

**REPORT OF CABINET MEMBER FOR ECONOMIC DEVELOPMENT AND  
ASSET MANAGEMENT****EAST MIDLANDS DEVELOPMENT CORPORATION – ANNUAL UPDATE AND  
FUNDING FOR YEAR 3****Purpose of the Report**

1. The purpose of the report is to:
  - provide an update on the work undertaken by the East Midlands Development Company (EM DevCo) in its second year of operation and its future priorities.
  - seek approval for the County Council's (NCC) annual contribution of £500k for 2023/24.
2. This is a Key Decision because it will have significant effect on two or more electoral divisions.

**Information**Policy background

3. The Nottinghamshire Plan was approved at Full Council in November 2021 and sets out a clear and ambitious vision for the future of Nottinghamshire for the next ten years, including working towards a healthy, prosperous, and greener future for everyone. The EM DevCo programme impact is for positive results across local place regeneration, regional supply chains and jobs which contributes to this aim. The scale of impact for businesses and residents of the programme is across all of Nottinghamshire and the wider region, and the delivery is significant in supporting the following Nottinghamshire Plan ambitions:
  - attracting investment in infrastructure, the economy and green growth,
  - making Nottinghamshire somewhere people love to live, work and visit,
  - improving transport and digital connections
  - protecting the environment and reducing our carbon footprint and
  - strengthening businesses and creating more good-quality jobs

Background

4. In 2020, NCC, Leicestershire County Council, Broxtowe Borough Council, Rushcliffe Borough Council and North-West Leicestershire District Council agreed to establish an Interim Vehicle, the EM DevCo, as a precursor to a new type of statutory development corporation aimed at driving forward plans for major growth and infrastructure. The initiative has benefitted from Government support. NCC also provides supporting services on a cost

recovery basis through a series of Service Level Agreements, and funding towards core operational costs.

5. The overall ambition of EM DevCo and NCC is to supercharge growth for the regional economy. This will be achieved initially on three sites – Toton & Chetwynd Barracks, Ratcliffe-on-Soar Power Station, and the East Midlands Airport Area – that build on the potential of HS2, the region's status as a major trade and logistics gateway, and its historic strengths in research & development and industrial innovation. The overall outcomes of the EM DevCo work are to enable a vision for growth which is set to deliver 14,000 full time equivalent (FTE) jobs, £25billion expenditure in the region, and £9billion GVA in its construction phase, and to deliver up to 85,000 FTE jobs, £6bn GVA per annum, and 20,000 homes by the 2050s in its operational phase.
6. The governance of the Company means that NCC's interests are represented in the following ways:
  - **Oversight Authority** - meets quarterly to monitor progress against its agreed goals and targets and to agree the business plan of EM DevCo. It is made up of elected representatives from the five investing Councils, including the Leader of the Council.
  - **Director Board** - operates under the direction of an independent skills-led board of directors, with senior directors from each member local authorities, as well as six independent private sector directors from the development, infrastructure, finance, design, and environmental sectors. The Corporate Director of Place has been appointed as Council's nominated director on the Board.
7. On 9 December 2020, Policy Committee approved the establishment of the Interim Vehicle, EM DevCo and NCC's budgetary contribution of £0.5m per annum over 3 years, to be reviewed at the end of both year 1 and year 2 against progress and relevant milestones in the Company's Business Plan and the level of partner contributions. The first meeting of the Oversight Authority in April 2021 approved the year 1 annual business plan and budget, and the Company was formally incorporated in May 2021.
8. The Oversight Authority met in April 2022 and endorsed the year 2 annual business plan, including key delivery themes which continue to underpin the business plan for 2023-24. On 9 May 2022, the year 1 update was submitted to Finance Committee gaining approval to the second payment to EM DevCo of £0.5m funding plus an additional £1.62m of Government grant funding, administered by the County Council.

