

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Matthew Hogan, Acting Executive Director

To: Performance Monitoring Panel Wednesday, 8 September 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 January, the team have continued to concentrate on the delivery of the Governments Covid 19 business grants, namely the Local Restrictions Support Grants, the Open but Impacted discretionary grant programme and the Restart Grant. These schemes have now drawn to a close with a total of 5544 payments totalling £30,519,323 having been distributed to South Holland businesses since the start of the first lockdown in March 2020.
- 1.2 In November 2020, South Holland District Council was allocated £2,774,439 in Additional Restrictions Grant Funding. The Governments stated intent is that this funding, which is a finite and one-off budgetary payment, is to provide local authorities with a budget to administer discretionary funding to aide their economy with the response to, and recovery from, the impact of Covid-19. The Government has made it clear that local authorities are to spend the money by March 31st 2022, and that all monies unspent by that date will need to be returned.
- 1.3 To date, the Council's approach to the use of Additional Restrictions Grant Funding has been to provide discretionary support to businesses within South Holland which, despite not being mandated themselves to close by law, have been adversely affected by the restrictions. The Council has also used the funds to support a small number of businesses mandated to close their premises by law, but who did not qualify for the main government grant schemes by virtue of not being linked to a hereditament on the local business rates list.
- 1.4 Currently, £1.4m of this funding (50% of available funds) has been committed to supporting businesses in the circumstances listed above, leaving a remaining balance of £1.37m to invest before March 31st 2022.
- 1.5 As a result, the Council have taken a proactive approach to the distribution of these remaining funds in order to support local businesses and have developed the Recovery and Growth Fund. This scheme went live on the 4th August and is designed to help support

businesses who can demonstrate they have the potential for growth, thus contributing to the economic recovery and growth of their business and local economy.

- 1.6 Three levels of grant are available, £1,000 - £4,999 with the business funding 20%, £5,000 to £9,999 with the business funding 30%, and £10,000 to £24,999 with the business funding 40%. The applications will be assessed using the tried and tested method used in the Grants4growth scheme, and we anticipate the window for applications will stay open until the end of 2021 with all monies needing to be defrayed by the end of March 2022.
- 1.7 As restrictions have started to ease, face to face visits with businesses have started again, albeit at not the same levels as before, however, communication is still being maintained with all our major contacts, and where appropriate, business intelligence is being fed back to relevant stakeholders and partners.
- 1.8 Construction of the first of the University buildings on the FEZ is now complete and has been officially handed over to the University, construction has begun on the second building which has been designated the hub building, and construction of the 3rd, the robotics and automation building, will follow on. SHDC officers continue to be at the centre of the work to deliver and promote these buildings, and the interest levels remain high.
- 1.9 The ERDF funded Grants4growth programme has continued to perform throughout the whole of the pandemic period and is still on track to deliver all of its contracted outputs on time and within budget. The project still awaits the go-ahead for a further year's extension to take the it through to June 2023.
- 1.10 Since the last update, Inward Investment activity has been centred mostly around the Food Enterprise Zone at Holbeach, working in conjunction with the County Council and the agents, Pygott and Crone. All of the plots on Phase 1 are already reserved or under offer, there is considerable interest in Phase 2 and we are already getting enquiries for office space both physical and virtual in the hub building.
- 1.11 The Inward investment team are taking an active role in the business and economy element of the town centre work, we are assisting 2 town centre businesses, and working closely with Boston College Spalding to promote their newly opened digital hub which will give town centre businesses the opportunity to enhance the digital aspects of their businesses. The team are also engaged with the Town Centre Steering Group and the Economy and Skills subgroup to ensure that businesses both from the town centres and also the wider area benefit from and contribute to the aims of the project.
- 1.12 We continue to work with a number of local businesses with expansion plans, and are also engaged with the DIT and the Inward Investment team at LCC and the GLEPP on a variety of Inward Investment enquiries.

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

3.0 **COVID RESPONSE**

3.1 The team have continued to oversee the allocation and distribution of the various Government Covid Grants that have been released since the start of lockdown. Working closely with the rates and finance teams from PSPS and some staff redeployed from other areas of the Council, 5544 payments totalling £30,519,323 has been made to South Holland businesses during this period.

