



Nottingham City Council

The City of Nottingham and Nottinghamshire Economic Prosperity Committee

Date: Friday, 21 July 2023

Time: 10.00 am

Place: The Council Chamber - Gedling Borough Council, Civic Centre, Arnot Hill Park, Arnold, Nottingham, NG5 6LU

Councillors are requested to attend the above meeting to transact the following business

Director for Legal and Governance

Governance Officer: James Lavender, Nottingham City Council **Direct Dial:** 0115 876 4643

Each Authority should seek advice from their own respective Legal, Finance, Procurement and Risk Departments on how decisions may impact their particular Authority.

- 1 Apologies**
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To confirm the minutes of the meeting held on 3 March 2023
- 4 Dates of Future Meetings**
To confirm the dates of future meetings
- 5 Devolution and Joint Working Programme Progress Report** 7 - 16
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Report of the Group Manager for Growth, Infrastructure and Development at Nottinghamshire County Council and the Director of Economy & Regeneration at Derbyshire County Council

If you need any advice on declaring an interest in any item on the agenda, please contact the Governance Officer shown above, if possible before the day of the meeting.

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**THE CITY OF NOTTINGHAM AND NOTTINGHAMSHIRE
ECONOMIC PROSPERITY COMMITTEE**

**MINUTES OF THE MEETING HELD ON FRIDAY 3 MARCH 2023 AT
9.30 AM AT NOTTINGHAMSHIRE COUNTY COUNCIL**

MEMBERS PRESENT

(A denotes absent)

(A* denotes absent from the meeting but joined remotely, without voting rights)

Chairman – Councillor Ben Bradley MP – Nottinghamshire County Council – A*

Mayor Andy Abrahams – Mansfield District Council
Councillor John Clarke MBE – Gedling Borough Council
Councillor James Naish – Bassetlaw District Council – A*
Councillor David Lloyd – Newark and Sherwood District Council
Councillor David Mellen – Nottingham City Council
Councillor Milan Radulovic – Broxtowe Borough Council
Councillor Simon Robinson – Rushcliffe Borough Council
Councillor Jason Zadrozny – Ashfield District Council – A

SUBSTITUTE MEMBERS

Councillor Bruce Laughton for Councillor Ben Bradley MP
Councillor Matthew Relf for Councillor Jason Zadrozny

OFFICERS PRESENT

(A denotes absent)

(*Denotes joined remotely)

David Armiger – Chief Executive, Bassetlaw District Council*
Hannah Barrett – Economic Development Officer, Nottinghamshire County Council
Mel Barrett – Chief Executive, Nottingham City Council - A
Matt Colver – Senior Communications and Marketing Business Partner, Nottinghamshire County Council*
Derek Higon – Interim Corporate Director, Place Nottinghamshire County Council - A
Adam Hill – Chief Executive, Mansfield District Council*
Mike Hill – Chief Executive, Gedling Borough Council
Theresa Hodgkinson – Chief Executive, Ashfield District Council
Ruth Hyde – Chief Executive, Broxtowe Borough Council
Liz Leivers – Project Officer, Nottinghamshire County Council
Kath Marriott – Chief Executive, Rushcliffe Borough Council - A
John Robinson – Chief Executive, Newark & Sherwood District Council
Sajeeda Rose – Corporate Director for Growth and City Development, Nottingham City Council - A
Adrian Smith – Chief Executive, Nottinghamshire County Council

Noel McMenamin – Democratic Services Officer, Nottinghamshire County Council

SUBSTITUTE OFFICERS

(*Denotes joined remotely)

Nicki Jenkins – Director of Economic Development and Property, Nottingham City Council for Mel Barrett

Catherine Evans – Service Manager for Economic Growth and Property for Kath Marriott

1. MINUTES OF THE LAST MEETING

The minutes of the meeting held on 17 June 2022, having been previously circulated, were agreed as a true and correct record and were confirmed for signing by the Chair of the meeting.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Ben Bradley MP, although he subsequently joined the meeting remotely. In Councillor Bradley's absence, the Chair was taken by the Vice-Chairman, Councillor David Mellen for this meeting.

Apologies for absence were also received from Councillor Jason Zadrozny and from Councillor James Naish, who joined the meeting remotely, inputting into the debate without voting.

Apologies were also received from Mel Barrett and Sajeeda Rose (Nottingham City Council), Kath Marriott (Rushcliffe Borough Council) and Derek Higton (Nottinghamshire County Council).

