

COUNTY COUNCIL MEETING – 17 MAY 2019

Statement from: Councillor C J Davie, Executive Councillor for Economy and Place

Grantham Housing Infrastructure Fund (HIF)

Grantham has a growing economy, excellent schools, and is set in attractive countryside. Forthcoming investment in retail and leisure, coupled with easy access to the A1, East Coast Mainline and routes to the Midlands, means that Grantham is increasingly becoming a place that people will want to live. The local authority has allocated substantial amounts of housing, and a garden village has been proposed.

The HIF is a fund to unlock and accelerate housing sites that are constrained by lack of infrastructure. Lincolnshire County Council and South Kesteven District Council submitted an expression of interest in September 2017 and the full bid was submitted to Homes England on 22 March 2019. Homes England will start to consider the bid in June 2019 and the results are expected towards the end of the year.

What the HIF Investment will Deliver:

- The £71m HIF requested by the authorities will be invested in Phase 3 of the Grantham Southern Relief Road (GSRR) along with utility infrastructure.
- All of the agreements and funding are already in place for the GSRR. Detailed design has been completed and a preferred contractor selected. The main construction of phase 3 of the GSRR will start in January 2020, with completion in March 2023.
- Phase 3 of the GSRR provides direct access to Spitalgate and the PWOG Barracks sites.
- The councils will work with landowners to deliver a Garden Village on a site receiving capacity funding and also apply these principles to the Prince William of Gloucester (PWOG) Barracks, which is currently being promoted through the local plan. The delivery of the PWOG Barracks is covered by the Homes England/DIO partnership.
- HIF will also fund electrical capacity which will enable the two strategic sites to be occupied. Feasibility studies into delivering the utilities are underway.
- The HIF programme will deliver 11,523 new homes in Grantham between 2019 and 2047. This is 8,400 more homes than the usual growth rate and can be considered as additional and directly linked to the £71m investment. The investment represents a benefit cost ration of 3:1 and very good value for money.
- Although the £71m investment will be focused on the road it will enable a full range of infrastructure to be delivered including utilities, schools and health facilities.

Current Market and Market Issues

The market issues justifying intervention relate to the scale of the town's strategic development sites and the cost of off-site infrastructure and the timing of when infrastructure is required. The landowners and developers of the sites do not have the ability to fund this infrastructure.

The Role of the Delivery Partners

- The role of the delivery partners, including Lincolnshire, is to co-ordinate the programme, help fund and finance the infrastructure and to help to attract the right developers.
- LCC will build the GRSS using the Midland Highways Alliance Medium Schemes Framework 3 (MSF3).
- LCC will manage the funding cash flow and underwrite the funding gaps in the road, utilities and schools.
- The councils will continue to work with landowners, reaching an agreement regarding the housing promotion and delivery timescales. They will work with the HE/DIO partnership to bring forward the PWOg Barracks. On both sites Garden Village principles will be promoted.
- The councils will also promote and undertake market-making activities investing their own resources.

Market Evidence

The evidence demonstrates the potential of the Grantham market to deliver a greater number of new homes. However, because of current land values it is difficult for housing developers to achieve viability. In turn, this leads to supply falling significantly below need and currently new build values in Grantham are relatively low. Grantham's housing market is in a prime position to benefit from the economic strength of the area.

By incorporating Garden Village and other quality principles, the evidence suggests that the main HIF sites will also benefit from a 'quality premium'.

This approach requires market-making actions by the councils, these include;

- Working with landowners on the joint promotion of sites
- Selection of developers capable of funding site wide infrastructure
- Specifying and delivering a wider range of house types and tenures
- Directly investing in sites using HRA and other resources.

Governance and Affordability

The established board, which includes the councils and the main landowners, will drive the delivery of the HIF, however a programme team will be established to support the board. This programme team will co-ordinate the programme, and manage programme risks (the risk register reflects two key risks, (failure to deliver housing targets and failure to collect assumed s106 contributions). In its role as underwriter of the programme, LCC considers its investment to be affordable and to represent value for money.

