

SOUTH HOLLAND DISTRICT COUNCIL

Report of; Councillor Nick Worth, Deputy Leader of the Council, and Councillor Harry Drury, Portfolio Holder for Growth and Commercialisation

To: Performance Monitoring Panel Wednesday, 27 January 2021

(Author: Nigel Burch Economic Development and Inward Investment Manager

Subject PMP Economic Development/Inward Investment update

Purpose: To provide an update to Performance Monitoring Panel on current work being undertaken to support the South Holland economy

Recommendation(s):

- 1) That the panel give consideration to the report

1.0 Executive Summary

- 1.1 Since the last report to PMP in July, the team have been concentrating on the delivery of the Governments Covid 19 business grants, namely the Small Business Grant and the Retail, Hospitality and Leisure Grant. These two schemes closed for applications on Friday 28th August, but processing of applications continued until the end of September by which time £18,450,750 was paid to 1654 South Holland Businesses.
- 1.2 The team then began work on the next round of funding, the Local Restrictions Support Grant (LRSG closed), designed to support businesses who were mandated to close during the November lockdown, with payments once again based on the rateable value of the business. The LRSG (Closed) grant has provided £601,000 support for 401 businesses in South Holland so far.
- 1.3 At the same time, one off funding was announced for those not eligible for the LRSG closed, designated the Local Restrictions Support Grant Tier 3 (Open) Applications for this scheme opened on the 22nd December and closed on the 11th January, with 196 applications being received. We anticipate that eligible applicants will start to be paid later in the month.
- 1.4 Payment is also being made under the Governments 'Wet Pub' scheme which gives a one off payment of £1000 to pubs that derive more than 50% of their income from sales of drink rather than food. There will also now be a further scheme for business that are mandated to close as a result of the latest lockdown, effective from the 5th January. This will apply once again to businesses with a rateable value, those with an RV of £15,000 and under will receive £4,000, those with an RV of £15,001 to £51,000 will receive £6,000, and those with an RV of £51,001 and above will receive £9,000. These payments will be made in one go and will cover a 42 day period from the 5th Jan 2021.

- 1.5 Following representations made by the Council to the Chancellor of the Exchequer on behalf of local horticultural businesses to re-open garden centres as their closure was causing this sector extreme difficulties, the Government have since moved their position and now class garden centres and nurseries as essential retail. This means that since July, and during subsequent lockdowns and Tier restrictions, they have been able to stay open and continue trading. This has had a big positive impact on the horticultural sector in the district as a result of more stock being sourced locally.
- 1.6 Face-to-face business visits have now had to be postponed, but contact has been maintained with many of our key businesses, a number of whom have been providing us with valuable intelligence about the local economy which has been fed back to the GLLEP. These conversations are helping us to understand some of the effects of Covid and the transition out of the EU on our local businesses.
- 1.7 Construction of the first of the University buildings on the FEZ is now almost complete, plans are/have been submitted for the Robotics and Automation building, and the third, a hub which will contain the workspace, both industrial and office, for incoming and start-up businesses. SHDC officers have has been at the centre of the work on the economic strategy underpinning these buildings.
- 1.8 Grants 4growth continues to deliver its outputs on budget and on time, despite the team spending time assisting with the Covid19 support grants.
- 1.9 Work continues to promote the district for Inward Investment purposes, contact has been established with the DIT office in the Netherlands, and we are working closely with the UK team to promote Lincolnshire through a Food manufacturing Automation and Robotics High Potential Opportunity.
- 1.9.1 We are also working with a number of local business expansions and Inward Investment enquiries, mainly based around the agri-food sector

2.0 **Background**

- 2.1 The Economic Development and Inward Investment service at South Holland District Council plays a key role in contributing to and assisting in the delivery of the Council's Corporate Plan by helping to support the local economy utilising a number of different work strands. The overall objective for the service is to maximise opportunities within the local economy for the creation of jobs, in particular those of higher value utilising skills that are need now to help local businesses transition towards higher productivity using automation and robotics and other higher tech solutions, whilst retaining a readily available workforce to service the inevitable seasonality of the agriculture/horticulture/food manufacturing economy. The Inward Investment element aims to support existing businesses to expand, and attract new businesses into the district, thus strengthening the supply chain and growing business rate income.
- 2.2 The purpose of this report is to provide members with a further update on the continuing work streams carried out by the team in the continuing face of the Covid19 pandemic.

