Agenda Item 9

LINCOLNSHIRE COUNTY COUNCIL – ECONOMIC INFRASTRUCTURE COMMISSION

2017/18 to 2020/21

Economic Infrastructure Commission 2017/18

The Enterprise Commissioner has sought to commission from Economic Development Services (EDS) a range of activities that make a clear and tangible contribution to the Corporate Strategic Commissioning Objective of *Sustaining And Growing Business And The Economy*.

The Enterprise Commissioner has identified and set three clear priorities for activities that he believes will help him achieve the required contribution towards the Corporate Strategic Commissioning Objective.

In responding to this commission, The Group Manager For Economic Development has adopted the Enterprise Commissioners priorities and utilised them as a Gateway Review mechanism to determine those activities and projects that should be considered for implementation as part of the response to the commission, prior to a more detailed assessment and evidencing of need.

The Group Manager For Economic Development's response to the Enterprise Commissioners Commission (this document) is in the form of an Activity Plan with supporting narrative.

In responding to this Enterprise Commissioners commission, The Group Manager for Economic Development is keen to point out that there is likely to be significant overlap between the Activity Plan response to this commission and that of the Infrastructure Commissioner. The Group Manager hopes that these has been something of a pooling of financial resources between these two commissioners recognising the cost of some of the activities put forward and the likely benefit to both commissioners. To make it clear the Group Manager does not expect to be paid twice for the same work, but that if there is pooled resource this would allow the deliver of complex or time intensive activities that would normally be beyond the reach of each commission in isolation.

The Group Manager For Economic Development would also like the response to the Enterprise Commissioners Commission which follows in the form of an Activity Plan to be read in the context of the following statements:

- Commissioned activities are often of a capital project nature. Capital projects traditionally
 take between three and six years to deliver (inception through to final closedown). The
 Activity Plan response to a commission covers a 12 month financial year. The Activity Plan
 must therefore be viewed as a 12 month "Snapshot "of progress on projects or programmes
 of projects.
- The activities identified in the Activity Plan involve the input of external agencies and
 partners. The ability of Economic Development Services to guarantee achievement of annual
 milestones is limited by the degree to which EDS have control of the project. However EDS
 will always seek to give an honest assessment / report of progress during the life of the
 commission.
- The Activity Plan contains both existing ongoing projects and proposed new interventions.
 These new interventions are recommended on the basis of a sound needs assessment
 following a commissioner's priority gateway review process. It is noted however that we are,
 at the time of drafting this response, at the beginning of a new council term and political
 priorities are not yet fully articulated.

• In producing this Action Plan we have been aware of existing and future budget constraints as far as practicable at the time of drafting.

This activity plan, whilst needs driven, may not accord with policy in emerging Local Plans
and as such some melding of objectives may be required between the commissioner and
those monitoring Local Plan delivery.

• In developing this Activity Plan we have given full credence to the connectivity with the objectives of the emerging response to the Investor Development Commissioning Plan. We would wish the commissioner to note that the "Review" process associated with the Investor Development commission may require consideration to be given to the introduction of other projects or activities into the Economic Infrastructure Commission.

Response to Commission.

In setting his Economic Infrastructure Commission, the Enterprise Commissioner has set three priorities for activities. These are:

