



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

Combined County Authority Investment Committee		Agenda Item 11
Date	30 September 2024	
Report Title	Initial East Midlands Investment Zone decisions	
Accountable Chief Officer	Will Morlidge	
Accountable Employee	Tom Goshawk	
Report has been considered by	EMCCA Board	
Key decision	No	
Public Report	Yes	
Voting Arrangements	The committee will work to progress decisions via consensus, if a vote is required then it will be majority decision in alignment with the terms of reference.	

Recommendation(s) for action or decision:	
The Combined County Authority Investment Committee is recommended to:	
A	Note the progress of the East Midlands Investment Zone (EMIZ) and the “Sprint” process that is currently taking place.

1. Purpose

- 1.1 This paper is for information at this stage, but we expect to bring regular reports and/or requests for decisions on the EMIZ process to future Board Meetings.

2. Proposal

This paper is for information only.

3. Background

- 3.1 EMCCA is one of eight mayoral authority areas in England to be awarded Investment Zone status. The EMIZ, which has been established to promote investment and growth in the green industries and advanced manufacturing sectors, will be confirmed by Government following the completion of the Gateway process. This process has been delayed by the General Election and an announcement on the programme is expected towards the end of October.

Alongside the development of the key sectors, three specific EMIZ sites are due to be designated as part of the initiative and these sites will have areas that provide a series of tax benefits to companies newly occupying the site and two of the three sites will benefit from Business Rate Retention mechanisms. The three designated sites are:

- Infinity Park, Derby (Business Rate Retention and Tax site)
- Hartington/Staveley site, Chesterfield Borough (Business Rate Retention and Tax site)
- Explore Park, Worksop (Tax Site)

EMIZ will also have a ten year funding settlement attached to the designation, which will provide up to £160m over the period. A percentage of this funding will be utilised to service the tax benefits for the sites dependent on the size of tax sites designated with the remainder of the funding available through a flexible fund for EMCCA to utilise on strategic priorities to assist in the sectors development. It is estimated that the tax sites will utilise up to £10million of funding as a maximum leaving £140m of funding otherwise. The overall funding split will be 60% capital (CDEL) and 40% revenue (RDEL) funding.

3.2 “Sprint”

Despite the final confirmation of funding from Central Government, EMMCCA has decided to progress an EMIZ Sprint process to support the development of EMIZ and allow EMCCA to progress the initiative once the programme is confirmed. The Year 1 EMIZ funding commitments will support a Sprint initiative with the following aims:

- EMIZ launch platform – the Sprint Initiative will provide a platform for the launch of the EMIZ as a key policy strand for the emerging EMMCCA, supporting direct engagement with existing and prospective sector organisations;
- Securing Year 1 EMIZ investment – the Sprint Initiative will allocate year 1 EMIZ funds to unlock immediate investment and aid strategic planning within the EMIZ;
- Building a pipeline of investment projects – the Sprint initiative will seek to accelerate the development of a pipeline of potentially transformational EMIZ investments within the East Midlands;
- Strategy development - Inform the development of a coordinated and deliverable long-term strategy and plan for the EMIZ;
- Support capacity building – Implementation of the Sprint Initiative will be overseen by the incoming EMMCCA team.

The EMIZ Sprint Initiative will provide funding grants to support the development of viable and deliverable investments, aligned with the overarching aim of the EMIZ: to secure investment in green industries and advanced manufacturing within the East Midlands. It is proposed that the initiative will be delivered through a number of 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.

- **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.
- **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.

Funding of up to £2,885,000 will be allocated to partner organisations under the Sprint Initiative. £2m is allocated to the Planning and Development sprint and this will only be released to projects once EMCCA has a final decision from Government about the progress of the programme. The £885,000 allocated to Strand B and C will be allocated through EMCCA internal budgets and has been agreed by the Section 73 officer.

3.3 **Strand A: Planning and Development Sprint**

Year 1 budget allocation: £2,000,000

The fund will accept bids from organisations promoting sector related investments and activities within the EMIZ for investment to support business case development including (but not limited to) the following activities:

- Market analysis and proof of concept;
- Stakeholder engagement and marketing;
- Technical feasibility assessments;
- Design development;
- Achieving planning and related consents;
- Business planning and business case preparation; and
- Minor capital works that contribute to de-risking the delivery of a designated site or future investment proposal.

Funding bids for a package of measures may be accepted, subject to a clear demonstration of funding need in accordance with the criteria outlined below.

Funding will be allocated through a proportionate approach to bidding, appraisal and allocation based on the level of grant proposed. It is envisaged that the majority of funding will be allocated in accordance with agreed framework criteria which will be developed in discussion with the Local Infrastructure, Sites and Planning Group

Framework criteria	Small Grants	Full Grants
Grant level	Up to £50,000	£50,000-£250,000
Project promoter	Typical checks will be carried out to confirm 'fit and proper' status of applicant	Typical checks will be carried out to confirm 'fit and proper' status of applicant
Sector alignment / strategic fit	Demonstration of general alignment of proposals with priority sectors / EMIZ Designated sites	Demonstration of clear alignment with EMIZ objectives Clear demonstration of how the proposed grant will accelerate investment and sector activity
Funding need	Funding demonstrated on the basis of tendered costs for funded activities (or other reasonable/compliant basis)	Funding demonstrated on the basis of tendered costs for funded activities (or other reasonable/compliant basis) Need for funding demonstrated on the basis of a funding gap. This may reflect a wider package of activities needed to unlock/accelerate investment
Output	The scope of the output will be clearly described, confirming	The scope of the output will be clearly described, confirming

	how the grant will unlock/accelerate the delivery of a future investment.	how the grant will unlock/accelerate the delivery of a future investment. The bid will provide an indication of the potential scale of the outputs and activity that may arising from a future EMIZ investment.
Timescales	Funding to be fully defrayed against eligible costs and outputs delivered within 24/25 financial year.	Funding to be fully defrayed within the 24/25 financial year.
Match funding	Match funding contribution of at least 25% of grant allocation.	Match funding contribution by the project promoter of at least 50% of the overall cost.
Bid documentation	Application form Confirmation of costs Confirmation of match funding	Application form Confirmation of costs (fee quote or similar) Confirmation of match funding Company accounts

