

Greater Manchester Combined Authority

Date: 29th November 2024

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 of an equity investment of up to £300k to Shopblocks Limited and two investments through GMCA’s Advanced Manufacturing and Materials Investment Fund, GM Advance, alongside an update on the loan to Sustainable Ventures (North) Limited.

Further details regarding the investments and update 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 an equity investment of up to £300,000 to Shopblocks Limited.
2. approve an equity investment of £250,000 to Molymem Limited.
3. approve an equity investment of £150,000 to Wull Technologies Limited.
4. Note the update on the loan to Sustainable Ventures (North) Limited.
5. delegate authority to the Combined Authority Treasurer in consultation with the 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.

Contact Officers





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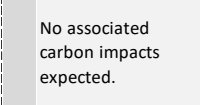
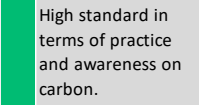
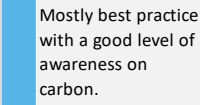
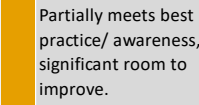
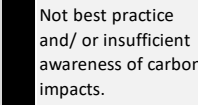
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Equalities Impact, Carbon and Sustainability Assessment

A) Shopblocks 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	Result	Justification/Mitigation
Buildings		
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) Molyem Limited

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation		
Housing		
Economy	G	Investment supporting an advanced manufacturing business that was spun-out of Manchester university
Mobility and Connectivity		
Carbon, Nature and Environment	G	The company is in discussions with the GMCA innovation teams and regionally water companies to clean up PFAS from brownfield sites.
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		
Further Assessment(s):	N/A	
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

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		
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) Wull Technologies Limited

Recommendation - Key points for decision-makers

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation		
Housing		
Economy	G	<p>The company specialises in developing sustainable technologies for the environment.</p> <p>On its first year, the Company will have created 6 FTEs. The founding company, Vector has a track record of creating highly skilled-high quality jobs within the innovation space.</p> <p>Yes, Vector Homes (Parent Co.) operate in the innovation and technology space, focused on the carbon agenda, sectors that foster the upskilling of people, and normally offer good conditions given the need for talent.</p> <p>Yes, the Company will acquire wool produce that otherwise goes to waste to manufacture its products, generating an alternative source of income for farmers whilst reducing wastage.</p> <p>Yes, the company operates in the innovation and technology space, developing new products and services.</p> <p>As the company scales it is likely supply chain operators may want to be located closer to their operations.</p> <p>Yes, the Company operate in the innovation and technology space, focused on the carbon agenda, sectors that foster the upskilling of people. The company has clear frameworks to capture and grow talent.</p> <p>The Company will secure an existing industrial site to open their Pilot Plant.</p>
Mobility and Connectivity		
Carbon, Nature and Environment	G	The company is focused on developing and roll out of green technologies to accelerate the transition to net zero.
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		The company specialises in the development of technologies and sustainable materials for the build environment and pharma and food transportation. Their products are made of natural fibres and are 100% recyclable. The company consider sustainable business practices across their entire operations.
Further Assessment(s):	N/A	
<p>G Positive Impacts overall, whether long or short term.</p> <p>A Mix of positive and negative Impacts. Trade-offs to consider.</p> <p>R Mostly negative, with at least one positive aspect. Trade-offs to consider.</p> <p>RR Negative Impacts overall.</p>		

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		
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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D) Sustainable Ventures

Recommendation - Key points for decision-makers

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation		
Housing		
Economy	G	<p>The company has a proven track record in developing climate-tech ecosystems, providing growth opportunities for startups and supporting job creation. On its first year, the Company will have created 10 FTEs, during the first 3 years of operations the local workforce is expected to be c. 25 people directly employed. The Company has a proven track record of supporting job creation within their target companies. e.g. since its inception they supported the creation of over 6,000 jobs from their London HQ.</p> <p>Yes, Sustainable Ventures operate in the innovation and technology space, focused on the carbon agenda, sectors that foster the upskilling of people, and normally offer good conditions given the need for talent.</p> <p>Yes, the Company offers comprehensive business support routes for the enterprises engaging with them.</p> <p>Yes, Sustainable Ventures operate in the innovation and technology space, developing new products and services.</p> <p>Yes, the Company has an active pipeline of companies looking to relocate to GM ahead of their site being operational.</p> <p>Yes, Sustainable Ventures operate in the innovation and technology space, focused on the carbon agenda, sectors that foster the upskilling of people.</p> <p>The investment will support the refurbishment of several floors within the Renold Building, at the heart of ID Manchester/Sister district.</p>
Mobility and Connectivity		
Carbon, Nature and Environment	G	The company is focused on supporting the adoption and roll out of green technologies to accelerate the transition to net zero.
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		The proposal is focused on accelerating the development and expansion of climate-tech companies in GM. The purpose of Sustainable Ventures intervention is to help achieve a carbon neutral economy.
Further Assessment(s):	N/A	



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 #DIV/0!

