Date: 30 June 2017
Subject: GM Investment Framework Project Updates
Report of: Councillor Kieran Quinn, Portfolio Lead for Investment Strategy and Finance and Eamonn Boylan, Portfolio Lead Chief Executive for Investment Strategy and Finance

PURPOSE OF REPORT

This report seeks Greater Manchester Combined Authority (“Combined Authority”) approval for a loan to Private White VC Limited. The loan will be made from recycled monies. This report also provides an update on Pulse Flexible Packaging (Project Rugby), Zuto and switchmybusiness.

Further details 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 companies.

RECOMMENDATIONS:

The Greater Manchester Combined Authority is requested to:

a) agree that the project funding application by Private White VC Limited (loan of up to £1,100k) be given conditional approval and progress to due diligence; and

b) 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 loan at a) above; and

c) note the changes to the commercial terms in line with the updates provided on Pulse Flexible Packaging (Project Rugby), Zuto and switchmybusiness as set out in the confidential part of the agenda.
CONTACT OFFICERS:
Eamonn Boylan: eamonn.boylan@greatermanchester-ca.gov.uk
Richard Paver: richard.paver@greatermanchester-ca.gov.uk
Bill Enevoldson: bill.nevoldson@greatermanchester-ca.gov.uk

BACKGROUND PAPERS:

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<th>TRACKING/PROCESS</th>
<th>YES</th>
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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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<th>EXEMPTION FROM CALL IN</th>
<th>NO</th>
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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; and

b) a review by a sub group of GM Chief Executives.

2. INVESTMENTS RECOMMENDED FOR APPROVAL IN PRINCIPLE

2.1 Private White VC Limited

The business case in respect of Private White VC Limited (loan of up to £1,100k) has been submitted to and appraised by the Core Investment Team and is recommended to the Combined Authority for conditional approval.

Private White VC Limited, established in 2014, is a luxury clothing brand with all products manufactured in the factory in Salford. The business sources 90% of all raw materials from the UK, using local suppliers.

The company is seeking a loan of up to £1,100k as part of a wider fundraise to expand the facilities in Salford, develop the Company’s e-Commerce offering and provide working capital support. The loan is expected to support the creation of 88 jobs in Salford.

Summary appraisal notes on the project 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 UPDATES

3.1 Pulse Flexible Packaging (Project Rugby)

Pulse Flexible Packaging is a flexible packaging manufacturer with sites in Bury and Saffron Walden. The GMCA approved a loan of £2,340k in March 2014 and a further £2,000k in March 2015 towards the company’s capital expenditure.

An update on Pulse Flexible Packaging (Project Rugby) has been provided in the confidential part of the agenda.
3.2 Zuto Limited

Zuto is a car buying intermediary based in Manchester that allows customers a one stop shop for purchasing a used car via its on-line portal. The GMCA approved a loan of £1,000k to Zuto in June 2016.

An update on Zuto Limited has been provided in the confidential part of the agenda.

3.3 switchmybusiness

switchmybusiness is based in Manchester and provides a compare and switch service to SME’s principally on the supply of gas and electricity. The GMCA approved loan of £2,500k in September 2014 for the company’s growth and relocation.

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

4. RISK MANAGEMENT

The loan will be governed under the existing investment framework which includes several levels of review and ongoing monitoring of the performance.

The legal funding structure proposed for the loan will mitigate risks 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 £1,100k proposed loan to Private White VC Limited will be made from recycled funds.