

Bolsover District Council

Meeting of the Executive on 15th April 2024

East Midlands Investment Zone

Report of the Portfolio Holder for Growth

Classification	This report is Public
Report By	Chris Fridlington Director for Economic Development (Devolution)

PURPOSE OF REPORT

This report provides an update on the proposals for the East Midlands Investment Zone (EMIZ), the emerging investment plan and next steps, including the Council's future role in the EMIZ.

The purpose of the report is to seek the Executive's endorsement for the EMIZ proposals and approval for the Council to participate in the East Midlands Investment Zone Development Board.

REPORT DETAILS

1. Background

- 1.1 The Chancellor's Autumn Statement, published in November 2023, announced an Investment Zone for the East Midlands (EMIZ). The purpose of the Investment Zone is to boost productivity across green industries and advanced manufacturing sectors in the East Midlands with the support of £160 million funding from Government over a period of ten years.
- 1.2 As proposed, the EMIZ covers the whole of Derbyshire and Nottinghamshire i.e. the Investment Zone covers the same area as D2N2 and East Midlands Mayoral Combined County Authority (EMMCCA). The newly established EMMCCA will be the accountable body for the EMIZ and following the election of a mayor, it is expected that the Investment Zone will help to leverage over £380 million in private investment and bring upwards of 4,000 jobs to the region.
- 1.3 The Autumn Statement also identified three sites that would form the initial basis of the Investment Zone and had been selected to benefit from financial incentives. These sites are:

- **Infinity Park, Derby** (Derby City and South Derbyshire) – Tax incentives and Business Rates Retention to support growth of nuclear, advanced manufacturing and supply chains around the established Rolls Royce facility;
 - **Hartington, Staveley** (Chesterfield) - Tax incentives and Business Rates Retention on a brownfield site offering potential for high quality motorway and rail linkages;
 - **Centre of Excellence in Modern Construction, Steetley** (Bassetlaw and Bolsover) – Tax incentives to unlock the delivery of a modular construction hub focused on infrastructure and energy by Laing O’Rourke.
- 1.4 The proposals for these sites are being refined as the EMIZ proposals progress alongside the creation of an Investment Zone policy that would set the criteria for approval of future financial incentives for development proposals and expenditure of the balance of the Government funding. An indicative Investment Plan has also been drafted.
- 1.5 The Investment Zone policy goes live in April 2024 but the operational launch of the East Midlands Investment Zone is subject to completion of the final Gateway stages of the EMIZ process.
- 1.6 The Gateway stages are shown at 1.11, and they are the key decision points at which specified information must be submitted to Government to gain approval to proceed to the next stage.
- 1.7 The EMIZ proposals are currently at Gateway 4 and amongst other things, the EMMCCA (future accountable body) requires confirmation that this Council’s approval has been sought for the proposals in advance of establishing the proposed governance arrangements, and the Government requires confirmation that the Council’s approval has been sought for the proposed tax incentives as the proposals move through Gateway 5, which is the final stage of the process.
- 1.8 The Gateway 5 includes the following timetable for the implementation of the East Midlands Investment Zone and its adoption by the accountable body – the East Midlands Mayoral Combined Authority.

1.9

Indicative Timetable

Activity	Target Date	Lead / Stakeholders
EMIZ Briefing paper for EMMCCA Mayor	May 2024	EMMCCA
Senior EMIZ Team appointed	June 2024	EMMCCA
EMIZ Approval to MoU with Govt	July 2024	EMMCCA, Govt
Tax site policy agreed	July 2024	EMMCCA, Bassetlaw,

		Bolsover, Derby, Chesterfield
Tax incentives approved	August 2024	Govt.
EMIZ Investment Strategy and plan finalised	October 2024	EMMCCA, all partners
MoU agreed with Billing Authorities for BRR Reinvestment	October 2024	EMMCCA, Derby, South Derbyshire, Chesterfield
Early win (Round 1) projects confirmed	October 2024	EMMCCA, all partners
EMIZ Governance confirmed	October 2024	EMMCCA
Annual report	March 2025	EMMCCA

- 1.10 This report provides further information on these matters and seeks the Executive's endorsement of the EMIZ proposals. The report goes on to recommend that the Executive confirm support for the EMIZ on behalf of the Council.
- 1.11 This report also seeks the Executive's endorsement for continued officer engagement with the EMIZ and approval to delegate authority to officers to participate in the governance of the EMIZ and its future decision making if and when such opportunities arise.

