



## Local Growth Fund Round 1 - Business Case

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only

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- Please refer to the enclosed guidance when completing this form

### Executive Summary

<b>Project Title:</b>		Stallingborough Strategic Employment Site
<b>Project Location:</b>		Stallingborough
<b>Name of Applicant Organisation:</b>		North East Lincolnshire Council
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<b>Summary of the Project (100 words max):</b>		The project will unlock the first phase of a major Humber Enterprise Zone site on the South Humber Bank at Stallingborough, for inward investment and business expansion. LGF funding will support land acquisition, new internal roads and provision of associated utilities and drainage, enabling the first phase (1a) of 9 hectares (net) of development. In a prominent location on the A180 and in close proximity to the Ports of Immingham and Grimsby, the site will be very attractive to ports, logistics and manufacturing users. The project will de-risk and accelerate development and underpin the flagship South Humber Industrial Investment Programme.
<b>Total Project Investment (£):</b>		£5,118,987
<b>Total Private Sector (£):</b>		
<b>Other Public Sector (£):</b>		£4,118,987
<b>Total LGF Allocation (£)</b>		£1,000,000

### Project Description

#### What is the Local Growth Fund to be used for?

The Local Growth Fund (LGF) will be used to facilitate the development of the first phase of the Stallingborough Strategic Employment site, unlocking the area for further investment and development. Specifically, funding will be utilised to support the following areas of activity:

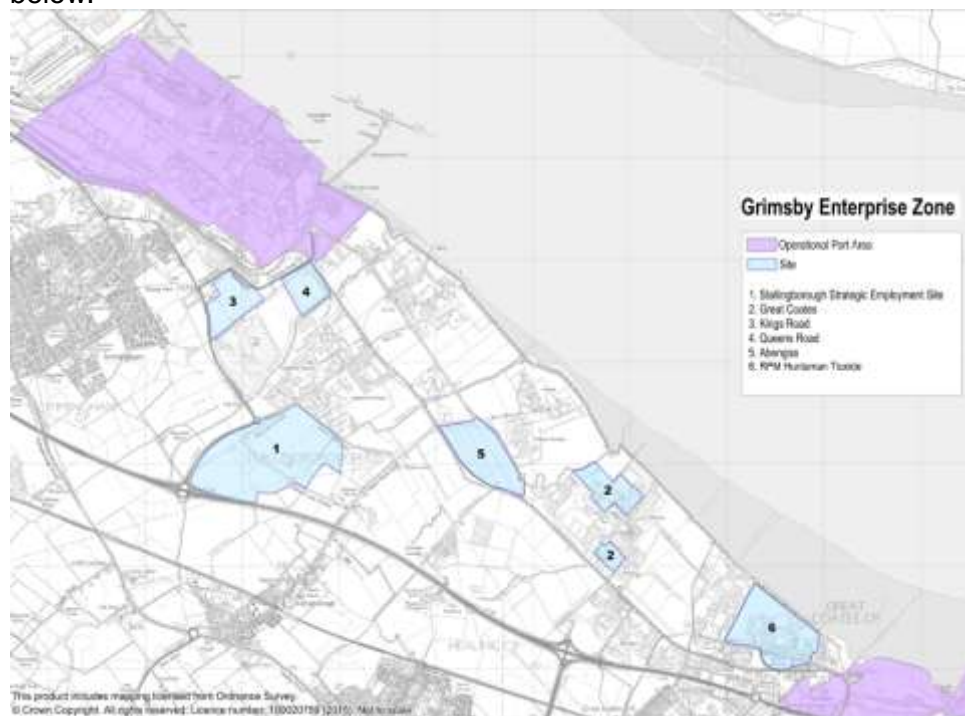
- Feasibility works (utilities and C3's surveys\*, masterplan development, topographical survey, drainage survey, street lighting, ground investigations, ecological studies a transport study, flood risk assessment, a planning assessment, and cost estimates. Many of these works are already underway. [\* note C3 surveys establish where utilities are and what capacity exists to support the site development].

- Land Acquisition - the current owner of the Phase 1a site has indicated their willingness to sell their interest to the Council to enable the delivery of the initial phase of the development project.
- Construction works including a lead in phase, utility provision (including rising main and pumping stations, electricity connections, gas and water supply and broadband installation), provision of a new roundabout access, . There will be north and south access roads to phase 1a, foul and surface water drainage (including SUDS), and an electricity sub-station and a gas transmission station to serve the individual plots.

**Where is the project to be delivered geographically and what is the rationale for the scope and/or limitations to the area of delivery (include a map if available)**

**Location**

The development site is situated to the north west of Grimsby and the south west of Immingham, immediately to the north of the A180 Stallingborough interchange. The Stallingborough Strategic Employment Site can be identified at '1' on the location plan below.



The project will enable the first phase (1a) of 9 hectares (net) to come forward for development, including 4 hectares within the Stallingborough Enterprise Zone. Phase 1a is marked in yellow on the plan below. This will facilitate the development of 26,353 sq. m of B1, B2 and B8 floorspace and 521 gross FTE jobs.

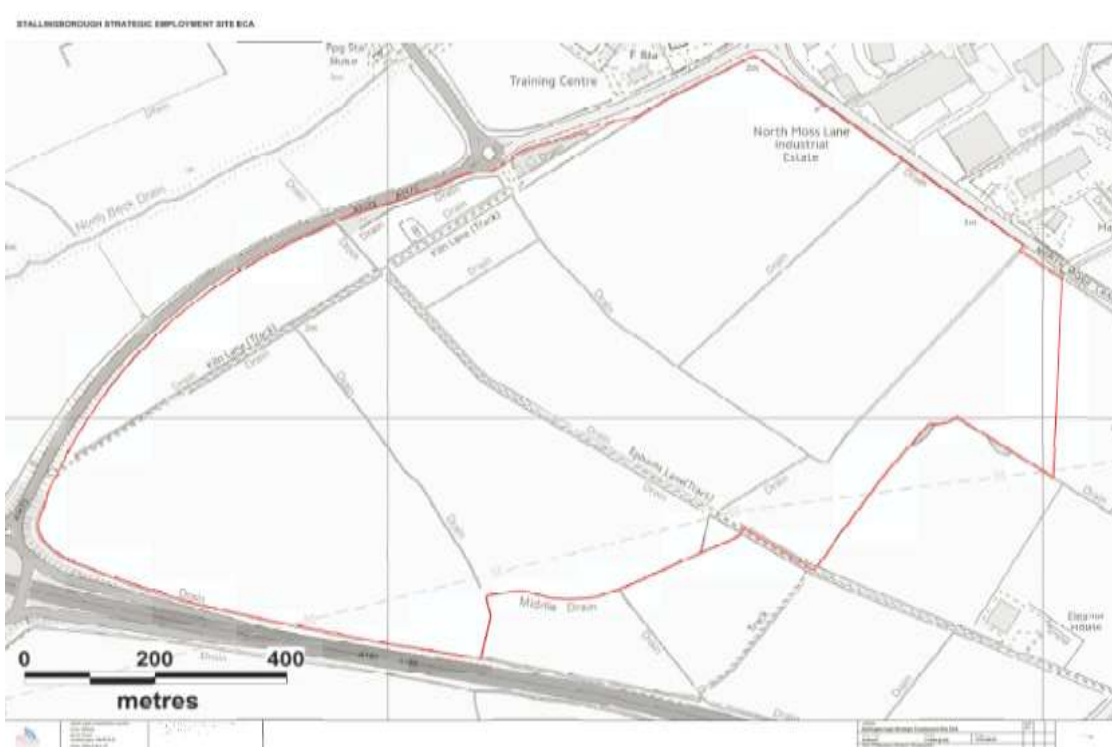
Provision of a new access point off the A1173 will facilitate access to the strategic highway network (A180) for a further 51 hectares of Enterprise Zone land (phases 1b, phase 2 and phase 3, see plan overleaf).

However, additional pump-priming investment in internal roads and utilities infrastructure will be required to facilitate development of future phases of the site. The Council has submitted a bid to Round 3 of the Local Growth Fund via the Humber LEP to deliver the remaining public investment (including £4.6m of LGF support) required to bring forward phases 1b and 2.

