

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 coordinating 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, alongside the University of Nottingham and project partners.

Within the interim governance arrangements, the EMIZ Development Board will play a central role in overseeing and coordinating the implementation of the policy. It will bring together the EMCCA and key partners. The Development Board will initially meet on a monthly basis to oversee key tasks against the target milestone dates 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 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 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.

EMCCA resourcing and staffing arrangements are currently being planned. It is envisaged that the resourcing arrangements for the delivery of the EMIZ outline 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 EMIZ team will be established to oversee delivery. It will initially be set up for a period of two years at which point delivery arrangements will be reviewed to ensure effectiveness and coherence within wider EMCCA delivery structures. The team will initially be funded through a charge on EMIZ projects, based on a percentage of the annual flexible funding allocation. This has indicatively been set at 3% to cover staff and associated costs via a commissioning budget. Additional fees may be levied on projects to cover the costs of project appraisal and assurance.

The creation of the EMIZ team will be overseen by the EMCCA Assistant Director of Investment (in post from Q2 2024) and directly managed by the Head of Investment (also in post from Q2 2024). The Head of Investment will directly oversee and be responsible for the coordination of the EMIZ Development Board. 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.

An indicative provision of £450k per annum will be made from the available revenue budget for internal EMCCA management costs over the first two years. This will cover staff costs and direct commissioning activities. Other overheads will be embedded in the wider EMCCA budget.

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 allocation of the flexible funding pot will be coordinated by commissioning groups under the EMIZ Development Board. These task and finish 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 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, which will provide a recommendation to the EMCCA Investment Committee.

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 engage with 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.

	Local Authority	Land owner / developer	Other
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 Derbyshire County Council	Laing O'Rourke	Notts County Council (STEP and sector overview)

L – Denotes the lead local authority

Arrangements for 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.

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.

Activity	Target Date	Lead / Stakeholders
EMIZ Briefing paper for EMCCA Mayor	May 2024	EMCCA
Senior EMIZ Team appointed	June 2024	EMCCA

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EMIZ Approval to MoU with Govt	July 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

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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, some key risks have been identified below and a copy of the ongoing risk register for the programme has been attached with this document:

- **Conflict of Interests** – Members of the advisory boards 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 absence of the Mayoral Combined Authority in the area presents risk around the ability to commission projects/programmes for the IZ. In the first instance the correct statutory instruments have not been put in place by Government 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 are formally approved. This could present risk to minor delays in commissioning however mitigations will be put in place.
- **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 make up a significant risk to the programme however the second release of £80m after year 6 of the programme is perceived to be a risk from the programme teams perspective.
- **Delivery Risk** – As stated the Mayoral Combined Authority has yet to be established. 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 however may affect the initial commissioning approach of the IZ. 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. 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 EMIZ Development Board and EMMCCA Board 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.

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.

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>

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