



County Offices
Newland
Lincoln
LN1 1YL

13 February 2017

Economic Scrutiny Committee

A meeting of the Economic Scrutiny Committee will be held on **Tuesday, 21 February 2017 at 10.30 am in The Orange Room, The Think Tank, Ruston Way, Lincoln, LN6 7FL** for the transaction of the business set out on the attached Agenda.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Tony McArdle', written over a horizontal line.

Tony McArdle
Chief Executive

Membership of the Economic Scrutiny Committee
(11 Members of the Council)

Councillors A Bridges (Chairman), C Pain (Vice-Chairman), B Adams,
Mrs J Brockway, G J Ellis, N I Jackson, D McNally, Mrs E J Sneath, P Wood,
L Wootten and R Wootten

**ECONOMIC SCRUTINY COMMITTEE AGENDA
TUESDAY, 21 FEBRUARY 2017**

Item	Title	Pages
1	Apologies for Absence/Replacement Members	
2	Declarations of Councillors' Interests	
3	Minutes of the meeting of the Economic Scrutiny Committee held on 10 January 2017	5 - 14
4	Announcements by the Executive Councillor for Development	Verbal Report
5	Lincoln High Street Public Realm Enhancement Scheme: Tentercroft Street to south of the level crossing <i>(To receive a report by Amanda Bond (Senior Development Officer) which invites comments from the Committee on the Lincoln High Street Public Realm Enhancement Scheme: Tentercroft Street to south of the level crossing, prior to consideration of the report, by the Executive Councillor for Governance, Communications, Commissioning, Finance and Property)</i>	15 - 36
6	Progress on international trade relationship with Hunan, China <i>(To receive a report by Angela Driver (Senior Commissioning Officer (Enterprise)) which provides an update on progress in relation to the international trade relationship with Hunan, China)</i>	37 - 72
7	Quarter 3 Performance <i>(To receive a report by Justin Brown (Commissioner for Economic Growth) which provides an update on performance against the Council's four economic development indicators and describes the current situation in the local economy)</i>	73 - 90
8	Economic Scrutiny Committee - Review of Work from 2013 to 2017 <i>(To receive a report by Justin Brown (Commissioner for Economic Growth) which summarises the work of the Economic Scrutiny Committee during this electoral term)</i>	91 - 96
9	Medical Training in Lincolnshire - Update <i>(To receive a report by Professor Sara Owen, University of Lincoln, which provides an update on progress to broaden the provision of medical training in Lincolnshire. The report also includes progress made by education and training providers in delivering medical training and in planning future provision)</i>	97 - 100

10 Economic Scrutiny Committee Work Programme

101 - 104

(To receive a report from Tracy Johnson (Senior Scrutiny Officer) which enables the Economic Scrutiny Committee to consider its' own work programme)

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Please note: for more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting

- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details set out above.

All papers for council meetings are available on:
www.lincolnshire.gov.uk/committeerecords



ECONOMIC SCRUTINY COMMITTEE 10 JANUARY 2017

PRESENT: COUNCILLOR A BRIDGES (CHAIRMAN)

Councillors C Pain (Vice-Chairman), B Adams, Mrs J Brockway, G J Ellis, P Wood, L Wootten and R Wootten

Councillors C J Davie and W S Webb attended the meeting as observers.

Officers in attendance:-

Andrea Brown (Democratic Services Officer), Justin Brown (Commissioner for Economic Growth), Michelle Grady (Head of Finance (Communities)), Clare Hughes (Principal Commissioning Officer (LEP)), Tracy Johnson (Senior Scrutiny Officer), Paul Wheatley (Group Manager Economic Development) and Samantha L Harrison (Enterprise Growth Manager)

49 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

Apologies for absence were received from Councillors N I Jackson, D McNally and Mrs E J Sneath.

There were no replacement members in attendance.

50 DECLARATIONS OF COUNCILLORS' INTERESTS

No declarations of Councillors' interests were received at this stage of the proceedings.

51 MINUTES OF THE MEETING OF THE ECONOMIC SCRUTINY COMMITTEE HELD ON 29 NOVEMBER 2016

RESOLVED

That the minutes of the meeting of the Economic Scrutiny Committee held on 29 November 2016 be confirmed and signed by the Chairman as a correct record.

52 ANNOUNCEMENTS BY THE EXECUTIVE COUNCILLOR FOR DEVELOPMENT

Councillor C J Davie (Executive Councillor for Development) was invited to update the Committee on recent events within the County:-

- a. On 31 December 2016 an article was published in which Councillor Davie provided his reflections on 2016 in relation to business trade in Lincolnshire;
- b. 2017 was expected to bring dramatic changes as it was anticipated that Brexit would be triggered in March. In addition, it was suggested that the economic priorities following the Trump presidency would be favourable for the UK with strong economic relations being developed between the UK and US to become major centres for business across the world;
- c. 1 in 7 Lincolnshire businesses were trading internationally and these trends had impacted positively on the wider economy;
- d. The latest quarterly economic survey showed that business confidence was good although it was stressed that the Council must continue to support businesses in order to improve competitiveness;
- e. The image of Lincolnshire had greatly improved over the last four years which was a credit to the Economic Development team and the Committee and their work in promoting the message to the wider community. This work must continue with the promotion of the whole county of Lincolnshire;
- f. The programme of events at Lincoln Castle in 2017 included Cliff Richard, Alfie Boe and Michael Ball, Billy Ocean and Icons of the 80s. The Committee was urged to promote this wherever possible;
- g. It was reported that Rose House in Lincoln had been shortlisted at the Lincolnshire Property and Construction Awards in the category of Residential Development of the Year. The awards ceremony was to take place on Tuesday 7 February 2017 where the winners would be announced. Rose House was demolished as part of the construction of the new East/West Link Road and rebuilt by the authority to provide four retail spaces in addition to residential accommodation. The building was given its name from the former Rose Musical Warehouse founded by William Rose in the 1860s;

Councillor W S Webb, Executive Support Councillor for Development, was also invited to update the Committee:-

- h. It was reported at the last meeting that the Greater Lincolnshire Big Food Debate had been held in Grimsby in November which highlighted huge implications for the future of the food industry in Lincolnshire. Since that debate, an item was recorded on BBC Look North and local radio in relation to the LEADER funding initiative in support of small businesses. However, a major criticism of this process was the complexity of the application process. It was explained that there were significant delays in the final part of the process where it required final sign off from Central Government. It was proposed that a letter be sent to Central Government urging the process to be better streamlined and to make decisions within 6-8 weeks rather than six months. It was also suggested to include in that correspondence the request to entrust local decisions for bids for smaller programmes.

The Chairman thanked the Executive Councillor and Executive Support Councillor for Development for the update and asked the Committee to email the Executive Councillor or Executive Support Councillor for Development directly should there be any questions in relation to the announcements.

53 REVENUE & CAPITAL BUDGET PROPOSALS 2017/18

Consideration was given to a report by the Executive Director for Environment and Economy which provided information on the proposed budget for 2017/18.

Justin Brown (Commissioner for Economic Growth) and Michelle Grady (Head of Finance (Communities)) introduced the report which was an extract from the Executive Budget Proposal. It was reported that there had been some small changes to the pay award and employers contributions within the section but that, overall, the £1.2m budget remained static.

Although there was a negligible change in the budget, the Committee was asked to be mindful of the increase in workload for the budget available. In relation to this, the Committee was referred to page 18 of the agenda pack which highlighted a national budget for the promotion of Mayflower 400 which was expected to include small grant schemes to allow individual areas to bid on the understanding there was match funding in place. As such, a small reserve had been created to develop processes around Mayflower 400.

Members were invited to ask questions, during which the following points were noted:-

- Concern was raised in respect of the impact on investment in Lincolnshire should interest rates increase. It was noted that even though borrowing rates were low, Lincolnshire was not seeing the levels of investment expected. However, some businesses had built up cash reserves and were not spending these reserves. It was anticipated that interest rates would be dependent upon the timing and impact of Brexit;
- A suggestion was made that the budget for improving skills and employability should somehow link with the Children & Young People Scrutiny Committee in order to promote relevant training and career options for young people at an early age. It was thought that this type of cross-Committee work would be addressed through the new democratic process and scrutiny structure which was approved at Full Council in December 2016;
- There would be a need to consider skills and employability in relation to schools as there may be implications for schools to provide the necessary skills required for a growing economy. Funding cuts to schools and increased class sizes were also thought to have an impact on the number of young people attaining appropriate qualifications;
- The Committee asked how much funding would be attracted with a budget of £0.501m. It was noted that the budget was to cover staffing costs and operational costs of the Greater Lincolnshire Local Enterprise Partnership (GLLEP) and that this body had attracted £130m over the last three years which was directly attributable to Economic Development. The target for funding expected to be attracted next year was £35m;
- In relation to attracting investment, it was queried whether there were schemes ready to bid for. It was noted that there was a need to undertake pre-project work to ensure that the Council was able to bid for funding when

**ECONOMIC SCRUTINY COMMITTEE
10 JANUARY 2017**

an opportunity arose. At present, there were not enough projects which would be ready should bidding rounds be called.

RESOLVED

1. That the report and comments be noted; and
2. That the comments of the Committee during discussion be considered by the Executive at its meeting on 7 February 2017.

At 11.00am, Councillor C J Davie left the meeting.

54 TRAINING TO FILL HARD-TO-FILL VACANCIES (PROGRESS WITH ESF OPT-INS)

Consideration was given to a report from the Executive Director for Environment and Economy which provided an update on the work undertaken to commission government funded skills training to meet local priorities.

Clare Hughes (Principal Commissioning Officer (LEP)) introduced the report which highlighted gaps in this area and asked the Committee to support further work in order to fill those gaps and to continue promotion of apprenticeships.

The Committee was also asked to note that LCC had now commissioned £13m of vocational training schemes in support of the priorities which the Economic Scrutiny Committee had discussed on several occasions.

An update on the success of CareerNet and the Industry into Teaching Project would be presented to the Committee in due course. It was reported that Bishop Grosseteste University had won the contract.

Members were invited to ask questions, during which the following points were noted:-

- Concern was raised in relation to the shortfall in nurses within the NHS and the potential opportunity to train nurses on wards during training. Meetings had taken place with various colleagues within the NHS where it was explained that national discussions were ongoing to look at how degree courses could be converted into an apprenticeship. It was stressed that this could not be undertaken locally without national accreditation;
- A learning programme which trains parents and children together was underway in an attempt to tackle numeracy and literacy issues. Further information would be circulated to the Committee;
- Although six priority areas were highlighted within the report, it was confirmed that the Construction sector was also a key area for future development;
- Further Education Colleges were currently undergoing an Area Review to ensure that they were fit for the future.

RESOLVED

1. That the progress made in commissioning training for those priorities discussed at the Economic Scrutiny Committee and in other fora be noted;
2. That the request for officers to continue to tackle any gaps in provision, notably concerning the difficulty of providing additional training for the agricultural sector, be supported; and
3. That the promotion of apprenticeships as 'a job with training' to businesses and individuals, recognising that this was the most suitable route to high level qualifications for people of all ages be continued.

At 11.30am, Councillor Mrs J Brockway left the meeting.

55 FUND OF FUNDS UPDATE & NEXT STEPS

Consideration was given to a report by the Executive Director of Environment and Economy which provided an update on the work undertaken to-date regarding the development of the financial instrument to improve access to finance for Small and Medium-sized Enterprises (SME's).

At 11.37am, Councillor Mrs J Brockway re-entered the meeting.

Samantha Harrison (Commissioning Manager (Enterprise)) provided an introduction to the report and then introduced Russell Copley (Greenborough Management Ltd) who would be the GLLEP Representative on the Regional Advisory Board. In addition to Mr Copley, it was confirmed that Pat Doody (Commercial Director, Natwest Bank) would also sit on the Regional Advisory Board to provide advice on local businesses and the geography of the county. Samantha Harrison would also attend as an observer.

At 11.45am, Councillor C J Davie re-entered the meeting.

It was suggested that banks were lending but that investment criteria was more rigid than it had been previously. It was further explained that there was a low base of private equity advisors and very few who were able to invest their own money in small businesses. It was reported that there were very few Fund Managers based in Lincolnshire or with the knowledge about the county and the challenge would be to appoint Fund Managers who were able to understand Lincolnshire, its economy and the opportunities available.

The Midlands Engine was made up of the following Local Enterprise Partnerships:-

- Black Country LEP;
- Coventry and Warwickshire LEP;
- Derby & Derbyshire, Nottingham & Nottinghamshire (D2N2) LEP;
- Greater Birmingham and Solihull LEP;
- Greater Lincolnshire LEP;
- Leicester and Leicestershire LEP;
- Northamptonshire LEP;
- The Marches LEP;

- South East Midlands LEP;
- Stoke-on-Trent and Staffordshire LEP; and
- Worcestershire LEP

Members were invited to ask questions, during which the following points were noted:-

- It was noted that the British Business Bank employed staff who would manage and monitor the Fund Managers who were tasked to work with businesses. Packages were predominantly made up of bank and fund finance therefore the banks would be tied in to that;
- In relation to the ability of local authorities being able to scrutinise the project, it was suggested that a report could be provided twice yearly on progress. This report would be presented to the new Environment, Economy and Transport Scrutiny Committee;
- It would be difficult to quantify the exact levels of equity or debt for those businesses using the scheme in Lincolnshire due to the varying levels of activity;
- Newly appointed Fund Managers would be brought to the county to showcase what was available. Desk space would also be offered in the Enterprise building within Lincoln University to ensure they were physically located within the County when dealing with Lincolnshire businesses;
- A meeting of the Financial Intermediary Forum had been convened in February and it was expected that the British Business Bank was undertaking to launch the event before the end of March. Roadshows were being held, with case studies, to show businesses what would be required to bid for funds;
- All mediums of advertising were being used to get the message out, including the Business Lincolnshire Growth Hub Bulletin, LEP advertising and County News. The Committee requested guidance for wording which they could also use on social media in further support. This would be circulated to the Committee;
- It was thought that businesses would not be at risk if interest rates did increase. Economic forecasts were considered regularly and it was not foreseen that that these rates would increase to such a level which would restrict business growth;
- Final details would be agreed by Fund Managers but the principal payback would be five years with the level of interest rate decided by Fund Managers in line with the current bank rates;
- Although £250m was the total fund, fees would be included within that sum. These fees were to be finalised imminently although an upper limit of 15% had been set in the past. Additionally, the Fund Manager had a limit on what could be spent per annum;
- It was clarified for the Committee that there was no minimum turnover to apply for funding but a maximum limit had been set at €50m.

RESOLVED

1. That the report and current progress be noted; and

2. That the promotion of the Midlands Engine Investment Fund by helping to ensure that all Lincolnshire businesses were aware of the financial support available, and that the administrators of the Midlands Engine Investment Fund were fully aware of the economic opportunities in Lincolnshire so that the county's businesses attracted a significant allocation of the funding be supported.

56 INVESTOR DEVELOPMENT ACTIVITY

Consideration was given to a report by the Executive Director of Environment and Economy which described the actions taken by Lincolnshire County Council to attract investors to Lincolnshire.

At 12.20pm, Councillor B Adams left the meeting and did not return.

Paul Wheatley (Group Manager Economic Development) introduced the report to the Committee.

In order to attract investors to expand business investment and to sustain and grow business and the economy within the county, the following key areas of activity were being followed:-

- Promotion of the area beyond its boundaries to a regional, national and international audience of investors, Foreign and Director Investors, developers, house builders, hotel operators and intermediaries;
- Further development of the Team Lincolnshire approach to ambassadors, collaboration and sponsorship opportunities and benefits;
- Provision of a robust account management programme to foreign owned businesses as discussed at a previous meeting of the Committee on 13 September 2016; and
- Work with the Department for International Trade (DIT) to attract investment to support the growth of the priority sectors by dealing with enquiries, promoting the area at sector specific events, e.g. agri-tech showcase, and expansion of the number of sector and investment manager contacts at DIT HQ.

LCC had supported the creation of Team Lincolnshire, a loose partnership of private businesses who worked together to promote Lincolnshire to investors. Promotion of the area was undertaken by Team Lincolnshire across the year which included:-

- MIPIM – held in France on an annual basis, this was the leading real estate event for property professionals;
- Belton Horse Trials – the intended outcome of this event was to increase sponsorship monies which could be used for future investor development activities with proportionately less dependence on Lincolnshire County Council;
- Lincolnshire Media Business Awards – the proposed outcome of this event was to build strong relationships with FDIs and intermediary contacts in Lincolnshire which would lead to an increase in investment in Lincolnshire by those businesses;

- MIPIM UK Dinner – the proposed outcome was to build strong relationships with investors and intermediary contact in Lincolnshire and beyond which would lead to an increase in investment in Greater Lincolnshire by inward investors and existing businesses;
- East Midlands Property Show – this event was the East Midlands' premier property show and provided a forum for Lincolnshire to showcase the property portfolio of Lincolnshire County Council and other sites and commercial premises to intermediaries and end users.

Team Lincolnshire worked extensively with the private sector, Government agencies and key stakeholders as part of the ongoing strategy to engage with investors and intermediaries. The aim was to strengthen Team Lincolnshire by building the brand and collaboration opportunities, benefits and sponsorship opportunities for the team/ambassadors. Pressure on the public purse had resulted in a change to the funding of these types of activities.

The Executive Councillor for Development explained that businesses had also become more actively involved in promoting the work of LCC and the LEP. It was noted that the private sector was a key way in which to deliver the wider message, especially on an international basis.

At 12.30pm, Councillor C J Davie left the meeting and did not return.

Members were invited to ask questions, during which the following points were noted:-

- Attendance at MIPIM as part of the Midlands Engine pavilion would be reviewed and assessed to decide if this had successfully delivered the message of Lincolnshire. If it was deemed that the impact of attending the event as part of the Midlands Engine had not been beneficial to Lincolnshire a view would have to be taken if this would continue in the future;
- It was noted that the website of Lincolnshire County Council was very much orientated towards residents of the county only and it was suggested that a link to relevant business pages from the front page of the LCC website may be beneficial.

RESOLVED

1. That the range and purpose of the investor development work be noted;
2. That any further ways in which Lincolnshire could "stand out from the crowd" in relation to investment be considered;
3. That LCC's involvement in the Midlands Engine pavilion at the MIPIM property fair be endorsed;
4. That any further promotion priorities be considered; and
5. That initial comments on the scope of a Team Lincolnshire Membership Scheme be provided.

57 ECONOMIC SCRUTINY COMMITTEE WORK PROGRAMME

Consideration was given to a report from the Director responsible for Democratic Services which provided the Committee with an opportunity to consider its work programme for the coming year.

Tracy Johnson (Senior Scrutiny Officer) introduced the report and reminded the Committee that the next meeting, on 21 February 2017, would be held at the Think Tank in Lincoln and would be followed by a tour of the Lincoln Science and Innovation Park.

Members were also advised that the meeting scheduled for 28 March 2017 was after the purdah period was due to start for the forthcoming election. It was noted, therefore, that this meeting was likely to be cancelled unless there was any urgent business for consideration.

RESOLVED

That the Economic Scrutiny Committee Work Programme, as presented at Appendix A, be approved.

The meeting closed at 12.45 pm

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Open Report on behalf of Richard Wills, Executive Director for Environment and Economy

Report to:	Economic Scrutiny Committee
Date:	21 February 2017
Subject:	Lincoln High Street Public Realm Enhancement Scheme: Tentercroft Street to south of the level crossing

Summary:

This report invites the Economic Scrutiny Committee to consider a report on the Lincoln High Street Public Realm Enhancement Scheme: Tentercroft Street to south of the level crossing which is being presented to the Leader of the Council and Executive Councillor for Governance, Communications, Commissioning, Finance and Property between 02 March and 17 March 2017. The views of the Scrutiny Committee will be reported to the Leader of the Council and Executive Councillor for Governance, Communications, Commissioning, Finance and Property as part of his consideration of this item.

Actions Required:

The Economic Scrutiny Committee is invited to

- 1) consider the attached report and to determine whether the Committee supports the recommendation(s) to the Leader of the Council and Executive Councillor for Governance, Communications, Commissioning, Finance and Property as set out in the report.
- 2) agree any additional comments to be passed to the Leader of the Council and Executive Councillor for Governance, Communications, Commissioning, Finance and Property in relation to this item.

1. Background

The Leader of the Council and Executive Councillor for Governance, Communications, Commissioning, Finance and Property is due to consider a report on the Lincoln High Street Public Realm Enhancement Scheme: Tentercroft Street to south of the level crossing between 02 March and 17 March 2017. The full report to the Leader of the Council and Executive Councillor for Governance, Communications, Commissioning, Finance and Property is attached at Appendix 1 to this report.

2. Conclusion

Following consideration of the attached report, the Committee is requested to consider whether it supports the recommendation(s) in the report and whether it wishes to make any additional comments to the Leader of the Council and Executive Councillor for Governance, Communications, Commissioning, Finance and Property.

Comments from this Committee will be reported to the Leader of the Council and Executive Councillor for Governance, Communications, Commissioning, Finance and Property for his consideration.

3. Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

Not Applicable

4. Appendices

These are listed below and attached at the back of the report	
Appendix 1	Report on Lincoln High Street Public Realm Enhancement Scheme: Tentercroft Street to south of the level crossing to be presented to the Leader of the Council and Executive Councillor for Governance, Communications, Commissioning, Finance and Property between 02 March and 17 March 2017

5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Amanda Bond, who can be contacted on 01522 550605 or amanda.bond@lincolnshire.gov.uk

Open Report on behalf of Richard Wills, Executive Director for Environment and Economy

Report to:	Councillor M J Hill OBE, Leader of the Council and Executive Councillor for Governance, Communications, Commissioning, Finance and Property
Date:	Between 02 March – 17 March 2017
Subject:	Lincoln High Street Public Realm Enhancement Scheme: Tentercroft Street to south of the level crossing
Decision Reference:	I013053
Key decision?	Yes

Summary:

This report provides a proposal to bring forward a public realm enhancement scheme on the High Street in Lincoln, from Tentercroft Street to south of the Level Crossing. It considers the relationship with a number of interlinked projects within the city and seeks approval to progress the package of works described.

