

The Executive

Minutes of the meeting held on 11 July 2018

Present: Councillor Leese in the Chair

Councillors: Akbar, Bridges, Craig, N Murphy, S Murphy, Ollerhead, Rahman, Richards and Stogia

Also present as Members of the Standing Consultative Panel:

Councillors: Sharif Mahamed, Ilyas (for Exe/18/072), S. Judge, Leech, Midgley, Sheikh, Taylor

Also present as Associate Executive Member

Councillor Karney

Exe/18/068 Minutes

Decision

To approve the minutes of the meeting held on 27 June 2018 as a correct record.

Exe/18/069 Capital Programme Update

A report concerning a request to increase the capital programme was submitted. We agreed to recommend the one change to the Council. This change would increase the Council's capital budget by £2.0m.

Decision

To recommend that the City Council approve the following changes to Manchester City Council's (MCC) capital programme: Strategic Development – Heron House Refurbishment. A capital budget increase of £2.0m in 2018/19, funded by borrowing.

Exe/18/070 Biomedical Investment - the translation and industrialisation of diagnostic biomarkers in Manchester (Part A)

A report submitted by the Chief Executive, the City Treasurer and the City Solicitor made the general case for the Council doing more to support research in life science sub-sectors of Health and Medical Technologies - encompassing precision medicine, digital health, and diagnostics, providing a strong platform for the development of an innovation cluster within the region's knowledge economy. The report was one of two reports which also explained proposals for the Council to support one particular development in Manchester. The details of that support were set out in a Confidential (Part B) report also being considered at the meeting (Minute Exe/18/072 below).

The report explained that the partnership formed in greater Manchester to take forward the devolution of health and social care responsibilities and powers, the

Greater Manchester Health and Social Care Partnership (GMHSCP), had recognised that transformational change would require a dedicated focus on aligning Health and Care priorities with the city's academic and research assets, and the skills and resources of industry. It had therefore set up a body dedicated to that purpose – Health Innovation Manchester (HInM) as an academic health science system comprising the region's four universities, NHS and social care bodies, research institutions, the Manchester Academic Health Science Centre (MAHSC), the Academic Health Science Network (AHSN), and industry.

The specific proposals related to the Council's support for and investment in a proposal developed within HInM to address key market failures in genomic biomarker translation (from discovery to clinical practice) through the delivery of a programme of diagnostic biomarker translation and industrialisation, and subsequent Biomarker/Diagnostic Platforms Accelerator. The report explained how this project would be based in Manchester and would be of national significance, making a substantive contribution to: improving health outcomes for Manchester residents; developing personalised precision medicine for residents and patients; providing a range of high quality employment opportunities; and addressing the intents of the Government's Life Sciences Industrial Strategy.

This project was predicted to be a major contribution to biomedical research and diagnostic medicine in the UK, and North of England, delivering a fundamental component of the Government's Life Sciences Industrial Strategy. It would underpin existing and develop new capacity for existing business working in partnership with Manchester's devolved and integrated Health and Care system, to bring benefits to residents and patients. It would also safeguard 215 jobs, and over a 10-year period result in the creation directly of around 250 new jobs. A further 1,000 jobs could be expected to be created indirectly in Corridor Manchester over the next decade as a consequence of the direct employment effects that the investment would trigger. The economic benefit of this was predicted to be a GVA impact of about £30m in Year 1 with the GVA rising to £140m over a ten-year period.

The report explained that an undue delay in these investment proposal was likely to seriously prejudice the legal or financial position of the Council or the interests of the residents of Manchester if the commercial and contractual arrangements were not agreed urgently.

Decisions

1. To note the planned support in precision medicine and diagnostics research, which is part of a key growth sector in the Manchester economy.
2. To note the intended partnership arrangements with Health Innovation Manchester and other partners, to enable Manchester residents to benefit from the innovations in diagnostics and personalised medicine.
3. To approve the entering into of a contractual and commercial arrangement to give effect to the detailed transactions set out in the Part B confidential report, subject to the Council's approval of the proposals.

4. To delegate authority to the Chief Executive, City Treasurer and the City Solicitor in consultation with the Leader, the Executive Member for Finance and Human Resources, to negotiate and finalise the terms of the commercial arrangements.
5. To delegate authority to the City Solicitor, and City Treasurer to enter into and complete all documents or agreements necessary to give effect to the recommendations in the report.
6. In accordance with paragraph 18 of Part 4, Access to Information Procedure Rules and paragraph 14 of Part 4, Scrutiny Procedure Rules of the Council's constitution, and having consulted with and/or obtained the agreement of the relevant statutory officers and elected members, Executive is asked to approve this matter as urgent, in that any delay caused by the key decision and call-in processes, would seriously prejudice the legal or financial position of the Council or the interests of the residents of Manchester and exempt the above decisions from call in.

