



Council

Thursday, 4 March 2021

East Midlands Development Corporation

Report of the Chief Executive

**Cabinet Portfolio Holder for Borough Wide Strategic Leadership,
Councillor S J Robinson**

1. Purpose of report

- 1.1. In December 2020, Council received a report on the East Midlands Development Corporation and resolved to:
 - a. note the progress made to date of the East Midlands Development Corporation Programme, towards the establishment of an Interim Vehicle;
 - b. approve the principle of a financial contribution to support the Interim Vehicle over the next three years in the sum of £500,000, subject to match funding from other affected local authorities and the Government. The funding arrangements to be included within the Medium Term Financial Strategy for 2021/22 onwards and funding will be allocated over the course of the three years;
 - c. approve in principle entering into the Members' Agreement and participating in the incorporation of the Interim Vehicle Company Limited by Guarantee and delegates authority to the Leader and Chief Executive for agreeing the final form of the Members' Agreement and Articles of Association; and
 - d. agree the nomination of the Leader of the Council as a proposed Director of the Interim Vehicle.
- 1.2. Following receipt of a formal request from the Programme Director, this report seeks confirmation of the first year's funding in advance of Government match funding. In addition, there is a variation to point d) above, as it has been confirmed that local authorities are asked to nominate a senior officer for the role of Non-Executive Director, and an elected representative (councillor) will be the Council's Shareholder Representative.
- 1.3. To support the Non-Executive Director and the Council's Shareholder Representative in their roles, amendments are required to the Council's Constitution.

2. Recommendation

It is RECOMMENDED that:

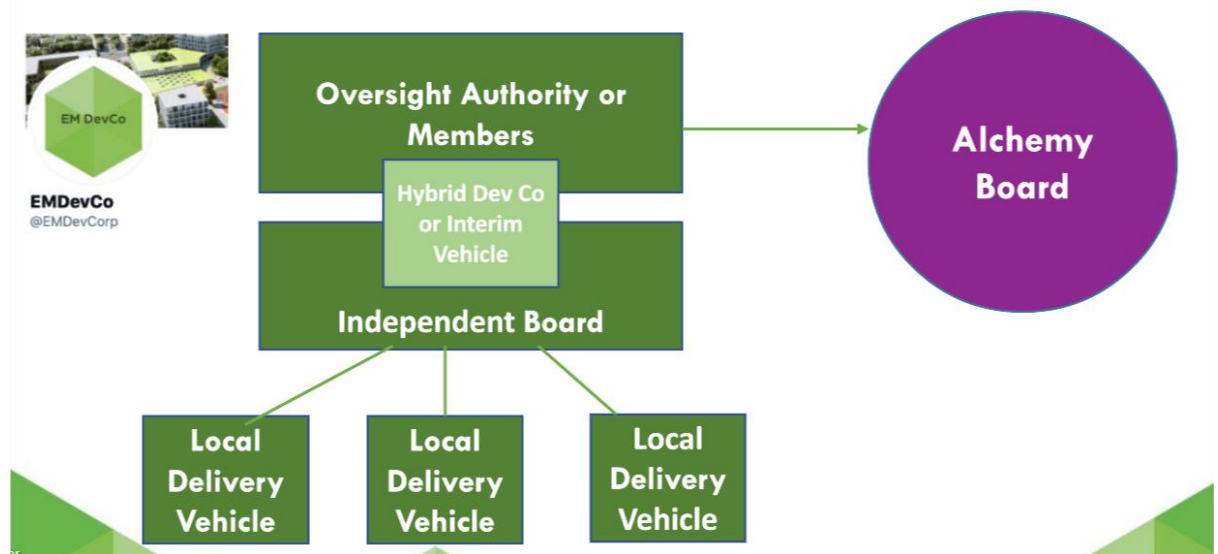
- a) the first year of funding for the Development Corporation (£167,000) be paid over in advance of Government financial contributions being confirmed, in order that the work of the Development Corporation can be progressed in a timely manner;
- b) the Chief Executive be nominated to be the Council's Non-Executive Director on the Board of the Non-statutory Interim Vehicle, and the Leader be the Council's Shareholder Representative on the Oversight Authority; and
- c) the Monitoring Officer be authorised to amend the Council's Constitution to incorporate the roles of the Non-Executive Director and the Council's Shareholder Representative.

3. Supporting information

- 3.1. The business case for the creation of the East Midlands Development Corporation will be submitted to Government in March 2021. A request has already been submitted to Government for funding as part of the Comprehensive Spending Review. However, due to coronavirus, the Chancellor did not undertake a Comprehensive Spending Review in Autumn 2020.
- 3.2. It is possible that there will be reference to a funding allocation for the continuation of the work of the Development Corporation in the Chancellor's budget announcements on 3 March 2021, alternatively, the funding may be allocated from Government departmental underspends at the end of the month. In the meantime, a request has been made that the Council allocates the funding for the first year of work of the Non-Statutory Interim Vehicle to ensure that the work continues in a timely manner. The letter from the Programme Director to the Chief Executives of the five directly affected local authorities (Rushcliffe, Broxtowe, N W Leicestershire, Nottinghamshire and Leicestershire) and the programme of work for 2021/22 is attached at Appendix A. All affected local authorities have been asked to pay over the first year's funding in advance.
- 3.3. In addition, since the report and Council's decision in December 2020, clarification has been received that it is expected that the nomination for a Director on the Interim Company Limited by Guarantee should be a senior officer of the Council.
- 3.4. The governance structure of the East Midlands Development Corporation as an Interim Vehicle is designed to mirror that of a new model Locally Led Urban Development Corporation. The local authority members will form a new Oversight Authority (the Leaders of the five local authorities) as owners of the company with responsibility for the business plan and budget setting of the

company. The Non-Executive Board will be skills-based and will include the five Chief or Deputy Chief Executives of the local authorities and six independent non-executive directors to be appointed. The Board will be responsible for overseeing the day to day operation of the company on behalf of the Oversight Authority.

- 3.5. This is set out in the figure below. The Alchemy Board refers to an East Midlands-wide group of councils, universities and business representatives chaired by Sir John Peace.



- 3.6 The roles of the Non-Executive Director and the Council’s Shareholder Representative should be included in the Council’s Constitution to ensure lawful decision making.

4. Implications

4.1. Financial implications

The payment of year 1 of the Council’s allocated financial support for the East Midlands Development Corporation is included in the budget as part of the £0.5m earmarked reserve. The expectation is that £0.167m will be utilised per annum over the next three years and financial transactions will be subject to due diligence, particularly by the Oversight Authority and Non-Executive Board. Any further appropriation from reserves would be reported as part of the Council’s budget monitoring processes.

4.2. Legal implications

The Non-statutory Interim Vehicle will be governed by company law. The Chief Executive will be the allocated Non-Executive Director on the Board.

5. Link to Corporate Priorities

These are covered in the previous report to Council in December 2020.

6. Recommendation

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- b) the Chief Executive be nominated to be the Council's Non-Executive Director on the Board of the Non-statutory Interim Vehicle, and the Leader be the Council's Shareholder Representative on the Oversight Authority; and
- c) the Monitoring Officer be authorised to amend the Council's Constitution to incorporate the roles of the Non-Executive Director and the Council's Shareholder Representative.

For more information contact:	Katherine Marriott Chief Executive 0115 914 8349 kmarriott@rushcliffe.gov.uk
Background papers available for Inspection:	Report to Council December 2020 "Development Corporation"
List of appendices:	Appendix A: Letter and appendix received from the Programme Director for the East Midlands Development Corporation