Recommendation(s):

That the Leader of the Council and Executive Councillor for Governance, Communications, Commissioning, Finance and Property

- 1) approves in principle drawing down of funds up to £804,000 from the DCLG Growth Point Pump Priming funds allocated to "help unlock growth in Lincoln" for the purposes of a public realm enhancement scheme on the High Street in Lincoln from Tentercroft Street to south of the level crossing.
- 2) delegates to the Executive Director for Environment and Economy in consultation with the Executive Councillor for Development and the Executive Councillor for Highways, Transport and IT, authority to conduct all necessary tender processes and approve the entering into of all legal documentation needed to carry out such scheme.

Alternatives Considered:

If the scheme is not funded and carried out, then the improvement works will not be delivered and the benefits will not be realised.

The positive impacts of public realm investment are typically apparent through increased property and rental values; increased footfall and spend; improved commercial confidence and visitor perception; and business diversification.

Without the intervention of the public sector, the scheme will not take place and such outcomes are unlikely to be realised.

Reasons for Recommendation:

It is recommended that the scheme is delivered because it will help improve economic activity, enhance the environment and improve connectivity at the location.

1. Background

In June 2016 as part of the East West Link major scheme, the High Street in Lincoln from Tentercroft Street to St Mary's Street was pedestrianised and became a restricted route with access only for service vehicles and car parks.

The area now only allows deliveries before 10am and after 4pm and permit holders can access the two private car parks located off this section of the street. The physical changes have so far been minimal and are aimed at emphasising the new traffic arrangements, using signage and features that reduce the carriageway width and removing the pedestrian crossing.

Strategic context

This project site occupies a high profile position between a number of schemes that have been implemented recently by both the public and private sector. These include:-

- The East West Link Road
- The Transport Hub and Tentercroft Street car park redevelopment
- The Network Rail High Street footbridge
- Wigford Yard and ongoing University developments
- Proposed redevelopment of St Mark's Retail Park
- Improvements to High Street (Portland Street to Dixon Street) and Brayford Wharf East
- Network Rail proposed footbridge on Brayford Wharf East

Project objectives and typical benefits of public realm investment

As a strategically important intersection that links the investment which has so far taken place, the project will deliver a legible, accessible and attractive space which knits together this retail and infrastructure network.

The project aims to have a transformational impact on the following key areas:

- Improved economic activity (restoring the street as a place to provide an improved trading environment for businesses).
- Enhanced accessibility (creating a legible streetscape).
- Enhanced connectivity (linking together surrounding regeneration activity); heritage appreciation.
- Better social interaction (facilitated by provision by attractive and inviting environment).

There is an evidence base to support the financial and social benefits of good urban design. Carefully designed, well-managed streets are an important driver of economic success. Government guidance in support of the National Planning Policy Framework underlies the importance of place-making to support locally driven growth, encourage business investment and promote economic development.

'The Pedestrian Pound: The Business Case for Better Streets and Places' by Living Streets includes case study evidence suggesting that well-planned improvements to public spaces can boost footfall and trading by up to 40%. Evaluations of pedestrian improvements in Coventry and Bristol have shown a 25% increase in footfall on Saturdays and predict £1.4million benefits respectively. The regeneration of Sheffield's Peace Gardens has resulted in a 35% uplift in number of visits for shopping and a net increase in spending of £4.2m.

Project Proposal

The proposed project is a public realm enhancement scheme that will considerably enhance the streetscape and character of this area through the provision of natural stone materials, high quality street furniture and a gateway feature.

The Lincolnshire County Council (LCC) project team is currently in the process of refining the proposals including the selection of paving materials and features, alongside consideration of operational requirements (to accommodate access, deliveries and street markets). The technical design and proposed materials take account of Heavy Goods Vehicles movements and delivery zones in relation to carriageway design.

It is intended that the surface will be flush (with no raised kerbs) to encourage more flexible use of the space and to make it easier for disabled users. This site is located within a Conservation Area so natural stone materials are proposed to reflect the heritage of this important area and provide a stronger link to the upper sections of the High Street.

The layout is intended to enable businesses to be serviced by deliveries during the same hours as the neighbouring section of the pedestrianised High Street; at other times it is envisaged that street markets and other activity can take place. Careful siting of furniture and features will encourage pedestrian dwell time whilst also guiding and slowing permitted vehicles through the street.

A 'gateway' feature is planned for the junction with Tentercroft Street to enhance the identity of the area and become a welcoming focal point. The feature is currently proposed to be mounted on a plinth. Themes being explored are those which link this part of the High Street with the historic quarter (the Cathedral is a prominent focal point from the site) and the Magna Carta.

It is proposed to complete the scheme from south of the level crossing only as the section north of the level crossing will be reviewed in conjunction the Transport Hub Works and with Wigford Way as a potential future scheme.

Outline Scheme Programme

It is intended that the contract will go out to tender in April 2017. Thereafter, critical milestones include:-

- Tenders returned and assessed - May 2017
- Approval for contract award - May 2017
- Tender awarded - May 2017
- Construction start date depending on materials order lead in periods – July 2017
- Construction Period – estimated 12 weeks' duration
- Completion Date – late October 2017

Management of the construction phase

Consideration has been given to the sequence of the works to minimise disruption and to maintain access to shops and premises during the construction phase. The approach taken by the County Council, particularly for town centre schemes of this nature, is to balance the progress of the works by the most practicable and timely method against carefully managed provision for pedestrian and vehicular access requirements.

In the case of Boston and Grantham Market Place schemes, good communication and cooperation was key; for instance to maintain access, the contractors worked closely with individual businesses to undertake work directly in front of shop doorways outside of opening hours, and assistance was made with deliveries where required.

A number of constraints and phasing arrangements will be incorporated into this contract and, once the contractor is appointed, the fine detail will be agreed and communicated.

Communications Strategy

A comprehensive strategy is currently being prepared in conjunction with LCC's Strategic Communications Team and Lincoln Business Improvement Group. The

plan will be based on the successful implementation of similar plans in Boston (market place) and Grantham (wide Westgate) and thus is likely to include:

- Informing key stakeholders and directly affected businesses of the design proposals and headline information
- Holding a meeting to introduce the appointed contractor to businesses and to discuss the construction phase and points of contact, prior to the start of the works
- Devising a regular, suitable forum for dialogue with businesses, to manage any issues and concerns during the works

Previous schemes – stakeholder engagement

The above approach to communications was used at Boston Market Place public realm scheme where a package of measures were employed: promotional tools such as banners, leaflets and social media were used to reinforce the message that businesses were 'open as usual'; and, to capture any specific operational issues raised by the businesses, group sessions were held as well as one-to-one opportunities at a staffed 'information centre' located on site.

Similarly for the Canwick Road scheme, a pre-meeting was held with the contractor to inform local businesses and residents about the upcoming works to provide an opportunity for questions and feedback. During the Boston online widening scheme liaison meetings were held regularly, where provision was made for members of the public to drop in and raise any queries. Such measures have helped to reduce complaints and contributed to the smoother progress of the schemes.

Scheme costs

The scheme costs are:

Design fees: £75,000 (Advanced Design Block)

Funds for approval:

- Works Costs - £754,000, estimated as follows:-

£36,500	Preliminaries/Site Clearance
£17,250	Drainage
£555,000	Surfacing/Kerbing/Paving
£9,950	Street Lighting/Signs/Markings
£28,000	Stats/Other Bodies
£38,450	Street Furniture
£68,850	Contingency
£754,000	TOTAL

- Site Supervision fees – £50,000

Total construction costs for approval – £804,000

Scheme funding

The scheme will be funded by Lincolnshire County Council which is currently holding approximately £2.7m that was granted to the authority by Central Government (via DCLG) as Growth Point Pump Priming funds to "help unlock growth in Lincoln".

There is an intention to seek private sector funding for the gateway / public art feature. The design fees are being funded by the Advanced Design Block.

2. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- * Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
- * Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- * Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- * Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- * Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
- * Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.

Compliance with the duties in section 149 may involve treating some persons more favourably than others.

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant

material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process.

Consideration has been given to the Equality Act 2010 and as indicated in the Report the design will take account of the needs of people with a protected characteristic such as people with a disability. An Equality Impact Assessment will be undertaken as part of the development of the Scheme to ensure all impacts are identified and mitigated where possible.

Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision.

Consideration has been given to the JSNA and the JHWS and the scheme has benefits for both the health and wellbeing of people in Lincoln due to the following reasons:

- The scheme provides enhanced connectivity by linking together surrounding areas and better access for disabled users;
- The scheme provides better social interaction through the provision of an attractive and a more inviting environment.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

Consideration has been given to section 17 of the Crime and Disorder Act 1998 and the scheme will help to reduce crime and disorder at this area of the High Street in Lincoln because there will be enhanced connectivity, an enhanced environment which will provide better social interaction and furthermore the street lights are being replaced with LED lights that could enhance people's feelings of safety.

3. Conclusion

The scheme is well supported and there are no legal impediments to starting. It is recommended that the Leader of the Council and Executive Councillor for Governance, Communications, Commissioning, Finance and Property approves in principle the funding and the awarding of a contract for the works and delegates to the Executive Director for Environment and Economy in consultation with the Executive Councillor for Development and the Executive Councillor for Highways, Transport and IT, authority to conduct all necessary tender processes and approve the entering into of all legal documentation needed to carry out such scheme.

4. Legal Comments:

The Council has the power to undertake the scheme being proposed. The legal matters to be taken into consideration are set out and addressed in the Report.

The decision is consistent with the Policy Framework and within the remit of the Executive if it is within the Budget.

5. Resource Comments:

Costs for this scheme can be met through DCLG Growth Point funds.

6. Consultation

a) Has Local Member Been Consulted?

The local Members will be informed shortly of the scheme.

b) Has Executive Councillor Been Consulted?

The Executive Councillor for Development and the Executive Councillor for Highways, Transport and IT have been consulted. They are supportive of the scheme.

c) Scrutiny Comments

As the budget sits in Economy, the scheme is being presented to the Economic Scrutiny Committee at its meeting scheduled to be held on 21 February 2017. Comments from the Committee will be presented to the Leader of the Council and Executive Councillor for Governance, Communications, Commissioning, Finance and Property.

d) Have Risks and Impact Analysis been carried out?

The risks and impact analysis will be undertaken ahead of the scheme going to site.

e) Risks and Impact Analysis

As above.

7. Appendices

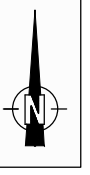
These are listed below and attached at the back of the report	
Appendix A	Lincoln High Street Schematic
Appendix B	Lincoln High Street project context: other proposed development

8. Background Papers













No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

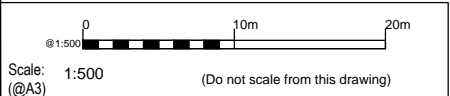
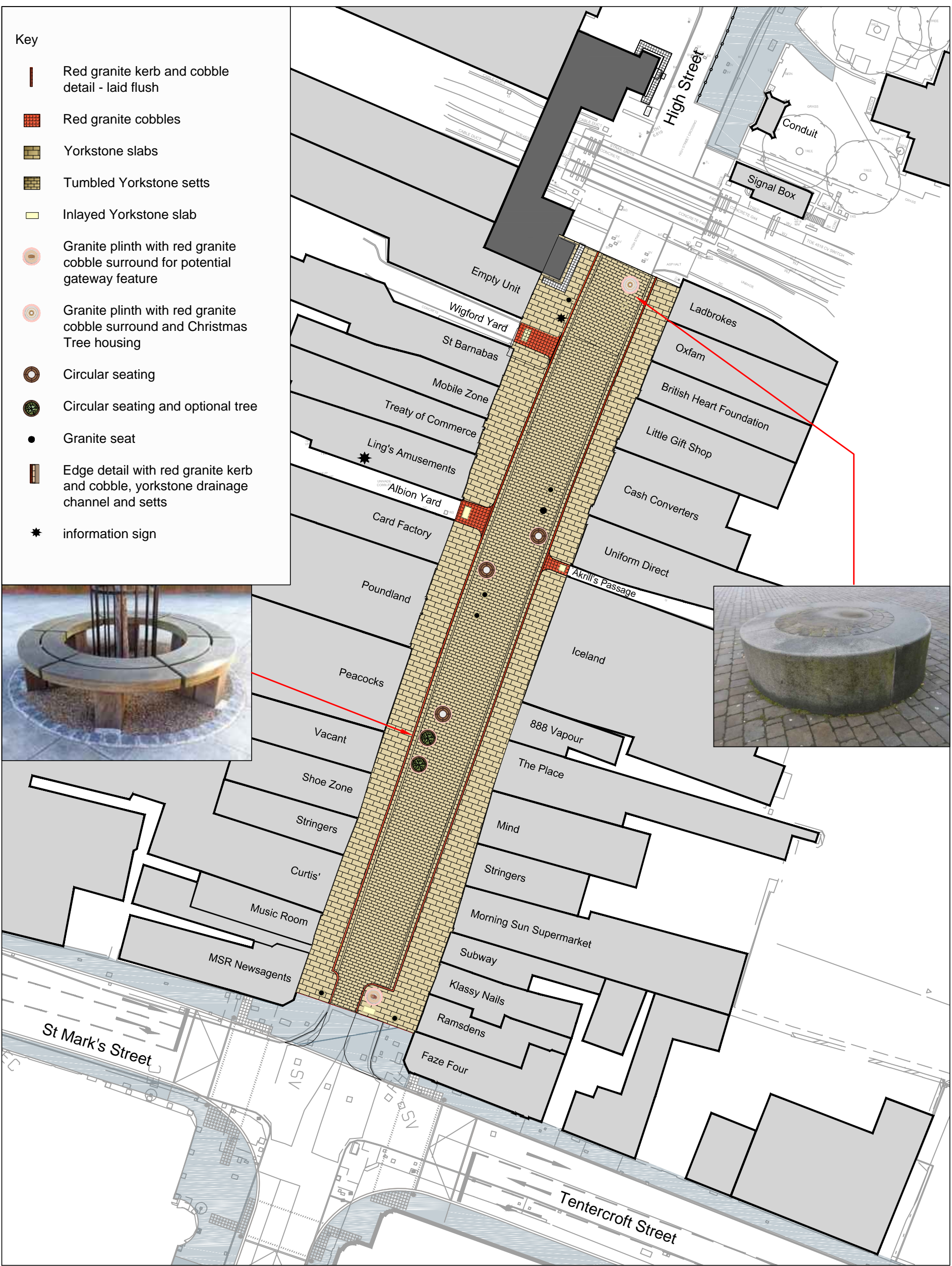
This report was written by Amanda Bond, who can be contacted on 01522 550605 or amanda.bond@lincolnshire.gov.uk

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Key

-  Red granite kerb and cobble detail - laid flush
-  Red granite cobbles
-  Yorkstone slabs
-  Tumbled Yorkstone setts
-  Inlaid Yorkstone slab
-  Granite plinth with red granite cobble surround for potential gateway feature
-  Granite plinth with red granite cobble surround and Christmas Tree housing
-  Circular seating
-  Circular seating and optional tree
-  Granite seat
-  Edge detail with red granite kerb and cobble, yorkstone drainage channel and setts
-  information sign



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TITLE
LINCOLN
HIGH STREET PUBLIC REALM IMPROVEMENT
OUTLINE DESIGN DRAWING

Lincolnshire
Highways Alliance
Environment and Economy Directorate
Executive Director : Richard Wills
City Hall, Orchard Street, Lincoln LN1 1DN

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Lincoln High Street project context:
other recent/proposed development

East West Link Road

1 CORNER OF CROSS STREET / PORTLAND STREET

▷ For sale early 2017

Site formerly occupied by two Victorian terrace properties. May be suitable as a small residential development plot. For further information contact
Simon Wright Economic Development Services
Tel: 01522 550599

2 POP-UP URBAN GARDEN

▷ Coming 2017

Not suitable for built development. It has been proposed that the site be used as a facility for local residents to grow their own vegetables and flowers run by Green Synergy. For further information contact
Amanda Bond Economic Development Services
Tel: 01522 550605

3 COMMERCIAL SITE FOR OFFICE DEVELOPMENT

▷ Available 2017

Previously consented for 20,000sqft of new office space. A design study completed by Urban Delivery and architects CPMG has illustrated how the plot could accommodate new business space. The site is available either freehold or Lincolnshire County Council may be prepared to consider a development JV.

For further information contact
Alistair Humphreys Economic Development Services
Tel: 01522 550602



4 CAR PARK

▷ Available 2017

Nearby Palham Bridge limits built development options. It is considered that the best use of this site is as car parking to support the development of Plot 3.

For further information contact
Alistair Humphreys Economic Development Services
Tel: 01522 550602



Proposed scheme

Regenerating The East-West Link Corridor

5 KESTEVEN STREET/ CLIFTON STREET

▷ Lincoln redevelopment site

Following the demolition of the former Clarke's Crank works, a 3.2 acre development site has been established. Negotiations have now been concluded for the potential development of the site subject to planning by LSH.

For further information contact
Sam Elkington Lambert Smith Hampton
Tel: 01522 814696

6 180 HIGH STREET, LINCOLN

▷ Lincoln redevelopment project by LSH

Property acquired and managed for Centurion Finance (Lincoln) Ltd. Major redevelopment of British Heart Foundation Premises fronting High Street and Level Crossing. Scheme to potentially provide up to 20,000 sqft of retail and residential or alternative uses above. Discussions on-going with City Council.

For further information contact
Sam Elkington Lambert Smith Hampton
Tel: 01522 814696

7 TRANSPORT HUB

▷ Available 2019

A new Transport Hub for Lincoln comprising bus, rail interchange, commercial space and multi-storey car park. Construction due to be complete 2019.

For further information contact
Maria Clayton City Of Lincoln Council
Economic Development
Tel: 01522 881188



8 COMMERCIAL DEVELOPMENT PLOT

▷ Available 2019

A large site owned by City Of Lincoln Council, which is currently being used as a temporary bus station and car parking until 2019. Thereafter redevelopment will be possible including potentially a site for a new city centre hotel.

For further information contact
Mark Wheeler City Of Lincoln Council
Property Department
Tel: 01522 881188

9 SMALL COMMERCIAL DEVELOPMENT PLOT

▷ Available 2019

Commercial plot with a range of opportunities.

For further information contact
Alistair Humphreys
Economic Development Services
Tel: 01522 550602

10 ROSE HOUSE RETAIL & RESIDENTIAL APARTMENTS

▷ Available early 2017 for sales/lettings

Part of the Lincoln High Street Conservation area, the properties that formerly occupied this site were acquired by LCC from a number of owners represented by Lambert Smith Hampton. Former buildings were demolished to facilitate road widening. Rose House was constructed on the remaining plot by Lincolnshire County Council.

For further information contact JH Walter Tel: 01522 526526



11 COMMERCIAL DEVELOPMENT SITE

▷ Available 2017

A small plot of circa 0.5 acres suitable for office/restaurant/ residential uses. Drawings showing how this plot could look post redevelopment have been produced by CPMG.

For further information contact
Alistair Humphreys Economic Development Services
Tel: 01522 550602



12 WYVERN HOUSE

▷ Units available now

A small (6,000 sqft) office development by Lincolnshire County Council completed in 2012. The building offers 7 suites on short term leases. Many businesses displaced from elsewhere along the East-West Link have relocated to Wyvern House with Lambert Smith Hampton (agents) being instrumental in advising occupiers.

For further information contact
Emma McCudden-Woodcock Economic Development Services
Tel: 01522 550624

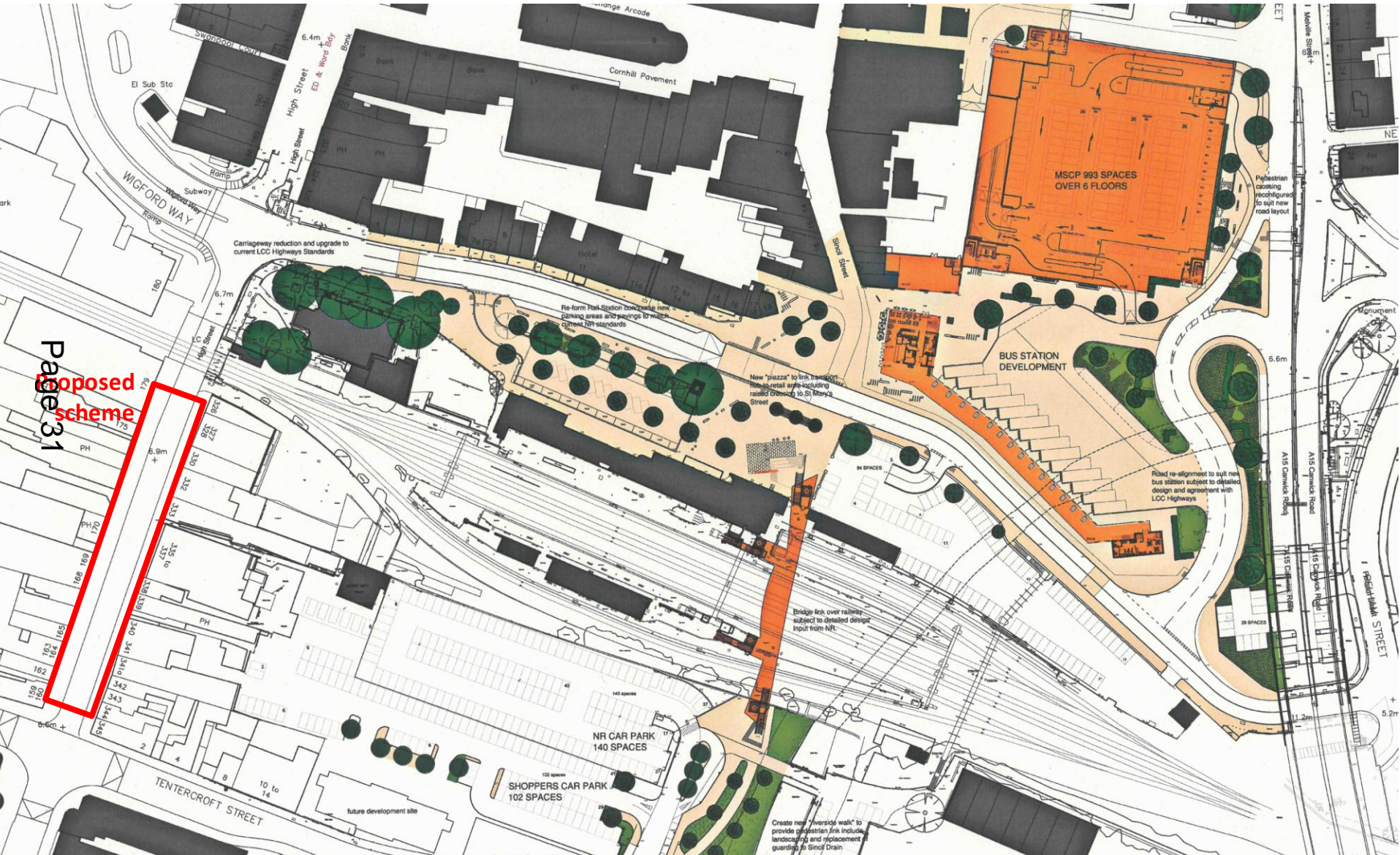
13 TEMPORARY PUBLIC CAR PARK

▷ Available 2019

From 2019 this plot should be available for a range of commercial opportunities and will be available freehold.

