Date: 24 February 2017
Subject: GM Investment Framework Project Updates
Report of: Cllr Kieran Quinn, Portfolio Lead Leader 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 Forrest. The investment will be made from recycled monies. This report also provides an update on AppLearn Ltd and Incorporate Travel Management.

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 companies.

RECOMMENDATIONS:

The Greater Manchester Combined Authority is requested to:

a) agree that the project funding application by Forrest (loan of £2,000,000) 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 transaction, to sign off any outstanding conditions, issue final approvals and complete any necessary related documentation in respect of the loan at a) above.

CONTACT OFFICERS:

Eamonn Boylan: eamonn.boylan@stockport.gov.uk
Richard Paver: r.paver@manchester.gov.uk
Bill Enevoldson: b.nevoldson@manchester.gov.uk
**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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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. INVESTMENT PROJECT RECOMMENDED FOR APPROVAL IN PRINCIPLE

2.1 Forrest

The business case in respect of Forrest (loan of £2,000,000) 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 investment funds.

Founded in 1955, Forrest is an established construction company employing 400+ people across three divisions: new build, refurbish & respond and energy services. The Company is headquartered in Westhoughton, Bolton. The Company is seeking investment of £2,000,000 as part of a wider recapitalisation of the business to fund forecast growth.

The investment will safeguard three hundred jobs in Bolton and Greater Manchester area. Forrest also employs c100 people across the North East, Yorkshire and SouthWest.

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 PROJECT UPDATES

3.1 AppLearn Ltd

AppLearn Ltd provide streamed digital video training to employees of companies using Talent Management Systems (TMS’) as an integral part of their HR processes. The business received £850,000 of loans from GMCA during 2013 and 2014 to help scale their user adoption product.

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

3.2 Incorporate Travel Management (ITM)
ITM is a full service travel management company specialising in the corporate sector. The company received £800,000 of loans from the GMCA in 2014 to provide working capital support to the business.

An update on Incorporate Travel Management has been provided in the confidential part of the agenda.

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

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 agreement 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 £2,000,000 loan proposed to Forrest is from recycled funds.