

# EAST MIDLANDS

## Gateway 5- Delivery

### Investment Zones Proposal Template

This gateway will focus on the initial delivery considerations and arrangements you should be putting in place as part of your Investment Zone planning. The criteria at this stage have been designed to ensure you demonstrate the ability to deliver the Investment Zone and effectively manage both present and emerging risks as part of delivery. As stated in prospectus, we will ask for a further update on delivery progress and planning from places before the end of the financial year 2023/24, **ahead of releasing funding for 2024/25.**

You should ensure that the approach to delivery and risks presented here speak specifically to the Governance structures proposed to oversee your Investment Zone at Gateway 3 and the interventions you set out at Gateway 4. You should clearly set out how you will mitigate the specific risks arising from the types of interventions chosen at Gateway 4, for example, if you have chosen to pursue tax sites you should outline how you will guard against potential risks around landowners departing from the agreed sectoral focus and outcomes you are accountable for delivering.

We recognise the outputs and outcomes may evolve over the life cycle of the programme as delivery progresses and places will be expected to highlight this through the programme's change control process. This will be set out in more detail in a later iteration of the Investment Zones technical document.

Monitoring guidance will be published by the end of the current financial year. This guidance will include which outputs and indicators are required for reporting. Further information which will inform monitoring and reporting will be requested as part of delivery planning ahead of financial year 2024/25.

**This is the final Gateway stage, as set out in the Investment Zone technical document.** Upon its review, Government reserves the right to ask for further updates to any and all previous Gateway submissions to ensure you have met all the requisite criteria and that the proposal has been properly amended based on feedback, to constitute a single coherent updated document. Your full proposal should have already been reviewed by stakeholders and your CFO as per the signatures we have required on previous documents.

**As set out in the policy prospectus, the government reserves the right to not take forward proposals if agreement cannot be reached. Proposals will only be formally signed off in full at the conclusion of the process. Release of funding will remain subject to agreement of delivery plans, post Gateway 5.**

## Delivery

### Delivery Questions

**Question 5.1:** What is the delivery model and its associated timelines?

**(500 words and space for one file)**

*Accurately explains how you will deliver the Investment Zone and its associated timelines. This should include a description of how delivery of different elements of your IZ will be delivered, and detail broad deliverables associated with the programme and specific interventions.*

*This could include:*

- Discussion of capability, experience and capacity of the IZ team or wider teams supporting them in delivering interventions.*
- A breakdown of high-level early deliverables for your Investment Zone programme, i.e when will the team responsible for running the IZ be in place, when will business cases for projects be prepared, when will commissioning of those projects take place and when will delivery on the ground commence. This could include both programme level activities, like marketing the IZ, or intervention level activity such as remediating land, launching grant competition etc.*
- For tax sites or BRR sites, building on the response to Gateway 4 around utilisation, a timeline for when planning and then development will begin and be completed.*

*To support this plan **must** include one of the following products:*

- Gantt chart*
- Timeline*
- Alternative graphical representation of the flow and timeline for delivery over the lifetime of the flexible funding.*

*We would understand if these timelines, particularly in the final years of the programme, are high level and subject to further refinement and detail ahead of release of funding in 24/25.*

*If you have chosen to take forward the tax offer, you **must** also outline how specifically you are planning on delivering your tax site proposal.*

*If you have chosen to take forward Business Rate Retention sites which are not co-terminus with tax sites, you **must** also specifically outline how you are planning on delivering this proposal.*

### Delivery Structure

The EMCCA will act as accountable body and will be ultimately responsible for ensuring the delivery of the EMIZ in accordance with the Memorandum of Understanding with DLUHC. EMCCA will work closely with key delivery partners particularly the billing authorities for the tax and BRR sites, the University of Nottingham and other skills partners.

