

Report of the Chief Executive

CREATION OF INTERIM VEHICLE FOR EAST MIDLANDS DEVELOPMENT CORPORATION1. Purpose of report

To update Councillors on progress relating to the setting up of an interim vehicle for the East Midlands Development Corporation and request approvals to proceed to the next steps set out in the recommendations.

2. Detail

On 16 December 2020 Council received a report regarding the setting up of an interim vehicle for the emerging East Midlands Development Corporation. The resolution which was passed is shown at appendix 1.

The final memorandum and articles of association for the company have been agreed. On 29 January the Alchemy board on which Cllr Radulovic represents the Council, resolved to:

- i) Endorse the latest draft of the business case for the establishment of a “locally led urban development corporation” for the East Midlands.***
- ii) submit the final draft of the business case to the Secretary of State, following verification with MHCLG officials and final clarifications with key stakeholders.***

The proposed structure of the interim vehicle showing the relationship between the various parts is shown in appendix 2. Also within appendix 2 is shown a table of key deliverables in year 1 including those which relate to Toton.

Councillors are asked to confirm Cllr Radulovic as the shareholder representative on the Oversight board and the Chief Executive as the officer director for the independent board which is accountable to the oversight board.

3. Financial implications

The financial implications are set out in appendix 3. The articles of the company provide for the withdrawal of a local authority from the company on giving 12 months' notice. This caters for an ability by any of the participating local authorities to annually “review its position” as desired by this council in its previous resolution. A further safeguard is the fact that the annual business plan for the company is to be a reserved matter which requires unanimous agreement by all the authorities within the oversight body.

Recommendation

The Committee is asked to NOTE appendices 1, 2 and 3 of this report; and RESOLVE that;

- 1. Cllr Radulovic be appointed as the council’s shareholder representative on the Oversight body for the Interim Vehicle, with the Chief Executive as the officer director on the independent board**
- 2. The Council’s funding profile for the interim vehicle be revised to £167,000 in 2021/22, £167,000 in 2022/23, and £166,000 in 2023/24, with funding commencing from 1 April 2021 to enable the incorporation of the interim vehicle.**

Background papers

Nil

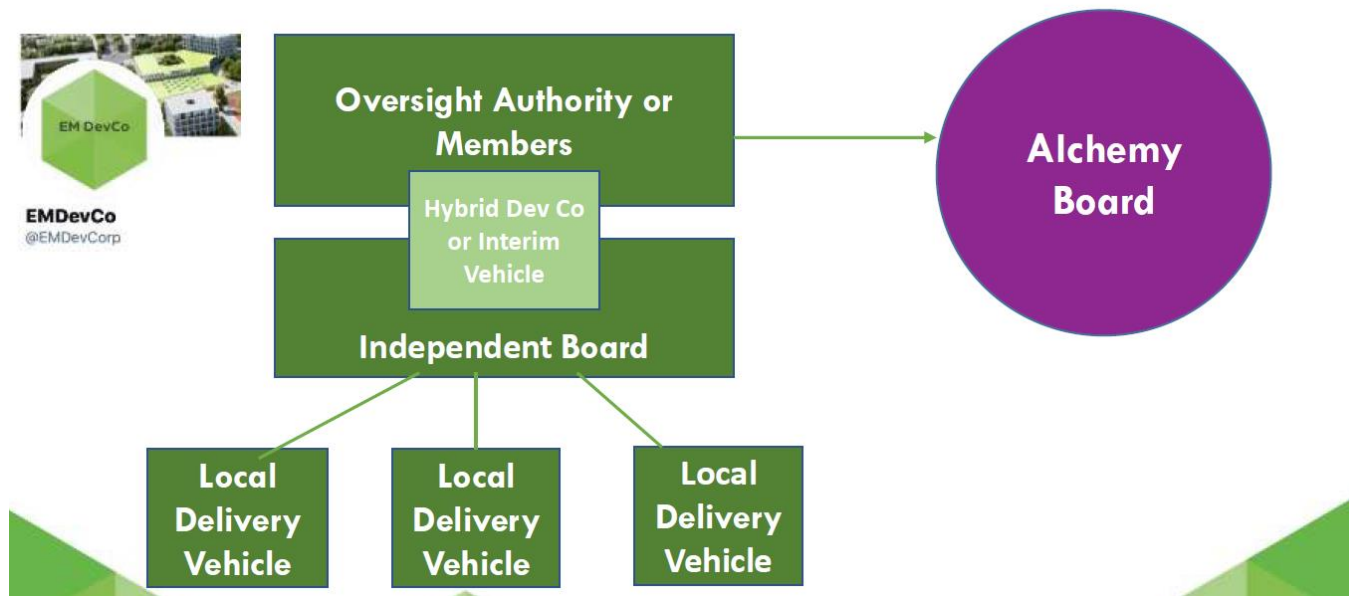
Resolution of Council of 16 December 2020.