Gateways 1-5

Gateway	Requirements	Status
Gateway 1; Vision & Inception	Setting out the ground rules for policy and the Government's intentions and expectations.	Approved
Gateway 2; Sector & Geography	Making the case for an EMMCCA-wide Investment Zone, focusing on the Green Industries and Advanced Manufacturing priority sectors.	Approved
Gateway 3; Governance	Overview of the proposed governance and management arrangements for the EMIZ.	Approved
Gateway 4; Interventions	Details of the proposed intervention framework for flexible funding, focusing on skills, local infrastructure, research and innovation, business support and planning support measures. This stage also outlines projections for the designated tax and business rates retention sites, alongside strategic principles for the reinvestment of future business rates.	Submitted

	<p>See Appendix 1 for Gateway 4 Themed 'Investment Zone Interventions'.</p> <p>At this time, feedback has been received from government and these are points of clarity that have now been resubmitted. It is anticipated that this gateway will be approved in February / March 2024.</p>	
Gateway 5; Delivery	<p>Criteria at this stage is to ensure that places demonstrate they are able to deliver their Investment Zone proposals and effectively manage potential delivery risks. These are currently being drafted and the programme is being reviewed by Government. Government require confirmation that each administrative authority area has sought approval from the relevant constitutional body as part of this stage given that this will implement the tax benefits stimulating the growth agenda.</p> <p>See Appendix 2 for further details of the Gateway 5 submission.</p>	Under draft

2. Details of the EMIZ Proposals

- 2.1 As noted above, the Chancellor's Autumn Statement, published in November 2023, announced an Investment Zone for the East Midlands (EMIZ). Since this announcement, the grant funding allocation for the Investment Zone has been doubled from an initial £80m to £160m, and the operational timeframe extended from five to ten years.
- 2.2 Subject to successfully moving through the Gateway approval process also outlined above, the grant can be deployed through a number of routes including flexibly using direct investment and tax incentives, while separate mechanisms enable 100% of business rates receipts from additional growth on designated sites (i.e. Infinity Park, Derby and Hartington, Staveley) to be retained in the region for a period of 25 years.
- 2.3 The current proposals set out tax incentives to accelerate delivery of new development on all three designated sites, an emerging Investment Zone policy to guide future investment of the remainder of the Government funding in the region, and an indicative Investment Plan that outlines how flexible funding could be spent in the region to maximise the impact of the EMIZ.

Tax Incentives and Business Rates Retention

- 2.4 In the current EMIZ proposals, business rates retention arrangements are restricted to Infinity Park in Derby and the Hartington site in Staveley. Laing O' Rourke at Steetley will receive tax incentives – primarily through a reduction in future National Insurance Contributions, alongside enhanced business rates relief and allowances on construction and fit-out expenditure. Stamp Duty relief will also be provided in the event that part of the site is sold or leased to a third-party occupier.
- 2.5 The tax incentives available for the three identified sites has a value in the region of £15million over five years and this will be deducted from the £160m of flexible funding. Therefore, a key part of the Gateway process is to ensure that the tax incentives are targeted to maximise impact across these sites over the next five years.
- 2.6 Amongst other things, these sites have been chosen primarily to capitalise on the region's existing strengths in advanced manufacturing and green industries sectors.
- 2.7 Through the anchor investment of Laing O'Rourke in its Centre of Excellence in Modern Construction site (known locally as CEMC) and Rolls Royce's contribution to the Nuclear Skills Academy at Infinity Park Derby, the EMIZ will allow the development of new technologies and products to help support infrastructure, modern methods of construction and nuclear development in the civil and defence spaces.
- 2.8 The EMIZ financial incentives will also act as a catalyst for development of the Hartington site at Staveley, which has stalled following the grant of outline planning permission for 70,000 square metres of new commercial floor space on 20 hectares of previously developed land but offers an opportunity to develop a cluster around rail related advanced engineering.
- 2.9 The retained business rates arising from development of Infinity Park and Hartington will be collected by EMMCCA and re-invested in the region to support the Government investment of £160 million in the Investment Zone.
- 2.10 This additional investment in the region will be guided by the establishment of a Reinvestment Strategy to ensure investment is coordinated with other funding opportunities. It is anticipated this strategy will prioritise funding for Levelling Up and innovation focused projects.
- 2.11 If these tax and business rates incentives are extended as anticipated alongside the full package of investment in these sites, the remaining grant funding allocated to the Investment Zone (allowing for deductions associated with tax incentives) will then be made available as flexible funding once the EMIZ has passed through the Gateway process and the governance structure has been established by the EMMCCA.