The plan below illustrates the site boundary and proposed phasing of the scheme. The A1173 bisects phase 1a (shown in yellow and the subject of this business case).



The extent of the Enterprise Zone site is illustrated in the plan below:



The ability to acquire all of the land to the north of the A1173 led to early consideration of this forming a first phase of development. This, coupled with the enthusiasm of the landowners of the area adjacent to the A180 for progressing development early, led to a logical consideration of a first phase comprising two parts (i.e. north (Phase1a) and south (Phase 1b). The contiguous nature of the two ownerships also generate additional benefits, such as increasing the attractiveness of the site given the prominence to the A180, and led

to conclusion that this area may be easier to generate interest and thus earlier delivery of development outputs.

In addition, the masterplan has been developed in such a way that it could add to the main infrastructure in later phases, thus allowing a natural progression to the Phase 2 land area, and not sterilising economic agricultural land until such time as is absolutely necessary. Consideration of access options were considered in this context also. Land levels are such that it is possible to provide access without major earthworks at a single point for both sides of the A1173, enabling a two-part, single phase approach.

Access to phase 1a will be via a new roundabout to be constructed on the A1173. Whilst forming part of the phase 1a works, LGF funding will not be used for this element of the project.

The decision to construct a new roundabout to access the first phases of development on the Stallingborough site was a result of a number of factors. One key consideration was the capacity of the existing roundabout on A1173, which already has congestion issues at peak times and is the subject of proposed improvements via a Section 106 agreement as part of the proposed ABLE UK development at Killingholme. These works have not yet been delivered, and would essentially require the Stallingborough site to over-mitigate if the existing A1173 roundabout was to be used as a primary access.

Another option considered was to install a 'left in, left out' priority junction arrangement. This was considered unsuitable, due to the profile of traffic (of which a high percentage is HGV traffic) which would use the junction. In order to construct this safely, an extended merge would be required, at comparable cost to a new roundabout access, but with significantly reduced benefits.

The new access roundabout is therefore considered to be the most efficient method of providing access/egress to the site, both in terms of operational traffic, and the costs to the scheme. The proposed detailed design of this roundabout is illustrated overleaf.

The A1173 is a road which is under local authority jurisdiction, and links to the A180 for which Highways England are responsible. Highways England has been consulted throughout the development of this work, specifically in relation to the Transport Assessment, and has confirmed that they are satisfied with its content. Further details are included in the supporting documents which accompany this business case. Detailed pre-application discussions are progressing with the local highway authority regarding the specific requirements of the scheme.





Council's recently adopted Economic Strategy.

These studies also demonstrate that currently, there is market failure present as the private sector will not invest in bringing forward sites on the South Humber Bank without up-front investment to de-risk development. Land has to be serviced in order to be able to secure inward investment opportunities, so simply allocating sites is not enough to secure economic growth. This has been demonstrated by Europarc 4 and other sites on the estuary which remain undeveloped despite the benefit of historic Local Plan allocations. In current market conditions, speculative industrial development is not viable for developers / landowners and intervention is required to de-risk projects sufficiently to address market failure and attract private investment.

The Commercial Property Assessment analysed recent data on demand and supply of industrial accommodation. Reporting in 2014, it specifically identified that demand outstripped supply resulting in restricted choice for inward investors and business expansion. In addition to this quantitative deficiency, there were also qualitative deficiencies, and that the trend overall in relation to industrial stock provision was generally a downward one with declining quality. In addition to this, the report also identified limited land opportunities for direct investment, and reluctance amongst developers/landowners to generate speculatively built units on grounds of viability. Through the Commercial Property Agents group, anecdotal evidence would suggest the position has worsened in the intervening period.

Conversely, the Local Economic Assessment and Economic Strategy identify growth potential within the existing sectors operational within the area, coupled with the potential for growth in the renewable energy market primarily generated by offshore wind investment. Between 2009-2014 North East Lincolnshire received average annual B2/B8 property enquiries totalling 180,000 sq.m.

More recently, specific investment enquiries in relation to the Stallingborough site from outside the region have been received, which if captured would generate demand for development of 27,870 sq. m. floorspace, primarily based within the manufacturing (B2) and warehousing (B8) sectors. These include live inward investment enquiries received through the Department for International Trade. There is currently limited space within North East Lincolnshire where such accommodation requirements could be accommodated. The proposed Stallingborough site would, however, provide key opportunities for these investment enquiries to be captured.

As there is less than 10 hectares of employment land remaining at Europarc, Stallingborough will become the focus for provision of high quality industrial land in the Borough. It will be a particular focus for the promotion of inward investment activity. Other Enterprise Zone sites – for example Imm-Port – will have a broader focus on providing land for the relocation/expansion of indigenous businesses.

Based on an assessment of previous supply/take-up of premises, the Commercial Property Market Assessment highlights an historic under-supply of units up to 200 sq.m and above 2,000 sq.m in size, and over-supply of poor quality premises in the 200-2,000 sq.m range. It states that *“occupier's requirements are not being met, either through size limitations or the unsuitability of the stock available.”* As a consequence, provision of new, high quality accommodation at Stallingborough and other Enterprise Zone sites across the Borough will facilitate expansion of some indigenous firms whilst introducing a greater degree of ‘churn’ that will have positive, long-term effects on the local industrial property market.

A feasibility study has been prepared by Arup to assess the viability and deliverability of a strategic employment site at Stallingborough Interchange. The study concludes that an attractive and deliverable proposition can be created at this location and there are no major limitations to the area of delivery that have emerged. Further work to progress a masterplan

and delivery strategy, similarly, has not identified any “showstoppers”.

Like any industrial development in the Borough, financial viability is an inhibiting factor and development requires ‘pump priming’ by the public sector. This first phase of development is a fundamental part of the whole site and will put in place the strategic infrastructure to ensure this significant employment opportunity is realised.

**What is the current position of the project and what has changed since the Expression of Interest was submitted?**

**Current Position**

Detailed infrastructure design and costings have been undertaken and it is anticipated that a full planning application for the scheme will be submitted in January 2017. Since the EoI substantial feasibility and master planning work has also been undertaken and discussions with landowners and utilities are at an advanced stage with some of these entering legal agreements. The following documents are appended to this application:

- Site Proposed Masterplan
- Transport Assessment
- Constraints Plan
- Land Ownership Plan
- Anglian Water Pre-planning Assessment
- Draft Flood Risk Assessment (being updated)
- Drainage Strategy Plan.

**Changes Since the EoI**

At the time of the original submission in November 2014 the plans were at concept stage – the professional advice received subsequently suggests that the original proposition to expand the capacity of the Kiln Lane roundabout would not result in opening up the site at the scale and pace required.

The subsequent work undertaken in relation to the masterplan, site capacity and phasing has led to a more detailed consideration of access and infrastructure provision. This has identified the need to provide the following:

- a new rising main and appropriate pumping stations – consideration was given to alternative on-site treatment works but this was considered to be financially unviable in the short term;
- new electrical connections and potential network upgrades – arising after consideration of alternative options including on-site generation, but discounted given the need for potential occupier requirements needing 24/7 supply, thus always needing backup connections to the grid in any event;
- new roundabout access – options considered included the provision of a new in/out junction between Kings Road and the A180. However, this resulted in operational traffic difficulties that would be costly to mitigate against, and therefore the roundabout option presents the most efficient option in terms of operational traffic and cost;
- new gas connections;
- new potable water supply
- the need for broadband infrastructure.

The phasing and delivery of the site has also been assessed in light of the above. The first phase has therefore been determined on the following basis:

- Firstly, discussions with developers have indicated that plots in 1a offers the best prospects for early delivery (and subsequent take up). The site to the north of A1173 is in the process of being acquired by NELC.
- Secondly, the plots in Phase 1a are considered the most visible and marketable and therefore attractive to inward investors (interest has already been expressed).
- Thirdly, the development of this part of the site first will enable easy access, and therefore subsequent development, of later phases (1b, 2 and 3); access to the fourth and final phase will be via the existing Kiln Lane roundabout (the highways issues are explored in more detail overleaf).