Within the evolving governance arrangements (As the EMCCA is formally established as a Mayoral Combined Authority), the EMIZ Development Board will play a central advisory role in overseeing and coordinating the implementation of the policy. It will provide a forum to bring together the EMCCA and key EMIZ partners. The Development Board will initially meet on a monthly basis to oversee the progress being made against the key tasks and target milestones outlined below:

- EMIZ Investment Strategy and Plan development (including oversight of investment plans for skills, research and innovation, infrastructure and business support/engagement) – October 2024
- Agree business rates reinvestment strategy arrangements and secure agreement with billing

authorities – October 2024

- Tax site policy agreed and monitoring structures in place – July 2024
- Host planning policy oversight and support forum – July 2024
- Secure guidance on compliance with subsidy control regulations (including under the emerging scheme for Investment Zones) – October 2024
- Establish framework/system for ongoing project scrutiny during the development and appraisal stages aligned to EMCCA Assurance Framework – July 2024
- Performance monitoring and reporting framework for the programme will be developed and in place – July 2024
- Design and implementation of permanent governance arrangements – October 2024
- Coordination with wider EMCCA policy and programme development - Ongoing
- Coordination with East Midlands Freeport, East Midlands Development Corporation and strategic projects - Ongoing

This scope is reflected in the draft terms of reference for the EMIZ Development Board (or successor body) which the EMCCA will confirm with Government.

In developing the EMIZ Investment Strategy and Plan, the EMIZ Development Board will oversee the proposed designation of a Year 1 Investment Pipeline, working with partners to accelerate investment proposals for advanced schemes. The Development Board is coordinating discussions with partners to ensure delivery in accordance with the G4 workbook submission. The EMIZ Board will endorse proposals for formal approval through EMCCA's corporate governance assurance process.

EMCCA resourcing and staffing arrangements are currently being planned and implemented. It is envisaged that the resourcing arrangements for the delivery of the EMIZ outlined below will be integrated with the wider activities of the EMCCA over time to ensure coordination across programmes and allow the delivery team to draw upon the wider expertise within the EMCCA.

An experienced project officer within the D2N2 LEP is currently acting as Interim EMIZ Coordinator, responsible for supporting the effective functioning of the EMIZ Development Board. All LEP staff, including the appointed Coordinator, will be transferred to the EMCCA with both the LEP Board and EMCCA Board agreeing this in March 2024. No set date has been given for the TUPE process to conclude but it is expected that the transition of staff will take place in May 2024. The EMIZ Coordinator is currently working alongside EMCCA in the capacity outlined above, while the wider LEP team will provide experience of delivering and managing the Enterprise Zones programme. The EMCCA will also secure additional capacity over the short term through interim appointments of highly experienced staff, with appropriate resource provision included in the core budget plan for the EMCCA. Oversight will continue to be provided by the EMCCA Director for Inclusive Growth, acting as SRO.

In parallel, a core EMIZ team will be recruited within EMCCA to manage delivery. It will be set up for an initial two year period at which point delivery arrangements will be reviewed to ensure effectiveness and coherence within the wider EMCCA delivery structures. The team will be funded through the EMIZ funding envelope projects, based on a percentage of the annual funding allocation. This has indicatively been set at 4% to cover staff and associated costs via a commissioning budget.

The EMCCA Director for Inclusive Growth, acting as SRO will oversee the recruitment of the EMIZ delivery team, supported by the EMCCA Assistant Director of Investment (in post from Q2 2024) and the Head of Investment (also in post from Q2 2024). The SRO will have overall responsibility for the EMIZ programme and alignment with other programmes within EMCCA. The Head of Investment will directly oversee and be responsible for the coordination of the EMIZ Development Board and delivery of the EMIZ Investment Strategy. The EMIZ team will be in post from Q3 2024 and will include the following staff roles:

- Strategy officer – full-time role with initial focus on preparation of the EMIZ Investment Strategy / Reinvestment Strategy, supporting emerging investment plans, establishing performance dashboards, implementation of tax site policy, integration with wider EMCCA strategy development.

- Investment and project officer – full-time role with initial focus on design and implementation of funding application/appraisal and assurance process, commissioning framework, project delivery partner engagement.
- Comms and engagement officer – part-time role focusing on implementation of a comms strategy for the EMIZ and partner engagement (DLUHC, Board/Group members, Project Partners, wider stakeholders).
- Support officer – full-time role involving administration, monitoring and EMIZ Development Board secretariat functions.