Grants of more than £250,000 may be available for projects demonstrating the potential to achieve a major contribution to meeting the strategic objectives of the EMIZ and meeting the requirements for full grants outlined above.

The grant application process will be as follows:

1. EMIZ Sprint launch (3rd September) – EMMCCA launch of the Sprint Initiative. Prospective applicants will be invited to request and complete an application form and associated guidance following a short tirage process.
2. Bid window (3rd September – 15th October) – applicants to complete bid documentation and submit to EMMCCA. Contact details will be provided by the EMMCCA lead officer to address emerging issues and queries. The EMMCCA will have the discretion to extend the bid window as required to support the submission of high quality proposals.
3. Appraisal (15th October – 29th October) – an appraisal will be undertaken in accordance with the criteria outlined in the framework, including a due diligence check. Further information will be sought where appropriate. For bids that are deemed compliant, a recommendation will be made to the awarding body.
4. Determination (November) – the initial tranche of bid appraisals will be reviewed by a task and finish group, reporting into the EMIZ Development Board. The Board will make recommendations to the SRO, who will determine standard bids under delegated authority. High value bids may need to be referred to the relevant investment committee within EMMCCA.

If a grant is approved, a grant offer letter will be issued within 14 days of the decision. Funds will be released to the applicant once any grant offer conditions have been met and the applicant has signed and returned the offer letter. Payment will be made in one lump sum payment. It will be a condition of grant that recipients defray funding within the 2024/25 financial year and report on performance to inform the EMMCCA quarterly/annual returns to Government. Variations to bids will need to be approved by EMMCCA or may be subject to clawback provisions.

3.4 **Strand B: Research and Innovation Sprint**

Year 1 budget allocation: £735,000

The Research and Innovation Sprint will consist of two elements:

1. **Innovation Roadmaps** – the preparation of innovation roadmaps to inform the development of a 4 year innovation programme for the Green Industries and Advanced manufacturing sectors. A budget allocation of £185,000 is proposed, supporting the delivery of sector workshops, mapping of sector businesses, supply chains and related stakeholders, coordinating investment plans around priority themes, and accelerating business case development for priority projects.

This element will be coordinated by the University of Nottingham, using existing resources and commissioning external consultants. The University of Nottingham will be invited to share a detailed proposal, confirming the scope of the work to be undertaken, proposed delivery arrangements and costs.

2. **Pilot Projects** – a small grant programme of up to £550,000 providing support for between 10-12 pilot projects. It is envisaged that the pilot will focus on initiatives testing routes to market for innovative green industries sector products/processes within the East Midlands. As proposed, the pilot initiative will be coordinated by the University of Derby, with £50,000 of the overall programme committed to administering project grants and monitoring. The University of Derby will be invited to prepare a high level business case detailing the scope of the proposals, confirming the activities to be funded, delivery arrangements and costs.

The EMMCCA will work in collaboration with the University of Nottingham, University of Derby and other research, innovation and industry partners to support the scoping and implementation of the proposed programme. Proposed milestones are outlined as follows:

1. Funding applications submitted to EMMCCA - September 30th
2. Appraisal and engagement with promoters – October 4th
3. Bid determination and funding agreement – October 18th
4. Implementation – November-March 2025.

3.5 **Strand C: Skills Sprint**

Year 1 budget allocation: £150,000

The Skills Sprint will allocate funding to support the development of Green Industries and Advanced Manufacturing related skills based on the design and implementation of skills and training plans. As proposed, this element will be led by the University of Derby and will involve

- Coordination of strategy and plans across the GI and Advanced manufacturing sectors (including work across nuclear, hydrogen, retrofit activities);
- business and partner engagement around skills and training needs;
- Development of a pipeline of interventions for delivery in future years; and
- Provide resources to support bid readiness in the form of an advisor to assist in developing and coordinating proposals

The University of Derby would propose to work with a Task and Finish Group made of key stakeholders including Higher Education, Further Education, business representation partners and EMMCCA members.

Proposed milestones are outlined as follows:

1. Funding applications submitted to EMMCCA - September 30th
2. Confirmation of funding – October 11th
3. Implementation – October-March 2025

4. **Alternative Options Considered**

- 4.1 The proposals have been developed in partnership between EMCCA, D2N2, our constituent authorities and the University of Nottingham on behalf of all three universities. Options are constrained by the guidance set out by Government.

5. **Implications**

Financial Implications

- 5.1 The funding agreed is at risk. While we do expect Government to confirm at least £80m of the planned £160m of EMIZ funding, it has not been guaranteed. The Board has therefore agreed to proceed with the Sprint phase, with funding underwritten from Gainshare.

Legal Implications

- 5.2 The adoption of funding 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 and the establishment of governance structures.

Other Significant Implications

5.3 None

Background Papers

5.4 None