**Please complete the outputs section of the Excel Spreadsheet, referring to the definitions on the enclosed guidance – estimates of outputs should be gross.**

### **Economic Impacts**

- There will be 521 gross FTE jobs created on the Stallingborough Strategic Employment Site in Phase 1a. This represents 20% of forecast job creation for the whole Stallingborough site (Phases 1a to 4). These are considered to be indirect jobs in that they will be generated by businesses attracted to the site as a result of the enabling infrastructure investment
- Enhanced access to the jobs anticipated as a result of employment sites opened up in subsequent phases. A further 2,123 FTE jobs are anticipated on these subsequent phases (585 in Phase 1b, 680 in Phase 2 and 858 in Phase 3). Although these are not claimed as part of this bid they would not be realised without the foundation infrastructure and access that will occur as a result of this project
- 56 direct construction jobs will be created as a result of construction of the road and other phase 1 infrastructure works.
- Phase 1a will result in the delivery of 26,380 sq.m of B1/B2/B8 development and attract private sector leverage totalling over £26m
- The stimulation of inward investment; the project will unlock the first phase of development of the Enterprise Zone site and inward investors and indigenous firms will be attracted by the availability of Enhanced Capital Allowances to support.

## **The Strategic Case**

### **Describe how your project will contribute to the achievement of the Humber LEP's Strategic Economic Plan growth objectives**

There is a very strong fit with this project and the main ambition for the [SEP](#) to “*maximise the potential offered by the Humber Estuary, leading the Humber to become a renowned national and international centre for renewable energy and an area whose economy is resilient and competitive*” (Executive Summary p3). The SEP aims to support the Energy Estuary and ensure the Humber's good connectivity to the rest of the UK by road and rail, and to other countries by sea and air, is maintained. Good connectivity is, the SEP claims, one of the area's most important assets.

The SEP notes that the Humber depends upon an effective and efficient infrastructure to support investment to develop appropriate sites and premises for growth. Creating an **Infrastructure that Supports Growth** is one of five strategic enablers that underpin the SEP. The plan notes that “*access will be enhanced to strategic sites and along key growth corridors....we will ensure that our port and airport infrastructure matches the forthcoming and anticipated investment in the Energy Estuary*”.



The SEP is supporting the Energy Estuary through the provision of appropriate infrastructure. This will maintain the Humber's competitiveness and maximise the benefits of new inward investment for local people and businesses. The key activities listed in the SEP (P45) include the following:

- Improving strategic transport infrastructure: from incremental improvement schemes, to service changes within existing infrastructure and transformational schemes.
- Exploiting the inward investment potential of the area and maximising Enterprise Zone impacts.
- Ensuring continued major investments in the Humber's ports and harbours infrastructure.

The SEP highlights several strategic priorities for creating an infrastructure that supports growth. Three are of particular relevance:

- **A high quality land and premises offer is a key part of the area's growth plans.** Low value / high development cost is inhibiting investors from realising development. Strategic employment developments will be encouraged where their impact can be demonstrated as truly Humber-wide. Examples include new premises (especially in the EZ) and the reuse/redevelopment of redundant assets. Much of the activity will focus on strategic employment sites including those on the South Humber Bank. The Stallingborough site is the largest Enterprise Zone site in North East Lincolnshire and the project will provide strategic highway access to 55 hectares of land with Enterprise Zone status
- **The opportunities presented by Enterprise Zones are a major driver for economic growth and job creation.** The EZ offers companies the opportunity to co-locate operational facilities and their supply chains and make cost reductions on a major scale, as well as access to deep water channels. The Stallingborough flagship site is in a prominent location on the A180 and is well placed to attract inward investors from the ports/logistics; manufacturing and renewable energy supply chain and other industries; the plots can be configured in a number of ways to meet different investor requirements.

The SEP also aims to support and stimulate sectors of strategic importance. There are three of particular relevance to this project:

- **Ports and logistics.** This sector requires appropriate sites and infrastructure in place to exploit forthcoming port-related investments. The key activities listed in the SEP include the development of specialist business expansion opportunities; Stallingborough offers the ideal location for port-related uses given current constraints on the availability and use of land within the Port of Immingham
- **Engineering and manufacturing.** The SEP aims to provide the best possible operating conditions and infrastructure to enable the current engineering and manufacturing base to perform well. It aims to increase the Humber's inward investment appeal for companies new to the area through strategic investments in infrastructure including those linked to key employment sites.
- **Chemicals.** The SEP notes that two South Humber Bank oil refineries provide 27% of the UK's refinery capacity. Ensuring that appropriate infrastructure is in place to

underpin their further growth is vital. The area's chemicals cluster encompasses expertise in petrochemical refining, personal care, pigments and colours, agrochemicals, fine chemicals, paint and coatings, surface treatments, speciality chemicals and inorganic and organic commodities. This proposed investment is in very close proximity to a number of key companies/facilities including the Centre for the Assessment of Technical Competence Humber (CATCH). CATCH in Stallingborough (next to this site) is working to encourage growth and increase the competitiveness of the Humber's process, energy, engineering and renewable industries, with LGF support.

- **Offshore Wind:** the Port of Grimsby has now established itself as a key centre for the Operations and Maintenance support base for the offshore wind industry and has seen recent investment by major international companies. Evidence suggests the development of the supply chain is also now emerging and this is generating demand for floorspace both on and off-port.

#### How does the project fit with national, sub-regional and local investment plans and strategies?

In terms of the alignment with other national, sub-regional and local growth priorities:

- Improving access to the Port of Immingham via the ongoing A160/A180 link works is identified as a 'Top 40' national priority in the **National Infrastructure Plan 2014**. This project will directly support this objective by removing barriers to the development of employment sites within Immingham's hinterland, cementing its role as the busiest UK port by tonnage.
- The Council's [pre-submission draft Local Plan 2016](#) Policy 36 '*safeguarding transport infrastructure*' will safeguard the routes of, and support measures which deliver, maintain and improve, key transport infrastructure. The Stallingborough Interchange is one of three identified major schemes mentioned and expected to be delivered during the plan period.
- The Council's **Local Transport Plan** is built around eight local transport challenges, the first of which is "*enabling sustainable growth through effective transport provision*". The plan notes that developments near the Port of Immingham Docks and the South Humber Bank will need appropriate road and rail links enabling the transportation of cargo. It observes that congestion around the ports is expected to increase as they expand; recent pressure on ABP land means new sites for expansion and investment will be required.
- The **North East Lincolnshire Economic Strategy (2016)** sets out how we are supporting six key sectors<sup>1</sup> to create sustained employment for people in North East Lincolnshire; the **15 year South Humber Industrial Infrastructure Plan (SHIIP)** programme is a major local investment strategy developed by NELC to overcome a number of constraints on the supply of land/premises. It will enable large-scale economic growth by reducing infrastructure and environmental constraints on development and releasing the potential of employment land between the Ports of Immingham and Grimsby. The SHIIP project will create a substantial new industrial hinterland to support the ports. The creation of good-quality development land that is supported by infrastructure will provide the opportunity for substantial growth in the area's key industrial sectors and the supply chains. The Stallingborough Strategic Employment Site is a flagship scheme within the Programme.

<sup>1</sup> Ports and logistics; chemicals; food processing; renewable energy; visitor economy, services and retail; and housing/development.

