

Greater Manchester Combined Authority

Date: 27th September 2024

Subject: Greater Manchester Investment Framework, Conditional Project Approval

Report of: Councillor David Molyneux, Portfolio Lead for Resources & Investment 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 three investments through GMCA's new Advanced Manufacturing and Materials Investment Fund, GM Advance. The GMCA is also asked to agree the update on its loan to Holiferm Ltd contained in the Part B report.

In addition, the GMCA is asked to note that an equity investment of up to £750k to Watercycle Technologies Limited and an update on an existing loan to Greater Manchester Chamber of Commerce have been approved under delegation.

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 £50,000 to NeuWave Technologies Limited.
- 2. approve an equity investment of £50,000 to Verciti Ltd.
- 3. approve an equity investment of £50,000 to H2Origin Ltd.
- 4. agree the changes to the terms of the existing loan to Holiferm Ltd in line with the update provided in the confidential part of the agenda.
- 5. note an equity investment of up to £750k to Watercycle Technologies Limited, approved under delegation.
- 6. note amendments to the terms of the Greater Manchester Chamber of Commerce loan in line with the update provided in the confidential part of the agenda.

BOLTON	MANCHESTER	ROCHDALE	STOCKPORT	TRAFFORD	
BURY	OLDHAM	SALFORD	TAMESIDE	WIGAN	

7. delegate authority to the Combined Authority Treasurer and Combined Authority Monitoring Officer to review the due diligence information in respect of the above loans, 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 and loans noted above.

Contact Officers

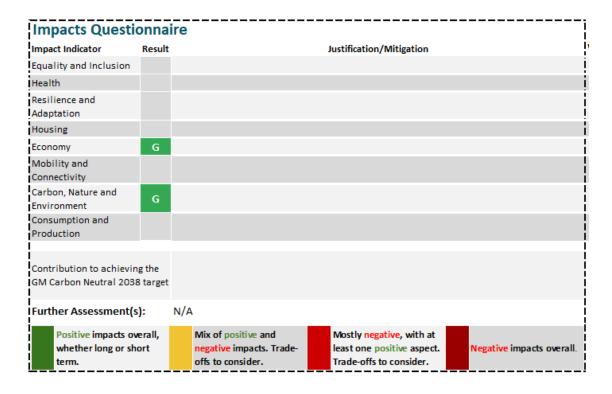
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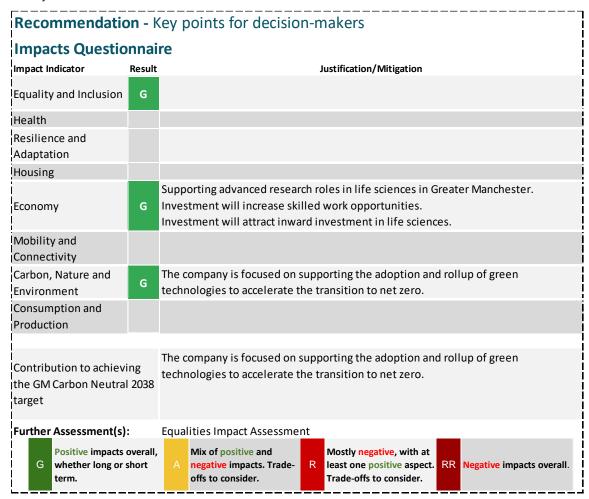
Equalities Impact, Carbon and Sustainability Assessment

A) NeuWave Technologies Limited



Carbon Assessn	nent								
Overall Score									
Buildings	Result Justification/Mitigation I								
New Build residential	N/A								
Residential building(s) renovation/maintenanc									
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 with a good level of and awareness on carbon. Mostly best practice practice/ awareness, and/ or insufficient awareness of carbon improve. Partially meets best practice and/ or insufficient awareness, significant room to impacts.								