Strategic Infrastructure Delivery Plan (SIDP)

The 2016 Greater Lincolnshire Strategic Infrastructure Delivery Plan (SIDP) was prepared by the consultant Mott MacDonald, working to an officer group representing the ten Greater Lincolnshire authorities. Representatives of key utilities organisations also took part. The SIDP seeks to prioritise projects

within the following key strategic infrastructure sectors supporting the economic, social and environmental needs of Greater Lincolnshire:

- Roads
- Rail
- Flood defence and waterways
- Employment lands enabling infrastructure
- Electricity and gas distribution
- Water and waste water
- Communications infrastructure
- Education
- Healthcare

A call for new additional strategic projects (£5 m+) and smaller exceptional schemes which can deliver significant amounts of growth, was circulated in August 2018. A guidance note was attached to assist respondents in providing the necessary information for assessing the suitability of proposed projects. In addition, District Housing Network officers are compiling a list of strategic housing schemes that have stalled or are experiencing blockages and which could be accelerated through targeted intervention.

The projects are mainly road-related or involve improving flood defences. A total of 43 proformas have been received from the following sponsors by sector:

- Local authority – 33
- Environment Agency – 6
- Higher Education – 2
- Utilities – 2

The amount and quality of information included in the proformas varied significantly and has resulted in the need for follow up questions. In particular, further detail was required which specifically emphasises what the projects will deliver and their long term benefits, both directly and indirectly. Additionally, more detail regarding funding was needed, especially differentiating which projects have match-funding secured and those which do not.

The officer working group requested updates on existing projects and new proposals from partner authorities and agencies. Progress on the work is reported regularly to the Housing and Infrastructure Group (HIG) which comprises representation from all parts of Greater Lincolnshire. Local Partnerships have been contracted to provide technical expertise in the area of economic analysis. This will provide headline quantifiable outputs regarding housing unlocked directly by infrastructure, economic benefits, and impact on Gross Value Added, productivity and skills. This work overlaps with the stage 4 Opportunities for Additional Growth required for the Greater Lincolnshire Planning for Growth bid and will be paid for from the Planning Delivery Fund.

The projects have been scored and prioritised according to an agreed method which emphasises the amount of housing and jobs enabled by the infrastructure. The top 10 schemes have been included in the Greater Lincolnshire LEP's Pipeline list of deliverable projects. The deadline for completing the revised SIDP is 10 June 2019 when it will be reported to HIG for approval.

Skills and Employment

I continue to work with my colleague Councillor Mrs Patricia Bradwell OBE on skills and employment issues.

In my previous statement to full Council I highlighted the work that we are doing with the Greater Lincolnshire LEP on raising young people's awareness of local career opportunities. We host a Careers and Enterprise Co-ordinator who works with several schools in the county. Since the last full Council meeting I am pleased that between the LEP and LCC we have been able to find the funding to recruit two additional co-ordinators so that the whole of the county will be covered by this important initiative.

In my previous statement I also described the challenge of seasonal employment on the coast, and in particular how that makes it very difficult for employers to provide structured training to their staff. I am very happy to announce that we have been awarded £367,000 from the Coastal Communities Fund to tackle that problem. We will work with businesses, colleges, and indeed young people themselves in this project.

Flood Risk Management

The Council continues to engage with our partners on strategic initiatives to secure Lincolnshire's resilience to both flood risk and water shortage. The Environment Agency will open a public consultation in June on its approach to managing the East Coast, and the County Council will play a major part in shaping and developing these proposals.

The Council will itself be consulting on its draft Flood Risk and Water Management Strategy from this month. First approved in 2012, this was one of the first developed in England, and our new version will take this agenda forward by aligning flood risk management with the longer term potential for managing and storing water for agriculture and the environment. We would encourage all members to look through the consultation draft when it is released and feed back any comments to officers.