3. DECLARATIONS OF INTEREST

None

4. JOINT WORKING AND DEVOLUTION PROGRAMME UPDATE

Adrian Smith introduced the report, which focussed on the need to secure formal approval to fund support for the Devolution programme for a further 12 months. Mr Smith made the following points:

- the dedicated team had been instrumental in helping deliver the ambitious Devolution Deal schedule and the subsequent consultation and engagement exercise;
- the Devolution programme was now entering into a preparatory period of transition. It was intended that shadow arrangements would be in place by the summer of 2023, depending on the successful passage of the Devolution Bill through to Royal Assent;

- A huge amount of work would be required between now and May 2024 to ensure that the Combined Authority was established by that point, and the dedicated resource was vital to ensure that this was delivered successfully;
- Colleagues across the D2N2 footprint would continue to contribute to the development of the wider Devolution programme.

During discussions, Members raised the following issues:

- It was explained that cash and in-kind contributions from Derby, Nottingham, Derbyshire and Nottinghamshire towards the costs of delivering the Devolution programme were broadly equivalent;
- While it was correct to say that the funding requested from the Non-Domestic Rates (NNDR) pool represented the biggest single contribution to overall cost, it was pointed out that having the NNDR pool in place meant that there wasn't the same option to call on General Fund monies in Nottinghamshire as there was in Derbyshire;
- The point was also made that the professional management teams at senior level across lead authorities were all playing an equitable role in delivering the Devolution programme; while lead authorities' leaders remained as committed as ever to delivering the programme;
- An equitable funding mechanism across constituent authorities would form a key part of the structures to be put in place for the Combined Authority, once established. However, it was crucial for the delivery of the next phase of the programme that it was properly resourced through the proposed funding through the NNDR pool;
- There was support for the view that there needed to be greater Nottinghamshire-Derbyshire joint working at district as well as at upper tier levels, and it was acknowledged that some momentum had been lost through not pursuing more formal joint working arrangements at an earlier stage. However, the view was expressed that a Nottinghamshire-only committee or forum would continue to be required;
- The view was expressed that the collaborative work programme needed greater emphasis on the enhancing and protecting the natural environment, and that a more co-ordinated approach in respect of Net Zero initiatives was required to maximise the benefits of collaborative working. In response it was explained that there was already a lot of collaborative work in these areas, but was acknowledged that it should be made more explicit within the programme;
- The point was made that the potential areas for focus for the programme team appeared to reflect existing local government powers rather than also including new devolved powers;

- While there had been success in securing additional in-year capital funding to support the retrofitting homes, given the complex approvals processes involved the money was now expected to be received in 2023-2024;
- The point was made that different areas of collaborative activity could scale differently and that a one size fits all approach across the D2N2 footprint might not always be appropriate;
- It was confirmed that there was ongoing engagement with the Local Enterprise Partnership to explore making use of its resources and capacity as the programme developed

RESOLVED 2023/001

That:

- 1) progress to date on the devolution and joint working programme be endorsed;
- 2) the allocation of £450,000 from the National Non-Domestic Rates pool to support the work of the devolution and joint working programme in 2023-24 be approved;
- 3) any additional areas of focus beyond those listed in paragraph 35 of the published report for collaborative working opportunities be advised;
- 4) reporting by exception on the £450,000 allocation Chief Executives, to provide monitoring and oversight of the funding, be agreed.

5. DATE OF NEXT MEETING

It was agreed to meet on Friday 16 June 2023.

The meeting closed at 10.10 am

CHAIRMAN

**City of Nottingham and Nottinghamshire Economic Prosperity Committee –
21 July 2023**

Subject:	Devolution and Joint Working Programme Progress Report		
Presenting authority / representative):	Adrian Smith – Nottinghamshire County Council		
Report author and contact details:	Chennour Wright – Nottinghamshire County Council chennour.wright@nottsccl.gov.uk		
Other colleagues who have provided input:	Sajeeda Rose, Corporate Director for Growth and City Development, Nottingham City Council Hannah Barrett, Programme Manager (Devolution) – Nottinghamshire County Council		
Key Decision	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	Subject to call-in <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Value of decision: Not applicable	<input type="checkbox"/> Revenue <input type="checkbox"/> Capital		
Authorities affected:	Date of consultation with relevant authorities: Not applicable		
Summary of issues (including benefits to citizens/constituent authorities): <p>The establishment of an East Midlands Mayoral County Combined Authority (EMCCA) would result in a significant uplift in the powers and funding available to the area. It would mean at least an additional £1.1 billion of investment in the area's economy over the next 30 years. Further details are set out in the Proposal approved at the Full Councils in March 2023 of Nottingham City Council, Nottinghamshire County, Derby City Council and Derbyshire County Council.</p> <p>This report covers the period from March to July 2023. It highlights key strands of work, how they have developed since the previous formal City of Nottingham and Nottinghamshire Economic Prosperity Committee (EPC) report, as well as plans moving forward.</p>			
Exempt information: None			
Recommendation(s):			
<p>The recommendation for the City of Nottingham and Nottinghamshire Economic Prosperity Committee (EPC) is:</p> <ol style="list-style-type: none"> 1) To consider and comment on progress to date on the devolution and joint working programme 2) To advise whether any further actions are required. 			