- The [Midlands Engine for Growth Prospectus](#) sets out a vision for an economy focused on productivity and driven by getting the most out of the Midlands' workforce, research and transport. Immingham, Grimsby and Boston are the three ports directly serving the area. Midlands Connect, the transport partnership for the Midlands Engine, will enhance connectivity within, to and from the Midlands. The Connect strategy will be launched by March 2017 with a key objective of improved access to Immingham from East and West Midlands. There will also be collaboration on promoting the region's strengths, assets and opportunities actively to key target domestic and overseas audiences (including Enterprise Zones and strategic sites).
- The [ABP Port of Immingham Master Plan 2010-2030](#) notes that the Port is a premier global gateway for international trade of economic and strategic importance to the UK, handling key trades of national significance such as crude oil, petrochemicals, coal, iron ore, biomass, wind turbine components, agribulks and unitised cargo. There are opportunities for growth in biomass imports; containerised freight and offshore wind construction/assembly and the port accounts for approximately 25% of all UK rail freight movements. As the capacity of the Port grows the requirement for strategic employment sites also increases – both with and without quayside access; the supply of high quality industrial land within the port estate is very limited.
- **The Port of Grimsby** is already an established centre of excellence for operations and maintenance (O&M) activities for Round 1 and 2 wind farms in the North Sea with further potential to support Hornsea and other Round 3 sites; strategic sites like the one proposed in Stallingborough may be required to support growth of the wider offshore wind supply chain.

**Why is it appropriate to progress this project at this time, describe any links to existing, past or planned projects?**

Development of the Stallingborough site is pivotal to the delivery of the Council's Economic Strategy, Local Plan aspirations and the SHIP programme. In addition, it will facilitate early implementation of the Enterprise Zone programme in North East Lincolnshire. There is already occupier interest in the site but market failure will continue to be present without enabling works to de-risk private sector investment in the site. Having committed a significant programme of prudential borrowing to implement the SHIP programme, there is a need to ensure the project progresses.

As the largest Enterprise Zone site in the country at 1,238ha (3,059 acres), the Humber EZ comprises a package of 30 sites to suit the needs of a wide range of businesses. The Stallingborough site is the largest EZ site in North East Lincolnshire and without early intervention through this project, delivery of the EZ programme will be stalled. At 158 acres, it is by far the most significant site in employment terms. Without progress on this site, the whole programme would be considerably undermined.

Early implementation also complements other strategic infrastructure projects in delivery including the provision of the new A180/B1210 road link. This is now open and includes a three armed roundabout at the junction with the B1210. This improves connectivity to the Port and wider South Humber Bank from the south and west of the area, improving links to the A18 and A46 and enhancing the accessibility and attractiveness of the Stallingborough site. The project also complements the proposed construction of the Humber Link Road that will result in the development of a new, single carriageway road link between the Ports of Immingham and Grimsby.

### Why is public sector intervention required? What evidence is there of market failure?

The [Commercial Property Assessment](#), prepared for the Council by Evolution PDR Ltd as part of the Local Plan evidence base, highlights demand in recent years for up to 2m ft<sup>2</sup> of B2/B8 floor space per annum, with forecast growth likely to result in a further step change in demand for high quality premises in close proximity to the ports and A180.

However, despite strong demand from potential occupiers, there has been no speculative development in recent years. Indeed the assessment notes that the building of accommodation has, in recent times, been very limited, primarily because of low land and property values stifling speculative development. *“The rental levels identified are such that any speculative development is unlikely to be commercially viable”*. The assessment concludes (p29):

*“Qualitative deficiencies in industrial accommodation also remain to be addressed. Opportunities to support the provision of speculatively built units, or the provision of readily available sites where development could be progressed within reasonable timescales should be considered key requisites. However, public sector support is likely to be required to facilitate such activities”*.

The costs of bringing land forward for development exceed achievable development values because of constraints including the costs of flood mitigation; utilities costs; ecological mitigation requirements; highways costs; and in some cases, unrealistic landowner expectations. Market failure is a significant barrier to unlocking the economic growth potential of the area.

There is now an acute shortage of high quality, serviced employment land. There is currently less than 10 hectares of high quality employment land available within the Borough at Europarc, which, historically, has been North East Lincolnshire’s strategic employment location. The SHIP programme (described earlier), and in particular the proposals to de-risk development of the Stallingborough Site, represent the Council’s strategic response to market failure and its delivery is essential if aspirations for economic growth and investment are to be realised.

There is demand from indigenous occupiers and potential inward investors, as evidenced by very recent investment enquiries generating circa 28,000 sq. m., but a lack of supply and choice in the provision of serviced sites limits the ability of NELC to capture these opportunities.. Market failure is present as despite evidence of demand, developers are unwilling to bring forward speculative industrial floorspace as a significant funding gap remains between development costs and income. In current market conditions, speculative industrial development is not viable for developers and landowners and intervention is required to de-risk projects sufficiently to address market failure and attract private investment.

The recent Economic Technical Paper (January 2016) notes that there is currently insufficient land with the benefit of planning consent to meet the identified requirement (the Local Plan will seek to make provision to accommodate 8,800 jobs over the period 2013 – 2032. The Employment Land Review recommended that six strategic sites (including Stallingborough), each at least 20ha in size, are taken forward for allocation on the basis of:

- the ability of those sites to offer strong sector opportunities to national and international inward investors;
- access to the strategic transport network (including roads and ports);

- the ability to generate large scale employment creation;
- strategic fit with LEP and other local economic development policy; and
- ability to be delivered over the planning period.

Specifically, the sites (including Stallingborough) were selected where:

- there is known active progress towards bringing the site forward for development (e.g. active engagement with landowners/developers in planning or implementation stages)
- the site is actively being marketed (this will occur as part of the EZ)
- the site has been identified as part of an overall public investment plan (in this instance as part of the SHIP programme)
- delivery of the Stallingborough site will enable early delivery of a strategic employment site and will act as a catalyst to further employment site generation by demonstrating market demand and market confidence. The scheme is identified in the New Local Plan as a Strategic Employment Site alongside Europarc IV. The two sites are seen as complementary in the provision of employment land due to the differences in the sector focus.

**What other sources of funding have you tried and what will happen if the project isn't awarded local growth funding?**

The project will not proceed without Local Growth Fund support.

As a result of the wider property market failure facing the area, industrial development projects face a clear funding gap between development costs and the end values that can be achieved. The cost of the infrastructure and access requirements and the comparatively low industrial land values that will be generated render the early phases of the scheme unviable for the private sector.

The Council is already providing significant match for the enabling works through the SHIP programme. Specific approval for prudential borrowing has been secured, with repayment being secured through business rate income generated from Stallingborough and other EZ schemes.

There is competing demand for resources within the SHIP programme and the Council is unable to commit additional funding to the project as this would involve diverting funds from other priority schemes within the programme. The Council borrowing requirement identified in the Business Case approval (July 2015) supported the following projects :

- Stallingborough phase 1a: £4.1m
- Stallingborough phase 1b/2: £3.4m
- Humber Link Road: £2.5m
- gap funding for provision of speculative units: £2.0m.

The Council operates within a strict financial treasury management policy and there is no scope for additional borrowing, outside the current commitment to the SHIP programme, to fund the phase 1a works. Therefore a funding gap of £1m is in place for the scheme – this cannot be supported by further Council borrowing.

ERDF funding is unlikely to become available over the Enterprise Zone lifespan and in any case investment in strategic sites is less likely to be prioritised for ERDF support during the current 2014-2020 programme.



**What stakeholder consultation has been undertaken/support received?**

The Council has secured support from the Humber and Greater Lincolnshire LEPs for the SHIP programme. The SHIP programme has been approved by the Council's Cabinet and endorsed by the NEL Development and Growth Board which brings together a range of key stakeholders from across the area's key sectors to develop and drive the area's economic strategy and approach.

The Stallingborough site is allocated for employment use in the pre-submission Draft Local Plan. The Local Plan has been subject to extensive formal consultation with a wide range of stakeholders over the last two years and will be submitted to the Secretary of State shortly, prior to a Public Local Inquiry in 2017.

Key consultees including Highways England, Historic England, Natural England, the NEL Drainage Board, the Environment Agency and the RSPB have participated in consultation activities specifically associated with the preparation of the various impact assessments. These are required to be submitted as part of the planning application, including an Environmental Impact Assessment, which will support the planning application. Issues have been identified and mitigated at an early stage through the pre-application process. Further consultation will take place as part of the application process itself.

Landowner engagement has also been progressed through liaison regarding site access, general updates and a recent event held by the LEP in relation to the establishment of the Enterprise Zone. Discussions with individual landowners regarding the phasing and delivery of the scheme have been progressed, and are supportive of the overall aspirations of the project. These discussions are ongoing, and will lead to development agreements which enable land to be utilised in return for a share of development receipts reflecting uplifted land values. Any receipts generated will be utilised to support later phases of development, specifically Phase 3.