B) Verciti Ltd



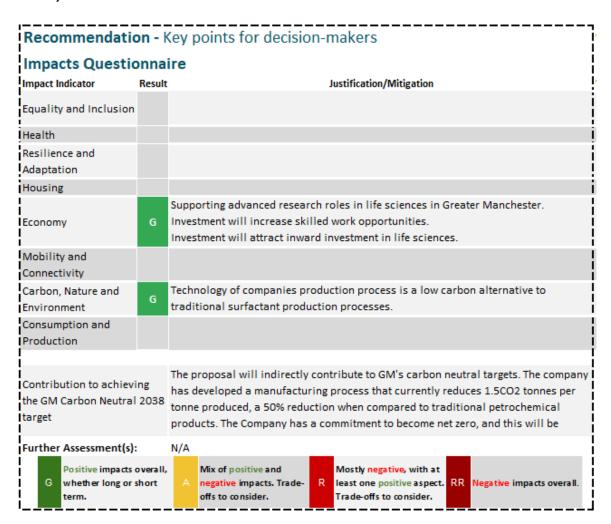
Carbon Assessm	nent		 				٦٦
Overall Score							į
Buildings	Result		Justifica	tion	/Mitigation		ŀ
New Build residential	N/A						ŀ
building(s) [renovation/maintenan	N/A						
New build non- residential (including public) buildings	N/A						
Transport							ļ
Active travel and public transport	N/A						i
Roads, Parking and Vehicle Access	N/A						
Access to amenities	N/A						ļ
Vehicle procurement	N/A						i
Land Use							-
Land use	N/A						ļ
No associated carbon impacts expected.	te ar	igh standard in erms of practice nd awareness on arbon.	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 insufficien awareness of carb impacts.	

C) H2Origins Ltd

Recommendation - Key points for decision-makers								
Impacts Questio	Impacts Questionnaire							
Impact Indicator	Result	Justification/Mitigation						
 Equality and Inclusion 								
Health								
Resilience and Adaptation								
Housing								
 Economy 	G	The company is based in GM, and the development of their product is regionally based. As the company matures further jobs will be created locally. The company is based in GM, and the development of their product is regionally based. As the company matures further jobs will be created locally. The investment will support the creation of new work opportunities while the company has commitments for the upskilling of the workforce, enabling people in GM to progress and or retain good employment opportunities.						
Mobility and Connectivity								
Carbon, Nature and Interpretation In	G	The company is actively looking to promote and educate on the need to reduce the use of single-use plastic bottles, whilst at the same time providing consumer with enhanced water facilities.						
Consumption and Production								
Contribution to achieving the GM Carbon Neutral 2038 target The proposal has a direct impact in the use and consumption of single-use plastic bottles. The company is committed to achieving a carbon neutral operating model, therefore supporting GMCA's ambitions both from a consumer perspective and from an operational approach.								
Further Assessment(s) Positive impacts whether long or term.	overall,	N/A Mix of positive and negative impacts. Tradeoffs to consider. Mostly negative, with at least one positive aspect. Tradeoffs to consider. Negative impacts overall.						

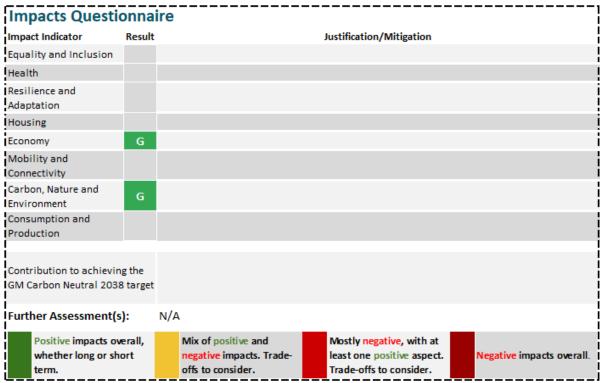
Carbon Assessm	nent		 				
Overall Score							
Buildings	Result		Justifica	tion	/Mitigation		
New Build residential	N/A						
building(s) renovation/maintenan	N/A						
New build non- residential (including public) buildings	N/A						
Transport							
Active travel and public transport	N/A						
Roads, 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.	te a	ligh standard in erms of practice nd awareness on arbon.	Mostly best practice with a good level of awareness on carbon.		Partially meets best practice/ awareness, significant room to improve.	an aw	t best practice d/ or insufficient vareness of carbon pacts.

D) Holiferm Limited



Carbon Assessn	nent	:	 				7
Overall Score							İ
Buildings	Resul	t	Justifica	tion	/Mitigation		١
New Build residential	N/A						į
building(s) renovation/maintenan	N/A						
New build non- residential (including public) buildings	N/A						
Transport							Ţ
Active travel and public transport	N/A						į
Roads, Parking and Vehicle Access	N/A						
Access to amenities	N/A						!
Vehicle procurement	N/A						i
Land Use							Ţ
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 carbo impacts.	

E) Watercycle Technologies Limited



Carbon Assessment								
Overall Score								
Buildings	Result Justification/Mitigation							
New Build residential	N/A							
Residential building(s) renovation/maintenanc								
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 and/or insufficient significant room to improve. Not best practice and/or insufficient significant room to improve.							