1. Reasons for recommendations

- 1.1 To ensure that the EPC have an up to date understanding of the devolution programme since the previous meeting on the 3 March 2023.
- 1.2 To ensure that the EPC are aware of Government capacity funding expected this financial year, which is intended to support the resourcing and capacity requirements needed to deliver the devolution programme.

2. Background (including outcomes of consultation)

Information

- 2.1 The EPC has been central to plans to secure a devolution deal for our region, with local leaders recognising it has the potential to address the lasting impact of decades of low Government investment in the East Midlands.
- 2.2 The EPC discussed on 9 December 2022 and 3 March 2023 the [£1.14 billion devolution deal](#) agreed between the four “Constituent Councils” (Derby City Council, Derbyshire County Council, Nottingham City Council and Nottinghamshire County Council), and the Government, on 30 August 2022. The signing of this deal marked the start of a journey that, subject to the progression of legislation and further approvals, will lead to significant additional investment across Derby, Derbyshire, Nottingham and Nottinghamshire.
- 2.3 Following approval from each of their respective Full Councils in November 2022, Nottinghamshire County Council, Derbyshire County Council, Derby City Council and Nottingham City Council undertook statutory consultation on a Proposal to establish the East Midlands Combined County Authority (“EMCCA”) across Nottinghamshire, Derbyshire, Derby and Nottingham. This consultation ran from 14 November 2022 to 9 January 2023.
- 2.4 There were 4,869 participants in the consultation which was open to residents, businesses, community and voluntary groups, and other organisations in the region. The majority (4,751) participated online via the official response form. Responses to the consultation came from residents from all areas in Derbyshire, Nottinghamshire, Derby, and Nottingham. The consultation survey was self-selecting, therefore no area was specifically targeted, however there was a good split of responses from all areas of the four Constituent Councils and no one area was over represented. The consultation responses showed broad support for the benefits a devolution deal would provide. Please refer to the [Consultation - Devolution Deal Consultation Report](#) published as part of the full council report for each constituent council.
- 2.5 All four Constituent Councils approved the Proposal to create the EMCCA for submission to the Secretary of State, together with relevant delegations to the Chief Executive in March 2023. Further information on the Proposal, the consultation findings and next steps are detailed in the Full Council reports. The Proposal cannot be submitted to government until the enabling legislation, the Levelling Up and Regeneration Bill (LURB) receives royal assent. The LURB is currently at the report stage in the House of Lords. Its progress can be tracked on the UK Parliament website here: [Levelling-up and Regeneration Bill - Parliamentary Bills - UK Parliament](#) .

3. Meeting Government requirements for the creation of the EMCCA

3.1 Central government have outlined in the deal the conditions and deliverables they require prior to the EMCCA being created. These include:

- Developing a full implementation plan covering each policy agreed in the Deal, to be completed ahead of implementation and approved by Government.
- Developing a Local Enterprise Partnership (LEP) Integration Plan, outlining how the new East Midlands MCCA will take on the functions and roles of the D2N2 LEP in line with the published guidance.
- Creating an investment strategy for the fully devolved funding programme, covering all budgets for devolved functions (the “East Midlands Investment Fund”).
- Developing an East Midlands MCCA Assurance Framework in line with Government requirements.
- Work to meet the Government’s readiness conditions for devolving the Adult Education
- Budget (AEB) from academic year 2025/26 – it is estimated that the devolved AEB for our region will be approximately £50 million.
- Developing a pipeline of housing sites across the MCCA area, supported by £918,000 of capacity funding in 2023/24 and 2024/5, in order to identify eligible projects for the
- £16.8 million of devolved capital funding in 2024/25 allocated to support the building of new homes on brownfield land.
- Developing a provisional area-wide local transport plan
- Delivery of £18m capital funding projects in this Spending Review period to support the delivery of housing priorities and drive Net Zero ambitions in the East Midlands area.

