

## Agenda Item 7

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### D2N2 Infrastructure Investment Board (IIB) Cover Sheet – 21<sup>st</sup> March 2019

Document Classification	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>
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Meeting and Date	Thursday 21 <sup>st</sup> March 2019		
Subject	Approval of MTIF project		
Author	T Goshawk/S Wainwright	Total no of sheets	9

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input type="checkbox"/>
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Summary and Recommendation(s)
<p>This paper sets out a request for £9.7m of Local Growth Funding to support the Medical Technologies Innovation Centre (MTIF) project from Nottingham Trent University.</p> <p>The IIB approved £456,137 in January 2018 as a pre compliance agreement. The project is now compliant with the LAF and after a review of the business case, D2N2 recommends that the project is approved by the Infrastructure Investment Board.</p>

**D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)****21<sup>st</sup> March 2019****NTU MTIF Centre****1.0 Background**

In February 2015 DCLG awarded D2N2 Grant Funding to deliver the approved schemes on the Local Growth Fund (LGF).

The LGF comprises of 51 schemes and runs until March 2021.

In March 2015 D2N2 and Derbyshire County Council issued the LGF Local Assurance Framework which sets out the procedures for managing and approving projects.

In April 2015 D2N2 appointed Derbyshire County Council as the Accountable body to administer the Local Assurance Framework.

**2.0 Scheme Overview**

MTIF is an integrated, dual site medical devices and advanced materials convergent technology centre. It will drive invention and innovation as well as increase speed and efficiency of healthcare related commercial product development through the provision of a number of services to industry.

Two new buildings will be created. The first site, addressing Fundamental Research (TRL 1-2) at NTU's Clifton campus, will focus on developing platform technologies. This can be further developed at the second site focussed on Technology Commercialisation TRL (3-6) which will be located at the Boots Enterprise Zone (BEZ). The BEZ is the preferred location for the second site based on the close proximity to and the key partnership with MediCity.

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D2N2 LEP has a high density of high tech healthcare companies. Many are successful in their own right and are growing well. They understand that complacency is a key risk and are looking for ways to ensure they outperform competitors. D2N2 based companies suffer from lack of speed and efficiency of new product development and commercialisation because of:

- A disconnect between Research and Development stages and translation into actual commercially successful medical devices and healthcare products.
- Absence of a seamless, easily accessible interface between entrepreneurs and University based R&D units.
- Lack of vision and clarity on market needs and end user requirements and the associated required future product solutions, which will then create a basis for business investment and growth strategies.
- Scarce regulatory knowledge being a key barrier to achieving the required certification and conformance marking.
- Sector behaviours and traits- companies usually work in isolation.
- Skills and knowledge deprivation, especially in SMEs.

The dual site facility that this project looks to deliver with help to solve the previous issues.

The first element of the project has reached a final price in the design process of £14,820,000 with the second element at the Boots Enterprise Zone site due to be finalised in the summer of 2019.

The funding for the project is sourced from the following:

<b>Funding Source</b>	<b>TOTAL</b>
Nottingham Trent University Funding	£13,200,000
Enterprise Zone Business Rates	£300,000
LGF	£9,700,000

<b>TOTAL</b>	<b>£22,900,000</b>
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### **3.0 Approvals**

Nottingham Trent University's Board of Governors agreed to support and fund the project on the 12<sup>th</sup> of June 2017.

An original planning application for the Phase 1 development at the Clifton site was approved on the 25<sup>th</sup> of April 2018. NTU have confirmed that the planning application for the revisions to the Clifton Campus building were confirmed on the 7<sup>th</sup> March 2019.

Planning permission for the Boots EZ site was submitted to Broxtowe Borough Council on the 8<sup>th</sup> of January 2019.

### **4.0 Procurement**

NTU have carried out a PAGABO procurement framework process to procure the first phase of the project at the Clifton Campus site. This framework is compliant with OJEU procurement rules and has selected a main contractor who NTU are working through an NEC contract with the contractor.

For the second phase of the project at the Boots EZ Site a Contractor will be appointed following an OJEU compliant tender process on a JCT Design & Build form of contract.

### **5.0 State Aid**

The promoter has confirmed that the project is State Aid compliant.

## **6.0 Business Case**

An Outline Business Case for the project was approved on the 8<sup>th</sup> of November 2017.

The Business Case has been assessed internally by D2N2 and phase 1 of the project has been deemed compliant with the Local Assurance Framework as well as the Treasury's Green Book. The second phase of the development at the Boots EZ site is required to update the business case for resubmission and approval to the LEP when it conforms to the Local Assurance Framework.

