

Greater Manchester Combined Authority

Date: 24th November 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 investments into Wi-Q Limited and SMIDSY Ltd (trading as “Beryl”) and novation of a loan from Evergreen 1 to the Core Investment Fund in relation to the Broadway Green development. 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.

Recommendations

The GMCA is requested to:

1. approve an equity investment of up to £350k to Wi-Q Limited;
2. approve an equity investment of up to £1m to SMIDSY Ltd (trading as “Beryl”);
3. approve a loan novation of up to £12.95m to Chancerygate (Erdington) Ltd;
4. 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.

Contact Officers

Steve Wilson: steve.wilson@greatermanchester-ca.gov.uk

Bill Enevoldson: bill.enevoldson@greatermanchester-ca.gov.uk

Laura Blakey: laura.blakey@greatermanchester-ca.gov.uk

BOLTON
BURY

MANCHESTER
OLDHAM

ROCHDALE
SALFORD

STOCKPORT
TAMESIDE

TRAFFORD
WIGAN

Equalities Impact, Carbon and Sustainability Assessment

A) WI-Q

Impacts Questionnaire			
Impact Indicator	Result	Justification/Mitigation	
Equality and Inclusion			
Health			
Resilience and Adaptation			
Housing			
Economy	G	Investment supporting a digital business with high growth potential.	
Mobility and Connectivity			
Carbon, Nature and Environment			
Consumption and Production			
Contribution to achieving the GM Carbon Neutral 2038 target			
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.

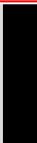
Carbon Assessment				
Overall Score	<input type="text"/>			
Buildings	Result	Justification/Mitigation		
New Build residential	N/A			
Residential building(s) renovation/maintenance	N/A			
New Build Commercial/Industrial	N/A			
Transport				
Active travel and public transport	N/A			
Roads, Parking and 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) SMIDSY Limited, trading as Beryl.

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation	
Equality and Inclusion			
Health			
Resilience and Adaptation			
Housing			
Economy	G	Investment supporting data science and technology based jobs in Greater Manchester.	
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) Broadway Green

Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation		
Housing		
Economy	G	Investment supporting data science and technology based jobs in Greater Manchester.
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 and Carbon Assessment	
	<div style="display: flex; justify-content: space-between;"> <div style="width: 20%; background-color: #2e8b57; color: white; padding: 5px;">Positive impacts overall, whether long or short term.</div> <div style="width: 20%; background-color: #ffc107; color: black; padding: 5px;">Mix of positive and negative impacts. Trade-offs to consider.</div> <div style="width: 20%; background-color: #dc3545; color: white; padding: 5px;">Mostly negative, with at least one positive aspect. Trade-offs to consider.</div> <div style="width: 20%; background-color: #800000; color: white; padding: 5px;">Negative impacts overall.</div> </div>	

Carbon Assessment		
Overall Score		
Buildings	Result	Justification/Mitigation
New Build residential	N/A	
Residential building(s) renovation/maintenanc	N/A	
New Build Commercial/Industrial		Units have achieved EPC A rating, include PV on each roof and cycling facilities.
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.	<div style="display: flex; justify-content: space-between;"> <div style="width: 20%; background-color: #2e8b57; color: white; padding: 5px;">High standard in terms of practice and awareness on carbon.</div> <div style="width: 20%; background-color: #17aebc; color: white; padding: 5px;">Mostly best practice with a good level of awareness on carbon.</div> <div style="width: 20%; background-color: #ffc107; color: black; padding: 5px;">Partially meets best practice/ awareness, significant room to improve.</div> <div style="width: 20%; background-color: #000000; color: white; padding: 5px;">Not best practice and/ or insufficient awareness of carbon impacts.</div> </div>	

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.

Financial Consequences – Revenue

Future interest income on loans and dividend income from equity investments will be applied to Revenue reserves.

Financial Consequences – Capital

The proposed equity and property investments will be made from recycled funds. Any future income from the sale of shares and repayments of property loans will be applied to Capital reserves.

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. Wi-Q Limited, Manchester

Sector: Digital & Creative

2.1.1. The business case in respect of an equity investment of £350k to Wi-Q Limited has been submitted to and appraised by the Core Investment Team and is recommended to the Combined Authority for conditional approval.

2.1.2. Wi-Q provides hotels, casual dining outlets and restaurants with end-to-end order processing software. Its products link the guest ordering portals, point of sale management system, payments systems and the kitchen (including stock). Wi-Q's system replaces several manual input steps of the process – increasing speed, accuracy and as a result, outlet profitability.

2.1.3. Wi-Q was established in 2014 and moved its head office to Manchester from London in June 2022. The Company employs c15 staff in Manchester. Management have been clear that new UK based recruits will be based in the Manchester office and any new vacancies arising from departures in roles in teams based in elsewhere in the UK will be replaced within the Manchester office. It expects to create at least five jobs in GM over the next three years.

- 2.1.4. The investment will allow the business to capitalise on the contracts it has in place with several customers and to rapidly grow its revenue. The GMCA equity investment will be used to support the working capital of the business whilst it grows its turnover.
- 2.1.5. 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.

2.2. SMIDSY Limited, trading as “Beryl”, Greater Manchester

Sectors: Low Carbon & Digital & Creative

- 2.2.1. The business case in respect of an equity investment of up to £1m to SMIDSY Ltd (trading as “Beryl”, “the Company”) has been submitted to and appraised by the Core Investment Team and is recommended to the Combined Authority for conditional approval.
- 2.2.2. Beryl is a nationwide micro-mobility company, delivering bike share schemes to a wide range of UK cities and towns. Beryl provides an end-to-end service for transport authorities, including the bikes, docking stations, app technology and scheme management, including repairs and maintenance. Beryl currently has a contract with Transport for Greater Manchester to operate the bike share scheme across Greater Manchester.
- 2.2.3. The proposed investment will support Beryl’s growth plans in Greater Manchester, focused on new data science and technology roles.
- 2.2.4. Beryl currently employs 32 people in Greater Manchester and is forecast to hire a further 18 roles in Greater Manchester over the next two years.
- 2.2.5. 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.

2.3. Broadway Green (Chancerygate (Erdington) Ltd), Oldham

Sector: Infrastructure and Logistics

- 2.3.1. The business case in respect of the novation of a loan from GMCA's Evergreen Fund ("Evergreen") of up to £12,950,000 to Chancerygate (Erdington) Limited ("Borrower") has been submitted to and appraised by the Core Investment Team and is recommended to the Combined Authority for conditional approval.
- 2.3.2. In June 2022, Evergreen provided the Borrower with a development loan facility for Plot 3000, Broadway Green. The development consists of 8 industrial units on a 2.78Ha site at Middleton Junction in Oldham. This will create 108,131 sq ft of employment space built to a high EPC A rating and will support c200 jobs once built.
- 2.3.3. The novation of this loan from Evergreen to its Core Investment Fund will provide Evergreen with the lending capacity it needs to support the match funding requirements of GMCA's 2014-2020 Fund of Funds ERDF Programme.
- 2.3.4. 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.