

## Investment Board

<b>Date</b>	14 <sup>th</sup> December 2020
<b>Report title</b>	Extension of CIF and RIF Loans – Statement Only
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<b>Report has been considered by</b>	N/a

### Recommendation(s) for action or decision.

#### The WMCA Investment Board is recommended to:

- Note and Agree the Statement regarding the Extension of CIF and RIF Loans as contained in this paper.

#### 1. Purpose

- At the October investment Board it was requested that Officers consider the approach to be taken when considering requests to extend commercial loans.

#### 2. Background

- As the Board is aware, CIF and RIF require repayments in full and with interest in order to meet the WMCAs own liabilities. The loans are ultimately funded through Borrowing at the WMCA level and this is underwritten by the seven Mets.

Consequently, all commercial loans are considered on their merits and with a focus on the risks associated. Each property transaction is different. Principle variances include

the Loan to Value, Loan to Cost, Income Cover, Security available, Construction Risk and Borrower's Financial Strength. There may be further considerations that are transaction specific. As such, there is no easy solution to determining when to agree or refuse an extension to a loan term and professional advice is taken appropriately. In effect an extension is treated the same as when considering a new loan, with the added benefit of first-hand experience of recent performance.

The WMCA is a public body and has different aims to private sector Lenders. Where agreeing an application to extend a loan does not require the WMCA to take undue risk, an extension may be considered. Justification for an extension may apply in circumstances where a Developer would otherwise be financially disadvantaged, as alternative finance is not possible or a sale is not viable. An extension may also be considered when further time is required by a Developer to prepare a scheme that is of greater benefit to the Region, for example better design or greater outputs.

All decisions will be taken by the Investment Board, having considered appropriate advice from WMDC (our Fund Managers), Officers and other relevant professionals. In deliberating, the Board will consider the risks, commercial aspects and benefits to the Region. The Board and WMCA have no obligation to agree an extension, as both CIF and RIF are discretionary funds.

The Board will hopefully agree that given the above it is not possible to set a Policy in this matter. The above comments are intended to aid the decision making process.

#### **4. Financial Implications**

- 4.1 There are no financial implications as a result of this statement. Each loan extension will be considered by the Board and individually will carry financial implications.

#### **5. Legal Implications**

- 5.1 There are no legal implications as a result of this statement.

#### **6. Equalities Implications**

- 6.1 There are no equalities implications.

#### **7. Inclusive Growth Implications**

- 7.1 There are no inclusive growth implications.

#### **8. Geographical Area of Report's Implications**

- 8.1 The CIF and RIF extend to both Constituent and non-Constituent Local Authorities.

#### **9. Other Implications**

- 9.1 There are no other implications.

#### **10. Schedule of Background Papers**

- 10.1 Not applicable