## **7.0 Delivery Programme**

### **Clifton Campus**

- Construction Start – April 2019
- Main Construction Completion – June 2020
- Final Completion – August 2020

### **Boots EZ Site**

- Construction Start – August 2019
- Main Construction Completion – June 2020
- Final Completion – August 2020

## **8.0 Outputs and Outcomes**

- Creation of two new Medical Technology facilities which will provide specialist functional space for growth in this industry
- Creation of 942 new jobs
- Creation of £50.7m of GVA to the economy

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- 3,318m<sup>2</sup> of new floorspace between NTU's Clifton Campus and Boots Enterprise Zone Campus

### **9.0 Spending profile**

2017/18 - £456,136

2018/19 - £1,524,250

2019/20 - £3,859,806

2020/21 - £3,859,806

### **10.0 Local Assurance Framework**

The D2N2 LEP recommends that the first phase of the project be approved by the IIB and the subsequent second phase of the NTU MTIF project at the Boots EZ be approved subject to the delivery of a fully compliant FBC to the LEP.

The IIB are recommended to approve the project subject to a VFM assessment.

Sarah Wainwright, Accountable Body, Derbyshire County Council  
Tom Goshawk, D2N2 LEP

## Appendix 1

### Local Assurance Framework

#### Final stage Approval Check List:

1. A detailed 'Green Book' compliant business case has been completed detailing the project and its alignment to the 5 case model.	A detailed business case for the project has been submitted to the LEP and follows the Five Case 'Green Book' compliant model.
2. A VFM assessment must be completed. The VFM assessment will be independently assessed by D2N2 and must show an overall score of 'High'.	A VFM approval is yet to be confirmed by the external assessors, a completed assessment will be in place by the 21 <sup>st</sup> of March meeting.
3. Details confirming that all planning consents have been granted and that all pre start conditions have been met.	<p>An original planning application for the Phase 1 development at the Clifton site was approved on the 25<sup>th</sup> of April 2018. NTU have revised the original planning application and the revision was granted on the 7<sup>th</sup> March 2019.</p> <p>Planning has been submitted for the second phase of the development at the Boots EZ site in December 2018, this planning permission however does not affect this FBC approval.</p>
4. Confirmation that any Section 106 or other agreements have been entered into.	<p>All section 106 agreements have been entered in to and an approval for this was granted on the 30<sup>th</sup> of April 2018.</p> <p>The Boots EZ Site does not require any S106 agreements.</p>

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<p>5. Confirmation of the results of the procurement exercise detailing:</p> <ul style="list-style-type: none"> <li>-the tenders received (along with detailed costs)</li> <li>-the tender accepted (along with timescales/conditions)</li> </ul>	<p>NTU have entered the PAGABO procurement framework and have selected a contractor using the OJEU compliant procurement framework for the first phase at Clifton.</p> <p>The Boots EZ site tender was carried out using OJEU compliant tendering processes and selected a Design and Build Contractor.</p>
<p>6. Details of the construction contract to be entered into by the promoter detailing:</p> <ul style="list-style-type: none"> <li>-start date</li> <li>-completion date</li> <li>-liquidated damages/cost over runs</li> </ul>	<p>The promoter will enter in to a NEC contract. The contractor has been chosen and the finalisation of this construction contract will be put in place at the end of March.</p>
<p>7. Confirmation that the promoter will be responsible for any variations to the contract price and that once entered into, the contract will be completed in line with the details submitted.</p>	<p>The promoter has confirmed that they will be responsible for any cost overruns</p>
<p>8. Confirmation that the project has been designed to RIBA stage 4 or its equivalent.</p>	<p>Detailed design at RIBA stage 4 has been agreed.</p>
<p>9. Details of any outstanding points preventing/delaying the start-up of the construction contract.</p>	<p>Details to be updated when the final contract is signed.</p>
<p>10. Details of any changes for the project form the initial EOI and OBC submissions with reasoning</p>	<p>The project has changed the internal layout and usage of the facility from the OBC, however this will have no impact</p>



Appendix 1

behind these changes. Including an updated viability report as submitted in point 5 of the OBC.	on the outputs to be delivered for the scheme or the funding requirement from D2N2.
11. Confirmation that all funding is now in place with details of the sources of funding, please include letters from third party funders confirming any conditions and timescales.	All funding for the project has been agreed and is now in place to allow the project to commence
12. Confirmation that all land/legal agreements have been completed and are in the control of the promoter to deliver the entire project	NTU has all the land within its control to deliver the first phase of the project at the Clifton campus site.  NTU have agreed to lease the land for the Boots EZ site and have agreed legal terms with Boots for this.
13. A phasing plan identifying the start and completion elements of the project along with costs associated with each phase and the outputs/outcomes that will be delivered on a quarterly basis.	A full phasing plan for all elements of the scheme has been included with the Final Business Case including projected costs and output delivery for the scheme.
14. An updated risk register identifying the key risks and the project manager responsible. The risk register needs to be scored and include a mitigation plan.	An up to date risk register for the project has been included with the Final Business Case submission and outlines any mitigations that will be implemented should the risks arise.