RESOLVED that the expected financial contribution of £500,000 over three financial years funded from the Council's general fund reserves, with the profile from 21/22, 22/23 and 23/24 to be confirmed subject to the following conditions:

- a) That the funds will not be used in a manner which contravenes state aid rules,
- b) If the government decides not to financially contribute to the interim vehicle the Council, will reserve the right to review its financial commitment;
- c) If government policy changes so that the HS2 hub station does not come to Toton the Council, will reserve the right to review its position
- d) For consensus on a number of key points namely agreement by the council's representative on the board to the annual business plan; changes to the articles, the process for appointment of independent directors and the decision to move to a statutory development company.
- e) That the Council will look to ensure that the freeport proposition and any development on the Ratcliffe on Soar site is consistent with the Council's net carbon zero climate change strategy ambitions.
- f) That the Council will look to ensure that the freeport proposition and any development on the Ratcliffe on Soar site is consistent with the Council's net carbon zero climate change strategy ambitions and contribute to regional resilience and clean growth and that the ambition for the national skills academy in the Broxtowe area be further developed and strengthened.

APPENDIX 2

The indicative structure of the interim vehicle and the relationship of the various parts are set out below.



4. The business case developed for the interim vehicle demonstrates that even if the HS2 station does not proceed at Toton, there is still a business case for investment and the success of the business model is not dependent on HS2. The purpose of submission of the business case to government is to seek a financial contribution from the government towards the running and project costs of the interim vehicle based on the commitment of the 5 local authority founder members to commit funds, and to seek support for 100% of business rates to be retained in the relevant area to support the infrastructure and development work required.

The anticipated first year deliverables for the projects including those relating to Toton are set out in the table below. It is considered that these deliverables would represent value for money in return for this council's agreed investment, and that were the

council to attempt to develop the Toton site on its own it would be unlikely to be able to achieve these outcomes not least due to a lack of available senior capacity and expertise.

YEAR 1 INTERIM VEHICLE PROGRAMME DELIVERABLES

	ACTIVITIES /WORKSTREAMS	OUTCOMES Year 1
CORPORATE DELIVERABLES (Across all 3 sites)		
1	Outline High-Level Plan and technical appendices setting out contextual/technical issues (part 1)	<p>Through the High-Level Plan the Interim Vehicle will in the First Year have a clear understanding of:</p> <ul style="list-style-type: none"> • How we best co-ordinate as a 'guiding tool' the delivery of aspirations across the three sites • Off and on-site infrastructure requirements and approaches to delivery • Environmental and blue & green opportunities • What will be required from planning policy documents and alignment between the key objectives for the sites; connecting assets and infrastructure • A framework for design quality and design codes; and • Our key messages and target audiences to lobby for change; informing emerging policy and engagement with investors and market audiences <p><i>The High-Level Plan will be prepared alongside;</i></p> <p>A Communications & Stakeholder Plan that will provide:</p> <ul style="list-style-type: none"> • A clear understanding of the different audience of the purpose and benefits of the Interim Vehicle in advance of the EM DevCo • Understanding and alignment between key stakeholders' objectives that benefit the delivery of the projects. • Aligned stakeholder and communications strategies across the 3 sites particularly where there are cross cutting initiatives (e.g. Zero, skills, Freeport) and where appropriate inform the preparation of collaboration agreements.
2	Ongoing external advice to the LLUDC Business Case across the 3 sites.	<ul style="list-style-type: none"> • The continued support of Government and alignment with emerging critical decisions, delivery requirements and dependencies through the Interim Vehicle delivery programme.
3	Soft Market Testing & Fund-Raising advice (across 3 sites)	<ul style="list-style-type: none"> • This will build on the early work in support of the business case for the LLUDC model to give the Interim Vehicle the necessary market intelligence and analysis to inform its land and commercial requirements and deliver the

ACTIVITIES /WORKSTREAMS		OUTCOMES Year 1
		potential mechanisms to progress early agreements.
TOTON & CHETWYND		
4	Finalise Strategic Masterplan / Supplementary Planning Document (Broxtowe Borough Council working with the Interim programme team)	<p>In the First Year the Interim Vehicle will:</p> <ul style="list-style-type: none"> • Prepare market facing Development/Developer Brief(s)¹ - this will be informed by the Strategic Masterplan, the HS2 process, technical and feasibility studies and a land & commercial delivery plan. The working assumption is the LLUDC will act as a master developer with the actual mechanisms to engage the market to be determined by the Interim Vehicle in Y1. The options range from an initial development management role to the engagement of funding partners to bring forward a development masterplan. • Seek to secure the funding route for the Northern section of the Toton link road by putting in place a revised business case, alongside an agreed strategic approach to the connection with Chetwynd Barracks to deliver the full route to Swiney Way. • Undertake feasibility on a Skills Academy - identify and align the opportunities in the area (industry, education skills gap), around developing the potential for a Biodiversity / Medical innovation Campus. • Establish the basis for a cooperation / collaboration agreement on Chetwynd Barracks that could range from the acquisition of land through the LLUDC to a Memorandum of Understanding or a Joint Venture for a comprehensive approach. • Align the development approach with ZERO and identification of the opportunities for developing a low carbon mixed use development at Toton & Chetwynd. • Relocation Feasibility – where appropriate to establish with existing rail operators if there is a workable way forward for a collaborative approach to the medium to long term relocation.
5	HS2 Hybrid Bill alignment with Toton and Chetwynd Strategic Masterplan.	
6	Toton & Chetwynd Technical and feasibility studies and site investigations to inform a land and commercial delivery strategy and development brief(s).	
7	Feasibility study for a skills academy	
8	Land strategy (including statutory planning process), negotiations & commercial / financial and legal structure – ongoing and align negotiations / head of terms with emerging commercial delivery strategy.	
9	Revised business case for early infrastructure ask for Toton & Chetwynd link road – Stage 1 preconstruction design to inform a revised business case in order to progress at pace once a funding route is identified	