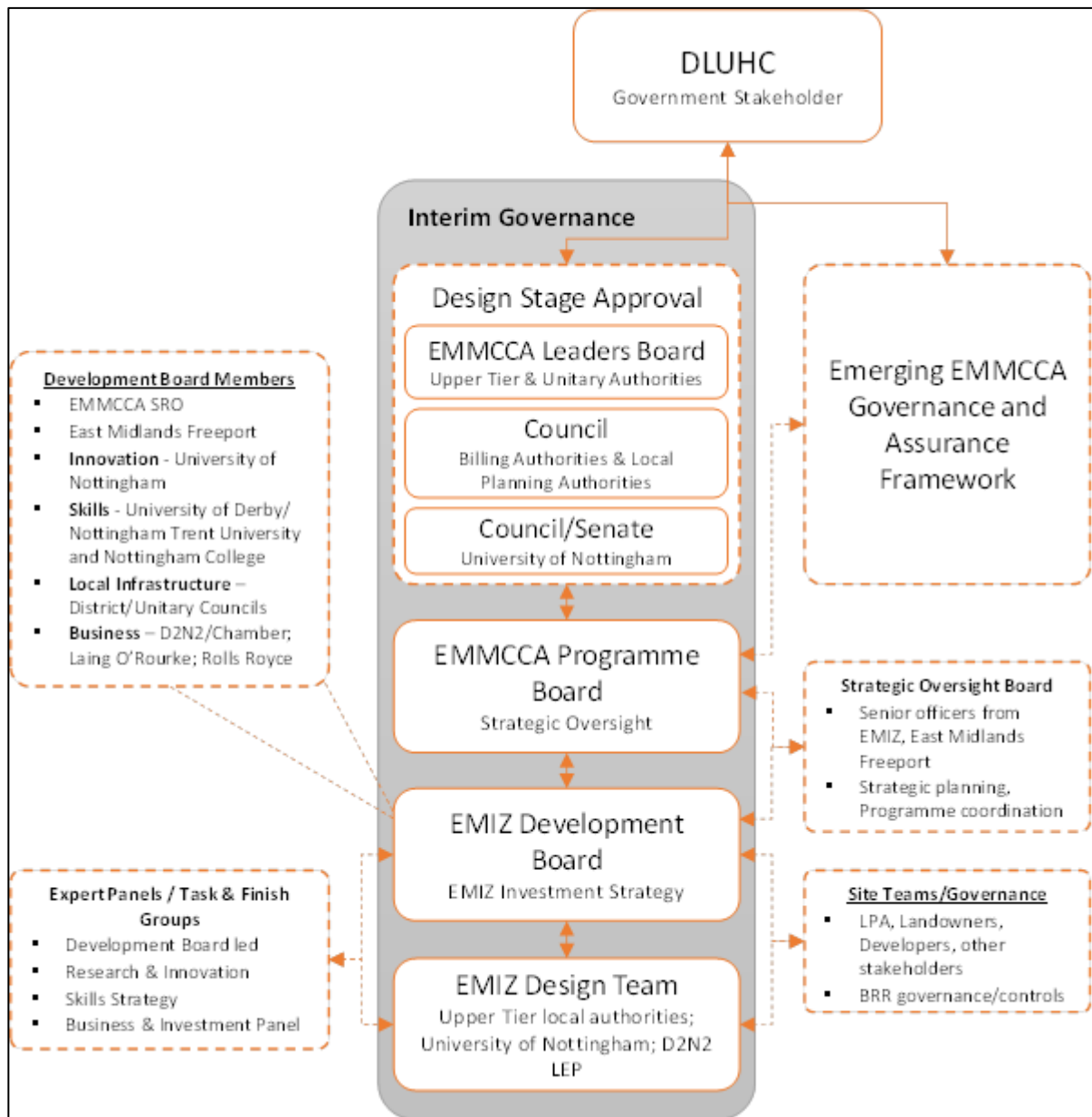
Investment Plan

- 2.12 The flexible funding that will be made available to the EMIZ will not be committed through the Gateway process but an indicative Investment Plan has been drafted and included as Appendix 1 to this report. Once the Investment Plan has been finalised in accordance with an agreed Investment Zone policy, it will be used to guide the future investment of the Flexible Funding allocation across the region.
- 2.13 This 'flexible spend' will be split 40:60 between resource spending (RDEL) and capital spending (CDEL), to use across a portfolio of interventions based on the opportunities of each cluster and linked to the following themes:
- Research and Innovation;
 - Skills;
 - Local Infrastructure;
 - Local Enterprise and Business Support; and
 - Planning and Development
- 2.14 This Council along with other local authorities and regional stakeholders has already responded to an informal call for expressions of interest for projects and programmes that align with these themes and the priorities for the EMIZ. This call for projects has helped to form the emerging Investment Plan attached to this report as Appendix 1.
- 2.15 However, the East Midlands Mayoral County Combined Authority (EMMCCA) will become the accountable body for the EMIZ once both are formally established and the EMMCCA will be the determining body for future funding decisions. The introduction of key elements of the policy (including tax incentives, BRR and funding) may be phased to allow for government requirements to be fully satisfied as part of an ongoing engagement process.
- 2.16 Therefore, there will be a further, formal call for projects effectively allowing further bids to be made for the flexible funding following the formal creation of the EMMCCA, which is anticipated in April 2024 - subject to the requirements of the final Gateway stages being met to formally establish the EMIZ, which is also anticipated to be in April 2024.
- 2.17 The emerging Investment Zone policy will be used to assess these bids and determine where the flexible funding and any additional tax incentives will be allocated.

Governance

- 2.18 The interim governance arrangements that have been put in place to support the design and development of the EMIZ pending the formal establishment of the EMMCCA are shown overleaf.

Interim Governance Structure



- 2.19 These arrangements were submitted to and approved by Government at Gateway 3 but the proposed interim structure has not yet been established, in part, pending consultation with the Council. However, officers from the 'shadow' EMMCCA are now in place to support the development of the EMIZ proposals.
- 2.20 Previously, the development of proposals for the EMIZ has been led by the upper tier authorities - Nottinghamshire and Derbyshire County Council - in accordance with government guidance. Amion have been appointed as advisory consultants with the University of Nottingham, as the lead innovation partner.
