

Report of the Chief Executive

EM DEVCO LTD UPDATE1. Purpose of Report

To provide an update for Councillors on the progress of East Midlands Development Company (EM Devco Ltd), of which this Council is a founder shareholder.

2. Recommendation

The Committee is asked to NOTE the information contained in the report, discuss and RESOLVE accordingly.

3. Detail

A report was presented to Cabinet on 24 May 2022 outlining the first year's progress in relation to EMDevco Ltd. A copy of the report is attached at the appendix.

This report covers further developments that have occurred since that date to bring Councillors up to date and give an opportunity for discussion, questions and comment.

The EMDevco website can be accessed here <https://www.emdevco.co.uk/>

A. Governance

Five non-executive directors have joined the board of the company in addition to the five senior representatives of the local authorities and the independent Chair Sir Christopher Haworth. More details of the appointments are given below.

- Lucy Blasdale, former development director at Homes England who will shortly be joining Barratt David Wilson
- Gary Colligan, an architect and town planner who founded spatial design business Think Place
- Ben Denton, CEO of L&G Affordable Homes, one of the leading developers and operators of affordable homes
- Imogen Ebbs, Head of UK funds for the investment arm of insurance giant Aviva.
- Adrian Turner, the former Morgan Sindall executive who heads advisory business Lagom.

B. Legislative backing

The Levelling up bill and the recently signed Devolution deal for the East Midlands both make reference to the creation of a statutory Mayoral Development Corporation arising from the creation of the new East Midlands Mayoral County Combined Authority (EMCCA). The importance of this is that

the financial risks associated with the development of such large sites as those contained in the Devco area will be shared and backed by the government and additional investment from the government is more likely to be attained to fund the substantial infrastructure needs of the large scale development that is involved.

The fact that the government has referenced a delivery vehicle in both the legislation and the deal is a sign of government support for the ambition of the EMDevco project and the progress which has been made so far.

C. Funding

£3.24m Government Matched funding for EMDevco

The local authority shareholders and funding partners including this council, invested £1.5m in the previous financial year to ensure the Devco project got off the ground. The government matched funded that with an investment of £1.62m, and has committed the same amount in the current financial year. Nottinghamshire County Council, Broxtowe and Rushcliffe have already committed their agreed investment for the current financial year. £667,000 from Leicestershire and North West Leicestershire remains to be paid. However, a reshaping of the budget reflecting the fact that the focus of work will be on Toton and Ratcliffe still enables the EMDevco to remain on track with its ambitions.

£2m Government funding to EMDevco to re-work proposals as a result of IRP

A further commitment by the government of £2m over 2 years has been specifically given to EMDevco reflecting the changes the Integrated Rail Plan (IRP) has made to original propositions regarding strategic transport in the East Midlands as far as HS2 is concerned, with a view to providing the following outcomes:

1. Agreement of post IRP train service options for intercity services on HS2, the Midland Main Line and the East Coast Main Line, including options for HS2 to serve Leeds and the associated impacts on freight and local services.
2. Identification of key infrastructure enhancements on the existing network required to enable HS2 trains to reach Nottingham (including Trent Junctions), Derby and Chesterfield.
3. Development of train service options and an strategic outline business case for a local rail station at Toton
4. Review of local transport priorities identified through the East Midlands Gateways Connectivity Study to reflect revised development/HS2/Freeport propositions
5. Review of EM DevCo Business Case to reflect revised development/HS2 proposition around Toton/Chetwynd, Ratcliffe/East Midlands Parkway and East Midlands Airport.
6. Review of the wider East Midlands HS2 Growth Strategy – reflecting a revised economic strategy consistent with the IRP, development propositions

around the four identified HS2 Stations (EMP, Nottingham, Derby & Chesterfield), Toton and the Staveley site, and underpinned by revised connectivity proposals.

£40m Levelling up bid submitted

A bid for £40m funding was submitted to government to fund the Toton link road which is needed to unlock the delivery of the Toton and Chetwynd Barracks site.

£120,000 design code investment to EMDevco

Work has commenced to prepare a design code or statement of development principles which will guide the quality of future development at the sites within the Devco area including Toton. This will be presented to Broxtowe's Councillors for their engagement and input in due course but will help to support the Council in fending off development requests by landowners which may be piecemeal or substandard in terms of the high net zero carbon and design aspirations councillors have for the site.

D. Commercial Partner Areli

The Areli team has been familiarising themselves with the views and aspirations of stakeholders. This has included discussions with Broxtowe Borough Council's leader, examination of existing plans strategies and draft planning guidance.

Current work by Areli is focusing on establishing the credibility of the vision underpinning the shareholders' aspirations for the sites. This work includes:

- Preparing individual project development briefs.
- Preparing a pitch book for the team to explain the overall vision and specific projects with clarity underpinned by a clear delivery structure.
- Identifying the multi modal transport investment required and the timing of its delivery to support the optimisation of solutions for both the core sites and wider development opportunities.
- Set up a clear approach to the delivery of early wins and a programme of diverse meanwhile strategies for specific locations.

One of the challenges of the range of work to be delivered is ensuring the outputs from the differing successful funding streams from government are all complementary rather than competing or duplicating work. This requires good project management and good programme management, which is something the EMDevco is clearly focused on.

E. Planning support for Toton and Ratcliffe-On-Soar

Rushcliffe Borough Council is progressing a local development order for the development of the Ratcliffe-On-Soar site. This has benefitted from the input of

university expertise to ensure that the net carbon zero aspirations are supported by latest innovation and technological advances.

The draft supplementary planning document for Toton will be presented to Cabinet shortly for consideration. The draft document has had input from Councillors through the Policy Development Working Group and the proposals in the draft document are consistent with the IRP and the high level of ambition Councillors have for the site, notwithstanding the fact that it is no longer the site of the HS2 East Midlands station hub.

F. Freeport

Since the last update to Cabinet, the East Midlands Freeport concept has been approved by government, including the Ratcliffe-on-Soar redevelopment site. More details can be found here <https://www.emfreeport.com/#vision>

The concept of the Freeport will benefit the development of the Ratcliffe-on-Soar site through tax and potential additional investment advantages. The development of the Freeport and the EMDevco governance are separate but co-operation is required as there are synergies, mutual dependencies and opportunities for collaboration between the structures.

4. Financial Implications

The comments from the Head of Finance Services were as follows:

The Council's involvement in the East Midlands Development Corporation was considered and recommended by the Policy and Performance Committee on 2 December 2020. The resolution included a recommendation onto the Finance and Resources Committee and Full Council for approval. The expected financial contribution of £500,000 was spread equally over three financial years from 2021/22 to 2023/24 to be financed from General Fund reserves. This was duly approved and an annual contribution of £166,000 is now recognised within the Council's approved revenue budget. Broxtowe has already committed its agreed investment for the current financial year.

5. Legal Implications

The comments from the Monitoring Officer / Head of Legal Services were as follows:

There are no direct legal implications that arise from this report, however in relation to the Freeport concept, it is encouraged to co-operate with its establishment due to S111 of the Local Government Act 1972. This confers a power to do anything that is calculated to facilitate or is conducive or incidental to the discharge of any of the Council's functions such as regeneration, place making, job creation and economic growth.

6. Human Resources Implications

None arising from this report.

7. Union Comments

None arising from this report.

8. Data Protection Compliance Implications

None arising from this report.

9. Equality Impact Assessment

No adverse impacts.

10. Background Papers

None.