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		
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 investments 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 and commensurate with the level of investment for GM Advance investments.

Financial Consequences – Revenue

Any dividend and interest income received from these investments will be applied to revenue reserves.

Financial Consequences – Capital

The proposed equity investments from GM Advance will be funded from Investment Zone capital grant, alongside the loan to Sustainable Ventures (North) Limited which will now be funded through GM Advance. The proposed equity investment to Shopblocks will be funded from capital funds. Any sale of shares in the future will result in a capital receipt for the Authority.

Number of attachments to the report

None.

Comments/recommendations from Overview & Scrutiny Committee

Not applicable.

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 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.
- 1.1.2. In June 2024, as part of GMCA's Investment Zone package, an allocation of £10m was made to establish a Revolving Investment Fund to directly invest in the Advanced Manufacturing and Materials sector, named GM Advance. This report also includes recommendations for investment from this allocation.
- 1.1.3. Recommendations in this report follow on from:
 - an appraisal by the GM Investment Team; and
 - a review by an investment sub-group which includes independent, expert advisors.

2. Investments Recommended for Approval in Principle

2.1. Shopblocks Limited, Stockport

Sector: Digital

- 2.1.1. The business case in respect of up to £300,000 equity investment as part of a total funding round of at least £1,800,000 into Shopblocks Limited has been submitted to and appraised by the Investment Team and is recommended to the Combined Authority for conditional approval.
- 2.1.2. This investment round will follow previous GMCA investments totalling £1.1m.
- 2.1.3. Shopblocks is a SaaS business (Software as a Service), building & maintaining fully integrated ecommerce platforms for a wide range of businesses.
- 2.1.4. The investment will fund the growth of the team to deliver the e-commerce platform to a growing pipeline of Business-to-Business enterprises.

2.1.5. Shopblocks currently has 23 employees and is forecast to grow to 41 over the next 2 years.

2.1.6. Further details regarding this equity 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.

2.2. GM Advance Equity Recommendations

Sector: Advanced Manufacturing & Materials

2.2.1. GM Advance launched in June 2024 providing a range of funding options for eligible businesses through equity and debt. These investments are provided on a subsidised basis according to an agreed scoring methodology and in line with the Investment Zone Subsidy Scheme.

2.2.2. The two applications below have now been assessed and are recommended for approval. Please also note the update on Sustainable Ventures (North) Limited:

2.2.3. MolyMem, Manchester (£250k)

- MolyMem is developing sustainable, next-generation membrane technologies using 2D coatings, for the clean drinking water and wastewater industries, with improved functionality and sustainability. Membranes are designed to be retrofitted to prolong filter lives and improve performance.
- MolyMem was founded in 2020 and is a spin-out from Manchester University, where the patented materials and chemistry technology was developed. The company currently resides in the Graphene Engineering Innovation Centre (GEIC) and employs 8 staff in Manchester. It expects to create at least fifteen jobs in GM over the next three years. It also expects to expand into SISTER in the coming years and will back integrate with testing capabilities locally.
- The investment will allow the business to further the development of the technology and secure commercial contracts. The GMCA equity investment will be used to support the growth in the team and provide working capital.

2.2.4. **Wull Technologies Limited (£150k)**

- Wull Technologies is being established in Manchester as a joint venture between Vector Homes Ltd and Wool Insulation Wales Ltd, a specialist supplier of soft wool insulation solutions for the built environment.
- The company focuses on the development of fully recyclable, natural, rigid wool insulation for the built environment, specialist pharma and food insulation for transport, and noise reduction panelling.
- Wull Technologies is currently based in the GEIC, and following this round of investment it will open its first pilot plant, likely to be located in the Atom Valley growth zone, which will generate an initial 6 specialised employees in its first year of operations.

2.2.5. A £500k loan to Sustainable Ventures (North) Limited was approved at the October 2024 GMCA meeting. Following further discussions, the business represents an important function in building the Advanced Manufacturing and Materials innovation ecosystem, providing much needed collaborative workspace for these start-up and scale-up businesses. The loan has been appraised by the GM Advance investment sub-group and is approved for reallocation to this funding source. The GMCA is asked to note the reallocation from Core Funds to GM Advance for this loan.

2.2.6. Further details regarding these equity 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.