One - Invest in sites where the market is failing to invest speculatively

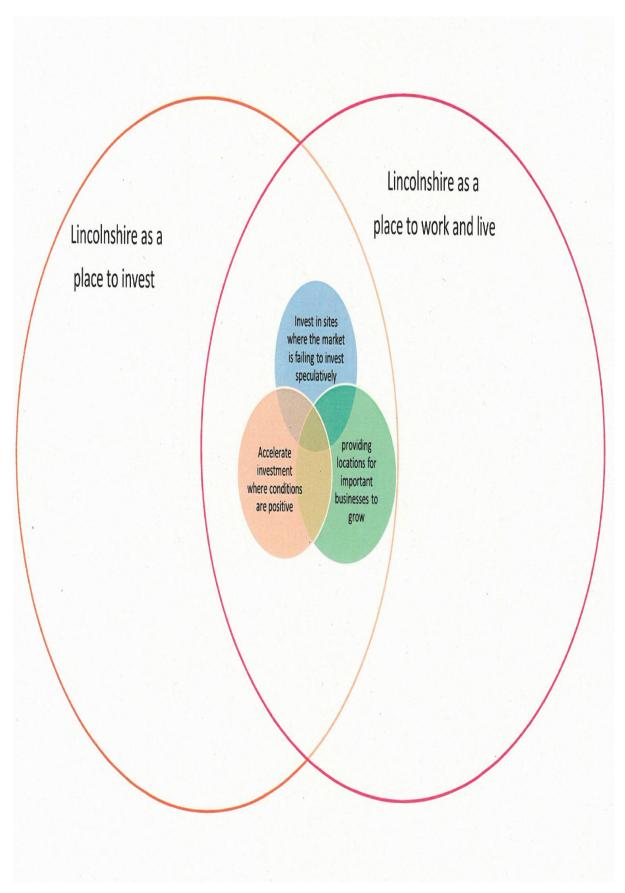
<u>Two</u>-Providing locations for small businesses to grow

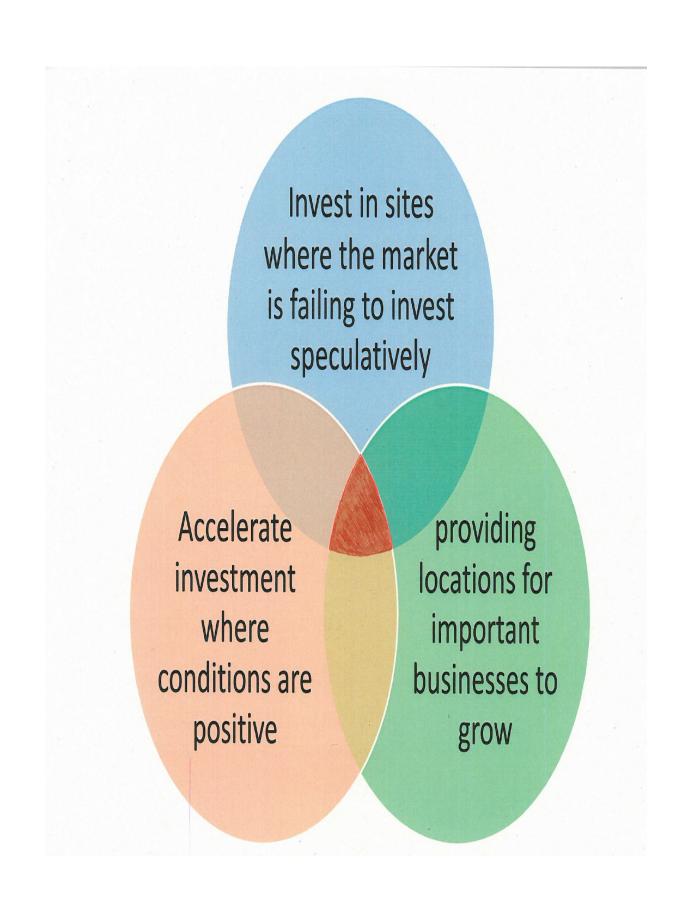
<u>Three</u>- Accelerating investment where conditions are positive

The Group Manager For Economic Development using his knowledge and experience of the Lincolnshire economy recognises and supports these priorities, save that in regard to priority Two it is believed that to better recognise the cross over with the Investor development commission, the phrase "small businesses" should be replaced with "important businesses"

Subject to this small change of wording, the Group Manager believes that these priorities can be used collectively as a Gateway Review for assessing projects to be included in the Activity Plan.

The following diagrams illustrates this.





The Group Manager believes that there are overlaps between each of the priorities. For example, it is known that there are businesses that are important to the Lincolnshire Economy, who wish to grow, but are constrained by the market failing to invest in employment sites speculatively. An historic example of this would be Siemens and the subsequent local authority intervention to create Teal Park.