### 2022/23 Achievements

9. There has been significant progress made to date, putting EM DevCo on track for high impact results benefitting Nottinghamshire residents and businesses. Those most to note are detailed below:
  - **HS2 Growth Strategy Review** - the Department for Transport formally asked EM DevCo to lead on the co-ordination and oversight of this work, with potential for £2m of funding. It is expected that this will produce some early outputs including baseline reports and positioning papers to help inform future major complementary infrastructure investments.
  - **Commercial partner** - Areli Developments Ltd were appointed as a commercial partner in Spring 2022 to undertake work on looking at the vision for the three sites

from a commercial and delivery perspective. The work demonstrates the investment potential of the sites and how, as a package, they can offer a hugely positive transformational impact on the region..

- **Design code pathfinder** – The DevCo has been designated as one of only 25 areas nationally for 2022/23 to prepare a design code (which sets the design vision and provides a clear set of requirements to achieve/deliver this vision). Consultation on the strategic design code for Toton/Chetwynd/Broxtowe and for Ratcliffe closed on 30 April 2023, and the final draft code is being developed with the support of the affected local planning authorities.

### Future Priorities

10. The Oversight Authority has endorsed the DevCo year 3 annual business plan and future priorities. These include:

- **Vision framework** - publicly launch and engage with key stakeholders and local communities on the work prepared by Areli Developments Ltd.
- **Advance plans for pioneering developments** – with the aim to achieve the high standards expected and help secure more future facing jobs, GVA, homes, natural capital net gains, carbon reduction and great place shaping.
- **Levelling Up and Regeneration Bill** - continue to make the case to be at the vanguard of Locally Led Urban Development Corporations
- **Create a comprehensive infrastructure plan** – in order to secure complementary investment from partner agencies. This will include positioning major schemes with key delivery partners with an emphasis on sustainable travel modes and public transport hubs.
- **East Midlands HS2 Growth Strategy review** - continue to oversee and co-ordinate the work to develop a comprehensive and integrated set of proposals reflecting the cumulative impact of growth and infrastructure to 2050.
- **Pursue site-specific objectives** – to aid in the development of comprehensive, integrated approaches, secure best-practice design quality, and enable enhancements to natural capital, flood mitigation and accessibility.
- **Consider a capital match fund** – the potential for £50,000 for small community schemes that contribute towards the vision for growth including investment in green and blue infrastructure.
- **Generate business cases for additional match funding** – this is to build on the recent successes with funding for the Areli work and HS2 Growth Strategy.

11. EM DevCo will concurrently develop a proposed land and investment strategy in anticipation of statutory development corporation status. Different sites will present different opportunities and challenges, and this will impact the approach taken and will include key considerations such as delivery models, phasing, and funding. The work is complementary to other regional initiatives, including devolution and the emergence of an East Midlands County Combined Authority, through providing clear proposals and delivery mechanisms for growth and infrastructure.

## Legislative Update

12. EM DevCo continues to work with Government to support the legal process of establishing Locally Led Urban Development Corporations (LLUDC) arising from the Levelling Up White Paper as well as proposed legislation on development corporation reform.
13. The Levelling up and Regeneration Bill is now at an advanced stage and is expected to complete passage through Parliament this winter. The Bill refers to the possible creation of a statutory Mayoral Development Corporation arising from the creation of the new East Midlands Mayoral County Combined Authority (EMCCA).

## Financial Update

14. At the Company's inception, investing local authority partners committed a total of £1.5m, in principle, per annum to April 2024. This was made up from Nottinghamshire and Leicestershire County Councils contributing £500k each and the three member District Councils contributing £501k collectively (£167k per authority). In addition to NCC's contribution, further funding is annually required to be secured from Government as well as further targeted funding streams. In total £2.64m has been secured to date in non-local authority matched funding for EM DevCo specified projects. EM DevCo has maintained Government support, and a request for additional Government funding in support of the Company's priorities for the forthcoming year has been submitted. This is currently being considered by the Department for Levelling Up Homes and Communities (DLUHC).
15. At the most recent Oversight Authority meeting, Broxtowe and Rushcliffe Borough Councils each indicated their investment share as available for the financial year 2023-24 (subject to the necessary internal approvals). Leicestershire County Council and North-West Leicestershire District Council have not committed to funding the Company in 2023/24. In consequence, the Company's intention is to focus priorities in the current year to Business Plan objectives within the areas which have contributed funding.

