altrincham based headquarters in the next three years. In addition, it expects to create 37 new roles at its new manufacturing partner based in Rochdale.
- 3.1.4. Further details regarding the equity 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.