3.2 The Department for Levelling Up, Housing and Communities (DLUHC) has provided an initial £250,000 mayoral capacity funding in 2023-2024. The funding is being provided to support local partners in creating joint capacity and capability to implement the devolution deal, prior to the establishment of the EMCCA, and in anticipation of the LURB receiving Royal Assent. A further payment of £250,000 mayoral capacity funding is then expected later in 2023-24, subject to the ongoing viability of the deal and satisfactory progress with the development of the local assurance framework.

3.3 Government set out in the Deal that it would provide transport and housing capacity funding in 2023/24 as follows:

- an additional £500,000 of revenue funding in both 2023/24 and 2024/25 to accelerate work on a provisional area-wide local transport plan by March 2024 and implement quantifiable carbon reductions to the higher standard recommended in related guidance.
- It is also expected that the Government will provide £918,000 of capacity funding to the East Midlands MCCA across 2023/24 and 2024/25 to support development of a pipeline of housing sites across the MCCA area, supported by Homes England £0.459m 2023-2024 housing capacity funding,

Discussions are ongoing with DLUHC officials to confirm the timetable for release of the remaining 2023/24 capacity funding. Further resource requirements may then need to be considered as additional Government capacity or implementation funding becomes available.

Table 1: Summary of 2023/24 and 2024/25 Capacity Funding included in the East Midlands Devolution Deal

	2023/24 £m	2024/25 £m
Mayoral Capacity Funding	0.5	1.0
Capacity funding for pipeline of housing sites *Assumed equal split across 2023/24 and 2024/25 – to be confirmed.	0.459	0.459
Provisional area wide local transport plan funding	0.5	0.5
Total	£1.459	£1.959

- 3.4 As we move into the next phase of the programme, constituent councils increasingly need dedicated leadership and technical support to be able to maintain momentum and meet Government's requirements. As a result, six interim posts have been proposed to provide local authorities with the initial capacity and capability needed to prepare for and meet the Government's requirements for an East Midlands devolution deal. These are:

Interim Chief Officer: This post will work alongside Leaders and Chief Executives to provide clarity, strategic direction, vision and leadership to drive forward the work to prepare the ground for EMCCA working across the constituent councils, the wider partnership, the region and with government.

Interim Director (Devolution): This role will be responsible for leading the work required to establish a new county combined authority and meet the requirements of Government set out in the deal document. This will include leading colleagues from the constituent councils to deliver the work required.

The Interim Senior Leadership role and Interim Director (Devolution) will be supported by the following roles:

Interim Investment Strategy Lead: will be accountable for developing the wider investment strategy and investment plans for the proposed EMCCA.

Interim Transport Plan Lead: will be accountable for the design and development of the proposed EMCCA transport function, including the development of a combined Local Transport Plan and a proposed transitional plan for Public Transport functions.

Interim Operations and People Lead: will be accountable for the development of the draft operating model and transition plan for the proposed EMCCA.

Interim Strategy and Delivery Lead: will be accountable for the design and development of a draft EMCCA overarching strategy and corporate business plan, based on its vision and mission to deliver on its priorities as set out in the proposal document. This draft deliverable would then be considered and adopted or amended by the Mayor and any permanent team established once the EMCCA is in operation.

In addition, a Strategic Communications Manager post to work across the EMCCA geography was recruited to in April 2023 and starts in August 2023. The intention is for all posts to be appointed to by August 2023.

3.5 A report to Nottinghamshire County Council's Cabinet on 22 June 2023 agreed to establish these six interim roles, funded through Government capacity funding, with Nottinghamshire County Council to act as the host organisation and the employing body on behalf of the four constituent councils. A flexible resourcing strategy has been agreed which will enable the effective management and mitigation of financial risk as the staffing resources can be scaled up or down and ceased quickly if required. For example, if there was any delay or change to capacity funding.

3.6 Establishing the initial interim roles is a crucial step towards meeting Government's requirements. An update on progress will be available at the meeting.

4. Devolution Deal Capital Funding

4.1 The deal included £18m of capital funding to support housing and net zero priorities across the EMCCA geography. The seven selected projects have now been approved by DLUHC, including the approval on 31 May 2023 of £9.9m to retrofit homes across our region. This will provide circa £580,000 per district and borough for retrofit works.