Exe/18/071 Exclusion of the Public

A recommendation was made that the public be excluded during consideration of the next item of business.

Decision

To exclude the public during consideration of the following item which involved consideration of exempt information relating to the financial or business affairs of particular persons and public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Exe/18/072 Biomedical Investment - the translation and industrialisation of diagnostic biomarkers in Manchester (Part B) (Public Excluded)

The second report submitted by the Chief Executive, the City Treasurer and the City Solicitor set out the details on the proposal for the Council doing more to support research in life science sub-sectors of Health and Medical Technologies through support for and investment in a project developed within Health Innovation Manchester (HInM). This project was to be situated within the Oxford Road Life Sciences Enterprise Zone (EZ) that had been established in 2016 (Minute Exe/16/004).

The report described the proposal, the Council's financial involvement, the risks to the Council and the mitigations for those risks, as well as the expected benefits to the city and the residents of Manchester. The Business model for the enterprise was explained. It was also explained that opportunities to secure government grants would be taken up.

As with the first non-confidential report, it was explained that an undue delay in these investment proposal was likely to seriously prejudice the legal or financial position of the Council or the interests of the residents of Manchester if the commercial and contractual arrangements were not agreed urgently.

Decisions

1. To recommend that the Council:
 - (a) increase the capital programme by £4m funded by borrowing for the Council to buy a £4m equity stake in the business, in return for 19.9% equity. This sum together with the associated financing costs of £0.7m is to be funded from Council resources in advance of receipt of the Oxford Road Life Sciences Enterprise Zone business rates income;
 - (b) increase the capital programme by £7.3m through borrowing to provide a loan facility of up to £7.3m to the new vehicle on the terms set out in the report. This will be funded from Council resources in advance of receipt of the Oxford Road Life Sciences Enterprise Zone business rates; and
 - (c) increase the capital programme by £10m to be met from Council resources funded by borrowing in advance of the Enterprise Zone business rates income being received to meet the above grant payment, noting that this element is not repayable to the Enterprise Zone as the grant itself is not repayable.
2. To agree, subject to the Council agreeing the capital funding above:
 - (a) to buy a £4m equity stake in the business, in return for 19.9% equity;
 - (b) to provide a loan facility of up to £7.3m to the new vehicle;
 - (c) to continue to press government to commit funding as part of the Government's Life Sciences Industrial Strategy and to agree that in the event that BEIS does not provide the industrial research and development grant funding, to provide up to £10m grant funding to the new vehicle;
 - (d) that the business rates income for the equity stake together with financing costs be retained by the Council until such time as the Council disposes of its stake to a third party. At this point the amount returned to the Enterprise Zone (EZ) will be the lower of the disposal amount realised and £4m. The Council will retain any upside in return for carrying the risk; and
 - (e) that the EZ business rates proceeds as above will be used to meet the borrowing and MRP costs for the above loan up to the maximum cost of £8.7m. When the loan is repaid a sum equivalent to the business rates will be returned to the EZ.
3. To endorse the proposals for the Life Sciences Hub and associated new vehicle as set out in the report and note the benefits this will bring to the City and to Greater Manchester.

4. To note that there is an Oxford Road Life Sciences Enterprise Zone in place where the business rates growth income received is ring-fenced to the development of life sciences and is separate to the business rates income that supports the Council's budget. This funding will be used to underwrite / fund the proposals set out in the report.
5. To note that the funding proposals in the report are to be underpinned by the support of the Local Enterprise Partnership (LEP) who are hosted by the Greater Manchester Combined Authority.
6. To authorise the City Treasurer and City Solicitor to finalise the detailed arrangements for the EZ funding with the Treasurer of the Greater Manchester Combined Authority and the Monitoring Officer of the Greater Manchester Combined Authority.
7. To authorise the City Solicitor, City Treasurer and Chief Executive, in consultation with the Leader and Executive Member for Finance and Human Resources, to finalise the financial amounts and detailed arrangements for the equity and loan facility within the parameters set out in the report.
8. To authorise the City Solicitor to enter into and complete any necessary documents or agreements to give effect to the above decisions.
9. To note the risks and benefits as set out in the report.
10. In accordance with paragraph 18 of Part 4, Access to Information Procedure Rules and paragraph 14 of Part 4, Scrutiny Procedure Rules of the Council's constitution, and having consulted with and/or obtained the agreement of the relevant statutory officers and elected members, Executive is asked to approve this matter as urgent, in that any delay caused by the key decision and call-in processes, would seriously prejudice the legal or financial position of the Council or the interests of the residents of Manchester and exempt from call-in.