For further information contact
Alistair Humphreys Economic Development Services
Tel: 01522 550602

Transport Hub and Tentercroft Street car park redevelopment



Network Rail High Street footbridge



Page 32

University of Lincoln – Masterplan

Page 33

Proposed scheme

PL 10	AS	REVISED DUE TO CLIENT FEEDBACK	H	GD
PL 11	AS	REPORT ONE TO CLIENT FEEDBACK	H	GD
PL 12	AS	REPORT TWO TO CLIENT FEEDBACK	H	GD

re-form
landscape architecture

Tower Works, Globe Road, Leeds LS11 5QG
T +44 (0)113 2454095 E info@re-formlandscape.com
VJ www.re-formlandscape.com

Drawing status:
FINAL DRAFT

Client:
UNIVERSITY OF LINCOLN

Project:
LANDSCAPE MASTERPLAN REFRESH

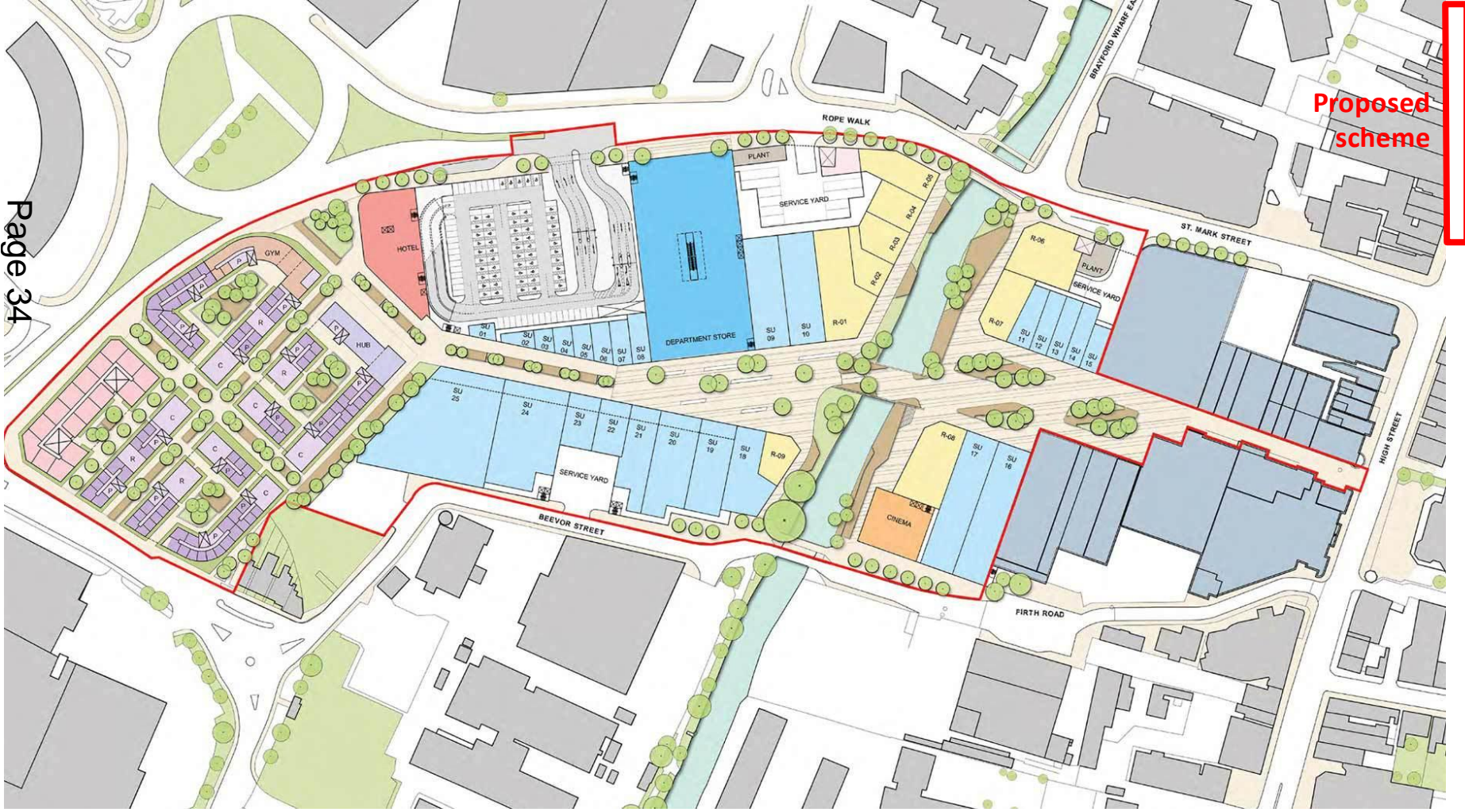
Drawing title:
BRAYFORD CAMPUS LANDSCAPE MASTERPLAN

Drawing title	Drawn by	Drawn date
1:2000	HS	14.04.15
Scale	Checked by	Checked date
A1	GD	17.06.15

Drawing number: **RP15-240-L01** Revision: **8**

© re-form landscape architecture 2014

Proposed redevelopment at St Mark's retail park

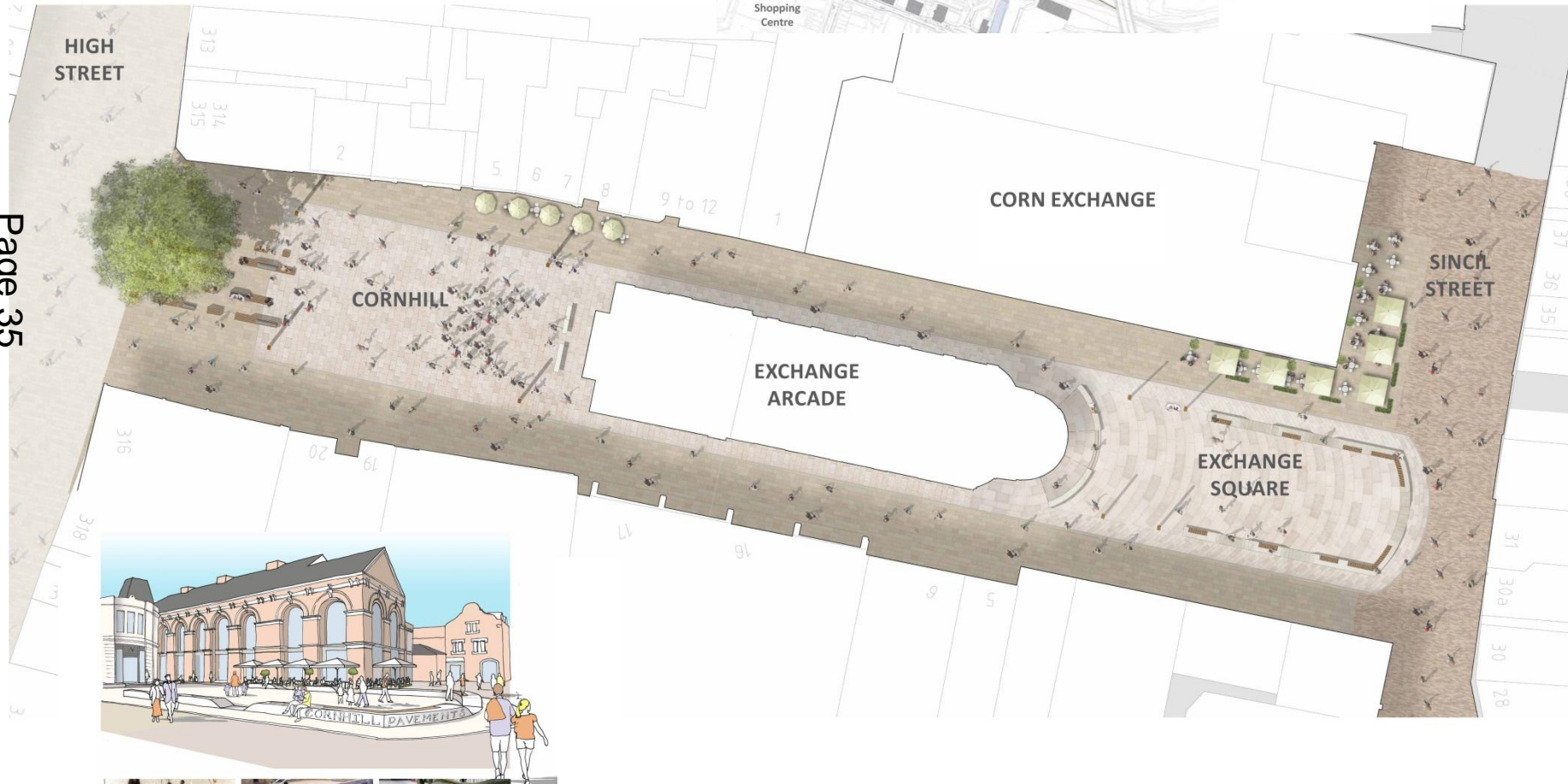


Cornhill redevelopment

06 Emerging Masterplan



Page 35



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Open Report on behalf of Richard Wills, Executive Director for Environment and Economy

Report to:	Economic Scrutiny Committee
Date:	21 February 2017
Subject:	Progress on international trade relationship with Hunan, China

Summary:

This report provides an update on progress in relation to the international trade relationship with Hunan, China.

Actions Required:

It is recommended that members of the Economic Scrutiny Committee:

1. Note that the friendship agreement signed with Hunan province, China, has already led to opportunities for Lincolnshire businesses and institutions;
2. Support the continued work on a trade relationship with Hunan province, China, as a way of increasing levels of exporting in Lincolnshire.

1. Background

In September 2015 Lincolnshire County Council (LCC) signed a Memorandum of Understanding with Hunan Province, China which formalised an intention to work towards a friendship agreement. The reasons for furthering links included:

- To assist in work to tackle unusually low levels of international trade amongst Lincolnshire firms
- In recognition of the wider trends regarding Chinese Investment and International trade
- Building on existing links (Dynex is majority owned by Zhuzhou CSR Times Electric Co. Ltd, which is based in Hunan)

On 24 March 2016, a further delegation, including the Vice Governor of Hunan, Vice Governor Cai, along with a number of other senior Hunan government officials and business representatives, visited Lincoln and signed a friendship agreement which confirmed that the two sides will:

- Research specific opportunities to promote economic links between businesses and operations, using a study commissioned by the China Britain Business Council (CBBC) to inform the work – see Appendix A.

- Identify project ideas which promote economic and cultural relationships. These ideas may lead to seeking funding from government and other bodies for joint activity.
- Continue to have productive contact between the leaders and relevant departments of the two sides in order to facilitate joint work on matters of common concerns.

Hunan Province is about the size of the UK by geographic area and population, but GDP is about one fifth and the economic growth is close to double figures. Economic growth is expected to continue.

Like Lincolnshire, Hunan Province is, by tradition, a centre of Chinese agriculture and also industrial manufacturing – in their case heavy duty trucks and vehicles.

The CBBC research considered the opportunities that a relationship with Hunan could bring. It identifies a number of priority areas for consideration which are of mutual significance:

Agri Tech - products and services which not only offer greater yields but also show a reduced impact on water resources. This includes new crop varieties, pesticides, fertilisers, feeds, machinery, methods for husbandry and harvesting and also products and services which improve efficiency in harvesting, storage, processing, packaging and distribution. A specific area of opportunity is in 'aviation' technology for agriculture which combines drone and digital technology to inspect and monitor crop development and servicing requirements.

Elderly Care – new design and construction solutions for low-cost, sustainably built, and low-energy housing, be it for care homes, care communities or private residential property for the elderly. 'Smart' technologies are required for both monitoring the elderly and giving them access to social services such as transport, healthcare, or cultural activities. There is an over-arching need for better healthcare services and medical equipment specifically for the elderly.

Education – supporting Agri Tech and Elderly Care development but also in other areas such as engineering there are possibilities to extend the links between Lincolnshire and Hunan via greater education collaboration, such as through China-UK bilateral joint research or through the development of study programmes.

Officials in Hunan Province are very keen to develop international relationships and work together for mutual benefit. Our links with Hunan Province offer opportunities to businesses wishing to export to China, for example by facilitating customs clearance for new products to enter Hunan Province, and wider locations in China from there, or by providing easier access to local representatives.

Hunan has recently been named one of the six provinces that form central China¹, expected to catch up with the developed neighbouring regions through supportive measures to attract investment and boost development of traditional industries –

¹ http://www.chinadaily.com.cn/business/2016-12/10/content_27629834.htm

which means that the Chinese Government will be pushing money into the area to bring forward economic development activity.

The plans aim to turn the area into the nation's major manufacturing base, a model for modern agriculture and urbanisation with support to enable industrial upgrading and generally fast-track growth in the central region.

The Chinese Government will be looking to Hunan to show that they are delivering towards these goals, and the relationship with Lincolnshire offers opportunities for collaborative projects to support the Hunan Government in this.

Accessibility to Hunan Province from the UK is set to improve later this year, with a direct flight expected to be launched between Changsha and Heathrow.

At the March 2016 visit, the delegation also invited representatives from Lincolnshire to join a 'Week for Educational Exchange with International Friendship Partners' in Hunan in October 2016.

The event was hosted by the Foreign and Overseas Chinese Affairs Office of the Hunan Provincial People's Government of China, Education Department.

Representing Lincolnshire at this exchange visit were Professor Jayne Mitchell, Bishop Grosseteste University's Deputy Vice Chancellor and Paul Parkinson, an independent businessman who, through his previous experience of working and living in China, has assisted a number of businesses to develop commercial relationships with Asia and helped UK education institutions develop and roll-out joint/dual degree programmes and similar initiatives with Asian education institutions, in addition to exporting accredited UK academic, professional and vocational training to Asia.

The educational exchange visit brought together representatives from twelve countries, with which Hunan Province has friendship agreements. Lincolnshire's friendship agreement is the most recent, with other countries from across Europe, North America, Russia, Africa and Asia having already established productive and sustained relationships, in some cases over several years. Lincolnshire is the only county in the UK with which Hunan Province has signed a friendship agreement. The visit provided an opportunity to discuss, with delegates from other countries and officials from Hunan Province, factors that contribute to an effective, productive and sustainable partnership.

Exchange visits are arranged annually for 'friendship partners', focusing on a different topic or business and industry sector each year. This presents an opportunity for Lincolnshire County Council (LCC) and local businesses to participate in similar events in future years.

The week-long 'educational exchange' visit involved time spent in three cities in the province; Changsha; Changde and Zhangjiajie and included introductions to senior officials in the Foreign and Overseas Chinese Affairs Office, Hunan Provincial Department for Education, senior Government officials of the People's Government of Zhanjiajie, pre-arranged individual meetings between Professor Mitchell and

senior staff of two university's as well as facilitated introductions with 12 of the regions other universities to discuss collaboration and partnership working. The visit received wide coverage on regional TV and in social and printed media.

The educational exchange programme focused on developing relationships between universities and between strategic bodies such as the education and economic development departments in provincial and county governments. The contribution of universities to the socio-economic prosperity of a region was recognised and formed a strong theme throughout the visit.

During the visit Professor Mitchell signed a Memorandum of Understanding with Hunan First Normal University. The two universities are now planning staff and student exchanges, joint academic programmes, collaborative research projects and cultural exchanges in teacher education. Discussions with several more Hunan universities to develop similar arrangements are ongoing.

Bishop Grosseteste University is also in bi-lateral discussion with representatives from universities and departments of education and economic development in countries in Europe, Russia and North America who also attended the event, about bi-lateral collaboration on a range of initiatives. Similarly, through the contacts made with Hunan Provincial Government officials, Bishop Grosseteste University has been invited to participate in further UK-China events being planned by the Department for International Trade on behalf of the British Consulate-General Guangzhou, and due to take place later in 2017.

Professor Mitchell will provide a further update at the Committee meeting about the visit, lessons learned, what has been achieved as a result and future opportunities for Lincolnshire.

Further invitations to Hunan and delegations to Lincolnshire are expected. We have recently been advised of a UK week in Hunan in 2017 which is being developed by DIT officers in China. The week is expected to be in either June or October 2017 and will bring together various activities to promote the Hunan: UK links such as political events to engage with provincial government, Trade Promotion activities and seminars.

2. Conclusion

Traditionally, Lincolnshire has low levels of export, but the current economic climate brings opportunities for increased international trade and we want to help Lincolnshire businesses to take advantage of these by supporting all sectors to access the worldwide marketplace.

At the same time, Hunan is tasked with expediting economic development activity and increasing internationalisation which therefore offers an opportunity to Lincolnshire's businesses.

The CBBC report highlights clear areas where collaboration could achieve mutual benefit, particularly around Agri Tech, Elderly Care and Education.

We are developing a Year of the Rooster plan which will identify key activity over the next 12 months, including working with colleagues in the Department for International Trade to ensure Lincolnshire's existing exporters and those with exporting ambitions are able to develop their plans, whether this is with China or other countries.

The Hunan Government are committed to the relationship with Lincolnshire, as demonstrated through the visit of high ranking Hunan government officials in March 2016.

Hunan will expect to see Lincolnshire County Council officials of an equal seniority to pay a return visit in the not too distant future to reciprocate commitment to the relationship. The UK week in Hunan 2017 may offer an opportunity for this.

3. Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

Not Applicable

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	China Britain Business Council (CBBC) study report

5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Angela Driver, who can be contacted on 01522 552816 or angela.driver@lincolnshire.gov.uk.

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Lincolnshire County Council

Hunan Report

7th July 2016

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Executive Summary

Forty years ago China was one of the world's least economically productive countries which eschewed the west. Today it is the world's second largest economy and is globally important for trade and investment. Yet, because of this rapid change and our unfamiliarity to how China approaches business, the country and market opportunity is still unfamiliar to many in the west.

Lincolnshire County Council has embarked on a relationship with one part of China - Hunan Province. This province is by geographic and population size similar to the UK but with a GDP of about one-fifth. However, the economic growth rate is still close to double digit, as Hunan was not one of the first wave of China's regions to benefit from opening to the west and many of the conditions causing an overall deceleration of growth across China do not apply in Hunan.

Hunan's priorities are set out in a range of policies which follow Chinese national guidelines but reflect the local needs of Hunan economy and social development. These policies have been reviewed to identify Hunan's unique requirements, what needs they have, why those needs exist, and so where there is potential for Lincolnshire companies to work with Hunan.

As a province in China's second wave of economic development, social issues such as the quality of environment and the impact of pollution in both urban and rural regions, and economic issues such as industrial strategy, now need to be addressed.

Traditionally Hunan is a centre of Chinese agriculture and industrial production of heavy duty trucks and vehicles. These industries are now in need of modernisation.

Primary healthcare has made great progress but has now created the difficulty of an aging population in need of more appropriate social infrastructure and direct care. This has been made more acute due to the province being affected by a drain of young workers away from rural areas to the cities and even other provinces.

Underlining all of Hunan's development policies is an understanding that development should be both resource and environmentally sensitive. This is referred to in China as 'Two-Oriented Society' development and from this principle other industry and social policies develop.

This report has highlighted several areas of opportunity for Lincolnshire companies. Following discussion with and receiving feedback from the Council and stakeholders the recommended priorities to take forward are:

Agri Tech - products and services which not only offer greater yields but also show a reduced impact on water resources. This includes new crop varieties, pesticides, fertilisers, feeds, machinery, methods for husbandry and harvesting and also products and services which improve efficiency in harvesting, storage, processing, packaging and distribution. A specific area of opportunity is in 'aviation' technology for agriculture which combines drone and digital technology to inspect and monitor crop development and servicing requirements.



Elderly Care – new design and construction solutions for low-cost, sustainably built, and low-energy housing, be it for care homes, care communities or private residential property for the elderly. ‘Smart’ technologies are required for both monitoring the elderly and giving them access to social services such as transport, healthcare, or cultural activities. There is an overarching need for better healthcare services and medical equipment specifically for the elderly. Lincolnshire is moving to a management system where Healthcare and Social Care are brought together and this is an area where best practice in management and technology development can be shared between Hunan and Lincolnshire.

Education – supporting Agri-tech and Elderly Care development but also in other areas such as engineering there are possibilities to extend the links between Lincolnshire and Hunan via greater education collaboration. The University of Lincoln, Bishop Grossteste University, Lincoln College and other HEI's are well placed to create a platform for Lincolnshire companies to be involved through China-UK bilateral joint research or through the development of study programmes.