4.2 In addition, other Nottingham and Nottinghamshire projects approved include addressing homelessness in Nottingham City, improving the region's connectivity through the installation of gigahubs and the development of a flagship skills centre with the growth through green skills project (A summary of each project is attached as Appendix A).

5. Other options considered in making recommendations

5.1 This report is to provide the EPC with an update on the progress of the devolution programme since the last formal EPC 9th December 2023. There are no other options to consider in relation to the recommendation stipulated.

6. Consideration of Risk

6.1 The Levelling Up and Regeneration Bill seeks to establish a new type of combined county authority. This is distinct from a combined authority that can be created under the Local Democracy, Economic Development and Construction Act 2009. Whilst the

Constituent Councils agreed a devolution deal with Government and have since undertaken public consultation on a draft Proposal and obtained approval to submit a final Proposal, the creation of a new combined county authority remains subject to the passage and coming into force of the combined county authority provisions in the Bill, and the consent of the Constituent Councils affected to relevant secondary legislation to establish an East Midlands Combined County Authority

- 6.2 The passage of the LURB through Parliament is not subject to the control of the Constituent Councils. Significant delay to the enacting of the Bill carries the risk of undermining the confidence of local business and communities in the devolution programme. It would also further delay the delivery of any benefits achieved through the additional investment offered through the devolution deal.
- 6.3 It is possible that the LURB may not receive Royal Assent or that the provisions upon which the Proposal relies are amended. The Proposal cannot be progressed unless the Bill passes with substantially similar provisions.
- 6.4 The four Constituent Councils will remain in close dialogue with Government to understand any potential impacts and to ensure that the Councils are in the best position to respond to them as the Bill progresses.
7. **Best Value Considerations, including consideration of Make or Buy where appropriate**
- 7.1 None
8. **Finance colleague comments (including implications and value for money/VAT)**
- 8.1 (To follow)
9. **Legal colleague comments**
- 9.1 (To follow)
10. **Other relevant comments**
- 10.1 Not applicable
11. **Equality Impact Assessment (EIA)**
- 11.1 Has the equality impact of the proposals in this report been assessed?
- | | |
|-----|-------------------------------------|
| No | <input checked="" type="checkbox"/> |
| Yes | <input type="checkbox"/> |

An [Devolution Equality Impact Assessment](#) was undertaken for the development of the EMCCA Proposal. The programme must have due regard to this report. In addition to the consideration of Protected Characteristics and/or Groups within the EIA, as required by the Equality Act 2010, the programme has also considered the impact of the Proposals on other groups and individuals, in certain cases in line with other statutory duties, including care experienced people and armed forces. Further detail is set out in the March 2023 Council reports approved by each constituent council, including the City Council report approved by Nottingham City Council on 23 March 2023.

An initial DLUHC equality analysis for the East Midlands devolution deal as a whole concluded no disproportionate impact on any of the groups with protected characteristics. As such no adverse quality impacts are anticipated from this programme. Nottinghamshire County Council will act as the host organisation for the interim roles, and its agreed HR policies and procedures were the subject of Equality Impact Assessments at the point of development and agreement.

12. Data Protection Impact Assessment (DPIA)

12.1 Has the data protection impact of the proposals in this report been assessed?

No ☒

A DPIA was carried out in regards to the consultation.

Yes ☐

13. Carbon Impact Assessment (CIA)

13.1 Has the carbon impact of the proposals in this report been assessed?

No ☒

A CIA is not required because: This is a progress report on the devolution programme and does not include any proposals that would directly affect carbon emissions in a material way. Net zero is a priority area set out in the Proposal and it is anticipated that the EMCCA would develop its own plans and strategies to reduce carbon emissions. CIAs will be completed in the future as the work programme progresses.

Yes ☐

14. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

14.1 N/A

15. Published documents referred to in this report

- 15.1 [Levelling Up White Paper](#)
- 15.2 [East Midlands Devolution deal](#)
- 15.3 [Consultation - Stakeholder Engagement Summary](#)
- 15.4 [Consultation - Devolution Deal Consultation Report](#)
- 15.5 [Nottinghamshire County Council's Cabinet - 22 June 2023](#)
- 15.6 [Devolution Equality Impact Assessment](#)