3.0 **Covid Response**

- 3.1 A total of 401 businesses were supported under the Local Restrictions Support Grant payments for businesses that were mandated to close by law during the November restrictions. The vast majority of eligible applications have now received their payments amounting to circa £601,000 at the time of writing. The Government cut-off date for applications is January 31st however, we are continuing to support businesses who did not apply for the November payment but were eligible to do so, so there are still further applications still to be dealt with, but all should be paid by the deadline of Feb 28th.
- 3.2 Businesses that were mandated to remain closed once lockdown finished and South Holland moved into Tier 3 were entitled to receive a further grant payment for the period covering December 2nd – December 30th. To date, around 117 businesses have received a further grant payment totalling circa £185,000. Further payments will follow as we continue to deal with late applications from businesses.
- 3.3 Businesses that were not mandated to close but whose income has been severely impacted have been invited to apply for grant support providing they can demonstrate they have been significantly affected as a result of both local and national restrictions. The application window opened on the 22nd December and closed on January 11th with 197 applications being received. The team are now evaluating the type and size of business, along with the severity of the financial impact on the business to assist in the decision making process of how best to utilise the available funding for maximum impact.
- 3.4 Following the Prime Ministers announcement of a third period of national restrictions from January 5th, the following support is now in place:
- For businesses with an RV of £0-£15,000, a payment of £2,001 to cover the 42-day period from January 5th – February 16th
 - For businesses with an RV of £15,001 - £51,000, a payment of £3,000 to cover the same 42-day period
 - For businesses with an RV of £51,000+, a payment of £4,500 to cover the same 42-day period
 - In addition to these funds, a one off 'top-up' payment will be made to all business mandated to close of between £4,000, £6,000 and £9,000, again dependant on rateable value
 - A further nationwide payment of £500m will be distributed to local authorities in the coming weeks for be used to provide discretionary support to businesses
- 3.5 Government have also said that a payment needs to be paid for the Tier 4 period covering December 30th to January 5th. In effect, this means that any business mandated to close since December 31st will be entitled to a pro-rata payment to cover that period. Since the start of the Covid-19 pandemic, South Holland District Council have, as of the 12th January, made 2129 payments to businesses totalling £19,182,332.
- 3.6 Universal Credit numbers are increasing, latest figures to the end of November 2020 report 7513 people in South Holland claiming Universal credit, up from 7250 at the end of October 2020, a rise of 3.63%. These month on month rises are down to a number of elements, partly due to Universal Credit being rolled out to more people in the district, some people on furlough also go onto UC as the 80% furlough payment puts them into the threshold zone particularly where there a number of children in the family unit, and some self-employed people who businesses are not able to trade because either their supplier or customer, or both, have been mandated to close.

- 3.7 We are working with both the LEP and the DWP to promote the County wide online jobs fairs that are now being held on a monthly basis, this virtual approach will also allow job seekers to access various types of support by entering 'rooms' where specific help will be available in terms of writing a CV, re skilling opportunities etc. The latest event, held on the 21st January had over 85 'exhibitors taking part, offering either vacancies or help and advice.
- 3.8 There is a concern that we are in a situation currently where a lot of smaller businesses that might have been expected to fail in the face of the current economic climate are actually being supported by the help from the Government and that there could be sharp increase in insolvencies when the support ends. We continue to work on solutions utilising Government support grants to ensure that as much help as possible is given where it is most needed.

