

AGENDA ITEM 10**REPORT TO THE TEES VALLEY
COMBINED AUTHORITY CABINET****29 JANUARY 2021****REPORT OF THE
CHIEF EXECUTIVE****PORTFOLIO: INNOVATION****CENTRE FOR PROCESS INNOVATION (CPI) – BIO-MANUFACTURING
CAPABILITY PROJECT****SUMMARY**

This report details the outcome of the assessment of an expression of interest submitted by the Centre for Process Innovation (CPI) for the Bio-manufacturing Capability project. In line with the Combined Authority's Assurance Framework, an assessment has been undertaken on the expression of interest and Cabinet is asked to consider the outcome and recommendations.

RECOMMENDATIONS

It is recommended that the Combined Authority Cabinet:

- i. commit the existing £4m allocation for bio/life innovation support to grow existing activities to the CPI Bio-manufacturing Capability Project, subject to satisfactory development and approval of a full business case;
- ii. delegates approval of the full business case to the Chief Executive in consultation with Tees Valley Management Group (TVMG), the Section 73 Officer and the Monitoring Officer (in line with the Assurance Framework).

DETAIL**Background**

1. The innovation programme report agreed at cabinet in January 2020 outlined a series of linked activities, which provided joined up innovation support across the key priorities identified in the Strategic Economic Plan (SEP) and Investment Plan. £4m was identified for bio/life innovation support to grow existing activities. This report is asking for approval to commit this allocation to the CPI Bio-manufacturing Capability Project.

Project Summary

2. The project will create a Centre of Excellence in bio-manufacturing, including areas such as nutraceuticals, feed and novel food, at Wilton, Redcar. The centre

will promote the Tees Valley's biomanufacturing heritage whilst establishing a leadership position for the region in this emerging market. It will develop new and improved food products through the creation of a Precision Fermentation High Throughput Laboratory and a dedicated Food Grade Pilot Facility and secure the future of several companies within Tees Valley.

Assessment

3. An expression of interest has been assessed in line with the Assurance Framework and a summary of the key points is provided below.

Strategic Fit and Evidence of Need

4. As outlined above, the activity was agreed at Cabinet in January 2020 through the innovation programme report, linking to the SEP and Investment Plan.
5. The project seeks to build on Tees Valley's presence in the bio-manufacturing market. At full business case stage, CPI will need to illustrate how the project will add to Tees Valley's existing competitive advantage in areas such as nutraceuticals, feed and novel food. It will also need to show how this activity will protect and grow that advantage and link across and support local partner activities.

Benefits

6. The number of jobs that are to be created directly (11) and safeguarded (30) are relatively low and there is no quantification of expected inward investment, other economic benefits, uplift in GVA or other employment at this stage. This will need to be addressed during full business case development.

Funding/Project Costs

7. CPI is seeking a contribution of £4m (capital) from the Combined Authority's innovation allocation. The capital spend will be for the refurbishment of existing CPI leased space at the Wilton Centre in Redcar. It will include equipment installation and upgrading of laboratories and technical development areas to enable novel biomanufacturing, including food grade research to be performed. It will be a condition of funding that any equipment purchased/installed as part of the leased space will be retained in the Tees Valley for its economic life.
8. The investment will be matched with £8m (expressed as revenue costs) from CPI and industrial partners over the first 5 years of operation of the centre, although £6 million of this is unconfirmed at this stage. It will be a condition of funding that the stated level of match is confirmed.
9. CPI has also referred to a £4.7m asset (equipment) which has already been purchased. The role of this asset within the overall project will need to be explored at full business case stage.

Next Steps

10. Cabinet is asked to consider the outcome of the assessment and recommendations. Subject to approval, the project will move to full business case development. Approval of the full business case will be delegated to the Chief Executive for sign off, in consultation with TVMG, S73 Officer and Monitoring Officer, in line with the Assurance Framework.

FINANCIAL IMPLICATIONS

11. The project request of £4m will come from available funds in the innovation theme as part of bio/life innovation support to grow existing activities. As outlined above, the project costs and delivery model will be subject to full due diligence at business case development stage, in line with the Assurance Framework.

LEGAL IMPLICATIONS

12. The state aid implications of the project will need to be considered in detail at business case development stage.

RISK ASSESSMENT

13. At this stage, Cabinet is being asked to commit an indicative allocation to a specific project, subject to satisfactory development and approval of a full business case, and therefore it is classed as low risk.
14. A detailed project risk register will be developed at full business case stage.

CONSULTATION AND COMMUNICATION

15. Consultation has been undertaken with all appropriate governance groups.
16. A communications plan will be developed as part of the full business case.

EQUALITY & DIVERSITY

18. The project will undertake an equality and diversity assessment as part of full business case development.

LOCAL ENTERPRISE PARTNERSHIP

19. This item has been considered by the LEP in advance of it coming forward to Cabinet.

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