Date: 26 January 2018

Subject: GM Investment Framework Project Updates

Report of: 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 investments to GPL Group Limited and Calamity Island Limited. The investments will be made from recycled funds.

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 company.

RECOMMENDATIONS:

The Greater Manchester Combined Authority is requested to:

a) agree that the funding application by GPL Group Limited (investment of up to £1,500k) and Calamity Island Limited (investment of £210k) 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 at a) above.
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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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<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>
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<th>AGMA Commission</th>
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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 **GPL Group Limited**

The business case in respect of GPL Group Limited (loan of up to £1,500k) has been submitted to, and appraised by, the Core Investment Team and subject to the outcome of the due diligence is recommended to the Combined Authority for conditional approval.

GPL Group Limited, established in 2008, is a family owned multi-disciplined civil engineering group providing a wide range of services on infrastructure projects across the Civil, Rail, Utility and Building Industries.

The company, based in Salford, is seeking a loan of up to £1,500k as part of a wider fundraise in order to support the Group’s working capital position and to provide headroom for future growth. The loan is expected to safeguard 300 jobs in Salford and support the creation of a further 62 jobs.

2.2 **Calamity Island Limited**

The business case in respect of Calamity Island Limited (investment of £210k) has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.

Calamity Island Limited is a special purpose vehicle of Mackinnon & Saunders Limited. Mackinnon & Saunders Limited, established in 1995 is an animation production company, specialising in character creation for animated film and TV projects.
The company is seeking an investment of £210k as part of a wider fundraise in order to support the production of an animated series (Calamity Island) for children for the BBC. The investment is expected to support the creation of 8.5 jobs in Trafford and safeguard a further 8.

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 applicant.

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

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 proposed investments will be made from recycled funds.