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Dear Matt

**Medical Technology Innovation Facility
Request for Further Allocation of LGF3 Funding**

Following recent conversations with you and Sajeeda Rose, Nottingham Trent University is writing to request formally that the D2N2 LEP's Infrastructure and Investment Board (IIB) allocate a further £1.0m of LGF3 funding to its Medical Technology Innovation Facility (MTIF) project, which is being part funded by the LEP.

The University understands that these funds will come surplus from another LGF project in the near future. This reallocation will enable the University to present its Full Business Case (FBC) for the MTIF Clifton site for formal approval in July 2018. The University is aware that the final approval of this reallocated funding will be subject to a compliant business case being approved by the IIB.

Background

The original LGF Expression of Interest document for MTIF, submitted in October 2015, described a multifaceted, multi-partner project that would provide the LEP with UK leading specialist Medical Technologies research and commercialisation capacity. The project, based on two sites including the Nottingham Boots Enterprise Zone (NBEZ), had a total budget of £24.7m. Within this, a contribution of £14.3m was requested from the LEP.

Following discussions ahead of the LGF3 submission to Government, the then LEP Chief Executive requested that the University suggest a minimum LEP contribution to the project for it to be viable. Following partner discussions, the total budget was then scaled back to £22.9m. The University also chose to up its contribution from £10.4m to £12.9m against a requested minimum contribution of £10m LGF3 funding from the LEP. This was communicated to the LEP in the attached letter.

Following the LGF3 announcements in 2017, where the LEP did not achieve its full requested funding allocation, the MTIF project was allocated a sum of £8.7m subject to completion of the funding application process. This left a shortfall of £1.3m against the £10m minimum contribution requested by the University.

Since that time, the University has been working with the LEP and Nottinghamshire County Council to fill this funding gap as it is an essential and key contribution to the success of this project. Without the further allocation of £1.0m of funding, there is a high likelihood that the project will not go forward. The University is also investigating with the LEP alternative means by which the balance of £0.3m is to be funded.

It is important to note that this request is not due to project cost slippage. It is requested to make good most of the shortfall in the minimum LEP contribution to make the project viable.

MTIF Added Value

MTIF is a significant project which aims to further endorse the D2N2 LEP area as a leader in the development and commercialisation of Medical Technology. It will contribute significantly to the achievement of the LEP's strategic plan. The University understands that the project was ranked very highly when all potential LGF3 projects were reviewed independently.

As detailed in the Outline Business Case (OBC) document, the MTIF project will deliver significant value to the D2N2 area, from both a quantitative and qualitative perspective. The cumulative GVA to be created at the end of the build period and over 10 years operation is forecast to be £50.7m. The induced employment represents 1,013 new jobs in a high value added sector. Based on a project budget of £22.9m and GVA of £50.7m, the return on investment is forecast conservatively to be 2.21.

Revised Timelines

Since presenting the MTIF project to the IIB on 26 January 2018 for consideration of early funding release, the continued uncertainty of total funding has led inevitably to some slippage in timescales for key milestones relating to the submission on the Final Business Case (FBC). The project has been de-coupled into two phases, MTIF Clifton and MTIF Boots Enterprise Zone (BEZ), in order not to further delay the Clifton development. This means the University will now have to submit four separate documents to gain its full contract: the Clifton OBC and FBC cases as well as same for the NBEZ element.

The OBC for Clifton is the only document approved to date. The University expects to submit the FBC for the Clifton phase in July 2018 as previously advised. The OBC for the BEZ phase has now moved from May 2018 to September 2018, when the Planning Application will be submitted which is a key milestone for submitting the OBC. There will be a resulting knock-on effect in submitting the FBC for this phase, which is now

expected to occur in March 2019 when a contractor will be appointed, a key milestone for submitting the FBC.

Based on these milestone points, it is now anticipated that the MTIF Clifton building will be open in December 2019 and the MTIF BEZ building in April 2020. Subject to approval to allocate further funding, the University will do everything in its control to achieve these dates and improve on them, if at all possible.

LGF3 Request

Matt, in conclusion, I would be pleased if you would request IIB to support the re-allocation of the surplus LGF3 funding to this very important, groundbreaking project. Subject to this agreement, the project can proceed fully with the aim of achieving the opening dates, outputs and outcomes highlighted above.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Michael Carr', with a long horizontal flourish extending to the right.

Michael Carr
Pro Vice-Chancellor of Employer and Economic Engagement