3.2 Emphasis is now moving to the remaining Additional Restrictions Grant funds with the launch of the South Holland Recovery and Growth Fund launching on the 4th August and in the first two weeks received 40 applications which will be verified and assessed using the same methodology that we use for Grants4growth applicants.

3.3 Universal Credit numbers are increasing, latest figures to the end of November 2020 report 7513 people in South Holland claiming Universal credit, the latest figures for June 2021 show an increase to 7811. 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 which latterly dropped to 60%, puts them into the threshold zone particularly where there a number of children in the family unit, and some self-employed people whose businesses had not been able to trade because either their supplier or customer, or both, had been mandated to close.

3.4 Work continues with the GLLEP and DWP to promote the County wide online jobs fairs, and we are closely engaged with Boston College and the University of Lincoln to promote any schemes that come forward to get people, especially younger people into work or onto apprenticeship or similar opportunities.

3.5 As the Governments furlough scheme draws to a close by the end of September, this may present a challenge to some businesses that have been relying on this support, we will continue to monitor and look to utilise Government support grants to assist if needed.

4.0 **Business Engagement**

4.1 As Covid restrictions have started to lift, a limited number of Covid safe visits have taken place. These visits have mostly been at the request of the businesses involved, and have usually been to discuss future expansion plans although increasingly businesses are becoming very concerned about the lack of staff at all levels, we estimate that there could be well over 1000 vacancies in South Holland at the present time.

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 continue to be 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 Representations are being made at all levels to highlight this problem, the well-publicised issue around the national shortage of HGV drivers is causing a great deal of concern in South Holland.

4.4 The wider impact of staff shortages is also being monitored and we are working with the Business Lincolnshire Agricultural and Horticultural Business Advisor, as well as the Fresh Produce Network to try to find potential alternative solutions to the problem.

5.0 **Key Employment Sites**

Food Enterprise Zone Holbeach

5.1 The Construction of the University's Centre of Excellence is now complete and the building has been officially handed over to the University. It will become fully occupied as the new term starts in the autumn of this year.

5.2 The plans for the second building, designated the hub building, were approved on the 8th March and ground works started soon after, at the time of writing this report in late August, most of the steelwork for this building is in place. The hub will be a mix of work units, office space and flexible meeting zones, and interest is already being shown by potential clients, one of whom is an overseas client who sees this as their first step in establishing a presence in the UK.

5.3 On the 17th March a one hour virtual event featuring a range of speakers was held to 'soft launch' and promote the FEZ, and was attended by over 400 people, with 35 firm enquires being fielded as a result of the event, six of which were land/property investment enquiries. All enquiries are being handled by the agents Pygott and Crone.

5.4 On the 31st March, the joint purchase of the 28 acre phase 2 land by SHDC and LCC was completed, The objective of this joint purchase is threefold, firstly, to give confidence to the market concerning the deliverability of the FEZ in its entirety as planned, including providing confidence to investors in phase 1 that the project can achieve the critical mass to support the development of an agri-food cluster through the delivery of phase 2. Secondly, to ensure that the partners involved in the delivery of the FEZ retain control through ownership over the long term delivery of the phase 2 land.

5.5 The third objective, specific to the Council, has been to position both South Holland District Council and Lincolnshire County Council as partners of equal influence in respect of site ownership and control. A masterplan is currently being worked up to guide future development. Interest is already being shown in this land with a number of meetings having been held with a number of prospective clients.

