

## Report of the Leader of the Council

**Future of EM DevCo Ltd**1. Purpose of Report

To update Members on a review of EM DevCo Ltd in the context of the establishment of the East Midlands County Combined Authority (EMCCA) and to seek approval for the winding-up of EM DEvCo Limited as part of a transition of activities to EMCCA.

2. Recommendation

**The Advisory Shareholder Sub Committee is asked to RECOMMEND that Cabinet:**

**1) Supports the necessary steps being taken by the Board of Directors to bring forward the voluntary dissolution of EM DevCo Limited.**

**2) Delegates authority to the Chief Executive and the Leader of the Council, to consent and sign the resolutions to enable to dissolution of the EM Dev Co Limited.**

3. Detail

In February 2019, the Government approved funding for a two-year programme to explore the business case for a locally led development delivery vehicle for the East Midlands and asked the Midlands Engine to lead the work. The Midlands Engine was asked to consider three locations in the East Midlands: specifically, Toton and Chetwynd Barracks and Ratcliffe on Soar Power Station site (both in Nottinghamshire), and the East Midlands Airport Area (in Leicestershire). The programme also explored how a Development Corporation might have wider application across the East Midlands as a whole.

Between 2019 and 2021, Broxtowe Borough Council was involved in this regional conversation facilitated by Midlands Engine. It culminated in a case being made for a new type of development corporation that would require legislative change. This was to provide for the creation of what is known as a Locally Led Urban Development Corporation (LLUDC). This work led to the creation of EM DevCo Ltd by five authorities, including this Council, in May 2021, as a company limited by guarantee. The company was to operate as an interim vehicle prior, paving the way for the proposed new type of statutory development corporation (LLUDC).

The five member local authorities of EM DevCo also include Nottinghamshire County Council, Leicestershire County Council, North West Leicestershire District Council and Rushcliffe Borough Council. The governance arrangements

for the company were designed to mirror those of originally envisaged for the LLUDC model. The day to day running of the company rests with an independent skills based Board of Directors chaired by Sir Chris Haworth with six independent private sector Non-Executive Directors alongside nominated local authority directors. Broxtowe is represented on the Board by Ruth Hyde, Chief Executive. The work reports into an Oversight Authority meeting of elected members from the five local authority owners of the company. The Leader of Broxtowe represents Broxtowe on the Oversight Authority.

When the five councils established EM DevCo it was agreed that Nottinghamshire County Council would host the company and each council approved funding contributions to EM DevCo. Broxtowe Borough Council agreed a contribution of £500,000 spread equally over three financial years from 2021/22 to 2022/23 was financed from General Fund reserves. The final contribution of £166,000 was made in 2023/24.

### **Context**

Development corporations are recognised by Government as “important tools for delivering large scale development” which “bring a number of advantages to complex projects” including a singular and dedicated focus that can provide certainty and confidence to public and private sector investors. Development Corporations have statutory status with a range of powers including planning, land assembly and fund raising. They are distinct from Freeports and Investment Zones in looking across sectors including homes and wider place making with a view to proactively bringing forward sites and infrastructure comprehensively.

Development Corporations are intended to supercharge a new era of regenerative and inclusive growth. When EM DevCo was established as an interim vehicle, the context included planned investment in HS2 in addition to the Freeport designation and recognition of the region’s status as a major trade and logistics gateway. The initiative was also an opportunity to plan strategically in a way that built on the region’s environmental, place, people and business assets, including in research and development and industrial innovation. A comprehensive and integrated approach to development facilitates a more cohesive plan for infrastructure investment.

There are a number of changed circumstances that have directly impacted on the programme, and these also have a strong influence on the future direction. EM DevCo has needed to adapt and pivot its activities during this time but has continued to build momentum and secure support from partners on a number of related workstreams.

In the three years since the creation of EM DevCo Ltd. significant progress has been made, despite very challenging circumstances. The next section of the report highlights some of the achievements, although beforehand it is important

to highlight some of the changing circumstances that have shaped the programme and the next steps.

In the three years since the creation of EM DevCo, the plans for the expansion of high speed rail through HS2 have fundamentally changed on two separate occasions. Members may recall that the initial plan for HS2, when the DevCo was created in 2021, envisaged a new East Midlands Hub Station serving the region from Toton, Nottinghamshire. The subsequent publication of an 'Integrated Rail Plan' in November 2021 shifted the focus onto a more distributed model with the proposal for HS2 services to stop at East Midlands Parkway on route to Nottingham, Derby and Chesterfield and then northwards. However, in October 2023, proposals for new HS2 lines beyond the West Midlands were abandoned by the Government and as it stands the region is not due to receive HS2 services.

