Date: 16th December 2016

Subject: Greater Manchester Investment Framework and Conditional Approval


PURPOSE OF REPORT

This report seeks Greater Manchester Combined Authority (“Combined Authority”) approval for investments to Worthington Mancap LLP, Intelling Limited, Moixa Energy Holdings Limited and Shaping Cloud Limited. The investments will be made from Growing Places monies and recycled RGF monies. This report also provides an update on the James Briggs and DataCentred projects.

Further details of the projects 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 applicants.

RECOMMENDATIONS:

The Greater Manchester Combined Authority is requested to:

a) agree that the project funding applications by Worthington Mancap LLP (loan of £4,000,000), Intelling Limited (loan of up to £1,500,000) Moixa Energy (loan of £1,000,000) and Shaping Cloud (loan of £500,000) be given conditional approval;

b) delegate authority to the Chief Investment Officer to agree the detailed commercial terms for a loan of up to £1,500,000 to Intelling Limited subject to the outcome of the points noted in the confidential part of the agenda;

c) delegate authority to the Combined Authority Treasurer and Combined Authority Monitoring Officer to review the due diligence information and, subject to their satisfactory review and agreement of the due diligence information and the overall detailed commercial terms of the transactions, to sign off any
outstanding conditions, issue final approvals and complete any necessary related documentation in respect of the loans at a) and b) above; and
d) agree the changes to the commercial terms of the James Briggs and DataCentred funding as set out in the confidential part of the agenda.

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BACKGROUND PAPERS:

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<td>Does this report relate to a Key Decision, as set out in the GMCA Constitution or in the process agreed by the AGMA Executive Board</td>
<td>YES</td>
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<td>Are there any aspects in this report which means it should be considered to be exempt from call in by the AGMA Scrutiny Pool on the grounds of urgency?</td>
<td>NO</td>
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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;
   
b) a review by a sub group of GM Chief Executives; and
   
c) a review by the Independent Investment Advisor.

2. NEW INVESTMENT PROJECTS RECOMMENDED FOR APPROVAL IN PRINCIPLE

2.1 Worthington Mancap LLP

The business case in respect of Worthington Mancap LLP (loan of £4,000,000) has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.

Worthington Mancap LLP have requested a loan of £4,000,000 to contribute towards the construction of 125 Deansgate. The development is expected to deliver 114,000 sqft of office space alongside 11,000 sqft of associated retail and provide space for up to 1,000 jobs.

2.2 Moixa Energy Holdings

The business case in respect of Moixa Energy (loan of up to £1,000,000) has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.

Moixa invent, manufacture and distribute smart energy technology and are the UK’s leading home battery company, for solar energy. The company is seeking £1,000,000 as part of a wider equity raise to focus on scaling UK operations and sales channels and working capital.

The investment will help create sixty-two new jobs in Greater Manchester.
2.3 Shaping Cloud

The business case in respect of Shaping Cloud (loan of £500,000) has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.

Shaping Cloud are a Cloud consultancy business based in Manchester that help to support organisations transition their IT systems onto the Cloud. The company is seeking £500,000 to expand the team and develop their product offering.

The investment will create forty-six new jobs in Manchester.

2.4 Intelling Limited

The business case in respect of Intelling Limited (loan of up to £1,500,000) has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.

Intelling is an innovative data and customer management business, with its head office in Wythenshawe, Manchester. The core business is a traditional Business Process Outsourcing (BPO) operation that runs campaigns on behalf of external clients alongside generating data for use through its own business-to-business and business-to-consumer brands. The company is seeking up to £1,500,000 for working capital and investment into new product lines.

The investment will safeguard two hundred and thirty-six jobs in Manchester.

Summary appraisal notes on the projects 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 applicant.

3 PROJECT UPDATES

3.1 James Briggs

James Briggs Limited was acquired in a management buy-out in June 2013. The Company manufactures a range of private label and branded consumer chemicals and aerosols.

An update on James Briggs has been provided in the confidential part of the agenda.

3.2 DataCentred

DataCentred provide colocation space at their data centre in MediaCity as well as public and private cloud computing services.

An update on DataCentred has been provided in the confidential part of the agenda.
4 RISK MANAGEMENT
The loans will be governed under the existing investment framework which includes several levels of review and ongoing monitoring of the performance of the loans.

The legal funding structure proposed for the loans will mitigate risk as far as reasonably practicable utilising the standard framework of legal documents.

5 LEGAL CONSIDERATIONS
The legal agreements 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 £4,000,000 proposed loan to Worthington Mancap LLP will be from Growing Places monies. The £1,500,000 proposed loan to Intelling, the £1,000,000 proposed loan to Moixa and the £500,000 proposed loan to Shaping Cloud will be made from recycled monies.