

## Report of the Chief Executive

**MIDLANDS ENGINE DEVELOPMENT CORPORATION**1. Purpose of report

To update Members on the Midlands Engine Development Corporation programme and seek endorsement to next steps including a statement of intent.

2. Background

In October 2018 Government announced £2m of funding to explore the business case for a locally led development delivery vehicle for the East Midlands. The catalyst for establishing a focussed delivery vehicle was HS2 and proposals for a new hub station at Toton. The East Midlands HS2 Growth Strategy published in September 2017 established the regions ambitions to maximise the opportunity presented by a scale of investment not seen for several generations.

Development corporations have been used successfully since the post-war period to deliver complex and co-ordinated delivery of development and infrastructure at scale. These have included new town development corporations (NTDCs) and urban development corporations (UDCs) for the renewal of former industrial areas such as Canary Wharf in London. More recently other forms of development corporations are now emerging, that are locally led, and which can pump prime investment and economic growth in those areas.

The Midlands Engine development corporation programme was asked to consider three geographical areas in the East Midlands including Ratcliffe on Soar Power Station and Toton and Chetwynd Barracks in Nottinghamshire, and East Midlands Airport in Leicestershire.

3. Further information

Further information can be found in appendix 1.

**Recommendation**

**The Committee is asked:**

- 1. Endorse the statement of intent (appendix 2)**
- 2. Support the Council's continued role in the establishment of the development corporation and the required interim arrangements.**

Background papers

Nil

Further information**The Proposition**

For the purposes of Government assessment, the development corporation team (comprising paid officers and staff from expert consultancies) are considering a range of different scenarios. The initial analysis indicates that the emerging proposition could deliver:

- 4,500 homes;
- total employment of over 40,000 jobs across the three areas, with a net additional 84,000 jobs across the region;
- 1 million tonnes of freight handled at East Midlands Airport per annum;
- A wildway connecting the three areas through the existing blue and green infrastructure;
- £4.8bn GVA growth per annum for the region.

The potential of each site has been considered by the consultant team commissioned by Nottinghamshire County Council on behalf of Midlands Engine and this has generated the numbers stated in paragraph 1.4 above. The propositions are summarised as follows:

**Ratcliffe on Soar Power station, privately owned by Uniper UK Ltd**

Proposals for employment-led development through a joint university and industry research and demonstrator facility are being drawn up. This would build on the energy-generating heritage of the site and wider region. A range of complementary uses are also being explored, including a new skills centre, energy generation, data storage, and advanced manufacturing. Consideration is also being given to the potential for 'freeport2' status with East Midlands Airport. In total, the emerging proposition highlights the potential to deliver up to 20,000 jobs.

**Toton and Chetwynd Barracks**

Proposals centre on Toton and Chetwynd Barracks that include a mix of housing and employment, including the potential to deliver around 4,500 homes (a figure consistent with figures stated within Broxtowe's Adopted Local Plan Part 2) and up to 6,500 knowledge driven jobs. It will provide a highly connected community. The area will have unrivalled national, regional and local public transport links. The vision of a station in a park with a mixed-use innovation campus connected to the three development locations via a network of blue and green infrastructure, including the River Erewash and the Erewash canal.

**East Midlands Airport**

East Midlands Airport is a major economic driver for the East Midlands economy. Some 9,500 people are employed at over 100 businesses across

the airport site. To the immediate north of the airport lies the 700 acre East Midlands Gateway served by a major new rail freight terminal. The gateway will create 7,000 additional jobs on completion. The development proposition will include sustainable growth and acceleration of the freight handling capacity beyond existing growth plans. There is also consideration being given to the potential for 'freeport' status in the area.

Each key site is significantly in excess of 200 hectares and therefore offers a scalable proposition. Together they have the potential to drive a level of co-ordinated investment in the enabling infrastructure not seen for several generations. It is intended that the whole region stands to benefit from this infrastructure; together with the skills, knowledge and capacity offered by a development corporation. These qualities are likely to be transferable to the region and the programme will continue to actively engage with, and consider, how proposals will complement and align with the plans and aspirations of partners across the region including the Local Industrial Strategies of the regions LEP's.

