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Tender

GMCA 399- Life Sciences Venture Capital Investment Fund 2 for Greater Manchester, Cheshire and Warrington

Greater Manchester Combined Authority

F02: Contract notice

Notice identifier: 2021/S 000-031236

Procurement identifier (OCID): ocids-h6vhtk-03017b

Published 15 December 2021, 12:28pm

Section I: Contracting authority

I.1) Name and addresses

Greater Manchester Combined Authority

GMCA Offices, 1st Floor, Churchgate House, 56 Oxford Street

Manchester

M1 6EU

Contact

Miss Rachel Taylor

Email

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Telephone

+44 7725479086

Country

United Kingdom

NUTS code

UKD - North West (England)

Internet address(es)

Main address

<http://www.manchesterfire.gov.uk/>

Buyer's address

<http://www.manchesterfire.gov.uk/>

I.3) Communication

The procurement documents are available for unrestricted and full direct access, free of charge, at

<https://www.the-chest.org.uk/>

Additional information can be obtained from the above-mentioned address

Tenders or requests to participate must be submitted electronically via

<https://www.the-chest.org.uk/>

I.4) Type of the contracting authority

Other type

As detailed within the ITT and tender documents

I.5) Main activity

General public services

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

GMCA 399- Life Sciences Venture Capital Investment Fund 2 for Greater Manchester, Cheshire and Warrington

Reference number

DN587790

II.1.2) Main CPV code

- 66000000 - Financial and insurance services

II.1.3) Type of contract

Services

II.1.4) Short description

The contract is for the provision of fund management services to a proposed Life Sciences Venture Capital Investment Fund 2 for Greater Manchester, Cheshire and Warrington (working title for 'LSF2').

It is expected that the Fund Manager will bring both significant experience and knowledge of the venture capital funding market with specific expertise in life science investment in unlisted companies, and also an understanding of public sector sourced funding requirements.

The Fund Manager will lead on the investment of the fund and how it will be managed to provide a long term sustainable model. The Fund manager will also be expected to raise further funding from the private sector for each investment it makes.

The value of the Fund to be managed is likely to be between 20 000 000 GBP - 25 000 000 GBP. There is no maximum fund size and it is open to other participants.

The contract will be placed with a Limited Partnership vehicle which is yet to be created. The various investor partners will take a limited partnership interest and the successful contractor will, probably through a subsidiary entity, be required to take on the General Partner role.

II.1.5) Estimated total value

Value excluding VAT: £10,000,000

II.1.6) Information about lots

This contract is divided into lots: No

II.2) Description

II.2.3) Place of performance

NUTS codes

- UKD - North West (England)

II.2.4) Description of the procurement

North west

II.2.5) Award criteria

Price is not the only award criterion and all criteria are stated only in the procurement documents

II.2.7) Duration of the contract, framework agreement or dynamic purchasing system

Start date

8 March 2022

This contract is subject to renewal

No

II.2.10) Information about variants

Variants will be accepted: No

II.2.11) Information about options

Options: No

II.2.13) Information about European Union Funds

The procurement is related to a project and/or programme financed by European Union funds: No

Section IV. Procedure

IV.1) Description

IV.1.1) Type of procedure

Open procedure

IV.1.8) Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: No

IV.2) Administrative information

IV.2.2) Time limit for receipt of tenders or requests to participate

Date

31 January 2022

Local time

10:00am

IV.2.4) Languages in which tenders or requests to participate may be submitted

English

IV.2.7) Conditions for opening of tenders

Date

31 January 2022

Local time

10:00am

Section VI. Complementary information

VI.1) Information about recurrence

This is a recurrent procurement: No

VI.3) Additional information

The Greater Manchester Combined Authority (GMCA), Alderley Park Holdings Limited (a subsidiary of Bruntwood Group Limited), and Cheshire and Warrington Local Enterprise Partnership are being supported by GMCA Commercial Services in the procurement exercise to procure a Fund Manager and General Partner to manage and raise funds.

Whilst there are no requirements for Tenderers to take a specific legal form for the purposes of the procurement process, the contract will be entered into as a Limited Partnership vehicle under English law which is yet to be created. The various investor partners will take limited partnership interests in the vehicle (this may be directly or indirectly through another vehicle) and the successful contractor will, probably through a subsidiary entity, be required to take on the General Partner role.

In line with national and local policy, Life Sciences are a key growth sector for Greater Manchester. It identified this in the Strategic Economic Plans and have worked together with private sector partners to develop a joint investment fund to provide necessary investment funding for life science companies located in the sub-region.

The Fund will invest in “Life Science” businesses covering both human and veterinary applications.

These sectors include all stages of development, through to product manufacturing/services provision. Investments are to be permitted in businesses supplying technology products/services to any of the sectors listed above.

The Fund will operate within the Greater Manchester and Cheshire and Warrington Local Enterprise Partnership areas (the “Target Area”). The Target Area has significant assets and coherent economic development and spatial strategies to support the ongoing development of a Life Sciences cluster.

The Investors established a similar fund in 2015, the “LSF1”, which has a life span of 15 years. It took a similar form as envisaged for LSF2 and had an investment fund size of £37m. LSF1 closed to new investments in June 2021 having made investments into 42 entities. Realisations from LSF1 are due to be made between 2025 and 2030.

The Investors believe LSF1 demonstrated an unmet demand for support from Life

Sciences SMEs. Based on the applications received by the fund manager for LSF1, there is evidence of a continued and increasing flow of Life Sciences SMEs seeking equity investments in the Target Area, with consultations indicating a level of unmet demand.

Research also indicates that the current investment architecture within the Target Area still does not cover the likely needs of Life Science businesses. The proposed Fund will aim to address this market failure and enable partners in the Target Area to play their parts in encouraging business investment in innovation, facilitating networks, cluster development and knowledge exchange, and building a high quality Life Sciences ecosystem.

It is envisaged that the Fund will elect to be designated as a Private Fund Limited Partnership ("PFLP"). It is expected that the general partner of the Limited Partnership will be an entity in the same group as the Fund Manager.

The investments are likely to be principally in the form of equity or quasi equity as investee companies will almost certainly be at too early a stage in their growth cycle to be able to service debt financing.

The Investors have committed to a minimum investment of £20m, and this could increase to £25m depending on the realisations made from LSF1. Based on a Fund size of £20m, the non-financial minimum objectives of the Fund are currently:

- support the creation/safeguarding of 500 net jobs over 15 years;
- invest in firms that generate £40.0m GVA pa by the end of 15 years; and
- Leverage of £30m of additional investment at the deal level.

The long term objective is to create a 'legacy fund' (after repaying those Limited Partners which require a repayment of their capital and loans) for investment in Life Sciences in the Target Area. Such a legacy fund is not covered by this procurement process.

This Procurement expressly reserves the right:

- I. not to award any contract as a result of the procurement process commenced by the publication of this notice;
- II. to make whatever changes it may see fit to the content and structure of the tendering process;
- III. to amend (a) contract(s) in respect of any part(s) of the services covered by this notice; and

IV. to award contract(s) in stages and in no circumstances will the Procurement be liable for any costs incurred by candidates.

Tenderers should maintain tender validity for 180 days from date stated in ITT for receipt of tender.

VI.4) Procedures for review

VI.4.1) Review body

Greater Manchester Combined Authority

GM Fire and Rescue Services Headquarters, 146 Bolton Road

Swinton

M27 8US

Country

United Kingdom