Allocated Employment Land

- 5.6 We continue to promote 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, 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. Despite the difficulties experienced over the last 16 months, one of the agents is reporting continued interest and is cautiously optimistic for the coming year.
- 5.7 A number of planning applications have come in over the last six months which are now resulting in some further developments at both Wardentree Lane and the Gateway site.
- 6.0 **Inward Investment**
- 6.1 We continue to respond to inward investment enquiries, some of which come into the GLLEP from the DIT and are then forwarded to us to see if there are any sites in South Holland that match the criteria put forward by the client. Where appropriate, we respond with a suggested site and it is then up to the original enquirer as to whether or not they wish to pursue further. In the instances where they do, we work with the agent for the land, the Inward Investment team at the GLLEP/LCC, and the DIT to provide all the information that is requested. This can be a very protracted process with no guarantee of an end result, one such enquiry recently ended with the company deciding not to invest in the UK but to go to the USA instead, but we currently have two other enquiries that are 'live' and we await further communication from the DIT as to whether the companies wish to move to the next stage.
- 6.2 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 working with a number of South Holland Businesses looking to expand, and some who are potential inward investors, with particular interest in the land at the FEZ with interest being shown at the time of writing by 2 South Holland businesses, and 16 potential inward investors.
- 6.3 We have been able to assist MidWest Polychem, a plastics recycling business that have moved from Hull to a site on the A17 at Holbeach where they have invested circa £14m into the site and have already taken on around 30 local employees with another 30 or so planned once full production commences once planning permission is gained from the County Council. We are engaged with two local businesses who have ambitious expansion plans that are currently still in the early formulation stages, but we expect planning applications from both of them before the end of this year. We have also been able to work with colleagues in the licensing team to allow a smooth transition of a Boston based business into a unit at the National Centre for Food Manufacturing at Holbeach.
- 6.4 Following the establishment of Lincolnshire as a High Potential Opportunity in automation and robotics in the food manufacturing sector, a Greater Lincs Agrifood Investment Opportunity proposition has been created and introduced to all the DIT agents globally, this proposition promotes the County and its food and horticulture expertise to interested parties anywhere in the world, and is an important tool in the promotion of South Holland to inward investors.
- 6.5 Although we have not yet been able to establish a contact within the business, it is good to see that David Wood Bakery have taken over the old Spalding Bakery site and are currently advertising for staff to join. We have also worked with Lightspeed Broadband, who

are engaged in rolling out gigabit fibre broadband to Spalding and the surrounding area, to help them to secure Fulney Hall in Spalding as their UK head office.

6.6 We are also aware of 10 exciting business expansions, most of whom operate in the agrifood/agritech sector, that are still commercially confidential at this time, but we are offering advice and support as required.

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. 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 Announced at the spending review in November 2020, DWP have created the Restart scheme to help Universal Credit claimants back to work, and in the East Midlands delivery of this scheme has been given to Jobs 22. Working directly with employers, Jobs 22 will ensure candidates are upskilled and pre-qualified for genuine, sustainable positions with targeted organisations and corporations at no cost to either party.

7.4 The Enterprise Advisor Network that is being delivered by the GLLEP continues to offer information and advice about the world of work and increase the number of encounters with employers, for young people (years 7 – 13) This is done by matching schools and colleges to an employer, known as an enterprise advisor, who will work with the leadership team and the career leader in the school to develop new, or improved, career and enterprise plans. In South Holland, 6 schools are eligible for this scheme, 4 are engaged, and currently 3 are matched to a business. It is hoped that as restrictions ease, this number will increase.

7.5 We are also working with Boston College to inform their curriculum plans to ensure it delivers what is needed by local businesses and learners, and are helping to promote the newly opened digital hub at the Spalding Campus which will deliver digital skills to businesses and the public alike.

8.0 **Grants4growth**

8.1 Since the last report, and despite the pandemic continuing to affect the local and national economy, and with core members of the G4G team still heavily involved in assisting with the Covid grant delivery, G4G still continues to perform well against targets and budget. In the 6 months to end of June 2021, £364,371 worth of grants were awarded to 39 businesses, creating 6 jobs and injecting £752,225 worth of private sector investment into the Lincolnshire economy.

8.2 We still await confirmation from MHCLG on the extension of the project to June 2023 but remain optimistic that the decision is imminent now that covid related workloads are hopefully starting to ease.

9.0 Strategic Engagement

9.1 Unlike business meetings which are slowly starting to return to face to face, meetings with strategic partners are still, in the main, taking place virtually, we have, since we last came before the panel, met on numerous occasions with colleagues from the DIT, the GLEPP, MHCLG, LCC, Business Lincolnshire, WPD, Chamber of Commerce, Lincolnshire Tourism, FSB, DWP, Boston College, University of Lincoln, as well as a number of planning agents working on behalf of businesses who are potentially interested in the district.

