

## Item No. 10

### GREATER MANCHESTER LOCAL ENTERPRISE PARTNERSHIP BOARD

**SUBJECT:** GM Investment Framework and Conditional Project Approval

**DATE:** 12 November 2015

**FROM:** Eamonn Boylan

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### PURPOSE OF REPORT

To provide the LEP Board with four new projects which have been reviewed by the GM Core Investment Team, Chief Executive Appraisal Sub Group, Independent advisor and approved in principle by the Combined Authority.

A loan to Ashton Old Baths for £250,000 was approved in principle by the Combined Authority on 25<sup>th</sup> September 2015. The loan will be funded from recycled Regional Growth Funds. The LEP Chair endorsed the project on 25<sup>th</sup> September 2015.

Loans to Port Salford for £4,600,000, RealityMine for £1,250,000 and B&H Precision Tooling for £550,000 were approved in principle by the Combined Authority on 30<sup>th</sup> October 2015. The Port Salford loan will be funded from Growing Places. The RealityMine and B&H Precision Tooling loans will be funded from recycled Regional Growth Funds.

The Combined Authority agreed:

1. that the project funding applications, as summarised within the report now submitted, be given conditional approval and progress to due diligence; and
2. to 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 projects.

## **RECOMMENDATION**

The LEP Board is asked to endorse the decisions made by the Combined Authority on 25 September 2015 and 30 October 2015.

## **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 and recommendation by the Independent Investment Advisor (KPMG).

## **2. NEW INVESTMENT PROJECTS RECOMMENDED FOR APPROVAL IN PRINCIPLE**

### **2.1 Ashton Old Baths (Tameside)**

The business case in respect of Ashton Old Baths Phase 2 (loan of £250,000) has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval. The loan will be funded through the RGF recycling funds.

PlaceFirst Ltd will deliver business incubator space in the Grade II\* Listed Ashton Old Baths (previously known as Hugh Mason House), a former Victorian Swimming Baths. The SME incubator office space will support the creation and development of innovative businesses with high growth potential predominantly in the creative, media and digital sectors. The space is expected to support the creation of thirty indirect jobs in Tameside.

### **2.2 Port Salford (Salford)**

The business case in respect of Port Salford (loan of £4,600,000) has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval. The loan will be funded from Growing Places.

Port Salford Holdings Limited, a subsidiary of the Peel Group, will deliver a major road and highway improvement programme which will improve local transport connections, reduce congestion and assist in the development of 153,000 sqm. of warehousing facilities. An anchor

tenant, Culina (a specialist food and drink logistics provider) is already secured with further plots expected to follow.

The project is expected to support the creation of 40 temporary construction jobs, indirect employment for staff employed at the Culina Warehouse along with similar jobs at future phases of the scheme; and 15 acres of remediated brownfield land within the site that is enhanced and brought into productive use.

### 2.3 B&H Precision Tooling (Stockport)

The business case in respect of B&H Precision Tooling (loan of £550,000) has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval. The loan will be funded through the RGF leverage model.

B&H Precision Tooling have requested £550k to assist with the acquisition and extension of their site in Stockport.

The project is expected to support the creation of 8 new jobs and safeguard 20 existing positions.

### 2.4 RealityMine Phase 2 (Trafford)

The business case in respect of RealityMine (loan of £1,250,000) has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval. The loan will be funded through recycled RGF funds.

RealityMine (RM) are a technology based market research company headquartered in Trafford Park and established in April 2012. The business received £1m of funding from the Combined Authority in November 2014 and March 2015. Since receiving the funding, the Company have outperformed their financial forecasts and job creation targets, and are seeking further funding in order to continue their growth trajectory.

The additional funding is expected to support the creation of a further 63 jobs, taking the total expected job creation to 119.

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 applicants.

## 3 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 risks as far as reasonably practicable utilising the standard framework of legal documents.

#### **4 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,

#### **5 FINANCIAL CONSEQUENCES – REVENUE**

In all cases, the borrowers will be required to meet in the Fund's costs in relation to the loans and there is no requirement for additional revenue expenditure over and above the approved Core Investment Team budget.

#### **6 FINANCIAL CONSEQUENCES – CAPITAL**

The report sets out the proposals for a £250,000 loan to Ashton Old Baths a £4,600,000 loan to Port Salford Holdings Limited, a £550,000 loan to B&H Precision Tooling and a £1,250,000 loan to RealityMine. Funding will be provided through existing Greater Manchester Investment Funds.

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