- 2.21 This original 'working group' has previously engaged with this Council and other local authorities as the EMIZ proposals have been developed but these interim arrangements and the interim structure (shown on the previous page) will

ultimately be superseded by the EMMCCA Governance Framework following the election of a Mayor.

- 2.22 It is envisaged that the EMIZ Development Board or similar structure will be retained to guide the design and implementation of the EMIZ and this Council will be offered a place on this Board or its successor in a revised governance structure.
- 2.23 It is anticipated that the Development Board will have a role in the implementation of the Investment Zone policy and appraising the compliance of future development proposals against this policy including determining whether key incentives should be supported. This may include considering approval for business rates relief where this Council is the billing authority.
- 2.24 It is therefore considered that it is of strategic importance that this Council remains fully engaged with the EMIZ proposals and takes full part in the decision-making processes wherever practicable through representation on the appropriate board or sub-group – especially when taking into account that part of the developable area of the Laing O'Rourke site is within this Council's boundary, and future development that might derive tax incentives from the EMIZ could be proposed in this area of the site.
- 2.25 Moreover, Bolsover District lies between two key investment sites and on the major connecting transport links between both Laing O'Rourke at Steetley and Hartington at Staveley, and this should result in direct and indirect benefits for the District and its local economy arising from the significant amount of Government funding that will be invested in the local area at no financial cost to the District.
- 2.26 There is a further opportunity to derive additional benefits for the District from the flexible funding regime, and an indicative budget estimate is that this will amount to £120million being made available over 10 years, but this is not guaranteed.
- 2.27 It is therefore considered that whilst there is a risk that there will be limited investment in the District from the EMIZ, there is a greater risk that there will be less benefits for the District and less opportunity for attracting investment inward if the EMIZ failed to pass through the Gateway process and fail to be established.
- 2.28 Consequently, it is considered the Council should offer its formal support for the EMIZ proposals also taking into account that if the District were not to see the benefit of the EMIZ and by extension, the establishment of the EMMCCA then both will have failed to achieve Governmental objectives and their own stated objectives for levelling up the region.