## **Other Options Considered**

16. Do not agree NCC's contribution: although this would mean that NCC would continue with the current approach of only providing core match funding if all partners are able to do, it would significantly impact on the ability for the EM DevCo to continue work on the priorities for the forthcoming year (which have been developed in consultation with NCC). Many of these are related to Nottinghamshire delivery and benefits, as identified in the Nottinghamshire Plan.
17. Increase the length of NCC's contribution: The current EM DevCo vehicle is benefiting local places, people and business, with the potential to become a development corporation with statutory powers in the next 2 years. Given the funding landscape and priorities will evolve further following the implementation of the Bill, it is not proposed that NCC should commit funding on a longer timeline at present, as the core funding contribution should be open to review year on year.

## **Reason/s for Recommendation/s**

18. This report recommends updating the current approach for approving this year's annual payment. NCC's past financial contributions have been contingent on all the other partners

also agreeing their funds. This report recommends that NCC does not make its contribution dependent on the funding of others, and instead determines if the contribution is right for NCC. It will be the responsibility of EM DevCo to make up any shortfalls in core match funding from other appropriate sources.

19. NCC's contribution to core funding represents its public support for the work of EM DevCo, and this plays an important role in enabling the Company to secure significant wider match funding. This is especially the case for Government funding, which usually requires evidence of such match funding.
20. The year 3 business plan deliverables set out above have been endorsed by EM DevCo's Oversight Authority and sit within the context of a longer delivery timescale. In particular this work is highly complementary to other regional initiatives, including HS2, EM Freeport and devolution, through providing clear proposals and delivery mechanisms for growth and infrastructure.
21. It is recognised that if the approach to this year's annual contribution is approved, there will need to be further consideration of NCC's contribution in subsequent years. This will be considered in the context of the legislative and machinery of government changes that are likely to impact upon EM DevCo in the next 12 months and whether the Business Plan objectives continue to offer value for money and support delivery of NCC strategic objectives.

### **Statutory and Policy Implications**

22. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

### **Financial Implications**

23. These are set out in the body of this report. Funding for EM DevCo in 2023/24 will be drawn, as planned, from the Council's share of the Nottinghamshire Business Rates Pool, but will be subject to checks that the proposal satisfies the current subsidy control regime.

### **Human Resources Implications**

24. None.

### **Public Sector Equality Duty implications**

25. When making decisions the Council must have regard to its public sector equality duty. The Council has a duty to advance equality of opportunity between people who share a protected characteristic and those who do not by thinking about the need to:
  - Eliminate unlawful discrimination, harassment and victimisation

- Advance equality of opportunity and foster good relations between people who share protected characteristics and those who do not.

26. It is not considered that the work of EM DevCo will disproportionately impact people with protected characteristics.

### **Implications for Sustainability and the Environment**

27. EM DevCo's core proposition is built around high-quality placemaking and sustainability principles. Improving biodiversity, implementing natural capital net gains, and encouraging net zero development are all core themes to the Company's work and in line with the environmental aspirations of Nottinghamshire County Council.

## **RECOMMENDATIONS**

It is recommended that Cabinet:

1. Notes the update of the work undertaken by EM DevCo Ltd in its second year of operation.
2. Approves a County Council contribution of £0.5m for delivery from April 2023 to March 2024, subject to satisfactory confirmation of the legal position with regard to subsidy control.

### **COUNCILLOR KEITH GIRLING**

### **CABINET MEMBER – ECONOMIC DEVELOPMENT & ASSET MANAGEMENT**

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### **Constitutional Comments (KK 31/08/2023)**

The proposals in this report are within the remit of the Cabinet. All key decisions are subject to notice being published in the Forward Plan at least 28 days in advance of the decision being taken.

### **Financial Comments (NS 12/9/23)**

The financial implications are as set out in the report.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- EM DevCo – report to Policy Committee – May 2020
- EM DevCo Prospectus for Growth

### **Electoral Division(s) and Member(s) Affected**

- All

