

D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)

7th September 2016

Institute of Advanced Manufacturing

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 31 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

This project is to create a new facility for integrated Advanced Manufacturing research and teaching in a regeneration location of strategic significance for the City of Nottingham and the University of Nottingham.

The primary objectives of this project are to:

- Development of world class facilities for teaching and research in Advanced Manufacturing, capable of delivering growth in the University's activity in this area to secure increased delivery of highly skilled graduates into the workforce and underpin high quality R&D to support business collaboration and innovation. The facility will meet the needs of students, business and research excellence, supporting continued growth and excellence in our advanced manufacturing activities.
- Continue the regeneration of the Jubilee Campus, a development of strategic significance to the City. The new development will create a new frontage for the University onto Derby road, establishing a better link between the Jubilee Campus and University Park.

This will enable delivery of a number of outcomes:

- Increase the number of innovation active firms in the local manufacturing industry
- Improve graduate retention

- New business and job creation

The overall cost of the Capital build is £23.1m which is funded as follows:

University of Nottingham £18.1m

D2N2 Local Growth Fund £5m

3.0 Approvals

The University's Finance Committee have approved the overall budget for the project. Planning consent was granted by Nottingham City Council on 20th April 2016.

4.0 Procurement

The procurement strategy for the Advanced Manufacturing Building follows standard University procedures and governance arrangements. Delivery contracts are now in place with GF Tomlinson for the main construction work.

5.0 State Aid

The promoter has sought advice internally who have confirmed the project is State Aid compliant.

6.0 Business Case

The business case has been forwarded to Regeneris and at the time of writing this report the Value for Money (VFM) report had not been completed. Any approval given will be on the basis that the project reports good VFM.

7.0 Delivery Programme

- Start on Site 1st August 2016
- contract completion 23rd October 2017

8.0 Outputs and Outcomes

- directly create 60 jobs (years 1-3)
- 200 indirect jobs (over 5 years)
- 8,000 m² of new research and training/learning floor space that will include

Public

5,500m² of lab space that will support both teaching and KE activity and 1560m² teaching space for seminars and lectures-on completion (year 1)

-Enable at least £60m of follow on investment in equipment research and training from industry, UK Government and EU-over 5 years

-Support at least 100 enterprises to co-operate with the University across a range of manufacturing technologies-over 5 years

-Assist 10 enterprises supported to introduce new to the firm products 1-3 years

9.0 Spending profile

2016-17 £5m

10.0 Local Assurance Framework

Stage 1 approval was granted on the 4th January 2016 and a full Business Case was submitted in line with Stage 2 of the approval process. The Accountable Body and D2N2 have assessed the Business Case submission and approval is recommended.

The IIB are asked to approve the project and release this year's funding on the condition that the Regeneris report confirms this project represents good value for money.

Local Assurance Framework

Stage 2 Approval Check List:

1. A Value for Money assessment carried out in accordance with the Local Assurance Framework and concluding that the project overall provides at least a good value for money score	
2. Evidence supporting the need for the project and the how the outputs in the Business Case will be delivered/guaranteed. This will also include evidence identifying when the outputs will be delivered.	The development of capacity to meet employer graduate skills demands and drive R&D led innovation in advanced manufacturing is a priority at national and local levels. The outputs are as follows: -new 8000m ² building completed and occupied by September 2018. -By 2021, 7 Academic jobs and 52 Research jobs -By 2021, 943 additional students
3. A statement confirming that the funds are in place and that adequate safeguards have been taken in regards to any cost over-runs. Examples of this could be confirmation that contingency has been secured for the project and/or that all risk have been passed to the contractor/developer.	The University's Finance Committee has confirmed £18.175m is available and have confirmed responsibility for any cost overruns.
4. A statement confirming that the project is State Aid compliant.	The promoter has confirmed the project is State Aid compliant
5. Full design and specification to RIBA Stage 4 (if applicable)	The promoter has confirmed they have reached stage 4 as work has started on site on the 1 st August 2016.
6. A detailed Business case submitted by the Section 151 officer, Finance Director or Chief Executive Officer.	The business case was submitted by Director of Finance.
7. Confirmation that all Planning consents and other consents in relation to the delivery of the project have been granted.	Planning permission was granted on 20 th April 2016, subject to the conditions in the draft decision notice, with the addition one

The promoter is also required to confirm that all pre-commencement conditions have been met along with details regarding how and when the remaining planning conditions will be discharged.	conditions and the modifications of one of the original conditions.
8. A statement from the promoter confirming how the project aligns with the LEP'S sustainability and local procurement framework (if applicable)	<p>The University has targeted BREEAM Excellent rating for the building.</p> <p>The main contractor (GF Tomlinson) who are local to the area have confirmed they are committed to local sustainability as part of the Tendering process.</p>
9. Confirmation that all funding is approved and in place to deliver the project along with written confirmation from the other funders confirming the funds are agreed and available.	The University's Finance Committee has confirmed £18.175m is available
10. Confirmation that a delivery contract is in place (JCT or equivalent) and confirmation of how cost/programme overruns to be managed. The LEP will require promoters to either confirm that any cost over-runs are the risk of the developer or additional funds have been set aside.	GF Tomlinson was selected through an OJEU compliant process and a JCT contract is now in place.
11. All land assets purchased and vacant possession obtained (if applicable)	All land was purchased by June 2015
12. Value for Money report carried out by a suitably qualified and experience professional with at least a 'Good' score. The LEP and the Accountable body will seek confirmation on the conclusions of the report from external consultants.	

13. How the risks will be managed?	<p>The promoter has identified the risks of the project and categorised them into three areas:</p> <ul style="list-style-type: none">-risks to the capital build programme-financial risks to the overall project-delivery risks associated with the expanded research and teaching programme <p>Mitigations for each individual risk has been identified.</p>