

Greater Manchester Combined Authority

Date: 26th January 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

Purpose of Report

This report seeks Greater Manchester Combined Authority (“Combined Authority” and “GMCA”) approval for a loan to HM Pasties Ltd (“H.M. Pasties” and “the business”). The loan will be made from recycled funds.

Further details regarding the loan 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.

Recommendations

The GMCA is requested to:

1. approve a loan of up to £300,000 to HM Pasties Ltd;
2. delegate authority to the Combined Authority Treasurer and Combined Authority 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) HM Pasties

Recommendation - Key points for decision-makers

A loan to HM Pasties is forecast to deliver significant business growth, increased jobs and access to quality training and upskilling for prisoners released on temporary license, and prison leavers.

Impacts Questionnaire

| Impact Indicator | Result | Justification/Mitigation |
|---|----------|---|
| Equality and Inclusion | | |
| Health | | |
| Resilience and Adaptation | | |
| Housing | | |
| Economy | G | HM Pasties forecasts to grow headcount over the next 2 years, with a focus on supporting prisoners released on temporary license and prison leavers to train, gain employment and reduce reoffending rates. |
| Mobility and Connectivity | | |
| Carbon, Nature and Environment | | |
| Consumption and Production | | |
| Contribution to achieving the GM Carbon Neutral 2038 target | | |

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. | 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 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

Future interest income on loans will be applied to revenue reserves. Future loan repayments on revenue loans will be applied to revenue reserves.

Financial Consequences – Capital

Future loan repayments on capital loans will be applied to the capital reserve.

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. HM Pasties Ltd, Oldham

Sector: Foundational Economy

- 2.1.1. The business case in respect of a loan of £300,000 to HM Pasties Ltd has been submitted to and appraised by the Core Investment Team and is recommended to the Combined Authority for conditional approval.
- 2.1.2. HM Pasties produces a range of premium pasties and pies, principally supplying wholesale customers including pubs, sports venues, hospitality and leisure venues. HM Pasties has won multiple British Pie awards.
- 2.1.3. HM Pasties was founded by ex-offender Lee Wakeham in 2020 with the aim to 'bring out the good inside' by employing ex-offenders to make and sell delicious handmade Cornish-style pasties.
- 2.1.4. HM Pasties is focussed on reducing reoffending rates, by helping those who feel left behind to find fulfilling work in order to enhance their wellbeing and help them feel part of a thriving local community. HM Pasties offers a transitional employment programme which provides training and support to ex-offenders in order that they can become ready for the world of work, making long term employment a reality.

- 2.1.5. HM Pasties has now outgrown its current bakery premises. The loan funding will allow a move to a new bakery, and perform substantial improvements to the new site, in order to improve automation and access larger wholesale customers. The loan funding will also provide working capital support as the business grows.
- 2.1.6. The business will shortly have 12 employees, and is forecasting 8 new hires over 2 years, with a focus on providing sustainable employment for people with criminal convictions. The business also provides work experience for prisoners Released on Temporary License.
- 2.1.7. 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.