4.0 **Business Engagement**

- 4.1 Since officers last came before the panel all face to face business engagement has ceased, but we continue to maintain contact with key contacts via remote solutions including email and phone, but video conference options have now become the norm across all sectors. This allows discussions to take place with businesses to allow us to understand how they are coping with the pressures of both Covid and the end of the transition period both of which are having significant impact on some of our businesses.
- 4.2 Conversations that take place with businesses and colleagues at the Department for Work and Pensions are allowing us to understand how bigger businesses are affected by, and responding to, the pressures they are under. In general, we are not seeing large numbers of redundancies at the moment, due partly to the extension of the furlough scheme, and also to the nature of the bigger businesses, the food manufacturing industry in particular has retained the need for personnel and seem to only be furloughing those who are extremely clinically vulnerable, in fact the bigger problem at the moment is people being absent through self-isolation.
- 4.3 The horticulture sector is in a similar position, after a tough time during the first lockdown where they and their supply chain were closed own, since July they have benefitted from an upsurge in business and are weathering the storm reasonably well.
- 4.4 The latest figures from DWP which cover the period to the end of November 2020 show a rise in the number of people claiming Universal Credit of 3.63% from 7250 in October 2020, to 7513 in November 2020. In the same time period, the claimant count number, which is now used as the measure for unemployment, shows a 3.71% increase from 2560 to 2655.
- 4.5 A major positive development for the council and the area since the last report to PMP is the announcement of Lincolnshire within the Department for International Trade's 'High Potential Opportunity' programme. This is a government initiative coordinated by the Department for International Trade, which seeks to identify opportunities to attract foreign direct investment into emerging sectors, regions and clusters with the aim of creating new jobs and growth.
- 4.6 In October 2020, it was announced that automation and robotics in the food manufacturing sector in Lincolnshire was to be assigned 'High Potential Opportunity' status. Given the

extent of the food manufacturing sector in South Holland, and the presence of key sites such as the FEZ that are focused on automation and innovation, the HPO announcement is a major opportunity for South Holland. The support from the DIT on the programme will see promotion of the automation and robotics opportunity in Lincolnshire promoted through DIT's worldwide presence, starting in 2021. It also offers an unparalleled opportunity to promote the FEZ as a site of international importance in research and development of agriculture and food tech, along with a world class academic presence through the University, amongst other things, to a global audience.

- 4.7 Officers from SHDC will now be working with colleagues across the county and a dedicated team within the Department for International Trade to develop an 'investment deck' which will be used to showcase the work already being done and further investment opportunities in the sector within Greater Lincolnshire, in more than 177 cities around the world via the DIT's global network. This sector was chosen by DIT because of the expertise skills and talent that we have in Lincolnshire engaged in this element of food production and processing, and the global reputation enjoyed by the University of Lincoln and NCFM at Holbeach.
- 4.8 Further to the HPO work, contact has been established with the DIT office in the Netherlands and a discussion took place as to the benefits of South Holland as an option for Dutch businesses wanting to establish a foothold in the UK over Kent which seemed to be the only area on their radar.

5.0 **Key Employment Sites**

- 5.1 Work continues on the Food Enterprise Zone at Holbeach with construction of the University's Centre of Excellence in Food Manufacturing nearing completion, occupation anticipated within the next couple of months. Plans and designs for the Robotics and Automation Centre and the Hub building are also well underway.
- 5.2 In late 2019, a stakeholder meeting was held to explore the concept of a hub building for the FEZ which would act as a central point for businesses and the University to allow the sharing of ideas in a relaxed, informal atmosphere. This building would also contain office/meeting space, and space within it would be available for hire by external parties as well. Since the start of the Pandemic, conversations have continued to refine the potential uses and design of the building, taking into account the likely requirements and restrictions of a post covid world. This has led to a design being put forward that also includes the first phase of units for eligible businesses to rent, as well as office and flexible meeting space, along with a reception and refreshment area, all with associated car parking. At the time of writing, a planning application has just been submitted to SHDC.
- 5.3 A dedicated marketing campaign is about to start to promote the FEZ to a much wider audience, well known agents Pygott and Crone have been engaged to drive this initiative forward. A number of businesses including a local agri-tech business that are expanding, have expressed interest in taking space, and we are now in a position to be able to engage with them to understand requirements and timelines. We also anticipate an upturn in interest and enquiries once the HPO investment deck is completed and circulated in early summer.
- 5.4 Work also continues through a regular programme of both operational and strategic virtual board meetings, enabling SHDC, LCC, the GLLEP and the University to work together as a partnership in order to continue to drive the delivery of the site forward. In particular,

discussions are taking place around how to resource delivery of the overall site in order to stimulate the next phase of development which will require significant investment as the pace increases.