The Group Manager For Economic Development would propose to the Enterprise Commissioner that new projects to be included in the Activity Plan, should be able to demonstrate that they contribute to at least two of the priorities (preferably all) before a more needs based business case for each is developed. The Group Manager For Economic Development would also recommend that a sectoral filter is also applied to demonstrate linkage to the GLLEP SEP.

Activity Plan

The following Activity Plan identifies that there are a number of projects remaining to be completed in order to deliver planned beneficial impacts on the Lincolnshire economy. In general these projects are expected to be completed over the next 24 months. Individual project milestones for each project's journey over the next 12 months are given in the plan.

The Activity Plan also proposes the pursuance of a number of new economic development interventions. These proposals have been derived by reference to recent economic research (such as the Gleeds Sites And premises Study, the Route Action Plans, the Hotel Solutions Lincolnshire Hotels Needs Assessment and the Strategic Economic Plan). Summarizing commentary on each is provided, particularly picking out influences on the Activity Plan that follows.

Development Pressure

Mapping of economic performance and development pressure shows that the London effect has now moved up through Northamptonshire and Cambridgeshire, such that it is now touching south west Lincolnshire (particularly Stamford, The Deepings, Bourne and Grantham). Lincolnshire towns such as Spalding, Sleaford and Lincoln are just outside the area of development pressure at the current time but are expected to become increasingly attractive as competition for opportunities further south becomes more intensive driving prices up and returns down.

The diagram below illustrates this.



Employment Land Values

A study of the values achieved for serviced employment land transactions over the last 2 years indicates an east west split across the county which broadly mirrors the development pressure map. Land values for freeholds have been recorded in the £250,000 to £300,000 per acre level around Stamford and Grantham and reaching up to Lincoln, whilst figures are perhaps only around £100,000 to £150,000 per acre in the east of the county.

Clearly development pressure in the south west of the county is pushing up land values. Unfortunately however these values remain too low to support pure speculative site servicing projects, particularly where significant offsite infrastructure needs exist. The private sector development industry in this area persists in limiting itself to provision of serviced employment land with developer ties (design and build), whereby the developer will service the site and build premises which it then leases to the occupier business but will rarely sell. This form of tenure is often not liked by growing businesses however as the model of vesting the freehold in their pension fund and then leasing to the business is more tax efficient.

Stratification of land values across the county is illustrated below.



Current Serviced Land Provision

Whilst each of the Local Plans for Lincolnshire (either emerging or adopted) are required to identify a five year supply of employment land, in most cases the land identified is not serviced and may only come forward with limited tenure offers. Analysis by EDS shows that there are currently 7 employment sites in Lincolnshire with significant land availability. These are shown on the map below. All were provided with Public sector input.



It should be noted that none of these sites fall within the areas where there is greatest development pressure.

Employment Sites Needs

The recently commissioned Employment Sites Needs Assessment by Gleeds shows that the greatest demand for employment land is in the west and south of the county. This corresponds with the part of the county where there are fewest sites are currently available. The implication of this market failure is that business growth <u>could</u> be constrained by lack of suitable accommodation.

Development pressure however is greatest in the same area of Lincolnshire and this <u>should</u> offer a potential solution, in that private investment should flow to meet the demand for employment land and premises.

Unfortunately there is no evidence to demonstrate this is the case. It has been proposed that the values that can be achieved (freehold) for serviced employment land in this part of Lincolnshire (despite increasing demand) remain below the threshold at which private developers will provide property on a range of tenures.

Economic Development Services believe that there are two intertwined problems that need to be overcome in this part of Lincolnshire: Firstly there is a need to ensure that there is absolute certainty that an appropriate quantity of land will be brought to the market in serviced form within a defined and short period of time and secondly that a much greater range, quantity and continuity of supply is created so as to support long term business expansion.

The Enterprise Commissioner will need to consider how to provide an immediate triage and a long term cure.

An option may be to identify any existing County Council or partner land than can be brought to the market as a serviced employment site, demonstrating financial viability, whilst also raising investor awareness through the Investor Development Commission and proposing to support investors technically and possibly financially, as an investment partner (risk sharer).

The findings of the Gleeds study into the need for employment land are shown pictorially below.



