

PUBLIC

MINUTES of a meeting of the **D2N2 INFRASTRUCTURE AND INVESTMENT BOARD** held on 21 March 2019 at County Hall, Matlock.

PRESENT

Councillor B Lewis (Derbyshire County Council)

Councillors R Healy (Nottingham City Council), J Hollingsworth (Gedling Borough Council) (Substitute member), T King (Derbyshire County Council), A Syrett (Bolsover District Council) W Major (Erewash Borough Council) (substitute member) C Poulter (Derby City Council) R Sears Piccavey (Ashfield District Council) (substitute member) and E Fagan (D2N2 LEP).

Also in Attendance – M Ashworth (Derbyshire County Council), J Battye (Derbyshire County Council), O Dove (Erewash Borough Council), M Carr (Nottingham Trent University) C Carter (Nottingham City Council) C Cooper-Smith (Ashfield District Council), J Davies (Gedling Borough Council), A Dean (Nottingham Trent University) O Dove (Erewash Borough Council), C Evans (Rushcliffe Borough Council) T Goshawk (D2N2), M Lamb, (Newark & Sherwood District Council), J Little (Chesterfield Borough Council), F McArdle (South Derbyshire District Council), D Mitchell (Rushcliffe Borough Council), D Pick, (Nottinghamshire County Council), M Phythian (Cities & Local Growth Unit), S Rose (D2N2 LEP), J Seymour (Derbyshire County Council), D Swaine (Bolsover and NE Derbyshire District Councils), S Wainwright (Derbyshire County Council), C Williams (Derby City Council) P Wilson (Derbyshire Dales District Council) and D Wright (CLGU)

Apologies for absence were submitted on behalf of Councillors W J Clarke, K Cutts, C Hart, J Zadrozny, S Webster and P Gadsby and S Birkinshaw and C Henning

12/19 DECLARATIONS OF INTEREST Declarations of personal interest were received from:

E Fagan, in relation to minute reference 17/19 - Project for Approval-Medical Technologies Innovation Centre.

13/19 MINUTES RESOLVED to confirm the non-exempt Minutes of the meeting of the Board held on 26 February 2018.

14/19 D2N2 PROGRAMME PERFORMANCE UPDATE All the projects across the programme had been reviewed and risks associated with delivering the agreed financial and output targets identified. Annex A of the report detailed the projects deemed to be High Risk, Annex B provided an update on progress of all approved or pre-compliance projects and included a RAG rating and Annex C provided an update on projects still awaiting full business case approval, highlighting key risks.

The current programme forecast for 2018/19 was £45.66m against a target of £32.36m. The overspend took into account funding carried forward from previous years which currently stood at £42m.

Good progress is being made with this year's spend with £32m of funding being delivered to projects so far and the LEP was confident that this year's allocation of funding would be not only spent but surpassed to utilise underspend from previous years.

As the financial year came to a close all projects were being engaged with to monitor their projected levels of spend up to the close of the financial year. D2N2 had had conversations with the project sponsors to gain certainty over final project spend in year and had subsequently brought forward project change requests to this meeting to alter profiles. Whilst this was taking place, the LEP were constantly engaging with project sponsors to see where projects could potentially accelerate spend from future years in to the 2018/19 financial year.

In terms of projects with an Amber risk for this meeting they were the following two projects:

- Vison Centre Mansfield due to output delays.
- A46 Rushcliffe Phase 3 due to delays in bringing forward phase 4 as a result of finalising S106 agreements,

Work continued with all the projects and the risks associated with delivery affecting the programme would continue to be monitored.

As the last two years of the LGF programme approached the programme was being reviewed to ensure that the projects that were yet to reach full approval remained on track to deliver within the timeframe.

Currently there were 9 projects yet to bring forward a Final Business Case to the IIB. A request had been made to all remaining projects that were not due to deliver an FBC to the IIB in the next financial quarter to provide an update and reassurance of their ability to meet the timescales required to deliver a full business case once each project was ready and then deliver before the end of the LGF programme in March 2021.

In terms of assessment of the impact of the programme, progress against outputs and milestones continued to be monitored but an impact evaluation was also being commissioned to assess progress to date and how lessons learnt were captured for future programmes such as the UK Shared Prosperity Fund.

Members made a number of comments and asked questions which were duly noted or answered.

Members were informed of the Annual Performance Review of the LEP conducted by central government:

Governance – Good; Strategy – Good; and Delivery – Requiring improvement. The delivery score was largely due to the significant underspend which would be a focus moving forward in order to improve the rank

RESOLVED to note the progress on the D2N2 LGF programme.