F) Greater Manchester Chamber of Commerce

Impacts Questio	nnaire			ŀ	
Impact Indicator	Result		Justification/Mitigation		
Equality and Inclusion				İ	
Health					
Resilience and Adaptation				!	
Housing				i	
Economy	G		ice delivery across Greater Manchester port to businesses across Greater Manchester		
Mobility and Connectivity					
Carbon, Nature and Environment					
Consumption and Production					
N/A Contribution to achieving the GM Carbon Neutral 2038 target					
Further Assessment(s)	:	Equalities Impact Asses	ssment	_	
G Positive Impacts whether long or term.		Mix of positive and negative impacts. Tradeoffs to consider.	Mostly negative, with at least one positive aspect. Trade-offs to consider.		

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.	terms	tandard in of practice wareness on n.	Mostly best practic with a good level of awareness on carbon.	f	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 Micro-Equity investments.

Financial Consequences – Revenue

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

Financial Consequences - Capital

Proposed equity investments from GM Advance will be funded from Investment Zone capital grant. The proposed equity investment to Watercycle will be funded from capital receipts. 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.

Bee Network 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 includes the first 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.
- 1.1.4. In addition, the GMCA is asked to note approvals given under delegation granted on 12th July 2024 for the period 13 July 2024 to 26 September 2024 to the Combined Authority Chief Executive and the Combined Authority Treasurer, in consultation with the Portfolio Lead Leader for Investment and Resources in lieu of an August meeting.

2. Investments Recommended for Approval in Principle

2.1. GM Advance Micro-Equity Recommendations

Sector: Advanced Manufacturing & Materials

2.1.1. GMCA issued its first call for projects through its GM Advance Micro-Equity product (£20-50k) in June 2024, with applications closing in early August. These applications have now been assessed and three projects are recommended for approval as below:

2.1.2. NeuWave Technologies Limited (£50k) – This is a software start-up building on research completed at University of Manchester looking to drive transition of offshore renewables by increasing the quality of accurate sea wave data through the supply chain. A £50k investment from GM Advance will support the business to scale up development as part of a wider fundraise.

2.1.3. H2Origin Limited (£50k) – H2Origin was founded in 2022 with the mission of dramatically improving and increasing water dispensing facilities in high footfall locations, to reduce the use of disposable bottles. They supply tech-enabled refilling stations that monitor consumption and ESG metrics, encouraging the reduction of single-use bottles through data monitoring and reporting. The £50k investment through GM Advance will support further development of the product and commercial roll-out alongside equity and grant funding.

2.1.4. **Verciti Limited (£50k)** – The project will create a disruptive Educational Technology platform to scale-up volume delivery of industrial digitisation, automotive electrification and net zero skills training using immersive technologies. This will act as an enabler for the Advanced Manufacturing sector in the region. The £50k investment from GM Advance will support the development and roll-out of the platform alongside InnovateUK grant funding.

2.1.5. 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.

2.2. Holiferm Limited, Manchester

Sector: Life Sciences

2.2.1. GMCA provided a loan of £1m to Holiferm Limited in June 2023 to scale its research and development team at its headquarters in Manchester. An update on the loan to Holiferm Limited is 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. Watercycle Technologies Limited, Manchester Sector: Advanced Manufacturing and Materials

- 3.1.1. An equity investment to Watercycle Technologies Limited ("Watercycle") has been approved under delegation. GMCA will invest up to £750k out of a larger investment round.
- 3.1.2. Watercycle designs end-to-end mineral recovery systems which extract highpurity minerals and metals from a wide range of inputs, including geothermal brines, end-of-life batteries and industrial wastewater.
- 3.1.3. The business was established in 2017 following research at the University of Manchester. Since then, the business has developed prototypes at the Graphene Engineering Innovation Centre and developed a full-scale pilot production facility. The pilot project has successfully processed inputs from eight customers, including lithium brines, wastewater and recycled batteries – successfully extracting high value metals at commercially acceptable levels of purity.
- 3.1.4. The business has various patents over its proprietary technology to protect its processes which offer several important advantages over its competitors.
- 3.1.5. It has several strong customer leads for it to progress in the short, medium and long term. The business is undertaking a fundraise to support its move to commercial scale processing and to capitalise on the early customer traction. It will use the funds to support organisational scale-up, increased R&D capacity, working capital and production facilities.
- 3.1.6. Further details regarding the 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.

3.2. Greater Manchester Chamber of Commerce, Manchester Sector: Business Support

3.2.1. An update on the amended terms for Greater Manchester Chamber of Commerce that were approved under delegation 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.