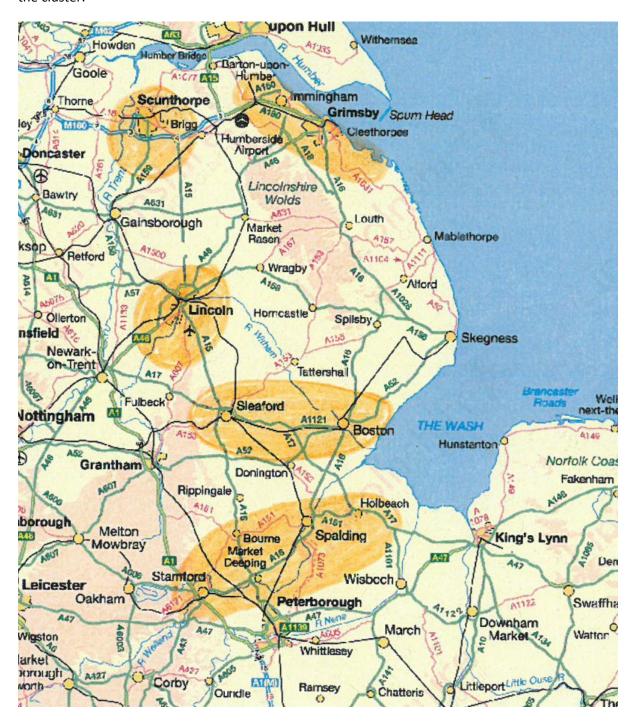
Economic Infrastructure To Support And Retain Our FDI Businesses

As we move forward to Brexit there appears to be a growing focus on the need to ensure that existing FDI businesses can be retained and that an inability to secure new premises mustn't be allowed to become a push factor towards relocation away from Lincolnshire and The UK.

The map that follows shows the clustering of FDI businesses in Lincolnshire. It can be observed that three of the clusters overlap with the areas identified by Gleeds as having the greatest need for new employment sites.

If it is conjectured that FDI businesses tend to be bigger commercial concerns with a greater than normal requirement for size or quality of premises, then there is a clear line of reasoning that suggests that a shortage of economic infrastructure (sites and premises) in locations where FDI

businesses are clustered is a weakness in terms of any aspirations to assist in protecting and growing the cluster.



Hotel Needs

It is well understood within the Economic development field of practice that FDI and bigger businesses not only require access to and opportunity to obtain good sites and premises but that they also require other supporting infrastructure.

With the increasing trend within multinational and multi-locational businesses to move senior management and key technical staff around various plants, there is a received wisdom that FDI and bigger businesses include short term residential accommodation for key workers within the definition of "supporting infrastructure". Across the country this requirement is often met using hotel accommodation.

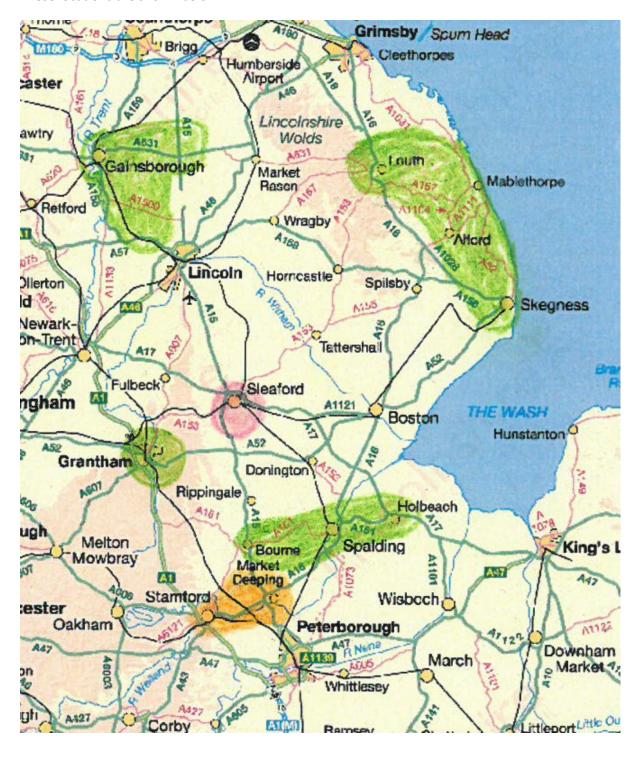
Initial drafts of the Lincolnshire Hotel Study suggest that whilst there are hotel needs across the county, some of these gaps are already being plugged by new private sector led hotel construction projects (for example the development proposed by Dransfield in Gainsborough) Gaps in provision remain however and the study has indicated that in addition to budget hotel provision in a number of Lincolnshire market towns there is also a need for a higher quality (Star) Hotel in Lincoln. We have asked Hotel solutions to comment on the local economic value of a four star hotel as opposed to a budget facility and this information should perhaps guide how we involve ourselves in hotel provision. Subject to receipt of further data it is believed that a four star offering may be more beneficial to the county because of the associated conference and meeting room accommodation which can be utilised by businesses during weekdays and support other leisure and tourism activity at the weekends. The hotel provision gaps identified by Hotel solutions are shown below:



Workspace Requirements

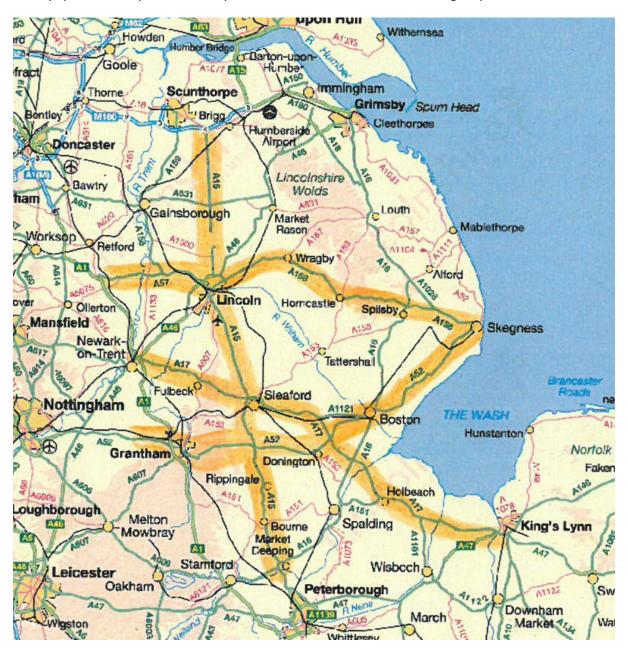
The Ekosgen workspace study of 2015 identifies where new office and industrial spaces are required to support economic growth.

These locations are shown below:



Route Action Plans

Highways connectivity is recognised as an important influence on business success. Lincolnshire has clear plans to address and improve accessibility along key routes which correlate well with our FDI sectors and areas of greatest employment land need. It may well be possible to link new economic infrastructure projects with desired highway improvements to get more for each pound of public money spent. The key route action plan routes are shown on the following map.



Visitor Economy Infrastructure

The Greater Lincolnshire Local Enterprise Partnership Strategic Economic Plan recognises the value of the visitor Economy to Lincolnshire as £1.9bn per year from 31m visitors. There is a stated desire to grow this sector and it is recognised that our natural heritage and environments can contribute to this. There is a recognised importance in protecting our rural economies and our natural environments, so that people are able to benefit from them, both economically and socially.

The Coastal Country Park is currently an underexploited opportunity to develop a brand under which natural environment visitor attractions can be placed and developed.

Utilities To Support Growth

The availability of utilities such as electricity, gas, water, telecoms and broadband within an acceptable timescale and at an adequate capacity are factors which are crucial if an area's economy is to prosper and grow.

A Utilities Study carried out for Lincolnshire county Council and GLLEP in 2017 identified capacity shortages for all major utilities almost uniformly across Lincolnshire.

Whilst it is unlikely that LCC will be able to directly intervene to overcome capacity issues there will be a role to play in lobbying and negotiating for improvements to the reach and capacity of supply.

In addition when bringing forward new economic infrastructure LCC would be wise to examine the potential for increased site self-sufficiency such as through the inclusion of on-site power generation and water and waste processing.