Related Economic Activity

- 2.29 At a regional level, there are a number of other activities that could also support the levelling up agenda anticipated by the introduction of the EMIZ and supplement the growth driven by the investment in the region from the associated Government funding. These projects include:

- **STEP, West Burton** – a former coal-fired power station on the West Burton site in North Nottinghamshire has been announced as the future home of the STEP prototype fusion energy plant. The STEP project will include redevelopment of this site for the new energy plant and create an ecosystem of R&D, advanced manufacturing, and other high-tech companies around the fusion energy plant including the readiness to meet the demand from global businesses linked to the investment.
- **University of Nottingham, Jubilee Campus** – investment of more than £200m is coming forward on cutting edge facilities for research, manufacturing and testing of zero carbon technologies at the Jubilee Campus in Nottingham.
- **Green Industries Corridor (GIC)** – extending across the former mining and industrial heartlands of Derbyshire and Nottinghamshire, the GIC will secure the regeneration of large industrial legacy sites for development in priority sectors including energy (nuclear and renewable), future fuels linked to the logistics sector, advanced manufacturing and sustainable construction. It is noted however that this element has not received a favourable response from key EMMCCA partners as part of the Gateway 4 stage so this will be reviewed.
- **East Midlands Freeport** – building on sector and locational alignment, the EMIZ offer will complement the Freeport sites at Ratcliffe-on-Soar and East Midlands Intermodal Park, which are being advanced as a focus for low carbon logistics. Work is ongoing to ensure alignment and coordination with the East Midlands Freeport.
- **Construction Skills Hub, Mastin Moor** - The Construction Skills Hub will enhance the existing construction training offer by providing the opportunity for local learners to develop their skills in a live on-site centre. Over ten years, the Hub aims to provide careers insights, training and work experience for over 5,000 learners. Initially the hub will be developed with a training provider and construction sector businesses to ensure people can develop the skills they need for a successful career and be ready to embrace the future by learning about modern and sustainable construction methods.
- **Derbyshire Rail Industry Innovation Vehicle (DRIIVe), Barrowhill** - DRIIVe is a modern rail innovation and training centre that will be located next to Barrow Hill Roundhouse. DRIIVe will provide 1,423 square metres of floor space consisting of classroom and workshop training areas, specialist research and development facilities including a digital laboratory, and commercial offices.
- **Automated Distribution and Manufacturing Centre (ADMC), Sutton in Ashfield** - The £30m ADCM is a circa 4000m² purpose-built, multi-function centre, with space allocated for research and development, new product development and testing, education and skills development, technology showcasing, networking, collaboration, and event hosting. It will encompass technical experts, engineers and researchers who will be able to assist

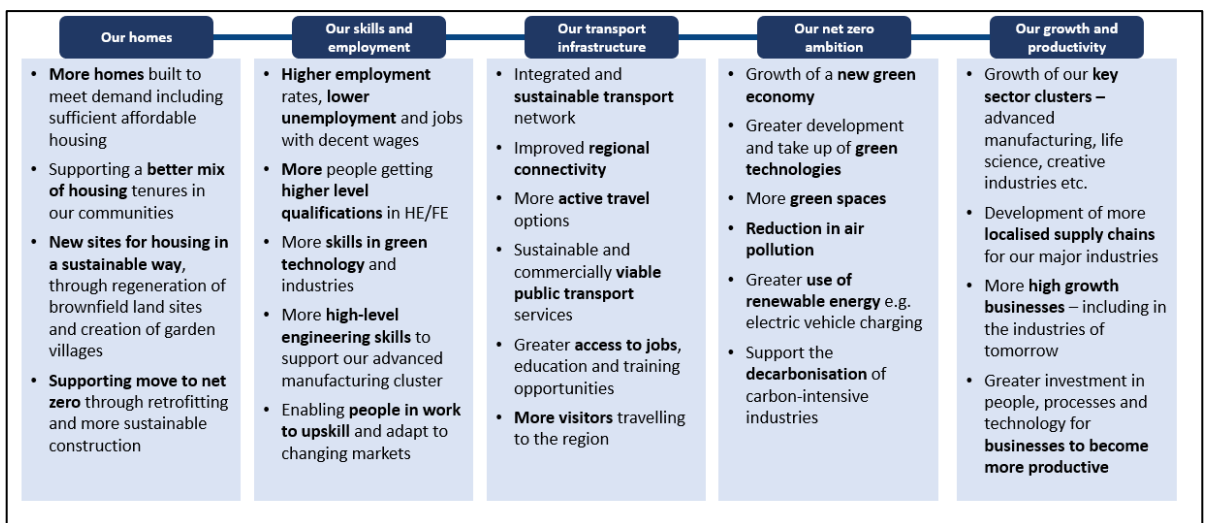
businesses of any size from across the East Midlands to understand and adopt automation technologies and to train their staff up into these higher skilled jobs.

