

Scrutiny Briefing Note

The Economic Scrutiny Panel have asked to monitor progress on the following issues. This briefing contains the latest position as of January 2022.

Subject: Update on the South Humberside Inward Investment Programme (SHIIP)

The SHIIP programme is central to delivering the growth ambition set out in NELC's Local Plan.

The SHIIP Programme plans to deliver the following key outputs.

- * 120ha of strategic mitigation land
- * 2.5km of new adoptable highway
- * 489,000sqm built floor space
- * 195ha of developable land including 60ha of serviced land
- * Generate more than 3,000 jobs
- * Improve the local economy
- * Generate significant Business Rates

There are three main projects within the programme.

- * Strategic Mitigation
- * New Humber Link Road
- * Pioneer Business Park (Stallingborough Industrial Development Site)

Strategic Mitigation

The first site, Cress Marsh, was completed in December 2018 and has attracted over 100 different species of birds and wildlife. This 100ac site won a national planning award for Innovation in 2020 and continues to attract interest from all around the UK. The mitigation strategy has worked well with 60% of Cress Marsh already used up to offset industrial development including Velocys who said of the process "if we did something new, we would choose North East Lincolnshire over any location due to the Mitigation and service received from NELC."

Cress Marsh is an inland site and the next site to be constructed is an important coastal site – Novartis Ings. This is a 50ac site and was named after Novartis who donated the land to the Council in 2021. Construction work starts on this site in spring 2022. When Novartis Inc is complete half of the 300ac mitigation target will be constructed with two coastal sites remaining. These will be constructed dependent on mitigation requirements and SHIIP income.

Humber Link Road

This vital new link between Grimsby and Immingham was completed in March 2021 and has been very well received by local organisations and transport companies. Despite Covid the 2.5km road was completed under budget and in line with the revised timescale, and in time to coincide with NELC's new bin collection programme. The refuse lorries now use the link road to access the waste to energy plant in Immingham which is saving a significant amount of time and cost.

Pioneer Business Park

The 64ha of industrial land at Pioneer Business Park is scheduled to be developed in three phases – Phase 1A, Phase 1B and Phase 2.

Phase - 1A

Phase 1A is in the ownership of NELC, and the road and utilities infrastructure were completed in March 2021. Water, electricity, foul drainage, superfast broadband, and gas are all now available on site. The A1173 road improvements include the new roundabout to access Phase 1A of the development and the southern access road leads to the Myenergi site. Despite being constructed right in the middle of the Covid restrictions the whole project was within the revised timescale and well within budget.

The first Myenergi building of 15,000sqft was handed over in March 2021, and they have recently acquired 2 acres of adjacent land to build a 45,000sqft manufacturing unit which will start construction in June 2022. Myenergi currently employ 300 full time staff and are already looking at further expansion on adjacent land at Pioneer Business Park.

Despite national concerns over increasing construction costs and availability of supplies, enquiries for investment and expansion on the remainder of Phase 1A, continue to be strong, with several companies in advanced negotiations for plots on the North side of the park.

Phase 1B and Phase 2.

Negotiations continue to acquire the three parcels of land for these next phases. Phase 1B and a section of Phase 2 are currently part of a compulsory purchase order process and an option to buy has been triggered on the remainder of the land on Phase 2.

Summary of the Financial Situation

The original budget for SHIP was based on a total capital spend of £41.8m with £18.2m of grant and private funding to leave £23.6m of net borrowing. Following a cabinet decision in 2020 £8.7m of speculative units, which were self-funding, were removed from the budget leaving a revised total capital spend of £33.1m

Following completion of the capital works highlighted above some £25m has been spent on the various projects with most of the remaining balance earmarked for further expansion at Pioneer Business Park.

The main income for SHIP is based on enhanced Business Rates (BR) related to the six local Enterprise Zones. The BR income profile is dependent on the speed of development of these sites and this model is reviewed on a regular basis. The original model showed a total additional income of £108m over the life of the Enterprise Zones but a more prudent review of the development timescale has produced an estimate of £74m – well in excess of the proposed capital spend.

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