Appendix A: Capital Funding Projects - Summary Update

No.	Project Type (Housing and/or Net Zero)	Project	Project Description	Capital requested	Status
1.	Both	Boosting Retrofit in EMMCA	Current retrofit schemes are competitive with strict criteria. Local Authorities require additional flexibility from currently available funding to resolve place-based challenges. Government funding for retrofit projects currently results in delivery gaps across neighbourhoods and households benefiting from funding as they fall outside of a schemes strict criterion. Additional funding to enable area-based delivery, increasing provision.	£9.9m	Approved
2.	Net-zero	D2N2 GigaHubs	Increase access to digital connectivity in the D2N2 Combined Authority area, by connecting public service buildings (such as rural schools, doctors' surgeries and libraries) to gigabit broadband. £1.2m funding here is in addition to £6.8m from BDUK as part of the Midlands Gigahubs programme and widens the range of locations, adding up to 118 additional premises to the 235 previously identified.	£1.2m	Approved
3.	Housing	Shortage of affordable housing - Derby City. Reducing use of B&B's.	Development of 15 additional social houses to be let at an affordable rent in Derby City. To reduce placements into temporary accommodation and B&Bs and reduce waiting lists for more suitable longer-term accommodation.	£1.1m	Approved
4.	Housing	Addressing homelessness – long term private rental scheme, reducing use of B&B's.	Acquire 12 properties (6 per LA) for Temporary Accommodation use in Nottingham City and Derby City areas to reduce reliance on B&Bs for homeless families. Reducing incidence of Councils' breaching of statutory time limit.	£2.0m	Approved
5.	Net-zero	Growth Through Green Skills	Development of a flagship skills centre and demonstrator site for low carbon construction and retrofit in the D2N2 LEP region, operated by West Notts College	£1.5m	Approved
6.	Net-zero	Derbyshire LCWIP	Introduction of a new 3m wide 2km inter-urban off-road pedestrian and cycle route between Markham Lane (Markham Vale) and Seymour Link Road (Staveley).	£750,000	Approved
7.	Housing	Fairfield Roundabout and Link Roads	Construction of a roundabout on the A6 at Fairfield, Buxton to open up access to 20 ha of housing development land, 13.7 ha of which is brownfield.	£1.5m	Approved
				Total: £18m (figures rounded)	

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Subject:	East Midlands Investment Zone		
Presenting authority / representative):	Joelle Davies, Group Manager for Growth, Infrastructure and Development, Nottinghamshire County Council Joe Battye, Director of Economy & Regeneration, Derbyshire County Council		
Report author and contact details:	Andy Evans, Project Co-Ordinator, andy.evans@nottsc.gov.uk		
Other colleagues who have provided input:			
Key Decision	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	Subject to call-in
			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Value of decision: Not applicable	<input type="checkbox"/> Revenue <input type="checkbox"/> Capital		
Authorities affected: East Midlands Combined County Authority	Date of consultation with relevant authorities: Not applicable		
Summary of issues (including benefits to citizens/constituent authorities): The Government's Investment Zone initiative, announced in March 2023, has the potential to offer significant economic benefits for our local area. The Department for Levelling Up, Housing and Communities (DLUHC) has identified the proposed East Midlands Combined County Authority (EMCCA) as one of eight areas within England that could apply for Investment Zone status. This report updates members on the latest position in developing the East Midlands Investment Zone (EMIZ) proposition, outlining work to date and next steps.			
Exempt information: None			
Recommendation(s):			
1) Members note the progress on developing the East Midlands Investment Zone; 2) Members receive a further update report after Gateway Stage two has been concluded.			

1. Reasons for recommendations

- 1.1 To ensure that members of the City of Nottingham and Nottinghamshire Economic Prosperity Committee (EPC) are briefed and kept up to date on the development of the EMIZ proposal, which has the potential to offer significant economic benefits for our region.

2. Background (including outcomes of consultation)

- 2.1 The Department of Levelling Up, Housing and Communities (DLUHC) launched the Investment Zone (IZ) initiative in March 2023.
- 2.2 Within the IZ policy framework, the Government has set out an ambitious plan for growth and prosperity, rooted in boosting the UK's potential as an innovation nation, growing strengths in key industries to support national priorities, and levelling up communities across the country.
- 2.3 The overarching ambition and policy model for Investment Zones provides a framework for selected areas to start building a local coalition of partners and work up proposals through discussion with Government.
- 2.4 DLUHC identified eight areas within England that could bid for Investment Zone status – the proposed East Midlands Mayoral Combined County Authority (EMCCA) being one of these. The report presented today updates members on the latest position regarding the continued development of the zone and its key elements.

