

Title of Report	UPDATE ON ESTABLISHMENT OF COMPANY TO BE KNOWN AS ‘EM DEVCO LIMITED’	
Presented by	Councillor Robert Ashman Planning and Infrastructure Portfolio Holder	
Background Papers	Report considered by Community Scrutiny – 28 October 2020 Report considered by Cabinet – 10 November 2020 Report considered by Council – 17 November 2020	Public Report: Yes
Financial Implications	<p>Council has previously agreed to provide a £500k contribution, upon confirmation of central government funding, to enable the establishment of the Interim Vehicle and Development Corporation.</p> <p>This report seeks approval to make a £167k contribution in 2021/22 in advance of government funding being secured.</p> <p>Signed off by the Section 151 Officer: Yes</p>	
Legal Implications	<p>The Council is working collaboratively with Rushcliffe Borough Council and Broxtowe Borough Council and joint external legal advice has been sought by the three districts. Legal advice has been received on the creation of the Interim Vehicle, the Members’ Agreement and Articles of Association, corporate governance and on the content of this report.</p> <p>Legal advice regarding State Aid has previously been provided collectively to the 5 Member Councils by external solicitors. It will be reviewed in light of the EU exit.</p> <p>Signed off by the Monitoring Officer: Yes</p>	
Staffing and Corporate Implications	<p>No staffing implications. The proposal supports economic recovery and corporate Delivery Plan priorities</p> <p>Signed off by the Head of Paid Service: Yes</p>	
Purpose of Report	To seek members approval to amend Recommendation 2 of the report to Council of 17 November to allow funding of £167,000 in year one in advance of Government funding	

Recommendations	THAT COUNCIL: 1. APPROVES MAKING A FINANCIAL CONTRIBUTION OF £167,000 IN 2021/22 IN ADVANCE OF GOVERNMENT FUNDING BEING SECURED TO SUPPORT THE INTERIM VEHICLE IN LINE WITH THE FUNDING APPROVED BY COUNCIL ON 17 NOVEMBER 2020
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1.0 BACKGROUND

- 1.1 At Council on 17 November, members received a report which outlined the progress made in considering the strategic and economic case for the creation of a development corporation. Council agreed to join the Interim Vehicle, provide a financial contribution of £500,000 over three years, delegate the approval of the Members Agreement and Articles of Association to the Strategic Director (Place) and noted the decision of Cabinet to appoint the Portfolio Holder for Planning as a Director of the company. Members will recall that the funding contribution was subject to preconditions. It was subject to agreed funding contributions being secured from other affected local authorities and government.
- 1.2 Members agreed that the Council's financial contribution to support the interim vehicle would be met through the existing £100k provision within the 2020/21 General Fund revenue budget and £400k from reserves.

2.0 UPDATE ON PROGRESS TO DATE

- 2.1 The report to Council on 17 November 2020, set out in detail the financial implications of establishing a development corporation and confirmed that that the five constituent local authorities have agreed (subject to individual council approval) that North West Leicestershire District Council, Broxtowe Borough Council and Rushcliffe Borough Council will contribute £500k each for the three years of the interim vehicle and Leicestershire and Nottinghamshire County Councils will both make a contribution of £500k per year for the three years. The other affected local authorities have, where required, now taken reports to their respective Council meetings and this precondition has been met.
- 2.2 In September 2020 the development corporation programme submitted a £18.6m bid to Government as part of the Comprehensive Spending Review 2020 (CSR) process to cover the first three years, which is awaiting decision. At this stage, government funding has not been secured, as due to coronavirus, the Chancellor did not undertake the CSR in Autumn 2020. However, the Programme Director of the Development Corporation Programme at Midlands Engine has written to all Chief Executive Officers of the five constituent local authorities to request funding for the interim vehicle in 2021/22 in advance of certainty of government funding. For North West Leicestershire District Council this would mean providing funding of £167,000 for 2021/22. The letter from Midlands Engine is attached as Appendix 1.
- 2.3 The funding for 2021/22 will enable the company and associated team to be established with a working budget. A schedule of the indicative deliverables expected to be included in the business plan is attached as Appendix 2 and include those that relate to East Midlands Airport. These will be crucial to positioning the development and infrastructure proposals for the three key growth sites and will support the Development Corporation and Freeport business cases alike.