Looking regionally, the council has been engaged with a project called Water Resources East, originally led by Anglian Water and designed to ensure the reliability of water supplies to business and the public in the future. This is now being established as an independent public interest company, and Lincolnshire County Council has been offered a seat at the table as a founding member, along with other local authorities, water companies and sector representation from across the region. As well as driving strategic priorities for water management across the region, this provides a powerful tool to support delivery of a truly joined up flood and water agenda across Lincolnshire in co-operation with neighbouring authorities.

Investment

It has been a very busy time on the investment front since the last Full Council meeting. We have followed up significant investment opportunities including a major food distributor who is seeking a well located site for a new business venture, and several enquiries about property that could be used for hotel accommodation.

I led the Team Lincolnshire presence at MIPIM, the international property conference and my colleague Councillor Mrs Patricia Bradwell OBE hosted our annual business networking event at the Belton Horse Trials. My fellow Executive Councillors Richard Davies and Nick Worth hosted tables at our event at Belton. Just over 150 investors attended our Lincolnshire brunch at MIPIM, and close to 100 businesses attended the event at Belton. We are now following up around 60 strong investment contacts that were made at the two events.

The 90-plus Team Lincolnshire members tell us that they want to support our efforts to promote Government investment in Lincolnshire, and that they want to collaborate with us on important issues like energy infrastructure, skills, and water management. We are now starting to adapt Team Lincolnshire to take advantage of that positive offer from local businesses.

Supporting Businesses

The Leader of the Council, Councillor Martin Hill OBE, welcomed Mr Xu Dazhe, Governor of Hunan province, China, to Lincolnshire. Mr Xu's visit cements the economic partnership that we have been developing between the two regions and Mr Xu tells me that he was very impressed by the positive welcome that he received from Councillor Hill, as well as from the Chairman of the Council, Councillor Ron Oxy, and his Vice-Chairman, Councillor Tony Bridges.

Hunan sees Lincolnshire as the gateway to England's Midlands. Councillor Hill, Mr Xu, and I have agreed that we will focus strongly on a small number of priorities. The focus will be on technology within food manufacture and advanced engineering, both of which are sectors that Lincolnshire excels in, and that are prevalent within the East and West Midlands.

In addition to these strategic priorities, our relationship with Hunan has given Lincolnshire businesses a platform to meet and trade with Chinese counterparts. During the visit of the Governor of Hunan, Hortifeeds Limited from West Lindsey have signed a collaboration agreement with ISKY of Hunan. We also visited Dynex who have received a further substantial investment from their Hunan parent company, CRRC Times Electric Limited.

In addition to the international trade work with Hunan, we have held three major events for business. Our manufacturing and visitor economy conferences were held in late March. Both events were attended by roughly 100 businesses and focused on future technologies and promotional strategies. We also held a popular event on 2 April 2019 for all of the county's tourism businesses to learn about our heritage coast. Familiarisation events like these are a good way of promoting tourism opportunities to the county's visitors.

In line with our manifesto commitment to support the agricultural sector during Brexit, we held a meeting of the Lincolnshire Forum for Agriculture and Horticulture with lead policy officers from the Department for the Environment, Food, and Rural Affairs. The event gave us the opportunity to explain about Lincolnshire's priorities for the implementation of the Government's food bill and was attended by Councillors Barry Dobson and Lewis Strange. Later in March officers met with the civil servant responsible for writing DEFRA's food strategy and gave him the opportunity to see

how local authorities, the LEP and private business are collaborating to achieve a strong future for the sector.

Lincoln City Football Club

Firstly, may I take the opportunity to congratulate Lincoln City Football Club on becoming champions of league two. Lincoln City are a proud member of Team Lincolnshire, and their promotion will see them playing in front of larger crowds, attracting more people to the county, and getting Lincolnshire's name known widely across the country.

Environment Team

The Environment Team has recently concluded the protracted lease renewal arrangements with the Lincolnshire Wildlife Trust, Crown Estates and the Duchy of Lancaster to safeguard the management regimes of the National Nature Reserve at Gibraltar Point. This important site is a key component in the quality of the coastal tourism offer alongside the development of the Coastal Country Park and the on-going work with Natural England to establish the English Coast Path.