PURPOSE OF REPORT

This report seeks Greater Manchester Combined Authority (“Combined Authority”) approval for investments to Kids Allowed Limited, Tailored Fire & Security Group Limited, Sitedesk Limited and Intechnica Limited. The investments will be made from recycled monies.

Further details of the investments 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 applications by Kids Allowed Limited (loan of £600,000), Tailored Fire & Security (loan of £1,100,000), Sitedesk Limited, (investment of £150,000) and Intechnica Limited (investment of £150,000) 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 loans/investments at a) above.
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BACKGROUND PAPERS:

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<th>TRACKING/PROCESS</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>
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<th>EXEMPTION FROM CALL IN</th>
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Risk Management – see paragraph 3

Legal Considerations – see paragraph 4

Financial Consequences – Revenue – see paragraph 5

Financial Consequences – Capital – see paragraph 6
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. INVESTMENT PROJECTS RECOMMENDED FOR APPROVAL IN PRINCIPLE

2.1 Kids Allowed

The business case in respect of Kids Allowed (loan of £600,000) has been submitted to and appraised by the Core Investment Team and is recommended to the Combined Authority for conditional approval.

Kids Allowed is a private nursery and child care chain originally founded in May 2003 to provide high quality child care. The business provides childcare for 0-5 year olds (nursery and pre-school) and wraparound care for school age children (breakfast, afterschool and holiday club) from purpose built centres across the North West. The Group currently employs around 400 workers in the Greater Manchester region.

The Company is seeking investment of £600,000 to open two additional nursery sites in Trafford. The investment is expected to support the creation of 105 jobs in Trafford.

2.2 Tailored Fire & Security Group (TFS)

The business case in respect of TFS (loan of £1,100,000) has been submitted to and appraised by the Core Investment Team and is recommended to the Combined Authority for conditional approval.

TFS was founded in 2004 and is a specialist contractor, delivering bespoke customer solutions focussed on fire, surveillance and security.

The Company is seeking investment of £1,100,000 to facilitate growth, through expansion of the employee base, increased marketing expenditure and to assist with the expansion into a bigger site. The investment is expected to support the creation of fifty jobs in Trafford.
2.3 Sitedesk

The business case in respect of Sitedesk (investment of £150,000) has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.

Sitedesk was founded in 2011 and is a specialist in Building Information Modelling (“BIM”). The Company has developed a 3D collaboration tool aimed at contractors, owners and operators to help ensure compliance with BIM.

The Company is seeking investment of £150,000 to support the business as it seeks to increase utilisation of its software product. The project is expected to create eighteen jobs in Stockport over three years.

2.4 Intechnica

The business case in respect of Intechnica (investment of £150,000) has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.

Intechnica are an IT consultancy and product business based in Manchester. The Company have previously received investment of £750,000 from the GMCA.

Approval for an investment of £150,000 is sought, as part of a wider fund raise, which will support the original job creation target of forty four and create an additional five employees immediately in the product development team.

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 companies.

3. RISK MANAGEMENT

The loans and investments 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 loans/investments 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
There are no revenue implications.

6. FINANCIAL CONSEQUENCES – CAPITAL
The £600,000 proposed loan to Kids Allowed, the £1,100,000 proposed loan to Tailored Fire & Security, the £150,000 proposed investment to Sitedesk and the £150,000 proposed investment to Intechnica will be made from recycled funds.