

NORTH LINCOLNSHIRE COUNCIL

CABINET

**SOUTH HUMBER GATEWAY –
PROGRESS REPORT & CHALLENGES AHEAD**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 This report outlines progress of the South Humber Gateway (SHG) Board in maximising the undoubted potential of the South Humber Gateway – the largest development site, at nearly four square miles, for employment in the north of England.
- 1.2 The report builds on the cabinet's agreement on the 11 March 2009 to support the creation of the SHG Board and an operational support unit.
- 1.3 The report seeks Cabinet's approval to press for Yorkshire Forward, the Regional Development Agency, for urgent implementation of projects approved by the South Humber Gateway Board.
- 1.4 The report seeks Cabinet approval to lobby for an early announcement on the vitally important A160 improvement, which now looks likely to be delayed by the onset of the General Election. Traffic on the A160 serving the Port of Immingham is set to increase from the present 13,000 vehicles a day to around 22,000 a day by 2030.
- 1.5 The report outlines progress and issues on the following:
 - The progress of the A160 Road improvement scheme;
 - The development of the SHG's Special Protection Area Delivery Plan;
 - The Killingholme Marshes Drainage Integrated Improvement Scheme;
 - The development profile of South Humber Gateway;
 - Resourcing the South Humber Gateway Board; and
 - The increasing profile enjoyed by the SHG among key decision-makers and potential investors.

2. BACKGROUND INFORMATION

- 2.1 The South Humber Gateway (SHG) represents the largest single development site for employment in the north of England. Crucially, it is the last strategic employment site in the UK fronting a deep-water estuary.
- 2.2 It boasts at the Port of Immingham the UK's busiest port (66m tonnes). The SHG is the location for more than a quarter (27 per cent) of UK refinery capacity.
- 2.3 As previously reported to Cabinet, the growth in port trade is impressive: over the period 1997 to 2006, UK port trade grew by 25million tonnes or 4.5 per cent. This compares with growth of nearly 11 million tonnes (24 per cent) on the SHG.
- 2.4 In the first quarter of 2010, the SHG will become the location for one of the world's largest Combined Heat and Power plants.
- 2.5 Ministers regard the SHG of international significance and have reaffirmed that the right infrastructure has to be in place to maximise the long-term future of the UK's largest freight port. The government has backed this by allocating an extra £30-million to remove 'bottlenecks' and increase 'capacity' at the Port of Immingham – seen as one of the UK key ports. This represents 10 per cent of a national allocation of £300m set aside for key national road and airport schemes.
- 2.6 Cabinet approved on the 11 March 2009 the creation of the SHG Board, supported by a SHG Operations Unit. The SHG Board is responsible for the strategic direction of the SHG, so as to realise its 'economic, environmental and social potential'. Its first meeting was on 20 May 2009, and its key tasks include:
 - providing strategic direction
 - coordinating planning
 - maximising planning gain (S106/ Community Infrastructure Levy)
 - overseeing environmental issues
 - marketing the SHG
 - accessing funding and resources
 - optimising developments
 - identifying constraints to investment and development and seek their early resolution
 - developing the formal partnership
 - identifying and delivering agreed outcomes: e.g., investment, jobs, skills, exports
 - monitoring and influencing performance
 - communicating its successes

- engaging with key stakeholders, e.g. Government departments, Ministers, MPs, media, and residents of North Lincolnshire and North East Lincolnshire.
- 2.7 The SHG Operations Unit, if approved, will provide the necessary support skills to drive day-to-day operations, including planning, IT support, finance, and economic development, project management and marketing. This will be expected to liaise closely with key personnel from the Environment Agency, Natural England, the Ports Authority, landowners and other key bodies. A Development Management Stage 3 Full Business Plan is being prepared for submission to Yorkshire Forward to fund the establishment of the SHG Operational Unit.
- 2.8 The achievements of the SHG board to date include:
- a) Active support for the £100m plus A160 Road Improvement Scheme to the Port of Immingham and the SHG;
 - b) Full backing for the SHG's major developments, such as the Heron Renewable Energy Plant, for which planning applications have been received by the council and the appropriate government department;
 - c) A prioritised development work plan;
 - d) 'Outline' approval of the SHG Development Programme, Stage 1/2 Outline Line Business Case by Yorkshire Forward (circa £18m);
 - e) The submission to Yorkshire Forward of a Stage 3 Full Business Plan for the Killingholme Marshes Integrated Drainage Scheme;
 - f) A draft memorandum of Understanding with Natural England and other conservation bodies for the development a SHG Special Protection Area Delivery Plan to provide for the mitigation requirements of the SHG under the Habitat Regulations;

3. OPTIONS FOR CONSIDERATION

- 3.1 **Option 1:** The council has an enviable record in attracting inward investment and successfully diversifying its economic base. The proposals contained in this report to give added impetus to the development of the South Humber Gateway, are consistent with this approach. A formal request to Yorkshire Forward from the council that the resources identified in the SHG Development Programme Stage 1/2 Outline Business Plan and submitted as Stage 3 Full Business Plans are progressed urgently so the SHG can deliver its substantial economic benefits promptly is needed. Equally, a formal request to the Department of Transport, that the A160 Road Improvement Scheme to be delivered by the Highways Agency is sought.