As is true with most western businesses, Lincolnshire companies may benefit from a better understanding of how China works. Western companies will mostly consider language differences when this is not a significant challenge. Issues related to Chinese business culture and business structure are often either overlooked or not understood in full. Of these issues the part to play of trust and trusted third-party introduction is an area where Lincolnshire County Council can create real value for local companies and the wider economy.

Lincolnshire County Council has a part to play in ensuring that detailed background information and full contact details of Lincolnshire companies is prepared to be shared with Chinese stakeholders and UK stakeholder in China such as UKTI and CBBC.

In order to show that Lincolnshire is 'open for business' the Chinese business community in London (including banks such as Agricultural Bank of China) and the Chinese Embassy Commercial Section should be engaged with in order to inform them of Lincolnshire interests and to show that Lincolnshire understands what China, specifically Hunan, wants and how to work with China.

Chinese companies are now major investors internationally. Successful Chinese industrial investments in the UK can all be traced back to a long standing trading relationship between two companies. It is therefore important that if Lincolnshire wants Chinese investment then export trade has to be prioritised.

The China-Britain Business Council (CBBC) is happy to support Lincolnshire County Council, local stakeholders and the business community with their individual development plans. Specifically, in relation to Hunan Province engagement, this can be aided through the CBBC office in Hunan's capital city Changsha.



I Background to Hunan and Lincolnshire Relationship

In September 2015, Hunan Province and Lincolnshire County Council signed a Friendship Agreement to further dialogue between the two regions. This relationship was furthered in March 2016 when a Hunan delegation again visited Lincolnshire.

The commitment to work together is based on a broad understanding of complimentary economic strengths and social issues such as agri-tech, engineering, adult social care, culture, and training.

II Report Requirements

This report covers areas which will give greater understanding to Lincolnshire County Council, their stakeholders and companies in the county. This includes:

- An overview of Hunan Province
- Hunan Province economic and social priorities
- Lincolnshire economic strengths in a China context
- Opportunities for collaboration

III An Overview of Hunan Province

- Hunan 湖南 is a southern-central province of China. In the north of the province is a large shallow lake, Dongting, which is fed by 4 major rivers before the lake flows out into the Yangtze River. Hunan means 'South of the Lake'
- The Xiang river flows south north through Hunan province and the capital city Changsha before entering Dongting lake. Therefore Xiang 湘 is often used as an abbreviated form of Hunan
- Provincial Capital Changsha 长沙 – meaning 'Long Sands'
- The cities of Changsha, Zhuzhou and Xiangtan almost completely merge and so work as a massive city cluster referred to as CZT (Chang-Zhu-Tan) with a combined population of 13.5 million
- There are 10 other cities with populations between 1.5 and 7 million
- China's 7th largest province by population (67 million) - equivalent to France
- China's 10th largest province by GDP (RMB 2.7 trillion in 2014 (£290 billion / US\$420 billion) – equivalent to Austria or Thailand, would rank as the world's 28th largest country
- China's 10th largest province by area (80,000 square miles) – equivalent to the UK
- GDP Growth 9.5% 2014 yoy growth
- GDP composition: 12% primary sectors, 46% secondary sectors, 42% service sectors
- Foreign Direct Investment £6.5 billion in 2014 (up 18% year-on-year)
- Foreign trade £19 billion in 2014. Exports £12 billion (up 34% yoy) and imports: £7 billion (up 5% yoy)



III.I Key local companies

- Zoomlion (construction machinery) www.zoomlion.com
- Sany (construction machinery) www.sanygroup.com
- Sunward (construction machinery) www.sunward.com.cn
- CRRC (railway rolling stock) www.crrcgc.cc
- Valin (iron and steel) www.valin.cn
- Jianglu Machinery (construction machinery) www.jianglu.com.cn
- CHTC Jove Heavy Industry (drilling machinery) www.chtcjove.com
- Osaint Heavy Industry (drilling machinery) www.en.osaint.com.cn
- Sinoboom Heavy Industry (construction machinery) www.sinoboom.com
- Broad (air purification, environmental construction) www.broad.com
- Farsoon (3D printing) www.farsoon.com
- Hunan 'Mango' TV (broadcasting) www.mgtv.com
- Also divisions of Aviation Industry Corporation (AVIC) and Guangzhou Automotive (GAC), and two leading cigarette manufacturers – Baisha, Fu Rong Wang

III.II 13th Five Year Plan

China's economic and social planning is guided by the national government under a series of Five Year Plans. In early 2016 the 13th Five Year Plan (2016-2020) was published. Shortly after, Hunan Province published their own 13th Five Year Plan following the guiding principles of the national plan.

The following is a summary of Hunan's interpretation and localisation of the national 13th Five Year Plan:

Guiding ideology and overall requirements

1. Centre on "five development ideas" of innovation, coordination, green development, opening-up, and sharing.
2. Understand the new orientation of the "One Belt One Road" initiative – Hunan's central position between the eastern and western zones within China which then extends overseas.
3. Specify the new requirements of a moderately prosperous society through balanced improvement of economic aggregate, economic development quality, and average per capita share.
4. Uphold the new development path of simultaneously promoting industrialisation, digitalisation, urbanisation, agricultural modernisation and the ecological/green agenda.



New targets to create a 'well-off' society

1. Maintain a medium to high rate of economic growth
2. Improve the economic structure
3. Improve people's standard and quality of life
4. Improve and extend cultural activity
5. Improve the ecological environment
6. Improve government and institutional mechanisms

Innovation and new drivers

1. Increase Consumption, Investment and Export to drive economic growth
2. Promote Innovation-Driven growth
3. Modernise key manufacturing sectors
4. Modernise service industries
5. Modernise agriculture
6. Modernise infrastructure
7. Promote and commercialise innovation
8. Explore new energy

Coordination

1. Integrate planning and management of the Changsha-Zhuzhou-Xiangtan cluster of cities
2. Link rural areas with urbanisation development
3. Expand cultural activities for commercial and social development

Energy saving and environmentally friendly

1. Encourage a resource conserving and environmentally friendly society – 'Two-Oriented Society'
2. Promote a low carbon economy
3. Promote the re-cycling industry
4. Improve ecological protection
5. Improve environmental treatment

Developing a powerful province in five aspects

Manufacturing, internet economy, tourism, culture, and skills.

Building five networks

1. Transport - road, rail, water and air
2. Energy - oil, gas, electricity and coal
3. Water (conservation) - rivers, lakes and reservoirs
4. IT – social services and e-commerce industry
5. Urban=Rural – link all above networks between the urban and rural communities



III.II.I Points of interest in Hunan's 13th Five Year Plan

Priority of the Changsha-Zhuzhou-Xiangtan cluster region – Hunan's most developed region is in need of much improvement to coordinate management of all social and economic issues, and Urban=Rural Networks. Lincolnshire companies need to recognise this cluster region as a Provincial priority and that propositions should reference benefit to all three cities. Under this definition a 'city' is not an urban centre but an administrative region centred in a city including smaller towns, suburban and rural regions.

Reference to a 'Two-Oriented Society' – a 2005 national policy introducing China's social and economic response to environmental issues, and Water Conservation. Lincolnshire companies need to recognise the importance placed on water conservation in both a rural and urban environments and how these are regarded as a whole system.

III.III Made in China 2025

The national 'Made in China: 2025' (MiC25) programme is a very ambitious development plan to upgrade technology in 10 key industries including: Agricultural Machinery, Rail, Aerospace, Automation and Robotics, New Materials, Low-Energy Vehicles, and others.

As Changsha is a key manufacture base in China, the city published a two year working plan in regard to the national MiC25 programme. Changsha was the first city in China to do so. The overall aim is to aid all manufacturing industries to cut material costs, production time, and deficiencies by 30%. Adoption of Automation and Robotics, and New Materials are the two key areas which Changsha has prioritised in the period 2015-2018.

Two national pilot projects have been awarded to Hunan. These are in 'intelligent manufacturing of construction machinery' – to be led by Sany, and 'industrial 3D printing' – to be led by Farsoon.

III.III.I Points of Interest in Hunan's Made in China 2025 Plan

Hunan industry has recognised their deficiencies compared to western counterparts. This leads to opportunities for Lincolnshire companies who offer:

New Materials

Advanced Engineered Components

Advanced Engineering Systems – automation, 3D design

Engineering Consultancy Services bringing materials, components and systems into an integrated manufacturing process.

III.IV One Belt One Road

The One Belt One Road (OBOR) programme is an attempt to bring China and overseas markets closer together. The routes of the programme are both overland (connections through central Asia and south-east Asia) and by sea. The overall aim is that through better road, rail, air and

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sea transport, better distribution of energy (oil, gas, electricity), better communications (telephone, broadband), then goods and technology can move and develop more efficiently.

Hunan is not one of the border or coastal cities which are immediately thought of in relation to OBOR, but President Xi Jinping made it clear that Hunan is a central China hub connecting the border provinces of the north-west and south-west to the coastal provinces in the south and east of China.

III.IV.I Points of Interest in Hunan's One Belt One Road Plan

There is demand for Hunan to deliver better waterway transportation and to improve all forms of distribution and communication networks. Due to the topography of the province existing links are predominantly on a north-south axis following the Xiang River leading into Dongting Lake and the Yangtze River (High Speed Rail runs through Changsha and Hunan Province on a north-south axis from Guangzhou in Guangdong Province in the south to Wuhan in Hubei Province in the north). East-west communication networks are limited due to mountainous regions and have to follow closely river courses. This leads to different engineering solutions required depending on the regional need.

IV Lincolnshire Economic Strengths

We have assessed the companies in Lincolnshire by sector and subsector in relation to general China needs and the specific needs of Hunan Province.

We have found that there are significant numbers of Lincolnshire companies in the Agri-Tech and Food & Drink sectors, Advanced Manufacturing, Low-Carbon Manufacturing, Housing and Construction and Care Homes, which have clear links to the issues facing Hunan and which they have prioritised.

One clear example is of EminoX who have recently agreed a distribution joint venture in China for the clean air diesel engine systems.

EminoX announces cooperation with Chinese distributor

[Although their joint venture is with a company in Shandong for retrofitting engines, which is a large industry in Shandong, the huge volume of diesel engine machinery which is produced in Hunan would almost certainly benefit from such systems too. This would be an example of fulfilling two key agendas in Hunan - introducing new manufacturing technology and working towards a cleaner environment.]

Gainsborough-based EminoX, a leader in the manufacturer of exhaust after-treatment technology for heavy duty diesel vehicles, and Calan Environmental Technology [Shandong Province], a specialist automotive distributor, have signed a distribution venture agreement to supply Diesel Particulate Filter solutions in China.

The cooperation will involve EminoX providing its market-leading Diesel Particulate Filter (DPF)



technologies, which have been developed and refined over the last 20 years. The DPF range, including CRT® and FBC®, have shown in real world tests to reduce particulate matter by both mass and number, including ultra-fine particles that are most damaging to health.

Air pollution is a major environmental challenge in China; in order to curb emissions an increasing number of provinces are introducing retrofit schemes. These tough, new emission standards have already been introduced in Shandong province where Calan Environmental Technology is based.

Shandong Province aims to reduce air pollution by 50 per cent in 2020 and EminoX's technology will now play a part in achieving this target as its DPF technology has been proven to remove more than 90% of particulate matter.

"As a leader in exhaust after treatment systems, EminoX is reinforcing its market presence globally, and this Joint Venture with Calan creates a strong foothold in the Chinese heavy duty diesel vehicle retrofit market," said Nick Lyons, Deputy Managing Director of EminoX. "We are confident that our alliance will enable us to further develop opportunities across the region. By leveraging the expertise of both companies, we have the scope to make a real difference to air quality in the most polluted parts of China."

Zhaohan Ding, Managing Director of Calan Environmental Technology Ltd., said: "We are looking forward to working with EminoX in our new enterprise. The Joint Venture will strengthen Calan's current market presence as well as play a key role in enhancing our proposition to existing and new customers. It brings together both companies' expertise in automotive distribution and exhaust after-treatment systems."

Air pollution in China is a growing problem and accounts for around 1.6 million premature deaths every year, equivalent to killing nearly 4,400 people every day. Air pollution alone accounts for 17 per cent of all the country's deaths. Motor vehicles in China emit around 52.27 million tonnes (2010 figures) of pollutants each year and the number of vehicles registered is growing at 10% annually.

EminoX's CRT® system is the world's leading retrofit diesel particulate filter (DPF) with around 60,000 systems installed on buses and trucks worldwide. It enables vehicles as old as China III to be upgraded to the particulate matter (PM) standards of a China VI vehicle. The CRT® system contains a specially formulated catalyst and a wall-flow ceramic filter. This technology captures particulate matter within the wall flow filter and then continuously oxidises it, at typical exhaust gas temperatures, into harmless gas using patented chemical technology.

A full list of Lincolnshire companies follows by sector in Appendix I.



V Opportunities

In order to match the offer from Lincolnshire companies with the demand from Hunan it would be best to view the four priorities of Hunan not as individual development streams but as development themes which cross over and work together.

From the analysis work, we can draw out the following priorities of Hunan. These are:

- The Green Agenda – Water Conservation, Recycling
- Agriculture – Efficient Crop Production and Distribution
- Rural and Suburban Development – Sustainable Housing, Elderly Care
- Advanced Manufacturing – New Technologies, Materials, Operating Systems

V.I The Green Agenda

An underlying theme for Hunan is the Green Agenda or as it is expressed in China – ‘Two-Oriented Society’.

The Two-Oriented Society is more prominent in Hunan development plans compared to other regions of China. It is important for Lincolnshire companies to reference this in their proposals to Hunan companies and to recognise the Chinese need to find a more holistic solutions for the benefit of society and industry.

From the China Daily – Two-Oriented Society

In 2005, as part of the 11th Five Year Plan, China adopted a principle of building a resource-conserving and environment-friendly society as a strategic plan for the national economy and for social development. This is referred to as a ‘Two-Oriented Society’.

A Two-Oriented Society refers to a resource-conserving and environment-friendly society. A resource-conserving society means that the whole society adopts ways of production, life and consumption in favour of resource conservation. It takes comprehensive measures to improve resource utilization efficiency in production, circulation and consumption.

It maximizes the economic and social benefits with minimal resources and then realizes sustainable development of economy and society. An environment-friendly society refers to the whole society adopting ways of production, life and consumption in favour of environmental protection. Resource-conservation and environment friendliness are complementary to each other and it is necessary to combine their connotations into one concept, namely a resource-conserving and environment-friendly society.

Building a Two-Oriented Society will require a scientific approach to development. A scientific approach is a strategic measure to promote sustainable utilization of resources and ensure economic security. It is a necessity for meeting economic globalization and dealing with new trade protectionism. It is also an efficient way of increasing employment.

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V.II Agriculture

A detailed description of Hunan's agriculture is included in Appendix II of this report but a summary of main areas includes:

Rice, sweet potatoes, corn (maize), barley, potatoes, garden peas, millet, broad beans, rape seed, cotton, jute, citrus fruits, pigs

Hunan's agricultural industry is 20 to 30 years behind the UK and there is a need to modernise agricultural methods and systems and also consider the environmental impacts. Hunan is also concerned about the need to develop efficient distribution of crops from field to market. This will include areas of harvesting, storage, processing, packaging, and ICT systems to track product through a distribution cycle.

Opportunities include:

- **Products and services which show a reduced impact on water resources in terms of crop varieties, fertilisers, feeds, machinery, methods for husbandry and harvesting.**
- **Products and services which improve efficiency in harvesting, storage, processing, packaging and distribution**
- **Clean water course management, technology and equipment solutions**

V.III Rural and Suburban Development

Though perhaps not as we would in the UK, in the case of Hunan there is a need for combining the issues of elderly care and housing together as a single issue.

With an aging population, a movement of populations (particularly younger) from rural to urban areas, unsuitable housing in urban areas, poor housing in rural areas, and inefficiencies or gaps in healthcare provision, there is a social need to review all aspects of elderly care provision.

There is also a recognition of better resource management across all utilities but with an emphasis on water. This also includes urban and industrial waste management.

Opportunities include:

- **For housing, low-cost, sustainably built, low-energy are all priorities, be it for care homes, care communities or private residential property for the elderly.**
- **Introducing ICT or 'Smart' technologies for both monitoring the elderly or giving them access to social services such as transport, healthcare, cultural activities, etc. is also required**
- **There is also the need for better bespoke healthcare services for the elderly**
- **Utility water management, technology and infrastructure solutions**
- **All forms of waste management solutions**



V.IV Advanced Manufacturing

The greatest number of large Hunan engineering manufacturers are involved in construction machinery. This mainly includes: earth moving equipment, large trucks and pilling machinery.

In order to compete both domestically and internationally these companies need to address the issues of reliability and cost. This means that they will have to adopt new technologies and materials.

Opportunities:

- **For companies who can offer new solutions within the supply chain and therefore become integrated within the development and future production and growth of indigenous Chinese companies**
- **New materials or components made of new materials which may be lighter in weight or more durable therefore increasing the life-span of manufactured products**
- **Energy efficient, energy saving and low emission solutions for all forms of manufacturing industries**

VI Engagement Models

Chinese commerce and industry adopts a long-term engagement strategy. The eventual goals will follow the social and economic plans of Chinese national and regional government. The most far-sighted being the development of world-class technology finding global markets under the direction of the Made in China 2025 policy. However, Chinese companies will approach international engagement, as they do at home, with an exceptionally high emphasis on working with people they trust. This trust is initiated by recognised third parties and then constructed in stages of collaboration. This differs from a western approach where the eventual goal can be moved to in one step.

Western companies often have a common misconception of the Chinese need to start a commercial relationship before building the scale of engagement. The western interpretation is that large scale trade can start immediately but the first few shipments need to be on very favourable terms. The expectation from China is that small scale trade can start immediately on balanced terms and then build up volume. Chinese companies can abuse the western misinterpretation.

Building a trading relationship over a number of years has proven to be a critical aspect of Chinese investment decision making process as can be seen by the case studies listed in Appendix IV. These are usually made through Merger and Acquisition not Green Field investments.

These investments can be described as a 'Circular' relationship where the trading relationship has led to investment in jobs, manufacturing, and R&D, which subsequently lead onto further trading opportunities – not just between China and UK but also in third party countries.



Dynex Semiconductors

Zhuzhou CSR Times Electric Co Ltd's 2008 acquisition of **Dynex Semiconductors** in Lincoln initially safeguarded 180 jobs. In 2012 this was followed by a further £1.8 million investment in a new UK R&D centre for new generation silicon wafers for the power transfer industry, creating 40 additional jobs. Increased output has benefitted local Lincolnshire electronic component, material and equipment suppliers and has led to better collaboration between CSR and Alstom. In 2014, Dynex played a leading role in CSR Zhuzhou setting up a new £160 million next generation IGBT production line in China.

Dynex had been a supplier to Zhuzhou CSR Times Electric for a number of years before the acquisition was made. Senior management, engineers and sales staff knew each other well with many bilateral visits each year. The acquisition was initiated by the Chinese side in order to bring their supply chain, R&D and UK / European expansion in house.

In early 2015, **Zhuzhou CSR Times Electric Co Ltd** continued their investment in the UK with the acquisition of **SMD (Soil Machine Dynamics)** in Wallsend, who specialise in offshore marine inspection equipment. Zhuzhou CSR benefited through the acquisition of SMD's world leading subsea vehicle technology. SMD's Wallsend location is now the global headquarters of Zhuzhou CSR's deepwater equipment division and SMD now have access to a substantially enlarged market, with the financial backing to approach this with confidence.

It is believed the link between these companies was also due to management knowledge and a business relationship between Dynex and SMD.

Covpress

In 2013, Coventry-based **Covpress** announced a £5 million rescue investment from **Dongying Yongtai**, safeguarding 50 jobs. The automotive body panel manufacturer then received further investment in 2014 for £15 million to expand the existing manufacturing and jobs to 150. In 2015 a further investment financed the acquisition of nearby brown field site for expansion.

The owners of Covpress had been purchasing from Yongtai for a number of years before they invited the acquisition from China.

In 2015, Dongying Yongtai extended their investment in the UK through acquisition of car parts firm **UYT** for £30 million. This deal safeguarded another 400 jobs in Coventry.

Planned investment aims to double the number of people employed at both sites within the next 3 years.

Opportunity:

- **Lincolnshire County Council has a part to play in ensuring that detailed background information and full contact details of Lincolnshire companies is prepared to be shared with Chinese stakeholders and UK stakeholder in China such as UKTI and CBBC.**

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VII Supporting Inward Investment

The UK, with a very open economy, transparent financial processes and stable political environment, is now the largest recipient of Chinese Outbound Foreign Direct Investment (OFDI) in Europe.

Between 2000 and 2014, Chinese companies spent £33 billion across 1,047 direct investments projects in the 28 EU countries. The UK is by far the biggest recipient of Chinese OFDI, with a cumulative total of £8.7 billion over that period. Germany is second with £4.9 billion and France third with £4.2 billion.

OFDI comes from three sources: institutional investment of government wealth (e.g. sovereign wealth funds); institutional investment of private wealth (e.g. insurance and mutual funds); and non-institutional investment (e.g. private corporations). Of these three groups, the ones with the most conducive environment to invest are the sovereign wealth funds (SWFs).

The two main official SWFs are the China Investment Corporation (CIC) and the State Administration of Foreign Exchange Investment Company (SAFE-IC). These two companies have accounted for 40% of all Chinese OFDI to date and the majority has been in real-estate and infrastructure.

CIC's real-estate investments include 19% of Songbird Estates (Canary Wharf) - £290 million, 100% of Deutsche Bank's London HQ - £260 million. Infrastructure investments include 9% of Thames Water - £600 million, 10% of Heathrow Airport Transport £470 million.

