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Agenda Item 7

D2N2 Infrastructure Investment Board (IIB) 26th July 2018

Confidentiality Level	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>	Commercially sensitive <input type="checkbox"/>
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Meeting and Date	Infrastructure Investment Board – 26 th July 2018		
Subject	Rail Research Innovation – Project for Approval		
Author	D2N2	Total no of sheets (Excl. Cover sheet)	7

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)

This paper sets out a request for £902,600 of Local Growth Funding to support the Rail Research and Innovation Centre project from the University of Derby.

The project involves the purchase of capital equipment to establish 3 technology demonstrators to help improve innovation and productivity within the rail industry.

This project is to be delivered in 3 phases dependent on the procurement of each piece of capital equipment. At this July meeting the IIB are requested to approve the project with the first phase being deemed Local Assurance Framework compliant.

After a full review of the business case, D2N2 recommends that the project is approved by the Infrastructure Investment Board and a sum of up to £296,385 is available for release to the University of Derby to fund the 1st phase of the project. The subsequent two phases will be reviewed internally in the D2N2 LEP to check LAF compliance and allow the release of the full £902,600 grant contribution.

D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)

26th July 2018

Rail Research and Innovation 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 52 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

The applicant for this project is the University of Derby.

The Rail Research and Innovation Centre project will establish a new centre for rail supply chain businesses in the D2N2 area. The Rail RIC is intended to increase productivity within the D2N2 rail supply chain by stimulating the adoption of new technologies and techniques amongst businesses in the D2N2 rail sector and supply chain.

The RIC is intended to provide local support infrastructure for existing rail supply businesses and will also enhance the inward investment offer in the D2N2 area with the target of attracting new rail supply businesses to the region.

The RIC aims to encourage innovation and collaboration between businesses and the knowledge base by providing access to:

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- Three related Technology demonstrators
- Facilities for collaborative project working
- Innovation support and expertise
- Upskilling and training opportunities for the rail workforce.

Local Growth Funding is required for investment in capital equipment to purchase the three proposed technology demonstrators. After an extensive stakeholder and industry consultation the following demonstrators have been selected:

- Advanced composite design and manufacturing
- Data integration and analytics
- Future Rail propulsion

The total project cost of the three demonstrators is £1,400,426 and is made up of:

Funding Source	TOTAL
D2N2 Local Growth Fund	£902,600
University of Derby Match Funding	£497,826
TOTAL	£1,400,426

3.0 Approvals

The promoter has confirmed that the project has been approved by the University of Derby to release match funding for the project.

4.0 Procurement

All three phases of the project will be procured using the University's competitive tendering process that aligns with EU procurement legislation. All

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tenders submitted will be reviewed by a panel of specialists within the University to assure the quality of the submissions.

All procurement process and tenders will be reviewed by the LEP for phases 2 and 3 to guarantee best value is achieved from all phases of the project.

5.0 State Aid

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

6.0 Business Case

The Business Case has been assessed internally by D2N2 and has been deemed compliant with the Local Assurance Framework as well as the Treasury's Green Book. External Value for Money assessments have also been carried out by Regeneris and the project has been deemed VFM compliant.

7.0 Delivery Programme

1st Phase tenders received – June 2018

1st Phase equipment received – November 2018

2nd Phase tenders received – August 2018

2nd Phase equipment received – January 2019

3rd Phase tenders received – September 2018

3rd Phase tenders received – February 2019

8.0 Outputs and Outcomes

The following outcomes are set to be delivered by 2022:

- 80 Supply chain businesses supported
- 15 New collaborative research projects created
- 20 companies supported through innovation funding applications
- 80 rail sector employees upskilled

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The business plan assessment has taken in to account that the above outputs are not traditional measures of LGF investment however this project contributes towards the emerging SEPs objectives around improving productivity in one of our key sectors in the economy.

9.0 Spending profile

2018- 19 - Local Growth Fund - £902,600

10.0 Recommendation

The project complies with all elements of the D2N2 Local Assurance Framework.

The D2N2 LEP recommend the IIB to approve the whole project. The first phase of funding will be released with subsequent phases released following compliance with the Local Assurance Framework in terms of procurement. This will be assessed by D2N2 and Derbyshire County Council as the Accountable Body to confirm compliance.

D2N2 LEP

Appendix 1

Stage 3/Final Submission Checklist

1. A detailed 'Green Book' compliant business case has been completed detailing the project and its alignment to the 5 case model.	The project promoter has submitted a Green Book compliant Business Case
2. A VFM assessment must be completed. The VFM assessment will be independently assessed by D2N2 and must show an overall score of 'High'.	Regeneris have confirmed that the business case is VFM compliant and scores highly on the assessment.
3. Details confirming that all planning consents have been granted and that all pre start conditions have been met.	The project is not subject to any planning approvals
4. Confirmation that any Section 106 or other agreements have been entered into.	The project is not subject to any section 106 agreements
5. Confirmation of the results of the procurement exercise detailing: -the tenders received (along with detailed costs) -the tender accepted (along with timescales/conditions)	The first phase of the project was procured using the University's competitive tendering process that aligns with EU procurement legislation. Results of the competitive tendering exercise have been received from the University and a detailed breakdown of the costs is shown.
6. Details of the construction contract to be entered into by the promoter detailing: -start date -completion date	The project is not subject to any construction contracts.

Appendix 1

-liquidated damages/cost over runs	
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.	Should costs exceed the proposed LGF amount the project sponsor has agreed to cover any cost overruns.
8. Confirmation that the project has been designed to RIBA stage 4 or its equivalent.	Not applicable to the project
9. Details of any outstanding points preventing/delaying the start-up of the construction contract.	No outstanding points are delaying the contract being entered for the 1 st phase of the project.
10. Details of any changes for the project from the initial EOI and OBC submissions with reasoning behind these changes. Including an updated viability report as submitted in point 5 of the OBC.	No significant Changes have taken place
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 sources of funding for the project have been confirmed by the project sponsor.
12. Confirmation that all land/legal agreements have been completed and are in the control of the promoter to deliver the entire project	No Land is needed for the project
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 phasing plan for the tendering processes and purchasing schedules of all 3 phases of the project. Greater detail is included in the Final Business Case.

Appendix 1

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.	A full and up to date risk register has been included in the Final Business Case submission
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