**Are the intended outcomes of the project dependent upon any other projects or investment?**

Delivery of the project is not contingent on any other projects and the match funding is already in place via the Council's SHIP programme. The release of Council funding for the phase 1a works has, however, been made contingent by the SHIP Board on the final approval of the LGF grant.

Delivery of the wider Stallingborough Strategic Employment Site is, however, wholly dependent on the successful delivery of the Phase 1 site access/infrastructure works through this project. A project seeking further funding for the remaining enabling works to unlock further phases of development on the site has been prioritised within the Humber LEP's Round 3 submission to the Local Growth Fund.

**Economic Case****Please explain on what basis the job creation figures been calculated?**

Indirect job creation figures are based on the HCAs Employment Densities Guide 2010. The following assumptions have been used for Phase 1a:

- B1 at 12 sq.m./job (accounting for 28% (145 FTE) of the jobs);
- B2 at 50 sq.m./job (accounting for 35% (184 FTE) of the jobs; and
- B8 at 80 sq.m./job (accounting for 37% (193 FTE) of the jobs).

The calculations for Phase 1a appear overleaf:

Output Calculations									
Stallingborough	Developable area	Floorspace (sq. m.)				Jobs (FTE)			
		B1	B2	B8	Total	B1	B2	B8	Total
Phase 1a	22 acres	1,737	9,195	15,421	26,353	145	184	193	521

For the construction jobs we have used LEK UK construction benchmarks of 11 direct jobs created per £1m of project spend, or 56 FTE jobs. These outputs relate just to phase 1a, not the remainder of the scheme,

**Please list the sectors in which the jobs will be created**

The jobs created will be easily accessible from the strategic highway network, removing barriers to local people accessing new employment opportunities. New jobs will be created in a variety of sectors as a result of private sector investment through the development of greenfield sites for employment usage:

- Logistics, process industries, and food manufacturing are all likely to benefit from the development plots that are released as a result of the LGF investment – the land is allocated as general warehouse/distribution, general industrial and general office. General and specific **logistics operators** are significant in number and this sector will continue to experience growth to serve the cross cutting needs of the key sectors. The highways network and associated sites in close proximity to the ports are key drivers for further development to underpin economic growth including port and logistics operations that don't require quayside access.
- Process industries and food and other manufacturing. Such industries rely heavily on freight to move their products, and [SACTRA](#) claims “transport improvements do present firms with a range of opportunities” to improve efficiency and vehicle utilisation. As such these industries could become attracted to the Humber area, which already possesses 70% of the fish manufacturing companies in England, providing both low and highly skilled jobs to the local area.

**Please outline the economic outputs of the preferred case as given in the spreadsheet**

The development of the roundabout and infrastructure, and the subsequent benefits for the Stallingborough interchange strategic employment site, are expected to create 521 gross FTE indirect jobs in 26,353m<sup>2</sup> of commercial floorspace within the first few years of completion.

During the construction phase an estimated 56 direct FTE jobs will be created. This is calculated using LEK (Construction in the UK Economy) benchmark of 11 jobs per £1 million of construction.

**Describe each option you have considered for the delivery of the project objectives**

**Please set out your option analysis – min of 4 options including a do nothing option**

Options	Evaluation of the options
1 - do nothing	The project will not proceed without LGF/NELC funding as a result of market failure.

2 - minimum	<p>Delivery of the new roundabout/access works only, on the basis that this could be sufficient to de-risk the project for development.</p> <p>In practice, given the acknowledged market failures in place, this option would fail to deliver any outputs, as infrastructure provision is also required to facilitate inward investment. In addition, it would not open up any of the phases (1a to 3) and associated development plots (effectively, it would be a roundabout leading nowhere).</p>
3 – intermediate	<p>The potential to scale back the provision of infrastructure to release a smaller quantum of land for development has been considered – scaling back six development plots on phase 1a to just three, focused on the northern side of the A1173. The construction costs of this incremental approach would be uneconomic. This would offer only a very partial solution and a fraction of the potential immediate and subsequent employment opportunities (phases 1b, 2 and 3 would not proceed). This option would reduce the economic outputs by half and related value for money of the scheme and severely limit the impact of Enterprise Zone status (as well as increasing the cost per job considerably). It would also fail to unlock sufficient developer interest in the wider site. As mentioned, this early phase will essentially fund the development of subsequent phases.</p>
4 – preferred option	<p>Provision of a full range of infrastructure supporting the development of the Phase 1a scheme, will provide a suitable solution for the proposed development site creating the conditions to realise, with additional follow-on investment, the whole site. This will ensure that the full potential of the site is maximised and the benefits of Enterprise Zone status realised in full. This is the preferred option.</p>
5 – Do maximum	<p>The Council also considered a 'do maximum' option which would have brought phases 1a, 1b and 2 forward for development, equivalent to just over 59 hectares of gross development land. However, this was ruled out on the basis that:</p> <ul style="list-style-type: none"> <li>• This could result in an over-supply of serviced industrial land with the potential to impact negatively on the property market</li> <li>• The Council is dependent on further grant support (through Growth Deal 3) to enable the development of phases 1b and 2.</li> </ul>
<p><b>Please explain why you have chosen to progress with your selection option</b></p>	
<p>The feasibility work and master planning have shown that the chosen is the most deliverable in development terms as well as a prominent and accessible location. The complex mix of landowners involved and the need to de-risk Council borrowing to facilitate up-front investment in enabling infrastructure have led NELC to choose the proposed delivery option. This involves the establishment of development agreements with individual landowners and the delivery of a comprehensive programme of site infrastructure to de-risk development for the participating landowners.</p> <p>The other options considered by NELC would not deliver a comprehensive scheme, risk continued market failure or were simply unaffordable.</p>	

**Has an Integrated Impact Assessment been completed on the project? (including Environmental, Legal, Economic and Customer and Community Characteristics) If so, has the assessment highlighted any areas that need addressing?**

We have not completed an Integrated Impact Assessment (IIA) but will do so in due course. The IIA will focus in particular on four key areas of project impact - equality and diversity; health and wellbeing; environment; and economy. The IIA will be implemented once the project moves into RIBA Work Stage 4 i.e. beyond concept design stage. However, it is not anticipated that the IIA will identify any specific impacts of the scheme on target groups in terms of equality and diversity.

Health and wellbeing impacts will be enhanced through the provision of public transport and cycle provision to the site, funded through other DfT/Council investment and not directly part of this project.

Environmental impacts will also be mitigated through both on and off-site works. The site lies outwith that part of the South Humber Bank which is subject to the ecological mitigation regime agreed with Natural England and the Environment Agency. However, the project is aligned with the Council's Strategic Ecological Mitigation programme which is creating new habitats for migrating birds on a number of sites adjoining the Humber.

**Wider Benefits**

**Please describe any other economic impacts of the project**

The project will:

- De-risk the development of a strategic employment site, addressing market failure and promoting the adjustment of the property market.
- Optimise the benefits of Enterprise Zone status, providing strategic access to the highway network for up to 55 hectares of EZ land
- Attract future commercial tenants in priority sectors.
- Benefit the Port of Immingham and the wider economy through the provision of adjacent strategic employment sites which will assist ABP in realising its growth ambitions.
- Offer residents from communities within the South Humber better access to new nearby employment opportunities created within the Grimsby Enterprise Zone.
- Have a positive impact on the businesses currently established in the area, opening them up to wider markets and labour supply, as well as encouraging agglomeration among Humber businesses.

**Please describe any other skills or employment impacts of the project**

SHIIP will create major employment opportunities in close proximity to the most deprived wards in Grimsby, Immingham and Cleethorpes. Employment and skills opportunities will be created in a local authority area with high levels of deprivation and benefit dependency:

- North East Lincolnshire was ranked as the 31st most deprived local authority in England in the 2015 Index of Deprivation, based on rank of average deprivation score, of 326 local authorities; the position has worsened since 2010, when NEL ranked 46th
- Almost one-third of NEL residents live in a Local Super Output Area in the most 10% deprived in England (IMD 2015). 15,140 residents are classed as employment deprived.

