

## Greater Manchester Combined Authority

Date: 24<sup>th</sup> March 2023

Subject: GM Investment Framework, Conditional Project Approval

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

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### Purpose of Report

This report seeks Greater Manchester Combined Authority (“Combined Authority” and “GMCA”) approval for loans to Holiferm Limited (“Holiferm”) and Shaping Cloud Limited (“Shaping Cloud”). The loans 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.

In view of the prolonged timeframe between the Combined Authority’s meetings in March and May 2023, this report seeks Greater Manchester Combined Authority (“Combined Authority” and “GMCA”) approval to delegate authority to the Combined Authority Chief Executive in consultation with the Combined Authority Treasurer and the Portfolio Lead for Investment and Resources, to approve projects for funding and agree urgent variations to the terms of funding previously approved by the Combined Authority, for the period 25 March 2023 to 25 May 2023.

Any recommendations that are approved under the delegation will be reported to the next available meeting of the Combined Authority.

### Recommendations

The GMCA is requested to:

1. approve a loan of up to £2m to Holiferm Limited;
2. approve a loan of up to £200k to Shaping Cloud Limited;
3. delegate authority to the Combined Authority Treasurer and Combined Authority Monitoring Officer to review the due diligence information in respect of the above investments, and, subject to their satisfactory review and agreement of the due diligence information and the overall detailed commercial terms of the investments,

to sign off any outstanding conditions, issue final approvals and complete any necessary related documentation in respect of the investments noted above.

4. Delegate authority to the Chief Executive Officer, GMCA & TfGM and the GMCA Treasurer, in consultation with the Portfolio Lead for Investment and Resources, to approve projects for funding and agree urgent variations to the terms of funding in the period 25 March 2023 to 25 May 2023.
5. Note any recommendations that are approved under the delegation will be reported to the next available meeting of the Combined Authority.

## **Contact Officers**

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# Equalities Impact, Carbon and Sustainability Assessment

## A) Holiferm Limited

### Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation		
Housing		
Economy	G	Supporting advanced research roles in life sciences in Greater Manchester. Investment will increase skilled work opportunities. Investment will attract inward investment in life sciences.
Mobility and Connectivity		
Carbon, Nature and Environment	G	Technology of companies production process is a low carbon alternative to traditional surfactant production processes.
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target	The proposal will indirectly contribute to GM's carbon neutral targets. The company has developed a manufacturing process that currently reduces 1.5CO2 tonnes per tonne produced, a 50% reduction when compared to traditional petrochemical products. The Company has a commitment to become net zero, and this will be	
Overall	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

La	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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## B) Shaping Cloud Limited

### Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation		
Housing		
Economy	<b>G</b>	The investment will preserve existing jobs and will lead to job creation.
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		

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

Overall Score

Buildings	Result	Justification/Mitigation
New Build residential	N/A	
Residential building(s) renovation/maintenance	N/A	
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### 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 loans 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 loans will be made from recycled funds.

## **Financial Consequences – Capital**

The proposed loans 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. Holiferm Limited, Manchester/Trafford

#### Sector: Low Carbon

2.1.1. The business case in respect of a loan of up to £2,000,000 to Holiferm Limited ("Holiferm") has been submitted to and appraised by the Core Investment Team and is recommended to the Combined Authority for conditional approval.

2.1.2. Holiferm operates in the biosciences sector and has developed a fermentation and gravity-based separation technology to produce lipid bioproducts, green alternatives to traditional petrochemical compounds used in a wide variety of home and industrial applications. This loan will help support up to 60 highly skilled jobs in research and development based in the business' lab and headquarters in Trafford Park.

2.1.3. 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.

### 2.2. Shaping Cloud Limited – Phase 3, Manchester

#### Sector: Digital & Creative

- 2.2.1. The business case in respect of a loan of up to £200k to Shaping Cloud Limited (“Shaping Cloud”) has been submitted to and appraised by the Core Investment Team and is recommended to the Combined Authority for conditional approval.
- 2.2.2. Shaping Cloud are a cloud consultancy business that help organisations with their transition to the Cloud.
- 2.2.3. The GMCA have previously invested £750k into the business through a mixture of debt and equity in order to support the forecast growth.
- 2.2.4. A further short term loan of up to £200k is recommended, to support the business as it balances the working capital requirements of a secured long term contract.
- 2.2.5. 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.

### **2.3. Delegation**

- 2.3.1. A delegation is sought to allow urgent recommendations for funding to be conditionally approved in the period between the GMCA’s March and May 2023 meetings. It is proposed that authority be delegated to the Chief Executive Officer, GMCA & TfGM and the GMCA Treasurer in consultation with the Portfolio Lead for Investment and Resources to approve projects for funding and agree urgent variations to the terms of funding previously approved by the Combined Authority.
- 2.3.2. Any recommendations approved under the delegation will be subject to the usual due diligence processes and will be reported to the next available meeting of the GMCA.