

Date: 27 September 2019

Subject: GM Investment Framework Project Updates

Report of: Councillor David Molyneux, Portfolio Lead Leader 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”) approval for an equity investment into Miribase Limited (“Shopblocks”), a loan to Worthington Mancap LLP (“Mancap”) and an equity investment to Immersify Education Limited (Immersify”). The investments will be made from recycled funds.

Further details regarding the investments 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.

Due to there being no GMCA meeting in August, a loan to Kartell UK Limited was approved under delegated authority. The details of this loan are included in section three of this report for information.

RECOMMENDATIONS:

The Greater Manchester Combined Authority is requested to:

1. Approve the funding applications for Miribase Limited (equity investment of up to £350,000), Worthington Mancap LLP (loan facility of up to £6,050,000) and Immersify Education Limited (equity investment of up to £150,000) 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 companies, 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 investments at a) above; and

3. Note the loan to Kartell UK Limited approved under delegated authority.

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BACKGROUND PAPERS:

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 PUBLIC DOMAIN RELEASE DATE: 27 SEPT 2034
GM Transport Committee	Overview & Scrutiny Committee	

Equalities Implications – n/a

Risk Management – see paragraph 4

Legal Considerations – see paragraph 5

Financial Consequences – Revenue – see paragraph 6

Financial Consequences – Capital – see paragraph 7

1. INTRODUCTION AND OVERVIEW

- 1.1 The Combined Authority maintains and develops a pipeline of projects submitted by applicants seeking funding from either the Combined Authority's Regional Growth Fund Programme or Growing Places Fund allocation. These projects are assessed against criteria based on the GM Investment Strategy, developed to underpin the economic growth of GM.
- 1.2 This assessment incorporates:
- a) an appraisal by the GM Core Investment Team; and
 - b) a review by a sub group of GM Chief Executives.

2. INVESTMENTS RECOMMENDED FOR APPROVAL IN PRINCIPLE

2.1 Miribase Limited ("Shopblocks"), Stockport. Sector: Digital and Creative

The business case in respect of Shopblocks (an equity investment of up to £350,000) has been submitted to, and appraised by, the Core Investment Team and subject to the outcome of the due diligence is recommended to the Combined Authority for conditional approval.

Shopblocks is based in Stockport and builds websites for SMEs for an upfront build fee and monthly subscription fee. The company is expected to create 37 jobs in Stockport over 3 years (from a current level of 20 employees).

2.2 Worthington Mancap LLP ("Mancap"), Manchester. Sector: Commercial Development

The business case in respect of Mancap (a loan facility of up to £6,050,000) has been submitted to, and appraised by, the Core Investment Team and subject to the outcome of the due diligence is recommended to the Combined Authority for conditional approval.

The development is a BREEAM Excellent building, providing c114,000 square feet of Grade A office space, above 11,000 square feet of associated retail space on the ground floor.

The shell and core construction phase of the development is complete and the purpose of the loan facility is to finance the fit-out works for occupation. A mezzanine loan facility of £12.1m is being recommended to fund the refurbishment of the building of which 50% will be funded by Evergreen 2 with the remaining 50% being funded by the GMCA in a syndicated facility.

2.3 Immersify Education Limited ("Immersify"), Salford Sector: Digital and Creative

The business case in respect of Immersify (an equity investment of up to £150,000) has been submitted to, and appraised by, the Core Investment Team and subject to the outcome of the due diligence is recommended to the Combined Authority for conditional approval.

Immersify Education is an e-learning platform which seeks to bridge the gap between theoretical and practical learning by utilising augmented reality and animation to present interactive 3D models, to be used in subjects which require practical application – the first of which is dentistry.

- 2.4 Summary appraisal notes on the investments are included as a more detailed report, considered in the confidential part of the agenda due to the information relating to the business affairs of the companies.

3. DELEGATED AUTHORITY UPDATES

3.1 Kartell UK Limited (“Kartell”), Wigan.

Kartell heads a group of companies that manufacture and distribute radiators and a wide range of bathroom products to plumbers’ merchants and bathroom product retailers. The group consists of two recently merged groups – Kartell and Just Trays.

Kartell has a distribution and logistics hub in Wigan, alongside manufacturing sites in Bedford and Leeds. The investment will help to secure the future of the Wigan site as part of the Group’s strategy, with 105 employees currently employed. Approval was given under delegated authority for a loan of up to £1,500,000.

Further detail on the investment into Kartell has been provided in the confidential part of the agenda due to the commercially sensitive nature of the information.

4. RISK MANAGEMENT

The investments noted in this paper will be governed under the existing investment framework which includes several levels of review and ongoing monitoring of performance.

5. 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.

6. FINANCIAL CONSEQUENCES – REVENUE

There are no revenue implications.

7. FINANCIAL CONSEQUENCES – CAPITAL

The proposed investments will be made from recycled funds.