

Greater Manchester Combined Authority

Date: 26th May 2023

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 a new Enterprise Growth for Communities Fund (“EGC Fund”). The loan will be made from recycled funds.

In addition, the GMCA is asked to note that a follow-on investment into The Modular Analytics Company Limited (“TMAC”) and an increase to the investment quantum into Miribase Limited (“Shopblocks”), were approved under delegation. The delegation was agreed due to no GMCA meeting being held in April 2023.

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.

Recommendations

The GMCA is requested to:

1. approve the loan facility of up to £1m into the Enterprise Growth for Communities Fund.
2. note the investment into The Modular Analytics Company Limited of £400,000, approved under delegation.
3. note the amendment to the investment quantum into Miribase Limited (“Shopblocks”) of £350,000, approved under delegation; and
4. 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.

Contact Officers





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Equalities Impact, Carbon and Sustainability Assessment

A) Enterprise Growth for Communities

Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion	G	
Health		
Resilience and Adaptation		
Housing		
Economy	G	
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		
Further Assessment(s):	Equalities Impact Assessment	
 Positive impacts overall, whether long or short term.	 Mix of positive and negative impacts. Trade-offs to consider.	 Mostly negative, with at least one positive aspect. Trade-offs to consider.
		 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 Commercial/Industrial	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.

B) The Modular Analytics Company Ltd

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation		
Housing		
Economy	G	Supports GM's Digital & Creative sector Investment will support increased job opportunities in the region.
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target	N/A	
Further Assessment(s):	Equalities Impact Assessment	
Positive impacts overall, whether long or short term.	Mix of positive and negative impacts. Trade-offs to consider.	Mostly negative, with at least one positive aspect. Trade-offs to consider.
		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 Commercial/Industrial	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.

C) Miribase Limited

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation		
Housing		
Economy	G	Investment supporting technology and developer jobs in Stockport, and the upskilling & training of young people.
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target	N/A	

Further Assessment(s):

Equalities Impact Assessment

Positive impacts overall, whether long or short term.

Mix of positive and negative impacts. Trade-offs to consider.

Mostly negative, with at least one positive aspect. Trade-offs to consider.

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 Commercial/Industrial	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.
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Risk Management

The loan 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 loan will be made from recycled funds.

Financial Consequences – Capital

The proposed loan 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. Enterprise Growth for Communities, Manchester

Sector: Foundational economy

2.1.1. The business case in respect of a £1m investment into Enterprise Growth for Communities has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for approval.

2.1.2. Enterprise Growth for Communities will be a new fund to provide financial support to small and early-stage social impact entities. The funding provided by GMCA will be directly matched by grant funding from the Access Foundation, providing a layer of "first loss" protection for GMCA's loan. In addition, a similar arrangement will be made between Credit Unions based in Greater Manchester and the Access Foundation to provide a further pot of funding. The combined fund of £3.3m will be managed by GMCVO.

- 2.1.3. The fund will assist social impact entities which are creating employment and delivering products/services both in and out of the third sector. Eligible companies will be looking to grow both their turnover and social impact, delivering good jobs. The funding parameters will compliment other sources of funding available to the sector, providing funding for a full range of requirements for social impact organisations of varying sizes, ages and sophistication. The average loan is expected to be in the region of £70k.
- 2.1.4. The timing and quantum of repayment to GMCA will depend upon the performance of the underlying investments. Based on the expected performance of the fund, it is anticipated GMCA will be repaid after seven years.
- 2.1.5. This is an opportunity for GMCA to provide material financial support to the sector and leverage support from Access. The initiative will support a key part of the foundational economy at a time when the sector is facing unprecedented trading and funding challenges arising from the cost of living crisis.
- 2.1.6. 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.

3. Investments approved under delegation

3.1. The Modular Analytics Company Limited – Phase 3, Manchester Sector: Digital & Creative

- 3.1.1. A follow-on investment of £400,000 into The Modular Analytics Company (TMAC) has been approved under delegation.
- 3.1.2. TMAC is a business which specialises in Artificial Intelligence-driven customer contact solutions, headquartered in Greater Manchester. TMAC is transitioning to a Software-as-a-Service model, with its suite of products designed to help businesses drive efficiencies and improve results for large contact centres primarily in the insurance, retail and banking sectors.
- 3.1.3. GMCA has previously invested £1,149k into TMAC to support its growth plans and this follow-on investment will allow the business to build its customer base.

- 3.1.4. TMAC have their head office in the region and expect the local workforce to grow to over 40 by 2026.
- 3.1.5. 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.

3.2. Miribase Limited, Stockport

Sector: Digital & Creative

- 3.2.1. The business case in respect of a £350,000 equity investment as part of a total funding round £1,500,000 into Miribase Limited (trading as “Shopblocks”) has been submitted to and appraised by the Core Investment Team and is recommended to the Combined Authority for conditional approval.
- 3.2.2. Combined Authority approval was received on 16 December 2022 for an investment of up to £300,000. An increase to £350,000 was approved under delegation.
- 3.2.3. This 3rd investment round will follow GMCA investments of £335,000 and £400,000 in November 2019 and October 2021 respectively.
- 3.2.4. Shopblocks is a SaaS business (Software as a Service), building & maintaining fully integrated ecommerce platforms for a wide range of businesses.
- 3.2.5. The investment will fund the growth of the team to deliver the e-commerce platform to a growing pipeline of Business to Business enterprises.
- 3.2.6. Shopblocks currently has 24 employees and is forecast to grow to 70 over the next 3 years.
- 3.2.7. 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.