These significant changes have had implications for site masterplanning and the proposed growth assumptions. However, each of the sites remains well located and of a sufficient scale to present significant growth and infrastructure opportunities in their own right. The significance of these opportunities led the Department for Transport to ask EM DevCo to lead on overseeing and co-ordinating an East Midlands Stations Growth Strategy review on behalf of the region with £1.75m of funding over two years. This funding is granted to Nottinghamshire CC with staff at EM DevCO (now with EMCCA) supporting the delivery. This work focusses on the four stations that were originally intended to see HS2 stopping services i.e. East Midlands Parkway (EMP), Nottingham, Derby and Chesterfield. This work is demonstrating the significant opportunities for growth and place-making alongside infrastructure investment proposals and the findings are due to be considered through the East Midlands Stations Growth Board and expected to be published early in 2025.

The emergence of West Burton Power Station in Bassetlaw, Nottinghamshire, as the preferred home of STEP Fusion is another significant development that will have national and international significance. EM DevCo has been invited by Nottinghamshire County Council, Bassetlaw District Council and the UKAEA to support a visioning exercise to consider the potential around the three former coal fired power stations of West Burton, Cottam and High Marnham with STEP being a key catalyst.

East Midlands Freeport has continued to develop and four of the EM DevCo member local authorities are also part of the Freeport i.e. Leicestershire County Council, Nottinghamshire County Council, North West Leicestershire District Council and Rushcliffe Borough Council. This particularly relates to parts of the East Midlands Airport area and Ratcliffe Power Station.

Provision for LLUDCs, based on the original EM DevCo model, formed part of the Regeneration and Levelling Up Act, 2023. However, the establishment of the East Midlands County Combined Authority (EMCCA) provides for additional regional devolution with an elected Mayor. Given the origins of the DevCo as

part of a regional conversation about large scale development and infrastructure, this is particularly significant. The creation of EMCCA also brings with it alternative options for creating a development corporation if the need and appetite emerges i.e. a Mayoral Development Corporation. Given this, together with the fact that the company's work has gravitated towards working with local authorities within the EMCCA geography, including through the Stations Growth Strategy, the member local authorities have encouraged closer working with the newly formed County Combined Authority.

In this context and given the company was originally established for an interim period of three years, the Board of EM DevCo Ltd, has been reviewing the future of the company.

### **Achievements**

The DevCo has continued to make positive progress and the Council's contribution of £500,000 (£166,000 per annum over three years) has leveraged more than £4.75m from Government and our other local authority partners.

During the three years, the company's work has highlighted the scale of opportunity presented both in the three initial sites in focus but also setting these in the context of wider regional opportunities including through the Stations Growth work. In 2021/22, following a competitive process, the company appointed a commercial partner, Areli Developments Ltd, to act in an advisory capacity.

Areli are the team responsible for the regeneration of Battersea Power Station and the Northern Line extension in London amongst other projects. They concluded their work on a potential vision for the sites in scope in 2023 with the benefit of £1.5m match funding from DLUHC. This culminated in the publication of the EM Eye Vision for Growth Prospectus advancing the case for integrated and co-ordinated planning at scale and the size of the prize. In terms of next steps, the DevCo has worked with Areli and JTP to develop a plan to engage key stakeholders in the next, more detailed stages of the vision build specifically in relation to Toton and Chetwynd, Attenborough Great Park and Ratcliffe Power Station. This will be something the team will be discussing further with the EMCCA.

In addition to Areli and their wider team, the DevCo has provided access to expert advice with an independent skills-based board of Non-Executive Directors bringing together some of the UK's leading experts in the development and commercial real-estate sector.

As mentioned above, EM DevCo has secured significant funding contributions through various Government departments linked to the procurement of a commercial partner (Areli), work on the East Midlands Stations Growth Strategy and as one of 25 design code pathfinders. The latter process involved public consultation and provided a clear focus on place making and the importance of

designing for nature-based regeneration and zero carbon innovation amongst other key design considerations.

The DevCo continues to oversee and co-ordinate work on the East Midlands Stations Growth Strategy work. The outputs of the first year successfully made the case for the release of the second tranche of funding from the Department for Transport (£750,000). Accountability for this work is provided through the East Midlands Stations Growth Board, which brings together local authority leaders from across the region. This will culminate in a Growth Strategy with a focus on the development and infrastructure potential relating to the four stations in scope as mentioned earlier in this report. This work is crucial to considering the potential for growth and local infrastructure linked to East Midlands Parkway, as it will help set growth here in context of other key stations in the region to ensure complementary development and infrastructure investment. The work will continue, and the findings will be reported later in the year through the East Midlands Stations Growth Board with the support of EMCCA and our local, regional and national partners, will help to shape plans and thinking with the key statutory agencies.

Together, these various initiatives are shaping a vision for a destination and public transport interchange at East Midlands Parkway/Ratcliffe, with measures to reduce the need to travel and other net zero carbon solutions working closely with our universities and industry. It is helping shape some of the thinking behind the statutory planning processes including the Greater Nottingham Strategy Plan.