SAFE-IC's real-estate investments include 100% of Drapers Gardens - £280 million, 49% of One Angel Square - £70 million, 40% of UPP Group - £540 million. Infrastructure investments include 10% of Veolia Water - £130 million.

From discussions with Chinese investors and the management of their UK operations (both UK and Chinese nationals) it is clear that there is a mismatch in the support which the Chinese require. They make clear that they need support in identifying companies with whom they could start a trading relationship. After they have established an investment they would then look for support in continuous networking and business introductions. This need for support is different from the perception held that investments need nurturing or hand holding through a period of negotiation.

An oft-repeated complaint from Chinese companies investing into the UK is that they are unaware what regional bodies – such as Council, Chambers or UKTI – can actually do to support them once their investment has been made. The Chinese party would expect a high profile and to be supported with careful attention and regular communication from local government agencies, as would be the case for foreign companies investing in China. Such support could take the shape of regular policy updates, financial support for recruitment, training, local land taxes, tax rebates, subsidies for both overseas and domestic trade events, public relations promotion and new business introduction or networking.



The 'aftercare' which Chinese companies can expect to receive in China following a significant or head-line investment is obviously much more in-depth and regular compared to what is offered by UK regional trade and investment support agencies. It is worth noting that Chinese companies without much foreign investment experience would expect this to be normal practice on the back of their own experiences in China.

Opportunity:

- In order to show that Lincolnshire is 'open for business' the Chinese business community in London (including banks such as Agricultural Bank of China) should be engaged with in order to inform them of Lincolnshire interests.
- The Chinese Embassy Commercial Section should be met to inform them not just of Lincolnshire interests but to show that Lincolnshire understands what Chinese wants and how to work with China.



Appendix I Full List of Lincolnshire Companies by Sector

Agri-Tech

Paragon Print and Packaging Ltd

Enterprise Way, Pinchbeck, Spalding, Lincolnshire PE11 3YR
www.paragonprintandpackaging.com Tel: 01775 712233

William Sinclair Horticulture Ltd

Firth Road, Lincoln, Lincolnshire LN6 7AH
www.william-sinclair.co.uk Tel: 01522 537561

Winchester Growers Ltd

Daffodils

Herdgate Lane, Pinchbeck, Spalding, Lincolnshire, PE11 3UP
www.winchestergrowers.co.uk Tel: 01775 680261

JE Porter Ltd

Barn Farm, Lowfields, Navenby, Lincoln, Lincolnshire LN5 0LN
www.portersqualityfeeds.co.uk Tel: 01522 810478

Henry Bell & Co Grantham Ltd

Dysart Road, Grantham, Lincolnshire NG31 7DB
www.henry-bell.co.uk Tel: 01476 565761

Great Plains UK Ltd

Unit 11, Woodbridge Road, Sleaford, Lincolnshire NG34 7EQ
www.greatplainsmfg.co.uk Tel: 01529 304654

Househam Sprayers Ltd

The New Forge, Leadenham, Lincoln, Lincolnshire LN5 0PE
www.househamsprayers.com Tel: 01400 276000

Dunns

Winters Lane, Long Sutton, Spalding, Lincolnshire, PE12 9BE
www.dunns-ls.co.uk Tel: 01406 362141

Cherry Valley Farms

Lacey Business Park, Grimsby Road, Lacey, Lincolnshire DN37 7DP
www.cherryvalley.uk.com Tel: 01472 808400

Food & Drink

Bakkavor

W Marsh Rd, Spalding, Lincolnshire PE11 2BB
www.bakkavor.com Tel: 01775 761111



Branston Ltd

Mere Road, Lincoln, Lincolnshire LN4 1NJ

www.branston.com

Tel: 01522 794411

Worldwide Fruit Ltd

Apple Way, Pinchbeck, Spalding, Lincolnshire PE11 3BB

www.worldwidefruit.co.uk

Tel: 01775 717000

Univeg Katope UK Ltd

Stephenson Avenue, Pinchbeck, Spalding, Lincolnshire PE11 3SW

www.univeguk.co.uk

Tel: 01775 711565

Produce World

Mill Lane, Butterwick, Boston, Lincolnshire PE22 0JQ

www.produceworld.com

Tel: 01205 760461

Freshtime UK Ltd

Marsh Lane, Boston, Lincolnshire PE21 7PJ

www.freshtime.co.uk

Tel: 01205 312010

JO Sims Ltd

Pudding Lane, Spalding, Lincolnshire, PE11 3TJ

www.josims.com

Tel: 01775 842100

Staples (Vegetables) Ltd

Station Road, Sibsey, Boston, Lincolnshire PE22 0SE

www.staplesvegetables.co.uk

Tel: 01205 872900

Sleaford Quality Foods Ltd

Woodbridge Road, East Road Industrial Estate, Sleaford, Lincolnshire NG34 7JX

www.sleafordqf.com

Tel: 01529 305000

TH Clements & Son Ltd

West End, Benington, Boston, Lincolnshire PE22 0EJ

www.thclements.co.uk

Tel: 01205 760456

JW Grant Co

Fold Hill, Old Leake, Boston, Lincolnshire PE22 9PJ

www.jwgrant-farmers.co.uk

Tel: 01205 870592

Pilgrim Foodservice Ltd

Marsh Lane, Boston, Lincolnshire PE21 7SJ

www.pilgrimfoods.co.uk

Tel: 01205 312703

George Bateman and Son Ltd

E: research@cbbc.org

T: +44 (0)20 7802 2000



Salem Bridge Brewery, Wainfleet, Lincolnshire PE24 4JE
www.bateman.co.uk Tel: 01754 880317

AH Worth & Co

Fleet Estate Office, Manor Farm, Holbeach Hurn, Spalding, Lincolnshire PE12 8LR
<http://www.ahworth.co.uk/>

Advanced Manufacturing

Siemens Industrial Turbomachinery Ltd

1 Waterside South, Lincoln, Lincolnshire LN5 7FD
www.siemens.co.uk Tel: 01522 584000

Cummins Generator Technologies Ltd

PO Box 17, Stamford, Lincolnshire PE9 2NB
www.cummins.com Tel: 01780 484000

Eminox

Miller Road, Corringham Road Industrial Estate, Gainsborough, Lincolnshire DN21 1QB
www.eminox.com Tel: 01427 810088

Paragon Print and Packaging Ltd

Enterprise Way, Pinchbeck, Spalding, Lincolnshire PE11 3YR
www.paragonprintandpackaging.com Tel: 01775 712233

Genie UK Ltd

The Maltings, Wharf Road, Grantham, Lincolnshire NG31 6BH
www.genielift.co.uk Tel: 01476 584333

Magnadata Ltd

Horncastle Road, Boston, Lincolnshire PE21 9HZ
www.magnadata.co.uk Tel: 01205 312600

Dynamic Cassette International Ltd

Marsh Lane, Boston, Lincolnshire PE21 7TX
www.dci.co.uk Tel: 01205 355555

Staples Disposables Ltd

Hurlingham Business Park, Fulbeck Heath, Grantham, Lincolnshire NG32 3HL
www.staplesdisposables.com Tel: 01400 262800

Napier Turbochargers Ltd

Ruston House, PO Box 1, Waterside South, Lincoln, Lincolnshire LN5 7FD
www.napier-turbochargers.com Tel: 01522 516666



NMB-Minebea UK Ltd

2 Sadler Road, Lincoln, Lincolnshire LN6 3RA

www.nmb-minebea.co.uk

Tel: 01522 500933

BGB Engineering Ltd

357 Dysart Road, Grantham, Lincolnshire NG31 7NB

www.bgbinnovation.com

Tel: 01476 576820

Vacu-Lug Traction Tyres Ltd

Gonerby Hill Foot, Grantham, Lincolnshire NG31 8HE

www.vaculug.com

Tel: 01476 593095

Dynex Semiconductor Ltd

Doddington Road, Lincoln, Lincolnshire LN6 3LF

www.dynexsemi.com

Tel: 01522 500500

Lincat Ltd

Whisby Road, Lincoln, Lincolnshire LN6 3QZ

www.lincat.co.uk

Tel: 01522 875555

Greenray Turbines (Lincoln) Ltd

Horizon House, Runcorn Road, Lincoln, Lincolnshire LN6 3QP

www.greenray.com

Tel: 01522 503300

Bell & Webster Concrete Ltd

Alma Park Road, Grantham, Lincolnshire NG31 9SE

www.bellandwebster.co.uk

Tel: 01476 562277

Househam Sprayers Ltd

The New Forge, Leadenham, Lincoln, Lincolnshire LN5 0PE

www.househamsprayers.com

Tel: 01400 276000

Micronclean

Fenland Laundries Ltd, Roman Bank, Skegness, Lincolnshire PE25 1SQ

www.micronclean.co.uk

Tel: 01754 767377

Rakon UK

Langton House, Lindum Business Park, Station Rd, North Hykeham, Lincolnshire LN6 3QX

www.rakon.com

Tel: 01522 812600

A. Schulman Gainsborough Ltd

Sandars Road, Heapham Road Ind. Est., Gainsborough, Lincolnshire DN21 1RZ

www.aschulman.com

Tel: 01427 676767

Low Carbon Economy

E: research@cbbc.org

T: +44 (0)20 7802 2000



Dynamic Cassette International Ltd

Marsh Lane, Boston, Lincolnshire PE21 7TX

www.dci.co.uk

Tel: 01205 355555

Larkfleet Group

Larkfleet House, Falcon Way, Bourne, Lincolnshire PE10 0FF

www.larkfleetgroup.co.uk

Tel: 01778 391550

Cory Environmental

Central Depot, Stampend, Waterside South, Lincoln, Lincolnshire LN5 7JD

www.coryenvironmental.co.uk

Tel: 01522 533488

BGB Engineering Ltd

357 Dysart Road, Grantham, Lincolnshire NG31 7NB

www.bgbinnovation.com

Tel: 01476 576820

Mid-UK Recycling Ltd

MRF, Station Road, Caythorpe, Grantham, Lincolnshire NH32 3EW

www.midukrecycling.co.uk

Tel: 01400 273666

Jourdan PLC

Elm House, Elmer Street North, Grantham, Lincolnshire NG31 6RE

www.jourdanplc.co.uk

Tel: 01476 403456

CKN Holdings Ltd

Unit 5, Binbrook Technical Park, Brookenby, Market Rasen, Lincolnshire LN8 6HF

www.ckpolymers.co.uk

Tel: 01472 398960

Ballast Phoenix Ltd

1 Victoria Stables, Essex Way, Bourne, Lincolnshire PE10 9JZ

www.ballastphoenix.co.uk

Tel: 01778 423345

Life-Sciences / Healthcare

Paragon Print and Packaging Ltd

Enterprise Way, Pinchbeck, Spalding, Lincolnshire PE11 3YR

www.paragonprintandpackaging.com Tel: 01775 712233

The Orders of St John Care Trust Care Homes

Hall Street, Wellingore, Lincoln, Lincolnshire LN5 0HX

www.osjct.co.uk

Tel: 01522 813111



Thera Trust

The West House, Alpha Court, Swingbridge Road, Grantham, Lincolnshire NG31 7XT
www.thera.co.uk Tel: 01476 562777

Staples Disposables Ltd

Hurlingham Business Park, Fulbeck Heath, Grantham, Lincolnshire NG32 3HL
www.staplesdisposables.com Tel: 01400 262800

The Linkage Community Trust Ltd

Toynton Hall, Toynton All Saints, Spilsby, Lincolnshire PE23 5AE
www.linkage.org.uk Tel: 01790 752499

Jourdan PLC

Elm House, Elmer Street North, Grantham, Lincolnshire NG31 6RE
www.jourdanplc.co.uk Tel: 01476 403456

Micronclean

Fenland Laundries Ltd, Roman Bank, Skegness, Lincolnshire PE25 1SQ
www.micronclean.co.uk Tel: 01754 767377

Others

Ping

Corringham Rd, Gainsborough, Lincolnshire DN21 1XZ
www.ping.com Tel: 01427 619200

Golf Equipment

Simons Group Ltd

991 Doddington Road, Lincoln, Lincolnshire LN6 3AA
www.simonsgroup.com Tel: 01522 505000

Property & Construction

Lindum Group Ltd

Lindum Business Park, Station Road, North Hykeham, Lincoln, Lincolnshire LN6 3QX
www.lindumgroup.com Tel: 01522 852513

Property & Construction

Longhurst Group

Leverett House, Gilbert Drive, Endeavour Park, Boston, Lincolnshire PE21 7TQ
www.longhurst-group.org.uk Tel: 0800 111 4013

Property & Construction

Gelder Group Holdings Ltd

Tillbridge Lane, Sturton By Stow, Lincolnshire LN1 2DS
www.gelder.co.uk Tel: 01427 788837

Property & Construction

Oldrid & Company Ltd

11 Strait Bargate, Boston, Lincolnshire PE21 6UF
www.oldrids.co.uk Tel: 01205 361251

Consumer and Household Retail



Melbourne Holdings Ltd	<u>Property & Construction</u>
Station Road, Heckington, Lincolnshire, 9NF	
www.melbourneholdings.co.uk	Tel: 01529 461666
Fogarty (Filled Products) Ltd	<u>Household Bedding</u>
Havenside, Boston, Lincolnshire PE21 0AH	
www.fogarty.co.uk	Tel: 01205 361122
Warners (Midlands) PLC	<u>Publishers</u>
The Maltings, Manor Lane, Bourne, Lincolnshire PE10 9PH	
www.warners.co.uk	Tel: 01778 391000
Fold Hill Foods Ltd	<u>Pet Food</u>
Mere Drove, Lade Bank, Old Leake, Boston, Lincolnshire, PE22 9RJ	
www.foldhill.com	Tel: 01205 270500
The Quality Furniture Company Ltd	<u>Furniture</u>
Alma Park Road, Grantham, Lincolnshire NG31 9SE	
www.qfc.co.uk	Tel: 01476 514800
Mortons Media Group Ltd	<u>Printers and Exhibitions</u>
Media Centre, Morton Way, Horncastle, Lincolnshire LN9 6JR	
www.mortons.co.uk	Tel: 01507 523456
Keystone Developments	<u>Property & Construction</u>
Leverett House, Gilbert Drive, Endeavour Park, Boston, Lincolnshire PE21 7TQ	
www.keystonedevlopments.co.uk	Tel: 0845 30 90 700
The Woodland Trust	<u>Forest Protection and Cultivation</u>
Kempton Way (off Dysart Road), Grantham, Lincolnshire NG31 6LL	
www.woodlandtrust.org.uk	Tel: 0147 6581111
Fox (Owmbly) Ltd	<u>Property & Construction</u>
Caenby Hall, Market Rasen, Lincolnshire LN8 2BU	
www.foxowmby.com	Tel: 01673 878444
Larkfleet Homes	<u>Property & Construction</u>
Larkfleet House, Falcon Way, Bourne, Lincolnshire PE10 0FF	
www.larkfleethomes.co.uk	Tel: 01778 391550
Qube Global Software Ltd	<u>ICT</u>
Westgate House, Westgate, Sleaford, Lincolnshire NG34 7RJ	
www.qubeglobal.com	Tel: 01529 413141
Turnbull & Co Ltd	<u>Garden Landscaping</u>
95 Southgate, Sleaford, Lincolnshire NG34 7RQ	



www.turnbull24-7.co.uk

Tel: 01529 303025

Blue Anchor Leisure Ltd

Tourism

South Road, Chapel St. Leonards, Lincolnshire PE24 5TR

www.blueanchorleisure.co.uk

Tel: 01754 874444

Queen's Award for Innovation 2014

Inzpire Limited

Unit 1, Henley Way, Lincolnshire, LN6 3QR

www.inzpire.com

Tel: 01253 675514

Inzpire Limited wins an Innovation Award for supplying devices called Graphical Electronic Cockpit Organisers. The instrumentation packs supplement avionics systems on military aircraft. They incorporate geographic positioning systems and intelligent display screens, which can be manipulated quickly to access, for example, maps of selected scales. They also incorporate intelligent search functions enabling stored or new targets to be pin-pointed, whilst displaying satellite imagery for visualisation of target areas prior to engagements; digital wire and other hazard information is available for display. Designed as alternatives to integrating new, complex electronics within aircraft through major series up-grades, the portable devices, whose own up-grades can be quickly certified, enable new positioning and targeting techniques to be adopted efficiently by combat personnel. Thus, engagement times are shortened and lives are saved.

Queen's Award for International Trade 2012

RAKON UK Limited

Dowsett House, Sadler Road, Lincoln, LN6 3RS

www.rakon.com

Tel: 01522 812600

RAKON UK Limited designs and manufactures specialised electronic components, predominantly for the global telecommunications industry. It wins the Award for the first time for its outstanding achievement in growing its overseas business by 145%. This success is the result of the implementation of a customer-focussed strategy, leading to expansion into both existing and new markets. In particular the company has worked to maintain a reputation for technology leadership and the highest product performance and quality, along with improving its production efficiency and agility. It has also been successful in developing and maintaining excellent customer relationships through face to face sales operations in emerging markets, ensuring the needs of these markets are understood and met consistently.

Ramsden International

Adam Smith Street, Grimsby, Lincolnshire, DN31 1SJ

www.ramsden-international.com

Tel: 01472 315610

Ramsden International was established in 1989. It is based in Lincolnshire and is a previous award winner as Nisa International. A successful export wholesaler of over 23,000 British and

E: research@cbbc.org

T: +44 (0)20 7802 2000



Italian groceries, speciality and health food products, the company has invested heavily in staff training, multi lingual websites, and a new reprocessing centre to help customers comply with regulatory requirements in overseas markets. This has been especially effective in opening up the Middle Eastern and Scandinavian markets. The development of the company's freight forwarding and logistics capacity has enabled them to deliver chilled, ambient and frozen foods to some of the most remote corners of the world.

Royal Warrant Holders

Gourment Game Limited

Osbourne House, Main Street, Mareham-le-Fen, Boston, Lincolnshire, PE22 7RW
Tel: 01507 568672

Heronden International Horse Transport

Redmay Lodge Farm, 311 Broadgate, Sutton St Edmund, Spalding, Lincoln, PE12 0LR
Tel: 01945 701385

Witham Oil & Paint Ltd.

Outer Circle Road, Lincoln, Lincolnshire, LN2 4HL
www.withamgroup.co.uk Tel: 01522 521192

Manufacturers of Qualube Lubricants and Woco Paints since 1921, we supply our products direct to agriculture, building maintenance, horticulture, marine and road haulage customers and vehicle service garages throughout the whole of the United Kingdom and abroad. Quality, value and service are assured at all times.



Appendix II Hunan Agriculture

Land Relief

More than one-fourth of Hunan's terrain lies at an elevation above 1,640 feet, and much of it is well over 3,000 feet above sea level. The uplands of the west, south, and east fall steadily in elevation toward the plain of Dongting Lake in the north, which is contiguous with the Hubei Plain and forms part of the floodplain of the Yangtze River. The part of the plain within the borders of Hunan has an area of some 3,800 square miles; it has been formed by silt carried down from the mountains by the Yangtze and its right-bank tributaries. Dongting Lake is a broad and shallow seasonal lake, consisting of the remnants of a former inland sea that once filled the Yangtze basin. Its area varies considerably between summer and winter, and the lake has dried up significantly since the 1950s. Nonetheless, it is still the second largest freshwater lake in China, surpassed only by Lake Poyang in Jiangxi.

Drainage

Hunan's entire river system drains into Dongting Lake, with the exception of the Lin Stream, which divides into two parts, with one distributary draining directly into the Yangtze River and the other into Dongting Lake. Much of the low-lying land around Dongting Lake is subject to flooding when the rivers come down in spate during the summer months. The system of dikes built to contain the floodwaters is supplemented by a vast network of electric pumping stations. These pumps drain the fields when waterlogged and irrigate them in times of drought. In the dry hill lands, numerous large and medium-sized water-control projects have been built. In these projects, valleys are dammed and "mountain pools" are formed, from which channels are led to the arid land. One of these schemes—the Shaoshan Irrigation System—diverts some of the upper waters of the Lian Stream, thus irrigating the dry hill land, and also controls flooding in the river's lower reaches; the irrigated area has been converted from single-crop to double-crop rice land.

Soils

The soils of the province are largely pedalferic (rich in alumina and iron) and are mainly lateritic (leached, iron-bearing) yellow earths or red clays. In the hilly regions of central and southern Hunan, the soils are for the most part lateritic clays that are strongly acidic and poor in organic material. The alluvial soils of the northern plains are less acidic and are used for growing rice.

Climate

The north generally experiences more extreme weather conditions than does the south. In winter, occasional waves of cold air from Mongolia sweep southward, injuring tea bushes and fruit trees in northern Hunan. The average minimum winter temperature is 43 °F (6 °C). Summers are long and humid, the average maximum summer temperature being 86 °F (30 °C). The north has an average of 260 frost-free days per year, while in the south the average is 300 days. Precipitation (almost entirely as rain) is ample, with the maximum precipitation occurring between spring and summer. The total annual rainfall of 56 inches (1,420 mm) decreases from south to north. Hunan lies in the path of the wet monsoons, which pass from west to east along the Yangtze basin in summer, bringing with them at times long periods of heavy rain, resulting in extensive flooding of low-lying lands.



Deforestation

The natural vegetation of Hunan was originally dense deciduous and coniferous forest. Over the centuries, as the population has increased, all the lowlands and much of the highlands have been cleared to make way for cultivation.

Agriculture, forestry, and fishing

Although mining and industry have been developed since 1949, Hunan's economy remains mostly agricultural. Hunan ranks first among China's provinces in rice production. Most of Hunan's arable land is farmed using modern techniques, including mechanized irrigation and chemical fertilization. Most farms are small, however, and mechanization has been confined to the use of simple machines and tools, such as rice transplanters, foot-operated rice-threshing machines, and a tube water raiser that is replacing the old wooden trough and paddles.