Allowance of up to 4% of the available funding envelope, equating to £3.2m, will be made available to fund the administration of the EMIZ, relating to policy and strategy development, project assessment, contracting, monitoring and ongoing stakeholder engagement. It is envisaged that spend over the first 12 months may be at a higher level in order to support short term appointments, commissioning costs and internal costs associated with establishing appropriate procedures, offset through savings in later years.

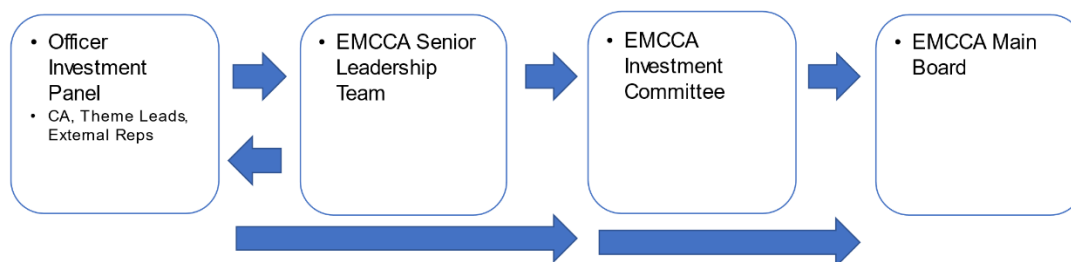
The EMIZ team and budget may be further extended where EMCCA acts as a delivery partner for key projects aligned with its wider functions (principally relating to the delivery of skills and business support interventions). These additional posts would be directly funded through the project.

#### Project assurance

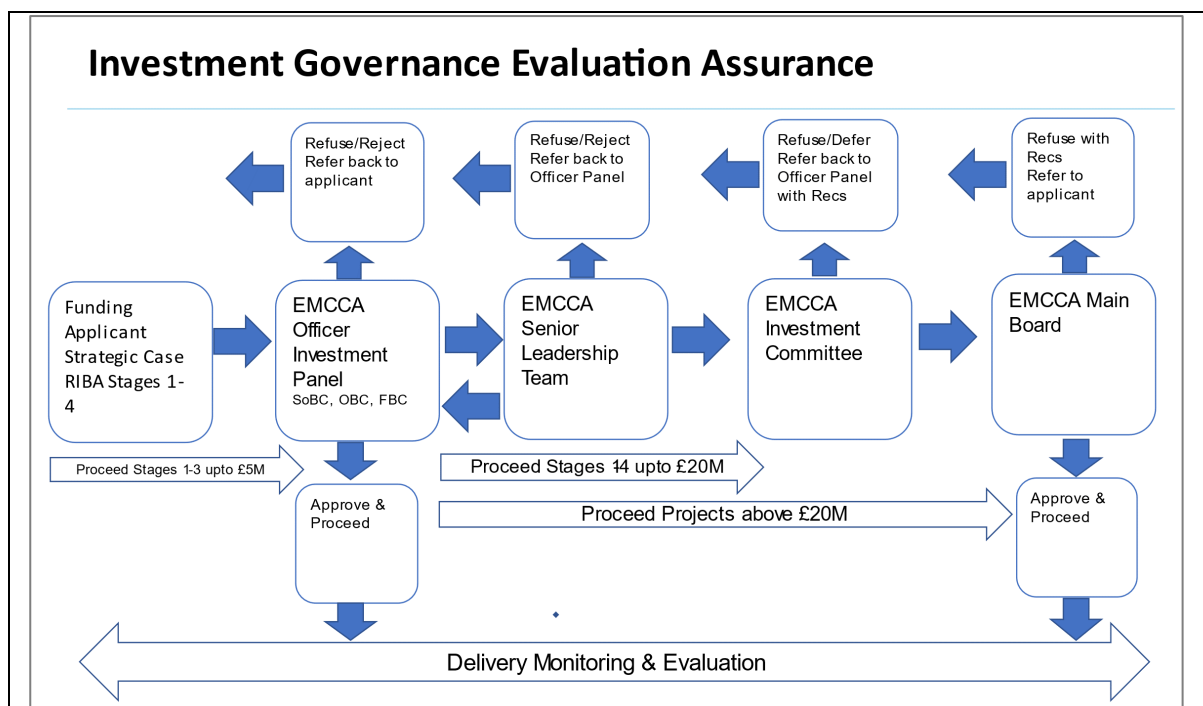
It is envisaged that the development of an investment pipeline for the flexible funding pot will be coordinated by commissioning groups, established as task and finish groups under the EMIZ Development Board. These groups will be responsible for coordinating programmes of investment working with business, innovation and skills partners, land owners/developers and other public sector organisations. This will build upon the open call for projects, with bidders invited to support programme development.