15/19 BUDGET UPDATE The current forecast showed that in 2018/19 the programme was overcommitted by £13.3m. This would be offset by the money being held by Derbyshire County Council to achieve a balanced budget.

The remaining balance held by DCC would then be returned to the programme in 2019/20.

The LEP and Accountable Body were currently reviewing the final two years grant profile to ensure a workable cash flow position.

The overall programme was currently showing an over commitment of £7.0 m, which at the June 2017 IIB meeting was agreed to be funded by a £4m contribution from the Growing Places fund and the balances to be shared on an equitable basis by the 4 Upper Tier Authorities.

RESOLVED that the report be noted.

16/19 REVISED LOCAL ASSURANCE FRAMEWORK The IIB was informed that The Ministry of Housing, Communities and Local Government (MHCLG) had issued a revised National Local Assurance Framework in January 2019.

Within this was a requirement to comply with the national guidelines by 1st April 2019. D2N2 had reviewed the previous LAF and decided to incorporate elements of this into a new document which would also contain all the new requirements. The basic decision making/approval process of projects would stay the same but the document would cover areas wider than the Local Growth Fund now including LEP Board information and processes around Growing Places Fund and Enterprise Zone funding. The revised LAF was appended to the report.

A checklist was also provided by MHCLG showing progress on achieving each requirement.

RESOLVED to approve the revised Local Assurance Framework (LAF).

17/19 APPROVAL OF MEDICAL TECHNOLOGIES INNOVATION CENTRE PROJECT M Carr and A Dean, Nottingham Trent University attended the meeting and provide the IIB with details of a request for £9.7m of Local Growth Funding to support the Medical Technologies Innovation Centre (MTIF) project from Nottingham Trent University.

The IIB approved £456,137 in January 2018 as a pre compliance agreement. The project was now compliant with the LAF and after a review of the business case, D2N2 recommended that the project is approved by the Infrastructure Investment Board.

Members were reminded that that the MTIF was an integrated, dual site medical devices and advanced materials convergent technology centre. It would 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 would be created. The first site, addressing Fundamental Research (TRL 1-2) at NTU's Clifton campus, would focus on developing platform technologies. This could be further developed at the second site focussed on Technology Commercialisation TRL (3-6) which would 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.

D2N2 LEP had a high density of high tech healthcare companies. Many were 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 looked to deliver would help to solve the previous issues.

The first element of the project had 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 was sourced as follows ;

Funding Source	TOTAL
Nottingham Trent University Funding	£13,200,000
Enterprise Zone Business Rates	£300,000
LGF	£9,700,000
TOTAL	£22,900,000

In terms of Approvals Nottingham Trent University's Board of Governors had agreed to support and fund the project on the 12th of June 2017.

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

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

NTU had carried out a PAGABO procurement framework process to procure the first phase of the project at the Clifton Campus site. This framework was compliant with OJEU procurement rules and had selected a main contractor who NTU were 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.

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

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

The Business Case had been assessed internally by D2N2 and phase 1 of the project had 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 was required to update the business case for resubmission and approval to the LEP when it conforms to the Local Assurance Framework.

Details of the delivery programme on both sites and spending profiles were detailed in the report.

In terms of outputs and outcomes the project would see the creation of two new Medical Technology facilities which will provide specialist functional space for growth in this industry ; the creation of 841 new jobs; the creation of £50.7m of GVA to the economy; and 3,318m² of new floorspace between NTU's Clifton Campus and Boots Enterprise Zone Campus

The D2N2 LEP therefore recommended 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.

Members made a number of comments and asked questions, which were duly noted or answered.

RESOLVED to approve the first phase of the project and that 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 and subject to a VFM assessment.

18/19 DATE OF NEXT MEETING The next meeting was scheduled for 30 May 2019 at 10:00 am at County Hall, Matlock.

19/19 EXCLUSION OF THE PUBLIC RESOLVED that the public be excluded from the meeting during the consideration of the remaining items on the agenda to avoid the disclosure of the kind of exempt information detailed in the following summary of proceedings:

SUMMARY OF PROCEEDINGS CONDUCTED AFTER THE PUBLIC WERE EXCLUDED FROM THE MEETING

1. To confirm the exempt minutes of the meeting of the D2N2 IIB held on 26 February 2019.
2. To consider the exempt report on High Risk Projects (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).