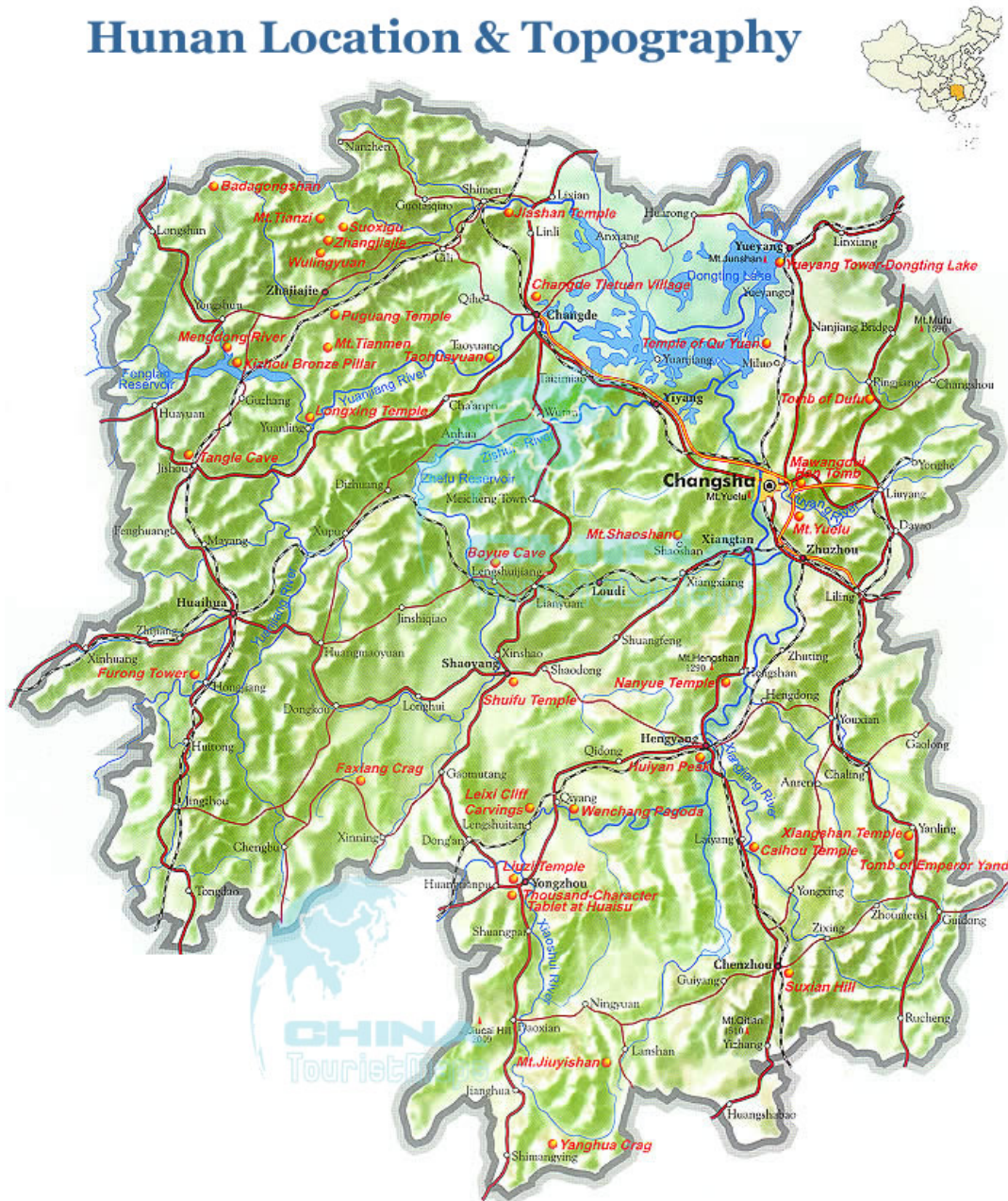
Hunan consistently ranks first nationally in rice output and exports a large surplus to other provinces. It is estimated that most of the province's cultivable land is devoted to paddies (wet-rice fields), a great many of which in the south produce two crops of rice per year and demand careful cultivation. Other food crops include sweet potatoes, corn (maize), barley, potatoes, kaoliang (a variety of grain sorghum), buckwheat, garden peas, millet, and broad beans.

Among the industrial crops, rape—an herb grown for its seeds—is cultivated mainly in the upper valleys of the Xuefeng Mountains, while ramie (a shrub that yields a fibre used in textile manufacture), cotton, and jute are produced around Dongting Lake. Red and black tea are grown on the foothills of the Xuefeng Mountains and on Mount Mufu on the eastern border. Peanut (groundnut) cultivation is widespread, and tung trees and tea seed shrubs are grown for their oils in the western and southern highlands. A variety of fruits is grown throughout the province, including citrus, pears, peaches, and chestnuts.

During the early 20th century, heavy and wasteful cutting of Hunan's timber reserves occurred. Since then, stricter control of cutting has been enforced, and some reforestation has been carried out. Fish are taken in large quantities from lakes, rivers, and village ponds. The most common varieties are carp, silver carp, and "silver fish." The full exploitation of fishpond culture was developed in the early 1970s. Cattle, including water buffalo, are used almost exclusively for draft purposes. Hogs are concentrated mainly in the central and eastern areas, where the population is densest. The swine industry is a significant source of rural cash income.

Appendix III Map of Hunan

Hunan Location & Topography





Appendix IV Case Studies of Chinese Inward Investment – M&A

Plexus

Plexus is an Aberdeen-based company, whose wellhead technology is used on exploration and production wells. In July 2015, China's **Yantai Jereh Oilfield Services Group** invested £8 million in Plexus for a 5% stake and signed a licensing deal with the firm. This deal is reflective of a more recent trend in privately owned energy and engineering companies (as opposed to the previous SOE investment in UK energy sector) looking to secure collaboration with UK energy companies, often using equity investment as leverage. For Plexus, this has meant they now have a very strong partner in the Chinese market, which was previously untapped for them and shows great potential for growth. Low oil prices has meant that now is a good time for Chinese firms to come into this space and pick up some attractive deals as many technology companies are searching for both investment and new markets.

The two companies knew of each other as Plexus had been supplying services from the UK to Jereh in China for a number of years.

LendInvest

In 2015, London based **LendInvest** secured a £22m investment from Chinese technology firm Beijing **Kunlun Tech Co.** LendInvest was officially launched in May 2013 having been spun out of short-term mortgage lending business Montello, which was founded in late 2008. LendInvest is now the world's largest P2P marketplace for mortgages, having financed over £300m of mortgages in its first two years. Beijing Kunlun is a Chinese technology company that was originally backed by leading Silicon Valley VC Sequoia Capital, and has core businesses in gaming, social communications platforms and technology investments. The attraction of Beijing Kunlun to LendInvest was the experience which they bring in developing an expanding tech company.

In this instance it is believed the introduction between the two companies was made through Sequoia, which had a stake in both companies.

Sensewhere

In 2015, Chinese internet giant **Tencent** made a strategic investment in Edinburgh-based indoor mapping startup **Sensewhere**. The total amount of the deal was undisclosed, but the companies said that Tencent now has a license to use Sensewhere's indoor positioning software in Tencent Maps. Sensewhere will also be Tencent's preferred vendor for location-based advertising services in China. Sensewhere's technology provides location information in areas where there is little access to satellite GPS data. Instead, it relies on signals like Wi-Fi or Bluetooth. The company said Tencent's investment will allow it to quickly scale up the development of its indoor location database because it plans to integrate its software with all major apps made by Tencent and its affiliates.



It is understood that Sensewhere had been supplying services under contract to Tencent prior to an acquisition proposal being made.

Neul

In 2014, Cambridge-based **Neul** was bought by **Huawei** for a reported £10m. The investment is seen as part of Huawei's continuing investment into UK ICT sector, especially in the east of the country, following their acquisition of CIP Technologies in Ipswich in 2012.

It was reported that Neul had been working with Huawei for nine months on a narrow band cellular Internet of Things project and that as the relationship had progressed, the companies had grown closer together.

PTG Holroyd

In 2010, Rochdale-based **PTG Holroyd** was acquired by **Chongqing Machinery and Electric Co. Ltd. (CQME)**. As world-leaders in their respective niche markets, the two companies were natural bedfellows given the huge opportunities for investment and growth with CQME adding value and complementary products to PTG's already extensive range for entry into new markets in precision gear manufacturing. The clear objective of the partnership was to establish a strong foothold in international markets with the combined group continuing to invest and develop the technology, intellectual property and 'know-how' of the UK business, and to create products that meet the market's ever more demanding requirements, enabling them to compete with the major machine tool and precision components manufacturers worldwide.

London Taxis

The relationship between these two companies began as a trading link supplying hi-end products from the UK to China and more standard products from China to the UK.

In 2013, **London Taxis** became part of the **Geely Group**, with a new vision to see the iconic London Taxi on the streets of every major city across the world. London Taxis had gone into receivership, threatening nearly 300 jobs in Coventry. With the acquisition nearly half of the original work force was saved. In 2015 Geely announced a £250 million investment in London Taxis for a new factory to be built and investment into the development of a new electronic / hybrid version mainly for export markets. The new investment will see the workforce of London Taxi increase to approximately 500.

London Taxis had been in a partner trading relationship with Geely for a number of years, with components being supplied from China to the UK and kit cars being supplied from the UK for final assembly in China.



Appendix V The China-Britain Business Council

The China-Britain Business Council (CBBC) helps British and Chinese businesses and organisations work together in China, the UK and third markets around the world. With 60 years of experience, experts in 11 UK offices and 15 Chinese locations, and a diverse 1,000-strong membership, we operate alongside the British Chamber of Commerce in China to support companies of all sizes and sectors from multinationals to SMEs.

As the partner of choice for British companies working with China, CBBC delivers a range of events, tailored research and consultative services. We cooperate closely with UK Trade & Investment, the Foreign & Commonwealth Office and across government to highlight export opportunities for UK companies and investment opportunities for Chinese organisations.

CBBC Hunan – Changsha

Contact: Miranda Hou – Changsha Manager
Miranda.hou@cbbc.org.cn
+86 (0)731 8228 1511

CBBC UK

Contact: Claire Urry – Executive Director
Claire.urry@cbbc.org
+44 (0)7950 390207

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Open Report on behalf of Richard Wills, Executive Director for Environment and Economy

Report to:	Economic Scrutiny Committee
Date:	21 February 2017
Subject:	Quarter 3 Performance

Summary:

This report provides information on progress against the economic development indicators in the Council Business Plan. It shows that progress continues to be good, with three out of four indicators met and the fourth being close to completion.

The report goes on to describe the current situation in the local economy, with gradual growth in confidence.

Actions Required:

It is recommended that members of the Economic Scrutiny Committee note and comment on the good progress towards the economic development indicators contained in the Council Business Plan.

1. Background

Council Business Plan indicators

There are four inter-related indicators in the economic development section of the Council Business Plan: jobs created, businesses assisted, qualifications achieved, and external funding attracted. Progress against all of these indicators is strong.

Jobs Created

The target to Quarter Three is 52, and to date 213 jobs have been created and/or safeguarded.

During Quarter Three, there have been 2 new jobs created and 26 jobs safeguarded through the business centres; Mercury House (Gainsborough) - 2 Jobs created/16 safeguarded, Eventus (Market Deeping) - 8 jobs safeguarded and a further 2 jobs safeguarded at CaNeBuZo (Long Sutton) commercial business space. There was a further job created at local business ACS Services following

support from our Growth Hub. The forecast for the year has been adjusted to reflect the figure reached so far for this financial year.

Businesses Assisted

The target to Quarter Three is 490, and to date 604 businesses have been assisted.

The cumulative figure shown has been achieved from April to December 2016 - with 223 businesses being assisted by the County Council in Quarter Three. This is made up of 16 businesses through the business centres and 19 through the growth and investment team, including 11 visits to foreign owned companies. 188 businesses received at least 3 hours support via the Business Lincolnshire Growth Hub. Additionally (but not reported in these figures) we had more than 760 businesses attending a range of events run by the Growth Hub in the same period, receiving free support and advice. 12 Businesses were supported within the LEADER (Liaison among Actors in Rural Economic Development) Programme across the county.

Qualifications

The target to Quarter Three is 544, and to date 781 qualifications have been achieved as a result of training that Lincolnshire County Council (LCC) has commissioned.

There were 113 qualifications achieved in this period, with a cumulative figure for the year so far of 781. A suggested revision in the forecast to 820 has been requested to allow for additional qualifications that will be completed by the end of March 2017, due to an increase in qualifications requested via the Children's Centre Adult Learning Memorandum of Understanding.

External funding

The target to Quarter Three is £14,000,000, and to date £12,179,231 of external funding has been attracted.

Before the vote to leave the EU on 23 June 2016, projects were taking over 12 months to get to the contracting stage. There was since a commitment by civil servants to getting all projects to the contracting stage before the 2016 Autumn Statement and this increased the number of European Regional Development Fund contracts being awarded in the financial year. The Chancellor has now confirmed that the Government will guarantee EU funding for Structural & Investment Funds (ESIF) projects signed after the Autumn Statement and those which will continue after we have left the EU.

ESIF projects will have funding secured if the agreement is signed before the UK departs the EU, in line with the domestic strategic priorities and offers good value for money. The list of projects approved in the period between October to December 2016 is Greater Lincolnshire Local Enterprise Partnership Growth and Efficiency - £1,919,467; Manufacturing Growth Programme - £870,400;

Collaboration for Growth - £573,700; Business Inspiration - £527,327; and Business Lincolnshire Digital Growth - £578,349.

This has resulted in a total of £4,469,243 for this quarter, and officers remain confident that the year's overall target will be met.

Wider economic trends

LCC, in partnership with Lincolnshire Chamber of Commerce and University of Lincoln, undertake a Quarterly Economic Survey of businesses.

The results of the latest survey are attached as Appendix B to this report.

The results show that there has been an increase in both domestic and exporting sales and orders. This has led to a slight increase in confidence amongst respondents to the survey.

It is important to note that the Quarterly Economic Survey has identified that inflation is starting to have an impact on business pricing policies. It appears that most respondents have chosen to absorb the cost of inflation on their components rather than passing the price onto their customers; in turn this approach will reduce levels of profitability.

A knock-on effect of this potential reduction in profitability is that the number of businesses who are expecting to invest in capital continues to fall. Conversely, the number of businesses expecting to increase their workforce in the same period is expected to increase.

Looking ahead, a significant proportion of respondents now believe that their prices will rise. It remains to be seen how any price increase will affect their market position.

2. Conclusion

Progress is good towards the economic development indicators. The actions that are undertaken by LCC continue to be directly relevant to business growth, but it continues to be important to review wider economic progress and to react accordingly.

3. Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

Not Applicable

4. Appendices


These are listed below and attached at the back of the report

Appendix A	Council Business Plan Indicators - Quarter 3 2016/17
Appendix B	Lincolnshire Economic Briefing - Quarter 4 2016
Appendix C	Customer Satisfaction Information - Quarter 3 2016/17

5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Justin Brown, who can be contacted on 01522 550630 or Justin.Brown@lincolnshire.gov.uk.



Businesses are supported to grow

Jobs created as a result of the Council's support

Jobs created and safeguarded

Number of jobs created and safeguarded as a result of the Council's support.

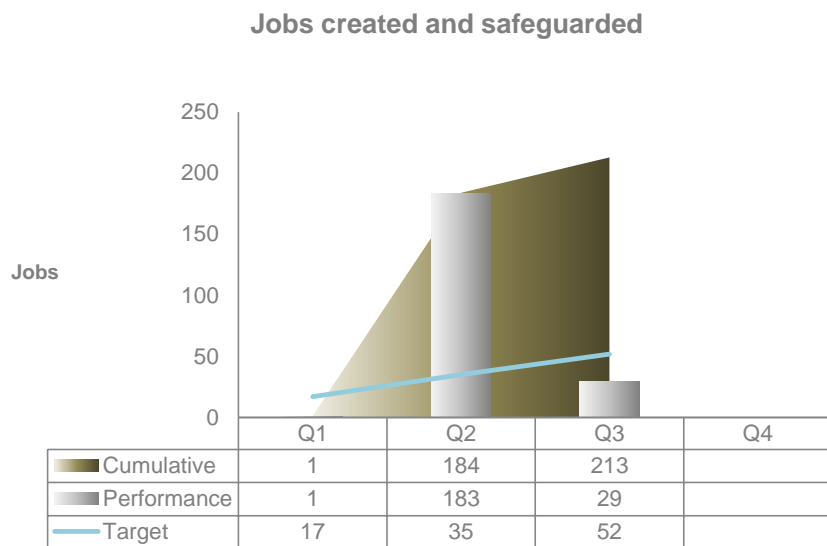


Achieved

213
Jobs
Quarter 3 December 2016

↓

52
Jobs
Target for December 2016



About the latest performance

There have been 2 new jobs created and 26 jobs safeguarded through the business centres; Mercury House - 2 Jobs created/16 safeguarded, Eventus - 8 jobs safeguarded and a further 2 jobs safeguarded at Canebuzo commercial business space. There was a further job created at local business ACS Services following support from our Growth Hub. The forecast for the year has been adjusted to reflect the figure reached so far for this financial year.

Further details

Jobs Created and Safeguarded



	Reporting Year 2014/2015				Reporting Year 2015/2016				Target 2016/17
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Cumulative Value	63	533	542	661	145	690	714	884	
Quarterly Value	63	470	9	119	145	545	24	170	
Target	121	242	363	482	190	380	570	758	70

Jobs Created and Jobs Safeguarded Comparison



	Reporting Year 2014/2015				Reporting Year 2015/2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Created (cumulative)	33	363	365	451	71	426	450	495
Safeguarded (cumulative)	30	170	177	210	74	264	74	434


About the target

The council commissions a series of programmes which help business leaders to grow their business. This includes the building of business sites and premises for selling or renting to businesses which are growing. We do this in order to create jobs in the county, and the jobs are counted in this target.

About the target range

About benchmarking

This measure is local to Lincolnshire and therefore is not benchmarked against any other area.



Businesses are supported to grow

Jobs created as a result of the Council's support


Businesses supported by the Council

Number of businesses who receive direct support and advice from services the Council commission.


Achieved

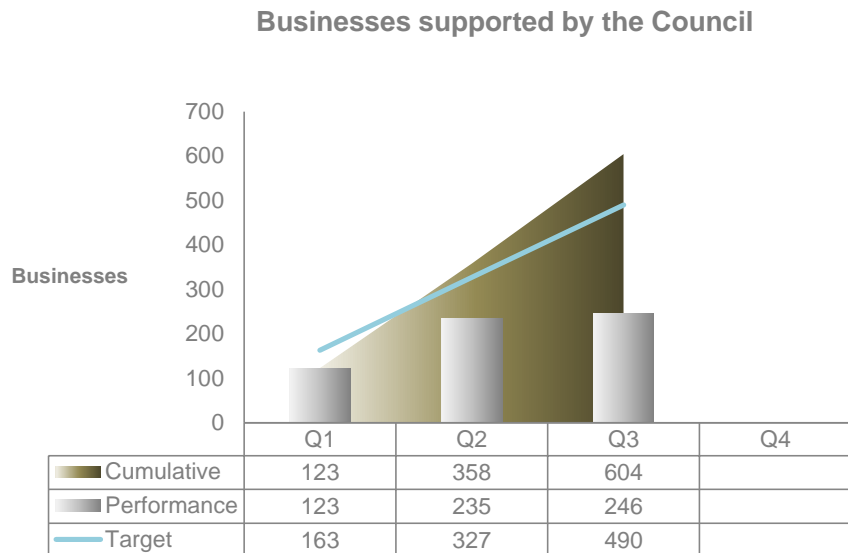
604

Businesses
Quarter 3 December 2016



490

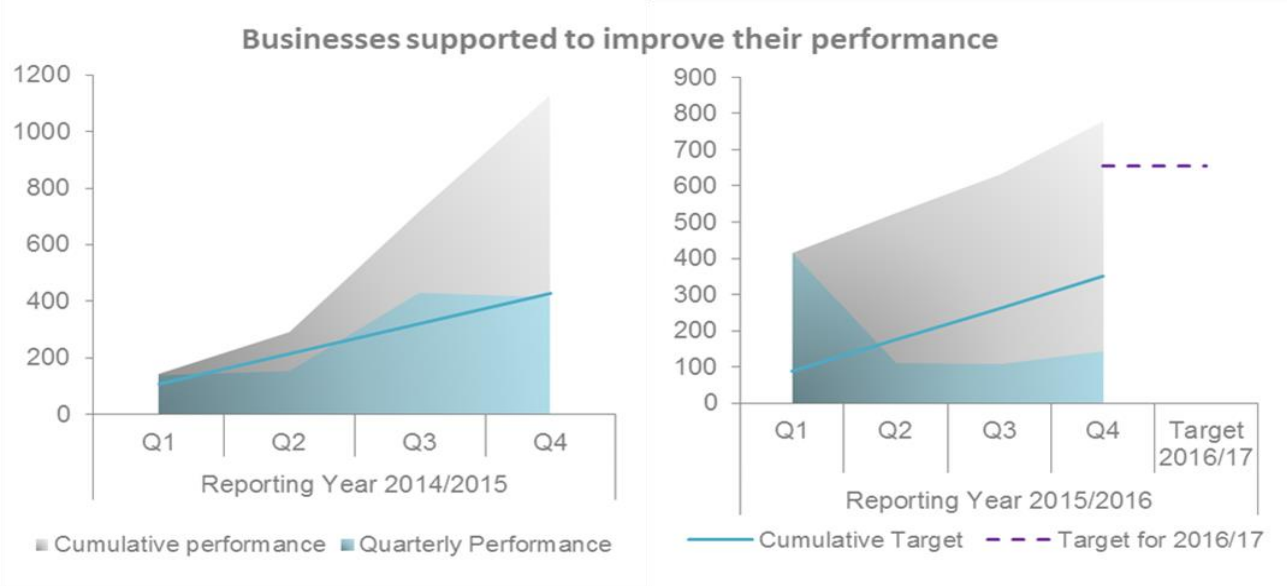
Businesses
Target for December 2016



About the latest performance

The cumulative figure shown has been achieved from April to December 2016 - with 246 businesses being assisted by the County Council in quarter 3. This is made up of 16 businesses through the business centres, 19 through the growth and investment team and 11 visits to foreign owned companies. 188 businesses received at least 3 hours support via the Business Lincolnshire Growth Hub. Additionally (but not reported in these figures) we had more than 760 businesses attending a range of events ran by the Growth Hub in the same period, receiving free support and advice. 12 Businesses were supported within the LEADER (Liaison among Actors in Rural Economic Development) Programme across the county.

