

*making our region more prosperous, sustainable and fairer,  
helping our people and businesses to create and seize opportunities*

<b>Combined County Authority Board</b>		
Date	17 June 2024 – Annual General Meeting	
Report Title	East Midlands Investment Zone	
Accountable EMCCA Board Member	Mayor Claire Ward	
Accountable Chief Officer	Mark Rogers, Interim Chief Executive	
Accountable Employee	Richard Grice, Interim Strategy and Delivery Lead	
Report has been considered by	Informal Board	
Key decision	No	
Public Report	Yes	
Voting Arrangements	A: Noting, no vote required B: By simple majority including the Mayor C: By simple majority including the Mayor	
<b>Recommendation(s) for action or decision:</b>		
<b>The Combined County Authority is recommended to:</b>		
<b>A</b>	<b>Note the East Midlands Investment Zone (EMIZ) has completed Gateway 5 and the progress on developing an Annual Delivery plan.</b>	
<b>B</b>	<b>Approve adoption of EMIZ funding into the EMCCA budget.</b>	
<b>C</b>	<b>Approve delegation of decisions on initial ‘sprint’ investments (as set out in paragraph 2.4) to the Mayor, in consultation with Leaders of the four constituent councils.</b>	

## 1. Purpose

### 1.1 This report:

- a. Updates on progress towards initiation of the East Midlands Investment Zone (EMIZ).
- b. Propose EMIZ funding is adopted into the EMCCA budget.
- c. Sets out the rationale for delegation of decisions on initial investments from EMIZ funding in the absence of formal EMCCA Board meetings between June and September 2024

## 2. Proposal

### Development and acceleration of the investment pipeline

- 2.1 An EMIZ Annual Delivery Plan (ADP) is being developed under the supervision of the EMIZ Development Board, for submission to Government in July 2024 (after the General Election). A key element of the ADP is proposals for initial investments, which are being advanced under a 'sprint initiative' to support the acceleration and coordination of a pipeline of investable projects for the EMIZ. This initiative will provide funding grants to support the development of viable and deliverable investments, aligned with the overarching aim of the EMIZ. This phase is considered essential in order to ensure proposals are of a standard that can withstand robust consideration of viability.
- 2.2 The initiative will be delivered through the following strands:
- **Strand A: Planning and Development Sprint** – funding allocations to organisations to support the development of viable and sector aligned investment proposals and business cases. Grants will be available for a range of activities (including market research, technical feasibility studies, community and stakeholder engagement and design development) subject to satisfying funding criteria. Grants of up to £250,000 will be available (more by exception) based on evidence of funding need and alignment with EMIZ objectives. Applications will be progressed to support appraisal and defrayal of funding in July/August 2024.
  - **Strand B: Research and Innovation Sprint** – funding grants will be allocated to support the development and deployment of new technologies in support of the overall objectives of the EMIZ. The programme will be coordinated and administered by the University of Nottingham (as the required EMIZ innovation partner), subject to providing a compliant business case.
  - **Strand C: Skills Sprint** – funding will be allocated to support the development and implementation of skills and training plans for Green Industries and Advanced Manufacturing related activities, coordinated under a targeted skills strategy for Green Industries.
- 2.3 The total cost of these initial investments is not expected to exceed £4m, and this is funding drawn from the total £80m available for the first five years of EMIZ that will be funded by Government as part of the agreed ADP. It is necessary to implement this sprint initiative over the forthcoming summer period to enable the production of robust business cases for further, more substantial investment decisions later in 2024 and early 2025 in order to both provide momentum for the EMIZ programme and comply with government requirements for mobilisation of investment funding.
- 2.4 The investment assurance process set out in figure 1 below requires final approval of funding decisions to be made by the EMCCA Board. To not delay progress before the next meeting in September 2024, **this paper requests delegation to the Mayor, in consultation with Leaders of the four constituent councils of any of decisions on initial 'sprint' investments that are recommended by the EMIZ Development Board prior to the next meeting of the EMCCA Board scheduled for September 2024.**
- 2.5 Delegated decisions made during this period will be reported to the next full EMCCA Board. When EMCCA Board and Committee meetings settle into a regular rhythm, from September 2024, EMIZ assurance will follow the process set out in figure 1 below.

## 3. Background

- 3.1 The East Midlands Investment Zone (EMIZ) proposal has successfully passed through all five approval Gateways.
- Gateway 1: Vision
  - Gateway 2: Economic geography

- Gateway 3: Governance
- Gateway 4: Interventions
- Gateway 5: Delivery

3.2 While final ministerial approval of the full proposal has been delayed by the pre-election period, the clear advice from officials is to continue with finalisation of the Annual Delivery Plan (ADP) for EMIZ, in order to facilitate early action when government decision-making resumes.