9.2 Working with colleagues at the Greater Lincolnshire Local Enterprise Partnership, the DIT, the University of Lincoln and the Inward Investment Team at the County Council, the UK Food Valley programme is now established with the ambition of positioning Lincolnshire's UK leading food sector as a Top 10 Global Food Cluster. Encompassing the agrifood sector within Lincolnshire, but centred around South Holland, and the Food Enterprise Zone in particular, the key priorities of the UK Food Valley are to:

- Accelerate food chain automation and digital technology adoption to deliver productivity growth and high value jobs
- Deliver low carbon food chains from farm to fork by focusing on low carbon technologies for production, processing and distribution
- Developing the market potential of naturally healthy and nutritious foods, as well as new sources of protein such as fish, vegetables, salads, fruit pulses and lean meat in which Greater Lincolnshire specialises.

9.3 The concept of Food Valleys exist in a multitude of locations across the world, they are regions that are internationally recognised and marketed as the best places in that country or region to set up food related businesses. The ambition that sits behind the UK Food Valley project is to develop a long term plan that will establish Lincolnshire as the UK equivalent of other internationally recognised Food Valley's.

9.4 The term 'valley' in this context is a play on Silicon Valley, and the term 'food valley' is one that is well recognised within the global food sector. It is not designed in any way to reflect the physical geography of the place.

9.5 As a precursor to the launch next year of the UK Shared Prosperity fund which will seek to replace European Funding now that the UK has left the European Union, the Government have announced the UK Community Renewal fund, £220m worth of funds for 2021/2022, designed to help support local areas to pilot imaginative new approaches and programmes that unleash their potential, instil pride and prepare for the UK Shared Prosperity Fund when it launches in 2022.

9.6 South Holland District Council has worked with the Greater Lincolnshire Local Enterprise Partnership and the University to submit a bid for £1.7m for the agri-food sector to provide:

- Business and technical support for 120 businesses, small medium and large
- An agri-food business grants programme to support digitalisation, low carbon adoption, and investment in equipment for 64 businesses

- A Skill Development Programme for those who are unemployed and new to the food sector to provide food sector skills
- Funding to support the University of Lincoln to support businesses to take forward innovative projects

The bid was submitted on the 18th June and an outcome anticipated by the end of this year.

9.7 The Government have also announced the creation of the Levelling up Fund to invest in local infrastructure projects that will have a visible impact on people and their communities. This fund represents a new approach to local investment that will end the silo approach which has made it difficult for Whitehall to take a holistic approach to the infrastructure needs of local areas. A £19m Levelling-Up Fund bid has been developed and submitted by the County Council in partnership with SHDC making the case on behalf of many businesses, for improvements to the A16 to include:

- Remodelling of Springfields and the Greencell Roundabouts to support improved traffic flows
- How the investment will support the productivity of our local economy, given the reliance on freight and logistics, and framed around the UK Food Valley ambitions

The bid was submitted on the 18th June and an outcome anticipated by the end of the year.

9.8 We have been, and continue to, gather intelligence to feed back to government via the GLLEP on matters of strategic importance such as issues around staff shortages, particularly in the logistics and horticultural sector, issues that are flagged up to us around, as an example, traffic delays at pinch points which have a significant effect on our local haulage businesses, and recently, providing advice and guidance to businesses that have had to close temporarily due to a member of staff testing positive which has meant the whole team have had to self-isolate.

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 that the Council has influence in decisions around funding, skills, communications etc.

13.0 **IMPLICATIONS**

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; Data Protection; 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	ARG	Additional Restrictions Grant
15.2	DWP	Department for Work and Pensions
15.3	DIT	Department for International Trade
15.4	FEZ	Food Enterprise Zone
15.5	FSB	Federation of Small Businesses
15.6	G4G	Grants4growth
15.7	GLLEP	Greater Lincolnshire Local Enterprise Partnership
15.8	LCC	Lincolnshire County Council
15.9	MHCLG	Ministry of Housing, Communities and Local Government
15.10	WPD	Western Power Distribution

Background papers:-

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Key Decision: N

Exempt Decision: N

This report refers to a Discretionary Service