2.4 For East Midlands Airport, in the First Year, the Interim Vehicle will:

- Establish the scale of opportunity – agree red line with the public sector partners.
- Align the level of ambition with the planning policy requirements to set the parameters for an EMAA strategic growth masterplan and policy framework.
- Agree approach and scope for the strategic growth masterplan and high-level Infrastructure plan.
- Identify opportunities to enter into **Memorandums of Understanding** with key strategic partners in the EMAA area (note aligned with the Freeport proposition).
- Coordinate with the **Freeport** Proposals/Business case and make progress on an infrastructure funding bid through the LLUDC business case.
- Undertake early scheme feasibility and high-level visioning to position the opportunity to stakeholders and partners and identify potential funding and delivery mechanisms.

2.5 The year one deliverables identified above will be compatible with the on-going work in relation to the Councils Local Plan review and will align with the infrastructure challenges faced with the Councils aspirations for growth in the district.

3 FINANCIAL IMPLICATIONS

3.1 The core costs for 2019-20 and 2020-21 of the East Midlands development corporation programme so far have been funded and resourced through a £2 million allocation of funding from Ministry of Housing, Communities and Local Government (MHCLG) and resources through a mix of direct funding and in kind support from partner Local Authorities.

3.2 Midlands Engine Partnership have now requested confirmation of financial contributions to enable the establishment of the Interim Vehicle, specifically in relation to funding for 2021/22 in advance of certainty of Government funding. The request from district councils is £167k in 2021/22, with the remainder of the £500k allocation (£333k), spread over 2022/23 and 2023/24.

3.3 It is now proposed that Council approve making a contribution of £167k in 2021/22, in advance of government funding being secured.

4 LEGAL AND GOVERNANCE IMPLICATIONS

4.1 Given that all local authorities have confirmed their support for establishing the interim vehicle, preparations are being made to incorporate the company. Once it is incorporated it will need funding in order to function and start delivering on its deliverables.

4.2 The provision of funding by the local authorities will be subject to the local authorities entering into a funding agreement with the company, which will set out the terms on which the funding will be provided (including that it will only be funding for Year 1), and the local authorities confirming agreement to an annual business plan. Prior to entering into the funding agreement, the local authorities will need to be satisfied that the provision of funding is compliant with the new subsidy control regime (formerly state aid) and therefore the external legal advice that Council considered in November 2020 on state aid is being refreshed to take account of EU exit and current circumstances.

- 4.3 Subject to this decision by Council, a report will be taken to Cabinet on 30 March 2021 to agree to commit this funding to the company and delegate the responsibility to agree the funding agreement. Cabinet will also be asked to endorse the appointment of the Chief Executive as the director of the new company and delegate responsibility to the Portfolio Holder for Planning and Infrastructure to act as representative on the company's Oversight Authority.

Policies and other considerations, as appropriate	
Council Priorities:	<ul style="list-style-type: none"> - Support for businesses and helping people into local jobs - Developing a clean and green district - Local people live in high quality, affordable homes - Our communities are safe, healthy and connected
Policy Considerations:	Planning implications considered in report to Council on 17 November 2020
Safeguarding:	None identified
Equalities/Diversity:	The Development Corporation will work at levelling up to deliver jobs, business and growth accessible across the East Midlands.
Customer Impact:	None identified
Economic and Social Impact:	The Development Corporation is targeting transformational economic and social benefit to the region.
Environment and Climate Change:	Detail any environment and climate change impact as a result of the decision.
Consultation/Community Engagement:	Community engagement and consultation will be enshrined from the outset for the Statutory Development Corporation with the preparation of a statement of community involvement (SCI). Statutory consultation will include community groups.
Risks:	Risks identified in the report to Council on 17 November 2020. The risks identified are unchanged other than making a year one funding available in advance of the announcement of government funding as set out in the report.
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