- Overall, 32,567 residents, which is approximately 20% of the population (over 23,500 residents), are classed as income deprived.
- In Nov 14, 14% of the estimated working age population were claiming out-of-work benefits (November 2014) compared to 12%, 11% and 9% in the Humber, the region and across England respectively.

The creation of new local jobs will result in a reduction of unemployment and an increase in economic activity. The Council will ensure that local residents have access to training/employment opportunities through measures including ongoing sector specific training programmes and activities under the Public Services (Social Value) Act 2012 requiring contractors to optimise use of local labour and create Apprenticeships and other training opportunities. Funding is not being sought through the LEP to realise these elements of the programme.

**Please describe any other environment impacts of the project**

The project will support the reduction of carbon emissions through sustainable construction measures. The Council will require developers to adopt the latest Building Regulations requirements for low carbon construction and on/off-site contribution of renewable energy. It will ensure that low carbon energy solutions form an integral part of the infrastructure provision for the Stallingborough Strategic Employment Site.

The site will seek to deliver low carbon energy solutions. SUDS will be incorporated into the project, as part of a clear green infrastructure plan. A comprehensive Travel Plan will seek to promote sustainable working patterns including provision of bus services, cycle ways and connecting the site with wider footpath networks.

Whilst the renewables industry is not the primary target for this location it is possible that renewable and energy related companies/supplier opportunities will be attracted to the site.

**Please describe any other social impacts of the project**

The project will create employment opportunities for residents of some of NEL's most deprived wards and reduce the requirement for long-term intervention by the Council and other partners. One of the primary aims of the development is to create highly skilled jobs and training opportunities in the employment area in an attempt to stem the sub region's "brain drain," encouraging young and newly qualified workers to remain in the South Humber area. In doing so the development will help to rebalance the demographic make up of Stallingborough and the surrounding towns, helping to combat the aging population and lack of new local employment opportunities. This is discussed further in employment and skills impacts.

## Financial Case

**Please provide a full breakdown of your project's costs and funding on the Excel spreadsheet. Please use the box below to provide any additional information or explanation which would aid understanding of your figures in the Excel spreadsheet**

There are three main cost headings set out in the spreadsheet:

- 1) Feasibility and Master-planning Fees
- 2) Strategic Site Infrastructure
- 3) Phase 1a costs

This project is comprised of a proportion of the full cost of the first two headings (26%) for the entire site (phase 1a to 3) including site acquisition costs. The Strategic Site Infrastructure budget for the project provides the funding to facilitate the critical infrastructure works required to develop the whole site. This has been calculated on a pro-rata basis (i.e. a commensurate proportion of the fees and infrastructure for the whole site)..



The Feasibility and Master-planning Fees budget (£96,000) include the following items:

- Master-planning (Engie Architects);
- Phase 1 Feasibility (Engie) including
  - A Topographical Survey
  - Highways Assessment
  - Ground Investigation;
- Flood Risk Assessment (Atkins);
- Ecology Reports (Atkins);
- Environmental Impact Assessment (Arup) (Inc. Noise, AQ, LVIA, Geo-physical); and
- Planning Application and Planning Support fees.

The Strategic Site Infrastructure (£1.358m) budget includes the following:

- New Roundabout access (ENGIE Estimate); this will be funded through NELC resources
- Electricity Connections (ENGIE Estimate based on engagement with utility);
- Foul Sewer/Rising Main (Anglian Water quotation);
- Gas Supply (Estimate based on engagement with utility);
- Water Supply (Estimate based on engagement with utility);
- Broadband installation (Estimate based on engagement with utility); and
- Fees at 10% of phase works.

The specific Phase 1a development costs (£3.664m) include the following items:

- Land Acquisition Costs (£1.143m, valuation agreed by SHIP Board);
- Site Access Roads, (North 450m) £630,000;
- Foul Water Drainage at £853,500 (Engie Estimate);
- Surface Water Drainage at £208,425 (Engie Estimate);
- Electricity sub-station at £300,000 (Estimate);
- Gas transmission station at £300,000 (Estimate); and
- Fees at 10% of phase 1a works, £229,193.

#### **Please explain how you will ensure sustainability of the project**

In addition to purchasing part of the phase 1a site, the Council will enter into development agreements with the other participating landowners. This will provide sufficient access for NELC at appropriate times to undertake infrastructure provision and undertake marketing activity promote the marketing of the site.

Landownership will remain as existing until such time as a direct disposal can be facilitated with the end occupier. At this point, the receipts will be divided between the parties, allowing NELC to recover the infrastructure costs only, and landowners generating land receipts recognising the uplift from agricultural value.

Currently, serviced industrial land is achieving values in the region of [REDACTED]/acre, compared to agricultural values of [REDACTED]/acre. Landowners are unlikely to release land unless there is an uplift in the value. This is calculated by deducting the costs of infrastructure provision off the end land value, and results in a figure of circa [REDACTED]/acre. The development agreements will reflect these values.

In the event that land values are achieved over [REDACTED]/acre, the Council would seek to share that uplift on a 50/50 basis and the development agreements will reflect this. However, at this stage there is very little evidence to suggest that higher land values can be achieved. At this stage, therefore, we consider that it is likely that infrastructure costs only will be recovered.

<p>Receipts generated by NELC will be re-invested into later phases of scheme delivery – specifically phase 3, which it is anticipated will not require grant support. The Council has submitted a bid for funding under Growth Deal 3 to support delivery of phases 1b and 2.</p> <p>Disposal of individual sites (typically to a business occupier or developer) will be subject to legal agreement controlling the future use of the site – ensuring it remains in employment use – and providing further control over the quality of future development.</p> <p>The outline planning application for the site will be supported by a masterplan and Design and Access Statement, which will set clear design guidelines.</p> <p>The Council and its partners will enter into long-term land management arrangements for the site as part of the arrangements for disposal of individual development parcels with individual developers/occupiers. These arrangements will ensure that the costs of managing and maintaining the site are funded in perpetuity.</p>
<p><b>Please demonstrate how your scheme is value for money (investment cost-per-output and or GVA return on investment)</b></p>
<p>The project will unlock development of 22 acres of strategic employment land and create 521 gross indirect FTE jobs. This represents a cost per job of just £8,190 per job for LGF investment. This compares very favourably with national programmes including the Regional Growth Fund which has averaged around £14,000 per job for the RGF Round 3 and 4 programmes for which NELC is the accountable body. This would result in a total estimated GVA of some £18.2m (assuming £35,000 GVA per job created). The gross GVA return on investment for the £1m LGF grant is therefore 18:1.</p>
<p><b>Are there any revenue implications associated with the project and if so, how have these been addressed?</b></p>
<p>There are no revenue implications for the LEP associated with this project.</p>
<p><b>What is the status of any public and / or private sector match funding requirements? (Include any evidence of commitment/reliability of the project's third party funders )</b></p>
<p>NELC match funding was approved by Cabinet for the SHIP programme in January 2016. A copy of the relevant Cabinet minutes is included with the application.</p>

## Commercial Case

<p><b>Why do you need local growth funding for the project? (Please provide detailed evidence e.g. transport assessment, financial viability assessments, flooding modelling/strategy etc.)</b></p>
<p>Funding has been required for masterplanning, feasibility (a topographical survey, highways assessment and ground investigation). Other feasibility work has included a flood risk assessment, ecology reports and an environmental impact assessment.</p> <p>LEP funding is also required specifically to fund land acquisition, the creation of internal access roads and provision of site utilities (gas, water, broadband and electricity) to the remaining development plots on site. Market failure has meant that the private sector is unable to provide the funds to finance such a project, meaning that the scheme must look for funding elsewhere.</p> <p>An LGF Round 3 funding bid has been submitted for subsequent phases and the outcome is awaited. This will facilitate delivery of the remaining phases of development.</p> <p>As previously indicated, it is not possible to secure further NELC funding for the project and other funding options – involving private sector or ERDF support – are not viable.</p>