3.3 The key elements of the EMIZ are:

- A sectoral focus on green industries and advanced manufacturing.
- It covers the whole of the EMCCA area – that is, proceeds from business rates retention (BRR) on the three sites (see below) are available for investment in green industry and advanced manufacturing sectors across the whole region.
- It includes tax and business rates retention incentives for three specific sites:
  - Infinity Park Derby – support for growth of nuclear, advanced manufacturing and supply chains around the established Rolls Royce facility (tax, BRR)
  - Hartington/Staveley site, Chesterfield - brownfield site development offering potential for high quality motorway and rail linkages (tax, BRR)
  - Laing O'Rourke's Centre of Excellence in Modern Construction, Bassetlaw and Bolsover – to unlock the delivery of a modular construction hub, focused on infrastructure and energy (tax only)

3.4 The investment value of EMIZ to the region is £160m over ten years – split evenly as £80m over two blocks of five years. The majority of this funding is available as a flexible pot to be invested across the five themes in the next para – note that the total flexible funding available will be reduced by the value of tax incentives applied to the sites. **It is recommended that Members approve adoption of this funding into EMCCA's budget.**

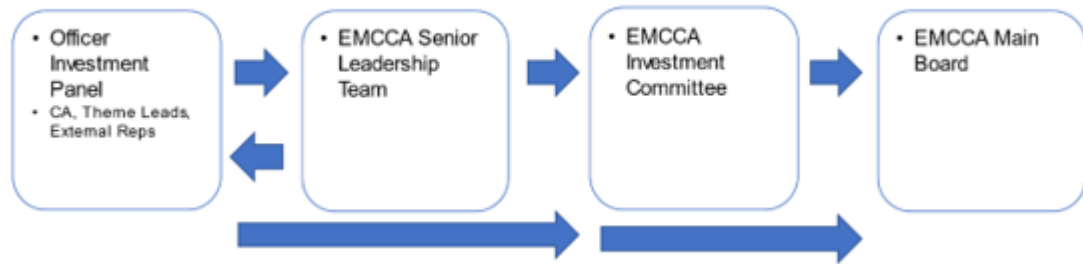
3.5 EMIZ interventions (i.e. investments) will be split across five themes:

1. Skills (c.20% of allocation)
2. Local infrastructure (c.45% of allocation)
3. Research and innovation (c.20% of allocation)
4. Business and stakeholder support (c.14% of allocation)
5. Planning capacity (c.1% of allocation)

3.6 EMCCA will act as accountable body and will ultimately be responsible for ensuring the delivery of the EMIZ in accordance with the Memorandum of Understanding with DLUHC. An Officer level Development Board brings together EMCCA and key partners on a monthly basis to oversee and co-ordinate implementation of the EMIZ. When the EMCCA process is in full implementation, this Board will be the first link in the assurance chain for investment decisions.

3.7 The process for allocating, appraising and assuring investment is fully consistent with the EMCCA Assurance Framework. Prospective projects will be invited to submit an application for funding in the form of a business case, which will be subject to appropriate scrutiny by the EMIZ Development Board to confirm alignment with the Investment Strategy and plan. The Development Board will provide a recommendation, which will inform the appraisal of the project at Officer Investment Panel and Senior Leadership Team/Investment Committee (subject to investment threshold). Member oversight will then be applied at EMCCA Investment Board, with final decisions being taken at EMCCA Board (see figure 1 below)

Figure 1: Investment assurance



3.8 The EMIZ will share EMCCA’s procurement strategy where it is the direct procuring body. All funding that is granted by EMCCA on the EMIZ programme will be subject to procurement checks and will align to public sector procurement regulations or demonstrate that best value has been sought in the process.

#### 4. Appendices

4.1 There are no appendices to this report

#### 5. Implications

##### Financial Implications

5.1 There is investment of £160m over ten years which is split evenly as £80m over two blocks of five years. This money is split equally between revenue and capital funding.

5.2 EMCCA are requesting £4m revenue funding to be drawn down in 2024/25 from the initial £80m allocation which will leave £76m to be allocated over the remaining four years. This is a piece of work which will be carried out as part of the budget setting process and the longer term more forward-looking Medium Term Financial Plan (MTFP).

5.3 Revenue grants will be awarded and will follow the approval process as detailed in the body of the report. The total cost of these initial investments is not anticipated to exceed the £4m.

##### Legal Implications

5.4 The adoption of funding and the delegation set out in this report fall within the powers and functions of the Combined County Authority. The implementation of the EMIZ will require engagement with relevant stakeholders, establishment of the governance structures described in this report and compliance with the Memorandum of Understanding between EMCCA and DLUHC. These requirements will be monitored by officers as implementation progresses.

5.5 A formal funding agreement will be put in place for each approved project. The funding agreements will be developed to address any potential legal issues arising. All shortlisted projects will be required to submit a UK Subsidy Control Assessment before receiving funding to ensure compliance.

##### Other Significant Implications

5.6 There are no other implications identified within the body of this report.

##### Background Papers

5.7 N/A