Developing The Activity Plan

In developing the proposed content for the Activity Plan we have sought to address the following economic development problems:

- The lack of serviced land and premises in South Kesteven, North Kesteven (excluding Greater Lincoln), South Holland and West Lindsey.
- The need to deliver new hotel space in nine locations across Lincolnshire.
- The need to create new tourism product within the coastal strip and inland hinterland to support continued growth of the Lincolnshire visitor economy.
- The need to address perceived barriers to employment creation in rural environments.
- The need to address lack of suitable premises as a barrier to economic growth
- The critical need to preserve and develop our FDI clusters
- The desire to support highway improvement by linking to unlocking economic growth

It is recognised that there may be political influence that will arise over the forthcoming few months following county and national elections that will necessarily change the content or priority order of this Activity Plan.

Outline and Detailed Business case / Plans

It is intended that this document read alongside the Activity Plan will provide sufficient evidence and linkage to act as scheme justification. Once agreed for inclusion in the Activity Plan, outline business cases will be developed for endorsement by the Commissioner. A detailed business case shall form the basis of elected member scheme approval.

Summary Of Planned Milestones

Within the attached Activity Plan for each project or strand of activity therein a key project milestone has been identified. This is in effect the point of progress we expect to reach within the 2017/18 financial year. Additional milestones will be agreed with the commissioner for subsequent years where a project carries on beyond the year end.

More detailed information on the key tasks that will be undertaken on each project is given within the monthly monitoring report and will allow the commissioner to more closely track progress on each project or initiative.

Monitoring Implementation

EDS shall submit to the Enterprise Commissioner each month a monitoring report which will enable him to capture the achievement of key milestones. The report will also identify arising issues and provide a RAG assessment. An example of the format of the monitoring report is attached.

Resource Implications And Cost

This commission will be delivered using existing resources of EDS supplemented where necessary by specialist consultants. The commission can be delivered within the existing budget identified by the Enterprise Commissioner and within the monitoring reports information will be given which allows the commissioner to identify the number of hours of staff time utilised.

Cat	Corridor (A1, A17, Coastal, Coastal Highway, Rural)	District	Project title	Project description	Project objectives	P1	P2	P3	Delivers Against Sites And Premises Strategy	Delivers Identified needs in hotel study	Supports Route action Plan Delivery	Grows Agri- food Sector	Grows High value Engineeri ng sector	m Sector	Planned Milestones	Hard Outputs	Most Likely Form Of Involvement	Likely cost To LCC	RAG	Resource Allocation	Likely Delivery Window (years) 1-2, 2- 3, 3-4, 4+
Existing	A17	South Holland	Sutton Bridge Marina	Creation of new commercial and leisure moorings on the Nene		У	n	n	n	n	n	n	n	У	Financially complete commence operation	Visitor numbers	Direct delivery	£400k		PW	
Existing	Coastal	East Lindsey	Coastal obervatory	Attraction On Lincolnshire	increase visitor numbers to Lincolnshire coast and visitor spend	У	У	n	n	n	n	n	n	У	complete construction	Visitor numbers	Direct delivery			PF	
Existing	All	All		sites and premises	Support business incubation. Support retention and Growth of FDI businesses, support creation of job opportunities	1'	У	У	n	n	n	У	У	n	Carry out route and branch processes review	Jobs created, customer satisfaction, occupancy rate	Direct delivery	£0		AH / EMW	
Existing	Coastal highway	East Lindsey	Skegness Countryside Business Park Phases 1 and 3	hectare business park and 1500 sqm of workspace	increase supply of serviced employment land and provide new business accommodation	У	У	n	n	У	n	n	n	n	Achieve significant construction	serviced land created and workspace provided	Direct delivery	£1.1m		PW	
Existing	A1	Lincoln	Lincoln High Street Public Realm	realm on lower High street Lincoln	Create a better shopping environment between Tentercroft Street and St Mary's street	n	у	у	n	n	n	n	n	У	Construction completed	Increased private investment	Direct delivery	£900k		АВ	
Existing		South Kesteven	King31 Grantham		increase serviced land availability, enable housing development	1'	у	У	у	У	У	n	у	У	achieve first land sale	sericed land provided, jobs created	Direct delivery			DB	
Existing	A1	South Kesteven	Market Deeping Workspace	Creation of new step up	Increase workspace availability	У	У	У	У	n	n	n	У	n	complete construction	floorspace created, jobs safeguarded	Direct delivery	£1.1m		MR	
Existing	A17	South Holland		Creation of new	increase supply of employment land	у	У	У	У	У	У	У	n	1		serviced land provided, jobs created floorspace created	Direct delivery	£3m plus land		sw	
New	A1	Lincoln	East West Link Corridor Regeneration	To develop a brief for the regeneration of the East West Lincolnshire including a list of uses LCC and COLC would wish to see delivered	To procure a private sector regneration partner for the EWL corridor and to initiate redevelopment.		У	у	У	У	n	n	У	n	Develop	Increased employment floorspace and jobs created	facilitation	£5,000		sw	1-2
New	A1	Lincoln	Lincoln 4*Hotel		To increase the supply of quality hotel accommodation available in Lincoln, preferably with conference and other ancillary space in order to meet the aspirations of commercial users such as Siemens, Dynex etc		У	У	n	У	n	n	n		Planning application approved	Increased visitor numbers	Facilitation	£0		MR	2-3

