

ECONOMIC REGENERATION AND LEISURE COMMITTEE

16 March 2021

Update on the MedTech Innovation Programme

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| Final Decision-Maker | Economic Regeneration and Leisure Committee |
| Lead Head of Service | John Foster - Head of Regeneration and Economic Development |
| Lead Officer and Report Author | Sean Henry - Compliance and Projects Manager |
| Classification | Public |
| Wards affected | All |

Executive Summary

This report updates the Committee on the Maidstone Innovation Centre

Purpose of Report

To update the Committee on progress of the Maidstone Innovation Centre construction, promotion and business support programme.

This report makes the following recommendations to this Committee:

The committee is asked to note the contents of this report.

Timetable

| Meeting | Date |
|---|---------------|
| Economic Regeneration and Leisure Committee | 16 March 2021 |

Update on the MedTech Innovation Programme

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

| Issue | Implications | Sign-off |
|---------------------------------------|---|---|
| Impact on Corporate Priorities | <p><i>The relevant Strategic Plan objectives are:</i></p> <ul style="list-style-type: none"> • <i>Embracing Growth and Enabling Infrastructure</i> • <i>A Thriving Place</i> | Head of Regeneration and Economic Development |
| Cross Cutting Objectives | <p><i>The cross-cutting objectives are:</i></p> <ul style="list-style-type: none"> • <i>Deprivation is reduced and Social Mobility is Improved</i> • <i>Biodiversity and Environmental Sustainability is respected</i> <p><i>The report recommendation supports the achievement of the 'Deprivation is reduced and Social Mobility is Improved' cross cutting objectives by holding workshops in areas with high levels of deprivation once able.</i></p> <p><i>It also supports the achievement of Biodiversity and Environmental Sustainability is respected by ensuring the Maidstone Innovation Centre is classed as BREAAAM "very good".</i></p> | Head of Regeneration and Economic Development |
| Risk Management | <ul style="list-style-type: none"> • <i>Already covered in the risk section.</i> | Head of Regeneration and Economic Development |
| Financial | <ul style="list-style-type: none"> • <i>The proposals set out in the recommendation are all within already approved budgetary headings and so need no new funding for implementation.</i> | Section 151 Officer & Finance Team |
| Staffing | <ul style="list-style-type: none"> • <i>We will deliver the recommendation with our current staffing.</i> | Head of Regeneration and Economic Development |

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| Legal | <ul style="list-style-type: none"> • <i>All necessary contracts for the delivery of the programme are in place.</i> | Legal Team |
| Privacy and Data Protection | <ul style="list-style-type: none"> • <i>Accepting the recommendations will increase the volume of data held by the Council. All ERDF funded programmes require documentation retention of 25 years. We will hold that data in line with our retention schedules.</i> | Policy and Information Team |
| Equalities | <ul style="list-style-type: none"> • An equalities impact assessment has been carried out on the project. | Policy & Information Manager |
| Public Health | <ul style="list-style-type: none"> • <i>We recognise that the recommendations will not negatively impact on population health or that of individuals.</i> | Public Health Officer |
| Crime and Disorder | <ul style="list-style-type: none"> • <i>Not applicable</i> | Head of Service or Manager |
| Procurement | <ul style="list-style-type: none"> • <i>Procurement for the design and build, MedTech Innovation Programme and Tenant acquisition has been completed.</i> | Head of Service & Section 151 Officer |

2. INTRODUCTION AND BACKGROUND

- 2.1 The Policy and Resources Committee approved entering into a European Regional Development Fund (ERDF) Funding Agreement on 19 September 2019, providing £5.7m in grant funding for the creation of an Innovation Centre based on Kent Medical Campus to provide space for SMEs in the sectors of MedTech, Health and Lifescience.
- 2.2 It is anticipated that the Innovation Centre will support 270 jobs and generate a further £120m of additional gross value added (GVA) to the local economy over the next decade.
- 2.3 The land was secured January 3rd 2020 with the ground-breaking and commencement of build by the Council's contractor Rydon Construction following on March 3rd 2020.
- 2.4 The amount budgeted for the project was £13.3m of which £7.6m has so far been spent. £5.7m of this amount is being contributed by the European Regional Development Fund.