<b>Who will be contractually responsible for delivery of the project?</b>
NELC will be contractually responsible for delivery with ENGIE as project manager acting on the Councils behalf.
<b>Please provide evidence that you have a robust contracting and procurement strategy in place that takes into account all appropriate UK and EU regulations</b>
<p>NELC will select the suppliers of goods, works and services in relation to the programme through an open, transparent and non-discriminatory competition process, in accord with the Public Contracts Regulations 2015; EU Directive 2014/24 on public procurement; and 'Excellence in Commercial Practice', the joint procurement strategy developed by North Lincolnshire and North East Lincolnshire Council covering the 2013-2016 period.</p> <p>In accord with these arrangements, our approach to procurement will ensure that the level of advertising of the tender opportunity is sufficient to allow an appropriate level of competition, potentially from another member state. Formal invitation to tender process will be followed and the tender will be advertised in the press and/or on the internet for at least the minimum specified period stipulated in the regulations to enable fair competition.</p> <p>ENGIE's appointment as the Council's outsourced regeneration partner was made in accordance with public procurement regulations following a full OJEU tender process including competitive dialogue.</p> <p>All contractors will be appointed through an open and competitive process compliant with OJEU or the Public Procurement Regulations 2015. Members of the project team have formed a Procurement Sub-group to specifically ensure that all regulatory requirements are fully addressed in delivering this scheme.</p>
<b>Please highlight your understanding of how the project fits the current State Aid regulations</b>
<p>The Council has considered the four tests of State Aid in relation to each potential class of beneficiary – the Council; participating landowners and businesses taking up accommodation on the site.</p> <p>In relation to the Council's State Aid position it is acknowledged that, if the bid is successful, it would be in receipt of state funds and therefore the first test of State Aid is met. In relation to the second and subsequent tests, the Council proposes to acquire land interests at market value, supported as appropriate by independent Valuation Reports. Where acquisition is not proposed the Council will enter into development agreements with its private sector landowner partners under the market economy investor principle. The Council will invest on the same, pari passu basis as its joint venture partners with each landowner receiving market value for their property on disposal.</p> <p>As the market economy investor principle is being followed, there is no State Aid present. The same principles apply to the Council's private sector partners. There will be no direct receipt of State resources and market economy investor principles will be followed, therefore there is no State Aid present.</p> <p>Any businesses purchasing land from the Joint Venture(s) will do so on an open and transparent basis and at independently assessed market value. As such no State Aid will be present.</p> <p>There is no unlawful state aid because there is no distortion of competition between EU member states, one of the four tests for the presence of state aid, at this time. The project will be delivered in accordance with the Council's general power of competence for the public good in a scenario where no private organisation would deliver this work. Potential beneficiaries of aid are as follows and are deemed to be compliant within the regulations:</p>

- Engie, NELC's longstanding supplier is procured for a period of 10 years under EC procurement exercise to supply services to NELC, project management 'in scope' of that agreement.
- Construction and Management/Maintenance Contractors – procured competitively via OJEU
- Landowners – transactions undertaken under market conditions and subject to open and independent market value.

## Management Case

### Please outline your project management and delivery arrangements

The lead partners involved in management and delivery are as follows (see also diagram).

- **Humber LEP's Investment and Regulation Board** will oversee LEP investment under Humber LEP's main Board in line with the LEP's Programme's monitoring requirements. The SHIIP Project Board (see later) will report into this board.
- The project will be delivered through the **North East Lincolnshire Regeneration Partnership**, comprising North East Lincolnshire Council and its delivery partner, Engie (formerly Cofely GDF Suez). Formed in 2010 this partnership has long-term objectives to improve the lives of residents in North East Lincolnshire.
- Under the Regeneration Partnership sits the **SHIIP Project Board** responsible for the delivery of the whole SHIIP project. Programme and Project Managers are already in place and currently progressing the feasibility and planning works. Engie will manage the relationship with landowners and developers on behalf of the Council. The Project Board receives updates on key projects. The SHIIP Board is chaired by the Council's Portfolio Holder for Regeneration, Skills and Housing (Cllr Peter Wheatley) with membership that includes the Council's Director of Economy and Growth, Monitoring Officer and Finance Manager, and the Portfolio holder for Regeneration, Skills and Housing ENGIE's Head of Regeneration is the senior supplier to the Board.
- To deliver the phase 1a project NELC are working with a number of landowner partners including [REDACTED] and [REDACTED]; a joint venture agreement will be put in place between them and the Council.

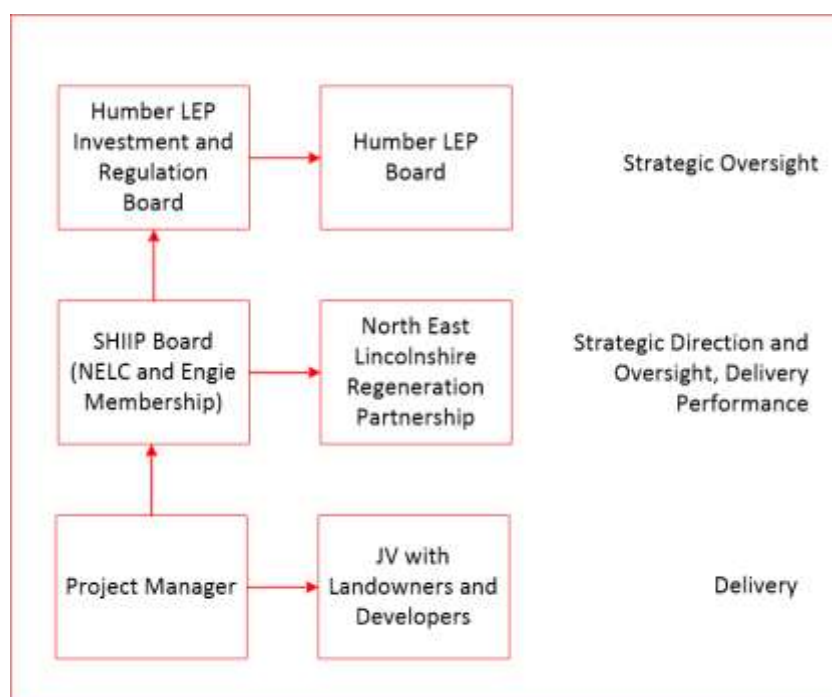
NELC is supported by ENGIE, its long term Regeneration Partner that who provides technical service capacity. Additional consultancy expertise will be provided through the feasibility study, appointed through competitive tender.

This project will report into the existing South Humber Infrastructure & Investment Programme Board (SHIIP), its governance structures including a Project Board responsible for the delivery of the project are already in place, Programme and Project managers will be confirmed and Engie will specifically manage the relationship with landowners and developers on behalf of the Council.

The Council and ENGIE have established a Project Board and delivery teams and all elements of the project will be delivered through this route. There will be a single Project Manager responsible for delivering all elements of this project proposed for support under this bid.

The project manager coordinates the activities of the project design team including external consultants, will continue negotiations with the landowners in respect of the Joint Venture arrangements, and be responsible for ensuring appropriate reporting on progress and monitoring of outputs as necessary. This will include the financial monitoring and management of the project a task that will be supported by support managers both in the wider team and council finance team.

It is anticipated that the SHIIP Board will report into the Humber LEP's Investment and Regulation Board and in turn to the LEP's main Board as per the Programme's monitoring requirements.



#### Why is your organisation the best placed to deliver this project?

NELC has a long and proven track record of delivering large, complex Government funded programmes. The Economy and Growth Team has commissioned, managed and delivered programmes funded through; Neighbourhood Renewal, Future Jobs Fund, Local Enterprise Growth Initiative, Working Neighbourhood Fund and the European Regional Development Fund. They are currently managing both Regional Growth Fund and Local Growth Funded programmes including the extension of the successful 'Growing the Humber' RGF scheme. The Council has considerable experience of managing projects which have been contracted out, monitoring performance and financial spend in order to ensure outputs are delivered.

