CABINET

DATE 31st July 2017

REPORT OF Cllr Ray Oxby, Leader and Portfolio Holder for Stronger Communities

Cllr Peter Wheatley, Portfolio Holder for Regeneration, Assets, Skills and Housing

RESPONSIBLE OFFICER Angela Blake, Director of Economy and Growth

SUBJECT A proposition to Government – a Greater Grimsby Town Deal

STATUS Open

FORWARD PLAN REF NO. Not included on the Forward Plan - to be considered under the General Exception provisions of the Constitution.

CONTRIBUTION TO THE COUNCIL PLAN/STRATEGIC AIMS

The proposed Greater Grimsby Town Deal represents a transformative approach to working in partnership with Government and major private investors to accelerate economic and housing growth across North East Lincolnshire. A Town Deal would make a very significant contribution to the Council’s strategic objective of enabling the growth of a strong and sustainable local economy by unlocking Government funding and specialist support across Government departments/agencies to deliver the major projects identified in the Council’s Submission Draft Local Plan and adopted Economic Strategy. This will include major projects at the Port of Immingham, Stallingborough Enterprise Zone and in Grimsby and Cleethorpes Town Centres.

Should the proposed Town Deal be approved by the Government and agreed in its final form by the Council, delivery will be overseen by the Greater Grimsby Board, comprising the Council leadership, Members of Parliament, major local employers, Government officials and key influential figures. This will build on and add value to our existing, private sector-led partnerships.

The Town Deal will also enhance the Council’s efforts to promote inclusive growth and accelerate the regeneration of North East Lincolnshire’s most deprived communities, making a significant contribution to the Council’s ‘Stronger Community’ objective. Development and delivery of the Town Deal proposals will be underpinned by effective community engagement and capacity building, supported in capacity and delivery terms by the Engie Regeneration Partnership. A Town Deal programme will improve access to employment and training opportunities for all North East Lincolnshire residents and help to raise the aspirations of young people to work and live in the Borough.
EXECUTIVE SUMMARY

The report brings Cabinet up to date regarding discussions that have been taking place with Government for the past 12 months, such discussions having been overseen by the Greater Grimsby Board. The engagement with Government has reached the stage at which formal submission of a ‘Town Deal Prospectus’ is key and requires formal Cabinet approval. The Town Deal represents an innovative, ‘place based’ approach to working in partnership with Government and major private investors to deliver economic and housing growth in North East Lincolnshire. The Government’s Industrial Strategy signals a revised approach to supporting and facilitating local growth. A different, indeed newly modelled, way of working between central and local government is considered critical to catalysing transformative change in non-city areas where long standing economic decline needs to be reversed. The engagement with Government to date suggests that Grimsby, North East Lincolnshire, could be a trailblazer for this new and very place focused, locally led, approach.

If approved, the Town Deal will be in place over a ten year (plus) period, reflecting the need for long-term commitment to address the economic and social opportunities and challenges facing the Borough. The Town Deal will commit the Council to accelerate delivery of some of the strategic projects identified in the Council’s Submission Draft Local Plan and adopted Economic Strategy, in return for additional funding and specialist delivery support from Government departments/agencies, supported by the Council’s regeneration partner ENGIE.

A prospective initial five year investment plan will secure up to £36.9m of new Government investment to bring forward delivery of key projects including:

- piloting the development of a Free Trade Zone for the Humber Ports, in partnership with ABP, the Humber LEP and other Humber local authorities
- establishment of a new Higher Education presence in Grimsby Town Centre, linked to our key economic sectors and adding value to existing provision through the Grimsby Institute and other partners
- delivery of the South Humber Industrial Investment Programme including the Stallingborough Enterprise Zone site and Humber Link Road
- accelerating delivery of key town centre housing sites to support the Council’s Housing Zone programme
- redevelopment of the historic Victoria Mills building for a mix of leisure/cultural facilities and developing proposals for re-use of other major heritage assets including the Kasbah at the Port of Grimsby.

The Town Deal will also unlock additional support from Government including brokering of relationships, capacity building, piloting new policy freedoms and flexibilities and improved coordination of existing funding streams.
Delivery of the Town Deal will continue to be overseen by the Greater Grimsby Board, chaired by David Ross and comprising Council leadership, Members of Parliament, major local employers, Government officials and other key dignitaries. A Project Delivery team will be established, led by the Council and supported by the Engie Regeneration Partnership and funded through the Town Deal and existing Council/ENGIE budgets.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Approves the submission of the Town Deal prospectus to Government as the basis for continued engagement and negotiation;
2. Notes that the Leader, the Portfolio Holder for Regeneration, Assets, Skills and Housing and the Chief Executive will continue to be the Council’s representatives on the Greater Grimsby Board;
3. Approves that, subject to approval of the Town Deal proposals by Government, the Chief Executive, Director of Economy and Growth, Section 151 Officer and the Monitoring Officer be authorised, in conjunction with the Leader of the Council and the Portfolio Holder for Regeneration, Assets, Skills and Housing to:
   - negotiate and finalise the terms of the proposed Town Deal with Government
   - negotiate any appropriate legal agreements between the Council and the relevant Government Departments
   - put in place appropriate project monitoring arrangements to be agreed with the relevant Government Departments and through the Greater Grimsby Board, acting in a strategic advisory capacity.
4. Authorises the Director of Economy and Growth to ensure that all actions necessary and ancillary thereto be completed.

