

Date: 28 June 2019

Subject: GM Investment Framework Project Updates

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

PURPOSE OF REPORT

This report seeks Greater Manchester Combined Authority (“Combined Authority”) approval for a convertible loan investment into PowerLinks Media Limited. The investment will be made from recycled funds. This report also provides an update on FPE Global Holdings Limited.

Further details regarding the investment 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 company.

RECOMMENDATIONS:

The Greater Manchester Combined Authority is requested to:

- a) agree that the funding application for PowerLinks Media Limited (convertible loan investment of £500,000) be given conditional approval and progress to due diligence;
- b) delegate authority to the Combined Authority Treasurer and Combined Authority Monitoring Officer to review the due diligence information in respect of the company, and, subject to their satisfactory review and agreement of the due diligence information and the overall detailed commercial terms of the transaction, to sign off any outstanding conditions, issue final approvals and complete any necessary related documentation in respect of the investment at a) above.

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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: 28 JUNE 2034
TfGMC	Overview & Scrutiny Committee	

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. INVESTMENT RECOMMENDED FOR APPROVAL IN PRINCIPLE

2.1 PowerLinks Media Limited, Manchester Sector: Digital & Creative

The business case in respect of PowerLinks Media Limited ("PowerLinks"), requesting a convertible loan investment of £500,000 alongside private sector investment of at least £1,500,000, 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.

PowerLinks is an advertising technology company that has developed a platform that acts as a stock exchange for buyers and sellers of online advertising. Auctions occur in the milliseconds that it takes for a webpage to load. The resultant advert is tailored to the design and layout of the hosting website, which improves the likelihood of the user clicking through and ultimately making a purchase.

PowerLinks is being headquartered in Manchester, and forecasts to create 19 jobs over 3 years. The investment will help to fund this increase in employees, in addition to the working capital associated with growth.

Summary appraisal notes on the investment 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 company.

3. PROJECT UPDATE

3.1 FPE Global Holdings Limited ("FPE")

In June 2014, the GMCA approved a loan of £750,000 to FPE in order to enable the Company to relocate to a new site, invest in plant and machinery and ensure that the new site was operationally ready for increased manufacturing and testing.

In November 2017 the business entered into Administration owing the GMCA £703k. The Administrators do not believe a distribution will be made to unsecured creditors and as a result the debtor of £703k has been written off.

Income of £140k was received during the life of the loan and this has been added back to the recycled funds.

4. RISK MANAGEMENT

The investment 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 agreement will be based upon the existing templates for the 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 investment will be made from recycled funds.