Further details



	Reporting Year 2014/2015				Reporting Year 2015/2016				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Target 2016/17
Cumulative performance	137	286	715	1,127	415	525	634	779	
Cumulative Target	107.25	214.5	321.75	429	88	175	263	350	654
Quarterly Performance	137	149	429	412	415	110	109	145	


About the target

The council commissions a series of programmes which help business leaders to grow their business. The businesses who receive support will grow, creating jobs and other opportunities (e.g. supply chain) and the number of businesses counted in this target.

About the target range

About benchmarking

This measure is local to Lincolnshire and therefore is not benchmarked against any other area.



Businesses are supported to grow

Jobs created as a result of the Council's support


Qualifications achieved by adults

Number of qualifications achieved (Skills programmes, vocational training programmes, adult and community learning) through programmes support by the council.


Achieved

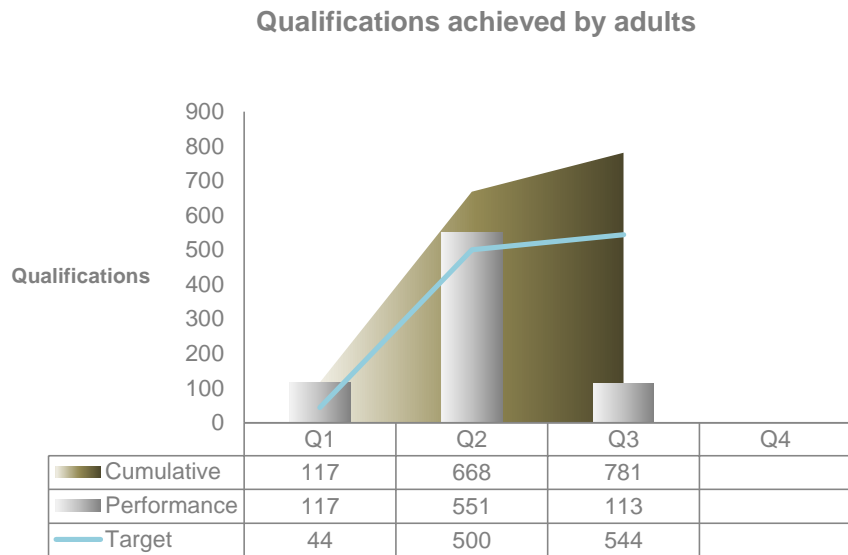
781

Qualifications
Quarter 3 December 2016



544

Qualifications
Target for December 2016

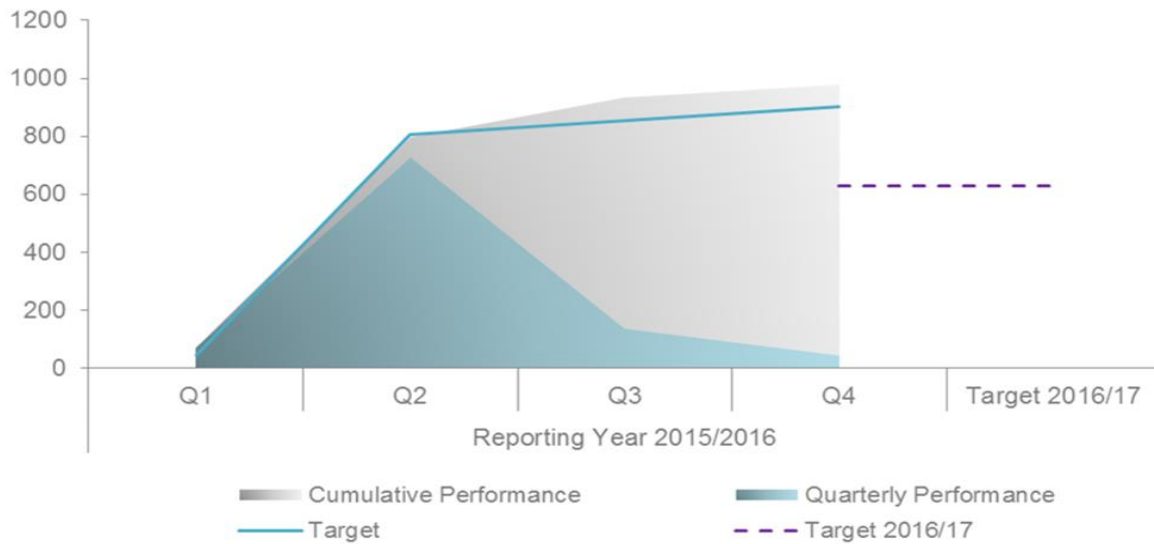


About the latest performance

There were 113 Qualifications achieved in this period, with a cumulative figure for the year so far of 781. It is thought that we will exceed our annual target by the end of March 2017, due to an increase in qualifications requested via the Children's Centre Adult Learning Memorandum of Understanding.

Further details

Qualifications achieved by adults



	Reporting Year 2015/2016				Target 2016/17
	Q1	Q2	Q3	Q4	
Cumulative Performance	71	796	934	978	
Quarterly Performance	71	725	138	44	
Target	45	805	855	902	630


About the target

The council commissions a series of training schemes which help individuals to gain skills. These training schemes are focused on the skills that employers need. Employers can understand an individual's skill level by the qualifications that they hold, hence the reason that we count the number of qualifications achieved.

About the target range

About benchmarking

This measure is local to Lincolnshire and therefore is not benchmarked against any other area.

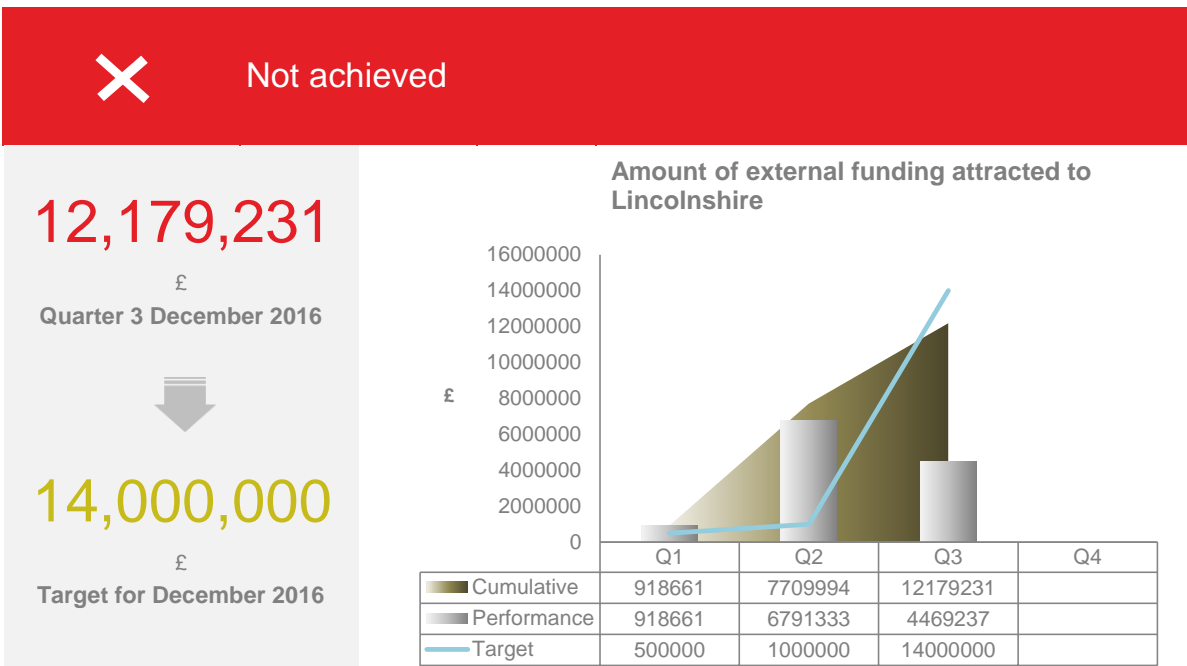


Businesses are supported to grow

Jobs created as a result of the Council's support

Amount of external funding attracted to Lincolnshire

Amount of external funding attracted to Lincolnshire (including Greater Lincolnshire Local Enterprise Partnership and European Union funding programmes) by the council.

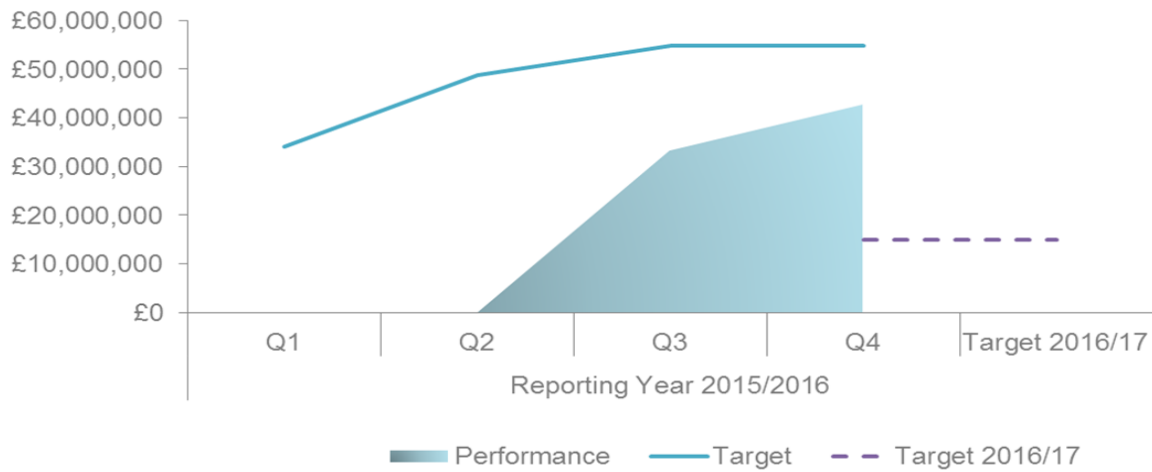


About the latest performance

Before the vote to leave the EU on 23 June 2016, projects were taking over 12 months to get to the contracting stage. There has since been a commitment to getting all projects to the contracting stage before the Autumn Statement was announced which has increased the number of European Regional Development Fund (ERDF) contracts being awarded in the financial year. The Chancellor has now confirmed that the Government will guarantee EU funding for Structural & Investment Funds (ESIF) projects signed after the Autumn Statement, and those which will continue after we have left the EU. ESIF projects will have funding secured if the agreement is signed before the UK departs the EU, in line with the domestic strategic priorities and offers good value for money. The breakdown of this for the period between October to December 2016 is; Greater Lincolnshire Local Enterprise Partnership Growth and Efficiency - £1,919,467, Manufacturing Growth Programme - £870,400, Collaboration for Growth - £573,700, Business Inspiration - £527,327, Business Lincolnshire Digital Growth - £578,349. Resulting in a total of £4,469,243 for this quarter. There is a confidence that we will achieve our year end figure of £15m as we have £12.4m contracted to quarter 3 and followed by another £17m either at funding agreement or now responding to final appraisal queries. Our ESIF Committee has approved the schemes and they will not go through technical appraisals with Department for Communities and Local Government (DCLG).

Further details

Amount of external funding attracted to Lincolnshire



	Reporting Year 2015/2016				
	Q1	Q2	Q3	Q4	Target 2016/17
Performance	-	-	33,400,000	42,877,794	
Target	34,000,000	48,800,000	54,800,000	54,800,000	15,000,000

About the target

EU growth fund £3 million - Internal/external projects contracted for European Regional Development Fund (JRDF), European Social Fund (JSF) and European Agricultural Fund for Rural Development (JAFRD)
 £12 million European Growth Deal Round III - It is anticipated that a further Growth Deal (Round III) will be awarded in 2016/17 which is likely to be less than £14.8 million awarded previously.

About the target range

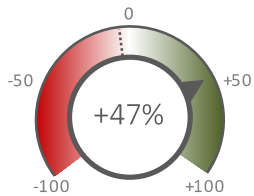
About benchmarking

This measure is local to Lincolnshire and therefore is not benchmarked against any other area.

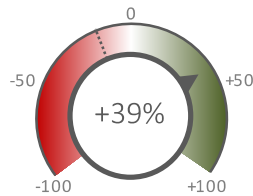
Lincolnshire businesses appear robust and ready for 2017 according to the latest set of results from the Quarterly Economic Survey (QES). This final quarter of 2016 has seen a marked improvement in conditions for exporters with both manufacturing and services enjoying the upturn. Domestic sales and orders have continued to steadily improve though manufacturing businesses are finding the going much harder at home than abroad. Overall, businesses appear bullish about their prospects in 2017 but we cannot ignore that the pressure on businesses to raise prices on their goods and services is increasing, and that inflation is a growing concern. 2017 looks set to be the year where we debate what future trading and relationships with the rest of the world looks like. As such, we would like to remind businesses of the importance of responding to the QES and providing their views on local conditions, ensuring that local and national policy is influenced to benefit Lincolnshire as well as the UK.

HEADLINES... + Positive Balance (growth) - Negative Balance (contraction)Previous Quarter's Balance

EXPORT SALES AND ORDERS RECOVER



...the balance of respondents reporting improvements in **export sales**, up from -4%



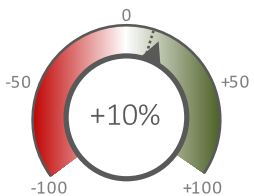
...the balance of respondents reporting improvements in **export orders**, up from -14%

Sales Performance Last 3 months – Overseas Market

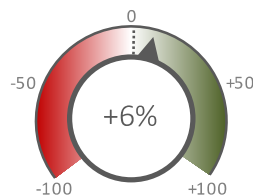
Improved
Stayed the Same
Worsened



DOMESTIC SALES AND ORDERS OVERALL CONTINUE TO GROW



...the balance of respondents reporting improvements in **domestic sales**, up from +9%



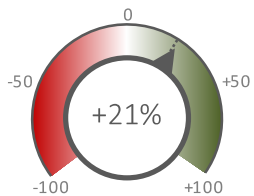
...the balance of respondents reporting improvements in **domestic orders**, up from 0%

Sales Performance Last 3 months – UK Market

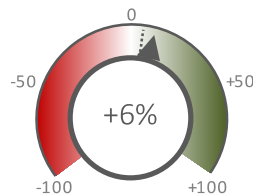
Improved
Stayed the Same
Worsened



CONFIDENCE LEVELS HOLD HEADING INTO 2017



...the balance of respondents confident of increases in **turnover** in the **next 12 months**, up from +19%



...the balance of respondents confident of increases in **profits** in the **next 12 months**, up from +2%

Turnover Next 12 Months

Improve
Stay the Same
Worsen

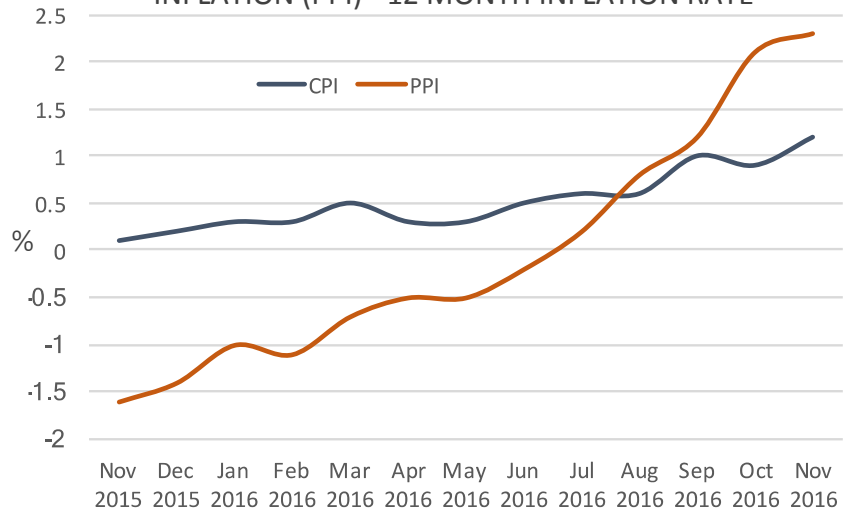


BEHIND THE HEADLINES...

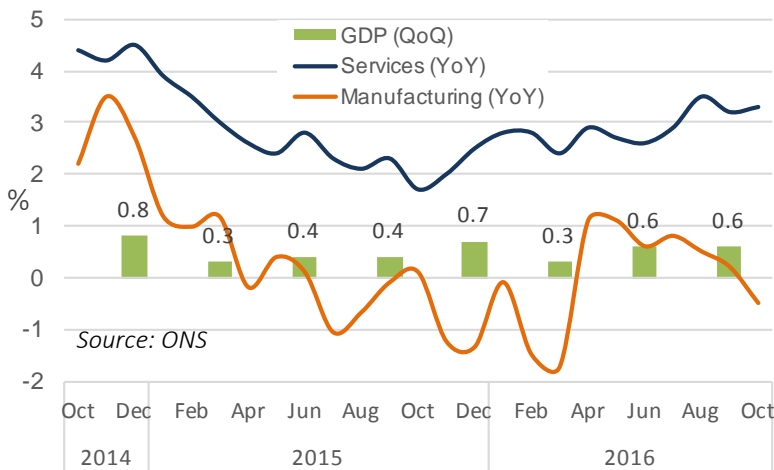
This final set of QES results for 2016 paint a positive but pensive end to the year. Sales and orders, at home and overseas, overall have both improved though there are some differences in fortunes across performance for the manufacturing and service sectors. Confidence levels have improved across the board, and intentions for recruitment and investment in the future remain steady. What is concerning businesses as we head into 2017 are the inflationary pressures they are under, the impacts of which are discussed below.

After an unexpected dip in the rate in October, the Consumer Price Inflation (CPI) rate rose again in November, up to 1.2 per cent. The rate is now at its highest since October 2014, when it was 1.3 per cent. The Producer Price Inflation (PPI) rate has continued to rise and now stands at 2.3 per cent. A recent Bank of England survey found that costs paid for materials and imports rose at the fastest pace in around five years in the fourth quarter of 2016. Locally, we are already starting to see the effects of inflation on the business outlook for 2017 as, whilst increases in turnover are expected, they are not necessarily expected to translate into increased profit levels.

CONSUMER PRICE INFLATION (CPI) AND PRODUCER PRICE INFLATION (PPI) - 12 MONTH INFLATION RATE



GDP AND SERVICES GROWTH STEADY, BUT MANUFACTURING CONTRACTS



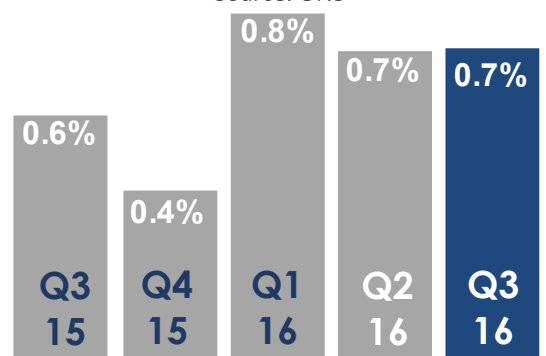
This final quarter of 2016 has seen some small revisions made to Gross Domestic Product (GDP). Growth figures relating to the period Jul-Sep 2016 were recently revised up by 0.1% to 0.6%, with the two preceding quarters revised down by 0.1%. Manufacturing growth has fallen away after it rallied in the summer, and the service sector, whilst showing overall steady growth, is being driven by consumer spending (see below). The concern is that this consumer confidence could fall away in 2017 (see below) as we see employers shift price increases onto product prices and essentially cut consumer spending power.

Latest figures from the Office for National Statistics show that consumer spending has continued its strong showing since the start of 2016, and there is every indication that Q4 figures will be just as good, if not stronger in the run up to Christmas. However, as touched on previously on this page, lurking in the background is the upwards pressure on prices from increasing input prices which rose by 12.9% in the year to November 2016. Until now producers have been reluctant to pass these price increases on to the consumer but this can only be maintained for so long. As such, 2017 is likely to be when we see the pressure on producer prices start to impact on retail prices and ultimately consumer confidence hit with spending reined in. By how much remains to be seen.

CONSUMER CONFIDENCE REMAINS

Consumer Spending Growth QonQ

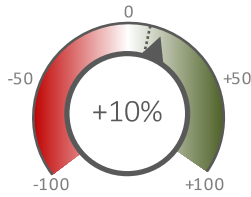
Source: ONS



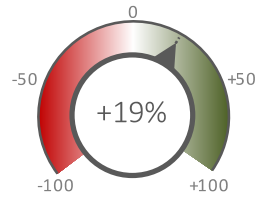
OTHER RESULTS...

- + Positive Balance (growth)
- Negative Balance (contraction)
-Previous Quarter's Balance

FUTURE EMPLOYMENT GROWTH EXPECTATIONS HOLD UP GOING INTO 2017



...the balance of respondents reporting an increase in their **workforce** in the **last 3 months**, up from +6%



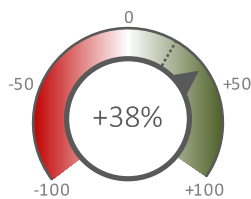
...the balance of respondents expecting to increase their **workforce** over the **next 3 months**

Workforce Next 3 Months

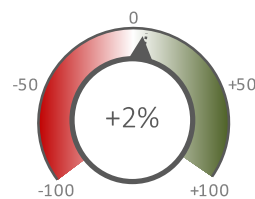
Increase
Stay the Same
Decrease



PRESSURE ON PRICES INCREASING AND CAPITAL INVESTMENT PLANS FALL FURTHER



...the balance of respondents expecting to increase their **prices** over the **next 3 months**, up from 19%



...the balance of respondents reporting an increase in their **investment plans for plant / machinery / equipment** in the last 3 months

Prices of Goods/Services Next 3 Months

Increase
Stay the Same
Decrease



IN OTHER NEWS...