The infrastructure under consideration will include social, environmental and physical infrastructure including transport, digital and utilities. Specific measures will include improved roads and a concerted focus on a comprehensive approach to public transport provision reflecting the findings and recommendations of the East Midlands Gateway Connectivity Study. Delivery will involve close working with Midlands Connect. Ultimately, the proposition will demonstrate the investment case for much needed supporting infrastructure and how it will optimise and accelerate the potential of the area.

In considering inclusive growth, the initiative will consider skills and training. It will provide an opportunity to consider integrated approaches working with industry, education and research institutions. This will reflect the on-going restructuring of the economy with continued technological advancement. A hub and spoke approach should help to link areas of higher deprivation to the opportunities here.

Finally, the proposal makes provision to enhance the natural environment by creating a wildway, linking the areas distinctive green infrastructure that connects the three development locations alongside the River Trent; River Erewash; River Soar and the canal network; and Attenborough Nature Reserve which all underscore the areas credentials as an attractive place to live and do business.

### **Programme Governance**

The development corporation work is subject of an Oversight Board supported by an Executive Group. The Oversight Board is made up of leaders from the region's upper tier local authorities and directly affected districts (including Broxtowe) alongside private sector; business community; central government; LEP's; and university representatives. The Executive Group is a smaller group of executive officers. Both are chaired by Sir John Peace, as chairman of the Midlands Engine.

The business case will set out to Government the preferred option and demonstrate how it meets the criteria for public-sector intervention. It establishes a case for change, a value for money assessment, commercial viability, financial affordability, and a route to delivery. The detail of some of the key elements is still being developed. A statement of intent (appendix 2) sets out the shared aspirations of the local authorities for the development corporation proposition.

The development corporation programme team is actively engaging local stakeholders to inform the thinking. This includes through the Oversight Board and Executive Group; weekly conference calls with local authority chief executives; active participation in the programme team; regular briefings with LEP's and local authorities; and with other stakeholders.

Work is continuing on an outline business case for the development corporation with a formal submission to Government anticipated for Spring 2020. The initial work has developed a strategic case. It has also critically highlighted the lack of any off-the-shelf model in statute to deliver the regions aspirations for a locally led approach of the kind envisaged. Coincidentally and concurrently in late 2019, the Government undertook a consultation on the effectiveness of the legislation governing development corporations.

The Government consultation is understood to, at least in part, seek views and ideas on whether the current and complex legal framework might inhibit the establishment of certain types of development corporation otherwise attractive to local areas and possible solutions. The Midlands Engine submitted a response to this consultation with the benefits of the learning from the work being undertaken to date in the East Midlands to the effect that there is a need for a new hybrid model. The outcome of the consultation is awaited.

The need for legislative changes to establish this hybrid model of development corporation, means that a statutory development corporation may take some time to come into effect. In the meantime, a non-statutory interim vehicle may be established with the agreement of partners. The arrangements and the team to set up and operate this vehicle will emerge during the coming months, but it will continue to involve all the directly affected local authorities as part of the oversight function. It may require for further funding and resources being sought from partners both in terms of expertise as well as possibly some financial support.

## **MIPIM 2020**

As part of the programme, the Midlands Engine team will be looking to test the emerging proposition for the development corporation with the international investment community. MIPIM (in French, Le Marché International des Professionnels de L'immobilier) is the world's leading property exposition, bringing together the most influential players from across international property and associated investment sectors. Many of the UK's key development projects are showcased here and the regions of the UK are represented as part of profiling and securing investment for their areas. It takes place from 10-13 March.

**Other Options Considered**

As part of the business case process two different scenarios (the reference case and the proposition, the DC) are being tested to help demonstrate the value that a development corporation could bring; this is standard practice for the assessment of business cases by Government.

**Financial Implications**

Any financial implications of the interim structure (which are not yet known) and the establishment of the development corporation will be separately reported to Councillors in due course

**Financial Implications for service users**

The development corporation programme will lead to inclusive and sustainable growth – high quality jobs, housing and transport, accessible and tailored to meet the needs and aspirations of current and future generations.

**Implications for sustainability and the environment**

Beyond the economic benefits, the developments will enhance and improve the environment, reduce emissions and achieve net gains in natural capital.