

Date: 25th June 2021

Subject: GM Investment Framework, Conditional Project Approval

Report of: Councillor David Molyneux, Portfolio Lead for Investment and Resources and Eamonn Boylan, Portfolio Lead Chief Executive for Investment

PURPOSE OF REPORT:

This report seeks Greater Manchester Combined Authority (“Combined Authority” and “GMCA”) approval for an investment to The Modular Analytics Company Limited (“TMAC”). The investment will be made from recycled funds.

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.

RECOMMENDATIONS:

The GMCA is requested to:

1. Approve the funding application for The Modular Analytics Company Limited (investment of up to £750,000), and progress to due diligence.
2. Delegate authority to the Combined Authority Treasurer and Combined Authority Monitoring Officer to review the due diligence information in respect of the above company, and, subject to their satisfactory review and agreement of the due diligence information and the overall detailed commercial terms of the transactions, to sign off any outstanding conditions, issue final approvals and complete any necessary related documentation in respect of the investment noted above.

BOLTON
BURY

MANCHESTER
OLDHAM

ROCHDALE
SALFORD

STOCKPORT
TAMESIDE

TRAFFORD
WIGAN

CONTACT OFFICERS:

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Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation		
Housing		
Economy		The investment will create long term good employment opportunities within Greater Manchester and attract inward investment into Manchester, as well as contributing to the innovation economy.
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		

Contribution to achieving the Greater Manchester Carbon Neutral 2038 target.

Carbon Assessment

Overall Score N/A

Buildings	Result	Justification/Mitigation
New Build residential		
Residential renovation or maintenance		
New Build Commercial/Industrial		

Transport

Active travel and public transport		
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Roads, Parking and Vehicle Access		
Access to amenities		
Vehicle procurement		
Land Use		
Land use		

Risk Management:

Any investments noted 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:

Any proposed investments noted in this paper 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	

<p>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?</p>	<p>NO PUBLIC DOMAIN RELEASE DATE: 25th June 2036</p>
<p>GM Transport Committee</p>	<p>N/A</p>
<p>Overview & Scrutiny Committee</p>	<p>N/A</p>

1. INTRODUCTION/BACKGROUND

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

2. INVESTMENT RECOMMENDED FOR APPROVAL IN PRINCIPLE

2.1 The Modular Analytics Company Limited ("TMAC"), Manchester Sector: Digital

The business case in respect of a £750,000 investment into The Modular Analytics Company has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.

TMAC initially started as a contact centre consultancy business, using Artificial Intelligence to analyse large amounts of customer data and identify solutions. Based on this experience, the founders spotted an opportunity for a tech platform to provide a combination of the three most requested outcome solutions (Speech Analytics, Coaching and Next Best Action).

During FY21 the business developed its own platforms and is now looking to pivot to a software as a service provider, generating recurring revenue from contact centre clients. Whilst most calls into call centres are recorded for 'training and quality purposes', very few of these are actually monitored for improvement. TMAC's speech analytics software can transcribe and analyse calls, emails, web chat and text conversations.

The business is looking to raise £1,500,000 in this funding round to support working capital as the business focusses on acquiring new customers, reflecting the need to scale the workforce, both in sales and delivery to enable this growth.

Manchester will be the Headquarters of the business, creating 30-40 high value roles over the next five years, with a focus on data analytics and behavioural science programmers. There is also another site based in Nottingham that is expected to have 15-20 staff.

- 2.4 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.