Small and medium sized businesses in Lincolnshire can access free expert advice and grants to grow their business after a £5 million cash injection into the county's Business Lincolnshire Growth Hub.

The *support* is available exclusively to small and medium sized business in Greater Lincolnshire (including North and North East Lincolnshire) and is designed to help businesses:

- Understand their current business position and the basic pillars needed to support their growth in the future
- Get their business 'investment ready' and access finance for growth
- Save energy, reduce waste and become more resource efficient
- Embrace digital technology and help businesses 'get online'
- Manage supply chains more effectively and access new supply chains

A number of grants are available to businesses to help them grow – starting from £1,000 and rising to £10,000. Interested businesses must contact the Business Lincolnshire Growth Hub on businesslincolnshire@lincolnshire.gov.uk or visit the Business Lincolnshire website for more information.

Businesses are also being encouraged to sign up for weekly business bulletin to ensure they get the latest business news, grants information and support advice direct to their mailbox. Sign up at <http://www.businesslincolnshire.com/register>.

USEFUL CONTACTS...

Business Lincolnshire - The local website linking you to schemes and services to help you start or grow your business.

www.businesslincolnshire.com

Greater Lincolnshire Employment and Skills Board -

Giving employers opportunities to lead and influence local training provision to have access to skills needed to grow their business.

tel: 01522 550545

email: clare.hughes@lincolnshire.gov.uk

Greater Lincolnshire Local Enterprise Partnership -

Supporting business in the region; aiming to improve infrastructure and conditions for doing business from the Humber to the Wash.

www.greaterlincolnshirelep.co.uk

email: GLLEPsecretariat@lincolnshire.gov.uk

Jobcentre Plus - Providing services that support people of working age from welfare into work, helping employers fill their vacancies.

www.gov.uk/jobs-jobsearch

www.gov.uk/advertise-job

Select Lincolnshire - Raising the profile of Lincolnshire, promoting and attracting investment into the county, signposting to local produce within the County and promoting food and drink across the UK.

www.selectlincolnshire.com

tel: 01522 550618

email: select@lincolnshire.gov.uk

Lincolnshire Chamber of Commerce - A membership organisation providing business -support advice and benefits.

www.lincs-chamber.co.uk

tel: 01522 523333

email: enquiries@lincs-chamber.co.uk

Trading Standards business advice - Giving support and encouragement to businesses by giving advice and information to help them get it right first time.

www.lincolnshire.gov.uk

tel: 01522 782341

email: TradingStandards@lincolnshire.gov.uk

Federation of Small Businesses - A non-profit making membership group promoting the interests of the self-employed and owners of small businesses

www.fsb.org.uk

email: david.thorpe@fsb.org.uk

m: 07917 628927

tel: 01522 688070 (Lincoln Office)

ABOUT THE QES AND BRIEFING...

The Quarterly Economic Survey (QES) is the flagship economic survey of the British Chambers of Commerce. It is a prominent tool used to measure the state of business sentiment and is monitored by a range of national and international organisations, such as the Bank of England, HM Treasury, European Commission, and IMF.

QES results are generally presented as balance figures - the percentage of firms that reported an increase minus the percentage that reported a decrease. If the figure is a plus it indicates expansion of activity and if the figure is a minus it indicates contraction of activity. A figure above 0 indicates growth, while a figure below 0 indicates contraction.

For example, if 50% of firms told us their sales grew and 18% said they decreased the balance for the quarter is +32% (an expansion). If 32% told us their sales grew and 33% said they fell the balance is -1% (a contraction).

The analysis for this briefing has been produced by **Codename Consulting Ltd** on behalf of Lincolnshire County Council, and published on the Lincolnshire Research Observatory (LRO) website.

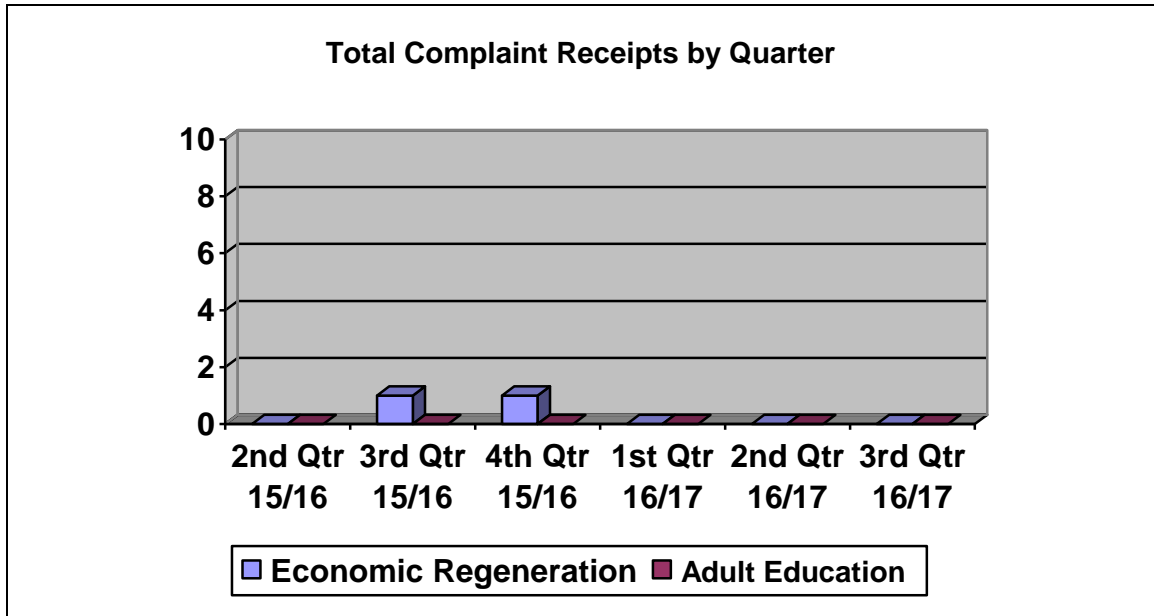
All information contained in this briefing is the most up-to-date available at time of publication (5th January 2017).



Appendix C

Customer Satisfaction Information – Scrutiny Committees

Economic Scrutiny Committee		
Date Range for Report	1st of October – 31st of December (1st of July – 30th of September)	
Total number of complaints received across all LCC service area.	143 (117)* individual school complaints not included.	
Total number of complaints relating to <u>Economic Scrutiny Committee</u>	0 (0)	
Total number of compliments relating to <u>Economic Scrutiny Committee</u>	4 (0)	
Total Service Area Complaints	Economic Regeneration	0 (0)
	Adult Education	0 (0)
Service Area Economic Regeneration Complaint Reasons	Conduct/attitude/rudeness of staff	0 (0)
	Disability	0 (0)
	Disagree with Policy	0 (0)
	Disagree with Procedure	0 (0)
	Insufficient information provided	0 (0)
Service Area Compliments	Adult Education	0 (0)
	Economic Regeneration	4 (0)
How many LCC Corporate complaints have not been resolved within service standard	6 (8)	
Number of complaints referred to Ombudsman	8 (8)	



Summary

LCC Overview of Complaints

The total number of LCC complaints received this Quarter (Q3) shows a 18% increase on the previous quarter (Q2). When comparing this Quarter with Q3 of 2015/16, there is a 6% decrease when 152 complaints were received.

Economic Regeneration Complaints

This Quarter Economic Regeneration has received no complaints.

Adult Education Complaints

This Quarter Adult Education has received no complaints.

Compliments

Economic Regeneration received 4 compliments this Quarter.

- 1 x Business Growth Event
- 1 x Business Growth Programme
- Business grant assistance thanks
- RPA visit praise

Adult Education received no compliments this Quarter.

Ombudsman Complaints

In Quarter 3 of 2016/17, 8 LCC complaints were registered with the Ombudsman. Economic received no complaints that were considered by the Ombudsman.

Open Report on behalf of Richard Wills, Executive Director for Environment and Economy

Report to:	Economic Scrutiny Committee
Date:	21 February 2017
Subject:	Economic Scrutiny Committee – Review of Work from 2013 to 2017

Summary:

This report summarises the work of the Economic Scrutiny Committee during this electoral term.

The report shows that the Scrutiny Committee has had a wide and varied work programme involving prior scrutiny of decisions, performance scrutiny, and policy formation – translating important economic trends into specific actions.

Actions Required:

It is recommended that members of the Economic Scrutiny Committee

1. note the breadth of work that they have considered during the 2013-2017 period.
2. discuss and identify any subjects that they have considered during 2013-2017 which would benefit from further consideration in the future.

1. Background

The Economic Scrutiny Committee has considered a wide range of topics. Over the 2013-2017 period there has been a clear flow between the items considered by the Committee, the schemes that have been led and approved by the Executive Councillor, and subsequently delivered by the team.

Policy Formation – from analysis to activity

A large amount of the Committee's work has been the formation of policy.

The most important of these has been the work to shape the Local Enterprise Partnership Strategic Economic Plan and the European Structural and Investment Funds strategy. These documents have set the framework for economic development activity, identifying the major priorities for growing our economy and describing how £120m of EU grant should be spent.

The Strategic Economic Plan is a high level document. It sets out a framework which then requires more detailed action plans. Often these are sector based, and members have provided advice on the formulation of sector plans for the agriculture/food, manufacturing, and tourism sectors. These sector plans are now being translated into activity, especially regarding the implementation of innovation services for agriculture/food and for manufacturing. Plans regarding business advice and finance for business have also been scrutinised, leading to a very broad range of services in the Business Lincolnshire Growth Hub and to the area's involvement in the Midlands Engine £250m financial instrument.

Members have regularly identified the importance of skills and employment to our economic growth. In addition to strengthening the Council's links with the Department for Work and Pensions (and writing to the minister to outline the importance of delivering Job Centre programmes with local flexibility in order to address Lincolnshire's aims), members have helped the team to shape a major programme of skills training. As reported at a recent Economic Scrutiny Committee meeting, Lincolnshire's businesses and individuals can now take advantage of a £13m programme of training and advice.

Performance Scrutiny

The Executive Councillor for Development and/or his Executive Support Councillor have attended every Scrutiny Committee meeting and made announcements about wide economic trends as well as the progress of individual schemes.

Members receive quarterly progress reports against the Council Business Plan performance indicators, and these reports are supplemented by an analysis of wider economic factors through the Quarterly Economic Survey. The period from 2013 to 2017 has seen slow growth and shifting levels of confidence amongst the local business community – due no doubt to the general election, Brexit referendum, and US presidential election considerations. Although confidence levels have shifted, occupation levels in the Council's economic property estate have remained high, and members have reviewed these levels regularly during the period.

Members have also played an important role in the ongoing management of the Council's role as accountable body for the Greater Lincolnshire Local Enterprise Partnership (GL LEP). The reports on financial progress, and on tactics around ensuring that the government funding is fully spent, contributed to a reassuring audit report.

Prior Scrutiny of Project Decisions

During 2013-2017 Lincolnshire County Council (LCC) has invested significantly in projects which have unlocked opportunities for growth. The projects have attracted grant funding and have often been delivered in partnership with the private sector. Each decision has been scrutinised by the Economic Scrutiny Committee before consideration by the Executive Councillor for Development.

The projects have included economic growth on Lincoln East West Link Road, Sutton Bridge Marina, Unlocking Rural Housing, and Holbeach Food Enterprise Zone. Progress on each project has been good, with benefits being felt locally.

Historic Lincoln

Perhaps the most important action during the 2013-2017 period has been the opening of Lincoln Castle Revealed, the £20m investment which has transformed Lincoln Castle into a 21st century tourist attraction. The capital build has been scrutinised by the Economic Scrutiny Committee who have also advised on a major events programme which has attracted substantial numbers of visitors. Analysis has shown that the benefits of this investment have not been solely in Lincoln – tourism businesses across the county have reported an increase in business as a result of the investment.

Historic Lincoln is about much more than just Lincoln Castle. Members received a briefing on the Lincoln Cathedral Heritage Lottery Fund bid and the Chairman provided a letter of support to the bid.

In Depth Analysis

In addition to work at the Committee meetings, members have also undertaken in-depth analysis of certain issues.

A formal Task and Finish Group was established under the chairmanship of Councillor William Webb to consider the Impact of Transportation on Maximising Economic Growth. The Group made a series of recommendations about how the relationship and focus between economic growth and transport can be strengthened. This approach has led to strong bids for funding, and to a greater focus on economic issues in the rail strategy that was also debated by the Committee. The impact in rural areas of increased tax on fuel was also identified, and the Chairman of the Economic Scrutiny Committee has written to the Secretary of State for Transport on the issue.

Committee members have held a Working Group into caravan occupation and its impact on year-round services, and have also received a presentation from community groups in Mablethorpe on how to tackle the seasonal nature of their economy.

A Working Group on tourism was established, and the Working Group drew up several recommendations which are now being addressed. These recommendations reinforced the role of LCC in commissioning Public Relations support (this is the way that stories about the county as a tourism attraction are featured in the media), proposed that our web presence is improved, and promoted the benefits of spectacular events.

Commissioning Strategies

LCC has moved to being a commissioning council.

The Economic Scrutiny Committee has considered and commented on the three main commissioning strategies which encourage growth – enterprise, environment, and infrastructure. The new scrutiny committee structure after the County Council elections will bring these disciplines more closely together.

Looking ahead

Several activities have been considered by the Economic Scrutiny Committee during 2013-2017 but will continue into the future.

It is likely that the government's industrial strategy will place further emphasis on the Midlands Engine, and it is important that Lincolnshire continues to articulate a strong narrative about its place within the Midlands. It will also be beneficial for Lincolnshire's profile to be raised more widely, relating to issues such as our water management plan which was supported by the Economic Scrutiny Committee.

The LEP and LCC have jointly commissioned some analysis into the most powerful messages to promote Lincolnshire ("Place marketing"). This is necessary to promote investment, but it also provides the messages which will improve the web presence to tourists, one of the main recommendations from the Tourism Working Group.

The level of medical training in Lincolnshire is significant, but more is required to encourage people to take up positions in Lincolnshire's health sector. Whilst LCC will have a partnership rather than leading role, it is likely that the subject will continue to be considered both from a health and an economic perspective in coming years.

Finally, the outcome of the referendum on the UK's membership of the EU and the likely changes to trade relationships which will arise from Brexit and from the change in the US presidency provides an opportunity for Lincolnshire businesses. The Economic Scrutiny Committee has considered export initiatives, and it is likely that the Council will need to ensure that there continues to be a service that helps Lincolnshire's businesses take advantage of new opportunities.

2. Conclusion

In summary, then, the work of the Economic Scrutiny Committee has been varied and has ranged from policy formation to prior scrutiny of decisions. The advice of the Committee has directly led to the shaping of schemes which are now being delivered to the benefit of Lincolnshire's businesses and residents.

The staff of the Economic Development team would like to thank members for their help and support during this period.

3. Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

Not Applicable

4. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Justin Brown, who can be contacted on 01522 550630 or Justin.Brown@lincolnshire.gov.uk.

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Open Report on behalf of Richard Wills, Executive Director for Environment and Economy

Report to:	Economic Scrutiny Committee
Date:	21 February 2017
Subject:	Medical Training in Lincolnshire - Update

Summary:

This report updates the Economic Scrutiny Committee with progress on broadening the provision of medical training in Lincolnshire.

It shows that significant progress has been made by education and training providers in delivering medical training and in planning future provision.

Actions Required:

It is recommended that the Economic Scrutiny Committee notes the progress that has been made, and continues to offer support for any bids for funding that are made to broaden medical training provision.

1. Background

The Economic Scrutiny Committee received a report on 12 April 2016 describing the range of medical training that is being delivered in Lincolnshire.

Lincolnshire's training and learning providers continue to deliver a wide range of provision, notably at each of the Further Education colleges in Lincolnshire and both universities.

Professor Sara Owen from the University of Lincoln will attend the Economic Scrutiny Committee and will update members on the work that the University of Lincoln are doing – and planning - in this regard. This includes new nursing and allied health programmes, new Continuing Professional Development activities, and research activities at the Institute of Health.

Since the last report to the Committee, the Secretary of State for Health, Jeremy Hunt, has announced that a new approach is likely to be taken to increasing the number of medical school places. Existing medical schools appear to have been asked if they would be able to take extra places, and universities without medical schools have been asked if they would be interested in opening a medical school – recognising that only a very small number of medical schools would be likely to be

created and that the process of planning for new medical schools would be highly onerous, time consuming, and of high cost.

Reports in the media suggest that any new medical schools would be in areas which do not currently have provision and would need to be focused on preparing a future medical profession workforce; all the time having a substantial local cost. In summary, then, creating a new medical school remains a difficult challenge, but the conditions for creating a new school do appear to have changed.

In addition, the United Lincolnshire Hospitals NHS Trust (ULHT) has undertaken pioneering work to work towards creating a National Centre for Rural Health and Care. The work has started to explore new ways of recruiting staff in healthcare by making “rural” a key selling point to attract new NHS staff to work in our hospitals.

This work has been financed by ULHT and the Lincolnshire Economic Action Partnership, and research has been commissioned from Rose Regeneration, a consultancy from Lincoln. ULHT are working closely with the Lincoln Institute of Health at the University of Lincoln as well as with businesses to understand what a National Centre for Rural Health and Care might look at and achieve.

The work culminates in a conference which is being held in early February 2017. Several senior politicians and managers from Lincolnshire County Council (LCC) will be attending the conference.

At the previous discussion about medical training, members discussed the scope of engagement from an Economic Scrutiny perspective. This was as set out below, and remains valid.

- How could current students be encouraged to seek placements/employment in the local medical sector?
- Do the ways of attracting returning, older graduates differ from those for recent graduates?
- Are sufficient training places available in Lincolnshire?
- How could regeneration funding programmes be adapted to meet the ambitions of a medical school in Lincolnshire?
- How would a medical school increase local purchasing and other local economic activity?

2. Conclusion

In conclusion, an increasing volume and range of medical training is being delivered across Lincolnshire. A useful contribution from an economic development perspective would be to support ways of retaining people who have been trained in the various medical disciplines within local medical providers.

3. Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

Not Applicable

4. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Justin Brown, who can be contacted on 01522 550630 or Justin.Brown@lincolnshire.gov.uk.

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Open Report on behalf of Richard Wills, the Director responsible for Democratic Services

Report to:	Economic Scrutiny Committee
Date:	21 February 2017
Subject:	Economic Scrutiny Committee Work Programme

Summary:

This item enables the Economic Scrutiny Committee to consider its own work programme for the coming year.

Actions Required:

The Economic Scrutiny Committee is invited to comment and agree on the content of the work programme, as set out in Appendix A to this report.

1. Background

Current Work Programme

At every meeting of the Committee, Members are invited to consider their future Work Programme and to agree on items to be included in the Work Programme. The current work programme for the Committee is attached at Appendix A to this report.

Scrutiny Activity Definitions

Set out below are the definitions used to describe the types of scrutiny, relating to the items:

Budget Scrutiny - The Committee is scrutinising the previous year's budget, the current year's budget or proposals for the future year's budget.

Pre-Decision Scrutiny - The Committee is scrutinising a proposal, prior to a decision on the proposal by the Executive, the Executive Councillor or a senior officer.

Performance Scrutiny - The Committee is scrutinising periodic performance, issue specific performance or external inspection reports.

Policy Development - The Committee is involved in the development of policy, usually at an early stage, where a range of options are being considered.

Consultation - The Committee is responding to (or making arrangements to respond to) a consultation, either formally or informally. This includes pre-consultation engagement.

Status Report - The Committee is considering a topic for the first time where a specific issue has been raised or members wish to gain a greater understanding.

Update Report - The Committee is scrutinising an item following earlier consideration.

Scrutiny Review Activity - This includes discussion on possible scrutiny review items; finalising the scoping for the review; monitoring or interim reports; approval of the final report; and the response to the report.

2. Conclusion

That consideration is given to the content of this report.

3. Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

Not Applicable

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Economic Scrutiny Committee Work Programme

5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Tracy Johnson, who can be contacted on 01522 552164 or tracy.johnson@lincolnshire.gov.uk.

ECONOMIC SCRUTINY COMMITTEE

Chairman: Councillor Tony Bridges

Vice Chairman: Councillor Chris Pain

21 February 2017 – Think Tank		
Item	Contributor	Purpose
Lincoln High Street Public Realm Enhancement Scheme: Tentercroft Street to south of the level crossing	Amanda Bond Senior Development Officer Paul Wheatley Group Manager – Economic Development	Pre-Decision Scrutiny (Executive Councillor Decision 2 – 17 March 2017)
Progress on International Trade Relationship with Hunan, China	Angela Driver Senior Commissioning Officer (Enterprise) Professor Jayne Mitchell, Deputy Vice Chancellor, Bishop Grosseteste University	Policy Development
Theme Performance: Quarter 3	Justin Brown Enterprise Commissioner	Performance Scrutiny
Economic Scrutiny Committee – Review of Work from 2013 to 2017	Justin Brown Enterprise Commissioner	Performance Scrutiny
Medical Training in Lincolnshire - Update	Professor Sara Owen University of Lincoln	Status Report
Visit to Lincoln Science and Innovation Park		

28 March 2017		
Item	Contributor	Purpose

For more information about the work of the Economic Scrutiny Committee please contact Tracy Johnson, Senior Scrutiny Officer, on 01522 552164 or by e-mail at tracy.johnson@lincolnshire.gov.uk

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