- 2.5 The Investment Zones programme is a critical part of the Government's plan for growth, aimed at catalysing a small number of high-potential clusters in areas in need of levelling up to boost productivity and growth. The IZ initiative aims to catalyse a small number of high-potential clusters around give priority sectors: digital and tech, green industries, life sciences, advance manufacturing and creative industries.
- 2.6 The development of the East Midlands Investment Zone (EMIZ) is required by DLUHC to pass through five Gateway stages, requiring progressively more detailed information. Gateway 1 the Vision was approved by Government on 10 May 2023. As part of a co-design process, the draft Gateway 2 template focusing on the sector and geography was submitted to DLUHC, and the Gateway Two meeting took place on 14 June 2023.
- 2.7 Successful IZs will receive a funding envelope which can be used flexibly across a range of fiscal incentives over a five-year period. The tax reliefs include stamp duty land tax, business rates and enhanced capital allowance. IZs can also receive 100% of the business rates growth in designated sites above an agreed baseline for 25 years. These are known as Business Rate Retention (BRR) sites. The retained BRR "pot" must be used to support further interventions in the chosen sectors.
- 2.8 Government is offering a total funding envelope of £80m over five years (plus Business Rates retention) through a package of flexible incentives. These include:
- Up to £80m spending split between revenue funding (40%) and capital funding (60%), although the level of spending will be reduced in direct proportion with the tax incentives (below);
 - Tax incentives for investment over a five-year period on a maximum of 3 x 200 ha sites, which can include full Stamp Duty relief, business rates relief, employer national insurance contributions, enhanced capital allowances, and enhanced structures and buildings allowances. The value of the tax incentives will be estimated based on proposals for the designated sites, up to £45m.
 - Two sites will attract full business rates retention over 25 years above a pre-determined baseline free from resets. Retained business rates should be re-invested in the priority sector, not just the site.
 - Coordinated government support for trade and investment, planning and skills.
- 2.9 City, county, district and borough authorities are expected to work together to agree a share of the business rates growth to the Combined Authority. This will require a Reinvestment Strategy to be determined by the EMCCA.
- 2.10 The EMIZ proposal is being developed in accordance with policy guidance by a project team from county and unitary authorities. Research partners (the University of Nottingham, University of Derby and Nottingham Trent University) and the D2N2 LEP are actively engaged in the development of the Investment Zone.
- 2.11 Green industries is the primary priority sector for the EMIZ proposal. By utilising existing industrial and innovation assets, the IZ will build upon the region's established Low Carbon and Environmental Goods and Services

sector, which includes advanced engineering and energy sector activities, to develop innovative nuclear (fission and fusion), hydrogen, renewable energy and future fuel technologies. The second priority sector for the EMIZ proposal is 'advanced manufacturing' which has significant opportunities to promote transition to net zero and green industries.

2.12 The following opportunities within the EMCCA's green industry and advanced manufacturing sectors have been identified:

- Nuclear Energy - the East Midlands hosts a burgeoning nuclear industry and regional investment base. Rolls-Royce SMR in Derby is leading the deployment of commercial fission energy, and Rolls Royce have announced major expansion of its nuclear submarine operations in Derby to service the AUKUS contract for the Australian Navy. In addition, the region has been chosen as the home of the UKAEA's ground-breaking STEP fusion energy and R&D campus at West Burton in Nottinghamshire.
- Zero Carbon Propulsion - building on the track record of innovation in electrification and hydrogen in support of future mobility products from Rolls-Royce, Toyota, Alstom, there is the opportunity to attract supply chain firms covering the development of power electronics, electrical motors and liquid hydrogen for high power applications.
- Renewable Energy and Green Sustainable Construction - covering energy generation, storage and distribution, and transition to low carbon buildings and retrofits to support the development of sustainable communities.

2.13 Building upon identified assets and opportunities within the region, the physical development of the EMIZ ecosystem will be focused upon core nodes. Site designations will support investment around these nodes:

- **Nuclear Supply Chain (Infinity Park Derby)** – adjacent to the main Rolls Royce campus, Infinity Park Derby (IPD) offers a unique opportunity for further growth and expansion of nuclear related facilities to support both the development of civil and defence related nuclear applications. Rolls Royce is the leading UK investor in fission innovation and products. It opened the innovative Nuclear Skills Academy in 2022 and the EMIZ can play a crucial role in incentivising businesses in the supply chain to expand, grow and cluster. **IPD is proposed as a site for tax incentives and business rates retention.**
- **Green Industries Corridor** – several opportunities exist within Derbyshire and Nottinghamshire. **Proposals for securing future investment are currently being progressed as the preferred option for tax incentives and business rates retention for a range of sites taken as one entity.**

2.14 The **STEP Campus at West Burton** will be an integral part of the Green Industries ecosystem. This, along with the East Midlands Freeport, will bring significant sector investment. The project team will continue to refine the site designations to maximise the contribution of the Investment Zone to these sites and sector objectives.