5.5 The two main parcels of allocated employment land in the district, the Elsoms/Keeling land on Wardentree lane, and the Ashwood Homes owned Clay Lake site, are still promoted to potential Inward Investors and local businesses looking for expansion options, we maintain regular contact with the agents and/or owners of these sites and forward enquiries to them when appropriate. The Clay Lake site, also currently known as the East of England Industrial Estate, is about to undergo a renewed marketing push that should help to promote it to a wider audience and despite the difficulties experienced by all over the last 11 months, one of the agents is reporting an uplift in serious enquiries and is cautiously optimistic for the coming year.

5.6 The availability of these sites, and other, smaller employment allocations are also shared with the County Council (and thereby the GLLEP) as well as the DIT, so that the message that there is allocated land available in South Holland is shared as widely as possible and of course will be fed into the work being done as part of the High Potential Opportunity mentioned above.

6.0 **Inward Investment**

6.1 Throughout the pandemic, the Inward Investment Team have continued to work closely with the Department for International trade, in partnership with the County Council and the GLLEP, helping to identify and support foreign owned businesses in the district by helping them with their growth plans and signposting them to alternative support when appropriate.

6.2 We are also aware that there have been a number of acquisitions and mergers over the last period, for example, last year, Robsons Haulage were taken over by Culina, a German owned company who then bought Fowler Welch during this summer, and Robsons have now moved their entire operation onto the Fowler Welch site. This strengthens the position of both companies by streamlining the operation onto one site, and represents a big investment by Culina into the district.

6.3 The team continue to engage with a number of businesses both within and outside the district to identify suitable sites to support their expansion, working closely with the planning team to deliver a joined up, business friendly approach. We are currently working closely with 6 businesses, four of whom are South Holland Businesses looking to expand, and two that are potential inward investors. The South Holland businesses are all in the agri/food/horticulture sector, of the two external businesses, one is food related and one in manufacturing. We have also assisted a manufacturing business that have taken over a substantial industrial unit and will be starting production over the coming months with the creation of circa 20 jobs.

6.4 The Economic Action plan continues to form the basis that drives our work, but the marketing and promotion aspect has unfortunately had to be put on hold during the pandemic due to much of the teams resource being diverted across to the delivery of the various Government Covid related grant schemes. Promotion work has continued as much as possible, particularly as previously mentioned via DIT and County Council colleagues, and will get a significant boost once the High Potential Opportunity (HPO) work is ready to roll out in the middle of 2021.

6.5 As mentioned under the Business Engagement sector of the report, the establishment of Lincolnshire as an HPO means that the Inward Investment team will be working closely with GLLEP, Lincolnshire County Council, University colleagues and the Department for International Trade (DIT) to attract overseas investment into the sector across Greater Lincolnshire, this presents an Inward Investment opportunity that will have global reach, allowing us to ensure that assets in the district, such as the Food Enterprise Zone and our allocated employment allocation, are strongly represented, reinforcing the importance of South Holland as central to the whole offer.

7.0 **Skills**

7.1 The skills agenda continues to be at the forefront of work being done at both a local and County level, particularly now that the effects of the lockdown are becoming clear as demonstrated by the rise in the number of people who have become unemployed. Whilst the Economic Action Plan underpins what we do, the more immediate plan that all Lincolnshire districts are working towards is that of Economic recovery, and skills and re-skilling are a big part of this strategy.

7.2 In September 2020 the Government introduced the Kickstart scheme which is designed to provide funding for employers to create job placements for 16 to 24 year olds who are on Universal Credit. This scheme allows employers to apply for funding that will cover 100% of the National Minimum Wage, for 25 hours a week for a total of 6 months, and the start of the placement can be extended to the end of December 2021.