- 2.30 However, in common with the three key investment sites within the EMIZ proposals, these sites are also outside of the District. Therefore, a key area of ongoing work is to engage with stakeholders across the region and other local authorities across the combined authority including neighbouring Councils to ensure that the District, its residents, its learners and its businesses benefit directly from this activity.
- 2.31 As noted above, this might be achieved through projects and programmes developed in partnership and aligned with the Investment Policy to increase the likelihood of attract flexible funding from the EMIZ.

Investment Zone Policy

- 2.32 Projects and proposals are also more likely to attract funding from the EMIZ if they align with the social value principles in the emerging Investment Zone policy outlined in the Gateway documents supporting the EMIZ and articulated by the emerging combined authority’s commitment to ‘levelling up’ by responding to long-standing economic, social and environmental challenges within the region, and particularly within former coalfield areas like Bolsover District.
- 2.33 For Bolsover, these challenges include connectivity (digital, the local road network and public transport) and educational attainment and average wages that are lower than the national average, amongst if not the lowest in the region and the lowest in Derbyshire.
- 2.34 Equally, the key outcomes for the EMIZ are illustrated in the table overleaf (taken from the gateway proposals) and it can be seen that they closely align with the Council’s own ambitions and corporate priorities which all seek to address the inter-related challenges faced by the District and in many cases, challenges faced by the District’s neighbouring authorities.

Illustrative Outcomes for the EMIZ



- 2.35 These points underline the strategic importance of the EMIZ proposals to the District and why officers are taking active role seeking to shape and influence policies guiding decision making for the Investment Zone through ongoing engagement with officers leading on the EMIZ proposals and a range of other partners.
- 2.36 Consequently, there is a clear rationale for the Council's continued support for the EMIZ proposal and a clear policy basis on which the Council should continue to develop programmes and projects with partners that are already in the indicative Investment Plan, which is also attached as Appendix 1 to this report.
- 2.37 In addition, there remains an opportunity to put forward projects currently in development for consideration – either development sites where financial incentives are required to accelerate growth in green industry or the advanced manufacturing sector where appropriate or for flexible funding for capital projects or resource funding to deliver better outcomes for the District.
- 2.38 To date, the Council has submitted seven project proposals for consideration:
- i. Construction Hub (T-Level Accelerator), Pinxton and Shirebrook
 - ii. Creative Hub, Bolsover
 - iii. Direct Response Transport (District-wide)
 - iv. Highway Improvements on the A619, Barlborough
 - v. Multi-User Trail and A617 crossing, Doe Lea
 - vi. Renovation of Pleasley Mills
 - vii. Retrofit / green skills hub, Shirebrook
- 2.39 Continued engagement and active involvement with the EMIZ will assist in shaping future policy development in this area and offer the greatest opportunity for successful funding bids. However, some additional investment is required by the Council to ensure the multi-user trail proposals are fundable.

3. Reasons for Recommendation

- 3.1 This report outlines the potential benefits to the District arising from the current EMIZ proposals, which will bring £160 million of Government funding into the region that is expected to drive an increase in productivity through the creation of more higher skilled, higher paid jobs at two large employment sites within the local area with an associated rise in living standards and improved quality of life for those employees.
- 3.2 The proposed future investment in green industries and advance manufacturing also provides an opportunity to transform the District's local economy through accelerating the growth of existing businesses in these sectors and by securing investment from these sectors to develop employment sites in the District to provide more high quality, high value jobs to local people.