REASONS FOR DECISION

Entering into a Town Deal with Government will provide access to Government funding and support required to accelerate economic, social and housing growth across the Borough and to bring forward delivery of strategic projects identified in the approved Local Plan and Economic Strategy.

The Town Deal also affords the opportunity to pilot new policy freedoms and flexibilities – including, for example development of a Humber Free Trade Zone – that may not be available to the Council in the absence of the Town Deal. Long-term engagement of the key public and private sector partners through the Great Grimsby Project Board will also deliver significant reputational benefits for the area and further enhance the Council’s relationship with Government and other key stakeholders.
1. **BACKGROUND**

1.1 The Council has been engaged with Government and other key public and private sector partners over the last 12 months to develop a 'Town Deal' prospectus for Greater Grimsby. Town Deals represent a new 'place based' approach to working in partnership with Government and major private investors to deliver economic and housing growth. They reflect the Government’s commitment, set out in the Industrial Strategy Green Paper, to rebalance growth between regions and sectors of the economy and to “help not one or even two of our great regional cities, but every single one of them.”

1.2 The Town Deal approach acknowledges that localities are best placed to develop local solutions to stimulate economic growth, but that a more dynamic relationship with Government and key private sector stakeholders is often required to realise local economic potential. The Town Deal will commit the Council to accelerate delivery of some of the strategic projects identified in the Council’s Submission Draft Local Plan and adopted Economic Strategy, in return for:

- a package of government support to help to drive economic development and housing delivery in towns with potential to accelerate growth
- support from across government – helping to join up contributions from different departments – support will include brokering of relationships, capacity building, improved coordination of existing funding streams and providing new Government funding
- developing and testing policy freedoms and flexibilities where they can support local growth plans and have the potential for wider application at national level – for example in developing and piloting the proposed Free Trade Zone for the Humber Ports
- support to establish locally led Governance arrangements with a Board of local politicians, LEPs, and private sector partners
- accelerating delivery of local growth strategies and projects
- a strong focus on community engagement and capacity building.

1.3 The Town Deal will be in place over a ten year (plus) period, reflecting the need for long-term commitment to address the economic and social opportunities and challenges facing the Borough. An initial five year investment plan will secure up to £36.9m of new Government investment to bring forward delivery of key projects including:

- piloting the development of a Free Trade Zone for the Humber Ports to drive export growth and the attraction of added value logistics and manufacturing investment to the area, in partnership with ABP, the Humber LEP and other Humber local authorities
• establishment of a new, class leading Higher Education presence in Grimsby Town Centre, linked to our key economic sectors, to attract and retain young people and raise aspirations for learning and building on and adding value to existing provision

• delivery of the South Humber Industrial Investment Programme including enabling infrastructure to unlock Phase 2 of the Stallingborough Enterprise Zone, Humber Link Road and other SHIIP projects

• accelerating delivery of key town centre housing sites to support the Council’s Housing Zone programme, and related improvements to Frederick Ward Way to improve pedestrian links between the town centre and Alexandra Dock

• redevelopment of the historic Victoria Mills building for a mix of leisure/cultural facilities and developing proposals for. re-use of other major heritage assets including the Kasbah at the Port of Grimsby

1.4 Over the period to 2028, and building on the ambition of the Council’s economic strategy and key programmes (like SHIIP) already underway, it is forecast that the Town Deal programme will result in the delivery of

• up to 5,400 new gross, full time equivalent jobs, created across North East Lincolnshire’s Enterprise Zones and other key employment sites

• up to £216m per annum of additional Gross Value Added/economic output

• a step change in North East Lincolnshire’s contribution to the UK economy through further growth of our world-leading offshore wind sector; development of an export-focused Free Trade Zone for the Humber Ports; and further growth of the area’s nationally significant chemicals and food processing sectors

• up to 7,700 new homes, through a balanced mix of brownfield and greenfield housing development including the urban Housing Zone and Grimsby West strategic housing site

• transformation of North East Lincolnshire’s place offer to help attract and retain business and people, driven by the proposed Higher Education presence and new waterfront housing, leisure and cultural facilities in Grimsby Town Centre.

1.5 If approved by Government, delivery of the Town Deal will continue to be overseen by the Greater Grimsby Project Board, chaired by David Ross and comprising the Council leadership, Members of Parliament, major local employers, Government officials and other key dignitaries. The Board will provide strategic direction and challenge and hold the Council, Government and other key partners to account for delivery of the Town Deal programme.
The Project Board has met on a number of occasions since late 2016. If the proposed Town Deal is approved, the Board will be have its role enshrined in the 'Town Deal' agreement to be signed by the Council and Ministers.

The Council, supported by its regeneration partner ENGIE, will be responsible for delivery of the Town Deal programme. Achievement of the challenging targets for economic and housing growth set out in the Town Deal will require a commercially-driven approach and deployment of significant, dedicated resources. A Project Delivery team will be established, led by the Council, supported by and including Council staff and Engie capacity, expertise and resource as well as prospective seconded capacity from the Homes and Communities and other Government departments.