1. CONSTRUCTION PROGRAMME

- 3.1 The build is currently 67% complete and 4.6 weeks behind schedule. The cost of variations to the contract is 2.29% over budget, £226,229. These have been reported to and agreed by the Project Board which includes the Director of Finance and Business Improvement. These additional costs are reflected in the new Capital Programme and ERDF grant funding will meet over 43% of these costs. Also the additional revenue benefits created below will more than service the additional net borrowing.
- 3.2 During 2020 the build remained largely unaffected by Covid-19 bar some extra health and safety measures. However, an outbreak in January caused a site closure and a large amount of self-isolation of contractors causing a potential delay. They have enhanced their health and safety requirements to avoid a repeat outbreak.
- 3.3 The construction has made considerable progress in a year with the Contractors commencing painting the interior of the building, beginning the completions and finishes phase.
- 3.4 Regarding the environmentally friendly policies being adhered to, we are on track to reach Very Good BREAAAM status measuring the Innovation Centre's sustainability status. Photovoltaic panels have been installed on the roof, the green wall will be installed within 3 months and the capacity for electric vehicle charging points in the car park has been more than doubled from 8 to 20 spaces.

2. REVENUE SAVINGS AND INCOME GENERATION

- 4.1 Revenue savings have been found by reducing the amount of staff to be recruited for the project. The role of Technical Planning and Compliance Officer was removed and the number of staff managing the Centre have reduced from 3.2 to 3 full time staff.
- 4.2 Further revenue savings continue to be identified, such as the security solution which will cost 90% less than budgeted per annum.
- 4.3 MBC has also opened another income stream due to the inclusion of custom-made virtual receptionist software with integrated AI and facial recognition. The designer wishes to roll it out as a product for others to use and have agreed a profit share arrangement.
- 4.4 Job descriptions have been created for the Innovation Centre Staff with recruitment to commence soon to ensure they are fully able to run the centre and welcome tenants without issue on opening in July.

5. ERDF GRANT FUNDING

- 5.1 Grant claims are made quarterly to MHCLG and to date £2,578,021 has been claimed and paid.

6. TENANT ACQUISITION AND PROMOTION

- 6.1 Promotion of the Centre has continued throughout the build. In December, a press release highlighting the progress of the build alongside launching the website and brochure.

6.2 Interest is continuing to grow via our property agent, Harrisons, who are seeing a significant increase in demand from businesses looking to move out of London. The target sectors have not only survived but thrived in spite of the pandemic. This indicates that income during the early years of operation is likely to be higher than previously anticipated.

7. THE MEDTECH INNOVATION PROGRAMME

7.1 The MedTech Innovation Programme has engaged 45 SMEs, 30 have continued onto the programme and 10 have reached completion. Of these two have been led to securing Series A investments of \$6m and £1.5m with a further 3 are on the verge of significant funding announcements and one has begun to engage with MBC's Public Health Team in the field of pre-habilitation.

7.2 NCL Technology Ventures which runs the M-IP on behalf of MBC are seeking to rebrand the programme as though it is supposed to target SMEs in Health, MedTech and Lifescience, only referring to "MedTech" may put off many eligible businesses.

8. AVAILABLE OPTIONS

8.1 *The Committee is requested to note the contents of this report.*

9. RISK

9.1 This report is presented for information only and has no risk management implications.

10. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

10.1 This report follows the previous approval of the Policy and Resources Committee to proceed with the project in September 2019.

11. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- *Appendix 1: Latest site pictures*
- *Appendix 2: Maidstone Innovation Centre Brochure*