More recently, EM DevCo, with Areli, is undertaking work on STEP Fusion & Megawatt Valley visioning, funded by NCC, Bassetlaw and UKAEA. This is looking to develop a regional scale of ambition around the three former power station sites in North Nottinghamshire at West Burton, Cottam and High Marnham. This work is reporting into a Strategic Collaboration Group of key stakeholders. This should enable a sharing of good practice that links well to the redevelopment of Ratcliffe Power Station.

Generally, the programme summarised in this report, has provided the region with Development Corporation expertise, which successfully led to the inclusion of provisions for locally led urban development corporations (LLUDC) in the Levelling Up and Regeneration Act of October 2023. As mentioned earlier the LLUDC model was developed through the East Midlands programme and provided profile within Government.

Throughout the three-year period, the DevCo has developed important and strong relationships with a wide range of key stakeholders, including Government agencies, together with national, regional and local stakeholders and partners, helping to put the region on the map, more recently, this includes close working with the EMCCA.

In relation to Toton and Chetwynd, the DevCo commissioned much of the work underpinning the Toton & Chetwynd Barracks Strategic Masterplan SPD, Design Code Pathfinder, and Erewash Riverside Study which provide a basis for the next stages of planning and delivery.

In the above context the opportunities presented at the three initial sites which include Toton and Chetwynd Barracks continue to be well positioned for investment.

### **Moving Forward**

At the turn of the calendar year, the Board of Directors with the support of the Oversight Authority, embarked on a review of the future of the company. This was in recognition that the initial three-year duration of the interim vehicle ran to the end of March 2024. It was also in the context of the changing circumstances highlighted in this report. The Board recognise that the governance landscape is crowded and the DevCo's areas of interest spanning Nottinghamshire and Leicestershire potentially adding to the confusion. In this context it was agreed that the DevCo should explore the scope for closer alignment with EMCCA. Concurrently to enable this, the duration of the company's initial three-year interim period was extended to enable these discussions.

The outcome of the review is that, in the circumstances outlined above, the Board of Directors consider the time is right for the local authority members to take the necessary steps to close EM DevCo Ltd. This would be with a view to materials and activities created by, and on behalf of, DevCo being transferred to EMCCA as well as being available to the member authorities. The on-going use and management of information held will be subject to a 'statement of principles to be established between the five member local authorities. This provides that in situations where a member local authority intends to publish material, the other members are to be given notice. As part of any information sharing, and/or publication, it should be made clear whether the material reflects the adopted policies of the respective local authorities.

In summary, the work of EM Dev Co has naturally come to an end and a voluntary dissolution of the company is now considered to be in the best interests of the company.

### **Options**

The consideration of options would be dependent on additional sources of funding being available to sustain the company. There is no clear source of additional funding and the existing local authority members have made clear their desire to seek alignment with EMCCA. Given the wider context outlined in this report, the Board has not advocated an alternative funding solution and no viable alternative option been identified.

4. Financial Implications

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

There are no financial implications to consider for 2024/25 as the company is operating within its reserves generated from prior year contributions. The company's cash flow is being carefully managed by the Board of Directors to ensure it remains a going concern and that it can meet its commitments and liabilities, including the filing of annual accounts. Any surplus held upon dissolution of the company will be shared in accordance with the Members Agreement.

5. Legal Implications

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

EM Dev Co is solvent, and the Board is satisfied that it is in the best interests of the Company that it is dissolved given the natural conclusion of its activities and the creation of EMCCA.

The process to dissolve a company is a voluntary strike-off. Once the Company has been struck-off the Register of Companies it will cease to exist. The voluntary strike-off procedure is relatively quick and simple and is provided for under ss1003 to 1011 of the Companies Act 2006. The Board is satisfied that it has undertaken all necessary due diligence and that the application can be submitted and will be accepted by Companies House.

The decision to dissolve the Company is a matter to be ultimately determined by the Members of which this Council is one. This report seeks confirmation that consent can be given at the appropriate time to sign the consent and resolutions necessary to dissolve EM Dev Co.

Copies of all company records and business documentation is required to be retained for a period of 7 years after the company is successfully struck off and closed down with HMRC.

6. Human Resources Implications

No implications for Broxtowe Borough Council.

7. Union Comments

Not Applicable.

8. Climate Change Implications

There are no negative climate change implications arising from this report.

9. Data Protection Compliance Implications

This report does not contain any OFFICIAL SENSITIVE information and there are no Data Protection issues in relation to this report. EMDevCO will reach agreement with its Constituent shareholders regarding the ownership and future treatment of any commercially sensitive information.

10. Equality Impact Assessment

Not Applicable.

11. Background Papers

Nil.

REFERENCE