Cat	Corridor (A1, A17, Coastal, Coastal Highway, Rural)	District	Project title	Project description	Project objectives	P1	P2	Р3	Delivers Against Sites And Premises Strategy	1	action Plan	Sector	Grows High value Engineeri ng sector	m Sector	Planned Milestones	Hard Outputs	Most Likely Form Of Involvement	Likely cost To LCC	RAG	Resource Allocation	Likely Deliver Window (years) 1-2, 2- 3, 3-4, 4+
New	A1	Lincoln	LEB Business Park	to bring forward a new business park to the east of	To establish feasibility and then develop an implementable business plan	า	У	У	n	n	У	n	У	n	Identify site and produce stage 1 business plan	Employment land provided	partnering	unknown as this stage		MR	4+
New	A1	West Lindsey	Gainsborough Industrial Units	industrial step up units in Gainsborough	To respond to the findings of the 2015 premises study and to increase supply of step up workspace in Gainsborough	/ f	У	n	у	n	n	n	у	n	detailed project business case developed	4000sqft new floorspace, 8 new jobs	Direct delivery	£600k plus land		JE	1-2
New		East Lindsey		providing access to coastal activies (water sports, walking, cycling, horse riding, beach activities etc), supported by affordable quality accommodation and quality locally sourced cafe. Taking advantage of	Create a new coastal attraction to link with new coastal footpath and other recent coastal devts (Gib Pt VC, North Sea Observatory). Tap into a different market for visitors wanting a differenet accomodation/food offer to existing. Helping extend		У	У	n	n	n	n	n	У	detailed project business case developed	Increased visitor numbers and jobs created	direct delivery	£3m		MR / PF	3-4
New		East Lindsey	Horncastle Enterprise Park	employment land in Horncastle linked to plans for a Horncastle relief road	To establish an implementable business plan for the provision of new employment land in Horncastle which will support continued creation of local jobs	f n I	y	n	У	n	У	n	n	n	detailed project business case developed	Jobs created and businesses supported	Direct delivery	£10m		DB	4+
New		East Lindsey	Park - Anderby car parking	The purchase of land and creation of a charged for public car park at Anderby which supports visitors to the wild coast and coastal country park. The development may also create opportunities for other tourist focused infrastructure	To create a facility which supports increased visitor numbers to the coastal county park and the wild coast	r I	У	У	n	n	У	n	n	У	Identify site and develop business plan	visitor numbers	Direct delivery	£300k		PF	1-2
New		East Lindsey		The development of part of huttoft car terrace to accommodate a number of newholiday homes which are resiliant to flooding and	Increase the range of visitor accommodation on the wild coast and demonstrate that resiliant homes can be built on the Lincolnshire coast	n d t	n	n	n	n	n	n	n	у	develop detailed business plan	houses constructed, tourists attracted	Direct delivery	£500k		PW / CH	1-2