- 2.15 The process has been paused at Gateway Stage two while DLUHC assess the proposed sites and their appropriateness for tax and Business Rate Retention sites.

As well as concluding the Gateway 2 Sector & Geography, the project team is scoping the requirements for Gateway 3 Governance. Key details for inclusion within the submission to Government include:

- The governance structure that will oversee the EMIZ and relationship with established/emerging structures for the EMCCA;
- Arrangements for governance and delivery alongside the East Midlands Freeport;
- The team structure for design and delivery of the EMIZ and associated interventions;
- Arrangements for EMIZ engagement with research institutions and businesses;
- Arrangements for EMIZ engagement with Local Planning Authorities and billing authorities;
- Details of engagement with constituent local authorities as part of the EMIZ co-development process and confirmation that they have consented to proposals for the EMIZ and arrangements to share business rates growth within the designated BRR sites that they will collect;
- Details of any specialised delivery vehicles that will be employed to secure the intended EMIZ outcomes; and
- Details of active engagement with local MPs and other relevant stakeholders.

- 2.16 Subject to passing the current Gateway, the development of the EMIZ proposal will continue as follows:

- Gateway 3: Governance – internal governance and management arrangements;
- Gateway 4: Interventions – details of proposed interventions across the Investment Zone and associated financial appraisals;
- Gateway 5: Delivery plan – delivery structure and timescales;
- Final approval – targeted for March 2024, enabling the Investment Zone to be formally established in April 2024.

3. Other options considered in making recommendations

- 3.1 Not updating the EPC was not considered a suitable option given the significance of the EMIZ proposition to economic growth in our region. The EMIZ has the potential to offer significant benefits for partners across the region. An example of this is through the work university partners are progressing to develop a zero carbon “innovation ecosystem” across the region, building on existing strengths and bringing together the myriad of skills, innovation and growth initiatives currently in development. This is highly relevant to the work of the EPC.

4. Consideration of Risk

- 4.1 Key risks and issues at this stage are as follows:

- Approvals – the risk the EMIZ doesn’t secure the necessary consensus and approval from all constituent authorities. This risk is being mitigated through

the involvement of constituent authorities in the project team, where the city and county councils play a key role in shaping the project.

- Approvals – the risk that the East Midlands Investment Zone does not secure necessary approvals from Government to proceed to the next Gateway. This risk is being mitigated through close engagement with responsible officers at DLUHC;
- Agreement – the risk that landowners do not agree to participate in the EMIZ proposal;
- Timescales – the risk that timescales for securing necessary approvals and implementing delivery arrangements are not achievable. The project team is working collaboratively with East Midlands partners and Government to progress through the Gateways as part of a staged process;
- Governance – challenges associated with putting in place clear governance arrangements in advance of establishing the East Midlands County Combined Authority.

5. **Best Value Considerations, including consideration of Make or Buy where appropriate**

5.1 Not applicable – update report only with no financial implications.

6. **Finance colleague comments (including implications and value for money/VAT)**

6.1 (To follow)

7. **Legal colleague comments**

7.1 As this is a progress update report it raises no significant legal issues for consideration.

Malcolm R. Townroe – Director of Legal and Governance, Nottingham City Council – 13 July 2023

8. **Other relevant comments**

8.1 Not applicable.

9. **Equality Impact Assessment (EIA)**

9.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because it will need to be completed as the project progresses.

Yes



10. **Data Protection Impact Assessment (DPIA)**

10.1 Has the data protection impact of the proposals in this report been assessed?

No



A DPIA has not yet been completed due to the current scoping stage of the project. The need for a DPIA will be considered at a later date.

Yes

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11. Carbon Impact Assessment (CIA)

11.1 Has the carbon impact of the proposals in this report been assessed?

No

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A CIA is not required because it is likely that a CIA need to be completed at a future stage of the project.

Yes

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12. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

12.1 Not applicable

13. Published documents referred to in this report

13.1 [Investment Zones - GOV.UK \(www.gov.uk\)](http://www.gov.uk)