The Council has a track record of delivering complex projects with its regeneration partner, ENGIE, who provide a multi-disciplinary resource to the Council for project delivery. ENGIE is currently managing the delivery of key projects including the SHIIP programme including:

- Grimsby Town Centre improvements (LGF funded);
- Cartergate office development (NELC funded),
- A18/A180 link road (DfT funded);
- Grimsby Leisure Centre, Property Rationalisation Programme; and
- The Cleethorpes Flyover / Riby Square improvements (Pinch Point funding).



Other ongoing projects include the Strategic Ecological Mitigation project, the Humber Link Road, Cleethorpes Sea Front, the CATCH project and working with landowners to progress Grimsby West.

Please outline a project reporting structure and describe the roles and responsibilities of any partners and key personnel

The roles and responsibilities (outlined earlier) are as follows:

- The project will be overseen by the North East Lincolnshire Regeneration Partnership with the SHIIP Project Board responsible for the delivery of the whole SHIIP project.
- Engie will manage the relationship with landowners and developers on behalf of the Council.
- The SHIIP Project Board will report into the Humber LEP's Investment and Regulation Board.
- NELC will put arrangements in place with the developer, to carry out the works.

We will ensure that the Humber LEP monitoring and evaluation requirements for expenditure, outcomes and outputs (and supporting evidence) are met. A monitoring strategy will be agreed and implemented. Details on private sector investment generated (i.e. cost of build excluding land), jobs generated, floorspace developed, and business rates generated will be collected. We will agree the most appropriate timeframe for reporting (whether on an annual basis or as any new development becomes operational).

**Please provide a summary of key project milestones**

Date	Milestone
January 2017	Planning Application submitted
March/April 17	Planning Permission Granted
March/April 17	Land Acquisitions completed
Jan 2017 – March 17	Tendering and Procurement
March 17	Appointment of contractor
May 2017	Construction start on site
April 2018	Phase 1a infrastructure complete ready for occupation

**When will the project be delivered (please insert or attach a detailed project plan and gantt chart or similar)?**

See attached programme.

**Please outline your monitoring arrangements for the project**

NELC will put arrangements in place with the developer, as a condition of their contract, to provide evidence of outputs. The developer will be clear on the Council's expectations in terms of monitoring and evaluation of expenditure, outcomes and the specific output evidence requirements according to the output definitions provided by the LEP. NELC, as the Accountable Body, will conduct site visits/project meetings as required on a quarterly basis as part of the claims process and also from a project management perspective. We will agree our monitoring metrics with you as part of the funding agreement and the frequency which will be reviewed. The risk register will be reviewed and updated at the SHIIP Boards.

As Accountable Body, NELC will manage the project through a system of robust monitoring throughout the life of the Programme. Auditing systems are already in place and these can be adapted to suit any additional specific requirements. All financial and performance details are stored on a bespoke management information system. Reports generated by NELC's

financial management system are provided, detailing invoices paid relating to expenditure for the project. The Economy and Growth Team review all expenditure to ensure funds are being spent appropriately, that the project is on target to spend, and that performance objectives will be achieved. Project monitoring and evaluation timeframes (pre and post project) will be agreed.

**Describe how your project will be evaluated to assess whether the project achieves its objectives and outputs**

The project will be evaluated in accordance with LEP requirements.. First the delivery process will be assessed against key deliverables and milestones from feasibility to construction. The management and financial progress of the project will be overseen by the SHIIP board.

Secondly, the post construction development of the site will be assessed to ensure the objectives of the EZ are realised. Monitoring outputs are likely to include the following three principal measures:

- Quarterly assessment of total length of **newly built roads (Km)** – that the length of new access roads for which works have been completed and now open for public use (as well as the realisation of the new roundabout).
- An annual assessment of **commercial floorspace constructed (m<sup>2</sup>)**, by class for the Stallingborough Strategic Employment Site, the area and class of commercial floorspace completed. Floor areas should be measured in accordance with the RICS Code of measuring practice (latest edition).
- Annual **FTE jobs** once buildings facilitated by the investment become operational measured by FTE at Stallingborough Strategic Employment Site phase 1a.

**Describe your contingency plans. If the project does not go ahead as planned, how will you achieve the project objectives and outcomes?**

A number of risks are involved in undertaking a project of this scale that could cause the project to not go ahead as originally planned - . for example, if there were unforeseen environmental or other development constraints. The NELC is already undertaking detailed ground investigations and feasibility work is being undertaken in conjunction with statutory bodies to mitigate the effects of such an outcome. Similarly contingency plans are in place in case of inflationary increases in construction costs or a delay in output delivery, in which case it would become necessary to engage developers early after a property market assessment, so as to encourage investment before the project is finished.

**What is the planned exit strategy for the project?**

It is anticipated that individual plots for investment will be sold on a freehold basis, transferring long term maintenance responsibilities for sites and premises to individual developers and/or building owners. Key infrastructure (roads, SUDS, Drainage) will be constructed to publicly adoptable standards and either managed and maintained by NELC directly or through the establishment of a management company.

**Please complete the risk register on the Excel spreadsheet. Please use the box below to explain how the key risks to the project have been identified and assessed**

11 principal risks have been identified including 4 external risks and 7 service risks. The external risks relate to policy (deemed unlikely in the short term); legislation (utilities legal requirements which are deemed possible); and the environment (two risks identified including flooding (possible) and environmental concerns deemed unlikely). In terms of the flooding an environmental impact assessment has considered key potential risks which are considered treatable. The site lies outwith the area of the South Humber Bank which requires provision of ecological mitigation measures.

Discussions with utilities are at an advanced stage to ameliorate any principal concerns: works quotations have been received and progress will be closely monitored so that any emerging issues can be dealt with.

The service procurement risks (the failure of a JV and contractor dispute), these are deemed unlikely given (a) the strong working relations with ENGIE and (b) the current landowner negotiations. Two other risks related to planning and build are also judged unlikely given the findings from early feasibility studies and outline planning application submissions. There are also three risks which are market related – a lack of investor interest or market demand and/or unoccupied development plots. The key controls here relate to the Enterprise Zone incentives which are designed to stimulate market demand. Furthermore recent studies and forecasts indicate latent demand for high quality sites and this first phase is likely to be attractive to developers given its prominent location.

## Communication

### **Please describe your communications plan for this project (for example, how you will promote your project)**

A national/international-focused marketing strategy is currently being developed as part of a wider communications strategy for the NEL investment zone on the South Humber Bank. This will incorporate the EZ sites, development opportunities outside the EZ, and promote complimentary activity within the area (e.g. CATCH). This will be developed as complementary to the Humber LEP's promotion of the Enterprise Zone, and in conjunction with the Council's InvestNEL programme.

It is envisaged that the marketing strategy will seek to target key sectors of interest, by raising the areas profile by attendance at relevant trade shows, promotion in sector specific publications and promotional events. In addition promotion through major property publications e.g. Estates Gazette, Property Week etc. would also be undertaken, as would the holding of specific promotional events.

It is currently anticipated that achieving a successful marketing strategy of the type/scale proposed will maximise the use of appropriate internal resources as well as seeking specialist external support as necessary.

It is currently anticipated that the promotion of the scheme will be undertaken under the marketing strategy identified above. However, in the interim period, promotion of the site has, and will continue to be undertaken in response to specific market enquiries as they arise. However it is intended to develop more site-specific marketing as the project progresses to implementation in a complementary manner to the wider promotional activity identified above.

The project will use social media to share information with a wider audience about the project including Twitter and LinkedIn, especially making the use of existing leads such as that developed by InvestNEL.

The Council will ensure that all project materials bear appropriate acknowledgements to funders and will be applied correctly, prominently and consistently on all websites, publicity materials, exhibition materials and project documentation (job descriptions, business cards) produced. Copies of all materials will be retained in hard copy on the project file and scanned soft-copy. An acknowledgement will be made via a billboard that will be erected at the sites where the physical work is underway upon commencement of the project. This will later be replaced by a permanent plaque within 3 months of project completion.

## Declaration

**Confirm that the information contained in this submission is complete and correct**

Lead contact (name).....Christopher Duffill

.....

Lead contact (position) .....Inward Investment

Manager.....

Signed .....

Date.....21.10.16