The EMIZ Development Board will bring together the overall investment strategy and delivery plan for the EMIZ and aligning this with the wider EMMCA programme. The SRO will present the investment strategy and plan to the EMCCA Investment Committee and Board for endorsement in accordance with the EMCCA corporate governance assurance process outlined below.

## **Investment Corporate Governance Assurance**



The process for allocating, appraising and assuring investment will be fully consistent with the emerging EMCCA Assurance Framework. It is envisaged that 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).



**Designated site programme**

The projections for development across the sites designated for tax incentives and BRR have been prepared in dialogue with partner local authorities and land owners/developers. They reflect both pipeline projects - including investment proposals outlined by Laing O'Rourke and Rolls Royce/University of Derby (the Nuclear Skills Academy), as detailed in the G4 submission - alongside projections for future development activity in accordance with extant planning consents.

Delivery and reporting groups for each site will be reviewed or established as appropriate to reflect the scope of the designations and project pipeline (see below). These groups will report to the EMIZ Development Board to confirm the Tax Site policy (and implementation/monitoring arrangements) and the BRR Reinvestment Strategy. The principles of these arrangements have been drafted and will be developed for review and approval by the EMCCA and partner authorities. The lead local authority in each case will be responsible for coordinating the site management and reporting arrangements.

	<b>Local Authority</b>	<b>Land owner / developer</b>	<b>Other</b>
IPD	Derby City Council (L) South Derbyshire Council Derbyshire County Council	Harpur Crewe Estate Cedar House Wilson Bowden Peveril Securities	Rolls Royce NAMRC
Hartington Staveley	Chesterfield Borough Council (L) Derbyshire County Council	Suon Devonshire Group	Barrow Hill Ltd
CEMC	Bassetlaw District Council (L) Bolsover District Council Nottinghamshire County Council	Laing O'Rourke	Notts County Council (STEP and sector overview) Derbyshire County Council

L – Denotes the lead local authority

Site groups will benefit from senior level leadership within the responsible local authority as follows:

- IPD – Catherine Williams (Derby City Council, Head of Regeneration & Economic Growth)

**DRAFT-TO SUPPORT CO-DEVELOPMENT BETWEEN THE DEPARTMENT FOR LEVELLING UP AND SHORTLISTED IZ AREAS-DRAFT**

- Hartington Staveley – Neil Johnson (Chesterfield Borough Council, Service Director for Economic Growth)
- CEMC – Craig Taylor/Beverley Alderton-Sambrook (Bassetlaw District Council, Head of Planning and Place).

The nominated leads will sit on the EMIZ Development Board. The EMIZ Strategy Officer will have day-to-day responsibility for coordinating the implementation of the Tax site policy and BRR Reinvestment Strategy, reporting to the EMIZ Development Board.

Governance arrangements for key investments at IPD are already in place and will be updated to meet criteria for the Investment Zone. The existing dialogue between partners for CEMC and Hartington Staveley will be formalised through this process.

Local authority partners have experience of managing retained business rate arrangements under the Enterprise Zone - Derby City Council at IPD and Chesterfield Borough Council at Markham Vale – and Freeport (South Derbyshire District Council). The EMCCA and local authority partners have the capabilities and appropriate structures will be put in place prior to retention arrangements being established. The principles of the business rates reinvestment strategy have been agreed as detailed in 4.18, and will form the basis of a Memorandum of Understanding between the partners.

