ECONOMY, BUSINESS GROWTH AND SKILLS OVERVIEW AND SCRUTINY COMMITTEE

Date: 12th July 2019

Subject: Local Growth Fund Round 3 - Christabel Pankhurst Institute for Research in Health, Technology and Innovation (‘the Pankhurst Institute’)

Report of: Simon Nokes, Executive Director of Strategy & Policy, GMCA

PURPOSE OF REPORT
This report updates members on the Full Business Case which has been put forward by the University of Manchester to the Local Growth Fund (LGF) for the Pankhurst Institute.

RECOMMENDATIONS:
The Pankhurst Institute business case meets the level required at Gateway 3 (Full Business Case) in GM’s Assurance Framework process agreed with Government for LGF funding and represents a good return on investment.

Members are asked to note that the GM Local Enterprise Partnership is being advised to approve the Pankhurst Institute business case (Gateway 3) at its July meeting. Subject to agreement at the July GMCA Board meeting, the GMCA (as the Accountable Body) would then issue a grant agreement to the University of Manchester.

The payment of the grant will be conditional on implementing the full business case (as submitted to GMCA and summarised in this paper), including delivery of the agreed match funding and outputs in terms of jobs created and grant income received.

CONTACT OFFICERS:
Simon Nokes, Executive Director of Strategy & Policy, GMCA
simon.nokes@greatermanchester-ca.gov.uk
John Holden, Assistant Director Research & Strategy, GMCA
john.holden@greatermanchester-ca.gov.uk

Risk Management – n/a
Legal Considerations – n/a
Financial Consequences (Revenue) – n/a
Financial Consequences (Capital) – £5m of Local Growth Fund capital expenditure (para 2.5)
1. BACKGROUND

1.1. On 23rd January 2017, Government confirmed GM’s third Local Growth Deal allocation would be £130m, the highest allocation in the North.

1.2. On 10th February 2017, the GM Local Enterprise Partnership (GMLEP) agreed the priorities for this Growth Deal funding. This was made up of:
   - £40m for transport.
   - £50m for skills capital.
   - £20m for two priority science projects (International Screen School Manchester and The Pankhurst Institute).
   - £5m for Cyber Security.
   - £15m for the Productivity Programme.

1.3. As the Accountable Body for the GM LEP, the GMCA endorsed these priorities at its meeting on 24th February 2017.

1.4. The GM LEP approved the gateway 1 (strategic business case) for the Pankhurst Institute at its meeting on 10th February 2017, which in turn was endorsed by the GMCA at its meeting on 24th February 2017. It was noted that further work was underway in defining the details around the Pankhurst Institute and that the project would be presented to the GM LEP and GMCA for approval once the full business case had been developed.

1.5. The University of Manchester have now submitted a Full Business Case for approval by the GM LEP and GMCA, following the process set out in the Assurance Framework agreed between GM and Government.

2. PANKHURST INSTITUTE PROPOSAL

2.1. The aim of this proposal is to establish a new Institute which will exploit the University of Manchester’s strengths in advanced materials, digital technology and precision medicine to drive health benefit, business growth, productivity-gain and employment in Greater Manchester (GM), filling a critical gap in the GM health innovation ecosystem.

2.2. The bid is led by the University of Manchester, who propose to work in partnership with Manchester Science Partnerships (MSP), Manchester University NHS Foundation Trust (MFT), and Health Innovation Manchester (HInM) to deliver the Institute. It is proposed to build on a planned MSP investment in CityLabs to create a complete and robust translational pathway – from basic technology research, through to economic impact and health benefit. Research and early translation activities of the Institute will be located in a refurbished and extended building on the University campus (the NatWest building), and later-stage translational and business engagement activities will be located in the CityLabs 4.0 development.
2.3. The Institute will provide a focus for interdisciplinary health technology research, engaging University experts from science, engineering and the humanities in applying materials and digital technologies to meet real healthcare needs and address market opportunities. It will draw on existing expertise at the University (notably MAHSC and UMIP), HInM and MSP to create a comprehensive package of support for translation, helping to avoid bottlenecks and discontinuities of support that currently prevent realisation of benefits.

2.4. The key objectives of the Pankhurst Institute will be to:

- **Objective 1**: accelerate the application of advanced materials and digital technologies to meet real healthcare needs and address market opportunities in the priority areas of the Local Industrial Strategy, by providing a focus for multidisciplinary health technology research within the University, engaging new participants from science and engineering, bringing to bear critical humanities expertise in behaviour change, digital trust, health inequality and innovation, and connecting with relevant partners and resources.

- **Objective 2**: catalyse health technology innovation and attract both highly talented staff and significant investment by creating a vibrant multidisciplinary health technology community, collocating key staff to facilitate new collaborations, developing a health-needs-driven research agenda, running a comprehensive programme of internal and external engagement events, and providing a clear point of contact for potential partners.

- **Objective 3**: develop a complete and robust translational pathway working closely with HInM, MSP and MFT to provide comprehensive support at all stages of the innovation journey, covering healthcare needs, health economics, early stage trials, regulatory approval, information governance, service organisation, and procurement – leading to solid value propositions, viable commercialisation plans, and new business opportunities, supported by tailored business-growth mentoring and access to investors.

- **Objective 4**: create a workforce with the capability and capacity to support business growth in health technology by developing talented individuals, through PhD programmes and research posts, with the breadth of technical knowledge and skills, experience of the translational pathway, and understanding of the health technology market necessary to drive health benefit and economic impact.

2.5. The University of Manchester is seeking £5m of Local Growth Fund investment, which will be matched by £7.2m of additional capital investment. £13.4m of revenue match will also be provided, resulting in a total project value of £25.7m\(^1\). The partners providing match are made up of the University of Manchester (£14m capital and revenue), MSP (£4m capital), Alan Turing Institute (£1.5m revenue), and EPSRC/University (£1.1m revenue).

2.6. It is expected (conservatively) that 6 new academic members of staff and 20 existing members of staff will base their activities in the Pankhurst, and that they will attract new basic and translational grants that will fund post-doctoral research associates (54 FTE by year 9) and project managers (10.8 FTE by year 9). Based on a set of conservative assumptions the project delivers a public value return on investment of 2.5 to 1 over a 20-year period,

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\(^1\) Note that the numbers do not necessarily sum to this total due to rounding.
which is felt to represent good value for money given the type of investment being proposed. Note that investments that will not affect grant income directly have been excluded from the impact analysis, but they will contribute to the broader impact of the Pankhurst. It is anticipated that these investments will stimulate additional public value being generated (for instance through a more trained workforce, new businesses, inward investment and so on) but as they are difficult to estimate at this stage, they have been treated as qualitative benefits.

2.7. Due to the level of detail within the business case, all the criteria for a Gateway 3 (full business case) approval have been assessed to be passed and therefore it is recommended that funding should be approved and a grant agreement issued, subject to regular monitoring of progress to ensure that key milestones are met.

3. RECOMMENDATIONS

3.1. Recommendations appear at the front of this report.