7.3 However, the Kickstart application must be for a minimum of 30 job placements, well beyond the capabilities of many local businesses, so Kickstart Gateways have been set up to help to pull together a cohort of 30 or more. The team are engaged with the Enterprise Coordinator from the GLLEP's Enterprise Advisor Network whose role is enable volunteers from the private sector to work directly with the senior leadership teams in secondary education and colleges to support more effective connection to the world of work and develop, shape and add value to the schools or college's careers, enterprise and employer engagement strategy.

7.4 We will continue to work with and support this initiative so that when schools return to some kind of normal, meaningful engagement can resume between schools and businesses.

8.0 **Grants4growth**

8.1 Despite lockdown, the unprecedented economic downturn, and core members of the G4G team still heavily involved in assisting with the Covid grant delivery, G4G continues to perform well against targets and budget. In the 12 months to end of December 2020, £755,686 worth of grants were awarded to 70 businesses, creating 30 jobs and injecting £1,755,005 worth of private sector investment into the Lincolnshire economy.

8.2 The project still awaits approval from MHCLG on an extension of the project to June 2023, but MHCLG, like everyone else, have been affected by the current situation and many of their staff have been moved across to help in the delivery of Covid grants, however, we are confident that as and when things start to ease, full engagement with them will resume.

8.3 Due to efficiencies created within the delivery of the project, we have also been able to transfer £140,000 of revenue savings into capital, thus allowing additional capital grant funding to be made available.

9.0 **Strategic Engagement**

9.1 The ongoing pandemic and change of working means that many of the face to face meetings with the various strategic partners no longer take place, some have been replaced with virtual meetings, but others, such as the Lead Economic Development Councillors meeting, have stopped. However, the team still engage with our partners at the GLLEP, the County, DIT, University, other District Councils, Chamber of Commerce, and the Federation of Small Businesses, as examples of key partners.

9.2 At the start of the Pandemic, the Lincolnshire Resilience Forum (LRF) Business and Economy subgroup was formed, members including Economic Development Managers from all the Local Authorities in the County along with colleagues from the County Council, GLLEP, MHCLG, DWP and Lincolnshire Chamber, with the remit of preparing for the recovery phase of the pandemic in order to get the economy back on its feet as soon as possible.

9.3 By continuing to gather first hand intelligence from our businesses, and sharing that intelligence with the group, we are able to ensure that businesses are kept informed of the latest Government updates, and that we continue to share best practice on the administration of grants, and any other support that may be required.

9.2 It is clear that in the future the way we interact with colleagues, partners and stakeholders will change, but almost without exception, virtual meetings have become the norm and will continue for some time to come, with the benefit of time and travel savings that come with them.

10.0 **Options**

10.1 That the report be noted for consideration.

11.0 **Reasons for Recommendation (s)**

11.1 That the report is noted for consideration, so as to inform PMP on activity to support the economy and invite any questions, thoughts and proposals from the panel

12.0 **Expected Benefits**

12.1 The Inward Investment Team provide a key role in helping to support and grow the local economy by providing a valuable link between business, the Council, developers, funders, training and education providers and other stakeholders, and by delivering the flagship Grants4growth capital funding project which is now recognised as a business friendly project serving the whole of Lincolnshire.

12.2 It also provides detailed knowledge and personal contact with business leaders in many local businesses both large and small, and plays a wider role in making sure that South Holland's voice is heard at County and GLLEP level to ensure the Council has influence in decisions around funding, skills, communications etc.

13.0 **Implications**

13.1 In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

14.0 **Wards/Communities Affected**

14.1 This report encompasses all wards in South Holland.

15.0 **Acronyms**

15.1	FEZ	Food Enterprise Zone
15.2	DIT	Department for International Trade
15.3	GLLEP	Greater Lincolnshire Local Enterprise Partnership
15.4	SHDC	South Holland District Council
15.5	LRSB	Local Restrictions Support Grant
15.6	MHCLG	Ministry for Housing, Communities and Local Government
15.7	HPO	High Potential Opportunity
15.8	ED	Economic Development
15.9	RV	Rateable Value

Background papers:-

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Key Decision: N

Exempt Decision: N

This report refers to a Discretionary Service