- 3.3 In addition, the flexible funding associated with the EMIZ provides an opportunity to improve local infrastructure and the District's connectivity to ensure the District remains a competitive location and an attractive place to do business.
- 3.4 The flexible funding associated with the EMIZ also provides an opportunity to build on the Council's work with partners to facilitate more training opportunities within the District to upskill the existing workforce and create more opportunities for young people to strengthen their life chances in a stronger, more diversified and high value economy.
- 3.5 As proposed, the EMIZ proposals do not give rise to any costs to the Council and any future planning decisions or proposals for business rates relief and/or tax incentives, or any other scheme that has a material impact on the District's own statutory responsibilities will need this Council's prior approval.
- 3.6 As the billing authority, the Council will likely administer any business rates relief under the tax incentive policy. Reliefs will be appropriately reimbursed by Government under a principle of no detriment.
- 3.7 In addition, the Council and Laing O'Rourke will be expected to agree to a Tax Policy, committing partners to best endeavours in promoting sector related (green industries and advanced manufacturing) activity on any designated tax site within the District.
- 3.8 Consequently, the establishment of the EMIZ would be highly unlikely to pose any significant negative risk to the Council's own interests or impact on service delivery but there is a positive risk that the EMIZ will benefit the District's local economy and its local residents.
- 3.9 It is therefore considered wholly appropriate to recommend that the Executive confirm its support for the EMIZ proposals on behalf of the Council.
- 3.10 It is also considered wholly appropriate to recommend that the Executive endorse officers' continued engagement and active involvement with the EMIZ through the Gateway process to approval by Government and then through its subsequent operational lifetime to ensure that the EMIZ, and by extension the EMMCCA, are held accountable to their commitments to levelling up and ensure the District is best placed to realise the benefits of the Government investing £160 million in the region.
- 3.11 In addition, it is recommended that the Executive consider allocating a budget for business case development for projects and programmes with partners that align with the EMIZ proposals and emerging Investment Zone policy to ensure that this Council is best placed to maximise the opportunities that will arise from the future allocation of flexible funding, which may amount to as much as £120 million over the next ten years.
- 3.12 In this case, it is recommended that investment is made in the multi-user trail proposals because the money would pay for the design drawings that are needed for a crossing over the A617 at Doe Hill, and the planning application drawings for the associated lengths of tracks that would close a gap in the multi-user trail network.

- 3.13 This is significant because the track would then properly link the former Coalite site and Markham Vale with Bolsover and Shirebrook and other parts of the District. Onward links then connect with Staveley and Clowne Greenway with a further onward link proposed from Creswell to Worksop.
- 3.14 Therefore, this work has a close link with the combined authority's key priorities and the Investment Zone and the Council may be able to draw additional funding from Sustrans and the Heritage Lottery Fund because this link would also improve connectivity to Hardwick Hall.

4 Alternative Options and Reasons for Rejection

- 4.1 The Executive could choose not to support the current EMIZ proposals and withdraw officers from any future involvement in its governance arrangements or decisions making. This option was rejected because of the potential benefits to the District of active involvement with the EMIZ, the risk of not realising benefits for the District if officers disengaged from the process, and the disbenefits of the loss of inward investment should the EMIZ fail to get approval.
- 4.2 The Executive could choose to decline to endorse a budget for business case development for the multi-user trail network but this option would further reduce the likelihood of any projects and programmes in development being included in the EMIZ Investment Plan.

RECOMMENDATION(S)

1. To confirm support for the EMIZ proposals on behalf of the Council.
2. To grant delegated authority to the Council's Chief Executive Officer to accept and nominate officers to represent the Council on the proposed Development Board and nominate officers to represent the Council in any part of the interim or eventual governance structure for the EMIZ as appropriate and when offered.
3. To allocate £20,000 from the Transformation reserve for business case development and other related costs.

Approved by Councillor John Ritchie, Portfolio Holder for Growth

IMPLICATIONS.

Finance and Risk: Yes No

Details: Finance is discussed throughout the report.

The Transformation reserve allocation is to provide the necessary design drawings and planning application drawings to demonstrate the scheme is deliverable and for it to be considered as a suitable investment proposition to attract funding.

On behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details:

On behalf of the Solicitor to the Council

Environment: Yes No

Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment.

Details:

Staffing: Yes No

Details:

On behalf of the Head of Paid Service

DECISION INFORMATION

<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:</p> <p>Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	Yes
<p>Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i></p>	Yes

<p>District Wards Significantly Affected</p>	All Wards
<p>Consultation: Leader / Deputy Leader <input type="checkbox"/> Executive <input type="checkbox"/> SLT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></p>	Details:

<p>Links to Council Ambition: Customers, Economy and Environment.</p>

<p>DOCUMENT INFORMATION</p>	
Appendix No	Title
1	Indicative Investment Plan
2	Gateway 5 Draft Submission

<p>Background Papers</p>
<p><i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive you must provide copies of the background papers).</i></p>