Cat	Corridor (A1, A17, Coastal, Coastal Highway, Rural)	District	Project title	Project description	Project objectives	P1	P2	Р3	Delivers Against Sites And Premises Strategy	needs in	Supports Route action Plan Delivery	Grows Agri- food Sector	Grows High value Engineeri ng sector	m	Planned Milestones	Hard Outputs	Most Likely Form Of Involvement	Likely cost To LCC	RAG	Resource Allocation	Likely Delivery Window (years) 1-2, 2- 3, 3-4, 4+
New	Coastal	Boston	Arts Council England bid Frampton/Bosto n	Excellence Grant (£400k) to creata a series of art/architecture structures at Frampton Marsh RSPB and Boston site of Pilgrim Fathers memorial	Create a new coastal attraction to link with new coastal footpath and other recent coastal devts (Gib Pt VC, North Sea Observatory, Bathing Beauties & Structures Or The edge. Assist expansion plans for Frampton RSPE site. Tap into increased visitor numbers for the Pilgrim Fathers	/ r c c c c c c c c c c c c c c c c c c	n	У	n	n	n	n	n	У	Assist in bid production (Bid writen and submitted by others). Deliver project 2018 - 2020. Officer time paid for by bid	Increased visitor numbers and Tourism jobs	Facilitation	£35,000		PF	1-2
New	Coastal	Boston	Town Regneration programme	To facilitate initiatives which increase the number of tourists to Boston particularly increasing short	To enhance and exploit the architectural and cultural heritage of boston in order	l r	У	n	n	у	n	n	n	у	Develop a detailed business plan	Increased visitor numbers and Tourism jobs	Facilitation	£O		АВ	3-4
New	A17	Boston		providing employment opportunities fed by energy	To create an employment park that has sustainable energy supplies derived from utilisation of waste	2	У	У	У	n	У	у	У	n	Identify site and produce stage 1 business plan	jobs created, energy generated	Facilitation	to be identified through business plan		MR	4+
New	A17	South Holland		The construction of estate roads and utility infrastructure within Holbeach Peppermint Park FEZ	To create serviced employment plots	Y	Y	Y	Y	N	Y	Y	N		Planning permission for site servicing obtained and funding for delivery in place	8 acres of serviced employment land created	Direct delivery	£3.4M		SW	2-3
New	A17	North Kesteven	Extension			ו ו	У	n	У	possibly	У	у	У	n	1 ' '	acres of serviced employment land created	Facilitation	£0		DB	2-3
New	Rural	North Kesteven	Workspace	small workspace complexes providing B1 office, light and craft industrial space in rural locations		f s s s s s s s s s s s s s s s s s s s	y	У	У	n	n	n	n		Business case produced and delivery plan prepared	employment floorspace built and jobs created, housing units released	Direct delivery	£700k plus land and capital receipt		JE	2-3

Cat	Corridor (A1, A17, Coastal, Coastal Highway, Rural)		Project title	Project description	Project objectives	P1	P2	P3	Delivers Against Sites And Premises Strategy	1	Route action Plan	Grows Agri- food Sector	value Fngineeri	m Sector	Planned Milestones	Hard ()uthilite	Most Likely Form Of Involvement	Likely cost To LCC	RAG	Resource Allocation	Likely Delivery Window (years) 1-2, 2- 3, 3-4, 4+
New		South Kesteven	Grantham Business Growth Units	workspace	To increase the business base in South Lincolnshire and support FDI retention through the provision of new workspace in Grantham	י ו	У	у	У	n	У	n	У			6000sqft new business space created, 12 new jobs	Direct delivery	£900k plus land		PW	1-2
New	A1	South Kesteven	South Lincolnshire Enterprise Park	serviced employment park along the A15 corridor south of Bourne	Increase the supply of serviced employment land in South Lincolnshire particulalrly to provide for the requirements of businesses (including FDI) seeking to grow in this area of the county. The project should also seek to include on site energy generation	d r f f	У	У	У	n	n	n	У	n	viability study undertaken	Acres of employment land created	Direct delivery	£3m		DB	3-4

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