¹ This approach does not preclude on-going discussions to reach agreement with landowners to bring forward their sites in accordance with the emerging Strategic Masterplan

ACTIVITIES /WORKSTREAMS	OUTCOMES Year 1
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RATCLIFFE ON SOAR	
<p>10 Establish basis for alignment of proposition for Ratcliffe including, potential private sector partners, Government, LLUDC and Rushcliffe BC.</p> <p>11 Strategic policy alignment and negotiations to shape Ratcliffe policy framework to inform land strategy.</p> <p>12 Collaboration agreement – negotiation of agreed development, objectives, responsibilities and budgets, alongside principles for commercial Heads of Terms, including financial & legal structuring.</p> <p>13 Concept masterplan & infrastructure plan, stage 1 site investigations, the next stage feasibility / viability for a target occupier strategy, initial agreement and preparation of brief and agreed procurement process.</p> <p>14 Alignment of development infrastructure funding with LLUDC business case and the Freeport proposal.</p>	<p>In the First Year the Interim Vehicle will:</p> <ul style="list-style-type: none"> • Seek to enter into a Collaboration Agreement to establish the project direction and a commercial basis for proceeding (commercial land and delivery plan). • Alongside the Collaboration Agreement prepare an Outline Development Brief that will provide the basis for the preparation of a Development Masterplan in advance of a planning application (agreed route to be determined). • Coordinate with the Freeport Proposals/Business Case (if successful) and progress an infrastructure funding bid through the LLUDC business case. • Align development aspirations for Ratcliffe power station alongside a business case and funding route for progressing ZERO, with partners including Freeport, Universities, industry and Government. • ZERO – Undertake a 5-point plan establishing the basis for a formal business plan (Independent leadership, the 'Why', resourcing, collaborate, steering group) that will provide clarity on the differentiating factors and market opportunities that provide the compelling case across the 3 areas with potential for a centre at Ratcliffe on Soar Power Station for the development of market -ready zero emission technologies.

ACTIVITIES /WORKSTREAMS	OUTCOMES Year 1
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East Midlands Airport Area (EMAA)	
<p>15 Parameters for EMMA growth masterplan and policy Framework (developing the vision and potential asks (spatial, infrastructure asks, powers). Initially develop scope and red line for development area / baseline information required.</p> <p>16 Develop scenarios, strategic masterplan and infrastructure plan</p> <p>17 Develop evidence base - planning framework and develop a delivery strategy</p> <p>18 Land strategy and negotiations with strategic partners e.g., collaboration agreements/Memorandums of understanding key stakeholders.</p> <p>19 Alignment of development infrastructure funding with LLUDC business case and the Freeport business case</p>	<p>In the First Year the Interim Vehicle will:</p> <ul style="list-style-type: none"> • Establish the scale of opportunity – agree red line with the public sector partners. • Align the level of ambition with the planning policy requirements to set the parameters for an EMMA strategic growth masterplan and policy framework. • Agree approach and scope for the strategic growth masterplan and high-level Infrastructure plan. • Identify opportunities to enter into Memorandums of Understanding with key strategic partners in the EMMA area (note aligned with the Freeport proposition). • Coordinate with the Freeport Proposals/Business case (if successful) and make progress on an infrastructure funding bid through the LLUDC business case. • Undertaken early scheme feasibility and high-level visioning to position the opportunity to stakeholders and partners and identify potential funding and delivery mechanisms.

APPENDIX 3Financial implications

The funding committed by Broxtowe Borough Council would be held in a separate company account and will only be released for spending following formal agreement to the annual business plan and budget by the Oversight Authority of Members in line with the Articles of Association and Reserved Matters.

The local authority partners have committed £1.5m per annum for the next three years with Nottinghamshire and Leicestershire County Councils contributing £500k each and the three District Councils £500k collectively (£167k per authority).

The funding for 2021/22 will enable the company and associated team to be established with a working budget. Schedule of the indicative deliverables expected to be included in the business plan relating to Toton is set out in appendix 2.

The totality of the funding will be crucial to positioning the development and infrastructure proposals for the three key growth sites.

Each Council is now asked to confirm their respective and proportionate funding contributions for 2021/2 from 1st April 2021 regardless of the outcome from the Government on HS2 or funding. The confirmation would enable the programme team to progress with the incorporation of EM DevCo and development of the business plan that would include different scenarios (government funding or no government funding). Any commitment would as set out above be subject to final approval of the Business Plan and Budget at the Oversight Authority anticipated in March 2021.