**Milestones**

A summary of key commencement milestones is outlined below. Within this programme, a cycle of quarterly reporting will be adopted. Reports will be submitted to the EMIZ Development Board, with key issues escalated through the governance structures of the EMCCA and other partners as appropriate. Over the first 18 months, the EMIZ Development Board (and any successor body) will continue to meet on a monthly cycle between these dates to support strategy and investment programme planning.

<b>Activity</b>	<b>Target Date</b>	<b>Lead / Stakeholders</b>
EMIZ Briefing paper for EMCCA Mayor	May 2024	EMCCA
Senior EMIZ Team appointed	June 2024	EMCCA
EMIZ Approval to MoU with Govt	May 2024	EMCCA, Govt
Tax site policy agreed	July 2024	EMCCA, Bassetlaw, Bolsover, Derby, Chesterfield
Tax incentives approved	August 2024	Govt.
EMIZ Investment Strategy and plan finalised	October 2024	EMCCA, all partners
MoU agreed with Billing Authorities for BRR Reinvestment	October 2024	EMCCA, Derby, South Derbyshire, Chesterfield
Early win (Round 1) projects confirmed	October 2024	EMCCA, all partners
EMIZ Governance confirmed	October 2024	EMCCA
Annual report	March 2025	EMCCA

**Question 5.2:** What risks are there to effective delivery of the interventions you have proposed?

(500 words)

*You should set out what risks you have initially identified with regard to your chosen sector, proposed interventions and delivery partners, and the geography you have decided to implement interventions across.*

*This **must** include a description of any initial risks you have identified, which for example could include:*

- *risks around potential conflict of interest, and how these will be managed.*
- *risks to realising anticipated benefits linked to tax sites and business rate retention sites.*
- *risks from delays to commissioning and delivering chosen funding interventions.*
- *wider risks linked to both local and national interdependencies.*
- *risks around capacity and experience in your place about delivering the types of interventions described.*

*You can attach any documents that might help to strengthen your return alongside this Gateway, for example your own programme risk register.*

A combination of risks have been identified through the programme management of the IZ which could affect the interventions delivery. Key programme level risks have been identified below and a copy of the ongoing risk register is attached, detailing ownership and accountability for risk management.

- **Conflict of Interests** – Members of the advisory EMIZ Development Board (and its appointed task and finish groups) may have interests in land ownership and delivery interests around the interventions proposed through the Investment Zone policy. As part of the EMIZ Development Board both Laing O'Rourke and Rolls Royce will be constituent members, both have landholdings on the BRR/ Tax sites outlined in Gateway 2 and therefore will need to be managed carefully to minimise any potential conflict of interest.
- **BRR/ Tax benefits** – We have identified risk around the imperfect use of the tax and business rate retention designations on the sites identified in Gateway 2 and recognise this could lead to negative externalities such as displacement. There are two further concerns for the tax designations, one being the use of tax designated areas for businesses that don't align to the primary sectors of the IZ and the other being award of these benefits that go against subsidy control measures.
- **Commissioning risk** – The current status of the Mayoral Combined Authority in the area presents risk around the ability to commission projects/programmes for the IZ, pending the implementation of the relevant statutory instruments by Government - which are needed for formal decision making to be made on which projects/programmes are committed to be funded. This should be resolved in the early stages of the IZ. However, the Mayoral Combined Authority being established and the Mayor elected does present an element of risk to the programme in that mayoral oversight of commissioned projects may be needed before they can be formally approved. While this could present risk to minor delays in commissioning, mitigations will be put in place including embedding independent assessment processes, corporate assurance arrangements and effective partner engagement processes.
- **Government policy risk** – With the upcoming general election taking place in late 2024 there is a risk that government policy may change on IZ's and that the backing for the policy may not be the same as under the current government. It is appreciated that in the short term this does not present a significant risk to the programme however the second release of £80m after year 6 of the programme is perceived to be a risk.