The Project Delivery Team will be funded through the Town Deal and existing Council/ENGIE budgets. An initial five year investment plan will include an allocation of Town Deal revenue funding to support programme management and delivery.

Should Cabinet approve the proposal to enter into the Town Deal, final negotiations around the content of the Deal will be completed with Government. These negotiations will feed into the Government's annual budget cycle with a final agreement anticipated around the time of the Autumn Statement in November 2017.

2 RISKS AND OPPORTUNITIES

The Town Deal represents a largely new approach to partnership working between central and local government and the private sector. If successful, Grimsby would be a model for wider application in other areas of the country experiencing similar economic challenges.

The Town Deal partnership will purposefully seek to adopt a more commercial, less risk-averse approach than traditional public sector-led delivery models. Any related risks will be managed through the robust governance and delivery arrangements outlined overleaf and through appropriate democratic scrutiny of the Town Deal programme.

In the event that the Council were to become the Accountable Body for a Town Deal, it will be necessary ensure that all projects supported through the Deal are fully State Aid compliant, legally sound, and that all procurement activity is in fully compliant with the prevailing legislation.

3 OTHER OPTIONS CONSIDERED

Doing nothing is not an option if the Council and its partners are serious, committed and determined to enable the delivery of our economic strategy ambition for the longer term benefit of the residents, business and communities in the Borough
4 REPUTATION AND COMMUNICATIONS CONSIDERATIONS

4.1 Implementing the Town Deal programme will have positive reputational/communications impacts on North East Lincolnshire’s reputation as a location for business and related investment.

5 FINANCIAL CONSIDERATIONS

5.1 As part of its offer to Government, the Council will be expected to commit resources from its capital programme to the delivery of the Town Deal programme. The majority of the Council funding required to support the programme within the first five years has already been approved by Cabinet for major projects including the Stallingborough site as part of the SHIIP initiative, or for stabilisation works to Victoria Mill.

5.2 In the second phase of the programme, some additional capital programme resources may be required from the Council, for example for delivery of the Housing Zone initiative, supported where appropriate by use of recycled capital receipts. Where this is the case, projects will be subject to the usual Council appraisal and approval processes required for inclusion in the capital programme, supported by individual business cases.

5.3 The Town Deal programme will include provision of revenue funding to support delivery and access to specialist delivery capacity within Government departments/agencies. The Council and ENGIE will make suitably qualified and experienced staff available to support delivery of the programme as part of the ‘offer’ to Government. These roles will be funded through existing Council/ENGIE budgets and will not create an additional revenue budget pressure for the Council. Delivery budgets will be reviewed and agreed on an annual basis as part of the Council’s normal budgetary cycle.

6 CONSULTATION WITH SCRUTINY

6.1 Scrutiny will be engaged as the key elements of a Town Deal materialise and progress. Scrutiny will continue to be engaged on specific project delivery in any event.

7 FINANCIAL IMPLICATIONS

7.1 If approved the Town Deal will generate external funding of £36.9M into the Borough over the next five years. A cash injection of this magnitude will deliver wide reaching financial and economic benefits for the area.

7.2 The Council has already committed significant capital commitments of £15.2M for the SHIIP programme and £2.1M for Victoria Mills stabilisation work which form part of the bid. Further capital contributions may be required over the life of the programme and these will be subject to council’s normal governance and decision making processes.

7.3 A housing development investment fund has been established using capital receipts anticipated from the Council’s surplus land. This fund,
together with any central Government investment received through the Town Deal, will be used to help the Council to accelerate the delivery of key town centre housing sites. Housing is a key aspect of both the economic and financial strategies.

7.4 The securing of a deal of this nature will allow the Council to realise its ambitions for the place and also achieve its strategic financial objective of long term financial resilience and sustainability.

7.5 The detailed financial implications associated with individual projects within the programme will be considered as the programme develops.

8 LEGAL IMPLICATIONS

8.1 There are no legal implications arising directly out of the above report and recommendations. The report anticipates the Greater Grimsby Town Deal supporting and meeting a wide range of economic led ambitions, agendas and projects. Legal Services will continue to support and facilitate such activity within the interests of the Council and wider Place at the same time ensuring that the Council acts within the bounds of the law and any regulatory framework imposed by relevant Government agencies and departments.

8.2 Clearly the subject matter of the report fully supports the Council’s stated objectives of Stronger Economy and Stronger Communities and the delegations sought are constitutionally consistent and appropriate.

9. HUMAN RESOURCES IMPLICATIONS

There are no direct HR implications arising from the contents of this report.

10. WARD IMPLICATIONS

Borough wide.

11. BACKGROUND PAPERS

None.

12. CONTACT OFFICER(S)

Angela Blake
Director of Economy and Growth
Tel: 01472 324741

Councillor Ray Oxby
Leader and Portfolio Holder for Stronger Communities

Councillor Peter Wheatley
Portfolio Holder for Regeneration, Assets, Skills and Housing