- 3.2 **Option 2:** Cabinet agrees to proceed as at present – that is, the SHG will not have the urgent regional support essential to deliver major economic development activity which will significantly benefit the local, regional and national economies.

4. ANALYSIS OF OPTIONS

- 4.1 **Option 1:** While the present arrangements have demonstrated progress and there have been repeated assurances that Yorkshire Forward see the SHG as a regionally priority, there is concern on the actual delivery of projects in the SHG Development Programme. A key example of this is the progress of the Killingholme Marshes Drainage Scheme. This scheme is vital to the development of the SHG. In addition, the recent re-evaluation of the A160 Road Improvement Scheme may also delay a start on this vital scheme. The SHG Board is committed to the delivery of such schemes and will continue to lobby at every opportunity. Without an early start on the improvements to the A160, the Highways Agency has confirmed that, with the Port of Immingham forecast to grow rapidly over the next 10 to 15 years, the area will face severe congestion. In November 2010, the Regional Transport Board informed the Department for Transport that the A160 was, with another Humber scheme, in Hull, the two biggest priorities for the whole of the Yorkshire and Humber region. This is an indication of how important the scheme is viewed regionally.
- 4.2 **Option 2:** This would be insufficient to persuade key partners that the council had the capacity and commitment to partnership working to drive forward the SHG at the pace necessary for an asset of this nature and quality.
- 4.3 **Option 1:** is consistent with the Cabinet's commitment to create a prosperous and diversified economic base, helping to bridge the present and deep-seated prosperity gap between the north and the southeast. This option will ensure Yorkshire Forward and Government departments work in partnership with the council and the SHG Board to successfully drive forward the SHG as a priority site for investment and the creation of significant employment opportunities.

5. RESOURCE AND OTHER IMPLICATIONS

5.1 Financial

- 5.1.1 The creation of the Operation Unit will require funding and to this end, a SHG Development Management Stage 3 Full Business Plan is being prepared for submission to Yorkshire Forward.

5.2 Staffing

- 5.2.1 Operational staff are listed in the above Stage 3 Full Business Plan.

6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 – CRIME AND DISORDER, RISK AND OTHER)

6.1 Statutory

6.1.1 There are no statutory implications arising from this report.

6.2 Environmental and Other

6.2.1 The proposals contained in this report, and the outputs and outcomes of the SHG Development Programme would strengthen environmental safeguards and support sustainable development. The aim is to ensure the environment is given a high priority alongside objectives for economic development and growth. The two are viewed as complementary.

6.3 Diversity

6.3.1 It is a vital that North Lincolnshire widens its skills base and creates the employment and training opportunities for all groups and individuals, and the successful development of the SHG has a major role to play in achieving this. There will be opportunities to inform the proposed SHG Operations Unit. Indeed, it is important this takes place.

7. OUTCOMES OF CONSULTATION

7.1 Consultation has taken place with a range of key stakeholders via the SHG Board, the SHG Delivery Group and a SHG Ecology Group and at a number of meetings and events. Consultations continue. There is considerable support for the SHG. This support includes North East Lincolnshire Council, the area's two LSPs, LGYH, Northern Way and the Regional Spatial Planning Board. All of these organisations and groups have visited the SHG and demonstrated enthusiasm for quickening the pace of development, given the present economic climate. They have also recognised the wider regionally impact the SHG could generate by a successful and diversified economic base while ensuring the creation of a high quality natural environment.

8. RECOMMENDATIONS

8.1 Cabinet approves an urgent approach by the council's Chief Executive to the Chief Executive of Yorkshire Forward to commit the necessary resources to successfully deliver the SHG's Development Programme.

8.2 Cabinet agrees to formally approach the Secretary of State for Transport, and also seek an urgent meeting with the Regional Minister to ensure a Government announcement on the preferred route for the

A160 before the purdah rules come into force, with a General Election having to take place by no later than June 2010.

- 8.3 Cabinet continues to receive regular progress reports on key developments and issues relating to the South Humber Gateway.

CHIEF EXECUTIVE

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Background Papers used in the preparation of this report

Department for Transport News Release – *£30m boost for Immingham Port Access Improvements*, 25 November 2008

Letter to Department for Transport from Regional Transport Board, 23 December 2009, on A160 improvements.

Paper to Regional Transport Board – 12 December 2008: *Regional Funding Advice to 2018/19: Overview of the RFA Review*.