- **Delivery Risk** – As stated the mayor has yet to be elected and the Combined Authority is in the early stages of establishment. This presents an initial delivery risk to the programme as the project team will be interim until the MCA's staffing structure has been finalised. This risk will pass with time but may affect the initial commissioning approach and timescales of the IZ interventions. There is experience within the region with people who have delivered on Enterprise Zones and the delivery experience of the East Midlands Freeport will be called upon in a partnership approach. In addition, the university partners within the region have significant experience and track record of delivering sector related projects and are embedded within the identified delivery processes of the EMIZ. Despite the existing experience in the region there is still an element of risk to be managed to ensure that the appropriate team is put in place with knowledge of the tax and BRR benefits as well as some understanding of industry knowledge.

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**Question 5.3:** How will you manage these risks and mitigate them? What contingency plans do you propose?

**(500 words)**

You should present your strategy for risk management, at a minimum:

- *Setting out the approach for mitigating these risks and managing the emergence of other risks.*
- *This response should reference your returns at other Gateway's for example, on fraud at Gateway 3 and considering the types of interventions you have set out, for example if you are using competitive grant funding how will you manage the risks arising around fairness and proportionality in delivery.*

The Investment Zone will be run in accordance with the emerging EMMCCA's assurance processes and will align with the Single Assurance Framework (SAF) which is being developed at present. The Single Assurance Framework will minimise the risks presented from the programme and the funding decisions that will be made by the EMMCCA by operating a gateway style system for project development and approval. All decisions will align with the SAF which is being developed with HM Treasury Green Book principles throughout to provide the assurances needed to make good quality decisions and risk management is engrained within this.

Subsidy Control presents a particular risk to the programme as large amounts of funding are present within the IZ programme that could be granted to project owners to facilitate the development. We intend to utilise the Government guidance on subsidy control to assist us in navigating where subsidy can be applied. We will do this alongside obtaining expert legal advice and assurances when funding decisions are being made.

Ongoing project/programme management will take place for the IZ throughout its lifetime, monitoring will be undertaken on all funding and governance decisions to ensure that the projects and sites are performing to the expectations set out in their business cases. If risks are occurring within the programme these will be escalated to the appropriate boards where necessary, and mitigations will be developed to manage and correct risk. As can be seen within the risk register, pre-emptive mitigations have been thought about to control and manage risk before it becomes apparent. Overarching measures to mitigate the risk of programme delays will be embedded within programme and project management arrangements, and may include:

- Ringfencing resources to support programme administration and delivery (at the EMCCA and site levels);
- Establishing clear expectations in relation to robust contracting and cost management arrangements;
- Using Investment Zone tools to support measures aimed at de-risking the delivery of the sites (including site investigations, feasibility work, pre-development costs for key projects);
- Effective stakeholder communication and political engagement.

Fraud management is another area of risk that we are working to develop on the IZ Programme. Through the interim period we intend to utilise Derbyshire County Councils Anti-Fraud and Corruption Strategy as our basis for fraud management. The intention is that this will be superseded by EMMCCA's own document once the body is more established. Elements of the IZ policy should as Business Rate Relief, SDLT Incentives and grant funding present fraud risk to the programme, therefore we will be proactive in our fraud management to undertake due diligence processes on businesses that may benefit from the incentives of the IZ programme. Alongside DCC's Anti-Fraud Strategy we are also utilising their Corporate Risk Strategy to inform best practice on proactive risk management and this fundamentally informs our processes.

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## Sign Off

Places must receive full signature from their relevant research institution co-signatories your own S73/S151 officers, described as CFOs below.

Please repeat the boxes below for each of your proposed co-signatory research institutions.

<i>Insert name of co-signatory research institution</i>	<i>Name and job title of individual</i>	<i>Role of individual on behalf of institution in IZ governance</i>	<i>Confirmation of institution's support for these proposals</i>	<i>Signature</i>

Please complete the below with the signature and details of the CFO for your accountable body.

<i>Insert name of CFO</i>	<i>Confirmation they are content</i>	<i>Signature</i>